



# SUSTAINABILITY REPORT 2016

(IN-DEPTH VERSION)



*zoom-zoom*

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## Editorial Policy

- This report presents Mazda's CSR initiatives in the six areas – Customer Satisfaction, Quality, Safety, Environment, Respect for People, and Social Contributions – primarily regarding the targets and results of these initiatives.
- Social contribution initiatives in Japan and overseas are reported in Mazda Sustainability Report 2016 [Social Contribution Version.] (<http://www.mazda.com/en/csr/download/>)
- Aiming to satisfy the needs of readers, Mazda determined the editorial policy and content of this report in reference to the third party opinion and stakeholders' ideas and views obtained through the questionnaire survey and engagements with stakeholders.

## Report Coverage

### 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.)

### Period Covered

The report primarily covers the period from April 2015 through March 2016, although some activities after April 2016 are included.

### Scope of the Report

Social, environmental, and economic data are included in this report.

\* For more details about economic data, see Mazda's website Investor Relations & Annual Report.

### Referenced Guidelines

The Core option of GRI G4 Sustainability Reporting Guidelines is complied with.  
Ministry of the Environment's Environmental Reporting Guidelines (2012 Edition)  
Ministry of the Environment's Environmental Accounting Guidelines (2005 Edition)  
ISO26000

### Date of Publication (In-depth version and Social contribution version)

Japanese version: August 2016 (The previous report was published in August 2015; the next report will be published in the summer of 2017).

\* The 2016 digest version (PDF / Booklet) is published in September 2016.

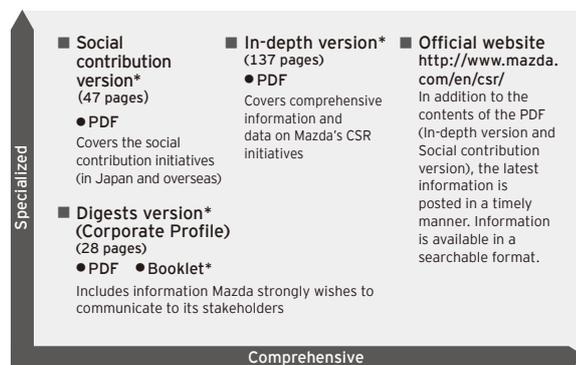
English version: September 2016 (The previous report was published in September 2015; the next report will be published in autumn 2017).

\* The 2016 digest version (PDF / Booklet) will be published in October 2016.

## Approach to Reporting Information

Mazda discloses information in the following formats.\*

\* If any content errors are found after publication, a list of errata will be posted on Mazda's official website.



\* Available on our website at <http://www.mazda.com/en/csr/download/>

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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.

**Request for cooperation in answering our questionnaire survey**  
[http://mag.mazda.jp/enq/pub/csr/questionnaire\\_e/](http://mag.mazda.jp/enq/pub/csr/questionnaire_e/)

Please share your opinions and comments with us regarding this Report as well as Mazda's CSR initiatives.

## Corporate Vision\*

**We love cars and want people to enjoy fulfilling lives through cars.  
We envision cars existing sustainably with the earth and society,  
and we will continue to tackle challenges with creative ideas.**

1. Brighten people's lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges to seek to master the Doh ("Way" or "Path") of creativity.

\* Mazda revised its Corporate Vision in April 2015, with the following objectives, aiming to be recognized as a corporate group gaining sincere trust of its stakeholders.

- Clarify the attributes of the Mazda brand, and make concerted efforts across the Mazda Group to realize the Corporate Vision.
- Promote the Group-wide dialogue process to share, understand and agree the goal of the Corporate Vision through the continuous thorough discussions.
- Closely link the Corporate Vision to our daily business activities.

## The Origin and Meaning of "Mazda"

The Company's name, "Mazda," derives from Ahura Mazda, a god of the earliest civilizations in western Asia. The Company has interpreted Ahura Mazda, the god of wisdom, intelligence, and harmony, as a symbol of the origin of both Eastern and Western civilizations, and also as a symbol of automotive culture. It incorporates a desire to achieve world peace and the development of the automobile manufacturing industry. It also derives from the name of the Company's founder, Jujiro Matsuda.

## Mazda Brand Symbol

The brand symbol expresses Mazda's dedication to continuous growth and improvement. It is a symbolic development of the Mazda "M," and shows the Company stretching its wings as it soars into the future (Established in June 1997).



## Mazda Corporate Mark

Mazda developed its corporate mark as a symbol for Mazda's communications in 1975. It was later positioned as an easy-to-read corporate mark, in line with the establishment of the brand symbol in 1997 (Established in January 1975).

Mazda has adopted blue as the corporate color, thinking the color of blue is "expressing the corporate attitude as an automobile manufacturer, fulfilling the social responsibility for the environment and safety, and also evoking a sense of quality and technological competence."



## Mazda Brand Slogan, "Zoom-Zoom"

Mazda's creativity and innovation continuously delivers fun and exhilarating driving experiences to customers who remember the emotion of motion first felt as a child (Announced in April 2002).



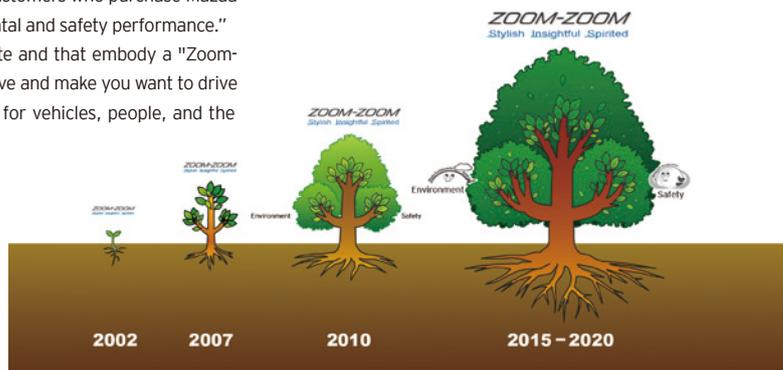
## "Sustainable Zoom-Zoom"

Mazda announced its long-term vision for technology development "Sustainable Zoom-Zoom" in March 2007. 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."

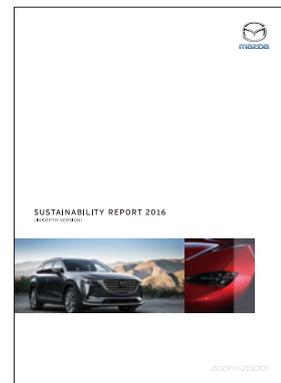
This vision commits Mazda to making vehicles that always excite and that embody a "Zoom-Zoom" feeling, meaning they look inviting to drive, are fun to drive and make you want to drive them again, helping to achieve an exciting, sustainable future for vehicles, people, and the Earth.

## Zoom-Zoom Tree

"The Zoom-Zoom tree" 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.



## About the Title Page



The cover page presents the new-generation vehicles equipped with the full range of SKYACTIV TECHNOLOGY and design theme, KODO-Soul of Motion. The Company is continuously seeking to evolve the whole product lineup and to further enhance the attractiveness of the Mazda brand. Presented models: CX-9 (Left) and Roadster/MX-5 (Right)



## Top Message

# Continuing to Tackle Challenges Envisioning Cars Existing Sustainably with the Earth and Society

## Masamichi Kogai

Representative Director  
President and CEO  
Mazda Motor Corporation



What progress did Mazda make in the fiscal year ended March 31, 2016?

### **Achieved steady growth by implementing the major initiatives of the Structural Reform Plan**

Although FY March 2016 saw decelerating growth in China and other emerging economies, the Mazda Group was able to achieve steady growth in the final year of the Structural Reform Plan (see p.114) by implementing its major initiatives<sup>\*1</sup> designed to reinforce the financial base and enhance brand value by offering attractive, uniquely Mazda products and services.

Our new-generation models featuring the innovative base technologies known as SKYACTIV TECHNOLOGY (see pp. 58-59) and Mazda's design theme, KODO—Soul of Motion (see p. 118), have been enjoying high acclaim in Japan as well as overseas. The new Roadster/MX-5, released in May 2015, won the World Car of the Year and the World Car Design of the Year. We also commenced production of the new CX-9 crossover SUV in February 2016. This high-end model of the new-generation line-up has been tailored for the North American market, which is expected to account for 80% of global sales<sup>\*2</sup>. In FY March 2016, the ratio of SKYACTIV-equipped Mazda vehicles increased to 86%, helping us boost profitability, enhance the Mazda brand and promote the spread of vehicles with excellent safety and environmental performance.



What is the focus of the Structural Reform Stage 2 medium-term business plan?

### **Accelerate the enhancement of our brand value through qualitative business growth**

We steadily implemented the major initiatives of the Structural Reform Plan, almost entirely according to schedule. However, we recognize that there is still room for improvement in the efficiency and effectiveness of each area. The Structural Reform Stage 2, our medium-term business plan that begins from FY March 2017, is focused on strengthening these aspects, and seeks to accelerate the enhancement of our brand value through qualitative business growth. As the business environment is rapidly changing, we will carefully observe these external changes and respond in a speedy and appropriate manner.

Mazda sells vehicles in more than 130 countries and regions, and has production sites in seven countries around the world. The Company will strengthen efforts to establish a system that ensures globally optimized business execution throughout the entire value chain, thereby promoting qualitative growth. While we encourage our business partners in each country or region to conduct their own activities with due respect for local laws, customs and cultures, we will also share management policies across all Mazda Group companies and continue developing an environment that encourages mutual learning to help further improve our brand value.

<sup>\*1</sup> The Structural Reform Plan consists of the following four initiatives: 1. Business innovation by SKYACTIV TECHNOLOGY; 2. Accelerate further cost improvement through *Monotsukuri* Innovation; 3. Reinforce business in emerging countries and establish a global production footprint; and 4. Promote global alliances.

<sup>\*2</sup> Launched in May 2016.

## Structural Reform Stage 2

Structural reform will lead to qualitative growth and enhanced brand value



Q How will Mazda advance its corporate social responsibility initiatives?

### Identified the key areas of CSR Initiatives via materiality analysis, taking into account the changes inside and outside the Company

Mazda strives to improve the efficiency of overseas plants, while continuing to sustain production at around 850 thousand units at its sites in Hiroshima and Yamaguchi Prefectures in Japan, and maintaining the associated employment in the region. We believe that applying what Mazda has cultivated in Japan—including *Monotsukuri* (development and manufacturing) processes and techniques, environmental management systems, and safety and health management methods—to global production sites will also contribute to local communities. In recent years, Mazda has expanded its business overseas, notably in emerging markets. In countries into which we have made new inroads, we are promoting CSR initiatives in cooperation with local business partners, so that Mazda will be a community-based entity that local people can feel close to and familiar with.

I realize that FY March 2016 was marked with major shifts in social trends, as exemplified by the adoption of the Sustainable Development Goals (SDGs) by the United Nations and the international agreement concerning reduction targets for greenhouse gas emissions at COP21. We are enhancing our CSR initiatives in consideration of such changes in social trends and the business environment in which Mazda operates, while also taking into account our mid-term business plan. In July 2016, Mazda identified key areas of CSR initiatives via materiality analysis (see p.17). We are strengthening the system for managing and disclosing our progress in the key areas, in light of our CSR targets (see pp.17-19) and our mid-term environmental plan “Mazda Green Plan 2020” (see pp.49-52), for both of which the PDCA (plan-do-check-act) process has already been put in place.

Q What is the relationship between Mazda’s business and the earth and society, and what does Mazda do for both of these?

### Contributing to a sustainable society through environmental and safety technological innovation

I am aware that while brightening people’s lives through car ownership, Mazda’s business is related to, and has an impact on, the challenges confronting our society—including global warming, energy and resource shortages, and traffic accidents. To address these challenges, Mazda announced “Sustainable Zoom-Zoom,” its long-term vision for technology development (see p.2, p.5). 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.” We undertake a variety of initiatives in keeping with this vision. Under Structural Reform Stage 2, we are committed to further strengthening our development efforts for environmental and safety technologies, promoting continuous advances in SKYACTIV-equipped vehicles and starting the development of next-generation products.

Q President Kogai, what message do you have for your stakeholders?

### We will continue contributing to society and protect the Mazda brand by acting with integrity and good faith

I believe that a brand is created by people, protected by people, and developed by people. I think that we can only realize a prosperous future for the Mazda brand if we create a corporate culture in which every employee in the Mazda Group values customers, local communities and all Mazda stakeholders, commits themselves to each task with integrity and conducts fair business practices in adherence to the basics. As business structures and the environment in which they operate change, companies face increasing social responsibilities and a growing list of challenges to be addressed. It is important to earnestly confront each of these challenges and do our best to resolve them. I will continue to intensify the efforts of all Mazda Group companies, so that Mazda will further grow into a company that earns the sincere trust of all its stakeholders around the world. Envisioning cars existing sustainably with the earth and society, we will continue to tackle all the challenges we face.

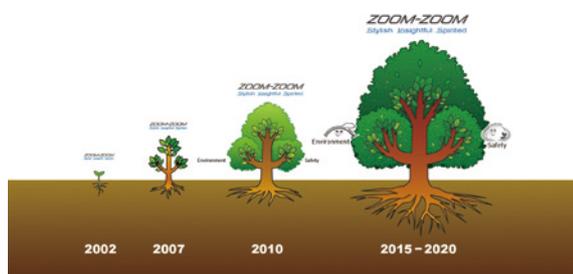
## Aiming to Make Cars that are Sustainable with the Earth and Society

**-Achieving both Driving Pleasure and Outstanding Environmental and Safety Performance-**

Mazda announced its long-term vision for technology development “Sustainable Zoom-Zoom” (see p. 2) in 2007. 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.”

Thanks to advances in mass-production, the automobile has contributed to society and enriched people’s lives by providing the freedom of personal mobility since its invention 130 years ago. Globally, automotive markets continue growing in line with population growth in emerging countries.

While vehicles are indispensable in people’s everyday lives, their spread has given rise to social challenges, including environmental and safety concerns.



Taking into account differences in energy sources, infrastructure and other factors influencing the automotive environment in each country or region, Mazda seeks to create value that enables the provision of “cars that are sustainable with the earth and society,” as stated in its Corporate Vision.

### Zoom-Zoom Tree

“The Zoom-Zoom tree” 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.

### Interview / Environment

## Offering Optimal Solutions to Reduce CO<sub>2</sub> Emissions in Each Country and Region

**Takeji Kojima**

General Manager  
Product Strategy Division



At COP21<sup>\*1</sup> held in December 2015, delegations adopted the Paris Agreement, a historic deal under which 150 countries and regions around the world pledged to work in cooperation to address global warming. It will become increasingly important for the automotive industry, as one of the major sources of CO<sub>2</sub> emissions, to take environmental measures. In addition to the predominant internal combustion engine, vehicles today are powered by diversifying power sources, including electric motors and hydrogen engines. Each has different characteristics regarding CO<sub>2</sub> emissions, and available energy sources differ by country or region. For example, electric vehicles emit no CO<sub>2</sub> while running, but in countries and regions where a high proportion of electricity is generated by thermal power, a considerable amount of CO<sub>2</sub> is emitted during electricity production. In these countries and regions, electric vehicles cannot always reduce CO<sub>2</sub> over the life cycle of vehicles. On the other hand, in the countries like Norway, most electricity is generated by hydroelectric power, and widespread use of electric vehicles will help curb CO<sub>2</sub> emissions. In implementing global warming countermeasures through its products, Mazda considers it important to develop a multi-solution approach, while assessing total CO<sub>2</sub> emissions over a vehicle’s entire life cycle. Based on this concept, we promote research and development not only from the perspective of “Tank-to-Wheel<sup>\*2</sup>”, but also from that of “Well-to-Wheel<sup>\*3</sup>”.

\*1 The 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change  
\*2 Tank-to-Wheel, literally “from fuel tank to vehicle wheels.” In this article, this phrase is used to mean “from fuel tank to fuel consumption during driving.”  
\*3 Well-to-Wheel, literally “from oil well to vehicle wheels.” In this article, this phrase is used to mean “from fuel extraction to consumption during driving.”

From the perspective of Tank-to-Wheel, we are proceeding with the development of SKYACTIV Generation 2 models (see p. 57) to further improve the efficiency of internal combustion engines, which are most commonly used around the world since they can be used without making changes to conventional fuel infrastructure. At the same time, we are moving forward with the development of electric vehicle technology, including continuous research and development of electric vehicles, based on our Building-Block Strategy, which gradually introduces electric devices in stages (see pp. 57-58). And from the perspective of Well-to-Tank, we are steadily conducting surveys and research through industry-academia-government collaborations.

Through these initiatives, we will continue research and development with a Well-to-Wheel perspective, aiming to offer solutions to reduce CO<sub>2</sub> emissions that are optimized for each country and region where Mazda vehicles are used.

Interview / Safety

## Applying Autonomous Driving Technologies in a Uniquely Mazda Way

Toru Yoshioka

Deputy General Manager  
Integrated Control System Development Division

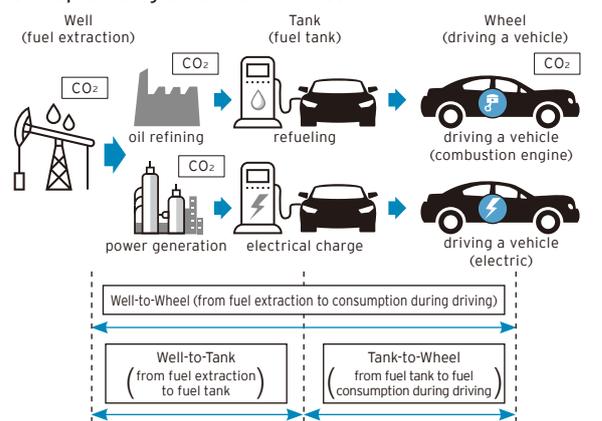
To contribute toward reducing traffic accidents through vehicle engineering, we conduct research and development in line with our safety philosophy, Mazda Proactive Safety (see pp. 38-39), which particularly respects the driver.

To support safer driving in normal situations, we provide a good driving environment and excellent visibility by locating the major controls in ideal positions and improving handling stability, to ensure that drivers can enjoy driving without anxiety or stress (see pp. 39-40). Meanwhile, our vehicles are designed to continuously monitor the driver's movements and condition, offering information and warnings if necessary to provide the driver with appropriate support. Mazda has already introduced i-ACTIVSENSE, an umbrella term covering a series of advanced safety technologies, which we are working to continuously advance (see pp. 40-41).

Moreover, Mazda is exploring possible future technologies based on the premise that drivers occasionally make unavoidable mistakes and are not always in the best state of health. For example, we envision an autonomous driving system that constantly monitors the driver's condition, and can override the actions of the driver should it detect that he or she is not operating the vehicle properly. The idea is to fulfill our social responsibility of not endangering the customer and reducing risks to nearby people and property. The system will then automatically contact a third party, and help secure safety by driving the vehicle to an appropriate location where it will not be a danger to other people or property. In doing so, the system will help prevent an accident. We believe that autonomous driving technologies should be human-oriented to support safer driving by the customers themselves.

Currently, a variety of research and development activities are under way in the automotive industry. These include projects to develop technologies for autonomous driving as well as technologies for understanding the drivers' condition, such as cognition, good

Conceptual diagram of Well-to-Wheel\*



\* Where fossil fuel is extraction and used to drive a vehicle.



judgment and vehicle manipulation, which are the basics for safer driving. In collaboration with universities, research institutes and suppliers, Mazda will continue research and development, to realize Mazda-unique autonomous driving technologies that can achieve both driving pleasure and safety performance. Through such efforts, the Company will contribute to the further reduction of traffic accidents. In developing safety technologies, Mazda will continue to enrich people's daily lives by providing the freedom of personal mobility into the future. The Company is also focusing on how vehicles can invigorate people both physically and mentally through driving pleasure. Driving a vehicle requires a certain level of skill and concentration, and there are indications that when people drive a vehicle, both their mind and body are revitalized and energized. In recent years, developed nations have begun to confront aging as a social challenge. I consider that research and development aimed at vehicles capable of supporting drivers in an appropriate fashion can contribute to society, not only in providing the elderly with a safer and accessible means of transportation, but also in terms of anti-aging by mitigating the decline in their mental and physical abilities.

## Becoming a Brand with which Customers Feel an Emotional Connection

-Initiatives to Enhance Mazda's Brand Value-



### Further Promoting Brand Value Management

The Mazda Group promotes initiatives to enhance its product and corporate brand value, while emphasizing dialogue with customers and other stakeholders. Mazda believes that it can develop its business and enhance its corporate value by gaining the trust and support of its stakeholders. This concept is called "Brand Value Management," and has been promoted in earnest since 2013 (see pp. 25-30).

### Becoming a Brand with which Customers Feel an Emotional Connection

In the Structural Reform Stage 2, a medium-term business plan starting from FY March 2017, the Mazda Group sets forth global sales and network enhancement as one of its main initiatives to improve brand value. Aiming to create an emotional connection with customers in more than 130 countries and regions where Mazda vehicles are sold, the Company is driving drastic reforms at the sales frontline with an emphasis on improving customers' brand experience.

### Changing the Conventional Communication

In 2002, Mazda announced its brand slogan "Zoom-Zoom" worldwide. In synergy with sporty product lineups, the slogan has successfully formed Mazda's brand image as it is today. "Zoom-Zoom" represents that Mazda's creativity and innovation continuously delivers fun and exhilarating driving experiences to customers who remember the emotion of motion first felt as a child. Initially, however, the brand slogan tended to function only as a tool of the marketing communication strategy. It was therefore necessary for Mazda to change its conventional communication strategy in order to embody the brand slogan in the daily operations of distributors and dealerships, from the perspective of establishing a bond with customers.

### Three Approaches to Establish an Emotional Connection with Customers

To establish an emotional connection with customers, Mazda considers it necessary to take into account all touchpoints, i.e., not only the period during which customers are in possession of a Mazda vehicle, but also the periods before they purchase the vehicle and after they let go of it. Based on this idea, marketing, sales, customer services, and other departments jointly set up a team to discuss this subject. After much discussion, the team summarized three approaches required to establish a bond with customers.

The first approach is to view customers from a lifelong perspective. In childhood, people ride in their family vehicle, and after growing up, they enjoy owning their own vehicle. Then at an advanced age, they return to riding in someone else's vehicle. It is important to have customers continue to feel close to Mazda and Mazda vehicles over all these years. The second approach is to always provide customers with excitement and stimulation and continuously maintain the relationship so that customers can feel a stronger connection to Mazda as time proceeds. The third approach is to place particular emphasis on Mazda's uniqueness. Examples include Mazda's strong attachment to Hiroshima, Japan, where its Head Office is located, and its enthusiasm for offering driving pleasure.

### Respecting the Cultures of Each Country/Region while Sharing a Common Strategy

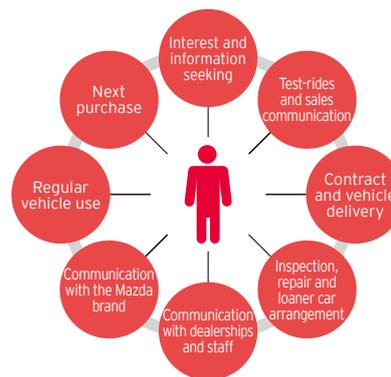
Frontline sales staff from distributors and dealerships in Japan and overseas were offered many opportunities to visit Mazda's Head Office and plants, to deepen their understanding of and empathy with the three approaches stated above. In addition to increasing understanding of the philosophy and passion behind all Mazda vehicles, these sessions consistently emphasized the common brand value Mazda wants to offer customers through its vehicles, and the sales staff's recognition has gradually improved.

After obtaining their understanding of and empathy with the direction of the three approaches imparted at Mazda Head Office, the Company entrusts frontline sales staff, who know well the regional characteristics, to determine and implement specific measures. This is to take careful measures tailored to the culture and customs of each country or region, and to understand and respect the needs of customers and their way of thinking. While the Mazda Group may not be a large business entity, its relatively small scale enables it to better coordinate its Group companies in each country or region, and makes it possible to share best practices throughout the Mazda Group.

### Establishing an Emotional Connection through Value Co-creation

The integrated philosophy for brand value management has produced interdepartmental collaboration at the Mazda Head Office, and is gradually establishing the same system and process throughout the Mazda Group. As a result, a climate for creating new value based on the knowledge obtained through various dialogues—in other word, co-creation—is being cultivated. Through co-creation activities, the Mazda Group believes that it can offer an experience of vehicle ownership that will help customers enjoy fulfilling lives, and thereby establish emotional connection with them.

All touch points with customers



Brand communication slogans tailored to the culture and customs of each country/region (As of July 2016)



Connecting with customers -A dialogue at Tokyo Motor Show 2015-



# Every Dialogue with Customers Strengthens the Bond



**Yoji Nukina**

General Manager  
Brand Strategy Department  
Global Sales & Marketing Division

## Changing Within to Create a Connection with Customers

We aim to establish an emotional connection with our customers by strengthening their attachment to Mazda and its products. We consistently implement measures enabling all those concerned with Mazda vehicles to share the same objectives and provide a consistent brand experience across the five Ps: people, products, prices, place and promotion. The key factor behind the progress in these initiatives is the fact that the top management team declared the promotion of brand value management in 2013. Numerous dialogues and training sessions on brand value management have been held, and important viewpoints identified during this process have begun to take root within the Mazda Group.

Previously, even within the Mazda Head Office, I felt that there were not always a lot of opportunities for different departments to carry out specific measures from the same perspective. This situation was resolved by the development of brand value management. Presently, a system is being established under which divisions including research and development, production, marketing, sales and customer services work together toward co-creation.

In the past, I think that it was difficult to realize co-creation, although respective departments felt its necessity. Against this background, their field of vision must have been suddenly expanded, when top management showed them the direction to be taken.

Now I feel that we are becoming aware of the importance of co-creation, while holding discussions between concerned parties about their own problems, working together to devise solutions, and accumulating successful cases—no matter how small they may be.

## Steady Activities Will Eventually Produce Substantial Results

Conventionally, various events for distributors and dealerships at home and abroad have been planned and implemented primarily by the marketing and sales departments in the Mazda Head Office. However, now people involved in making vehicles, including those from the research and development, design, and production engineering divisions, also participate. Members directly involved in the creation of cars talk about the aspirations they put into each product.

After listening to their stories, participating leaders of distributors and dealerships take them back to their companies, where they share the information with other employees. These meetings also serve as a venue for important dialogue aimed at co-creation between Mazda Head Office and distributors/dealerships. At the Tokyo Motor Show 2015\*<sup>1</sup>, we organized an event focusing on the dialogue between visitors and Mazda staff in charge of vehicle development. The event received a great response both from inside and outside of the Company. Seeing this dialogue as a precious opportunity for the Mazda Group to realize co-creation with customers, we are now planning to organize similar events on the occasions of overseas motor shows to be held in Geneva, New York, Beijing and other locations. "Rome was not built in a day." We understand that it is impossible to garner many Mazda fans in a short time. Believing that steady activities via such dialogues will eventually lead to establishing an emotional connection with many customers around the world, we will continue these endeavors.

\* Held from October 30 to November 8, 2015

### TOPICS:1

#### Striving to Become a Brand with a Personal Touch [Tokyo Motor Show 2015]

Mazda participated in the Tokyo Motor Show 2015, where the Company offered visitors opportunities for direct dialogue with staff members, through a talk session, lecture and other programs. The Mazda booth was mainly staffed by engineers in charge of product development, rather than models. Mazda placed emphasis on ensuring that these staff members sincerely answered visitors' questions, while expressing their enthusiasm and philosophy for making vehicles. For example, for a customer who had driven his beloved Roadster (MX-5 overseas) for over two decades, the staff explained how to better maintain his old vehicle, in addition to giving explanations about the new model displayed in the booth. Some visitors, including this man, posted reports on SNS sites, which helped Mazda's attitude toward customers to gain attention.

### TOPICS:2

#### Passion for Product Development Directly Conveyed Around the World [Co-Creation Meetings: Creating Bonds with Overseas Group Companies and Distributors]

The co-creation meeting program offers opportunities for persons in charge of product development, design and production to go overseas to give presentations about new products before they are launched. At the co-creation meeting, members involved in developing and producing the product and those from the local distributors/dealerships exchange opinions to consider together how to proceed with the market introduction of a new product. Directly listening to the presentations of engineers involved in product development and production helps overseas companies to develop sales staff who can better explain to customers the features of the product and the aspirations behind it. For Head Office employees, the meetings serve as important opportunities to feel the enthusiasm of overseas dealerships and distributors directly, and reaffirm their pride in and responsibilities for creating a product.

## Aiming to Make Mazda a Consistent Presence in Customers' Lives

### In Pursuit of Service that Provides Customers with an Outstanding Brand Experience

The duty of customer service related divisions is to provide customers with safe and secure ownership experiences, as professionals with maintenance knowledge and skills. Traditionally, we have made all-out efforts to train maintenance service staff and prepare easy-to-understand service manuals, to ensure that reliable repair and maintenance services can be performed after customers had purchased vehicles.

However, in the course of promoting brand value management, and working together with sales, marketing and other related divisions to consider what kind of brand experience we should offer customers, we have become aware of many points to be addressed.

For example, the attitudes during repair work may differ according to the maintenance/repair service staff members. We noticed that whether they think that they are just fixing a vehicle or they regard the repair as an opportunity to offer a brand experience to the customer will make a difference, not only in the quality of maintenance, but also in terms of communication with customers.

This awareness has motivated us to review who should attend training programs when a new product is released. We are now expanding the scope of participants, who were previously all sales representatives, to include maintenance service staff members. In addition to the content of maintenance work, if the service staff members could explain about the structure and comfortable ride of the vehicles, and convey the aspirations of the engineers in charge of product development, our customers would be even more pleased.

### Creating a Culture of Caring about Customer Touchpoints

New initiatives are also under way in areas other than maintenance service. One example is the distribution of owner's manuals in digital format. In Japan, we have developed these electronic owner's manuals that are accessible from various terminals, in order to render thick and wordy manuals more user-friendly. Also, these manuals reflect our hopes that customers can use Mazda vehicles more safely and with greater peace of mind, and that they can make fuller use of increasingly multifunctional devices.

In its Corporate Vision, Mazda stipulates it will "brighten people's lives through car ownership." Unlike products and advertisements, it is difficult for the area of customer services to convey a message in a visible manner. It is therefore all the more important to create and maintain bonds with customers through each and every touch point in our daily operations.

In the future we will continue diligent efforts to cultivate a culture and human resources that together ensure that members involved in customer services understand the importance of the philosophies and processes mentioned above, and that they can take good care of the touchpoints with customers.



**Tomomi Minami**

Staff Manager  
Customer Service Division

#### TOPICS:3

### Seeking to Improve Service Engineers' Skills, including Customer Service Skills [Service Skills Competitions]

Service Skills Competitions, in which service engineers compete in various skill categories including customer service skills, offer ideal opportunities for participants to improve their skills, against the backdrop of increasing demand for high-quality service. From 2015 to the summer of 2016, Mazda hosted regional competitions in various parts of the world, including North America, Central & South America, Asia and Oceania. The winners of these competitions will be brought together in the International Service Skills Competitions slated for 2017, which will decide the world's best service engineer in the Mazda Group.

#### TOPICS:4

### Making Customers Feel Close to Mazda Vehicles [Electronic Owner's Manual]

Mazda has developed an electronic manual for the Roadster (MX-5 overseas), that is designed to be "intuitively searchable." The on-line manual is equipped with various functions. Among them is Visual Search, with which users can rotate images of the vehicle's exterior and interior by 360 degrees to select the portion they want to check. Search by Scene allows users to choose from among several occasions such as driving and operational scenes. When using Keyword Search, if you enter "ceiling" or "roof" in Japanese into the search box, search results including "Soft Top" will appear. With these features, the manual has been well-received, winning four awards including Manual of the Year in the Japan Manual Contest 2015.

## FY March 2016 Highlights

Number of sales countries/regions

More than **130**  
countries

Number of primary-tier suppliers

**1,047**

Global sales volume

**1,534** thousand units

Up **9.8%**  
YoY

Global sales share

|       |               |        |       |       |
|-------|---------------|--------|-------|-------|
| Japan | North America | Europe | China | Other |
| 15.1% | 28.6%         | 16.8%  | 15.3% | 24.3% |

Number of employees

**46,398**

Overseas local employment rate for management **67%**

Global Employee Engagement survey

Striving to improve one's own skills and expertise as a professional in one's own work **77%**

Rate of reinstatement after childrearing leave (Non-consolidated) **99%**

Percentage of employees with special needs (Non-consolidated) **2.02%**

Net sales

**3,406.6** billion yen

Up **12%**  
YoY

Operating income

**226.8** billion yen

Up **12%**  
YoY

CO<sub>2</sub> emissions per unit of sales revenue from production (Four principal domestic sites<sup>\*1</sup>)

**20.0** t-CO<sub>2</sub>/100 million yen

Improved YoY  
**3.1** t-CO<sub>2</sub>/  
100 million  
yen

Total amount of landfill waste (Four principal domestic sites<sup>\*1</sup>) **0**

Maintained  
since FY  
March 2009

Mix of models with SKYACTIV TECHNOLOGY

**86%**

Up **12%**  
YoY

Domestic & overseas production volumes

(Domestic)  
**989** thousand units

(Overseas)  
**582** thousand units

\*1 Head Office (Hiroshima); Miyoshi Plant; Hofu Plant, Nishinoura District; and Nakanoseki District (including R&D and other indirect areas)

## Corporate Profile (as of March 31, 2016)

Company name: Mazda Motor Corporation

Founded: January 30, 1920

Head Office: 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan

Main business lines: Manufacture and sales of passenger cars and commercial vehicles

Stock information: 1,200,000,000 total shares issuable  
599,875,479 total outstanding shares  
158,602 shareholders

Capital: ¥258,957,096,762

Employees: Non-consolidated  
Total: 20,849  
(excludes Mazda employees dispatched to other companies and includes employees dispatched to Mazda from other companies)  
Consolidated  
Total: 46,398

Research and development sites: Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (USA), 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, Thailand, Mexico, Taiwan<sup>\*2</sup>, Vietnam<sup>\*3</sup>, Malaysia<sup>\*4</sup>, Russia<sup>\*4</sup>

Sales companies: Japan: 229, Overseas: 141

Principal products: Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, automatic and manual transmissions for vehicles

\*2 Production of Mazda vehicles ended in May 2016

\*3 Some models are assembled locally (Volume is not disclosed).

\*4 Assembly only (Volume is not disclosed).

## Major Product Lineup

### MAZDA3

(Axela)\*

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan | North America |        | China | Other |



Global sales volume  
**457,301**

### CX-5

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan |               | Europe | China | Other |



Global sales volume  
**369,248**

### MAZDA6

(Atenza)\*

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan |               | Europe | China | Other |



Global sales volume  
**207,517**

### MAZDA2

(Demio)\*

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan | North America |        |       | Other |



Global sales volume  
**182,702**

### CX-3

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan |               |        |       | Other |



Global sales volume  
**117,476**

### BT-50

|            |  |  |  |  |       |
|------------|--|--|--|--|-------|
| Sales      |  |  |  |  | Other |
| Production |  |  |  |  | Other |



Global sales volume  
**44,803**

### BONGO

|            |       |  |  |  |  |
|------------|-------|--|--|--|--|
| Sales      | Japan |  |  |  |  |
| Production | Japan |  |  |  |  |



Global sales volume  
**9,041**

### MX-5

(Roadster)\*

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan |               |        |       |       |



Global sales volume  
**33,904**

### CX-7

|            |  |  |  |       |  |
|------------|--|--|--|-------|--|
| Sales      |  |  |  | China |  |
| Production |  |  |  | China |  |



Global sales volume  
**5,448**

### CX-9

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      |       | North America | Europe | China | Other |
| Production | Japan |               |        |       |       |



Global sales volume  
**30,993**

### BIANTE

|            |       |  |  |  |       |
|------------|-------|--|--|--|-------|
| Sales      | Japan |  |  |  | Other |
| Production | Japan |  |  |  |       |



Global sales volume  
**4,846**

### MAZDA5

(Premacy)\*

|            |       |               |        |       |       |
|------------|-------|---------------|--------|-------|-------|
| Sales      | Japan | North America | Europe | China | Other |
| Production | Japan |               |        |       | Other |



Global sales volume  
**22,658**

### MAZDA8

(MPV)\*

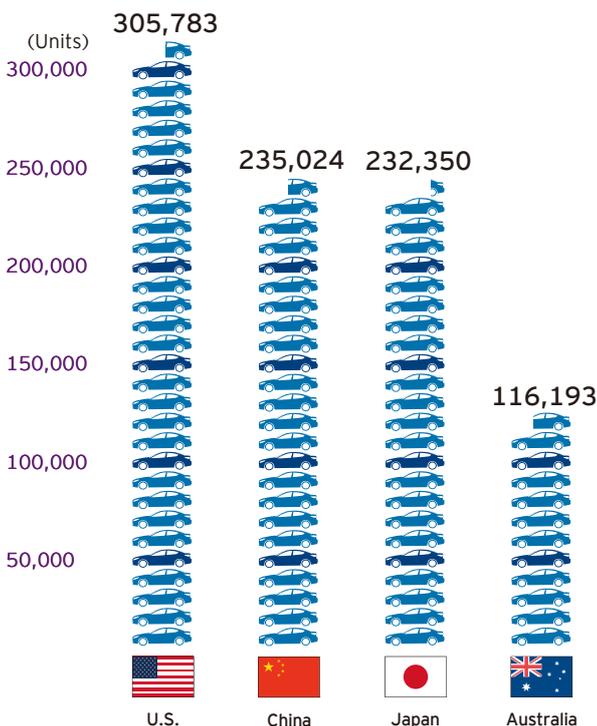
|            |       |  |  |       |       |
|------------|-------|--|--|-------|-------|
| Sales      | Japan |  |  | China | Other |
| Production | Japan |  |  | China |       |



Global sales volume  
**2,344**

\*Global sales volume/ Sales markets /Production sites for FY March 2016. \*Includes old and new models. Not all body types are shown. \*Presented models are those produced by Mazda as of the end of March 2016. \*Includes sites with knockdown production only (Production volume unannounced) \*OEM vehicles sold in Japan are as follows: Carol, Flair, Flair Wagon, Flair Crossover, Scrum, Familia (van), Titan

## Top 10 Markets in Global Sales for FY March 2016

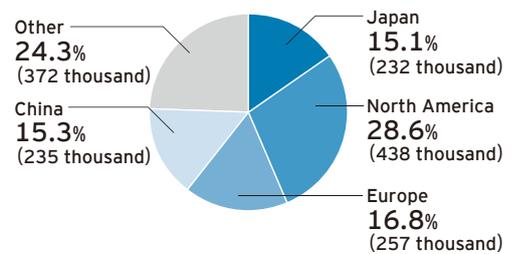


## Global sales volume

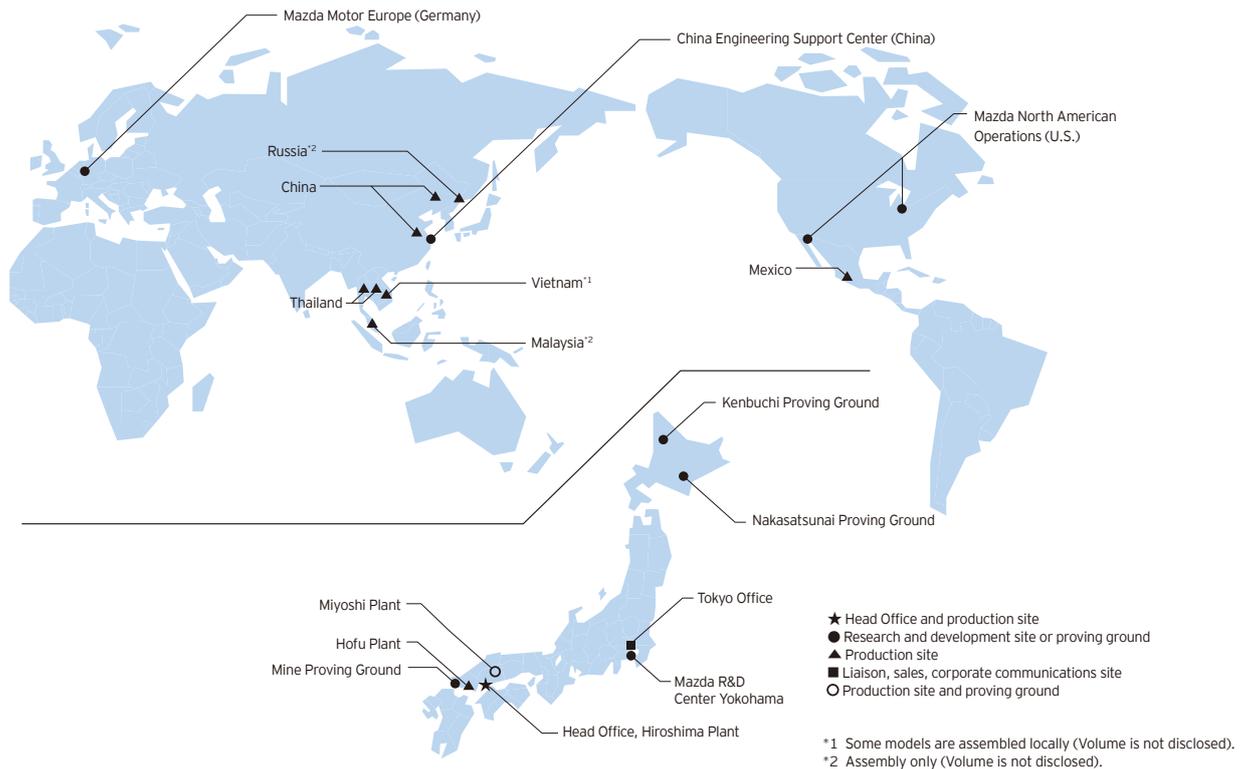
**1,534** thousand units

Up **9.8%** year-on-year

### Well balanced sales mix in global markets



## Global Network (as of June 30, 2016)



For more details about major facilities, see Annual Report 2016 (see pp. 14 - 15). <http://www.mazda.com/en/investors/library/annual/>



01. Head Office 02. Hiroshima Plant 03. Hofu Plant 04. Miyoshi Plant 05. Tokyo Office 06. Mazda R&D Center Yokohama 07. Mexico 08. Russia 09. China 10. 11. Thailand 12. Malaysia

## Other Information

### Annual Report

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



### Mazda Technical Review

<http://www.mazda.com/ja/innovation/technology/gihou/>  
(For English, Summary is available)



### Official Website

|                        | URL   | Content   |
|------------------------|---|---|
| CSR                    | <a href="http://www.mazda.com/en/csr/">http://www.mazda.com/en/csr/</a>                                 | Mazda's CSR initiatives and other general information                 |
| Investor relations     | <a href="http://www.mazda.com/en/investors/">http://www.mazda.com/en/investors/</a>                     | Financial and governance information                                  |
| Company                | <a href="http://www.mazda.com/en/about/">http://www.mazda.com/en/about/</a>                             | Overview of the Mazda Group and information on global network         |
| Brand                  | <a href="http://www.mazda.com/en/innovation/">http://www.mazda.com/en/innovation/</a>                   | Information on brand, technologies, etc.                              |
| News                   | <a href="http://www.mazda.com/en/news/">http://www.mazda.com/en/news/</a>                               | News release, SNS, animations, etc.                                   |
| Sales/Customer service | <a href="http://www.mazda.com/en/about/d-list/">http://www.mazda.com/en/about/d-list/</a> <sup>*3</sup> | Information on products and others to customers before/after purchase |

\*3 Choose the country/area to be searched.

# MAZDA CSR

Mazda will grow and develop together with society through the realization of its corporate vision. While striving to meet the requests and expectations of all of Mazda's stakeholders, each employee pursues corporate social responsibility (CSR) initiatives in the course of their daily business activities.

## CONTENTS

15 Mazda CSR

22 Stakeholder Engagement

## EMPLOYEE'S VOICE

### Striving to Accumulate CSR Knowledge and Experience to Be Used for My Work in the Future

I have been dispatched to Mazda Motor Corporation from Mazda Engineering & Technology Co., Ltd., an affiliate. I am engaged in CSR management primarily about environmental initiatives, while widely learning about the entire Mazda Group's CSR initiatives and activities. I am working as a lecturer of CSR training programs for employees. Together with other team members, I also work to prepare environmental education materials to be used at each workplace. Through these efforts, I am trying to improve the understanding of CSR in general throughout Mazda. I am steadily mastering my present jobs one by one, envisioning myself working as the environmental management leader after returning to Mazda Engineering & Technology Co., Ltd. in the near future.

Yoichi Imamoto  
CSR & Environment Department



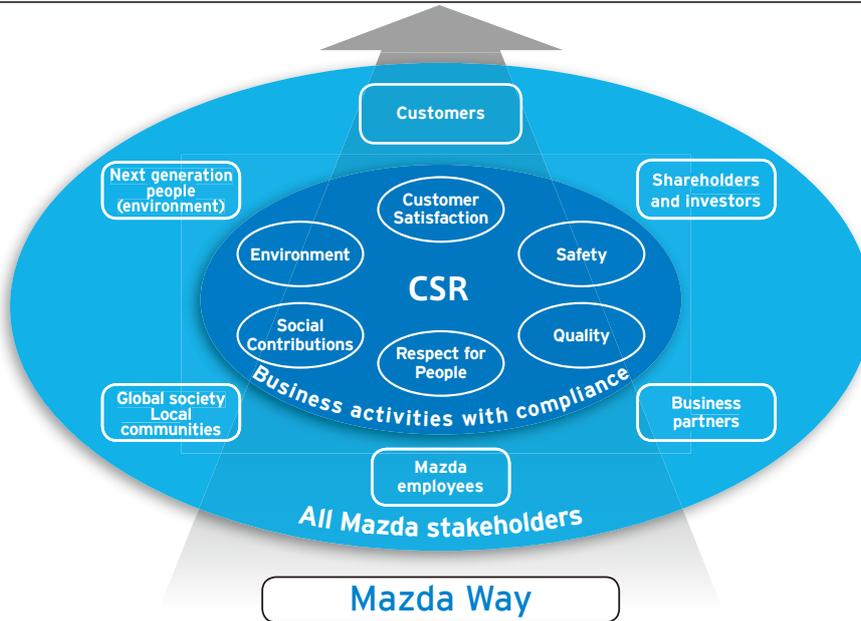
# MAZDA CSR

## Sustainable Development of Society and the Company

**Corporate Vision\*1**

**We love cars and want people to enjoy fulfilling lives through cars.  
We envision cars existing sustainably with the earth and society, and we will continue to tackle challenges with creative ideas.**

1. Brighten people's lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges and seek to master the Doh ("Way" or "Path") of creativity.



### Basic Approach

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way (see p. 82). 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.

### Areas of CSR Initiatives

Referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren)\*2, etc., Mazda classifies and evaluates its CSR initiatives. The areas of CSR initiatives are periodically reviewed and revised in the light of issues in the business activities of the automotive industry and Mazda, as well as social issues to which stakeholders attach particular importance. The most recent review was made in July 2016, by which the Company defined the following as the key areas of its CSR initiatives: Customer Satisfaction, Quality, Safety, Environment, Respect for People, and Social Contributions. a

- Customer Satisfaction: Offering customers a vehicle ownership experience that exceeds their expectations
- Quality: Offering products and services that please our customers
- Safety: Promoting safety initiatives to achieve a safe and accident-free automotive society
- Environment: Reducing environmental impact throughout the entire vehicle life cycle
- Respect for People: Developing human resources, who are the foundations of the Company and society, and respecting for human rights
- Social Contributions: Contributing to local communities as a good corporate citizen

### a Areas of CSR Initiatives

|                       |  |
|-----------------------|--|
| Customer Satisfaction | <ul style="list-style-type: none"> <li>• Commitment to customers</li> <li>• Sales and customer service, etc.</li> </ul>  |
| Quality               | <ul style="list-style-type: none"> <li>• Establishing stable product quality</li> <li>• Achieving quality that exceeds customer expectations</li> <li>• Cultivating human resources capable of thinking and acting for the happiness of customers</li> </ul> |
| Safety                | <ul style="list-style-type: none"> <li>• Safety initiatives based on the three viewpoints; vehicles, people, and roads and infrastructure</li> </ul>   |
| Environment           | <ul style="list-style-type: none"> <li>• Environmental management, efforts regarding product and technology development, efforts regarding manufacturing and logistics, recycling, biodiversity, communication, etc.</li> </ul>                              |
| Respect for People    | <ul style="list-style-type: none"> <li>• Initiatives with employees (including occupational safety and health)</li> <li>• Respect for human rights, etc.</li> </ul>  |
| Social Contributions  | <ul style="list-style-type: none"> <li>• Activities based on the three pillars (environment and safety performance, human resources development, and community contributions), etc.</li> </ul>   |

\*1 Mazda revised its Corporate Vision in April 2015, with the following objectives, aiming to be recognized as a corporate group gaining sincere trust of its stakeholders.

- Clarify the attributes of the Mazda brand, and make concerted efforts across the Mazda Group to realize the Corporate Vision.
- Promote the Group-wide dialogue process to share, understand and agree the goal of the Corporate Vision through the continuous thorough discussions.
- Closely link the Corporate Vision to our daily business activities.

\*2 Mazda actively supports the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren).

## CSR 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. In FY March 2016, the Board of Directors held discussions on issues concerning sustainability. **b** **c**

### CSR Management Strategy Committee

Deliberate the CSR activities that are expected of Mazda from a global perspective, in consideration of changes in social environment.

- Establishment of CSR targets for FY March 2016 and follow-up of the progress in CSR efforts (see pp. 17-19)
- Performance evaluation of the mid-term environmental plan (Mazda Green Plan) (see pp. 49-52)
- Reviewing and identifying key areas of CSR initiatives (materiality) (see p. 17)
- The present status of social needs and trends regarding CSR and the results of external evaluations of CSR initiatives

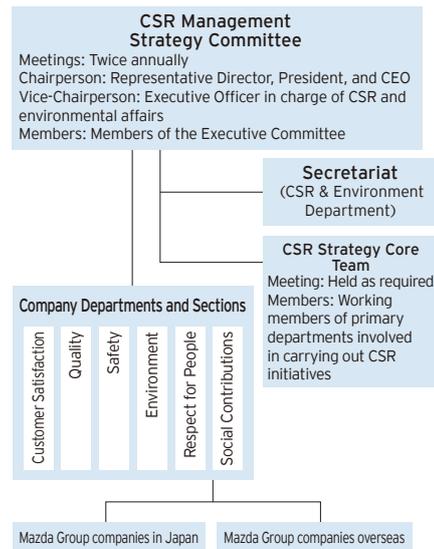
### Each division/department

Set operational targets and plans for the medium and long term, and for each fiscal year, and implement these targets and plans.

### CSR Strategy Core Team

Discuss in advance proposals to be made to the CSR Management Strategy Committee and propose guidelines for specific activities based on policies set by the CSR Management Strategy Committee.

## b Organization



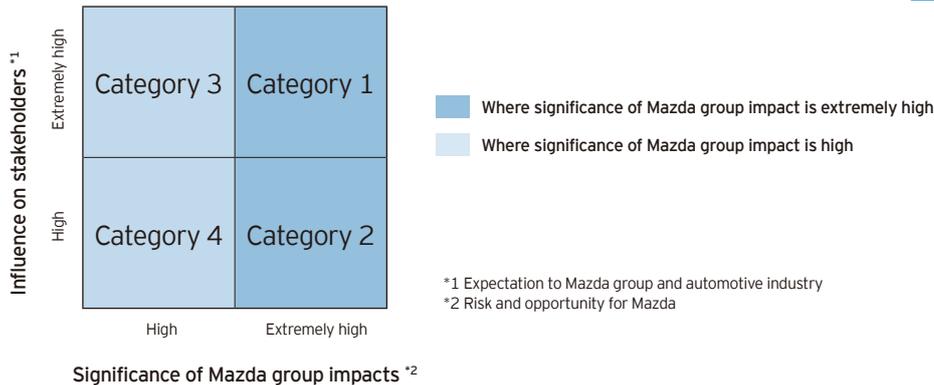
## c History of the CSR Structure

|                               |  |
|-------------------------------|--|
| FY March 2005                 | <ul style="list-style-type: none"> <li>• Began company-wide CSR initiatives</li> <li>• CSR Committee established</li> </ul>  |
| FY March 2008                 | <ul style="list-style-type: none"> <li>• Mazda evaluates its CSR initiatives in the six areas referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren), etc.</li> <li>• CSR Promotion Department established as a permanent structure</li> </ul>   |
| FY March 2009                 | <ul style="list-style-type: none"> <li>• Integrated CSR initiatives and management</li> <li>• Reinforced global perspective</li> <li>• CSR Committee reorganized as the CSR Management Strategy Committee</li> </ul>   |
| FY March 2010                 | <ul style="list-style-type: none"> <li>• Promoted initiatives both globally and across departments</li> <li>• CSR &amp; Environment Department established as a permanent structure</li> <li>• Former CSR Promotion Department reorganized as a supervising compliance body and renamed as the Compliance Administration Department</li> </ul> |
| FY March 2013                 | <ul style="list-style-type: none"> <li>• CSR Targets established</li> <li>• Started to implement the PDCA cycle to promote CSR initiatives based on ISO 26000</li> <li>• Compliance supervision functions transferred to the Office of General &amp; Legal Affairs</li> </ul>  |
| FY March 2014                 | <ul style="list-style-type: none"> <li>• Started study to review and identify key areas of CSR initiatives (materiality)</li> </ul>  |
| FY March 2015 - FY March 2016 | <ul style="list-style-type: none"> <li>• Disclosed the process of reviewing and identifying materiality</li> <li>• Continued to conduct interviews with interested parties in the Company and with external experts and specialists</li> </ul>   |
| FY March 2017                 | <ul style="list-style-type: none"> <li>• Disclosed the results of the materiality review, and the items that were identified</li> <li>• Reviewed the areas of CSR initiatives</li> </ul>   |

## Review and Identification Key Areas of CSR Initiatives (Materiality)

Based on the GRI Sustainability Reporting Guidelines Version 4 (G4)<sup>1</sup>, starting in FY March 2014, Mazda has been implementing the four-phase process (Step 1 - Step 4) to identify the key areas of its CSR initiatives (materiality), reviewing the social issues that the Company should address. In identifying materiality, Mazda reflected the external opinions of experts and various other stakeholders, while taking into account opinions both from management and relevant divisions. As a result, in July 2016 the CSR Management Strategy Committee approved the new materiality, and the information is disclosed in this report in accordance with the Core option of the G4 guidelines. During the materiality identifying process, Mazda has also referenced the Sustainable Development Goals (SDGs)<sup>2</sup> adopted by the United Nations. In the future, Mazda will continue to review materiality on a regular basis, while being conscious to various issues inside and outside the Company.

### Mazda Group's Key Areas of CSR Initiatives (Materiality) (As of July 2016)<sup>3</sup>



## Process

### [Step 1] Extraction of social issues

Extract aspects of greatest importance from among the 46 specific standard disclosure aspects specified in the G4 guidelines, from the following perspectives, and clarify the scope of expected impact (boundary) of each aspect.

- Social issues in the business activities of the automotive industry and Mazda
- Social issues to which stakeholders attach particular importance or that have substantive influence when stakeholders evaluate Mazda

### [Step 2] Prioritization (Conduct interviews with external experts)

Evaluate the importance of the social issues extracted in Step 1, grade them and show the graded scores by mapping according to the following two axes, so as to identify the aspects with greatest importance (the status was reported to CSR Management Strategy Committee.)

- Horizontal axis: Significance of Mazda group impacts (graded by Mazda's relevant divisions, from such viewpoints as the possibilities for existing risks and opportunities at Mazda, and the significance of their impact)
- Vertical axis: Influence on stakeholders (graded by external experts and institutional investors, from such viewpoints as the relationship with the business activities of the automotive industry and Mazda, and of the possibilities for having impact)

### [Step 3] Validation

Reconfirm the validation of the boundaries of aspects identified in Step 2 based on the business plan, etc. The CSR Management Strategy Committee approved the validation in July 2016.

### [Step 4] Disclosure of identification results and development of PDCA cycle (disclosed in Mazda Sustainability Report 2016)

Disclose the materiality aspects identified in Steps 1-3 and the management reporting results for the first time in the Mazda Sustainability Report 2016. Continuously collect the opinions of stakeholders inside and outside the Company and carry out periodic reviews, so as to develop the PDCA (plan-do-check-act) process.

### d Materiality items (As of July 2016)

| Category   | Items*  |
|--|---|
| I  | (Economic) Indirect Economic Impacts                      |
|  | (Environmental) Energy                                    |
|  | (Environmental) Water Source in Community                 |
|  | (Environmental) Emissions                                 |
|  | (Environmental) Effluents and Waste                       |
|  | (Environmental) Products and Services                     |
|  | (Labor practices) Occupational Health and Safety          |
|  | (Labor practices) Diversity and Equal Opportunity         |
| II   | (Consumer issues) Customer Health and Safety              |
|  | (Economic) Economic Performance                           |
|  | (Environmental) Transport                                 |
|  | (Labor practices) Employment                              |
| III  | (Labor practices) Training and Education                  |
|  | (Economic) Market Presence                                |
|  | (Environmental) Materials                                 |
|  | (Environmental) Supplier Environmental Assessment         |
|  | (Labor practices) Supplier Assessment for Labor Practices |
|  | (Social) Social Community                                 |
|  | (Social) Supplier Assessment for Impacts on Society       |
|  | (Consumer issues) Product and Service Labeling            |
|  | (Consumer issues) Compliance of product area              |
|  | IV  |
| (Environmental) Compliance of Environmental area       |   |
| (Labor practices) Labor/Management Relations           |   |
| (Labor practices) Equal Remuneration for Women and Men |   |
| (Human rights) Forced or Compulsory Labor              |   |
| (Human rights) Assessment                              |   |
| (Social) Anti-corruption                               |   |
| (Social) Compliance of social area                     |   |
| (Consumer issues) Marketing Communications             |   |
| (Consumer issues) Customer Privacy                     |   |

\* The item in each category is listed in G4 guidelines order.

### Opinions from External Experts on Future Issues for Mazda

- In identifying materiality, it is important to indicate "how the Company considers today's social issues, how the Company attempts to realize a sustainable society, and how the Company contributes to the realization of such a society." I hope that this report will describe these points in an easy-to-understand manner.
- Ethical procurement and ethical consumption are attracting growing attention. In the future, it will become increasingly important for the Company to assess its suppliers regarding their environmental and labor practices.
- I would like to advise Mazda to communicate to its stakeholders with sincere attitude toward achievement of the Sustainable Development Goals (SDGs), even if the number of items undertaken by the Company is still small.
- Mazda is recommended to strengthen its existing approach of focusing on its unique initiatives that differentiate itself from others.

### Experts and specialists who offered their opinions (in alphabetical order)

- Mr. Eiichiro ADACHI (Research Chief / Head of ESG Research Center, The Japan Research Institute, Limited)
- Ms. Yukiko FURUYA (Executive Director, Nippon Association of Consumer Specialists)
- Ms. Mika TAKAOKA (Professor at the College of Business, Rikkyo University)

## Development of PDCA Cycle in Line with CSR Targets

Mazda has established its CSR targets for each year starting in FY March 2014. In establishing these targets, CSR initiatives are reaffirmed in accordance with the seven core subjects of the ISO 26000 social responsibility guidelines, and each division envisions the ideals that Mazda aims to achieve in the future, and summarizes them in these targets. The results for FY March 2016 as well as the targets for FY March 2017, which were established taking into account the process of identifying materiality, were approved by the CSR Management Strategy Committee. Mazda will continue to implement the PDCA (plan-do-check-act) process, so as to carry out CSR management in line with global standards.

\*1 GRI: the Global Reporting Initiative, which provides the guidelines for CSR information disclosure.  
\*2 Announced in September 2015. SDGs call on United Nations member nations to mobilize efforts to achieve sustainable development, by accomplishing such targets as ending poverty and hunger, ensuring access to affordable and clean energy, combating climate change, and promoting peaceful and inclusive societies between 2015 and 2030. SDGs comprise 17 goals with 169 targets.  
\*3 For the definition of each item, see the 46 specific standard disclosure aspects specified in the G4 guidelines. <https://www.globalreporting.org/standards/g4/Pages/default.aspx>

## CSR Targets for FY March 2017

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

| ISO 26000 core subjects          | Items<br>(Corresponding pages of Sustainability Report 2016) | FY March 2016   |  | Self-assessment  | FY March 2017   |
|----------------------------------|--|---|--|--|---|
|                                  |  | Targets   | Results  |  | Targets   |
| 6.2<br>Organizational governance | 1 CSR management (see pp. 15-21)                             | <ul style="list-style-type: none"> <li>① Disclose the results of discussions on key areas to conform to the G4 Guidelines.</li> <li>② Continue raising CSR awareness based on the results of the Global Employee Engagement Survey.</li> <li>③ Identify the current situations, to reinforce CSR initiatives on a global basis.</li> </ul>  | <ul style="list-style-type: none"> <li>① Reviewed and identified key areas (materiality).</li> <li>② Continued raising CSR awareness through development and provision of education materials (maintained employees' CSR awareness at the same level as the last year in the Global Employee Engagement Survey.)</li> <li>③ Started to confirm the state of CSR initiatives in key areas (materiality) on a global basis.</li> </ul>   | ○  | <ul style="list-style-type: none"> <li>① Start to implement the PDCA (plan-do-check-act) process in key areas in accordance with the G4 Guidelines.</li> <li>② Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level.</li> <li>③ Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis.</li> </ul>  |
|                                  | 2 Corporate governance (see pp. 102-105)                     | Maintain and operate corporate governance framework, including newly established companies in emerging markets.   | <ul style="list-style-type: none"> <li>• Confirmed that the Company was in compliance with all the 73 principles of the Corporate Governance Code.*2</li> <li>• Established advisory committees to enhance transparency, fairness and objectivity in appointing executive officers and determining their remuneration.</li> <li>• Started the processes for analysis and evaluation of the Board of Directors.</li> </ul>  | ○  | Continuously improved and strengthened corporate governance measures, in light of the purport and spirit of the Corporate Governance Code.  |
|                                  | 3 Stakeholder engagement (see pp. 22-23)                     | Continue and strengthen stakeholder engagement.   | Executed stakeholder engagement initiatives in various forms, as planned.  | ○  | Continue and strengthen stakeholder engagement.   |
|                                  | 4 Risk management (see pp. 105-108)                          | Continue activities to identify and minimize various internal and external risks, including holding discussions on suppliers' risk countermeasures (to share information regarding high-risk parts and materials with suppliers).   | <ul style="list-style-type: none"> <li>① Visualized the progress made in the development of the risk management systems of Mazda and its Group companies.</li> <li>② Held disaster drills both jointly with fire authorities and solely by Mazda's self-disaster-defense teams, in preparation for an earthquake and tsunami.</li> <li>③ Executed the following activities in coordination with suppliers: <ul style="list-style-type: none"> <li>• Established and strengthened the business continuity plan (BCP) framework in preparation for the Nankai Trough Earthquake (and identified high-risk parts and materials and started discussions on the procurement of their alternatives).</li> <li>• Stared to establish the global supply chain database (and introduced a supply chain risk management system, and held briefing sessions for suppliers).</li> </ul> </li> </ul>  | ○  | <ul style="list-style-type: none"> <li>Identify various internal and external risks and continue activities to minimize such risks.</li> <li>① Improve the level of developing the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee.</li> <li>② Continue risk management activities based on the action plans in preparation for an earthquake and tsunami.</li> <li>③ Hold discussions on suppliers' risk countermeasures (and develop a BCP framework in preparation for the Nankai Trough Earthquake, etc.).</li> </ul> |
| 6.3<br>Human rights              | 1 Respect for human rights (see pp. 94-96)                   | <ul style="list-style-type: none"> <li>① Declare that Mazda will continue supporting international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.</li> <li>② Encourage Group companies/suppliers to use materials and manuals designed for Mazda's human rights awareness-raising activities, such as training by level and human rights meetings.</li> </ul>                     | <ul style="list-style-type: none"> <li>① Continued to clarify support for both declarations, in the Mazda Sustainability Report 2015, etc.</li> <li>② Executed the following activities as scheduled, to raise awareness of human rights: <ul style="list-style-type: none"> <li>• Held human rights lectures delivered by external lecturers, for management (senior managers and above) twice (theme: general human rights issue/LGBT).</li> <li>• Held training by level and human rights meetings, and encouraged Group companies to use materials and manuals designed for Mazda's human rights awareness-raising activities.</li> <li>• Held training to remind participants of human rights (with the participation of about 1,500 managers and supervisors of the Hiroshima Plant).</li> </ul> </li> </ul>   | ○  | <ul style="list-style-type: none"> <li>① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.</li> <li>② Encourage Group companies/suppliers to use materials and manuals designed for Mazda's human rights awareness-raising activities, such as training by level and human rights meetings (to start LGBT-related initiatives).</li> </ul>   |
|                                  | 2 Achieving of diversity (see p. 83)                         | <ul style="list-style-type: none"> <li>Continue to respect the diversity of employees.</li> <li>① Continue and evolve training and effective development of top management in each region.</li> <li>② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1</li> <li>③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1</li> </ul> | <ul style="list-style-type: none"> <li>① Held meetings (twice a year) aimed to formulate a plan for developing successors of top management of Group companies, and implemented collective training and project work for successor candidates.</li> <li>② Specified female candidates for middle and above management positions, drew up individual development plans for them, and followed up the progress of these plans. Held the career development programs, including cross-industrial exchange events (four times a year) in Hiroshima Prefecture*1.</li> <li>③ Maintained the legally required percentage of employees with special needs (2.0%) and promoted employment of intellectually/mentally-challenged people (seven people employed in FY March 2016).*1</li> </ul>  | ○  | <ul style="list-style-type: none"> <li>Continue to respect the diversity of employees.</li> <li>① Continue and evolve training and effective development of top management candidates in each region.</li> <li>② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1</li> <li>③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1</li> </ul>  |
|                                  | 3 Due diligence (see pp. 94-95, 111-112)                     | Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.  | <ul style="list-style-type: none"> <li>Figured out the status of human rights initiatives throughout the value chain and conducted surveys of these initiatives, as planned.</li> <li>• Applied Mazda working regulations and other policies as well as materials for human rights meetings to Group companies, dealerships, and parts sales companies in Japan.</li> <li>• Provided advance guidance to employees dispatched to overseas Group companies on local religions and customs.</li> <li>• Performed follow-up and took measures to deal with all the consultations received at the Human Rights Counseling Desk and the Female Employee Counseling Desk.</li> <li>• Checked the expressions used to disseminate information inside and outside the Company for human rights infringements.</li> <li>• Conducted surveys of suppliers on the status of their CSR initiatives and on conflict minerals (see "2 Fair transactions" in subject 6.6).</li> </ul> | ○  | Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.  |
| 6.4<br>Labour practices          | 1 Industrial relations (see p. 93)                           | Maintain sound labor relations in each region on a global basis, based on the legislation, culture, and labor practices in respective countries.  | <ul style="list-style-type: none"> <li>• Held discussions between labor and management in Mazda Corporation and in its Group companies, to maintain sound labor relations (resulting in no collective labor disputes).</li> </ul>  | ○  | Maintain sound labor relations in each region on a global basis, based on the legislation, culture, and labor practices in respective countries.  |
|                                  | 2 Work-life balance (see pp. 85-87)                          | Improve the quality of various measures for further implementation of work-life balance*1   | <ul style="list-style-type: none"> <li>• Increased both the rate of paid vacation day use (to 82%, up 3% from the previous year) and the average of vacation days taken (to 15.6, up 0.5 days from the previous year) *1.</li> <li>• Reached labor-management agreement regarding the minimum number of vacations days taken a year (all employees should use ten or more days of paid leave) *1.</li> </ul>   | ○  | Improve the quality of various measures for further implementation of work-life balance*1   |
|                                  | 3 Occupational safety and health (see pp. 90-92)             | <ul style="list-style-type: none"> <li>Promote activities based on the Safety and Health Management System.</li> <li>① Continue risk assessment and improvement activities based on the assessment results.*1</li> <li>② Update the audit check sheets and continue system auditing.*1</li> <li>③ Achieve Japan's lowest-level workplace accident occurrence ratio, and expand the scope covered by the workplace accident occurrence survey of Group companies.</li> </ul>                                   | <ul style="list-style-type: none"> <li>① Surveyed/identified dangerous or hazardous factors and then conducted activities to remove/reduce these factors, resulting in a reduction of about 92% of high-risk factors*1</li> <li>② Updated the audit check sheets and conducted system auditing in all divisions*1.</li> <li>③ Total accident frequency rate*3: 0.38 (improved 0.08 point from FY March 2015, and ranked 5th among 14 JAMA companies). Started coordination with Group companies in earnest regarding workplace accident occurrence surveys.</li> </ul>   | <ul style="list-style-type: none"> <li>①○</li> <li>②○</li> <li>③△</li> </ul> | <ul style="list-style-type: none"> <li>Promote activities based on the Safety and Health Management System.</li> <li>① Continue risk assessment and improvement activities based on the assessment results.*1</li> <li>② Continue system auditing and share best practices with the related divisions.*1</li> <li>③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.</li> </ul>   |
|                                  | 4 Human resource development (see pp. 82-86)                 | Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.  | <ul style="list-style-type: none"> <li>• Held training for managements of the Mazda Group regarding the implementation of brand value management practices, and gradually introduced the training in each region (MBLD#12).</li> <li>• Promoted understanding of the importance of deepening bonds with customers among young employees, and provided opportunities for practical activities, and held cross-industrial exchange events aimed at improving loyalty to Mazda (with 548 participants).</li> </ul>  | ○  | Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.  |

\*1 Initiatives at Mazda Motor Corporation (FY March 2016 results and FY March 2017 targets).

\*2 Corporate governance guidelines for listed companies announced by the Tokyo Stock Exchange in June 2015.

\*3 Results between January and December 2015. Accident frequency, measured as the number of casualty figure per million person-hours worked.

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

| ISO 26000 core subjects                      | Items<br>(Corresponding pages of Sustainability Report 2016)   | FY March 2016   |  | Self-assessment | FY March 2017  |
|--|--|---|--|-----------------|--|
|  |  | Targets   | Results  |                 | Targets  |
| 6.5<br>The environment                       | 1 Energy- and Global-Warming-Related Issues  |   | (See Mazda Green Plan 2020)<br>(see pp. 49-52)   |                 |  |
|  | 2 Promoting resource recycling   |   |  |                 |  |
|  | 3 Cleaner emissions  |   |  |                 |  |
|  | 4 Environmental management   |   |  |                 |  |
| 6.6<br>Fair operating practices              | 1 Compliance (see pp. 109-110)   | ① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc.*1<br>② Ensure compliance at Mazda Group companies by continuous support through provision of education materials, timely information, etc.  | ① Reviewed various awareness-raising activities, including training by level and related regulations, and communicated their revisions to all employees.*1<br>② Provided support for all distributors and other Group companies in Japan through provision of education materials and timely information, etc.   | ○               | ① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc.*1<br>② Continue and strengthen support for Group companies through provision of education materials, timely information, etc.  |
|  | 2 Fair transactions (see pp. 111-112)  | ① Continue to require suppliers to comply with Mazda Supplier CSR Guidelines and to conduct surveys on the operation status of CSR initiatives of a greater number of suppliers.<br>② Reinforce surveys of applicable suppliers to correspond to conflict minerals regulations.   | ① Ensured full compliance with the Mazda Supplier CSR Guidelines, and conducted questionnaire surveys of local purchasers and major overseas purchasers about their compliance status.<br>② Conducted surveys of about 300 automotive parts/materials suppliers, in response to requests from the companies/organizations to which Mazda vehicles are delivered.   | ○               | ① Continue and strengthen activities to request suppliers to comply with Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives.<br>② Promote supply chain management at overseas production sites.   |
|  | 3 Information management (see pp. 106-107)   | ① Develop tools and procedures to facilitate smooth internal control for information management.<br>② Continue to strengthen entrance/exit controls to ensure information security.*1   | ① Offered e-learning programs regarding security control, promoted the appropriate use of file-sharing websites, and held training about how to deal with virus-infected emails.<br>② Reinforced "hardware" measures by installing mechanical gates and introducing a key management system.*1   | ○               | ① Ensure information management through continuous awareness-raising activities.<br>② Promote and strengthen information security measures.*1  |
|  | 4 Protection of intellectual property (see pp. 107-108)  | Promote activities to protect and make effective use of intellectual properties.<br>① For protection of Mazda's intellectual properties:<br>Continue strengthening the management system of overall intellectual properties, and promote rights acquisition activities. (Aim to increase the number of patent applications by 20% to 1,000.)<br>② For protection of intellectual properties of other parties:<br>Continue strengthening awareness raising activities in line with brand value management, so as to eliminate improper use of other parties' intellectual properties. (Prevent unauthorized use of works belonging to other parties, by increasing and improving communication materials.)*1 | ① Increased the number of patent applications to 1,000 (up 20% from the previous year).<br>② Expanded the scope of training on intellectual property rights (which was previously targeted at development divisions, to include production divisions), updated the tools required for the appropriate use of communication materials (images), and disseminated the official name list of products and technologies, to ensure the appropriate use of trademarks.                          | ○               | Promote activities to protect and make effective use of intellectual properties.<br>① For protection of Mazda's intellectual properties:<br>• Continue strengthening the management system, and promote rights acquisition activities on a global basis (so as to maintain the number of patent applications at around 1,000 in Japan, and increase the number overseas to 650 by 40% from the previous year.)<br>② For protection of intellectual properties of other parties:<br>• Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties.<br>• Promote the appropriate use of works belonging to other parties, in conducting communication activities. |
| 6.7<br>Consumer issues                       | 1 Sales and services (see pp. 25-30)   | Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.   | ① Shared Mazda's strategies and concepts for brand value enhancement with distributors and dealers in major markets.<br>② Confirmed the progress of safety initiatives in major markets, in light of evaluations by customers and third-party organizations.   | ○               | Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.  |
|  | 2 Products (see pp. 25-26, 116-118)  | Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom."<br>• Driving pleasure as well as outstanding environmental and safety performance.<br>• Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel.<br>• Insightful, thoroughly thought-out functionality.<br>• An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.<br>• Robust reliability and excellent craftsmanship.   | Evolved the attributes of the Mazda brand in line with the principles of "Sustainable Zoom-Zoom" in Roadster/MX-5, and introduced it into the market.  | ○               | Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom."<br>• Driving pleasure as well as outstanding environmental and safety performance.<br>• Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel.<br>• Insightful, thoroughly thought-out functionality.<br>• An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.   |
|  | 3 Quality (see pp. 32-36)  |   | Six models ranked as "Recommended" by Consumer Reports, a magazine issued by a US consumer organization (Mazda3 [GT and Touring], Mazda6, CX-3, CX-5 and MX-5).  | ○               | Implement products with robust reliability.  |
|  | 4 Safety (see pp. 38-45)   | ① Further evolve, and expand the introduction of i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy.<br>② Obtain high ratings in new car assessment programs (NCAPs) of respective countries.   | ① Introduced i-ACTIVSENSE in Roadster/MX-5.<br>② Obtained high ratings for Mazda's major models in safety performance evaluations in Japan, the US and Australia (Japan: CX-5 and CX-3, the US: Mazda3 [Axela], Mazda6 [Atenza], CX-5 and CX-3, Australia: Mazda2 [Demio] and CX-3).   | ○               | ① Further evolve, and expand the introduction of i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy.<br>② Obtain high ratings in new car assessment programs (NCAPs) of respective countries.  |
| 6.8<br>Community involvement and development | 1 Corporate citizenship activities (see pp. 98-100, and the separate volume "Social Contribution Version")                         | Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy.  | Continued or newly launched programs based on Mazda's basic policy on initiatives and each region's local community contribution policy (about 400 programs).  | ○               | Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy.   |
|  | 2 Contribution to the realization of a sustainable society (see pp. 98-100, and the separate volume "Social Contribution Version") | ① Continue efforts to resolve social issues and proactive disclosure of Mazda's social contribution activities.<br>② Continue to implement the PDCA (plan-do-check-act) cycle based on the program effect evaluation index.   | ① Made efforts to resolve social issues and proactively disclosed relevant information (by presenting about 100 items in the Sustainability Report and about 30 items in the Social Contribution Version, and posting information on SNS sites, etc.)<br>② Continued to hold the Mazda Social Contribution Prize to recognize outstanding social contribution activities, based on the program effect evaluation index, thereby continued to implement the PDCA (plan-do-check-act) cycle. | ○               | ① Continue active disclosure of social contribution activities.<br>② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).   |

Among the seven core subjects of ISO26000, regarding "the environment," Mazda has promoted initiatives to address various environmental issues, in accordance with the Mazda Green Plan 2020 Mid-Term Environmental Plan, which is already in place.

\*1 Initiatives at Mazda Motor Corporation (FY March 2016 results and FY March 2017 targets).

\*2 Mazda Sustainability Report 2016 [Social Contribution Version]

<http://www.mazda.com/en/csr/download/>

## External Evaluations of CSR (as of June 1, 2016)

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) and environmental, social and governance (ESG) rating organizations.

- Inclusion in the FTSE4Good Index series since March 2011. e  
An SRI index developed by the FTSE Russell, a fully-owned by the London Stock Exchange Group.
- Inclusion in the STOXX Global ESG Leaders Index since September 2013. f  
STOXX is a global-index-development company located in Switzerland. Mazda is also selected in the sub-index of social criteria in "STOXX Global ESG Social Leaders."
- Inclusion in the Ethibel EXCELLENCE Investment Register since October 1, 2013. g  
Forum ETHIBEL is a Belgium-based non-profit organization that promotes socially responsible investment (SRI) and CSR in Europe.
- Inclusion in the MSCI Global Sustainability Index since June 2015. h  
An SRI index developed by MSCI (Morgan Stanley Capital International). The indexes include companies with high ESG rating in their industry sectors.
- Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI) since January 2008. i  
The first SRI index developed in Japan.
- In the CDP Japan 500 Climate Change Report 2015, Mazda's carbon disclosure score was 98 (out of 100), with its performance score rated in Band B. j  
On behalf of 822 institutional investors with assets of US\$95 trillion\*1 the CDP organization conducts research and discloses information to better understand the risks and opportunities posed by climate change.
- Mazda is selected to major socially responsible investment (SRI) funds\*2 in Japan. k



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| Fund Name (Nickname)  | Advisor                                  |
|---|--|
| Sompo Japan Green Open (Buna-no-Mori)                         | Sompo Risk Management & Health Care Inc. |
| SRI Japan Open (Good Company)                                 | Japan Research Institute                 |
| Nikko Eco Fund  | The Goodbankers Co., Ltd.                |
| Asahi Life Socially Responsible Investment Fund (Asu-no-hane) | Vigeo                                    |
| Mitsubishi UFJ SRI Fund (Family Friendly)                     | The Goodbankers Co., Ltd.                |

\*1 As of February 2016.  
\*2 Mutual funds whose investment criteria focus on corporate social responsibility (CSR).

## Raising Executive and Employee Awareness

Mazda endeavors to deepen awareness and understanding of CSR among all its executive officers and employees, and to promote the undertaking of CSR initiatives in the course of their daily business activities. The level of employees' CSR awareness is confirmed through Global Employee Engagement Survey.

To ensure constant improvement of the CSR awareness level, Mazda will continue a range of initiatives.

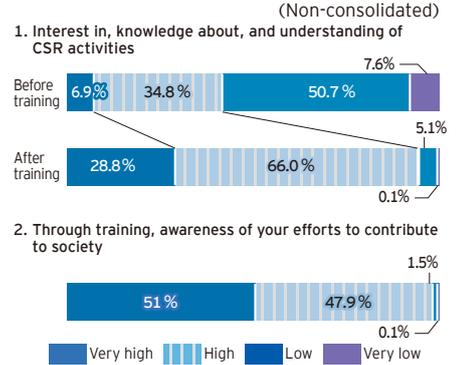
### Examples of Awareness-Raising Activities

- Implementation of a lecture delivered by an external expert on the theme of "ESG evaluation attracting the attention of investors with a long-term perspective," for executive officers and divisional general managers (including general managers of independent departments)
- Distribution of the Mazda Sustainability Report to Group companies in Japan and overseas
- Particular training and enlightenment for specific issues including quality, environment, human rights and compliance
- Publication of CSR-related articles in the 2016 January, February, and March issues of *Gijutsu Tsushin* (technical notification), a monthly journal for service staff at dealerships in Japan
- Implementation of CSR training programs by level (lecture type training and group discussions for a total of around 1,190 participants, including new recruits, mid-career hires, new band 5 (assistant manager level) and newly appointed managers)\*<sup>1</sup>
- Communication about CSR efforts via the Company's Intranet and the in-house newsletter My Mazda, on an as needed basis \*<sup>1</sup>

**m** Global Employee Engagement Survey (Positive Answer Percentage) (Consolidated)

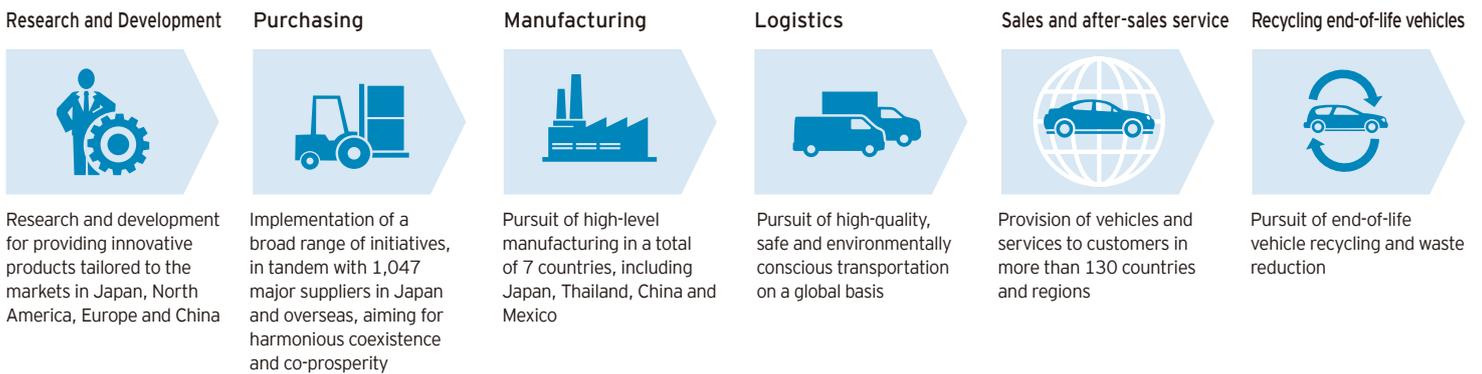
|   | FY March 2014 | FY March 2015 | FY March 2016 |
|---|---------------|---------------|---------------|
| Being socially responsible (a good "corporate citizen") | 58%           | 59%           | 58%           |

**n** Results of Group Discussion Surveys in FY March 2016 (around 750 participants) (Non-consolidated)



## CSR Promotion throughout the Entire Value Chain

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

# STAKEHOLDER ENGAGEMENT

## Approach to 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<sup>\*1</sup>, and carries out daily business activities while making efforts for improvement.

Mazda has defined its key stakeholders, including its customers. To ensure effective communications with respective stakeholders, Mazda implements the PDCA (plan-do-check-act) cycle, using the frequencies of providing opportunities for key dialogue and information disclosure as the indicators. The results obtained are reported to the relevant departments or committees and used for planning and improving Mazda's daily business activities.

## Key Stakeholder Relationships and Opportunities for Key Dialogue and Information Disclosure in the Mazda Group's CSR Initiatives

| Key Stakeholder   | Mazda Group's Key Responsibilities and Issues  | Opportunities for Key Dialogue and Information Disclosure (Frequency)  |
|---|--|--|
| Customers   | <ul style="list-style-type: none"> <li>Improving customer satisfaction</li> <li>Providing safe, reliable and attractive products and services</li> <li>Appropriate disclosure and explanation of information regarding products, services and technical terms</li> <li>Providing customer support in a timely and appropriate manner</li> <li>Appropriate management of customer information</li> </ul>  | <ul style="list-style-type: none"> <li>Establishment of call centers (always)</li> <li>Mazda Official Website and social media (always)</li> <li>Day-to-day sales activities (always)</li> <li>Customer satisfaction surveys (as needed)</li> <li>Holding events (as needed)</li> <li>Interviews with customers (as needed)</li> <li>Meetings with Mazda vehicle owners (as needed)</li> </ul>   |
| Shareholders and investors (see the website for shareholders and investors*)  | <ul style="list-style-type: none"> <li>Timely and appropriate information disclosure</li> <li>Maximizing corporate value</li> <li>Strict exercise of voting rights (at the general meeting of shareholders)</li> <li>Active investor relations activities</li> </ul>   | <ul style="list-style-type: none"> <li>Website for shareholders and investors (always)</li> <li>Publication of the asset securities report and the quarterly financial reports (four times a year)</li> <li>Publication of the summary of financial results (four times a year)</li> <li>Quarterly presentation of financial results (four times a year)</li> <li>Publication of shareholder reports (twice a year, Japanese only)</li> <li>Holding ordinary general meetings of shareholders (once a year)</li> <li>Publication of the Annual Report (once a year)</li> <li>Publication of corporate governance reports (as needed)</li> <li>Presentations and plant tours for investors (as needed)</li> </ul> |
| Business partners <ul style="list-style-type: none"> <li>Suppliers</li> <li>Domestic dealerships</li> <li>Overseas distributors</li> </ul>  | <ul style="list-style-type: none"> <li>Fair and equitable trading</li> <li>Open and transparent business opportunities</li> <li>Support for requests for collaboration on CSR implementation</li> <li>Appropriate disclosure and sharing of information</li> </ul>   | <ul style="list-style-type: none"> <li>Hotlines linking Mazda with dealerships (always)</li> <li>Day-to-day purchasing activities (always)</li> <li>Supplier communication meetings (once a month)</li> <li>Conferences with representatives of dealerships (once a year)</li> <li>Conferences with supplier executives (once a year)</li> <li>Commendation of outstanding suppliers and dealerships (once a year, respectively)</li> </ul>  |
| Employees   | <ul style="list-style-type: none"> <li>Respect for human rights</li> <li>Choice and self-accomplishment</li> <li>Promoting a healthy work-life balance</li> <li>Optimum matching of people, work and placement</li> <li>Promotion and improvement of employee health and safety</li> <li>Promotion of diversity</li> <li>Mutual understanding and trust between labor and management</li> </ul>  | <ul style="list-style-type: none"> <li>Labor-Management Council (as needed)</li> <li>Direct communication with senior management (MBLD) (as needed)</li> <li>Global Employee Engagement Survey (as needed)</li> <li>Career meetings (four times a year)</li> <li>Career Challenge System (in-house recruitment and "Free Agent") (as needed)</li> <li>Group and optional training (as needed)</li> <li>Lectures (as needed)</li> </ul>   |
| Global society and local communities <ul style="list-style-type: none"> <li>Community people</li> <li>Government and administrative agencies</li> <li>NGOs/NPOs</li> <li>Experts and specialists</li> <li>Educational institutions</li> </ul> | <ul style="list-style-type: none"> <li>Respect for local cultures and customers</li> <li>Prevention of workplace accidents and disasters</li> <li>Activities contributing to local communities (including cooperative work)</li> <li>Disaster-relief activities in regions in which Mazda does business</li> <li>Compliance with laws and regulations</li> <li>Payment of taxes</li> <li>Cooperation with government policies</li> <li>Cooperative work and support in search of solutions to global social issues</li> <li>Foundation activities</li> </ul> | <ul style="list-style-type: none"> <li>Opening to the public of the Mazda Museum and plant tours (always)</li> <li>Execution of social contribution activities and participation in and promotion of volunteer activities (as needed)</li> <li>Dialogue through economic and industry organizations (as needed)</li> <li>Interaction/exchange of views with the local community (as needed)</li> <li>Response to hearings, information disclosure, etc. (as needed)</li> <li>Dialogue, cooperation and support through collaboration of industry, academia and government (as needed)</li> </ul>   |
| Next generation people (environment)  | <ul style="list-style-type: none"> <li>Consideration for the environment</li> <li>Energy-/ global-warming-related issues</li> <li>Promoting resource recycling</li> <li>Cleaner emissions</li> <li>Environmental management</li> </ul>   | <ul style="list-style-type: none"> <li>Holding and participating in environmental events (as needed)</li> <li>Setting targets and reporting the results under Mazda Green Plan 2020, midterm environmental plan (once a year)</li> </ul>   |

\*<http://www.mazda.com/en/investors>

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

## Strengthening the Relationship with Stakeholders to Promote Brand Value Management

In its brand value management which Mazda has promoted in earnest since 2013 (see pp. 3-4), Mazda pushes forward with various initiatives, aiming to continue growing as a corporate group that earns the trust of all its stakeholders. By establishing indicators for its relationships with its stakeholders, the Company implements the PDCA (plan-do-check-act) cycle. Mazda makes active use of its SNS (social networking service) "Tsunagari Net" as a tool to share external evaluations and stakeholders' voices on the intranet, and to promote the exchange of views.

A wide variety of events are held to explain Mazda's vision for satisfying both driving pleasure and outstanding environmental and safety performance as well as its specific activities, and to promote dialogue with various stakeholders, including ordinary people, customers, business partners, government/administrative agencies, experts/specialists and students. The opinions submitted from them are utilized to improve the business activities of Mazda.

## Conducting the Stakeholder Survey

Since FY March 2014, Mazda has conducted a Stakeholder Survey (once a year) to invite opinions from stakeholders outside the Company, primarily business partners, about employee conduct and attitudes toward work.

The results of the analysis are shared with top management, as well as with Mazda employees and employees of the entire Group in Japan and abroad through MBLD (see p. 84). By doing so, the Company implements the PDCA process so that each employee can review his/her actions from the perspective of the corporate vision and connections with stakeholders, and improve what is already good as well as what should be improved.

To generate frank opinions and guarantee objectivity of the analysis, the Company has commissioned a third party organization (research firm) to conduct the survey.

## Communication through Publication of the Mazda Sustainability Report

The Mazda Sustainability Report has been published with the aim of informing stakeholders of Mazda's CSR initiatives. To obtain the opinions and evaluations regarding the report's content and editorial method, Mazda has conducted a questionnaire survey and applied for CSR-related awards. The submitted opinions and evaluations are fed back to executive officers, external directors, and each division's employees in charge of producing the Mazda Sustainability Report, and are utilized for designing the next year's initiatives and for considering the information to be disclosed in the report. The questionnaire survey results are published on the Mazda official website.



\* Including employees

### Examples of Indicators:

Customers: Degree of customer satisfaction, brand recognition, loyalty (retention), net promoter score, and (unaided) awareness 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

### Those Covered by Stakeholder Survey (Only in Japan):

Suppliers, local autonomous entities, academic societies, industrial associations, etc.

## TOPICS

### Sustainable "Zoom-Zoom" Forum\*<sup>1</sup> 2015 in Yokohama

#### Satisfying both Driving pleasure and Outstanding Environmental and Safety Performance

To communicate Mazda's initiatives to stakeholders and solicit their unreserved views, the Sustainable "Zoom-Zoom" Forum 2015 in Yokohama was held at the Mazda R&D Center Yokohama (MRY) in May 2015. This was the ninth round of the forum. Its program included presentations on products and technologies, as well as the "Lesson for the Ideal Position for Each Individual Driver," which was given by Mazda engineers to introduce a method for comfortable and safe driving. In addition, as in the past forums, the dialogues in the small groups between the participants and Mazda engineers and other employees were arranged. Through these conversations, the Company invited opinions and requests from participants, while promoting their understanding about Mazda.

#### <Opinions from Participants>

- I felt empathy for Mazda, because I realized its unique commitment to vehicle production and manufacturing.
- Through this event, I felt that individual employees have a strong enthusiasm for the Mazda brand. I hope that this fervent passion will be shared and cherished by all dealerships and shops as well.
- I was impressed with the "Lesson for the Ideal Position for Each Individual Driver," which represents a uniquely Mazda viewpoint. I hope that such viewpoints will not only be embodied in an event, but also will be posted on the website to increase public recognition.

\*<sup>1</sup> From 2007 to 2011, this event was held under the title "Mazda Environmental Technology Forum."



## TOPICS

### One Mazda Restore Project

Since October 2013, the Company has promoted the One Mazda Restore Project, an initiative to enhance employees' pride regarding the Mazda brand through restoration of Mazda's historic vehicles. This project was planned and proposed by a total of ten young employees from different divisions. Under this project, employees across a wide age range have gathered together, so as to discuss and reaffirm Mazda's spirit and philosophy that has been handed down to the present day ever since the founding of the Company.

This initiative has not only promoted the understanding of the Mazda brand among stakeholders. It has also been instrumental in human resources development, by such means as inviting local high school students to witness this initiative at Mazda, thereby heightening their interest in automotive industry.



# CUSTOMER SATISFACTION

Mazda is striving to improve customer satisfaction through providing a Mazda brand experience that exceeds customer expectations.

## CONTENTS

### 25 Providing the Mazda Brand Experience to Customers

#### EMPLOYEE'S VOICE

#### Building Emotional Connection with Customers through Dialogue

We are in charge of planning and operation of Mazda Brand Space Osaka, a new Mazda brand communication base opened in January 2016. This space is used as a new base to offer a Mazda brand experience to customers, where customers are able to have direct dialogue with Mazda engineers engaged in research & development and manufacturing of vehicles. We go beyond the conventional approach and pursue an ideal form of dialogue that will help to make Mazda more favored by customers. Through such dialogue, we are building bonds or emotional connection with customers.

**(Left) Shota Masuda**  
Mazda Brand Space Osaka

**(Center) Masafumi Inoue**  
Brand Promotion Department  
Domestic Business Division

**(Right) Rena Iwai**  
Mazda Brand Space Osaka



# PROVIDING THE MAZDA BRAND EXPERIENCE TO CUSTOMERS

The Mazda Group promotes brand value management. By enhancing its brand value, the Group aims to increase the number of enthusiastic Mazda fans and attain its business growth, thereby consequently enhancing its corporate value. In line with this concept, Mazda pushes forward with various initiatives in cooperation with local distributors/dealerships to provide customers with a Mazda brand experience in all stages of their car ownership, with a view to building special bonds with customers (see pp. 7-10).

a

## Approach to Developing Products

Mazda develops products that embody the attributes of its brand slogan "Zoom-Zoom" (see p. 2). In line with the principles of "Sustainable Zoom-Zoom" (see p. 2), the Company is developing SKYACTIV TECHNOLOGY (see p. 116), which provides all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance. SKYACTIV TECHNOLOGY was introduced to the market starting in 2011.

Product development is carried out in cooperation with the sales and after-sales service areas indicated below.

- To reflect customer's input about products, obtained in the sales area, in subsequent product development
- To improve quality by swiftly dealing with problems with the help of after-sales service area and sharing information with product development

## Responding to the Diverse Customer Needs

Mazda has been establishing a system to deliver products and services to customers in the most appropriate way taking into consideration the cultures and trends of each country and region. At its R&D centers in Japan, North America, Europe and China, Mazda gathers information about markets and customers around the globe. Through local testing, Mazda develops products and provides services to suit its customers' wide-ranging needs.

To effectively enhance its brand awareness, Mazda focuses on promoting an understanding of the Mazda brand's common visions and the Company's spirit of product development and manufacturing, rather than on awareness of individual models.

### Examples to Meet Specific Customer Needs

#### <Research and Planning Conducted from a Female Perspective>

To respond to the increasingly diverse needs of female drivers, a team composed of female members from various departments conducts research on the vehicles which are convenient for themselves to use from the female viewpoint.

#### <Customizing Business (in Japan)>

Believing that the development of vehicles serving people with specific needs is essential to a more open and accessible automotive society, Mazda produces a wide range of vehicle types, as described below.

|  |  |
|--|--|
| Vehicles for people with special needs     | In 1995, Mazda became the first Japanese automaker to launch a vehicle for people with special needs. It was developed with top priority placed on "ease of use and comfort for both care givers and receivers." The Company has expanded the lineup to five types. <span style="float: right;">b</span> |
| Instructional vehicles                     | Mazda offers Axela (Mazda3 overseas) instructional vehicles equipped with various unique features. As the first car that trainees drive in their life, it can help them to feel driving pleasure and to acquire correct driving techniques.  |
| Commercial and specially equipped vehicles | Mazda offers a wide commercial vehicle lineup to respond to various business needs. To satisfy highly specialized needs, the Company has developed the TESMA line, adapting the Bongo Van and Titan Truck for use as dry van trucks, refrigerator and freezer trucks, etc.                               |

### a Every touch point



### b

#### Lineup for vehicles for people with special needs (as of March 31, 2016)

- **Vehicles with a swivel passenger seat** : Vehicle with a powered passenger seat that rotates (Demio)



Mazda Demio (13S with swivel seat)

- **Vehicles with a lift-up passenger seat** : Vehicles with a powered lift-up passenger seat that elevates and rotates (Biante, Premacy)
- **Vehicles with a lift-up second-row passenger seat** : Vehicle with a second-row passenger seat on the left side that elevates and rotates (Biante)
- **Auto-step vehicles** : Vehicles with an assistance step that enables easy entry and exit from the rear (Biante)
- **Wheelchair-ramp-equipped vehicle** : Vehicle with a ramp that enables people in a wheelchair to get in and out while remaining in a wheelchair (Flair Wagon)

## Co-Creation of Product Training by Maker and Distributor/Dealership Staff

Mazda offers training for sales staff to enable them to provide customers with correct and detailed information on the attractive features of Mazda vehicles. As part of the initiatives to enhance brand value, the training is aimed at globally communicating the ideas and efforts employed in research & development and manufacturing, as well as their background stories in addition to basic information on functions and equipment.

## Product Information, Display, and Advertising

For product information and display, Mazda not only complies strictly with each law and regulation of each country and region, but also places strong emphasis on safety, human rights, environmental issues, and ethical standards, giving careful attention to information display and expression appropriate for a company that manufactures and sells automobiles. Moreover, Mazda conducts studies on advertising on a periodic basis so as to check whether information provided to customers is correct and understandable.

Video and animated computer graphics are used to provide customers with easily understandable explanations of products' features and functions.

## Development/Launch of Value-Added Accessories

Mazda develops and provides special accessory parts that satisfy the diverse needs of customers. Mazda also provides items address environmental issues to make customers' life more comfortable, considering the requests from society.

While ensuring compliance with regulations of each country, the Company promotes voluntary switching of maintenance and other accessories to those containing environmentally conscious elements.

### **C** Product example

- High-performance air conditioning filter capable of filtering PM 2.5
- Low-VOC (volatile organic compound) paint "Caliper Paint"

**C**

## Communicating the Mazda Brand and Providing the Brand Experience

Mazda promotes initiatives to provide customers with opportunities to communicate with the Mazda brand and strengthen bonds with Mazda throughout their car ownership. To convey globally consistent visual impressions, the VI (Visual Identity) Guidelines have been established and shared within the entire Mazda Group.

### New Concept in Sales Outlets “New-Generation Showrooms”

Starting in FY March 2015, Mazda has been developing a new concept in sales outlets, which is called New-Generation Showrooms, to allow customers to experience the attractiveness of Mazda vehicles. Under the supervision of Mazda’s Design Division, the New-Generation Showrooms are built in accordance with guidelines specifying three values to provide<sup>\*1</sup> and four showroom design concepts<sup>\*2</sup>. Interiors and exteriors are designed using colors of black, white and silver, with black-based facility signs<sup>\*3</sup>, and as accents, wood is used to form a comfortable space where dignity, high quality and warmth are well-balanced. In January 2016, Mazda Brand Space Osaka, a showroom directly run by Mazda, was opened with the aim of making people more close to Mazda, and has attracted many visitors. Mazda is also planning to open new concept sales outlets overseas.

**d** Mazda Brand Space Osaka, a new Mazda brand communication base opened in January 2016



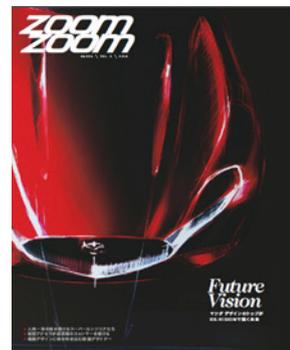
**e** [Japan] Mazda Roadster(MX-5 overseas) Digital owners manual



### Information Service for Customers through Websites

Mazda makes efforts to enhance the usability of its website to enable the website visitors to easily obtain the information they need. The website is designed to communicate many people, not only about the simple facts, but also about the underlying principles and philosophy. The website also provides easily understandable information useful for customers at all stages from considering a purchase to the ownership of their vehicles.

**f** Zoom-Zoom Magazine (2016 spring issue)

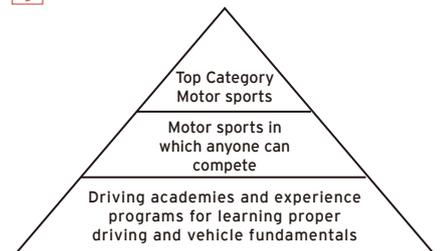


At the same time, Mazda uses social media, such as Facebook, blogs, and Twitter, to enhance interactive communications with its customers. Mazda’s official Facebook page has received many support messages and comments. Messages to Facebook are reflected in the Company’s product development and other activities (see p. 34).

### Zoom-Zoom, Mazda Brand Magazine

Mazda launched its brand magazine Zoom-Zoom in October 2007, and is regularly distributing it to customers in about 60 countries. The magazine shares driving pleasure that Mazda vehicles bring and explores the exciting lifestyles of Mazda vehicle users. The magazine is packed with information based on a variety of themes in order to build stronger emotional bonds between Mazda and its customers.

**g** Mazda’s motorsports structure



### Promoting Events for Driving Lessons and Motor Sports

Mazda promotes activities that can provide opportunities for many customers to experience “driving pleasure.”

Various events for multiple needs are offered. Examples of events are: lectures on basic driving positions for safe driving, lessons to learn advanced techniques useful in daily driving, races in which everyone from beginners to advanced drivers can participate, and professional races for drivers seeking to acquire higher skills.

Mazda supports the “Women in Motor Sport” initiative promoted by FIA (Fédération Internationale de l'Automobile) and JAF (Japan Automobile Federation), which aims at supporting women seeking to improve their driving skills and participate in motor sports events.

\*1 Shop designed with sense of exhilaration and Mazda uniqueness, new vehicle showroom that highlights the attractive features of Mazda vehicles, and shop layout that can help strengthen bonds with people.  
 \*2 Dignified presence, power to attract people, showing vehicle as attractive and beautiful, with comfortable furniture  
 \*3 Mazda brand symbol and showroom name that are used at each showroom

## Realizing Customer Services Relied on by Customers for Life

To provide a safer, secure and comfortable ownership experience and realize customer services that will be relied on by customers for life, Mazda has established a system to promptly support customers with its high maintenance skills. The Company has launched, both in Japan and overseas, a program to promote reform to provide customers with services that exceed their expectations throughout the period between their purchase of a new vehicle and the next purchase.

Mazda Head Office has maintained systems to assist dealers in Japan and overseas, providing tools and service manuals, establishing parts supply networks, and offering training for service trainers and service staff.

New model training is provided in several stages according to the learning priorities, to enable efficient acquisition of service skills for the diverse technologies employed in a vehicle. To improve the quality of training, the Company develops training materials using animation and 3D graphics to visually help trainees understand how new technologies work.

### Providing Tools/Service Manuals

Mazda promotes the initiatives below to ensure a constant high service quality at Mazda Group dealers in Japan and overseas.

- Providing information on special tools dedicated to Mazda vehicles and their usage
- Deploying unique service diagnostic devices that are compatible with the sophisticated electronic control systems adopted in a wide range of safety and environmental technologies
- Establishing an Internet-based support system, which enables quick and accurate access to the latest service manuals, as well as efficient search and ordering for parts

### Parts Supply Networks

To avoid making customers wait for maintenance service, Mazda is reorganizing its networks on a global scale to facilitate the speedy delivery of parts and accessories from parts/accessories manufacturers to dealers. Having established new networks for the supply of parts from major production bases both in Japan and overseas, the Company endeavors to provide appropriate parts and accessories in a timely manner, responding flexibly to market needs.

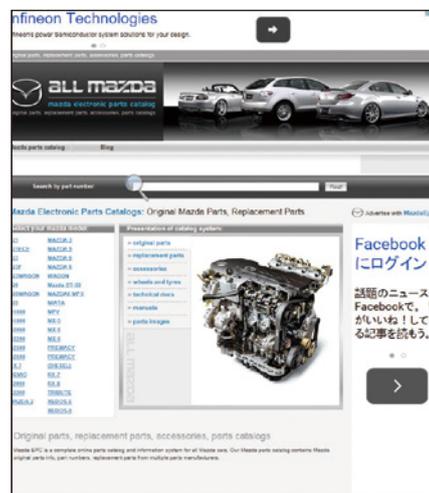
Japan: Nighttime wide-area delivery was enabled by the integration of parts inventory centers into three depots (Saitama, Nagoya, Hiroshima) of Mazda Parts Co., Ltd. Most repair parts can be delivered to a dealer before the start of the work on the next day of the parts ordering day.

Overseas: In line with the reorganization of the global production footprint, new networks have been established for the supply of parts from Mexico and Thailand.

### Developing Service Trainers/Staff

To develop service professionals with a high level of maintenance skills and customer service skills on a global scale, Mazda operates training centers in Japan and major countries overseas. At the training centers in Thailand, United Arab Emirates, and North America, instructors directly employed by Mazda are in place to provide effective training. The Company has also hosted Service Skills Competitions, with the aim of boosting the service skills and motivation of service staff. The Service Skills Competitions are held in several stages: national competition in each country, regional competition for national representatives, and the world competition for regional representatives. Through participating in these competitions, service staff members are encouraged to improve their skills, always aiming at a high goal. From 2015 to the summer of 2016, regional competitions were held in five regions (North America, Europe, Asia & Oceania, Central & South America, and Middle East). Representatives of the winner countries of each region are striving to further improve their skills for the world competition scheduled in 2017 (see p. 10).

**h** Website for ordering parts



**i** <Middle East Competition> Opening ceremony



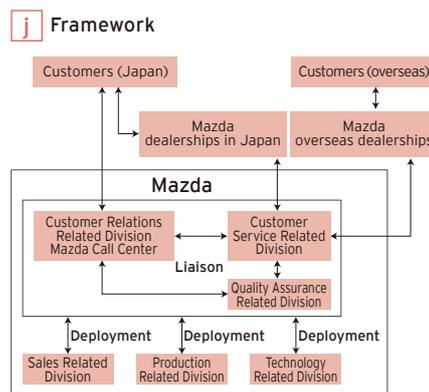
## Responding to Expectations and Opinions of Customers

At distributors/dealerships in each country and region, systems have been established to listen to the opinions and requests of customers, to respond to them honestly, accurately and quickly, and to reflect them in sales and services in cooperation with Mazda Head Office.\*1

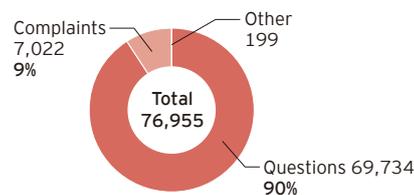
The contacts of each market area and FAQ (frequently asked questions)\*2 are available on the Mazda website for the convenience of customers.

To strengthen bonds with customers, Mazda conducts global surveys focusing on “Mazda brand experience,” “sales and after-sales services,” “ownership cost,” product attractiveness,” and other specific items. Through these surveys, the Company identifies problems in each market and addresses them in cooperation with local distributors/dealerships. With the indicators to measure customer satisfaction (see p. 23) applied, the PDCA (plan-do-check-act) cycle process has been established.

Mazda also conducts “social delight listening”<sup>3</sup> to study and analyze opinions about Mazda through social media.



FY March 2016 Breakdown of Mazda Call Center Customer Responses by Type (In Japan) (April 2015-Other 2016)



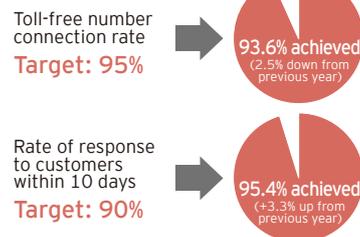
## Sharing and Recognition of Best Practices at Distributors/Dealerships

To boost the level of sales and CS<sup>4</sup> efforts throughout the distributors and dealerships, a system of sharing and awarding best practices has been put in place. Specifically, the system is to share the good practices with the members and award staff based on the viewpoints of: remarkable contribution to sales, growth potential in service/parts businesses, ability to respond to quality problems, activities and results of CS surveys in the sales and service fields, and achievements in CRM<sup>5</sup> activities.

### Examples of initiatives in Japan

| Measures   | Frequency   | Objective/Contents  |
|--|-------------|---|
| Customer Satisfaction (CS) Initiatives Presentation Meetings | Once a year | CS Initiatives Presentation Meetings are held, hosted by the Mazda Dealership Association in each region, to share examples of best practices from dealerships and shops.   |
| Staff Awards   | Once a year | To encourage staff self-improvement, meetings are held on a periodic basis to award sales and service staff members according to their degrees of achievement of targets, improvement of technical skills, and contribution to improved vehicle quality. Besides individuals, shops that have achieved their targets as a result of their customer-oriented activities, demonstrating excellent teamwork, are also awarded. |
| Walk-Around Contest  | Once a year | The Walk-Around Contest, a competition of customer-service role-playing, is held with the aim of encouraging sales staff to acquire product knowledge and improve their customer service skills. In FY March 2015, the national competition for used-car sales is held concurrently with the competition.   |

### Targets and Results for FY March 2016 (In Japan)



Voices of the customers who purchased or testdrove Mazda vehicles are presented on the website (in Japanese only).  
<http://www2.mazda.co.jp/carlife/voice/>

### The Walk-Around Contest



\*1 Distributor List in each country  
<http://www.mazda.com/en/about/d-list/>  
 \*2 Inquiries from Japan / FAQ (Japanese only)  
<http://www.mazda.co.jp/inquiry/>  
 \*3 Hear the voices of customers through social media to study and analyze.  
 \*4 Customer Satisfaction  
 \*5 Customer Relationship Management

## Communication with Dealerships

Mazda works to provide its all dealerships in Japan and overseas with information on mid- and long-term strategies, products, and services in a timely manner, and also makes proactive efforts to collect information from them.

### Communication Opportunities with Dealerships in Japan

|  | Participants   | Frequency         | Objective/Contents   |
|--|--|-------------------|--|
| Conferences for dealership representatives                                 | Representatives of dealerships and Mazda directors   | Once a year       | To communicate Mazda policies  |
| Mazda Dealership Association in Japan Executive board of directors meeting | Executive board members and others from Mazda Dealership Association in Japan (with Mazda representatives also attending twice yearly) | Four times a year | Information concerning product development, service and parts requests, quality concerns, and other topics is exchanged and discussed.   |
| Mazda Dealership Association in Japan Specialized committees               | Committee members from Mazda Dealership Association in Japan and Mazda representatives   | As needed         |  |
| Conferences for division and department heads of dealerships               | Representatives from each region and Mazda   | As needed         | Meetings regularly convened for relevant departments of dealerships to exchange information and opinions on specific topics including new models, used models, aftersales service, insurance, etc. |

### Communication Opportunities with Overseas Group Companies and Distributors

|                                     | Participants   | Frequency           | Objective/Contents   |
|-------------------------------------|--|---------------------|--|
| Product Launch Events               | Representatives from major overseas bases of operation, such as the United States, Europe, China and Australia | Indetermined        | To share information and exchange opinions globally upon the product launch In FY March 2016, the event was held in December, with around 60 participants.   |
| Global Brand Events                 | Representatives from major operation bases, such as the United States, Europe, China, Australia and Japan      | 3 times a year      | Representatives of major regions meet to build common understanding and consensus on brand strategies, and share initiatives. In FY March 2016, a total of 150 representatives participated.         |
| Regional Brand Events               | Representatives from major operation bases, such as the United States, Europe, China, ASEAN, Japan             | 3 to 4 times a year | Discussions are held and opinions are exchanged for each region to determine practical actions for implementing the brand strategies. In FY March 2016, a total of 500 representatives participated. |
| 4A <sup>*1</sup> Distributor Events | Representatives from Southeast Asia, Central and South America, Middle East, and Africa regions                | Once a year         | Discussions covering a wide range of topics including business, marketing, product launches, etc. In FY March 2016, the event was held in November, with around 170 participants.                    |

\*1 Areas except North America, Europe, China, Taiwan and Japan

# QUALITY

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

## CONTENTS

32 Commitment to Quality

### EMPLOYEE'S VOICE

#### Making Steady Improvement with the Aim of Achieving the Best Quality in the World

I am in charge of preventing the recurrence of product quality issues. Developing people is essential, because the actions of all of the people involved in manufacturing influence quality improvement.

Therefore, in order to expand the issue beyond technical aspects and develop fundamental measures that delve into the ways of personnel, the organization (management), and culture, I try to visualize the difference between the ideal and the reality and share it with the relevant persons. Although it requires much effort to dig into each factor and formulate measures, I take lead to make steady improvement with the aim of achieving the best quality in the world, in order to bring smiles to customers' faces, working with related departments such as product development and manufacturing.

**Fumika Ochi**

Quality Assurance Department, Quality Division



# COMMITMENT TO QUALITY

## Quality Policy

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

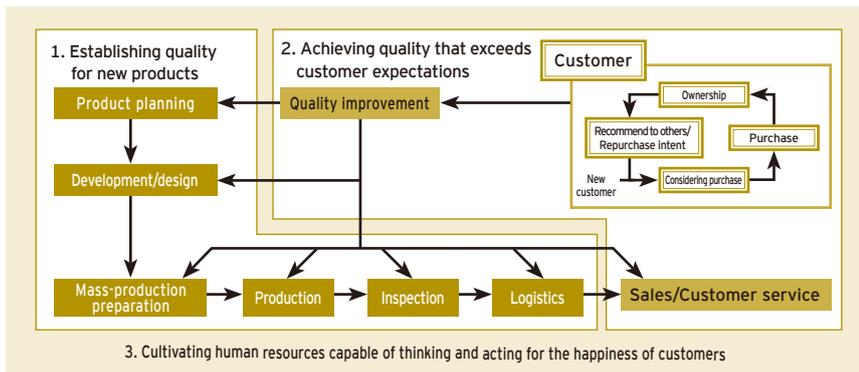
a

### Mazda Quality Policy

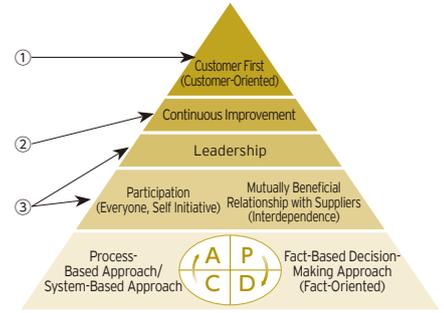
To enrich the lives of our customers by providing products and services that reflects steady and uncompromising work.

## Approach to Quality Improvement

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



## a Spirits of Quality Policy



- ① Our wish is to make our customers happy.
- ② We will continue to improve the work systems which our predecessors have established.
- ③ Each one of us will fulfill what we are supposed to do (Ensuring implementation of basic actions).

## Acquisition of ISO 9000 series

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

\*1 International standard for product and after-sales service quality assurance  
\*2 AutoAlliance (Thailand) Co., Ltd.  
\*3 Changan Mazda Automobile Co., Ltd.  
\*4 Changan Ford Mazda Engine Co., Ltd.

## Mazda Quality Management System (M-QMS)

To make faithful and unceasing efforts and achieve the industry's top-level quality in products, sales and after-sales services, Mazda has established the Mazda Quality Management System (M-QMS) based on ISO 9001,\*1 and has applied it to the series of processes from product design and development to production, sales and after-sales service.

As the number of overseas production sites is increasing, Mazda promotes the establishment of systems that encourage local employees of new sites to make self-reliant efforts to improve quality. ISO 9001 was acquired in February 2015 at MMVO\*2 in Mexico and in July 2015 at MPMT\*3 in Thailand. Mazda encourages other overseas production sites and regional operation companies to acquire this certification, thereby promoting the quality improvement of Mazda vehicles, which are produced and sold worldwide.

\*1 International standard for quality maintenance and assurance  
\*2 Mazda de Mexico Vehicle Operation (vehicle plant that started operation in January 2014)  
\*3 Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (powertrain plant that started operation in January 2015)

## 1. Establishing Quality for New Products

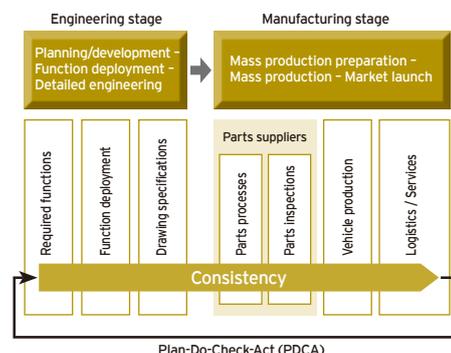
To satisfy the diverse needs of customers and offer greater trust, joy and excitement, Mazda is engaged in establishing a consistent quality level to be assured at all stages from planning/development to the delivery of products to customers.

### Establishing Stable Quality

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

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

**b** Consistent Process Assurance based on Major Characteristics



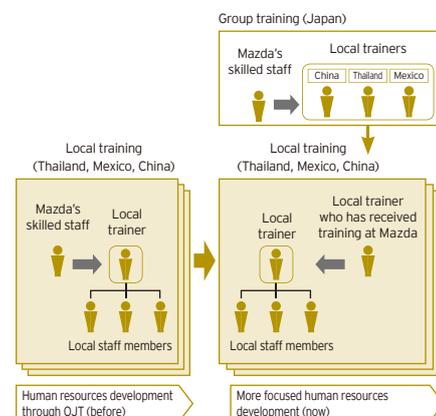
### Global Quality Assurance

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

#### <Developing Human Resources>

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

**c** Initiatives for Global Human Resources Development



### Enhancing Quality Assurance after Shipment

To ensure that the high quality at factory shipment is maintained until delivery to customers, a global guidelines for logistics processes (distribution centers, ports, etc.) covering from production sites to dealerships in Japan and overseas distributors have been established as a common logistics quality assurance standard.

In FY March 2016, to further improve the quality inspection capabilities at overseas ports, Mazda globally introduced a quality audit system, in which the internally certified auditors conduct audits on the quality status from a customer viewpoint. In view of the various situations of use by customers, efforts are being made to assure and improve quality.

## TOPICS

### Developing Leaders in Quality Field at Overseas Production Sites

Aiming to develop leaders at overseas production sites, Mazda hosts a training program at the Head Office to improve the skills for vehicle quality assessment. For this program, the weaknesses and potential of each participant are identified in advance. In addition to teaching the work processes and assessment procedures, it is designed to develop human resources capable of understanding the background and objectives of each process and taking action from a broad perspective. Leaders gathered from different sites are encouraged to learn from others and thereby raise their motivation for work.

TOPICS

“Daily Audit” Promoted Jointly by Quality Assurance and Production Related Divisions

CFME\*, an engine production site in Nanjing, China, has conducted various activities to improve quality since its operation start in 2007. Starting in 2013, the Daily Audit activities have been promoted jointly by quality assurance and production related divisions. The aim of Daily Audit is to improve the quality of human behavior, thereby improve the quality of engineering and manufacturing. Under the initiative of the quality assurance related division, check sheets are prepared in cooperation with production related divisions, and based on the check sheets, each member checks the items on the sheets on an on-site and actual conditions/goods basis. For even seemingly tiny matters, such as the way of placing parts and the frequency of changing gloves, steady efforts have been made for improvement. Today, many activities have been initiated spontaneously by members. As a result of the activities over two years, collaboration between quality assurance and production related divisions for solving problems has become part of CFME's corporate culture. More than half of the issues addressed have been solved, while the quality and precision of engines have been substantially improved. All members will continue to make united efforts to further improve quality.



\* Changan Ford Mazda Engine Co., Ltd.

2. Achieving Quality that Exceeds Customer Expectations

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

Speedy and Comprehensive Quality Improvement

Mazda makes Group-wide efforts to ensure stable and speedy quality improvement by comprehensive gathering and management of the voices of customers from around the world. **d** As part of this initiative, all relevant departments at the Head Office, such as the customer services, product development, and manufacturing areas, share all pieces of quality information about products gathered from customers, dealerships in Japan and distributors overseas, and cooperate in monitoring the daily progress of improvement activities, so as to expedite stable quality improvement. **e**

Responding to Customer's Complaints and Expectations

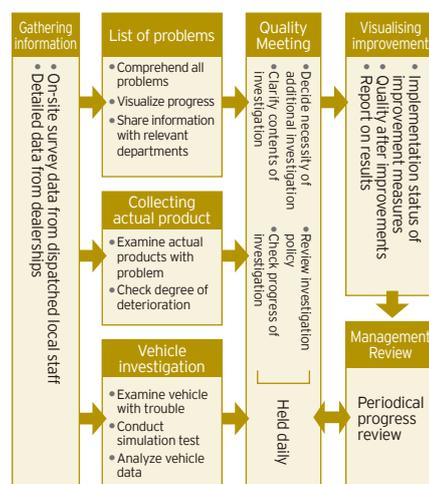
It is an important element of quality improvement to respond to customers' expectations and complaints, regarding such matters as what Mazda vehicles should be and in what points Mazda vehicles are less user-friendly. To faithfully respond to such customer expectations and complaints, Mazda proactively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

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

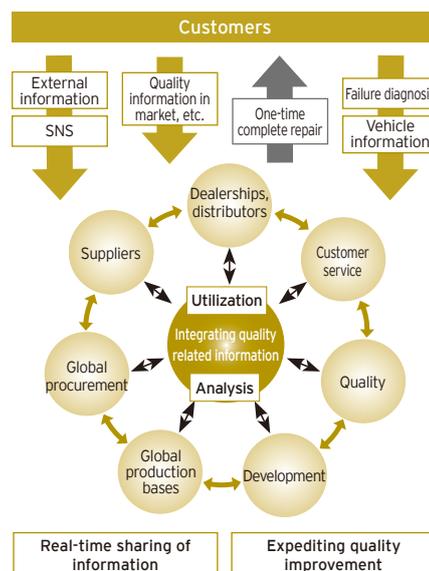
<Examples of Surveys/Analyses>

- Gathering customer voices through Mazda-unique market survey
- Market surveys conducted by third parties
- Questionnaire surveys Mazda has developed
- Analysis of customer voices on social media

**d** Expediting Quality Improvement



**e** Real-time information gathering



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

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

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

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

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

### Recall Procedures (Overview)

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

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

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

### <Major Activities>

#### Quality Awareness-Raising Activities

Quality meetings with the consequent aim of enhancing brand value are held on a regular basis. The meetings encourages all employees to obtain new findings through discussions and to improve their quality awareness and quality of action. At the meetings in FY March 2016, under the theme of "to respond to customer expectations," the best practices at some workplaces were shared. They tackled challenging issues, such as realization of ideal design for mass production of the new Roadster/MX-5 and introduction of digital owners manuals. Each employee was encouraged to review his/her own work attitude, and think about and discuss what they should value most in continuing to tackle challenges for their dreams and how they should change their behavior for the customers delight. g

#### Quality Control Education

For the purpose of developing human resources capable of proactively finding/solving problems from a customer viewpoint and working for continuous improvement, quality control education is provided for employees of Mazda and its Group companies both in Japan and overseas. Group-wide quality education courses are offered by internal instructors for each job type or management level. h

#### Mazda QC (Quality Control) Circle Activities

To improve quality at each workplace, QC circle activities are implemented not only inside Mazda but also at suppliers, dealerships and overseas production sites. The All Mazda QC Circle Competition is held every year at the Mazda Head Office, where achievements in quality improvement activities are presented. Inviting QC circles of overseas sites such as China, Thailand and Mexico, the competition is held on a global scale. During FY March 2016, the QC circle which was awarded as an excellent circle at the All Mazda QC Circle Competition participated in the All Japan QC Circle Grand Competition, and received the Best Impression Award, demonstrating its high reputation outside the Company. i

#### Test-Ride for Employees

Mazda offers a training program for employees in all fields, designed to help them deepen their understanding of Mazda's products and the concept of Mazda's *monotsukuri*, or product development and manufacturing, and to become able to explain them in their own words to Mazda's stakeholders. Through mainly test-rides, participants of this program are expected to deepen their understanding of not only the characteristics of each product, but also the spirit and philosophy common in all Mazda products. The scope of this program, which targeted all employees at Head Office (Hiroshima) in FY March 2015, was expanded in FY March 2016 to other operation sites in Japan, including the sites in the Kanto (including Tokyo and Yokohama) area and Hofu Plant in Yamaguchi Prefecture. It is planned to be expanded to overseas sites, such as Mexico, in FY March 2017.

### g Discussion at workplace



### h Group-wide Quality Education Courses

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

### i All Mazda QC Circle Competition



\*1 Distributor List in each country  
<http://www.mazda.com/en/about/d-list/>

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

## 4. Results of Quality Improvement Initiatives

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

### FY March 2016 Results (April 2015 - March 2016)

| Country  | Name of the Study  | Vehicle Type and Rankings   | Name of Company  |
|----------|--|---|------------------|
| US       | 2015 Initial Quality Study (IQS) *1                        | MX-5 (Roadster): Top<br>Mazda5 (Premacy): 3rd   | J.D. Power       |
| US       | 2015 Automotive Performance Execution And Layout (APEAL)*2 | CX-5: Top<br>Mazda6 (Atenza): Top   | J.D. Power       |
| US       | "Recommended" acquired*3                                   | Acquired for 6 models<br>Mazda3 GT, Touring(Axela), Mazda6 (Atanza), CX-3, CX-5, MX-5(Roadster) | Consumer Reports |
| China    | 2015 Initial Quality Study (IQS) *4                        | FAW-Mazda: Mass Market Brand 3rd  | J.D. Power       |
| China    | 2015 Initial Quality Study (IQS)*4                         | Mazda6 (Atenza): 3rd  | J.D. Power       |
| China    | 2015 Vehicle Dependability Study (VDS)*5                   | Mazda3 Xingcheng (Axela): 2nd<br>Mazda6 (Atenza): 3rd   | J.D. Power       |
| Thailand | 2015 Initial Quality Study (IQS)*6                         | Mazda2 (Demio): Top, CX-5: 2nd<br>Mazda3 (Axela): 3rd   | J.D. Power       |

- \*1 J.D. Power 2015 US Initial Quality Study<sup>SM</sup> (IQS) is based on responses from more than 84,000 purchasers and lessees of new cars. The study was fielded between February and May 2015.
  - \*2 J.D. Power 2015 US Automotive Performance Execution And Layout<sup>SM</sup> (APEAL) is based on responses from more than 84,000 purchasers and lessees of new cars. The study was fielded between February and May 2015.
  - \*3 "Recommended" is awarded to automobiles that are rated higher than a certain level in terms of performance, safety and reliability in an automotive evaluation by Consumer Reports.
  - \*4 J.D. Power Asia Pacific 2015 China Initial Quality Study<sup>SM</sup> (IQS) is based on responses from more than 21,700 purchasers of new cars. The study was fielded between April and August 2015.
  - \*5 J.D. Power Asia Pacific 2015 China Vehicle Dependability Study<sup>SM</sup> (VDS) is based on responses from more than 17,500 owners of new model vehicles over at least three years. The study was fielded from May to September 2015.
  - \*6 J.D. Power Asia Pacific 2015 Thailand Initial Quality Study<sup>SM</sup> (IQS) is based on responses from more than 4,800 purchasers of new cars. The study was fielded between April and September 2015.
- Details are available at [www.jdpower.com](http://www.jdpower.com).

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

### TOPICS

#### "100-1=0" To Provide 100% Quality for Vehicle Production

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

Pursuing a kind of vehicle production that respects each vehicle as a certain customer's "one-and-only" for the customer, Mazda first aims to achieve "zero defect," target and then realize value that exceeds customer expectations, such as design theme, KODO-Soul of Motion (see p. 118), and outstanding environmental and safety performance. These elements embody driving pleasure, which is the hallmark of the Mazda brand.

#### Establishing the brand value to be delivered to customers

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

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

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

# SAFETY

Mazda aims to achieve a safe and accident-free automotive society from the three viewpoints of vehicles, people, and roads and infrastructure, Mazda is promoting safety initiatives.

## CONTENTS

### 38 Safety Initiatives

## EMPLOYEE'S VOICE

### Pursuing Safety Technologies that Ensure Safer and Secure Driving Pleasure

I am in charge of planning and promotion of strategies for safety technologies. We have discussions to find the ideal to aim for the future and draw road maps to achieve the ideal. Since this job requires the profound knowledge of product technologies and development processes, and also the ability to understand the changes in the external environment, I have to keep learning every day through reading related theses and other efforts. Soon after joining Mazda, I was assigned to the vehicle testing & research department as part of the in-house personnel exchange program and learned about vehicle performance at the product development field, such as drivability testing & research. This experience helps me a lot in my present work. I will pursue safety technologies that ensure safer and secure driving pleasure for the period of car ownership of a customer, in a uniquely Mazda way.

**Masakatsu Kawabata**  
Technology Planning Department  
Product Strategy Division



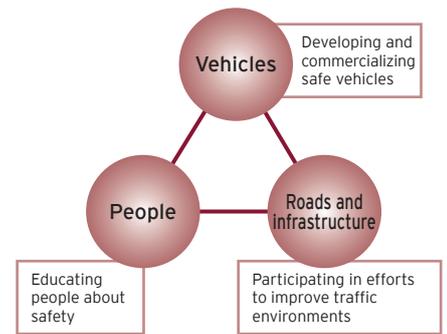
# SAFETY INITIATIVES

As the number of traffic deaths is on an increasing trend both in Japan and worldwide, the World Health Organization (WHO) reports that worldwide the death toll has reached 1.25 million<sup>\*1</sup> annually. Believing that the continuous improvement of vehicle safety is one of the most important issues facing automobile makers, Mazda promotes initiatives to improve safety.

## Mazda's Basic Approach to Safety

Aiming to achieve a safe and accident-free automotive society from the three viewpoints of vehicles, people, and roads and infrastructure, Mazda is promoting safety initiatives. a

a Three Viewpoints of Safety Initiatives



## Initiatives in Vehicles

In March 2007, Mazda announced its long-term vision for technology development: "Sustainable Zoom-Zoom (see p. 2)." 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." According to this vision, Mazda will address the issue of traffic safety, which requires a multi-faceted, balanced, and comprehensive approach, by providing all its customers with excellent safety performance, through vehicle engineering, the field in which Mazda can take the initiative.

While continuing to keep up with the cutting edge of safety advancements, Mazda has been working to make safety technologies both more functional and more economical, believing that these technologies will demonstrate their true value only when their use becomes widespread.

## 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 driver safely it is essential to recognize potential hazards, exercise good judgement 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.

What Mazda's safety technologies aim to provide

<sup>\*1</sup> 2013 statistic value

By providing a good driving environment and excellent handling stability to support the drivers' safer driving, Mazda aims to maximize the range of ordinary driving conditions in which the driver can concentrate on driving without anxiety or stress.

If the risk of an accident increases, the sensing functions on the vehicle provide hazard alerts to help the driver avoid danger, thereby supporting safer driving.

Moreover, understanding that human nature means that mistakes or errors cannot be totally eliminated, Mazda offers safety functions on its vehicles that help prevent such human errors as much as possible, and if an accident occurs, reduce the resulting damage.

While implementing measures appropriate for each accident risk so as to reduce the risk as soon as possible, Mazda places the highest focus on improving ordinary driving conditions to remove possible causes of an accident rather than on a "what if"-based approach (preparing for possible results).

Through providing these safety technologies based on a respect and understanding of human nature, Mazda supports safer and secure driving.

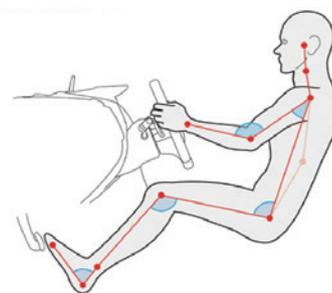
## Ideal Driving Position

In the new-generation models<sup>\*1</sup>, the major driving operation devices, including the pedals and the steering wheel, which are interface between man and vehicle, are located in an ideal position for a driver to operate them with ease and without fatigue.

### Pursuing the Ideal Joint Angle for Comfortable Driving

The driving position is designed based on the theory of the "comfortable joint-link angle," the joint angle at which the driver of any physical type can exert strength quickly and properly. One such example is Demio/Mazda2 equipped with a telescopic steering wheel<sup>\*2</sup> as standard equipment, which is a rare case in the segment of compact car.

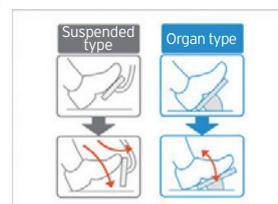
**b** Image of comfortable joint-link angle



### Ideal Pedal Layout

The front wheels were repositioned farther forward and pedal shapes and spacing were optimized to realize a pedal layout that enables the driver to extend their leg and reach them more naturally. This helps enable finer pedal control and smooth foot transfer to the brake pedal. It is an ideal pedal layout that allows comfortable operation, even on long drives, and contributes to error-free operation, even when braking in an emergency.

**c** Organ-style accelerator pedal



### Organ-Type Accelerator Pedal

With an organ-type accelerator pedal, the driver's heel is placed on the floor, and the driver's foot and the pedal follows the same trajectory. This makes accelerator pedal control easier because the heel position is stabilized. The accelerator pedal is positioned where the driver's foot naturally rests while sitting in the seat. This reduces both driving fatigue and the chances of the driver stepping on the wrong pedal when reacting quickly.

\*1 The new products that have incorporated Mazda's innovative base technology SKYACTIV TECHNOLOGY and Mazda's new design theme "KODO-Soul of Motion" Applied models (as of July 31, 2016): CX-5, Atenza/Mazda6, Axela/Mazda3, Demio/Mazda2, CX-3, Roadster/MX-5, new CX-4, new CX-9  
\*2 A mechanism to move the steering wheel back and forth.

## Third Party Safety Evaluations

### Rating by vehicle model

(As of July 31, 2016)

|        |   | CX-5               | Atenza/Mazda6      | Axela/Mazda3       | Demio/Mazda2       | Roadster/MX-5   | CX-3               |
|--------|---|--------------------|--------------------|--------------------|--------------------|-----------------|--------------------|
| Japan  | J-NCAP <sup>*1</sup> (Collision Safety Performance Tests)                 | 5-Star (2012-2013) | 5-Star (2013-2014) | 5-Star (2014-2015) | 5-Star (2014-2015) | — <sup>*7</sup> | 5-Star (2015-2016) |
|        | J-NCAP <sup>*1</sup> (Advanced Safety Vehicle(ASV) Technology Assessment) | ASV+ (2015)        | ASV+ (2014)        | ASV+ (2014)        | ASV+ (2014)        | — <sup>*7</sup> | ASV+ (2015)        |
| US     | US-NCAP <sup>*2</sup>   | 4-Star (2016 MY)   | 5-Star (2017 MY)   | 5-Star (2016 MY)   | — <sup>*5</sup>    | — <sup>*7</sup> | 5-Star (2017 MY)   |
|        | IIHS <sup>*3</sup>  | TSP+ (2016)        | TSP+ (2016)        | TSP+ (2016)        | — <sup>*5</sup>    | — <sup>*7</sup> | TSP+ (2016)        |
| Europe | Euro-NCAP <sup>*4</sup>   | 5-Star (2012)      | 5-Star (2013)      | 5-Star (2013)      | 4-Star (2015)      | 4-Star (2015)   | 4-Star (2015)      |

### Change in rating in the last three years

|   |        | 2014 <sup>*6</sup> | 2015 <sup>*6</sup> | 2016 <sup>*6</sup> |
|---|--------|--------------------|--------------------|--------------------|
| J-NCAP <sup>*1</sup> (Collision Safety Performance Tests) | 5-Star | 2                  | 4                  | 5                  |
|   | 4-Star | 0                  | 0                  | 0                  |
| US US-NCAP <sup>*2</sup>                                  | 5-Star | 3                  | 2                  | 2                  |
|   | 4-Star | 0                  | 1                  | 1                  |
| Europe Euro-NCAP <sup>*4</sup>                            | 5-Star | 3                  | 3                  | 3                  |
|   | 4-Star | 0                  | 1                  | 3                  |

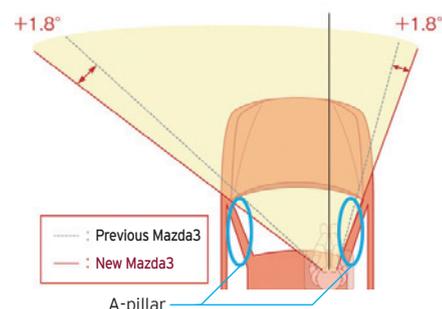
\*1 Japan New Car Assessment Tests: Vehicle collision safety performance evaluations conducted by the National Agency for Automotive Safety and Victims' Aid. For collision safety performance, 5-Star is the highest possible rating.  
\*2 National Highway Traffic Safety Administration's 5-Star Safety Ratings program. 5-Star is the highest possible rating.  
\*3 Insurance Institute for Highway Safety: Collision 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-Star is the highest possible rating.  
\*5 Not introduced in the US as of July 31, 2016  
\*6 As of the end of July 2016. New-generation models were the target of evaluation.  
\*7 Not evaluated

## Excellent Visibility

In the new-generation models<sup>\*1</sup>, Mazda considers it important to secure good visibility to help the driver prevent accidents by supporting his/her ability to predict and avoid his/her surroundings, such as road environment, other vehicles, obstacles, and pedestrians including children. The A-pillar is positioned about 100 mm rearward from its position in the previous model to expand the visible angle from the front seat by 1.8 degrees to both the right and the left. Moreover, to expand the vision through the door mirror so as to improve the visibility of pedestrians and obstacles, door mirrors are installed on the outer door board in a lower position.

Visibility for children is specially cared.

**d** Visible angle expanded by moving A-pillar backward



Comparison of door mirror positions



## Minimizing Causes of Careless Driving

Human Machine Interface (HMI) refers to the equipment and mechanisms to facilitate transmission of various information between the driver and the vehicle. Mazda's HMI helps drivers to maintain a stable driving position and concentrate on driving safely, even while dealing with a variety of information. The thoroughly human-oriented cockpit design enables the driver to concentrate during driving and minimizes the three factors that cause careless driving: inattentive looking, inattentive thinking, operation in an unstable position. Mazda has adopted this cockpit design in the new-generation models<sup>\*1</sup> since 2013.

### Concept : Heads-Up Cockpit

In designing the cockpit, Mazda places importance on ensuring that various information communication functions are used safely and comfortably. Aiming at helping the driver concentrate on driving safely in a correct posture while dealing with many kinds of information, this HMI concept has achieved minimum visual distraction and posture change.

- Simple cockpit with information sorted and placed in different zones
- A 7-inch center display installed on the dashboard, enabling the driver to view it without lowering his/her eyes (①)
- Commander control pursuing operation that does not require a visible check of the driver's hand movements (②)
- Active driving display to present vehicle speed, navigation route and other information as an image in front of the meter hood (③)
- A voice-recognition system to control the functions by voice is also available.

**e** Heads-Up Cockpit



## Advanced Safety Technologies, "i-ACTIVSENSE"

Mazda's i-ACTIVSENSE is an umbrella term covering a series of advanced safety technologies, developed in line with Mazda Proactive Safety. They includes active safety technologies that 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.

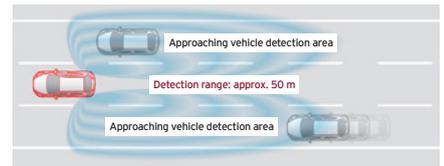
\*1 The new products that have incorporated Mazda's innovative base technology SKYACTIV TECHNOLOGY and Mazda's new design theme "KODO-Soul of Motion" Applied models (as of July 31, 2016): CX-5, Atenza/Mazda6, Axela/Mazda3, Demio/Mazda2, CX-3, Roadster/MX-5, new CX-4, new CX-9

**i-ACTIVSENSE technologies**

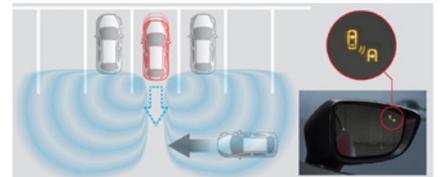
|  | Abbreviation  | Name   | Effective when  | Function  |
|--|---------------|--|---|---|
| Hazard Recognition Support                     | BSM           | Blind Spot Monitoring <b>g</b>                     | Driving (changing lanes)                              | Alerts the driver to the presence of vehicles in the blind spot with an icon in the wing mirror. If the driver indicates to change lanes, the icon flashes and a warning beep sounds. |
|  | RCTA          | Rear Cross Traffic Alert <b>h</b>                  | Reversing   | Alerts the driver with an icon in the wing mirror and a warning beep if it detects vehicles approaching from either side while backing out of a parking space or garage.              |
|  | DAA           | Driver Attention Alert <b>i</b>                    | Driving   | Monitors the vehicle's behavior and recommends a rest stop if signs of driver fatigue or reduced concentration are detected.  |
|  | TSR           | Traffic Sign Recognition System                    | Driving   | Automatically detects speed limits and speed limit in the Active Driving Display.   |
|  | AFS           | Adaptive Front-Lighting System                     | Driving at night                                      | Turns the headlights automatically to illuminate in the direction the driver is steering.   |
|  | HBC           | High-Beam Control                                  | Driving at night                                      | Detects oncoming traffic and vehicles in front, automatically switching between high beam and low beam settings.  |
|  | ALH           | Adaptive LED Headlights                            |   |   |
|  |               | Glare-free High Beam                               | Driving at night                                      | Detects oncoming traffic and vehicles in front, automatically controlling the area illuminated by the high beams to maintain maximum visibility.                                      |
|  |               | Wide Light-Distribution Low Beam                   | Driving at night                                      | Illuminates areas on either side of the vehicle that conventional low-beams cannot reach.   |
|  |               | Highway Mode                                       | Driving at night                                      | Raises the axis of lighting when travelling at highway speeds, making it easier to see road signs and obstacles as early as possible.   |
| Collision Avoidance / Damage Reduction Support | FOW           | Forward Obstruction Warning System <b>j</b>        | Driving   | Detects vehicles in front and warns the driver with a visual display and alarm if there is a risk of collision.   |
|  | LDWS          | Lane Departure Warning System <b>k</b>             | Driving   | Warns the driver with a sound (or vibrating steering wheel) and a visual display if the vehicle starts to stray from its lane.  |
|  | LAS           | Lane-Keep Assist System <b>l</b>                   |   |   |
|  |               | Lane Departure-Averting Assist                     | Driving   | Provides steering assistance to return the vehicle toward the center of the lane if the driver starts to stray from the lane.   |
|  |               | Line Trace   | Driving   | Provides steering assistance to help keep the vehicle centered in the lane.   |
| Driving Support                                | SBS           | Smart Brake Support <b>j</b>                       | Driving   | Works at higher speeds to automatically apply the brakes when there is a risk of collision. This helps to avoid collisions or reduce the severity if one does occur.                  |
|  | SCBS F        | Smart City Brake Support F <b>m</b>                | Driving   | Works at lower speeds to automatically apply the brakes when there is a risk of collision. This helps to avoid frontal collisions or reduce the severity if one does occur.           |
|  | Advanced SCBS | Advanced Smart City Brake Support                  | Driving   | Works at lower speeds to automatically apply the brakes when there is a risk of frontal collision. This helps to avoid frontal collisions or reduce the severity if one does occur.   |
|  | —             | AT Acceleration Control                            | Driving slowly Accelerating                           | Warns the driver with an alarm and visual display and curbs engine power if the accelerator pedal is pressed excessively while there is an obstacle in front of the car.              |
|  | —             | AT Acceleration Control                            | Driving slowly (in reverse) Accelerating (in reverse) | Warns the driver with an alarm and visual display and curbs engine power if the accelerator pedal is pressed excessively while there is an obstacle behind the car.                   |
| Driving Support                                | MRCC          | Mazda Radar Cruise Control <b>n</b>                | Driving   | Measures the distance to the car ahead and controls speed to maintain a safe following distance.  |
|  | MRCC          | Mazda Radar Cruise Control with Stop & Go function | Driving   | Measures the distance to the car ahead and maintains a safe following distance. Now features stop & go functionality  |

Advanced safety technology "i-ACTIVSENSE" reference website  
 ● <http://www.mazda.com/en/innovation/technology/safety/i-activsense/>

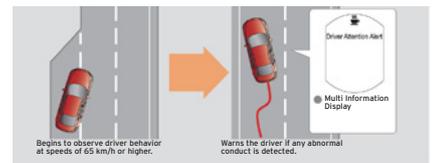
**g BSM**



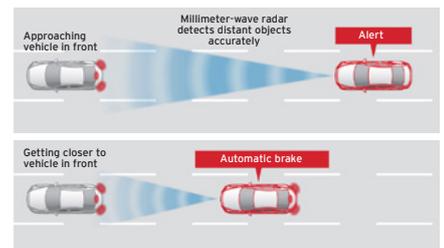
**h RCTA**



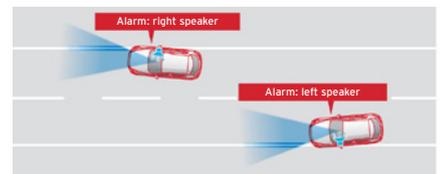
**i DAA**



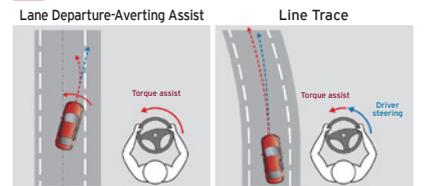
**j FOW and SBS**



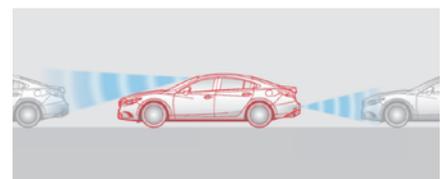
**k LDWS**



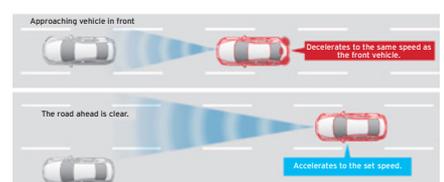
**l LAS effects image**



**m SCBS**



**n MRCC**



## Technologies to Mitigate Injuries in an Accident

Passive safety technologies help mitigate injuries to the driver and passengers if an accident should occur. Mazda does not simply comply with the laws of each country and region and NCAP test, but also conducts tests\*<sup>1</sup> for various types of potential collisions that might occur on the road, and has made steady progress in developing passive technologies to better protect passengers and drivers. Major passive safety technologies are as follows:

### SKYACTIV-BODY:

Mazda has developed SKYACTIV-BODY, a new-generation body structure with lightness and high rigidity, by revisiting the basic principles and reviewing every element of the structure, production method and materials.

#### Multi-Load Path Structure

Disperses the impact of a crash in multiple directions throughout the framework instead of absorbing it at specific portions.

#### Bumper Beams

The front and rear bumper beams adopt 1,800 MPa ultra-high tensile steel with the world's highest level of rigidity among mass production vehicles. o

#### Cross-Shaped Front Frame

Based on the characteristic of the crash energy transferred mainly along the ridge lines of an object, the front tip of the front frame was molded into a cross shape, so as to increase ridge lines to twelve from four in a conventional square section. This helps the shock to disperse more widely, improving the energy absorption efficiency. p

### Pedestrian protection:

Mazda uses various methods to reduce injury to pedestrians in the event of a collision.

#### Impact-Absorbing Bonnet

To mitigate the impact and reduce injury if a pedestrian's head hits the bonnet, an energy-absorbing space is created beneath the bonnet. An energy-absorbing structure is adopted in various parts, including the bonnet hinge.

#### Impact-Absorbing Bumpers

Energy absorbing materials are used in the front part of the vehicle which hits pedestrians' knees to mitigate the severity of pedestrian knee injuries, which may seriously affect their ability to walk. Also, stiffening reinforcement is placed at the bottom of the bumper to better prevent a pedestrian's leg from going under the vehicle. q

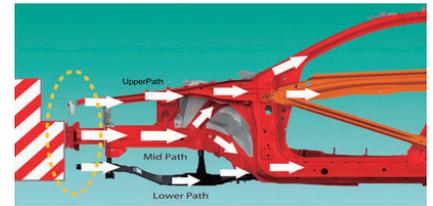
#### Active Bonnet

At certain vehicle speeds, when sensors detect an impact exceeding a defined level, the rear end of the bonnet is raised. This creates a space between the bonnet and the engine which acts to absorb the energy of impact and reduces the severity of head injuries in collisions involving pedestrians. This design has been adopted since July 2012, for sport cars, such as Roadster/MX-5, whose bonnet is set in a low position. r

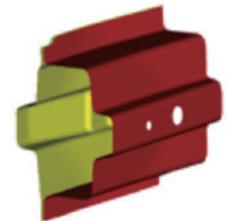
Website on Technologies to Mitigate Injuries in an Accident

● <http://www.mazda.com/en/csr/safety/cars/accident/>

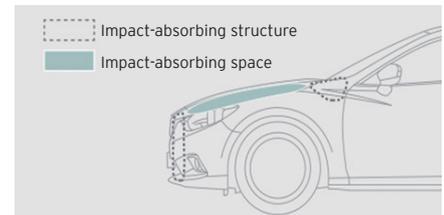
### o SKYACTIV-BODY (Mazda6)



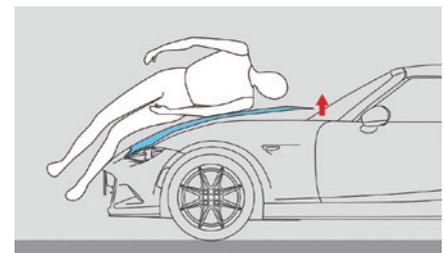
### p Cross shape-molded front frame



### q Impact-Absorbing Hood and Bumpers



### r Active Bonnet



\*1 Collision test and evaluation, rollover test, roof strength test, etc.

## Initiatives with People

It is said that most traffic accidents are caused directly or indirectly by human behavior. Mazda endeavors to raise safety awareness among adults and children through various means of communication.

### Raising Traffic Safety Awareness

In cooperation with local municipalities and organizations, Mazda and its Group companies in Japan and overseas conduct various activities to raise safety awareness.

The Company hosts safety-related exhibitions at the Mazda Museum in the Hiroshima Head Office, the "Kids' Quiz on Traffic Safety" website for children, and other projects. S

In May 2015, Mazda held various events to promote understanding of Mazda's safety technologies, including the event at the Mazda R&D Center Yokohama (MRY), titled "Sustainable 'Zoom-Zoom' Forum 2015 – Satisfying both driving pleasure and outstanding environmental and safety performance." t

### Safe Driving Demonstration

Starting from FY March 2015, Mazda has held the Mazda Driving Academy, an experience and training program to help customers in Japan learn the theories and techniques to control their cars easily, comfortably and safely. A variety of curriculums tailored to the needs and level of the customers are offered, from basic driver training of drive, turn, and stop, to the exciting experience of driving on a racing circuit, with the aim of improving their driving skills and raising the awareness of safe driving. In FY March 2016, the Mazda Driving Academy was held nine times.

S Mazda Kids' Quiz on Traffic Safety website for children  
<http://www2.mazda.com/ja/about/kids/safetyquiz/>  
 \*Japanese only



t Sustainable "Zoom-Zoom" Forum 2015



## TOPICS

### Raising Awareness a Safer and Comfortable Driving Position

Mazda is focusing its efforts on the design of a safer and comfortable driving position and promoting activities to communicate the importance of such a position to customers. A customer, seated in the actual driver's seat, receives explanations about the basic driving position with ideal seating angle in which the driver remains comfortable and stress-free, even during a long-distance drive and can better control the car promptly in case of emergency. This activity has been implemented at some dealers and in some events in Japan since FY March 2015. In FY March 2016, Mazda deployed this activity globally, working to enhance the understanding of distributor/dealership staff in Japan and overseas.



\* This huge protractor has been originally designed and manufactured for use at the Tokyo Auto Salon.

## Initiatives with Roads and Infrastructure

### Initiatives toward Realizing a Safe Automotive Society with ITS<sup>\*1</sup>

Traffic accidents and congestion are serious social problems in many countries and cities. To solve these problems, worldwide efforts have been taken to introduce advanced technologies for roads and automobiles. As an automobile manufacturer, Mazda has been proactively supporting the ITS project and working collaboratively with the government, local communities, and related companies in order to realize a society where the road traffic is safe and accident-free.

### Technology to Notify the Driver of Unseen Dangers

Mazda is promoting research and development of ITS as a means to monitor the objects in a distant position that cannot be detected by Mazda's advanced technology i-ACTIVSENSE or the areas in an intersection that cannot be seen from the driver.

### Advanced Safety Vehicle "Mazda Atenza ASV-5"

Mazda has developed Mazda Atenza ASV-5<sup>\*2</sup> which is equipped with the advanced driving safety support system. The vehicle is designed to eliminate blind-spots and supports hazard recognition in 360-degrees through a combination of vehicle-to-vehicle, street-to-vehicle and pedestrian-to-vehicle communication technologies and on-board autonomous sensors.

The intuitive HMI displays hazards surrounding the driver in all directions including blind spots, and does not interfere with the operation of the vehicle.

When the driver fails to recognize a hazard, and a risk of collision arises, the HMI warns the driver to brake.

#### Demonstration test for Streetcar-to-Vehicle Communication ASV

In October 2013, in Hiroshima City where about 150,000 people use streetcars each day, the world's first demonstration test for the streetcar-to-vehicle communication + autonomous safety technology<sup>\*3</sup> was conducted jointly by the University of Tokyo, Mazda, Hiroshima Electric Railway, and National Traffic Safety and Environment Laboratory Mazda Motor Corporation.

The findings on the test are as follows:

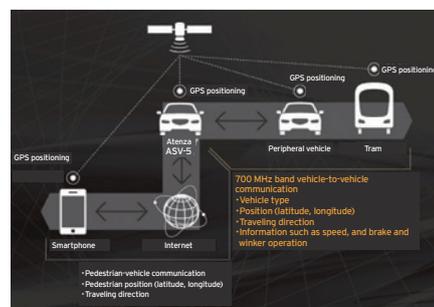
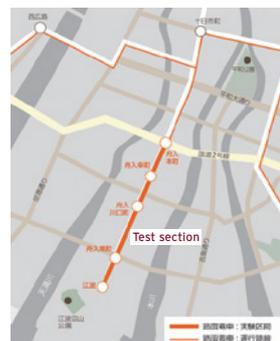
- Effectiveness of preventing collisions in situations such as when a vehicle turns right or enters the streetcar's path in order to pass a stopped vehicle.
- Effective in preventing accidents by coordinating with a smartphone application for the early detection of pedestrians who are in positions difficult for the driver to see.

#### ITS Projects Mazda Participates

| Project                               | Description  | Organizer  |
|---------------------------------------|--|--|
| Smart Way                             | Research and preparation of next-generation road systems using ITS technology, linking people, vehicles, and roads by means of information, mainly for expressways and toll roads  | Road Bureau, Ministry of Land, Infrastructure, Transport and Tourism           |
| DSSS (Driving Safety Support Systems) | Research and development of driving safety support systems utilizing road-vehicle communication, in which signals are transmitted between vehicles and the road infrastructure, as well as systems to enable smooth traffic flow   | National Police Agency, UTMS*  |
| ASV (Advanced Safety Vehicle)         | Research and development of driving safety support systems utilizing inter-vehicle communication, in which signals are transmitted between vehicles  | Road Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism |
| ITS Connect Promotion Council         | Promoting verification of road-vehicle/inter-vehicle systems and development/dissemination of driving safety support systems to solve problems in practical applications of driving safety support systems, in cooperation with relevant government authorities and industries | Cabinet Secretariat  |

\* Universal Traffic Management Society of Japan

#### U Demonstration Tests on Public Roads



#### Reference website:

<http://www.mazda.com/en/innovation/technology/safety/its/>

\*1 ITS: Intelligent transport system uses telecommunications technology to bring together vehicles, people, and the traffic environment, with the aim of easing traffic congestion and reducing the number of accidents throughout Japan.

\*2 ASV: Advanced Safety Vehicle

\*3 The test was conducted as one of the post-congress tour events for the ITS World Conference Tokyo 2013

## Mazda's Safety Initiatives and Primary Safety Technologies

| Category                 | Accident reduction  |  | Injury reduction   |
|--------------------------|---|--|--|
|                          | Accident prevention<br>(Active Safety technology)   | Mitigation of risk/damage from the accident<br>(Pre-Crash Safety technology)   | Minimizing injuries in accidents<br>(Passive Safety technology)  |
| Vehicles                 | <p><b>Alerts drivers to potential danger</b></p> <ul style="list-style-type: none"> <li>Monitoring systems for vehicles approaching from behind on either side:                             <ul style="list-style-type: none"> <li>Blind Spot Monitoring (BSM)/Rear Vehicle Monitoring (RVM) system</li> </ul> </li> <li>Rear Cross-Traffic Alert (RCTA)</li> <li>Emergency Signal System (ESS)</li> <li>Lane Departure Warning System (LDWS)</li> <li>Lane-Keep Assist System (LAS)</li> <li>Front Obstruction Warning (FOW)</li> <li>Driver Attention Alert (DAA)</li> <li>Traffic Sign Recognition System (TSR)</li> </ul> <p><b>Supports to avoid danger</b></p> <ul style="list-style-type: none"> <li>Brake Assist and EBS</li> <li>4-Wheel Antilock Braking System (4W-ABS)</li> <li>Dynamic Stability Control (DSC)</li> <li>Brake Override System (BOS)</li> </ul> <p><b>Provides driving support</b></p> <ul style="list-style-type: none"> <li>Parking Assist System</li> <li>Intelligent Drive Master (i-DM)</li> </ul> <p><b>Supports both safety and 'Driving Pleasure'</b></p> <ul style="list-style-type: none"> <li>SKYACTIV-CHASSIS: A newly developed front strut and rear multilink suspension system; a lightweight cross member with high rigidity</li> <li>Following distance control Mazda Radar Cruise Control (with Stop &amp; Go function)</li> <li>Adaptive Front Lighting System (AFS)</li> <li>High Beam Control (HBC)</li> <li>Adaptive LED Headlight (ALH)</li> <li>Power Windows with Injury Prevention Function</li> <li>Water-Repellent Window Glass</li> <li>Improved Front Field Vision</li> <li>Organ-Type Accelerator Pedal</li> <li>Active Driving Display</li> </ul> | <p><b>Minimizes damage in an accident</b></p> <p><b>[When moving forward]</b></p> <ul style="list-style-type: none"> <li>Smart Brake Support (SBS)</li> <li>Advanced Smart City Brake Support (Advanced SCBS)</li> <li>Smart City Brake Support F (SCBS-F)</li> <li>AT Acceleration Control</li> </ul> <p><b>[When reversing]</b></p> <ul style="list-style-type: none"> <li>Smart City Brake Support R (SCBS-R)</li> <li>AT Acceleration Control</li> </ul> | <p><b>Helps to protect drivers/passengers in accidents</b></p> <ul style="list-style-type: none"> <li>SKYACTIV-BODY                             <ul style="list-style-type: none"> <li>Straightened basic frame and continuous framework, multi-load path structure, front frame molded into a cross shape, ultrahigh-tensile steel bumper frame</li> </ul> </li> <li>SRS Airbag System (Driver's seat, front passenger's seat, curtain and front-side airbags)</li> <li>Soft Interior to Absorb Impacts</li> <li>Front Seats Designed to Reduce Impacts to the Neck / Rear Seats that Resist against Luggage Flying Forward</li> <li>Pre-Tensioners and Load-Limiter Seatbelts</li> <li>Collapsible Brake Pedal</li> <li>ISO-FIX-Compliant Child Seat</li> </ul> <p><b>Anchoring point</b></p> <ul style="list-style-type: none"> <li>Impact-Absorbing Steering Column</li> </ul> <p><b>Minimizes damage in an accident with pedestrians</b></p> <ul style="list-style-type: none"> <li>Impact-Absorbing Bumpers</li> <li>Impact-Absorbing Hood</li> <li>Active Hood</li> </ul> |
| People                   | <p>Safety Education</p> <ul style="list-style-type: none"> <li>Safety-related exhibitions at the Mazda Museum</li> <li>Traffic safety awareness quiz website for children</li> <li>Presentation of safety technologies at various events</li> </ul>   |  |  |
| Roads and Infrastructure | <p>Initiatives for a Safe society</p> <ul style="list-style-type: none"> <li>Intelligent Transport Systems (ITS)</li> <li>Smart Traffic Flow Control</li> <li>ITS Spot services</li> <li>ASV-5</li> <li>Road-Vehicle Communication ITS (DSRC)</li> <li>World's first demonstration tests for the streetcar-to-vehicle communication ASV in Hiroshima</li> </ul>   |  |  |

For more details, visit Mazda Global Website:

- SAFETY TECHNOLOGY: <http://www.mazda.com/en/innovation/technology/safety/>

# ENVIRONMENT

Mazda views environmental protection as an urgent issue for humanity, and the highest priority issue facing automakers. The Company is making efforts to reduce environmental impact throughout the entire product life cycle.

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## EMPLOYEE'S VOICE

### Realized High Quality, Low Environmental Impact Water Based Painting through Collaboration

I work as manager of the body-painting lines at the production site in Nanjing, China. In order to address air pollution, we introduced the Aqua-Tech Paint System, a water based painting technology with low environmental impact (VOC\*). The Nanjing Plant became the second site to introduce this painting technology after Ujina Plant No.1 at the Mazda Head Office. We have realized the same paint quality as the Ujina Plant through collaboration with the Head Office. I have mastered knowledge of how to manage the facilities through training at Ujina Plant No.1. I will continue to strengthen cooperation within the Mazda Group and seek to produce high quality cars while reducing the environmental impact.

\* volatile organic compound

**Ren Ying**  
Manufacturing Division  
Changan Mazda Automobile Co., Ltd.



# BASIC APPROACH ON ENVIRONMENTAL PROTECTION

## The Mazda Global Environmental Charter

### Environmental Principles

The Mazda Group aims to promote environmental protection and contribute to a better society while maintaining harmony with nature in its business activities worldwide.

- We will contribute to society by creating environmentally friendly technologies and products.
- We will use the Earth's resources and energy sparingly and never overlook environmental considerations when conducting our business.
- We will do our part to improve the environment by working with local communities and society.

### Action Guidelines

#### 1. Creation of Environmentally Sound Technologies and Products

We are committed to the task of creating clean technologies, including methods to achieve cleaner exhaust emissions and reductions in CO<sub>2</sub> emissions, and the development of clean-energy vehicles.  
We will promote the creation of products that are environmentally friendly from planning and development to manufacturing, use and recycling/disposal.

#### 2. Corporate Activities in Consideration of Conserving Resources and Energy

We will actively promote resource-saving and recycling activities to conserve the Earth's limited resources.  
We will strive to diversify energy sources and use them efficiently.  
We will promote the appropriate disposal and recycling of end-of-life vehicles.

#### 3. Corporate Activities in Pursuit of a Cleaner Environment

We will comply with environmental laws and regulations, and will also impose voluntary controls for higher standards and implement self-regulated controls.  
We will promote the development of new technologies and the introduction of new systems in our pursuit of a cleaner environment.

#### 4. Working with Business Partners to Create a Better Environment

We will actively provide our employees with education and information about environmental protection to enhance their awareness of the global environment.  
We will work in close cooperation with each other to achieve better environmental protection.

#### 5. Creating a Better Environment in Cooperation with Local Communities and Society

We will work actively to understand and appreciate society's requirements for the environment and reflect them in our business activities.  
We will disclose and publicize environment-related technologies, systems and information.  
We will not only conduct our own environmental activities, but will also actively participate in social activities for the conservation of the environment.

(Established in 1992; revised in April 2005)

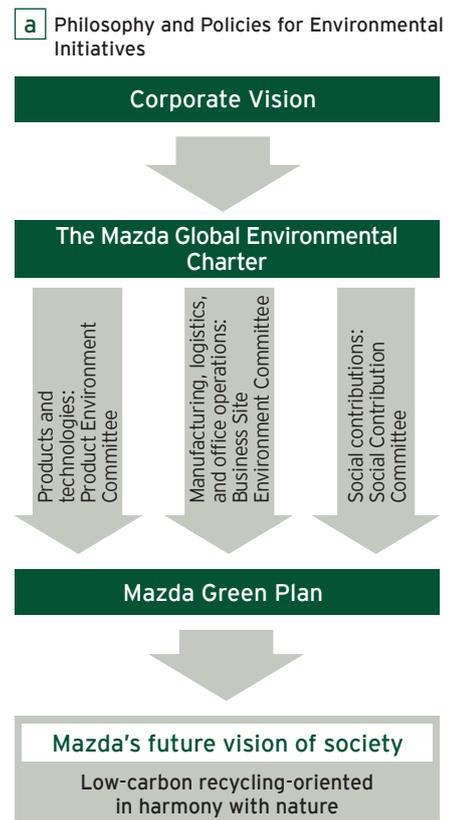
## Mazda's Approach to the Environment

Environmental problems, including global warming, are issues of critical importance for the human race. Mazda actively adopts initiatives to promote a low-carbon, recycling-oriented society in harmony with nature, in cooperation with local governments, industrial organizations, and non-profit organizations. These efforts are reflected in all of Mazda's corporate activities with the aim of achieving a sustainable society.

## Philosophy and Policies

Mazda carries out its corporate activities with the aim of fulfilling its corporate vision (see p. 2). To this end, 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 targets and results are laid out in the Mazda Green Plan, the Company's environmental mid-term plan. By using the PDCA (plan-do-check-act) cycle when executing activities and following up on their results, Mazda can effectively reduce impact on the environment. In FY March 2016, Mazda executed various efforts in each area based on the Mazda Green Plan 2020, and was able to achieve most of its goals (see pp. 49-52).



## Mazda Environmental Promotion Framework

Mazda has established three committees under the CSR Management Strategy Committee, chaired by the president of the Company, to promote environmental management throughout the Group. These are the Product Environment Committee, the Business Site Environment Committee, and the Social Contribution Committee.

Each committee sets targets, and monitors results and progress, under the “Mazda Green Plan 2020” mid-term environmental plan.

**b** Mazda Environmental Promotion Framework (as of March 31, 2016)



# MAZDA GREEN PLAN 2020 MID-TERM ENVIRONMENTAL PLAN

## Approach on the Mazda Green Plan 2020

Based on the “Philosophy and Policies” for environmental initiatives, being premised on “Mazda’s Vision of a Future Society and Its Relationship with Vehicles”, the plan is developed, centering on the following three main perspectives.

### I. Themes to Be Resolved in the Future

Mazda considers the following as issues that both customers and society expect automakers to make positive contributions toward:

1. Energy- and Global-Warming-Related Issues  
Undertaking measures to reduce CO<sub>2</sub> emissions over the entire life cycle of a vehicle.
2. Promoting Resource Recycling  
Reducing waste from vehicles, the vehicle manufacturing and shipping processes, and disposal of end-of-life vehicles, as well as actively promoting the comprehensive recycling of resources.
3. Cleaner Emissions  
Reducing various emissions/waste (aside from CO<sub>2</sub>) from vehicles and manufacturing processes, especially emissions with highly adverse environmental impacts.
4. Environmental Management  
Develop environmental management throughout the entire Group and supply chain.

### II. Mazda’s Initiatives (two categories)

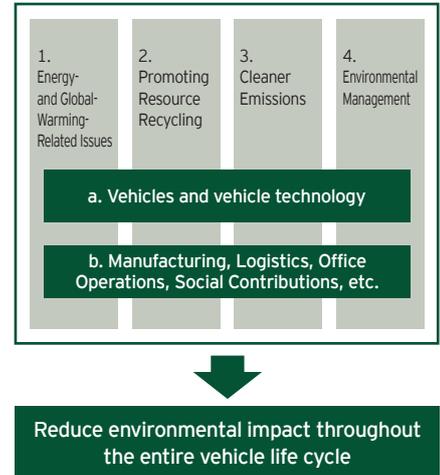
- a. Vehicles and vehicle technology  
Contributing to a reduced environmental impact through products and technology
- b. Manufacturing, Logistics, Office Operations, Social Contributions, etc.  
Contributing to a reduced environmental impact through all activities (excluding those related to products and technology)

### III. Consideration of the Entire Vehicle Life Cycle

Mazda is making efforts to reduce environmental impact throughout the entire product life cycle. Around 75% of CO<sub>2</sub> emissions occur over the period from customer use to disposal - an overwhelming percentage of overall emissions (see p. 50).

- Manufacturing and logistics (materials manufacturing, and vehicle manufacturing): accounts for around 25%
- Product use and disposal (use by customer, maintenance, disposal and recycling): accounts for around 75%

## a Approach on the Mazda Green Plan 2020



## Mazda’s Vision of a Future Society and its Relationship with Vehicles

### Around 2050: A sustainable society that aims for low-carbon, recycling-oriented, and coexisting in harmony with nature

The 2015 United Nations Climate Change Conference (COP 21) adopted the Paris Agreement, which aims to hold the future increase in the global average temperature to below 2°C and to pursue efforts to limit the temperature increase to 1.5°C compared to the status before industrial revolution. The world is seeing an acceleration of decarbonization in energy toward the realization of a low-carbon society.

This movement enables the combination of a sustainable society that values recycling in order to effectively use limited resources and one that also coexists in harmony with nature, as well as allowing for the stable continuation and progress of humankind. Specifically, they are: a society with greater use of renewable energy sources such as solar power, wind power and biofuels, as well as non-CO<sub>2</sub>-emitting hydrogen, and a shifting away from carbon energy; a society with improved resource behavior and a diffusion of activities based on the three Rs (reduce, reuse, recycle), enabling efficient and continued use of resources over their entire life cycle; and a society that allows the use of water sources, ecosystems and forests into the future as natural capital.

Regarding vehicles, demand the world over has diversified to include preferences based on regional needs, vehicle characteristics, fuel performance and characteristics, and other factors. This demand profile will only grow more complex in the future.

A multi-solution approach is needed to respond to these diverse demands. Mazda’s expectation is that greatly improved internal combustion engines, alternative fuels such as natural gas and biofuels, and new types of vehicles that do not emit CO<sub>2</sub> by using energy sources such as electricity and hydrogen, and other such innovations, will provide those solutions. Going forward, Mazda believes it is necessary to push the limits of what is possible as the Company carefully plots the direction for its brand and technologies.

### Around 2020: A low-carbon society in which CO<sub>2</sub>-reducing technologies have become widespread

Around 2020, Mazda sees society on the way toward achieving a sustainable society while still maintaining the use of fossil fuels (oil based fuels, etc.) as its basic energy source. From energy security viewpoint, we expect the evolution of efficient fuel-use-technology for diverse fuels meeting with unique characteristics of each market/country, and the further introduction of low-carbon technology for several kinds of fuel/energy (electricity, gas, etc.) /materials/products covering all life-cycle processes (from production to consumption by users). Many products and services will be evaluated based on their environmental performance throughout their life cycle.

Regarding vehicles, highly efficient internal-combustion engines—such as gasoline and diesel engines, using liquid fuels (oil, biofuels, etc.), which account for most of the energy for mobility due to their high energy-preservation characteristics—will mainly be used as a base, and additional innovations that contribute to increased fuel economy, such as electric device technologies (idling-stop systems, regenerative braking, hybrid systems, plug-in hybrid systems), highly efficient transmissions, and reduced vehicle weight will also be implemented.

Moreover, technological innovations to support combustion technologies corresponding to diverse fuels and the use of natural gas or biofuels that emit less CO<sub>2</sub> are also expected. At the same time, electric vehicles will be introduced as an optimal form of mobility in regions where low-carbon energy can be supplied, such as power generation using renewable energy. On top of these trends, large-scale approaches such as reducing traffic congestion in urban areas will contribute toward the greater goal of realizing a low-carbon society.

## Life Cycle Assessment (LCA)

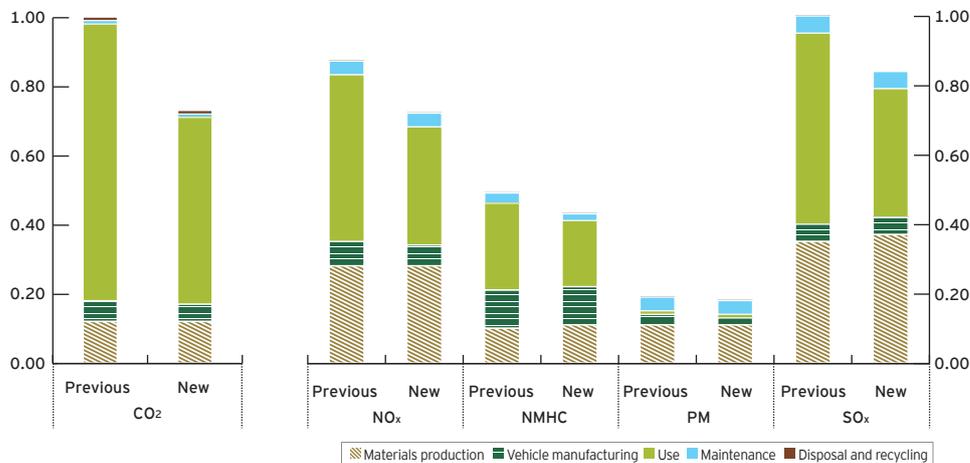
Mazda adopts LCA, a method for calculating and evaluating the environmental influence of products across its entire life cycle of vehicles through the purchasing of materials, manufacturing, use of products, recycling and final disposal, in order to actively reduce environmental impacts. Mazda has confirmed the benefits of its clean-energy vehicles and newly introduced vehicles with current model internal combustion engines.

In the LCA of the CX-5 conducted in FY March 2012, the CX-5 underwent a review by a third-party organization (Japan Environmental Management Association for Industry) and its conformity with the international standards (ISO 14040, ISO 14044) was certified. **b**

The LCA is conducted in the same way for newly introduced vehicles, serving as objective and highly reliable proof that those new models are environmentally conscious throughout their entire lifecycles. **c**

Mazda intends to steadily expand the implementation of LCA to new vehicles and confirm their environmental benefits.

LCA for the Roadster (MX-5 overseas)



\* Calculated assuming a vehicle lifetime running distance of 110,000 km (13 years) and running under certain conditions  
 \* Results of evaluations are shown as an index.  
 Figures for CO<sub>2</sub> refer to metric tons; all other figures refer to amounts in kilograms. Indices are shown separately. The CO<sub>2</sub> graph is based on an index of 1 for the CO<sub>2</sub> emission volume of the previous model, while all other graphs are based on an index of 1 for the SO<sub>x</sub> emission volume of the previous model.

NO<sub>x</sub>: Nitrogen Oxides  
 NMHC: Non Methane Hydrocarbon  
 PM: Particulate Matter  
 SO<sub>x</sub>: Sulfur Oxides

**b** Certificate by Japan Environmental Management Association for Industry



**c** Vehicles that Underwent LCA

| Launch Year   | Models   |
|---------------|--|
| FY March 2010 | Premacy (Mazda5 overseas)<br>RX-8 Hydrogen RE      |
| FY March 2011 | Demio (Mazda2 overseas)<br>Axela (Mazda3 overseas) |
| FY March 2012 | CX-5*  |
| FY March 2013 | Atenza (Mazda6 overseas)<br>Demio EV               |
| FY March 2014 | Axela (Mazda3 overseas)                            |
| FY March 2015 | Demio (Mazda2 overseas)<br>CX-3                    |
| FY March 2016 | Roadster (MX-5 overseas)                           |

\* A model that underwent a review by a third-party organization and whose conformity with international standards (ISO 14040, ISO 14044) has been certified

## Approaches and Targets in Each Area for 2020

To execute the Mazda Green Plan 2020, three committees set the following approaches and targets to promote each effort.

### Products and technologies: Product Environment Committee

Mazda provides all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance.

### Manufacturing, logistics, and office operations: Business Site Environment Committee

Mazda contributes toward realizing a low-carbon society through achieving even greater gains in operating efficiency by introducing low-CO<sub>2</sub>-emission production technologies and unwavering actions for constant improvement in the entire Mazda Group in Japan.

### Social contributions (environmental area): Social Contribution Committee

Based on the three pillars of Mazda's social contribution activities regarding the environment and safety performance, human resources development and community contributions, and a group-wide, global perspective, Mazda commits to disclosure and raising public awareness of environmental issues through its main business as an automobile maker. The Company also focuses on collaboration with regional communities, including volunteer activities.

Targets and Actions in the Mazda Green Plan 2020 Mid-Term Environmental Plan (Self-assessment key ○: Accomplished, △: Nearly accomplished, ×: Not accomplished)

| Category | Item | Targets and actions by 2020 | FY March 2016       |         | Self-assessment | FY March 2017       |
|----------|------|-----------------------------|---------------------|---------|-----------------|---------------------|
|          |      |                             | Targets and actions | Results |                 | Targets and actions |

1 Energy- and Global-Warming-Related Issues

|  |   |  |   |   |   |  |  |
|--|---|--|---|---|---|--|--|
| a. Vehicles and vehicle technology   | ①Respond to fuel economy standards in each country/region.  | Introduce technology to raise fuel economy, to respond fully to the fuel economy standards of each country/region.   | Each country/region: Fully achieve fuel economy/greenhouse gas standards.   | Achieved fuel economy/greenhouse gas standards in Japan, U.S., Europe and China.  | ○   | Each country/region: Fully achieve fuel economy/greenhouse gas standards.  |  |
|  | ②Improve fuel economy using SKYACTIV TECHNOLOGY.  | Raise the average fuel economy of the Mazda vehicles sold worldwide by 30% by 2015 and by 50% by 2020 compared with 2008 levels.   | <ul style="list-style-type: none"> <li>Promote SKYACTIV TECHNOLOGY steadily.</li> <li>Promote development and implementation of technologies based on the Building-Block Strategy.</li> </ul> | <ul style="list-style-type: none"> <li>Introduced SKYACTIV TECHNOLOGY into the Roadster (MX-5).</li> <li>As of the end of FY March 2016, the Company has raised the average fuel economy of Mazda vehicles sold worldwide by 26% compared with 2008 levels. (Plan: 30%) (This is the result of the Company's achievement of both raising global fuel economy and satisfying customer needs. On the estimated sales model mix basis at the time of the announcement of the plan, the Company almost accomplished the plan of an increase of 30% compared with 2008 levels. However, the sales model mix result changed due to higher demand for crossover SUV models than estimated.)</li> </ul> | △   | <ul style="list-style-type: none"> <li>Achieve the fuel economy target for 2020.</li> <li>Promote SKYACTIV TECHNOLOGY steadily.</li> <li>Promote development and implementation of technologies based on the Building-Block Strategy.</li> </ul> |  |
|  | ③Promote development of next generation vehicles using biofuels, electrical power, hydrogen, etc. | Promote development of technologies supporting alternative fuels such as biofuels and synthetic fuels. (*2015 target)  | Promote development of technologies supporting alternative fuels such as biofuels and synthetic fuels.  | Acquire technologies supporting alternative fuels such as biofuels and synthetic fuels.   | Acquire technologies supporting alternative fuels such as biofuels and synthetic fuels. Apply the findings to the development of next-generation RE-EVs and other technologies. (Completed) | ○  | —  |
|  |   | Promote the development of electric motor drive technologies.  | Continue the sales of vehicles with hybrid system.  | Promote the development of electric motor drive technologies based on Demio EV's traveling data.  | Continued the sales of Axela Hybrid.  | ○  | Continue the sales of vehicles with hybrid system. |
| Advance the development and introduction of hydrogen rotary engine vehicles. |   | Clarify technical issues and investigate resolutions to address them, by conducting periodic inspection, etc. of Hydrogen RE vehicles and vehicles with the Hydrogen RE range extender system. | Conducted market follow-up (periodic inspection, etc.) of Hydrogen RE vehicles and vehicles with the Hydrogen RE range extender system.   | Accumulated Demio EV's traveling data.  | ○   | Continue to promote the development of electric motor drive technologies based on the results of analysis of Demio EV's traveling data.  |  |
| b. Manufacturing, logistics, office operations, social contributions, etc.   | ④Reduce CO <sub>2</sub> emissions from factories and offices.                                     | Reduce CO <sub>2</sub> emissions from all Mazda Group factories and offices in Japan by 28% or more compared with 1990 levels.   | Reduce CO <sub>2</sub> emissions from all Mazda Group factories and offices in Japan by 40% compared with 1990 levels.  | Reduced CO <sub>2</sub> emissions from all Mazda Group factories and offices in Japan by 42% compared with 1990 levels.   | ○   | Reduce CO <sub>2</sub> emissions from all Mazda Group factories and offices in Japan by 43% compared with 1990 levels.   |  |
|  | ⑤Reduce CO <sub>2</sub> emissions from logistics.   | Reduce CO <sub>2</sub> emissions from all Mazda Group logistics operations in Japan by 50% compared with 1990 levels.  | Reduce CO <sub>2</sub> emissions from all Mazda Group logistics operations in Japan by 59% compared with 1990 levels.   | Reduced CO <sub>2</sub> emissions from all Mazda Group logistics operations in Japan by 56% compared with 1990 levels. (On the intensity figure consumption basis, around 4% reduction from the previous fiscal year.)  | △   | Reduce CO <sub>2</sub> emissions from all Mazda Group logistics operations in Japan by 52% compared with 1990 levels.  |  |

\* For CO<sub>2</sub> emissions calculations, the CO<sub>2</sub> coefficient based on the standard (Keidanren's Commitment to a Low Carbon Society) of the Japan Business Federation (Nippon Keidanren) are used. (For the calculations of FY March 2016 and after, the coefficient of FY March 2015 is used.)

2. Promoting Resource Recycling

|  |  |  |  |   |   |  |
|--|--|--|--|---|---|--|
| a. Vehicles and vehicle technology   | ⑥Promote vehicle recycling.                                      | Develop vehicles that are easy to disassemble and recycle.   | Promote development of plastic parts, etc. that are easy to disassemble and recycle.   | For the Roadster (MX-5), improved disassembly/recycling efficiency, thermal recyclability, appropriate disposal measures (easy fluid extraction, etc.), and expanded use of recycled materials.   | ○ | Promote development of plastic parts, etc., that are easy to disassemble and recycle.  |
|  |  | Promote the use of bioplastics.  | Develop and implement bioplastics, and expand adoption.  | Adopted paint-less bioplastics with high-quality textures, which are also available for automotive exterior parts, in the interior parts of the Roadster (MX-5), for the first time for a Mazda car. (Adopted for the first time in the exterior parts of the new CX-9 launched in spring 2016, in addition to interior parts.) | ○ | Develop and implement bioplastics, and expand adoption.  |
|  |  | Enhance the ASR recycling ratio and the total vehicle recycling ratio. (*2015 target)  | ASR recycling ratio: 97% or more.<br>Actual vehicle recycling ratio: 99% or more.  | ASR recycling ratio: Achieved 97.7%. (Completed)<br>Actual vehicle recycling ratio: Achieved 99% or more. (Completed)   | ○ | —  |
|  |  | Promote bumper-recycling technology.   | Promote collection of damaged bumpers. Collection rate from Mazda dealerships: 80% or more<br>Promote the development of technology for bumper-to-bumper recycling of ELVs.                      | Collection rate from Mazda dealerships: Achieved 81%. (Collected bumpers: around 68,500)<br>Continued the horizontal recycling, from ELV bumpers to new bumpers, in the Hiroshima region.   | ○ | Promote the collection and recycling of damaged bumpers.<br>Promote the development of technology for bumper-to-bumper recycling of ELVs.  |
| b. Manufacturing, logistics, office operations, social contributions, etc. | ⑦Reduce waste volumes, promote recycling.                        | Reduce direct landfill waste to zero across the entire Mazda Group in Japan.   | Reduce direct landfill waste across the entire Mazda Group in Japan to 1% of total or less.  | Reduced direct landfill waste across the entire Mazda Group in Japan to 0.5% of total.  | ○ | Reduce direct landfill waste across the entire Mazda Group in Japan to 1% of total or less.  |
|  | ⑧Reduce packaging volume used.                                   | Reduce volume of packaging and wrapping across the entire Mazda Group in Japan by 45% compared with 1990 levels.   | Reduce volume of packaging and wrapping across the entire Mazda Group in Japan by 58% compared with 1990 levels.   | Reduced volume of packaging and wrapping across the entire Mazda Group in Japan by 62% compared with 1990 levels.   | ○ | Reduce volume of packaging and wrapping across the entire Mazda Group in Japan by 56% compared with 1990 levels.   |
|  | ⑨Reduce volume of water used and promote effective use of water. | <ul style="list-style-type: none"> <li>Reduce volume of water used across the entire Mazda Group in Japan.</li> <li>Reduce volume of tap water used by 10% compared with 1990 levels.</li> </ul> | <ul style="list-style-type: none"> <li>Reduce volume of water used across the entire Mazda Group in Japan.</li> <li>Reduce volume of tap water used by 20% compared with 1990 levels.</li> </ul> | <ul style="list-style-type: none"> <li>Reduce volume of water used across the entire Mazda Group in Japan.</li> <li>Reduced volume of tap water used by 32% compared with 1990 levels.</li> </ul>   | ○ | <ul style="list-style-type: none"> <li>Reduce volume of water used across the entire Mazda Group in Japan.</li> <li>Reduce volume of tap water used by 33% compared with 1990 levels.</li> </ul> |

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

| Category | Item | Targets and actions by 2020 | FY March 2016       |         | Self-assessment | FY March 2017       |
|----------|------|-----------------------------|---------------------|---------|-----------------|---------------------|
|          |      |                             | Targets and actions | Results |                 | Targets and actions |

## 3. Cleaner Emissions

|  |  |   |  |   |   |  |
|--|--|---|--|---|---|--|
| a. Vehicles and vehicle technology   | ⑩Ensure cleaner vehicle exhaust gas emissions.                       | Introduce and promote low emission vehicles to improve air quality in each country and region.  | Promote the introduction of low emission vehicles that meet the needs of each country and region.  | Japan: 98% (vehicle number ratio) of passenger vehicles met the SU-LEV (★★★★) standard.<br>United States: Introduced low-emission vehicles that meet Tier2/LEV2,3 regulations in all product lines.<br>Europe: All product lines met the Euro 6 standards.<br>China: Developed vehicles that meet Euro 5 standards or equivalent levels.<br>Other: Introduced low-emission vehicles that meet the needs of each country and region. | ○ | Promote the introduction of low emission vehicles that meet the needs of each country and region.  |
|  | ⑪Reduce inclusion of substances of environmental burden in products. | Reduce VOCs in vehicle interiors.<br>Promote development and adoption of car air-conditioning systems using new refrigerants with low environmental impact. | Pass Ministry of Health, Labour and Welfare (MHLW) guidelines for the indoor aerial concentration in all new vehicles.<br>Promote development and adoption of car air-conditioning systems using new refrigerants with low environmental impact. | Passed Ministry of Health, Labour and Welfare (MHLW) guidelines with the Roadster (MX-5).<br>Developed a car air-conditioning system using a refrigerant with low environmental impact and promoted its adoption to new model vehicles.   | ○ | Pass Ministry of Health, Labour and Welfare (MHLW) guidelines for the indoor aerial concentration in all new vehicles.<br>Promote development and adoption of car air-conditioning systems using new refrigerants with low environmental impact. |
| b. Manufacturing, logistics, office operations, social contributions, etc. | ⑫Reduce waste volumes of PRTR substances.                            | Reduce waste volumes of PRTR substances across the entire Mazda Group in Japan.   | Reduce waste volumes of PRTR substances across the entire Mazda Group in Japan.  | Reduced waste volumes of PRTR substances across the entire Mazda Group in Japan by 2.5% compared with FY March 2015 levels.   | ○ | Reduce waste volumes of PRTR substances across the entire Mazda Group in Japan.  |
|  | ⑬Reduce volumes of VOC waste emissions.                              | Reduce volumes of VOC waste emissions to an average 23 g/m <sup>2</sup> or less across all Mazda lines.   | Reduce volumes of VOC waste emissions to an average 23.5 g/m <sup>2</sup> or less across all Mazda lines.  | Reduced volumes of VOC waste emissions to an average 22.4 g/m <sup>2</sup> across all Mazda lines.  | ○ | Reduce volumes of VOC waste emissions to an average 22.0 g/m <sup>2</sup> or less across all Mazda lines.  |

## 4. Environmental Management

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
| a. Vehicles and vehicle technology   | ⑭Promote life cycle assessment (LCA).  | Expand the implementation of LCA (in Japan).  | Steadily implement LCA in new vehicles.   | Implemented LCA in the Roadster (MX-5)  | ○   | Steadily implement LCA in new vehicles.   |   |
|  | ⑮Promote an integrated approach to traffic systems.  | Improve driving technique and promote activities to raise awareness.  | Promote steady introduction and further progress of i-DM.   | Introduced a new system that enables the driver to check detailed driving results, in the Roadster (MX-5)   | ○   | Promote steady introduction and further progress of i-DM.   |   |
| b. Manufacturing, logistics, office operations, social contributions, etc.             | ⑯Reduce the environmental risk of the Mazda Group in Japan.  | Promote environmental protection activities among Mazda Suppliers.  | Expand promotion of the Mazda Green Purchasing Guidelines and revise if necessary.  | Cascaded the Guidelines to all suppliers, and requested compliance.   | ○   | Expand promotion of the Mazda Green Purchasing Guidelines and revise if necessary.                            |   |
|  |  | Promote the establishment and introduction of environmental management systems (EMS).   | · Support 100% establishment of EMS among major suppliers.<br>· Support and enhance EMS at secondary suppliers.   | · Supported 100% establishment of EMS among major suppliers.<br>· Supported and enhanced EMS at secondary suppliers.  | · Supported 100% establishment of EMS among major suppliers.<br>· Supported and enhanced EMS at secondary suppliers.  | ○   | · Support 100% establishment of EMS among major suppliers.<br>· Support and enhance EMS at secondary suppliers. |
|  |  |   | Promote introduction of EcoAction 21 at all Mazda Group dealerships in Japan.   | Promoted introduction of EcoAction 21 at all Mazda Group dealerships in Japan by encouraging shops to obtain certification.   | ○   | Promote introduction of EcoAction 21 in all Mazda Group dealerships in Japan.                                 |   |
|  |  | Continue proper operation of the EMS introduced into all auto parts sales companies across Japan.   | Confirmed proper operation of the EMS introduced into all five auto parts sales companies, with periodic reports, etc.  | ○   | Continue proper operation of the EMS introduced into all auto parts sales companies across Japan.   |   |   |
|  | ⑰Inform the public about the Mazda Group's environmental protection activities.  | Disseminate information about the Mazda Group's environmental protection activities worldwide by hosting and actively participating in environmental events.  | Continue to disseminate information at motor shows and environmental events held in Japan and abroad.   | Disseminated information inside and outside of the Group through motor shows and environmental events held in Japan and abroad. In Japan, disseminated information, especially by participating in environmental exhibitions and events (around 10 exhibitions/events) such as Eco-Products 2015. | ○   | Continue to disseminate information at environmental events (including motor shows held in Japan and abroad). |   |
| ⑱Promote activities to raise awareness of environmental issues.                        | · Actively disseminate environmental information to improve environmental awareness among Mazda and Mazda Group company employees.<br>· Actively disseminate environmental information to improve environmental awareness among Mazda customers.   | Continuously raise awareness inside and outside of the Group regarding environmental issues that society faces and measures throughout the entire life cycle of vehicles to reduce environmental impact.  | Conducted the following measures especially in Japan.<br>· Continuously promoted education for employees in Mazda and its Group companies, implementing "cool-biz" and "light-down" campaigns and other activities to raise biodiversity awareness.<br>· Raised the environmental awareness of customers by holding environmental events and dispatching instructors for environmental education. | ○   | Continuously raise awareness inside and outside of the Group regarding environmental issues that society faces and measures throughout the entire life cycle of vehicles to reduce environmental impacts.                               |   |   |
| ⑲Promote environmental protection activities in partnership with regional communities. | Promote environmental protection activities in regional communities by taking part in environmental volunteer activities (including regional cleanups and efforts to preserve biodiversity) and dispatching instructors to regional events and schools to offer environmental education. | Promote activities to deepen understanding of biodiversity and forest preservation. In particular, in Japan, dispatch instructors for environmental education to regional communities and continuously participate in regional cleanups based on their needs. | Promoted environmental activities in Japan and abroad, based on the needs of regional communities (around 30 activities in Japan and abroad).<br>· Major activities in Japan: Forest preservation activities, regional cleanups, carbon offset, etc.<br>· Major activities overseas: Promotion of support for endemic species, etc.   | ○   | Promote activities to deepen understanding of biodiversity and forest preservation.<br>Dispatch instructors for environmental education to regional communities and continuously participate in regional cleanups based on their needs. |   |   |

# ENVIRONMENTAL MANAGEMENT

Mazda is establishing an environmental management system throughout its value chain, including Group companies, suppliers, dealerships, and others.

## Establishing Environmental Management Systems

Mazda is promoting the establishment of environmental management systems (EMS) across its entire supply chain and in all Group companies. The purpose of the EMS is to carry out more environmentally conscious business activities in a more effective manner, based on ISO 14001 and other standards.

### Progress Status

- 13 Mazda and Group manufacturing companies in Japan and overseas have now acquired ISO 14001 certification.
- Mazda is expanding ISO 14001 certification scope to all domestic sites following the revision of ISO 14001:2015. The expansion of certification scope and examination of transfer to ISO 14001:2015 are scheduled to be completed in September 2016.
- Mazda is progressively certifying all dealerships in Japan under EcoAction 21 (EA21) \*<sup>1</sup>, an environmental management system (As of March 2016, 36 dealerships of the Mazda/Mazda Enfini sales channel, 103 dealerships of the Mazda Autozam sales channel, and Mazda Chuhan, a used car sales company, have been certified).
- Mazda has completed introduction of an exclusive Mazda EMS to three Mazda Group vehicle parts companies in Japan.

## Promoting Green Purchasing

With the aim of reducing the environmental burden throughout its entire supply chain, Mazda established the "Mazda Green Purchasing Guidelines" (revised in September 2014) and engages in operation activities accordingly.

These guidelines require all of its suppliers worldwide to undertake measures to reduce their burden on the environment, at all stages from product development to manufacturing and delivery. The guidelines also make it clear that Mazda will give preference in purchasing to suppliers who implement such environmental measures.

Mazda also requires its suppliers of parts, materials, and industrial equipment and tools to obtain and maintain ISO 14001 certification, and to reduce the amount of greenhouse gas emissions generated through their corporate activities by 1% annually. In addition, the Company promotes environmental activities in collaboration with its suppliers by providing them with information and other assistance.

Currently, all major suppliers involved in Mazda vehicle development and manufacturing have obtained ISO 14001 certification.

## Status of Establishment of Environmental Management Systems (EMS) at Suppliers

- All major suppliers in Japan and abroad with which the Company has ongoing business relationships (around 400 companies), including new suppliers, have maintained certification as of the end of March 2016.
- Under the Mazda Green Purchasing Guidelines, Mazda requires, through primary suppliers, secondary suppliers to establish EMS.

### a List of ISO 14001 Certified Production and Business Sites

#### Domestic production/business sites

|                    |  |                |
|--------------------|--|----------------|
| Hiroshima district | Hiroshima Plant                              | June 2000      |
|                    | Miyoshi Plant                                |                |
| Hofu Plant         | Nishinoura district                          | September 1998 |
|                    | Nakanoseki district (extended certification) | September 1999 |

#### Overseas production site

|   |                           |
|---|---------------------------|
| AutoAlliance (Thailand) Co., Ltd. <sup>*1</sup>                   | May 2000                  |
| Changan Mazda Automobile Co., Ltd. <sup>*1</sup>                  | December 2008             |
| Changan Ford Mazda Engine Co., Ltd. <sup>*1</sup>                 | February 2009             |
| Mazda de Mexico Vehicle Operation <sup>*2</sup>                   | December 2014             |
| Mazda Powertrain Manufacturing (Thailand) Co., Ltd. <sup>*2</sup> | December 2016 (Scheduled) |

\*1: Consolidated group company  
\*2: Equity-method group company

#### Four Domestic Consolidated Group Companies (excluding sales companies)

|   |               |
|---|---------------|
| Mazda E & T Co., Ltd. <sup>*3</sup>     | June 2000     |
| Mazda Ace Co., Ltd. <sup>*3</sup>       | June 2000     |
| Mazda Logistics Co., Ltd. <sup>*3</sup> | June 2000     |
| Kurashiki Kako CO., LTD.                | December 2001 |

\*3 A part or all of the certificates have been acquired as part of the Hiroshima district.

#### Four Domestic Equity-Method Group Companies

|  |            |
|--|------------|
| Toyo Advanced Technologies Co., Ltd. <sup>*4</sup> | June 2000  |
| Japan Climate Systems Corporation                  | May 2000   |
| Yoshiwa Kogyo Co., Ltd.                            | April 2002 |
| MCM Energy Service Co., Ltd. <sup>*5</sup>         | June 2008  |

\*4 A part or all of the certificates have been acquired as part of the Hiroshima district.

\*5 Certificates acquired as part of the Hiroshima district and the Hofu plant; in March 2013, re-certification acquired independently.

\*1 Simplified EMS established by the Ministry of the Environment, for application at companies of various scales, such as small-to-medium sized companies.

## Status of Implementation of Environmental Audits

To confirm that environmental management systems, such as ISO 14001 and EcoAction 21, are operating effectively, internal audit and environmental management system audit (EMS audit) are carried out annually of all Group companies, both in Japan and overseas, that have obtained certification, including the Hiroshima district and Hofu Plant. The FY March 2016 EMS audit revealed no serious compliance issues.

The results of the internal audit and EMS audits were reported to senior management. Any problems were swiftly and appropriately rectified. **b**

## Eliminating Sensory Pollution

Sensory pollution comprises noise, vibration, and odors that have a sensory or psychological impact on people.

Mazda recognizes that clearing legal regulations may not be enough to prevent noise, vibration, and odors from annoying neighborhood residents. For this reason, Mazda is systematically stepping up measures to alleviate the causes of such pollution, as well as measures to improve noise insulation and odor removal.

## Specific Initiatives in Environmental Risk Management

### Environmental Monitoring **c**

- Regular training is conducted at each plant and office to prepare for response in the event of accidents that adversely affect the natural environment.
- Environmental monitoring, including monitoring of air and water pollution, is conducted regularly.

### Legal Violations **d**

In FY March 2016, Mazda received no guidance from government authorities under laws and ordinances.

### Complaints **d**

In FY March 2016, Mazda received complaints concerning seven cases, and is taking appropriate actions to address them in good faith.

## **b** EMS Audit Results on ISO 14001

Mazda Motor Corp.

|                              | FY March 2012 | FY March 2013 | FY March 2014 | FY March 2015 | FY March 2016 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Serious noncompliance issues | 0             | 0             | 0             | 0             | 0             |
| Minor noncompliance issues   | 0             | 0             | 1             | 2             | 2             |
| Observation issues           | 5             | 10            | 18            | 8             | 16            |

Group Companies

|              |                              | FY March 2016 |          |
|--------------|------------------------------|---------------|----------|
|              |                              | Japan         | Overseas |
| ISO14001     | Serious noncompliance issues | 0             | 0        |
|              | Minor noncompliance issues   | 0             | 8        |
|              | Observation issues           | 36            | 35       |
| EcoAction 21 | Noncompliance issues         | 0             | —        |
|              | Observation issues           | 0             | —        |

## **c** Environmental Monitoring

| Environmental monitoring item | Target of monitoring   | Items monitored  | Monitoring frequency        |
|-------------------------------|--|--|-----------------------------|
| Air quality                   | Boilers, melting furnaces, heating furnaces, drying furnaces, etc. | 5 items: sulfur oxides, nitrogen oxides, soot, volatile organic compounds, hydrogen chloride       | Around 400 times per year   |
| Water quality                 | Treated wastewater   | 43 items: cadmium, cyanide, organic phosphorus, lead, hexavalent chromium, etc.                    | Around 1,600 times per year |
| Noise and Vibration           | Site boundaries  | 1 item: noise level  | 12 times per year           |
| Odor                          | Site boundaries  | 1 item: odor index   | 12 times per year           |
| Waste products                | Slag, sludge, scrap metal, etc.                                    | 25 items: scrap metal, etc., cadmium, cyanide, organic phosphorus, lead, hexavalent chromium, etc. | Around 120 times per year   |

## **d** Legal Violations and Complaints

(FY March 2016)

|                                |       | Number of incidents | Response   |
|--------------------------------|-------|---------------------|--|
| Guidance from local government |       | 0                   | —  |
| Complaints                     | Odor  | 6                   | Installed a noise barrier, and stopped the operation of some equipment, among others |
|                                | Smoke | 1                   | Strengthened the emission gas monitoring system                                      |

## Environmental Education/Education Program Structure

As part of its EMS, Mazda conducts regular environmental education for all employees twice a year, as well as education for EMS leaders twice a year, and encourages employees to obtain environment-related public qualifications such as those listed.

In addition, Mazda offers support for employees working toward these qualifications, including financial support through the Mazda Flex Benefit program (see p. 87).

**e f**

## Routine Environmental Activities

### Reducing Paper Use

Mazda continually makes bold efforts to considerably reduce the amount of paper used for office work through the digitization of documents, ledger sheets, and other forms, as well as through the use of projectors and monitors at meetings, etc. As part of its recycling efforts, the Company also reuses waste paper (shredder dust) as packaging material for shipping parts, and is increasing efforts to separate the collection of waste paper by type during disposal.

### Reducing Energy Use

Through regular initiatives, including purchasing of low power-consumption office equipment and furniture, and turning off lights and computers when they are not in use, Mazda makes continual efforts to reduce energy use.

Furthermore, Mazda implements a "Cool Biz" program during the summer season every year, setting internal room temperatures at 28°C (82.4°F) on a standard basis.

During the winter season when electricity consumption is particularly high, energy-saving measures are implemented through adjustment of air conditioning systems (heating set at 20°C, or 68°F), lighting, office automation equipment, etc.

## Use of Renewable Energy

Mazda uses renewable energy sources\*<sup>1</sup> as follows.

- At the Hofu Plant, solar-powered units have been introduced in some corridor lighting.
- A solar power system is installed on the roof of the radio wave experiment building of the Miyoshi Office. The amount of electricity generated by the system in FY March 2016 was 13.0 MWh. Electricity generated by this system is used to provide power and lighting for the building, thereby continuously contributing to the reduction of CO<sub>2</sub> emissions.
- Mazda supplied green electricity to illuminate the night games of the Mazda All-Star Games 2015 (presented by Japan's 12 professional baseball teams), of which Mazda was the main sponsor. The green electricity was provided using the Tradable Green Certificates System.
- Following last fiscal year, Mazda de Mexico Vehicle Operation (MMVO) in Mexico installed outdoor solar lighting, thereby promoting an effective use of renewable energy\*<sup>1</sup> that uses solar power and LEDs. In FY March 2016, MMVO installed 19 units. The total number of units reached 335, generating 58.9 MWh of power for lighting.

## Environment-Related Accident Emergency Drill and Prevention Campaign

### Emergency Drill to Prevent Marine Pollution

An emergency drill was carried out based on assumption simulation that hydraulic oil had spilled from a vessel in the harbor. In the drill, with the participation of about 60 employees from Mazda Motor Corporation, Mazda Ace, and Mazda Logistics, the effectiveness of operations for removing an oil spillage, as well as the emergency contact system were checked and confirmed (in July 2015). This drill was launched in FY March 2015.

**g**

In FY March 2016, officers of the Hiroshima Coast Guard Office observed and gave feedback on the drill. They also demonstrated the water discharge of oil diffusion using a patrol boat.

In FY March 2017, Mazda plans to check the reporting system, assuming that oil has leaked from a container truck into the sea via the quay. The Company also plans to carry out oil boom extension drills at the same time.

### Campaign for Oil Spill Prevention and Traffic Safety

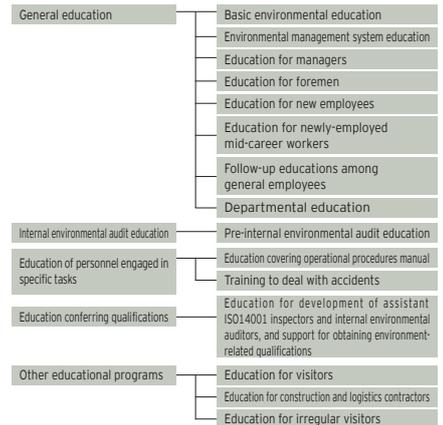
Mazda Motor Corporation, Mazda Logistics, and several truckload transportation companies are promoting environmental protection and improving traffic safety, distributing leaflets to raise the awareness of delivery truck drivers and others about the importance of preventing oil spills on roads and traffic safety in general. The campaign has been conducted every year since FY March 2011, and twice a year since FY March 2014, in spring and fall.

**h**

### e Qualifications that Employees Are Encouraged to Obtain:

- Energy attorney
- Head supervisor of pollution control
- Supervisor of air and water pollution control (Class 1 to 4)
- Supervisor of noise- and vibration-related pollution control
- Supervisor of dust and particulate pollution control (Specified, General)
- Supervisor of dioxide pollution control
- Special managing supervisor in charge of industrial waste disposal
- Environmental Society Test (=Eco Test)
- CEAR approved EMS inspector
- Internal environment auditor
- Environment measurer
- Construction environment hygiene control engineer

### f Environmental Education Structure



### Number of Employees Receiving Environmental Education

(Non-consolidated Unit: person(s))

|                  | FY March 2012 | FY March 2013 | FY March 2014 | FY March 2015 | FY March 2016 |
|------------------|---------------|---------------|---------------|---------------|---------------|
| Managers         | 68            | 52            | 70            | 75            | 81            |
| Section managers | 163           | 137           | 163           | 161           | 174           |
| Foremen          | 54            | 87            | 86            | 86            | 76            |
| New employees    | 499           | 701           | 386           | 282           | 755           |

\* In addition to the above, environmental education is provided to general employees in each department

### g Emergency Drill to Prevent Marine Pollution



### h Campaign for Oil Spill Prevention and Traffic Safety



\*1 Refers to natural energy sources that can be used continuously without being depleted, such as electricity generation using solar, wind, geothermal, hydroelectric or biomass power, or direct solar heating. These types of energy generate zero or negligible CO<sub>2</sub> emissions.

## Environmental Accounting

Mazda is carefully assessing the costs and benefits of its environmental activities and is working constantly to improve their efficiency.

**Data collection period:** April 2015 through March 2016

**Basis of data collection:** Calculated according to Mazda's own guidelines in line with Environmental Accounting Guidelines. The amounts do not include depreciation expenses.

**Boundary of data collection:** Mazda Motor Corporation; 21 domestic & 10 overseas consolidated Group companies; seven domestic & four overseas equity-method Group companies

### Environmental Protection Costs

(Unit: million yen)

| Category                 | Major activities  | Mazda unconsolidated   |        |        | Mazda Group |        |        |       |
|--------------------------|---|--|--------|--------|-------------|--------|--------|-------|
|                          |   | Investment   | Cost   | Total  | Investment  | Cost   | Total  |       |
| Business area            | Preventing pollution  | Conforming to legal limits for air and water pollution, odor abatement, etc.   | 1,635  | 2,401  | 4,036       | 4,730  | 3,049  | 7,779 |
|                          | Protecting the global environment   | Preventing global warming, conserving energy, preventing destruction of the ozone layer, and other environmental protection activities | 1,136  | 1,108  | 2,244       | 1,377  | 1,255  | 2,632 |
|                          | Recycling resources   | Effective resource use, recycling waste, processing and disposing of waste   | 80     | 1,352  | 1,432       | 162    | 3,219  | 3,381 |
| Upstream/downstream      | Container recovery, recovery of end-of-life vehicle bumpers   | 15   | 154    | 169    | 15          | 156    | 171    |       |
| Management activity      | Employee environmental education, creating and operating environmental management systems, monitoring and measurement of environmental impact, other activities | 0  | 924    | 924    | 0           | 1,513  | 1,513  |       |
| Research and development | R&D for products, production methods and distribution, to contribute to reduced environmental impact  | 3,109  | 39,206 | 42,315 | 3,342       | 40,383 | 43,725 |       |
| Social activities        | Greening, beautification, and environmental improvement; support of community residents and organizations; information disclosure; and other activities         | 0  | 59     | 59     | 0           | 65     | 65     |       |
| Environmental Damage     | -   | 0  | 0      | 0      | 0           | 0      | 0      |       |
| Total                    |   | 5,975  | 45,204 | 51,179 | 9,626       | 49,640 | 59,266 |       |

### Overall Environmental Protection Effects

| Category                          |                           |                                       | Mazda unconsolidated                                   |   |                               | Mazda Group                   |
|-----------------------------------|---------------------------|---------------------------------------|--|---|-------------------------------|-------------------------------|
|                                   |                           |                                       | Environmental protective effect                        |   | Economic effect (million yen) | Economic effect (million yen) |
| Protecting the global environment | Global warming prevention | Production                            | CO <sub>2</sub> emissions volume (on unit sales basis) | 20.0 t-CO <sub>2</sub> /100 million yen | -                             | -                             |
|                                   |                           | Distribution                          | Annual shipping volume                                 | 546,450 thousand (ton-km/year)          | -                             | -                             |
| Recycling resources               |                           | Effective use of resources, recycling | Shell sand   | 17,527 t (year)                         | 52                            | 2,894                         |
|                                   |                           |                                       | Steel scrap  | 40,138 t (year)                         | 2,842                         |                               |
| Upstream/downstream               |                           | Product recycling                     | Number of discarded bumpers collected                  | 68,545 (bumpers/year)                   | -                             | 4,338                         |
| Other                             |                           | Sale of items with commercial value   | Metals   | 106,446 t (year)                        | 1,910                         | 1,947                         |
|                                   |                           |                                       | Paint thinner, effluent                                | 653 t (year)                            | 37                            |                               |
|                                   |                           |                                       | Empty drums, wheels, discarded tires                   | 22,597 (units/year)                     |                               |                               |
|                                   |                           |                                       | Recovered sand, plastics, cardboard scraps             | 6,527 t (year)                          |                               |                               |
|                                   |                           |                                       | Wooden pallets   | 660 t (year)                            |                               |                               |
| Total                             |                           |                                       |  |   | 4,841                         | 9,179                         |

#### Boundary of data collection

##### Mazda Motor Corporation

##### Consolidated Group companies

**21 domestic companies:** Manufacturing companies: Mazda Engineering & Technology Co., Ltd., KURASHIKI KAKO Co., Ltd., Mazda Logistics Co., Ltd., Mazda Ace Co., Ltd.,

Sales companies: Hakodate Mazda Co., Ltd., Tohoku Mazda Co., Ltd., Fukushima Mazda Co., Ltd., Kitakanto Mazda Co., Ltd., Kanto Mazda Co., Ltd., Koushin Mazda Co., Ltd., Shizuoka Mazda Co., Ltd., Tokai Mazda Sales Co., Ltd., Hokuriku Mazda Co., Ltd., Keiji Mazda Co., Ltd., Kansai Mazda Co., Ltd., Kyushu Mazda Co., Ltd., Minami Kyushu Mazda Co., Ltd., Okinawa Mazda Sales Co., Ltd., Mazda Autozam Inc., Mazda Chuhan Co., Ltd.

Parts sales company: Mazda Parts Sales Co., Ltd.

**10 overseas companies:** Mazda Motor (China) Co., Ltd., Mazda Australia Pty Ltd., Mazda Motors of New Zealand Ltd., Mazda Canada Inc., Mazda Motor Taiwan Co., Ltd., Mazda de Colombia S.A.S., Mazda Motor of America, Inc., Mazda Powertrain Manufacturing (Thailand) Co., Ltd., Mazda Motor Manufacturing de Mexico, S.A. de C.V., Mazda Southern Africa (Pty) Ltd.

##### Equity-method Group companies

**7 domestic companies:** Toyo Advanced Technologies Co., Ltd., Yoshiwa Kogyo Co., Ltd., Japan Climate Systems Corporation, MCM Energy Service Co., Ltd., Mazda Processing Chugoku Co., Ltd., Mazda Parts Hiroshima Sales Co., Ltd., Mazda Parts Nishi Kyushu Sales Co., Ltd.

**4 overseas companies:** Changan Mazda Automobile Co., Ltd., Changan Ford Mazda Engines Co., Ltd., FAW Mazda Motor Sales Co., Ltd., AutoAlliance (Thailand) Co., Ltd.

# EFFORTS REGARDING PRODUCT AND TECHNOLOGY DEVELOPMENT

Mazda is actively developing unique technologies to help achieve a sustainable society. In March 2007, Mazda announced its long-term vision for technology development: "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" (see p. 2). In line with this vision, Mazda has promoted initiatives to address various environmental issues, based on the following perspectives.

## Energy-and Global-Warming-Related Issues

### Mazda's Approach to Product Environmental Performance

As vehicle ownership continues to expand around the world, automobile manufacturers must redouble their efforts to achieve cleaner exhaust emissions, and improve fuel economy in order to cut CO<sub>2</sub> emissions and help reduce the world's dependence on increasingly scarce fossil fuels. Mazda considers it necessary to develop a multi-solution approach to automobile-related environmental issues that takes into account various factors such as regional characteristics, vehicle characteristics and types of fuel.

### Improving the Average Fuel Economy of All Mazda Vehicles 50% by 2020

Based on the Sustainable Zoom-Zoom long-term vision for technology, Mazda cuts CO<sub>2</sub> emissions through improved fuel economy and provides all customers who purchase Mazda vehicles with driving pleasure and outstanding environmental performance. In April 2015, Mazda set a new goal of raising the average fuel economy of all Mazda vehicles sold worldwide by 2020 by 50% compared with 2008 levels.

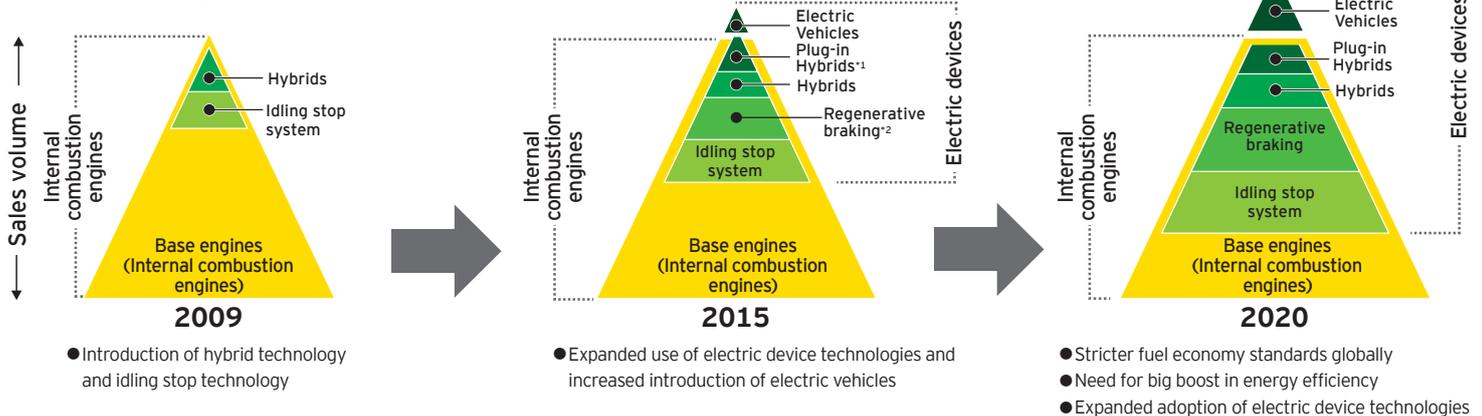
### Promoting the Building-Block Strategy

Mazda adopts the Building-Block Strategy to realize its goal of raising the average fuel economy of Mazda vehicles sold worldwide. 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.

Consequently, Mazda's Building-Block Strategy prioritizes improvements in base technologies such as improving the engine's thermal efficiency and reducing the weight of the vehicle body. The next step of the Building-Block Strategy is the gradual introduction of electric devices such as idle-stop, brake energy regeneration (see p. 58), and hybrid powertrains. This approach to reducing total CO<sub>2</sub> emissions does not rely heavily on a small proportion of specific eco-friendly models. Rather, Mazda aims to deliver vehicles with excellent environmental performance at an affordable price to customers worldwide, including emerging countries, which may lack special infrastructure.

### Anticipated Expansion in Adoption of Environmental Technologies (Through 2020)

Graphic representation of global market share of powertrain technologies

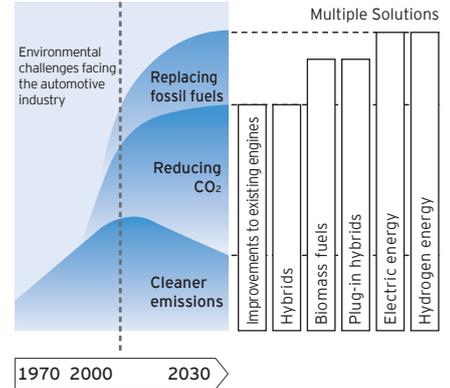


\*1 Hybrid vehicle with a battery that can be charged with household power supply

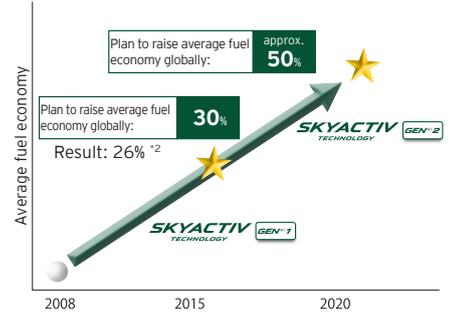
\*2 A system that converts a vehicle's kinetic energy during deceleration into electricity for reuse

### a Automotive Industry Initiatives to Meet Environmental Challenges

Multiple solutions are needed to address vehicle-related issues



### b Improving Average Fuel Economy of all Mazda Vehicles



\*1 GEN=Abbreviation of "generation"

\*2 As of the end of FY March 2016, the Company has raised the average fuel economy of Mazda vehicles sold worldwide by 26% compared with 2008 levels. (Plan: 30%) (This is the result of the Company's achievement of both raising global fuel economy and satisfying customer needs. On the estimated sales model mix basis at the time of the announcement of the plan, the Company almost accomplished the plan of an increase of 30% compared with 2008 levels. However, the sales model mix result changed due to higher demand for crossover SUV models than estimated.)

## Comprehensive Improvements of Base Technologies by SKYACTIV TECHNOLOGY

The term SKYACTIV TECHNOLOGY covers all Mazda's innovative next-generation base technologies. Mazda is making comprehensive improvements in base technologies, such as enhancing the efficiency of powertrain components including the engine and transmission, reducing vehicle body weight, and improving aerodynamics. The number of models featuring SKYACTIV TECHNOLOGY has steadily increased since the first SKYACTIV-G engine was introduced in the 2011 upgraded Demio (Mazda2 overseas). As a result of the increase in the number of models incorporating SKYACTIV TECHNOLOGY after the utilization of the technology for the CX-5, which was launched in 2012, the percentage of such models reached 86% as of the end of March 2016.

## Gradual introduction of electric devices

Based on the Building-Block Strategy, base technologies and electric device technologies are combined in the following three steps.

### Step 1: Battery Management Technology (Idling Stop System "i-stop")

The i-stop system automatically shuts the engine off temporarily when the vehicle comes to a standstill. The use of i-stop alone can improve fuel economy by 7% to 10% (as measured in Japanese models). Mazda installed i-stop in the upgraded Axela/Mazda3 in 2009 and has been expanding it to other models.

### Step 2: Brake Energy Regeneration System (i-ELOOP)

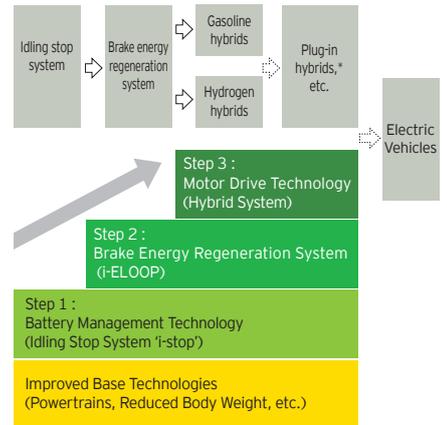
Mazda has developed the world's first brake energy regeneration system for a passenger vehicle that uses a capacitor as an electricity storage device<sup>\*1</sup>. It is the groundbreaking system, which Mazda calls 'i-ELOOP.' As the vehicle decelerates, the system converts kinetic energy into electricity, which is used by the vehicle to improve the fuel efficiency. Since its introduction in the Atenza/Mazda6, launched in 2012, the number of models incorporating i-ELOOP has been increasing.

### Step3: Electric Motor Drive Technology (Hybrid System 'SKYACTIV-HYBRID')

This type of system improves overall energy efficiency using an electric motor to assist gasoline engines at times when energy efficiency is low, such as when a vehicle is running at low engine speeds or during low-load operation. This system ensures an outstanding fuel economy performance by mainly using an electric motor when the vehicle is started, by efficiently combining the use of a gasoline engine and an electric motor during driving at a regular speed and during acceleration, and by using the electric motor as a power generator during deceleration to convert brake energy to electricity, which can be used later as needed. The new Axela (Mazda3 overseas) launched in 2013 was the first model to incorporate this SKYACTIV-HYBRID system.

## c Gradual Application of Electric Device Technologies (Building-Block Strategy)

Mazda aims to further boost environmental performance by gradually adding electric device technologies to base engines with excellent environmental performance.



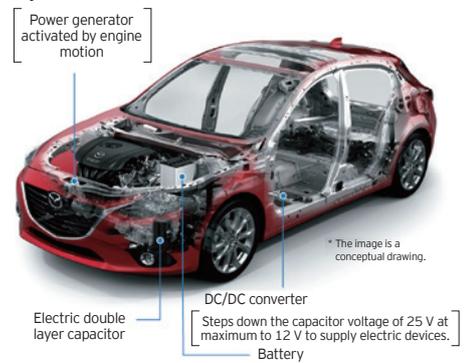
\*Hybrid vehicle with a battery that can be charged with household power supply

## d Brake Energy Regeneration System "i-ELOOP"

Vehicles require electricity to power variety of electrical components such as headlamps, air-conditioner and audio equipment. Electricity is generated by using engine power to turn a power generator called an alternator. Approximately 10% of engine output is said to be used not for driving, but to generate electricity to power the electrical components.

The goal in developing i-ELOOP was to eliminate the need for the engine to generate electricity.

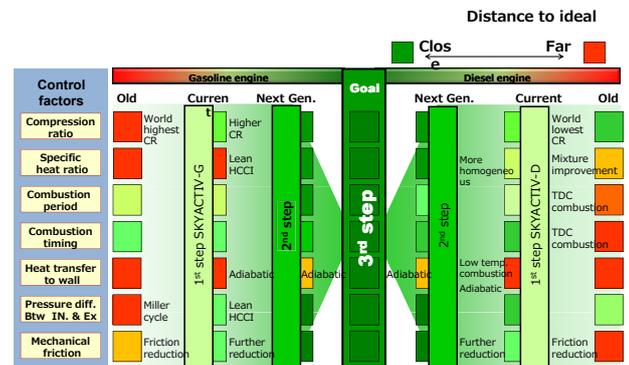
Variable voltage-type regeneration alternator



## TOPICS

### Pursuing the Ultimate Internal Combustion Engine to Further Reduce CO<sub>2</sub> Emissions and Improve Fuel Economy

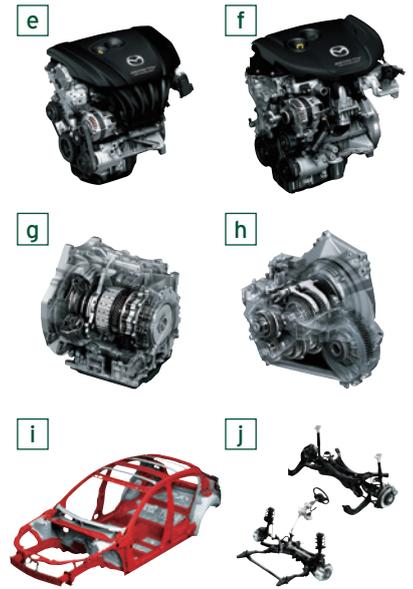
It is said that internal combustion engines in cars only draw out about 30 percent of the energy contained in the fuel they use; the remaining 70 percent is lost. Mazda believes it is quite possible to improve the fuel efficiency and environmental performance of new engines by bring the conditions for combustion as close as possible to the ideal, and is pursuing the ultimate internal combustion engine based on this belief. The Company identified seven control factors that dictate the thermal efficiency of internal combustion engines, and developed SKYACTIV engines (see p. 59) by working to move combustion conditions in both its gasoline and diesel engines closer to the ideal. These engines have since been used in an increasing number of models. Moving forward, the Company intends to further reduce CO<sub>2</sub> emissions and improve fuel economy. <sup>\*1</sup> Energy storage device that charges and discharges electricity on the electric double-layer principle without involving a chemical reaction.



\*1 Energy storage device that charges and discharges electricity on the electric double-layer principle without involving a chemical reaction

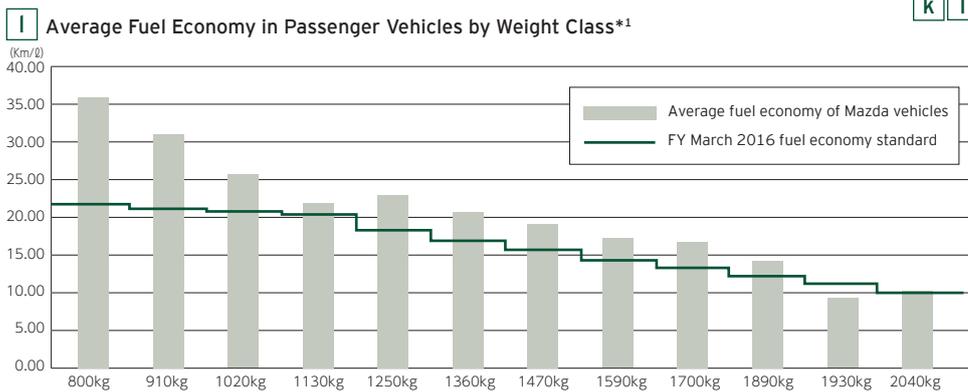
## Base Technologies (SKYACTIV TECHNOLOGY) and Electric Devices

|                              | Name             | Features   |          |
|------------------------------|------------------|--|----------|
| SKYACTIV TECHNOLOGY          | SKYACTIV-G       | New-generation highly-efficient direct-injection gasoline engine<br>Excellent fuel efficiency, powerful torque   | <b>e</b> |
|                              | SKYACTIV-D       | New-generation highly-efficient clean diesel engine<br>Excellent fuel efficiency and complies with global emissions regulations without expensive systems            | <b>f</b> |
|                              | SKYACTIV-DRIVE   | New-generation highly-efficient automatic transmission<br>Direct shift feel and contributes to improved fuel economy   | <b>g</b> |
|                              | SKYACTIV-MT      | New-generation manual transmission<br>Light and crisp shift feeling, reduced weight and compact size   | <b>h</b> |
|                              | SKYACTIV-BODY    | Lightweight body with high rigidity<br>High rigidity, light weight, and the excellent crash safety performance   | <b>i</b> |
|                              | SKYACTIV-CHASSIS | High-performance, lightweight chassis<br>Highly rigid and light weight, excellent handling stability delivers driving pleasure                                       | <b>j</b> |
| Electric Device Technologies | i-stop           | Idling stop system<br>The system automatically shuts the engine off temporarily when the vehicle comes to a standstill.  |          |
|                              | i-ELOOP          | Brake energy regeneration system<br>As the vehicle decelerates, the system converts kinetic energy into electricity, which can be used later as needed.              |          |
|                              | SKYACTIV-HYBRID  | Hybrid system<br>The system, using an electric motor, assists gasoline engines at times when a vehicle is running at low engine speeds or during low-load operation. |          |

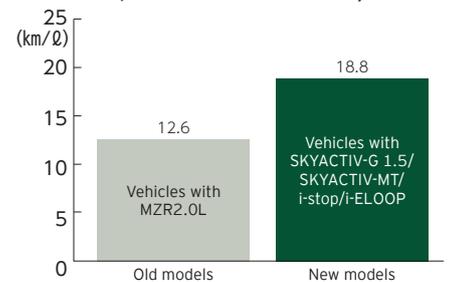


## Improving Fuel Economy

Mazda strives to further improve fuel economy by advancing its SKYACTIV TECHNOLOGY (see p. 58).



**k** Comparison of Fuel Economy between New and Old Models (Roadster(MX-5 overseas), fuel economy at Japanese JC08 mode test cycle)



\*1 Fuel economy of vehicles at JC08 mode test cycle. Figures screened by Ministry of Land, Infrastructure, Transport and Tourism. The fuel economy figures shown are the results of testing under a fixed set of conditions. In practice, fuel economy figures may vary according to driving circumstances.

## New-Generation Models Incorporating SKYACTIV TECHNOLOGY and Electric Devices\*

|           |                               | Body size                             |                                       |                                       |                             |
|-----------|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------------------|
|           |                               | Small                                 |                                       | Mid-size                              |                             |
| Body type | Sedan, hatchback, wagon, etc. | Demio/Mazda2<br>(From September 2014) | Axela/Mazda3<br>(From September 2013) | Atenza/Mazda6<br>(From November 2012) |                             |
|           | SUV/crossover                 | CX-3<br>(From February 2015)          | New CX-4<br>(From June 2016)          | CX-5<br>(From February 2012)          | New CX-9<br>(From May 2016) |
|           | Sports car                    | Roadster/MX-5<br>(From May 2015)      |                                       |                                       |                             |

\* Availability depends on country or region.  
\* ( ): timing of the introduction

## Mazda Models Qualify for Eco-Car Tax Reductions

Mazda's environmentally conscious vehicles are subject to tax incentives in many countries.

In Japan, as of March 2016, 36 Mazda models qualify for the Japanese government's new eco-car tax reduction<sup>\*1</sup>, implemented in April 2015. Among presently registered Mazda vehicles, around 93% meet the reduction. (Figures based on the number of vehicles shipped in FY March 2016) m

## Evolution of Eco Drive Support Technology

The Intelligent-Drive Master "i-DM," developed by Mazda to encourage drivers to drive in a safe, fun and environmentally conscious manner, was introduced with Mazda's Japanese models. Since its mounting on Demio in June 2011, Mazda has expanded the number of models fitted with i-DM. In FY March 2016, i-DM was introduced in the Roadster MX-5.

## Electric Vehicles

In October 2012 in Japan, Mazda began leasing the Demio EV, an electric vehicle Mazda had independently developed based on the Mazda Demio (Japanese model.). Using a highly efficient lithium-ion battery and Mazda's unique electric motor, the Demio EV delivers an exhilarating driving experience, including powerful acceleration, precise handling, and comfortable ride. It also achieves an outstanding driving range of 200 kilometers (JC08 mode test cycle measured by Mazda). The Demio EV maintains the same cabin space and cargo carrying capacity as the base model Demio. As a zero-emissions vehicle that emits no CO<sub>2</sub> or other pollutants during driving, Mazda sold 75 units in FY March 2013 and 33 units in FY March 2014 mainly to local governments and corporate customers in the Chugoku region in Japan. Mazda continues addressing various challenges, including longer driving range, based on customer feedback. n

## Development of the RE Range Extender

One of the biggest problems with electric vehicles is short driving range.

As one of the approaches to resolve this issue, Mazda has been promoting research and development to use, as a power generator, an internal combustion engine applicable to various fuels around the world that are locally produced for local consumption. Mazda RE Range Extender (see p. 61), released in FY March 2014, features a compact and quiet rotary engine shoehorned under the hatchback's rear trunk floor, enabling its application into the base EV models for an extended driving range without trading trunk area capacity.

## Development of Compressed Natural Gas (CNG) Technology

With energy sources becoming diversified and extraction of shale gas increasingly accelerated in the US, compressed natural gas (CNG) is generating a lot of attention as an alternative fuel. Mazda is promoting technology development to provide both driving pleasure and outstanding environmental performance by using CNG's characteristics of significantly lower CO<sub>2</sub> exhaust emitted when burned and a high octane rating<sup>\*2</sup> to optimize SKYACTIV-G's high compression ratio.

## m New Eco-Car Tax Reduction in Japan



| Tax reduction rate         |                       | Eligible models |  |
|----------------------------|-----------------------|-----------------|--|
| Automobile acquisition tax | Automobile weight tax |                 |  |
| Tax free                   | Tax free              | 12 models       | Flair (OEM), Flair Crossover (OEM), Flair Wagon (OEM), Carol (OEM), Scrum Van (OEM), Demio (diesel), CX-3, Axela (hybrid/diesel), Atenza (diesel), CX-5 (diesel), Familia Van (OEM), Titan CNG (OEM) |
| 80% reduction              | 75% reduction         | 6 models        | Flair (OEM), Flair Wagon (OEM), Flair Crossover (OEM), Carol (OEM), Scrum Van (OEM), Titan (OEM)   |
| 60% reduction              | 50% reduction         | 6 models        | Flair (OEM), Flair Wagon (OEM), Flair Crossover (OEM), Demio (gasoline), Titan (OEM), Axela (gasoline)   |
| 40% reduction              | 25% reduction         | 8 models        | Flair (OEM), Demio (gasoline), Axela (gasoline), Atenza (gasoline), CX-5 (gasoline), Premacy, Bianta, Titan (OEM), Scrum Van (OEM), Demio (gasoline), CX-5 (gasoline), Premacy                       |
| 20% reduction              |                       | 4 models        | Scrum Van (OEM), Demio (gasoline), CX-5 (gasoline), Premacy  |

\* Tax reduction measures differ according to factors such as model, grade, and vehicle weight. (As of March 31, 2016)

## n Electric Vehicle 'Demio EV' specifications

|                       |   |  |
|-----------------------|---|--|
| Model name            | Demio EV  |  |
| Drive                 | FF  |  |
| Seating capacity      | Five persons  |  |
| Dimensions and weight | Overall length/width/height <sup>*1</sup>                             | 3,900 mm/<br>1,695 mm/<br>1,490 mm       |
|                       | Vehicle weight <sup>*1</sup>  | 1,180 kg                                 |
| Performance           | AC electric power consumption (JC08 mode test cycle) <sup>*1</sup>    | 100 Wh/km                                |
|                       | Driving range on a single charge (JC08 mode test cycle) <sup>*1</sup> | 200 km                                   |
| Drive battery         | Type  | Lithium-ion batteries                    |
|                       | Total voltage <sup>*1</sup>   | 346 V                                    |
|                       | Total electric energy <sup>*1</sup>                                   | 20kWh                                    |
| Motor                 | Max. output <sup>*1</sup>   | 75 kW<102PS>/<br>5,200 - 2,000 rpm       |
|                       | Max. torque <sup>*1</sup>   | 150 N·m<br><15.3 kgf·m><br>0 - 2,800 rpm |
| Charging time         | Normal charge (AC200V·15A) <sup>*2</sup>                              | Around 8 hours (full charge)             |
|                       | Fast charge <sup>*3</sup>   | Around 40 minutes (80% charge)           |

\*1 Measured by Mazda

\*2 Amount of time required to charge battery after low battery warning light comes on. Given time is only a guide. Actual charging time may vary depending on air temperature and condition of power source.

\*3 Amount of time required when using a 50 kW fast charger. Given time is only a guide. Actual charging time may vary depending on specifications of the charger.

\*1 An automobile weight tax and automobile acquisition tax reduction are applied when consumers purchase environmentally conscious new cars meeting or exceeding requirements for fuel economy and exhaust gas emissions.

\*2 In a gasoline engine, a measure of the fuel's resistance to knocking (knocking noise and vibration caused by abnormal combustion that results from spontaneous ignition of the air/fuel mixture due to high temperature and pressure in the cylinder)

## Development of the Hydrogen Rotary Engine

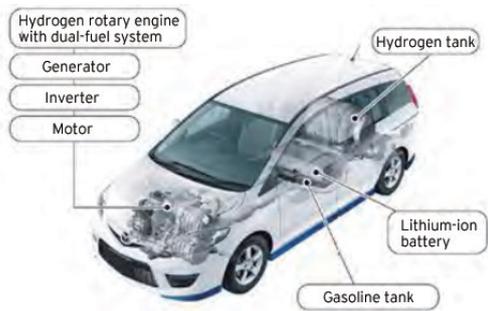
Hydrogen is clean energy that offers excellent environmental performance with no CO<sub>2</sub> emissions and that can be generated from various sources. Since the announcement of the Mazda HR-X, the first hydrogen rotary engine vehicle, at the 1991 Tokyo Motor Show, Mazda has been promoting research and development of hydrogen rotary engines. The RX-8 Hydrogen RE and the Premacy (Mazda5 overseas) Hydrogen RE Hybrid are equipped with a dual-fuel system, so the vehicles can run on gasoline if there is no hydrogen available.

In November 2013, the Premacy Hydrogen RE Range Extender EV, an electric vehicle with a significantly improved driving range, based on the Premacy Hydrogen RE Hybrid, was released.

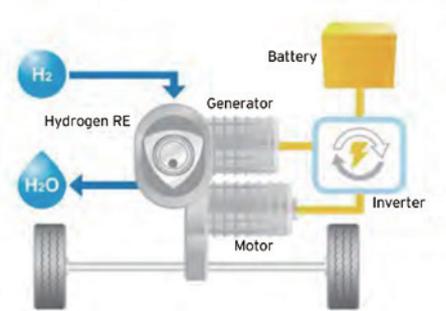
### Premacy (Mazda5 overseas) Hydrogen RE Hybrid

The Premacy Hydrogen RE Hybrid incorporates a hybrid system that improves energy efficiency, delivering improved acceleration with a driving range of 200 km using hydrogen.

Premacy Hydrogen RE Hybrid Layout Image



Overview of the Hydrogen RE Hybrid System



### Premacy (Mazda5 overseas) Hydrogen RE Range Extender EV

The Premacy Hydrogen RE Range Extender EV adapts a larger high-voltage battery, plug in system, and improved thermal-efficiency-improved engine. Its driving range with clean energy such as hydrogen and electricity is 150 km longer than that of the Premacy Hydrogen RE Hybrid. This is an ultimate gasoline-free zero-emissions vehicle. O

## History of Mazda's Hydrogen Vehicle Development

|      |   |
|------|---|
| 1991 | Announced the first hydrogen rotary engine vehicle, the HR-X, at the Tokyo Motor Show   |
| 1993 | Announced the second hydrogen rotary engine vehicle, the HR-X2, at the Tokyo Motor Show<br>Developed MX-5 test vehicle equipped with a hydrogen rotary engine |
| 1995 | Conducted Japan's first public road tests of a hydrogen rotary engine vehicle, the Capella Cargo  |
| 2003 | Announced a prototype RX-8 with the hydrogen rotary engine at the Tokyo Motor Show  |
| 2004 | Tested the prototype RX-8 with hydrogen rotary engine on public roads   |
| 2005 | Announced Premacy Hydrogen RE Hybrid concept car  |
| 2006 | Began leasing of the world's first hydrogen RE vehicle, the RX-8 Hydrogen RE  |
| 2007 | Signed an agreement to provide RX-8 Hydrogen REs to HyNor, a Norwegian national transportation project  |
| 2008 | Tested an RX-8 Hydrogen RE validation vehicle on public roads in Norway   |
| 2009 | Commenced commercial leasing of the Premacy Hydrogen RE Hybrid in Japan<br>Began leasing of RX-8 Hydrogen RE for the HyNor Project                            |
| 2013 | Developed the Premacy Hydrogen RE Range Extender EV<br>Commenced public road test of leased vehicles  |

### O Main Specifications of the Premacy Hydrogen RE Range Extender EV

|                  |  |
|------------------|--|
| Base model       | Mazda Premacy                              |
| Overall length   | 4,565mm                                    |
| Overall width    | 1,745mm                                    |
| Overall height   | 1,620mm                                    |
| Seating capacity | Five persons                               |
| Base engine      | Hydrogen rotary engine                     |
| Fuel             | Hydrogen/electricity (plug-in-system)      |
| Fuel tank        | 35 MPa high-pressure tank for hydrogen gas |
| Maximum output   | 110kW                                      |
| Motor            | AC synchronous motor                       |
| Generator        | AC synchronous generator                   |
| Battery          | High-capacity lithium ion                  |

## Compatibility with Bioethanol Mixed Fuel

Mixed fuel consisting partly of bioethanol and biodiesel, which are made from plants, is attracting attention for its effectiveness in reducing CO<sub>2</sub> emissions. Mazda is proud to sell vehicles that are compatible with this eco-friendly fuel.

### Present Status

- Mazda vehicles that are compatible with E10 (gasoline mixed with 10% ethanol) are sold in North America and Europe.
- In Thailand, the Mazda3, the Mazda2, the CX-5, and the MX-5, all compatible with E20 (gasoline mixed with 20% ethanol), became respectively available in FY March 2008, FY March 2010, FY March 2014, and FY March 2016.  
In FY March 2014, the Mazda3 compatible with E85 (gasoline mixed with 85% ethanol) became available, replacing the Mazda3 compatible with E20.  
In FY March 2016, the CX-3 compatible with E85 became available.  
In FY March 2016, the CX-5 compatible with E85 became available, replacing the CX-5 compatible with E20.
- In Japan, models equipped with a SKYACTIV-D 2.2 clean diesel engine compatible with B5 (diesel mixed with 5% biodiesel fuel) became available in FY March 2012 for the CX-5, in FY March 2013 for the Atenza (Mazda6 overseas), and in FY March 2014 for the Axela (Mazda3 overseas).  
In FY March 2015, models equipped with a SKYACTIV-D 1.5 clean diesel engine compatible with B5 (diesel mixed with 5% biodiesel fuel) became available for the Demio (Mazda2 overseas) and for the CX-3.

## Reducing Use of "CFC Alternative" Greenhouse Gases

Mazda is working to reduce the amount of CFC alternatives, which constitute greenhouse gases, used as car air-conditioner refrigerants. The Company intends to promote development and early adoption of car air-conditioning systems using new refrigerants.

## Development of Resin Material for Auto Parts For Weight Reduction

In addition to SKYACTIV TECHNOLOGY, which is developed with the whole concept of weight reduction, Mazda actively adopt new technologies for reducing weights in detailed parts. Mazda will continue to pursue weight reduction by using resin, aluminum, ultra-high tensile steel and other materials having both lightness and strength.

### Offers a Bumper Which Is One of the Lightest in Its Class

Mazda has developed a new resin material for auto parts that can maintain the same level of rigidity as conventional materials while trimming vehicle weight. The new resin enables the manufacture of thinner parts, which results in a significant reduction in the amount of material used; when used for front and rear bumpers, this trims weight by around 20%. In the manufacturing process, thinner parts have enabled the shortening of cooling time upon shaping, and in addition, use of CAE analysis technology has enabled optimization of material liquidity, halving the shaping time of bumpers from approximately 60 seconds to 30 seconds. This drastically reduces the amount of energy used in manufacturing.

This new-resin bumper, one of the lightest in its class<sup>\*1</sup>, has been used for the CX-5, the Atenza/Mazda6, the Axela/Mazda3, the Demio/Mazda2, the CX-3, the Roadster/MX-5, and the new CX-9. The Company also intends to use it for subsequent models. p

### Development of Light Weight Wiring Harness Using Aluminum Electric Wire

Mazda has adopted for some vehicles a light weight wiring harness using aluminum electric wire, which enables the Company to achieve vehicle weight reduction while keeping the connection reliability (quality) as before. The Company uses this light weight wiring harness for the Roadster/MX-5, launched in 2015, and has been increasing the number of models incorporating the material, including the Axela/Mazda3 and the Atenza/Mazda6, as well as the new CX-9, which was launched into the market in May 2016. For the Roadster/MX-5 case, the Company achieved a weight reduction of around 3% of the wiring harness, contributing to improving fuel economy. The Company also intends to use the light weight wiring harness for new models to be launched in the future. q

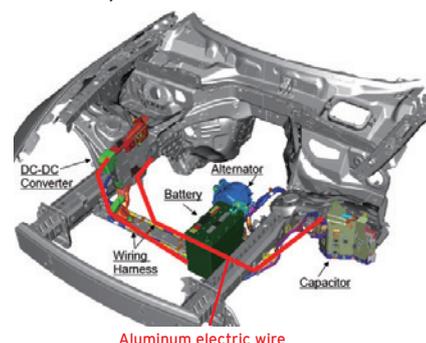
### p Roadster/MX-5



Top: front bumper face bar  
Bottom: rear bumper

### q Aluminum electric wire of the new Roadster/MX-5

Connection between capacitor and DC-DC converter  
Connection between DC-DC converter and battery



Aluminum electric wire

\*1 1,500 to 2,000 cc class, as of March 2016, according to Mazda data

TOPICS

**The Lightweight and Compact Roadster/MX-5**

In developing the Roadster/MX-5, Mazda completely redesigned the vehicle and drastically reduced weight to realize responsive driving performance.

In addition to adopting SKYACTIV TECHNOLOGY, which pursues the ideal structure in each domain, including body, chassis, and engine, the Company optimized the allocation of functions, reduced size, revamped structures, and increased the use of aluminum and other lightweight materials. The Gram Strategy, which thoroughly reviews every part looking for weight reductions as small as one gram, was also applied as it has been in previous Mazda sports cars. Under the development philosophy of "Innovate in Order to Preserve," a combination of remarkable innovations and steady endeavors enabled the company to reduce the weight of the new Roadster/MX-5 by more than 100 kg\*1 compared to its predecessor.



**Roadster/MX-5 Curb Weight by Generation**  
(Figure in brackets shows change over preceding model)

|  | Base grade      |
|--|-----------------|
| Fourth generation S [1.5L 6MT]             | 990kg (-120kg)  |
| Third generation (final model) [2.0L 5MT]  | 1,110kg (+80kg) |
| Second generation (final model) [1.6L 5MT] | 1,030kg (+90kg) |
| First generation (debut model) [1.6L 5MT]  | 940kg           |

**Cleaner Emissions**

**Cleaner Gas Emissions**

Mazda is committed to mitigating air pollution from exhaust gases. To this end, the Company is working hard to develop low-emission vehicles.

The Company is steadily bringing to market vehicles that clear both SU-LEV, Japan's certification system for ultra-low-emission vehicles, and Euro 6, the stringent emissions regulations of the European Union (EU).

- As of March 31, 2015, a remarkable 98% of Mazda passenger models (not including compact mini vehicles and OEM-supplied vehicles) were SU-LEV-certified—the highest level<sup>2</sup> among Japanese automakers.
- The CX-5, the Mazda6, and the Mazda3, all equipped with the clean diesel engine SKYACTIV-D 2.2, were qualified for Euro 6 before the regulations took effect.

**Development of Unique Single-Nanotechnology**

**Single Nanotechnology Dramatically Reduces Consumption of Precious Metals**

There are global movements toward tighter control of exhaust emissions and fuel economy, market expansion due to rapidly growing emerging countries, and depletion of scarce resources. It is a very important challenge to reduce the use of expensive precious metals, such as rare metals (precious metals) and rare earths (ceria material), needed for three-way catalysts (or catalysts used for vehicles), enhancing catalyst efficiency.

In 2009, Mazda developed the world's first single-nanocatalyst<sup>3</sup>, that achieves both cleaner exhaust characteristics and higher durability while reducing the use of precious metals for vehicle catalysts by around 70% compared with the conventional figure in Mazda, and started introducing this technology in mass-produced vehicles.

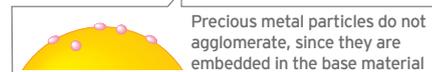
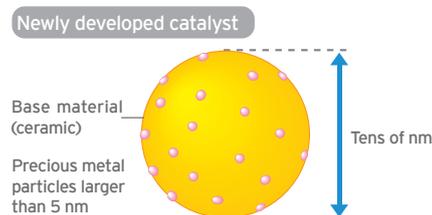
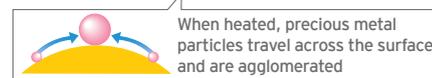
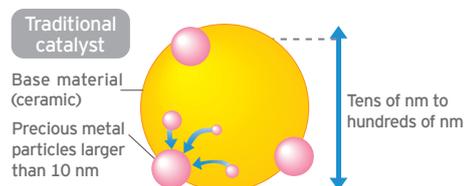
Furthermore, Mazda succeeded in an additional 30% to 40% reduction in the consumption of precious metals needed for single-nanocatalyst. The technology was first introduced into the Demio (Mazda2 overseas) with SKYACTIV-G launched in 2011 and has been progressively introduced to Mazda vehicles globally. This technology, originally developed for gasoline engines, is also suitable as a catalyst in diesel particulate filters that remove soot from diesel engines and is employed in Mazda's clean diesel engine SKYACTIV-D.

Mazda will continue promoting efforts to reduce consumption of precious metals and clean exhaust gas.

(For details, see the URL)

- [http://www.mazda.com/en/innovation/technology/env/other/singlenano\\_tech/](http://www.mazda.com/en/innovation/technology/env/other/singlenano_tech/)

**Model of precious metal dispersion by new catalyst technology**



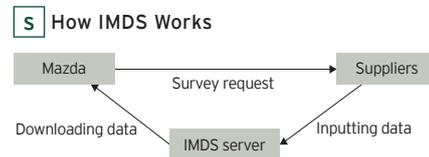
\*1 Varies depending on specifications. Vehicle weight are between 990 kg to 1,060 kg  
 \*2 As of March 2016, according to Mazda data  
 \*3 Catalyst featuring a technology to control finer materials structures than nanotechnology.

## Proper Management of Chemical Substances and Heavy Metals

Mazda publishes Management Standards for Environmentally Hazardous Materials, specifying substances and heavy metals whose use in parts and materials it purchases is subject to restrictions (prohibited substances and substances for which reporting is required), to properly control the use of such hazardous materials.

## Collection and Management of Automotive Parts Materials

Mazda is working across its entire supply chain to reduce the use of environmentally hazardous materials such as lead, mercury, hexavalent chromium and cadmium. Using the standardized IMDS<sup>\*1</sup>, international system, the Company gathers information on the materials from suppliers (Met all of the voluntary targets of the Japan Automobile Manufacturers Association, Inc. (JAMA) (reduction of the use of lead and mercury, and prohibition of the use of hexavalent chromium and cadmium) by February 2007, earlier than the scheduled deadlines).



### Measures Related to Application of IMDS

- To ensure that suppliers enter IMDS data appropriately, the Company publishes and distributes guidelines each year.
- The data gathered through IMDS is used to calculate the Company's vehicle recycling rate and to comply with various regulatory regimes for chemical materials, such as REACH<sup>\*2</sup> in Europe.

## VOC Reductions: VOCs in Vehicle Cabins

To maintain a comfortable cabin environment, Mazda is committed to reducing VOCs<sup>\*3</sup> such as formaldehyde, toluene and xylene, which have been implicated as possible causes of sick building syndrome.

- In 1999 Mazda developed a deodorizing filter with the capacity to remove aldehydes (adopted as either standard or optional in core vehicle models).
- In new models, starting with the Demio (Mazda2 overseas) launched in 2007, Mazda reduced VOCs in the main materials used in the cabin, such as plastics, paints, and adhesives, thereby conforming with the indoor aerial concentration guidelines established by Japan's Ministry of Health, Labour and Welfare.
- The Roadster (MX-5 overseas), launched in May 2015, conforms to the indoor aerial concentration guidelines of Japan's Ministry of Health, Labor and Welfare.

## Reduction of Vehicle Noise

Mazda has established its own noise standards that are even stricter than the most recent legal requirements, and the Company is working to make its vehicles produce less noise when driving.

Driving noise comes from a variety of sources such as the engine, the exhaust system, the air intake system, the drive train, and the tires.

Mazda's in-house noise standards apply to all its vehicles, including both passenger vehicles and commercial vehicles.

### t Example of Anti-Noise Measures: CX-3



\*1 International Material Data System  
 \*2 Registration, Evaluation, Authorization and Restriction of Chemicals  
 \*3 Volatile Organic Compounds

## Promoting Resource-Saving Initiatives

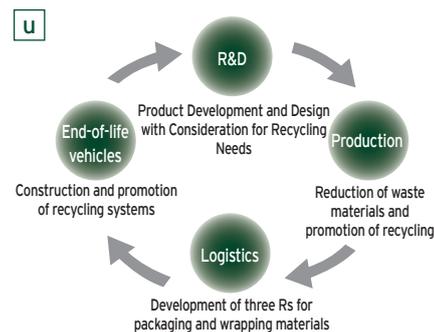
### Product Development and Design with Consideration for Recycling Needs

Mazda builds resource-saving initiatives into every phase of the life cycle of its vehicles, based on the three Rs: reduce, reuse, and recycle. Many limited resources are used to manufacture vehicles, such as steel, aluminum, plastics and rare metals.

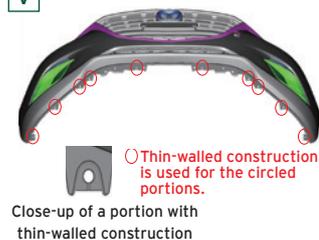
Mazda established the Recyclable Design Guidelines in 1992, and is incorporating three Rs design into all vehicles currently under development.

Mazda is steadily increasing the recyclability of its new vehicles, drawing on the following initiatives.

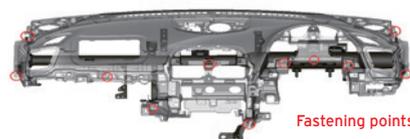
1. Research into vehicle design and dismantling technologies that simplify dismantling and separation, to make recyclable parts and materials easier to remove
2. Use of easily recyclable plastics, which constitute the majority of ASR\*<sup>1</sup> by weight



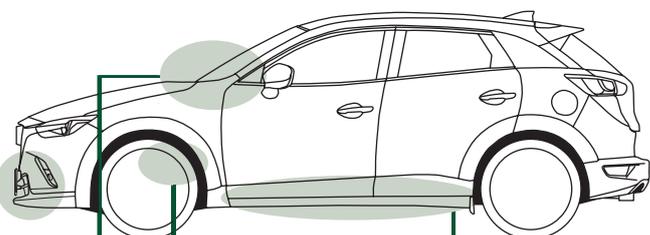
**V**



**Bumpers**  
 Constructed to enable swift removal in one piece during dismantling  
 Thin-walled construction used for bumper underside fastenings so that they can be easily removed by pulling strongly  
 Strengthened bumper apertures so that bumpers can be pulled off in one piece without breaking



**Instrument Panel**  
 Instrument panel fasteners are constructed to disengage simply, so that they can be removed easily when pulled during dismantling



**Dashboard Insulator**  
 Noise insulators and noise absorbers are both made of thermoplastic felt

**Easily Dismantled Earth Terminals**  
 Terminals are designed to break off when the harness is pulled out to prevent breakage of the harness

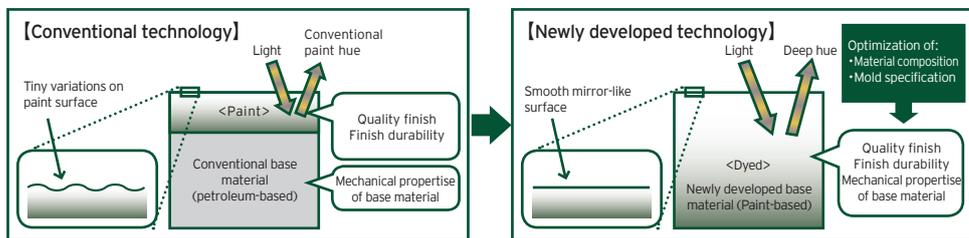
### Expanded Adoption of Biomaterials

Mazda has produced new vehicle parts from plant-derived materials on a commercial basis, which have the potential to facilitate society's shift away from the use of fossil fuels and reduce CO<sub>2</sub> emissions.

In 2014, Mazda developed bio-based engineering plastic featuring high-quality finish without paint and suitable for exterior vehicle parts. The first use of this material was for the cup holder bezels of the Roadster/MX-5 launched in 2015.

Afterwards, for the new CX-9, launched in the market in May 2016, the Company also used the material for some of its interior parts, such as shift panel, door switch panel, louver bezel for rear seat air conditioning equipment, and instrument bezel. It also adopted the material for exterior parts, such as pillar garnish, for the first time.

The Company also intends to use it for subsequent models.



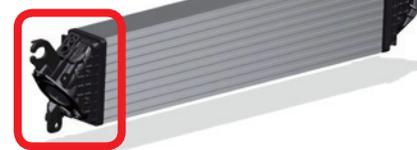
Other examples of the use of bioplastics  
 Radiator tank: Demio (overseas: Mazda2), equipped with SKYACTIV-G and launched into the market in 2011, and subsequent models

Air-cooled inter cooler (part of the resin tank): New CX-9

### Models with Radiator Tank Adopting Bioplastics

- Premacy/ Mazda5 (gasoline)
- CX-5
- Atenza/Mazda6 (diesel)
- Axela /Mazda3 (diesel)
- Demio/Mazda2
- CX-3
- Roadster/MX-5
- New CX-9

Air-cooled inter cooler for the new CX-9



### Bumper-to-Bumper Recycling of ELVs

With the goal of sustainable and efficient use of resources, Mazda became the first automaker in the world to make a practical application\*<sup>2</sup> of the technology for horizontal recycling of ELV (used and discarded bumpers) into material for new vehicle bumpers. This horizontal recycling has been implemented for the rear bumper of the Biante in Japan since August, 2011 production.

\*<sup>1</sup> 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.  
 \*<sup>2</sup> As of August 2011, according to Mazda data [Cooperating companies] Yamako Inc., Takase Synthetic Chemical, Inc.

# EFFORTS REGARDING MANUFACTURING AND LOGISTICS

## Energy - and Global-Warming-Related Issues

Mazda promotes the efficient use of energy while aiming to reduce CO<sub>2</sub> emissions in the areas of manufacturing and logistics.

### [Manufacturing] Total CO<sub>2</sub> Emissions from Mazda's Four Principal Domestic Sites Reduced by 44.7% (Compared with FY March 1991 Levels)

Measures to reduce the total energy-related CO<sub>2</sub> emissions from Mazda's four principal domestic sites\*<sup>1</sup> (including R&D and other indirect areas) in FY March 2016 were as follows:

#### <Key Initiatives in FY March 2016>

- Further implementation of *Monotsukuri* Innovation
- Improvements in overall facility operating efficiency
- Concentrating production and reducing losses from unnecessary work and equipment downtime

#### <FY March 2016 Results (compared with FY March 1991)>

- Total CO<sub>2</sub> emissions from Mazda's four principal domestic plants reduced by 44.7% (521 thousand tons-CO<sub>2</sub>)
- Emissions per unit of sales revenue reduced by 52.7% (20.0t-CO<sub>2</sub>/100 million yen)

### [Manufacturing] Efforts for Energy-Saving Manufacturing

At production sites in Japan and abroad, improving the facility operation rate, shortening cycle time, and other measures are being taken to optimize the line process as well as the entire manufacturing process. Also, losses in each step from production to consumption of energy are reanalyzed to further cut losses, including cutting losses by suspending the power supply (for hydraulic pressure, etc.) during standby.

#### <Efforts at Overseas Plants >

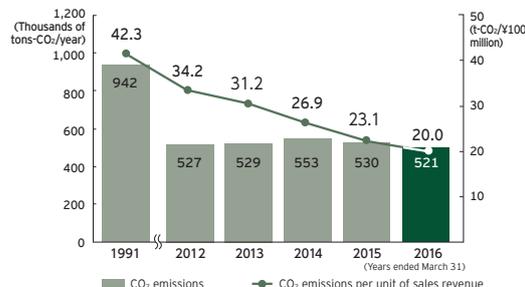
##### Thailand

AutoAlliance (Thailand) achieved a 12% reduction compared with 2014 levels to 362 kWh/unit (2014: 412.15 kWh/unit) by replacing fluorescent lights at offices/plants with LED (around 6,200 units = 687.4 kWh/year) and replacing sodium lights with LED (around 260 units = 481 kWh/year) at plants.

##### China

In November 2014, Changan Ford Mazda Engine Co., Ltd. achieved a reduction of air conditioning power (34,560 kWh/month) in plants during the summer season (June to September) by setting up 305 wind-powered exhaust equipments.

**a** CO<sub>2</sub> Emissions from Mazda's Four Principal Domestic sites/CO<sub>2</sub> Emissions per Unit of Sales Revenue



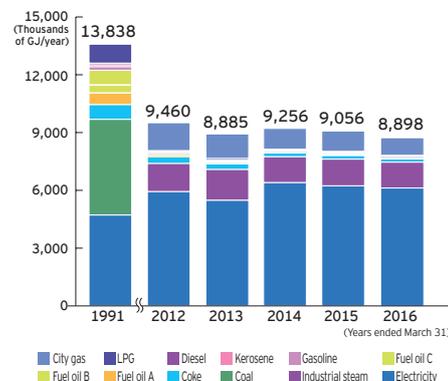
\*CO<sub>2</sub> emissions at Mazda's four principal domestic sites are calculated using the CO<sub>2</sub> coefficient for each year based on standards from the Japan Automobile Manufacturers Association Inc. (JAMA) (Commitment to a Low Carbon Society). FY March 2015 data was recalculated according to the change of the coefficient. The power coefficient for FY March 2016 is undetermined as of May 26, 2016; the FY March 2015 power coefficient is used for FY March 2016.

\*The figures of the CO<sub>2</sub> emissions at Mazda's four principal domestic sites in FY March 2016 have been verified by a third party (see p. 128).

**b** Energy Consumption Breakdown at Mazda's Four Principal Domestic Plants

Unit: (Thousands of GJ/year)

|                  | 1991   | 2012  | 2013  | 2014  | 2015  | 2016  |
|------------------|--------|-------|-------|-------|-------|-------|
| Electricity      | 4,921  | 6,298 | 6,044 | 6,442 | 6,344 | 6,245 |
| Industrial steam | 0      | 1,418 | 1,337 | 1,453 | 1,409 | 1,359 |
| Coal             | 4,967  | 0     | 0     | 0     | 0     | 0     |
| Coke             | 766    | 276   | 193   | 191   | 170   | 171   |
| Fuel oil A       | 596    | 32    | 24    | 23    | 27    | 19    |
| Fuel oil B       | 11     | 0     | 0     | 0     | 0     | 0     |
| Fuel oil C       | 1,168  | 59    | 38    | 28    | 6     | 6     |
| Gasoline         | 193    | 61    | 66    | 64    | 64    | 63    |
| Kerosene         | 101    | 12    | 4     | 15    | 8     | 11    |
| Diesel           | 81     | 44    | 39    | 37    | 43    | 47    |
| LPG              | 989    | 49    | 50    | 54    | 52    | 55    |
| City gas         | 45     | 1,211 | 1,090 | 949   | 933   | 922   |
| Total            | 13,838 | 9,460 | 8,885 | 9,256 | 9,056 | 8,898 |



\* Amount of heat emission at Mazda's four principal domestic facilities is calculated using the CO<sub>2</sub> coefficient for each year based on standards from the Japan Automobile Manufacturers Association Inc. (JAMA) (Commitment to a Low Carbon Society). Past data was recalculated according to the change of the coefficient.

\*1 Head office (Hiroshima); Miyoshi Plant; Hofu Plant, Nishinoura District; Hofu Plant, Nakanoseki District (including nonmanufacturing areas such as product development)

## 【Manufacturing】 Reducing Energy Use through “Monotsukuri Innovation”

To improve quality and brand value, as well as to increase profit margins, while flexibly responding to the requirements for the manufacture of several models with different production scales and changes in production volume, a breakthrough in “sharing a completely new concept beyond the boundaries of models” is necessary. This idea has resulted in generation of the “Monotsukuri Innovation” (see p. 116).

Under “Monotsukuri Innovation,” at the timing of introducing new models equipped with the SKYACTIV TECHNOLOGY, Mazda has substantially reduced per-unit energy consumption. The specific efforts are as follows

- Material: Reduced material weight by using thinner casted and forged parts, shortening the forging cycle time, and modifying production methods, so as to reduce energy consumption.
- Processing and assembly: Evolved conventional flexible manufacturing lines to realize higher-efficiency, mixed flow production, which resulted in dramatically improved operating rates and reduced energy consumption.
- Press: Reduced the amount of scraps generated in manufacturing of press parts, and retrieved parts from scraps to reduce the amount of use of steel sheets. Also achieved multi-pressing, which performs molding of several parts using a single die, resulting in both integration of processes and reduction of energy consumption.
- Paint: Developed and introduced the Aqua-Tech Paint System, a new water based painting technology that enables elimination of the primer process while further improving the painting performance and quality, resulting in reduced energy use for air conditioners in painting booths, and substantial reduction of VOC (volatile organic compound) emissions.

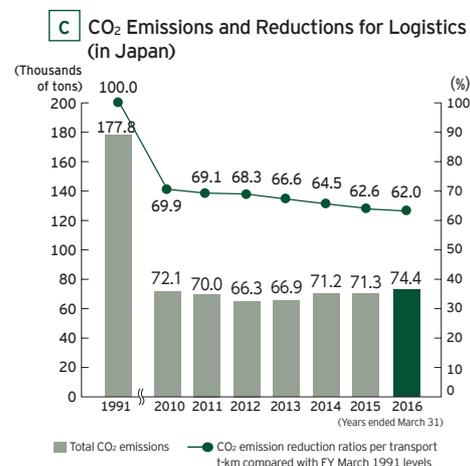
## 【Logistics】 CO<sub>2</sub> Emissions during Product Shipment Reduced by 38.0% (Compared with FY March 1991 Levels)

Mazda is working with logistics companies, dealerships, and other automakers throughout Japan to reduce CO<sub>2</sub> emissions during product shipment.

Mazda has expanded its tracking capability for CO<sub>2</sub> emissions during the import/export of finished vehicles and parts overseas since FY March 2011. Although the end of the tracking line used to be overseas ports, the Company began to extend this line to inland distributors, in cooperation with logistics-related companies in major markets.

### <FY March 2016 Results>

- Total domestic transportation volume (including the purchase and supply of materials, parts and finished vehicles) was 530 million ton-kilometer.
- This represents a 38.0% reduction in transportation CO<sub>2</sub> emissions per ton-kilometer compared with FY March 1991 levels, far exceeding the Company's target of 28% or more.



## 【Logistics】 Realizing Logistics that Enables CO<sub>2</sub> Reduction in a Timely Manner

Mazda is taking the following measures to provide customers with the volume they require, with the precise timing they expect, while reducing CO<sub>2</sub> emissions.

Efforts to focus on the following three pillars of logistics are being taken by visualizing in detail the hidden logistics issues in each process on a global level.

### 1. Hub-and-spoke system for transportation of completed vehicles and service parts\*1 d

- Reforming transportation by consolidating logistics centers for completed vehicles

Mazda consolidated its logistics centers nationwide with the aim of combining delivery routes with low shipping volumes while ensuring timely shipments (and finished the consolidation in FY March 2012).

Continuously reviewing the operation of domestic vessels (car carriers) according to their shipping volumes has enabled the Company to improve loading efficiency. To make more effective use of the domestic vessels on the return journey, collaborative transportation has also been promoted with other companies. In February 2016, the Company started the operation of a new domestic vessel.

Due to this, the Company expects a 28.5% improvement in transportation capacity and a 15% improvement in fuel economy. The Company will continue to renew domestic vessels as planned.

- Reforming transportation by reorganizing part supplier

In line with the consolidation of parts supply bases, Mazda has been reviewing its transportation methods and routes to make them most appropriate.

FY March 2014: The Company reduced the total transportation distance by enabling direct transportation to some dealerships in Osaka metropolitan area in Japan.

FY March 2015: The Company expanded the range of direct transportation to dealerships in the Osaka metropolitan area in Japan, and continuously promoted the reduction of the total transportation distance.

FY March 2016: The Company raised the percentage of JR railway use by reviewing its transportation method, following the relocation of one of the depots of parts inventory centers in the eastern region in Japan.

### 2. "Straightening" of logistics network e

- Straight logistics without distribution centers (Vanning at plant, packaging at plant)

After manufacture of KD\*2 parts is complete, they are packaged and loaded into containers at the same location, eliminating the need for shipment between production and packaging locations. At present, the coverage of this logistics system is expanding to engines, transmissions and auto body parts produced at Hiroshima Plant and Hofu Plant.

- Reducing losses repair parts in transportation

Mazda continued reducing losses in transportation by setting up packaging sites for bumpers as close as possible to their production sites, and increased the number of available shipping destinations. The Company also improved the load efficiency of trucks and reduced the number of trucks needed by introducing large returnable racks.

The Company also has been improving its transportation efficiency by changing the procedures. The Company opens and sorts some appropriate imported parts for repairs at the logistics warehouse directly, which used to be opened and sorted at the Imported Parts Center.\*3

- Reducing the transportation distance for finished vehicles by establishing the Hofu Logistics Center

The vehicles manufactured at the Hofu Plant used to be transported to Hiroshima, where accessory installation, pre-delivery inspection etc. for the vehicles were carried out, and the vehicles were then distributed to each region.

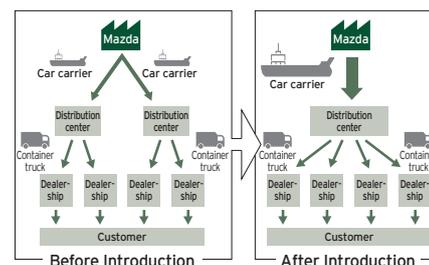
By establishing a logistics center at the Hofu Plant in January 2015, Mazda has realized direct transportation from this production site, leading to a reduced transportation distance.

### 3. Continuous improvement to the Milk-Run System\*4 f

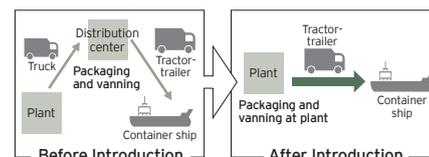
In purchasing production parts, deployment of the *Milk-Run* system was completed throughout Japan by FY March 2008. Today, Mazda is introducing the same system in overseas production sites, with deployment in the Mexico plant completed in FY March 2014, and in the transmission plant in Thailand completed in FY March 2016, aiming to reduce CO<sub>2</sub> emissions by further promoting efficiency in the purchasing and logistics processes across the entire supply chain.

The Company is continuing its initiatives to optimize its packaging volume for purchasing parts, reflecting the logistics needs at the beginning of the product development process, so as to further improve the load efficiency of trucks and reduce the number of trucks required.

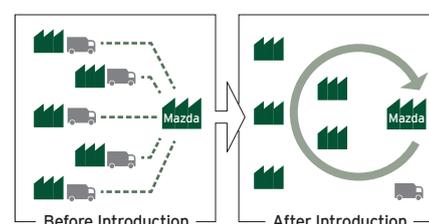
#### d Hub-and-Spoke System



#### e Logistics without Distribution Centers (Vanning at plant)



#### f Milk-Run System



\*1 In the "hub-and-spoke" system, distribution centers around the country (hubs) act as bases for delivering completed vehicles to dealerships (spokes). In transporting service parts, parts suppliers serve as the hubs and vehicle dealerships the spokes.

\*2 A manufacturing method wherein parts are exported to overseas production sites, where they are assembled onsite.

\*3 A warehouse where imported parts are received and temporarily stored before they are supplied to transportation destinations in Japan.

\*4 A method in which a single truck visits multiple suppliers to collect supplies. Named after truck routes in rural areas, which picked up milk from each farm.

## Promoting Resource Recycling

Mazda builds resource-saving initiatives into every phase of the life cycle of its vehicles, based on the three Rs: reduce, reuse, and recycle. The Company implements thorough recycling and waste-reduction initiatives in the areas of manufacturing and logistics as well, in order to ensure that limited resources are used effectively.

### 【Manufacturing】 Maintaining the Status of Zero Landfill Waste and Promoting the Reduction of Waste

To reduce landfill waste at its four principal domestic facilities\*<sup>1</sup> to zero, Mazda is promoting reductions in the volume of manufacturing byproducts and waste, more rigorous sorting of waste, and recycling. As a result, the Company has achieved zero landfill waste, and has maintained this status from FY March 2009 to FY March 2016. In addition, by promoting *Monotsukuri* Innovation, replacing steel with aluminum as a parts material, and implementing even more rigorous sorting of waste through the introduction of magnetic separators, the Company has reduced the amount of waste\*<sup>2</sup> by 81% compared with FY March 1991 levels. g h

#### <Efforts at Overseas Plants >

##### Thailand

AutoAlliance (Thailand) (AAT) established a Recycle Bank Project (a project to collect recyclable waste) to promote classified waste dumping. This led to a 19% reduction in incinerated waste to 6.0 kg/unit in FY March 2016 (FY March 2015: 7.5 kg).

Mazda Powertrain Manufacturing (Thailand) (MPMT) is thoroughly enforcing the sorting of waste to promote the reduction of the volume of waste and recycling.

### 【Logistics】 Reducing Volume of Packaging and Wrapping Materials

Mazda is moving forward with efforts centering on the "three Rs of Mazda logistics" to cut down on resources used for packaging and wrapping. The target for packaging and wrapping materials was a reduction in volume of 47% or more from FY March 1991 levels; in FY March 2016, a 54%\*<sup>3</sup> reduction was achieved.

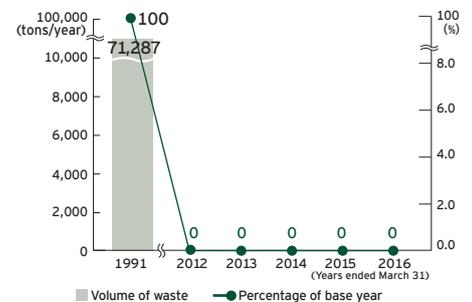
Since FY March 2013, furthermore, Mazda has been continuing activities to reflect logistics needs at the beginning of product development, so as to include improvement of packaging and wrapping specifications in the product design and development processes. These activities, targeting parts to be shipped to overseas KD\*<sup>4</sup> production sites, aim to achieve an ideal form of transportation by considering efficient logistics in the development stage of work processes, from design to production and shipment, and optimizing parts specifications and structures. In FY March 2014, the volume of packaging and wrapping materials for some new models was reduced by optimizing component shapes and packaging. In FY March 2015, the Company applied this approach to an even wider variety of models. And for some parts, the Company enabled the containers that are used to hold double the previous volume of parts.

To help realize the global procurement of parts, the Company has established a distribution center in Thailand, thereby promoting even more effective transportation. At the same time, for transportation to Japan, as well as parts transportation covering (some) suppliers in Thailand, the Company has considerably reduced waste volumes, by reusing packaging and wrapping materials and containers from Japan to Thailand and vice versa.

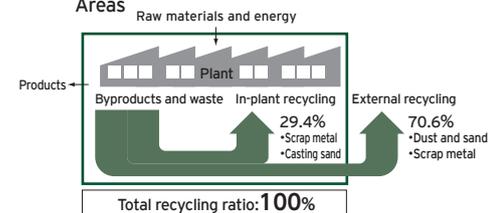
In FY March 2016, the Company succeeded in reducing waste generated from repackaging by enabling the supply of parts provided by suppliers in Thailand to the production line in the packaging that they came in.

The Company will continue promoting and expanding these activities that involve efforts in the product design and development processes. i

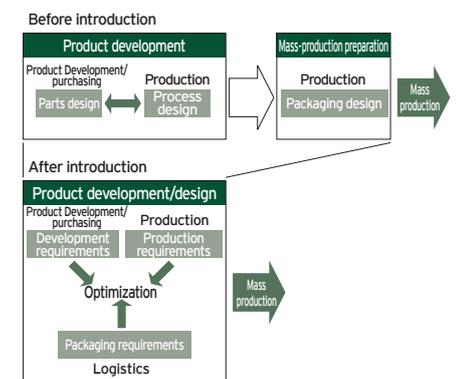
g Changes in the Amount of Landfill Waste



h FY March 2016 Recycling of Manufacturing Byproducts and Waste in the Manufacturing Areas



i Activities Image



\*1 Head office (Hiroshima); Miyoshi Plant; Hofu Plant, Nishinoura District; Hofu Plant, Nakanoseki District (including nonmanufacturing areas such as product development)

\*2 The figures of the amount of waste at four principal domestic sites in FY March 2016 have been verified by a third party (see p. 128).

\*3 Forecasted reduction rate compared with measures similar to those performed in FY March 1991

\*4 A manufacturing method wherein parts are exported to overseas production sites, where they are assembled onsite.

## Cleaner Emissions

To preserve water and air quality, Mazda has specified voluntary emission standards stricter than the legal requirements and is ensuring appropriately low emissions of pollutants. In the area of manufacturing, the Company is engaged in a range of initiatives to eliminate or reduce chemical substances that damage the environment.

### 【Manufacturing】 Clean Water Consumption at Mazda's Four Principal Domestic Sites\*<sup>1</sup> Reduced by 43.0% Compared with FY March 2012 Levels

With the exception of its Miyoshi Plant, nearly all the water\*<sup>2</sup> Mazda uses in production processes at the plants and offices in Japan is water for industrial use. The Company does not use subsurface water, as this may cause ground subsidence. Mazda also makes effective use of water by collecting and storing rainwater for use in the Miyoshi Plant.

Furthermore, Mazda is committed to saving clean water consumption at plants and offices. In FY March 2016, the Company introduced water-saving shower caps in handwashing areas throughout the entire Company, and water-saving air-in shower heads in dormitory bathrooms. When discharging wastewater to public waterworks, Mazda maintains voluntary standards stricter than the legal requirements, and manages discharge daily. The Company also ensures wastewater cleanliness by properly treating water used for industrial processes, human hygiene, and other purposes.

#### <Overseas Activities>

##### China

Changan Ford Mazda Engine Co., Ltd., located in Nanjing, China, in 2014 started to change the cooling water in production processes and sprinkling water for green spaces from clean water to recycled wastewater, aiming to reduce the clean water consumption by 50 thousand m<sup>3</sup>\*<sup>2</sup> per year.

##### Mexico

Mazda de Mexico Vehicle Operation (MMVO) enjoys a high reputation as the first automobile plant to be granted a local environmental license before the beginning of operations.

MMVO established an aeration fountain in the balancing reservoir (containing rainwater) in the plant in 2014. The stirring of the water in the balancing reservoir helps prevent the generation of algae, while the aeration (for mixing air) promotes the decomposition of water-polluting substances.

By implementing these measures, MMVO has improved the quality of its discharged water, and also provided a beautiful to look at fountain. MMVO continues its efforts in treating the wastewater discharged from the production process at the wastewater treatment facility within the plant, and using the recycled water for watering green spaces in the plant. In FY March 2016, the amount of recycled water that MMVO used for watering green spaces in the plant was around 190 thousand m<sup>3</sup>. By doing this, MMVO significantly reduced its use of well water.

##### Thailand

Mazda achieved a 15% reduction compared with 2014 levels to 2.19 m<sup>3</sup>/unit (2014: 2.58 m<sup>3</sup>/unit) by optimizing the water supply control of rinse tanks in the pre-electrodeposition coating treatment process.

### 【Manufacturing】 Air Pollution Prevention: Actively Adopting Fuels that Reduce Environmental Burdens

Mazda is continuing efforts to reduce the emission of sulfur oxides (SOx), nitrogen oxides (NOx), dust and soot, fine particles, vapors, and volatile organic compounds (VOCs).

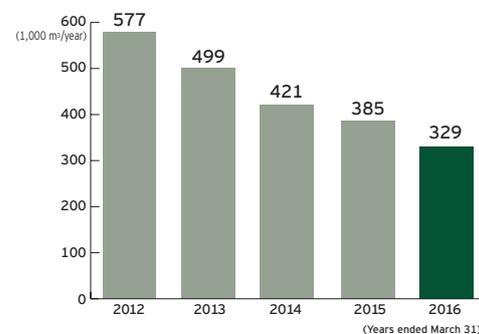
In addition, Mazda is shifting the use of fuel oil to that of city gas and makes other efforts to actively adopt materials that reduce the environmental burden.

#### VOC Reductions: Body-Painting Lines

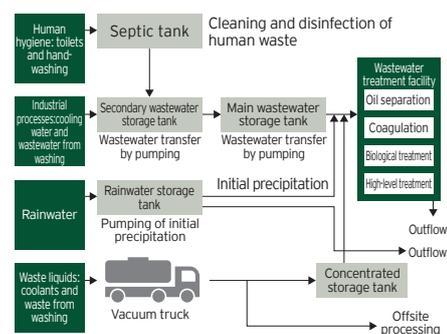
In FY March 2016, Mazda made steady progress toward achieving the target of reducing VOC emissions from vehicle body paint in body-painting lines to 23.5g /m<sup>2</sup> or less.

The target was achieved by reducing VOC emissions in body painting lines to 22.4 g/m<sup>2</sup>, as a result of various measures. Such measures include the Three Layer Wet Paint System introduced in all plants in Japan and major plants overseas, the Aqua-Tech Paint System (see p. 46) that delivers world-leading environmental performance, the introduction of a method for minimizing the overspraying of step-shaped parts (e.g., door opening step parts), and improved efficiency in thinner recovery in cleaning operations.

j Clean Water Consumption at Four Principal Domestic Sites\*<sup>1</sup>



k Overview of Wastewater Treatment System (Hiroshima Plant)



\*<sup>1</sup> Head office (Hiroshima); Miyoshi Plant; Hofu Plant, Nishinoura District; Hofu Plant, Nakanoseki District (including nonmanufacturing areas such as product development)

\*<sup>2</sup> To ensure compliance with the (in-house) standards regarding wastewater from plants, the Company has changed the use amount of recycled water from 100,000 m<sup>3</sup> to 50,000 m<sup>3</sup>.

## 【Manufacturing】 Reducing Emissions of PRTR-Listed Substances

With various efforts, such as improvements to the efficiency of thinner recovery for cleaning operation, in FY March 2016 the amounts of substances that are designated under the PRTR Law\*<sup>1</sup> released into the water system and the atmosphere decreased by 62% from FY March 1999 levels, to 1,060 tons. Mazda will continue working to reduce emissions of PRTR-designated substances.

\*1 Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. PRTR: Pollutant Release and Transfer Register

## FY March 2016 Data on Water and Atmosphere

## Water Pollutants

Wastewater Drainage Destination: Enko River and Kaita Bay

| Site            | Water Pollutants  | Unit                     | Regulation | Actual |      |       |
|-----------------|---|--------------------------|------------|--------|------|-------|
|                 |   |                          |            | Max.   | Min. | Avg.  |
| Hiroshima Plant | pH (freshwater)   | —                        | 5.8~8.6    | 7.4    | 6.8  | 7.0   |
|                 | pH (seawater)   | —                        | 5.5~9.0    | 7.7    | 6.9  | 7.2   |
|                 | BOD   | mg/L                     | 160        | 9.4    | ND   | <2    |
|                 | COD   | mg/L                     | 20         | 11     | 1.4  | 4.6   |
|                 | SS  | mg/L                     | 200        | 9.6    | 0.8  | 4.4   |
|                 | Oil   | mg/L                     | 5          | ND     | ND   | ND    |
|                 | Fluorine (freshwater)                                       | mg/L                     | 8          | 0.2    | ND   | <0.1  |
|                 | Fluorine (seawater)   | mg/L                     | 15         | 10     | 0.1  | 3.4   |
|                 | Copper  | mg/L                     | 3          | 0.01   | ND   | <0.01 |
|                 | Zinc  | mg/L                     | 2          | 0.3    | ND   | <0.1  |
|                 | Soluble iron  | mg/L                     | 10         | 0.1    | ND   | <0.1  |
|                 | Soluble manganese   | mg/L                     | 10         | 0.7    | ND   | <0.2  |
|                 | Chromium  | mg/L                     | 2          | 0.01   | ND   | <0.01 |
|                 | Total nitrogen  | mg/L                     | 120        | 9.6    | 1.3  | 4.1   |
|                 | Total phosphorus  | mg/L                     | 16         | 1.2    | ND   | <0.22 |
|                 | Coliform groups   | colonies/cm <sup>3</sup> | 3,000      | 520    | ND   | <38   |
|                 | Boron (freshwater)  | mg/L                     | 10         | 0.4    | 0.4  | 0.4   |
|                 | Boron (seawater)  | mg/L                     | 230        | 2.4    | 0.2  | 1.5   |
|                 | Ammonia, ammonium, nitrous acid, and nitrous acid compounds | mg/L                     | 100        | 3.4    | 1.2  | 2.5   |

The following substances were not detected: cadmium, cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, PCBs, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, 1,2-dichloroethylene, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, 1,4-dioxane, and phenol.

Wastewater Drainage Destination: Basen River

| Site          | Water Pollutants  | Unit                     | Regulation | Actual |      |      |
|---------------|---|--------------------------|------------|--------|------|------|
|               |   |                          |            | Max.   | Min. | Avg. |
| Miyoshi Plant | pH  | —                        | 5.8~8.6    | 7.6    | 6.9  | 7.3  |
|               | BOD   | mg/L                     | 90         | 6.5    | 0.7  | 1.8  |
|               | SS  | mg/L                     | 90         | 7.7    | 0.9  | 2.5  |
|               | Oil   | mg/L                     | 5          | ND     | ND   | ND   |
|               | Fluorine  | mg/L                     | 8          | 0.2    | 0.2  | 0.2  |
|               | Zinc  | mg/L                     | 2          | 0.02   | 0.02 | 0.02 |
|               | Soluble manganese   | mg/L                     | 10         | 0.2    | ND   | <0.1 |
|               | Total nitrogen  | mg/L                     | 120        | 1      | 1    | 1    |
|               | Total phosphorus  | mg/L                     | 16         | 0.03   | 0.03 | 0.03 |
|               | Coliform groups   | colonies/cm <sup>3</sup> | 3,000      | 310    | ND   | <35  |
|               | Boron   | mg/L                     | 10         | ND     | ND   | ND   |
|               | Ammonia, ammonium, nitrous acid, and nitrous acid compounds | mg/L                     | 100        | 0.4    | 0.4  | 0.4  |

The following substances were not detected: cadmium, cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, PCBs, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, 1,2-dichloroethylene, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, 1,4-dioxane, phenol, copper, soluble iron, and chromium.

Wastewater Drainage Destination: Oumi Bay

| Site                            | Water Pollutants  | Unit                     | Regulation | Actual |      |      |
|---------------------------------|---|--------------------------|------------|--------|------|------|
|                                 |   |                          |            | Max.   | Min. | Avg. |
| Nishinoura district, Hofu Plant | pH  | —                        | 5.0~9.0    | 7.0    | 6.5  | 6.8  |
|                                 | COD   | mg/L                     | 50         | 12     | 1.6  | 7.8  |
|                                 | SS  | mg/L                     | 40         | 5.3    | 0.7  | 3    |
|                                 | Oil   | mg/L                     | 2          | ND     | ND   | ND   |
|                                 | Zinc  | mg/L                     | 2          | 0.3    | 0.1  | 0.2  |
|                                 | Lead  | mg/L                     | 0.1        | ND     | ND   | ND   |
|                                 | Soluble manganese   | mg/L                     | 3          | ND     | ND   | ND   |
|                                 | Total nitrogen  | mg/L                     | 120        | 10.5   | 0.8  | 3.5  |
|                                 | Total phosphorus  | mg/L                     | 16         | 3.8    | 0.1  | 1.7  |
|                                 | Coliform groups   | colonies/cm <sup>3</sup> | 3,000      | 42     | 0    | 21   |
|                                 | Boron   | mg/L                     | 230        | 0.8    | ND   | <0.4 |
|                                 | Fluorine  | mg/L                     | 15         | 4.5    | 4.1  | 4.3  |
|                                 | Ammonia, ammonium, nitrous acid, and nitrous acid compounds | mg/L                     | 100        | 2.9    | 0.6  | 1.8  |

The following substances were not detected: cadmium, cyanogen, organic phosphorus, hexavalent chromium, arsenic, mercury, alkyl mercury, PCBs, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, 1,2-dichloroethylene, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, 1,4-dioxane, phenol, copper, soluble iron, and chromium.

Wastewater Drainage Destination: Oumi Bay

| Site                            | Water Pollutants  | Unit                     | Regulation | Actual |      |       |
|---------------------------------|---|--------------------------|------------|--------|------|-------|
|                                 |   |                          |            | Max.   | Min. | Avg.  |
| Nakanoseki District, Hofu Plant | pH  | —                        | 5.0~9.0    | 7.7    | 6.6  | 7.5   |
|                                 | COD   | mg/L                     | 50         | 6.3    | 2.6  | 4.4   |
|                                 | SS  | mg/L                     | 40         | 4.2    | ND   | <1.7  |
|                                 | Oil   | mg/L                     | 2          | ND     | ND   | ND    |
|                                 | Zinc  | mg/L                     | 2          | 0.1    | 0.04 | 0.1   |
|                                 | Copper  | mg/L                     | 3          | 0.01   | ND   | <0.01 |
|                                 | Total nitrogen  | mg/L                     | 120        | 13.9   | 4.1  | 7.8   |
|                                 | Total phosphorus  | mg/L                     | 16         | 1.2    | 0.1  | 0.5   |
|                                 | Coliform groups   | colonies/cm <sup>3</sup> | 3,000      | ND     | ND   | ND    |
|                                 | Boron   | mg/L                     | 230        | ND     | ND   | ND    |
|                                 | Fluorine  | mg/L                     | 15         | ND     | ND   | ND    |
|                                 | Ammonia, ammonium, nitrous acid, and nitrous acid compounds | mg/L                     | 100        | 5.9    | 4.2  | 5.1   |

The following substances were not detected: cadmium, cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, PCBs, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, 1,2-dichloroethylene, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, 1,4-dioxane, phenol, chromium, soluble iron, and soluble manganese.

## Atmospheric Pollutants

| Site                            | Atmospheric Pollutants | Unit               | Regulation         | Actual (Max.) |        |
|---------------------------------|------------------------|--------------------|--------------------|---------------|--------|
| Hiroshima Plant                 | NOx                    | Boilers            | ppm                | 150           | 72     |
|                                 |                        | Drying ovens       | ppm                | 250           | 58     |
|                                 |                        |                    | ppm                | 230           | 46     |
|                                 |                        | Melting furnaces   | ppm                | 180           | 74     |
|                                 |                        | Diesel engines     | ppm                | 950           | 510    |
|                                 | ppm                    |                    | 200                | 34            |        |
|                                 | Dust                   | Heating furnaces   | ppm                | 180           | 29     |
|                                 |                        |                    | ppm                | 150           | 110    |
|                                 |                        | Boilers            | g/m <sup>3</sup> N | 0.25          | 0.0024 |
|                                 |                        |                    | g/m <sup>3</sup> N | 0.1           | 0.0019 |
|                                 | SOx                    | Drying ovens       | g/m <sup>3</sup> N | 0.4           | 0.0032 |
|                                 |                        |                    | g/m <sup>3</sup> N | 0.35          | 0.0022 |
|                                 |                        | Melting furnaces   | g/m <sup>3</sup> N | 0.2           | 0.0078 |
|                                 |                        |                    | g/m <sup>3</sup> N | 0.15          | 0.0076 |
| g/m <sup>3</sup> N              |                        |                    | 0.4                | 0.0073        |        |
| VOC                             | Diesel engines         | g/m <sup>3</sup> N | 0.20               | 0.053         |        |
|                                 |                        | g/m <sup>3</sup> N | 0.10               | 0.0011        |        |
|                                 | Heating furnace        | g/m <sup>3</sup> N | 0.10               | 0.02          |        |
|                                 |                        | g/m <sup>3</sup> N | 0.4                | 0.006         |        |
| Miyoshi Plant                   | NOx                    | K-value regulation | —                  | 7             |        |
|                                 |                        | ppm                | 700                | 336           |        |
| Nishinoura District, Hofu Plant | Dust                   | ppm                | 400                | 232           |        |
|                                 |                        | ppm                | 250                | 160           |        |
| Nakanoseki District, Hofu Plant | NOx                    | ppm                | 950                | 450           |        |
|                                 |                        | g/m <sup>3</sup> N | 0.30               | 0.043         |        |
|                                 | Dust                   | g/m <sup>3</sup> N | 0.10               | 0.091         |        |
|                                 |                        | ppm                | 150                | 53            |        |
|                                 | SOx                    | ppm                | 130                | 62            |        |
|                                 |                        | g/m <sup>3</sup> N | 0.10               | 0.003         |        |
|                                 | VOC                    | Drying ovens       | g/m <sup>3</sup> N | 0.35          | 0.008  |
|                                 |                        |                    | g/m <sup>3</sup> N | 0.30          | 0.002  |
|                                 |                        | g/m <sup>3</sup> N | 0.20               | 0.006         |        |
|                                 | Miyoshi Plant          | NOx                | K-value regulation | —             | 4.5    |
| m <sup>3</sup> N/h              |                        |                    | 36.16              | 0.04          |        |
| Nishinoura District, Hofu Plant | SOx                    | ppm                | 700                | 300           |        |
|                                 |                        | ppm                | 180                | 38            |        |
| Nakanoseki District, Hofu Plant | Dust                   | g/m <sup>3</sup> N | 0.25               | 0.002         |        |
|                                 |                        | g/m <sup>3</sup> N | 0.20               | 0.002         |        |
|                                 | SOx                    | K-value regulation | —                  | 4.5           |        |
|                                 |                        | m <sup>3</sup> N/h | 17.47              | 0.76          |        |

## Volume of PRTR-designated Pollutants Emitted and Transferred in FY March 2016

(Items marked with an asterisk\*) are Class 1 designated chemical substances of which 500 kg/year or more are handled.)

## Hiroshima Plant

Unit: (kg/year)

| Substance No. | Substance group                                | Amount handled | Volume emitted |       |      | Amount consumed | Amount disposed | Amount transferred<br>Waste products | Amount recycled |         |
|---------------|--|----------------|----------------|-------|------|-----------------|-----------------|--------------------------------------|-----------------|---------|
|               |  |                | Air            | Water | Soil |                 |                 |                                      |                 |         |
| 1             | Water-soluble zinc compounds                   | 25,062         | 0              | 401   | 0    | 401             | 21,904          | 2,757                                | 0               | 0       |
| 37            | 4,4'-isopropylidenediphenol                    | 0              | 0              | 0     | 0    | 0               | 0               | 0                                    | 0               | 0       |
| 53            | Ethyl benzene                                  | 150,495        | 79,891         | 0     | 0    | 79,891          | 32,781          | 31,384                               | 0               | 6,439   |
| 80            | Xylene   | 535,329        | 255,152        | 0     | 0    | 255,152         | 136,606         | 83,393                               | 0               | 60,178  |
| 87            | Chromium and trivalent chromium compounds      | 44,886         | 0              | 0     | 0    | 0               | 44,354          | 0                                    | 532             | 0       |
| 88*           | Hexavalent chromium compounds                  | 1,298          | 0              | 0     | 0    | 0               | 766             | 532                                  | 0               | 0       |
| 258           | 1,3,5,7-tetraazetoricyclo[ 3.3.1.13.7 ] decane | 0              | 0              | 0     | 0    | 0               | 0               | 0                                    | 0               | 0       |
| 277           | Triethylamine                                  | 176,343        | 1,058          | 0     | 0    | 1,058           | 0               | 175,285                              | 0               | 0       |
| 296           | 1,2,4-trimethylbenzene                         | 157,316        | 29,175         | 0     | 0    | 29,175          | 84,738          | 43,403                               | 0               | 0       |
| 297           | 1,3,5-trimethylbenzene                         | 37,688         | 21,226         | 0     | 0    | 21,226          | 135             | 11,355                               | 0               | 4,972   |
| 300           | Toluene  | 670,185        | 209,295        | 0     | 0    | 209,295         | 271,681         | 157,518                              | 0               | 31,691  |
| 309*          | Nickel compounds                               | 4,528          | 0              | 543   | 0    | 543             | 1,562           | 0                                    | 2,423           | 0       |
| 349           | Phenol   | 28,332         | 1              | 1     | 0    | 2               | 0               | 28,330                               | 0               | 0       |
| 355           | Bis (2-ethylhexyl) phthalate                   | 16,013         | 0              | 0     | 0    | 0               | 15,533          | 480                                  | 0               | 0       |
| 374           | Hydrogen fluoride and its water-soluble salts  | 5,038          | 0              | 806   | 0    | 806             | 0               | 4,232                                | 0               | 0       |
| 392           | n-Hexane                                       | 111,069        | 278            | 0     | 0    | 278             | 97,719          | 13,072                               | 0               | 0       |
| 400*          | Benzene  | 21,033         | 26             | 0     | 0    | 26              | 17,163          | 3,844                                | 0               | 0       |
| 411*          | Formaldehyde                                   | 5,268          | 1,794          | 0     | 0    | 1,794           | 0               | 3,474                                | 0               | 0       |
| 412           | Manganese and its compounds                    | 52,552         | 0              | 347   | 0    | 347             | 50,166          | 0                                    | 1,983           | 56      |
| 438           | Methylnaphthalene                              | 2,216          | 11             | 0     | 0    | 11              | 0               | 2,205                                | 0               | 0       |
| 448           | Diisocyanate (methylene-bis [4,1-phenylene])   | 74,244         | 0              | 0     | 0    | 0               | 0               | 74,244                               | 0               | 0       |
| 453           | Molybdenum and its compounds                   | 1,254          | 0              | 0     | 0    | 0               | 683             | 0                                    | 67              | 504     |
| 302           | Naphthalene                                    | 13,001         | 135            | 0     | 0    | 135             | 0               | 12,832                               | 0               | 34      |
|               | Total  | 2,133,150      | 598,042        | 2,098 | 0    | 600,140         | 775,791         | 648,340                              | 5,005           | 103,874 |

## Miyoshi Plant

| Substance No. | Substance group        | Amount handled | Volume emitted |       |      | Amount consumed | Amount disposed | Amount transferred<br>Waste products | Amount recycled |   |
|---------------|------------------------|----------------|----------------|-------|------|-----------------|-----------------|--------------------------------------|-----------------|---|
|               |                        |                | Air            | Water | Soil |                 |                 |                                      |                 |   |
| 53            | Ethyl benzene          | 7,495          | 1              | 0     | 0    | 1               | 0               | 7,494                                | 0               | 0 |
| 80            | Xylene                 | 31,833         | 4              | 0     | 0    | 4               | 0               | 31,829                               | 0               | 0 |
| 296           | 1,2,4-trimethylbenzene | 20,933         | 1              | 0     | 0    | 1               | 0               | 20,932                               | 0               | 0 |
| 297           | 1,3,5-trimethylbenzene | 4,164          | 0              | 0     | 0    | 0               | 0               | 4,164                                | 0               | 0 |
| 300           | Toluene                | 102,173        | 36             | 0     | 0    | 36              | 0               | 102,137                              | 0               | 0 |
| 392           | n-Hexane               | 10,339         | 26             | 0     | 0    | 26              | 0               | 10,313                               | 0               | 0 |
| 400*          | Benzene                | 3,076          | 4              | 0     | 0    | 4               | 0               | 3,072                                | 0               | 0 |
| 438           | Methylnaphthalene      | 4,970          | 25             | 0     | 0    | 25              | 0               | 4,945                                | 0               | 0 |
|               | Total                  | 184,983        | 97             | 0     | 0    | 97              | 0               | 184,886                              | 0               | 0 |

## Nishinoura District, Hofu Plant

| Substance No. | Substance group              | Amount handled | Volume emitted |       |      | Amount consumed | Amount disposed | Amount transferred<br>Waste products | Amount recycled |        |
|---------------|------------------------------|----------------|----------------|-------|------|-----------------|-----------------|--------------------------------------|-----------------|--------|
|               |                              |                | Air            | Water | Soil |                 |                 |                                      |                 |        |
| 1             | Water-soluble zinc compounds | 16,371         | 0              | 262   | 0    | 262             | 14,308          | 1,801                                | 0               | 0      |
| 53            | Ethyl benzene                | 112,093        | 73,473         | 0     | 0    | 73,473          | 26,694          | 11,926                               | 0               | 0      |
| 80            | Xylene                       | 285,416        | 124,590        | 0     | 0    | 124,590         | 111,269         | 24,856                               | 0               | 24,701 |
| 296           | 1,2,4-trimethylbenzene       | 128,151        | 28,505         | 0     | 0    | 28,505          | 69,064          | 12,752                               | 0               | 17,830 |
| 297           | 1,3,5-trimethylbenzene       | 21,538         | 12,122         | 0     | 0    | 12,122          | 284             | 3,591                                | 0               | 5,541  |
| 300           | Toluene                      | 472,277        | 218,227        | 0     | 0    | 218,227         | 222,931         | 21,477                               | 0               | 9,642  |
| 309*          | Nickel compounds             | 3,208          | 0              | 385   | 0    | 385             | 1,107           | 0                                    | 1,716           | 0      |
| 355           | Bis (2-ethylhexyl) phthalate | 2,408          | 0              | 0     | 0    | 0               | 2,336           | 72                                   | 0               | 0      |
| 392           | n-Hexane                     | 80,369         | 201            | 0     | 0    | 201             | 79,109          | 1,059                                | 0               | 0      |
| 400*          | Benzene                      | 14,149         | 18             | 0     | 0    | 18              | 13,943          | 188                                  | 0               | 0      |
| 411*          | Formaldehyde                 | 4,266          | 1,536          | 0     | 0    | 1,536           | 0               | 2,730                                | 0               | 0      |
| 412           | Manganese and its compounds  | 4,408          | 0              | 237   | 0    | 237             | 2,790           | 0                                    | 1,352           | 29     |
|               | Total                        | 1,144,654      | 458,672        | 884   | 0    | 459,556         | 543,835         | 80,453                               | 3,068           | 57,743 |

Nakanoseki District, Hofu Plant No applicable chemical substances subject to reporting.(The volume of the PRTR-designated groups' substances handled is less than the designated volume subject to reporting.)

## Company Total

| Substance No. | Substance group | Amount handled | Volume emitted |       |      | Amount consumed | Amount disposed | Amount transferred<br>Waste products | Amount recycled |         |
|---------------|-----------------|----------------|----------------|-------|------|-----------------|-----------------|--------------------------------------|-----------------|---------|
|               |                 |                | Air            | Water | Soil |                 |                 |                                      |                 |         |
|               | Total           | 3,477,375      | 1,056,814      | 2,982 | 0    | 1,059,796       | 1,319,626       | 928,263                              | 8,073           | 161,617 |

# COLLECTION AND RECYCLING OF END-OF-LIFE VEHICLES (ELVS) AND USED PARTS

Implementing thorough recycling and waste-reduction initiatives to ensure that limited resources are used effectively, Mazda promotes efforts to establish a recycling-oriented society. Attaching importance to building resource-saving initiatives into every phase of the life cycle of its vehicles, based on the three Rs: reduce, reuse, and recycle, the Company undertakes various efforts, such as the collection and recycling of end-of-life vehicles (ELVs) and used parts.

## End-of-Life Vehicles (ELVs)

### Measures in Response to End-of-Life Vehicle Recycling Law in Japan

Mazda properly processes and recycles three designated items (fluorocarbons, airbags, and automobile shredder residue [ASR]) pursuant to the End-of-Life Vehicle Recycling Law in Japan. In addition, the Company is creating unique technologies and measures to move this recycling program forward. In the case of ASR, Mazda is working through ART\*<sup>1</sup>, a consortium of 13 key companies including Mazda, Nissan Motor Co., Ltd., and Mitsubishi Motors Corporation, to comply with the law and achieve progress in the reuse of resources.

The Company appropriately executes recycling at dealerships. Dealerships collect vehicle recycling fees at the time of sale and receive the ELVs from their final owners in order to transfer them to the disposal processing companies.

**a** **b**

As for recycling fees, the Company reviewed its fee calculation standard for new models launched in 2012. The new fee standard is applicable to the Company's new models launched after that. While forecasting a future recycling situation, the Company will continue to push forward with its recycling business in such a way to ensure a balance between revenue and expenditures in the medium- and long-term.

The End-of-Life Vehicle Recycling Law was revised in February 2012, and newly designated lithium-ion batteries and nickel-metal hydride batteries as items for advance collection before dismantling of end-of-life vehicles. Mazda, in cooperation with manufacturers, is committed to collecting lithium-ion batteries installed in new micro-minis (OEM vehicles) launched in and after October 2012. The Company also collects nickel-metal hydride batteries installed in the new Axela (Mazda3 overseas) Hybrid (launched in November 2013).

Moreover, Mazda promotes the appropriate disposal of capacitors for i-ELOOP, a brake energy regeneration system, in order to ensure safety during recycling by related contractors, even though capacitors are not designated for advance collection. Measures to ensure appropriate disposal include attaching a caution label inside the engine room of the vehicle, and providing a disposal manual on the Company's website.

**c**

Reference website (Japanese language only) for Mazda's efforts with regard to the End-of-Life Vehicle Recycling Law

● <http://www.mazda.com/ja/csr/recycle/>

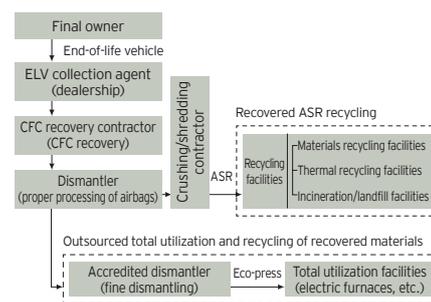
### ASR and the End-of-Life Vehicle Recycling Law

Disposed vehicles consist of about 80% useful metal and about 20% automotive shredder residue (ASR) that includes resin.

Useful metal is recycled in cooperation with metal recycling-related companies such as dismantlers, crushing/shredding contractors, and steel manufacturers. With regard to ASR, which used to be disposed by landfill, is now subject to the End-of-Life Vehicle Recycling Law, which was enforced in January 2005. This is due to the rise in the risk of illegal dumping of end-of-life vehicles on the back of a surge in disposal costs due to overstrained final landfill sites and weakness in iron scrap prices.

Due the enforcement of this law, car manufacturers are required to recycle ASR, chlorofluorocarbons—which lead to global warming and ozone depletion—and airbags—which require specialist knowledge for disposal—under their responsibility.

### a End-of-Life Vehicle Recycling Process



### b Resource Recycling Results in FY March 2016

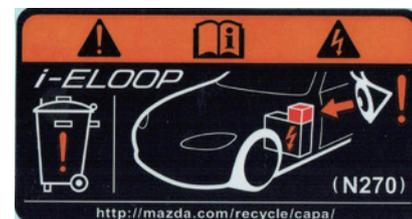
|   |                  |       |
|---|------------------|-------|
| Number of vehicles from which fluorocarbon is collected | 132,775units     |       |
| Number of vehicles from which airbags are collected     | 120,478units     |       |
| Number of vehicles from which ASR is collected          | 150,471units     |       |
| Recycling ratio   | Airbags          | 93.3% |
|   | ASR              | 97.7% |
| Recycling ratio for ELVs*                               | More than 99%    |       |
| Total contracting deposits received                     | 1,645,083,709yen |       |
| Total expenses for recycling                            | 1,450,074,703yen |       |

(Includes separate cost required at Mazda)

\*Recycling ratio for ELVs is the recycling ratio in dismantling/shredder processes of 83% (cited from the May 2003 joint council data), plus the remaining ASR ratio of 17% multiplied by the ASR recycling rate of 97.7%.

### c Vehicle caution labels for capacitors for i-ELOOP

[For the Roadster (MX-5)]



[For models other than the Roadster (MX-5)]



\*1 ART: Automobile shredder residue Recycling promotion Team

## Promoting Recycling Overseas

Mazda is committed to the recycling of end-of-life vehicles overseas in accordance with the laws in each country and region, under the initiative of the local distributors. As for countries in which recycling-related laws are planned to be established, Mazda is preparing to respond in cooperation with the distributors in such countries.

To ensure the appropriate disposal of capacitor-equipped vehicles in countries where i-ELOOP-equipped new models are introduced, Mazda provides related contractors with information on appropriate disposal by attaching a caution label in vehicles and providing a capacitor disposal manual in eight languages on its website, as in the case of cars sold in Japan. c d

### Europe

Based on the EU Directive, Mazda Motor Europe provides a dismantling manual to recycling contractors when introducing a new model and has established a network to collect used vehicles from their final owners free of charge, in cooperation with the distributors in each country.

### China

A law was enforced in January 2015, in accordance with which local manufacturers are managing substances with environmental impact and developing dismantling manuals.

Capacitor disposal manual reference website

- <http://mazda.com/recycle/capa>

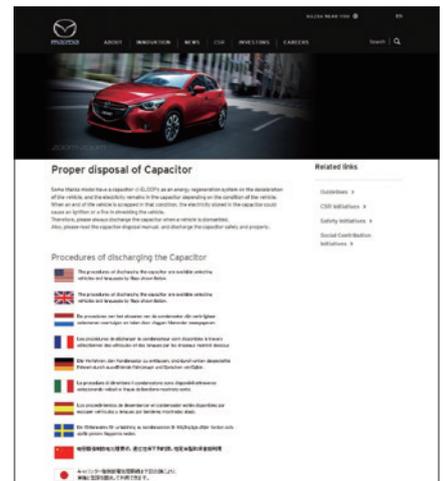
## Used parts

## Promoting the Collection and Recycling of Used Parts (in Japan)

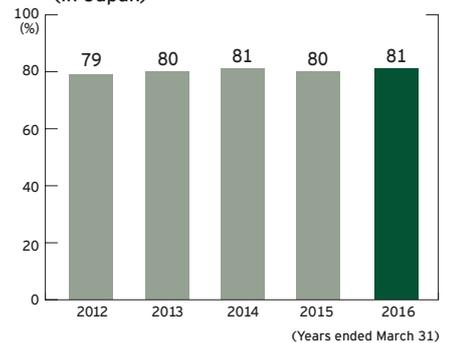
Mazda is continuously engaged in the recycling of damaged bumpers replaced for repairs, and bumpers attached to end-of-life vehicles as plastic materials for new vehicle bumpers, etc.

- Recycling of damaged bumpers: Mazda collects bumpers removed for repairs at dealerships throughout Japan, and recycles them for reuse as plastic parts (new vehicle bumpers, undercovers, etc.). In FY March 2016, the Company collected 68,545 bumpers. The Company has continuously achieved a collection rate of around 80% from consolidated dealerships since FY March 2009. e

## d Capacitor Disposal Manual Reference Website



## e Collection Rate of Damaged Bumpers (in Japan)



# BIODIVERSITY CONSERVATION

## Initiatives for Biodiversity

Endorsing the aims of the “Declaration of Biodiversity by Nippon Keidanren (the Japan Business Federation),” Mazda promotes initiatives to protect the global environment. In FY March 2012, with the aim of systematically developing its initiatives to protect biodiversity, Mazda conducted an assessment of impacts on biodiversity, and recognized the blessings of nature it receives and the significance of the impacts on ecosystems it gives through business activities. In line with this assessment, the Company established the Mazda Biodiversity Guidelines in December 2012 and has been implementing relevant initiatives in cooperation with society. a

Based on the results of the above assessment of impacts on biodiversity, Mazda believes that the Company is not so directly connected with biodiversity, although it ensures cooperation with society and implements a wide variety of awareness-raising activities for its employees and other people concerned. In its core business activities, the Company understands that it generates impacts on biodiversity in no small quantities, especially in energy, water, and other resources. To mitigate such impacts, the Company undertakes a wide variety of efforts in the processes of products, technology, production, and logistics.

Mazda plans to conduct an ecosystem survey in the Miyoshi proving ground (Hiroshima Prefecture) in FY March 2017.

### a Process for Assessment of Impacts on Biodiversity

- Step 1: Selecting an assessment target scope  
(The assumption is that an assessment will be made for companies with major impacts in the value chain.)
- Step 2: Assessing the levels of the dependence and impacts on ecosystem services, as well as assessing the threat to biodiversity
- Step 3: Identifying business risks and opportunities regarding biodiversity
- Step 4: Identifying priority issues and assessing the current situations of the existing responses
- Step 5: Identifying a direction for future responses

### The Mazda Biodiversity Guidelines

#### [Basic Approach]

Based on “The Mazda Global Environmental Charter,” the Mazda Group, recognizing the blessings of nature and the significance of environmental impacts, contributes to the conservation of biodiversity through its corporate activities worldwide, with the aim of establishing and developing a rich, sustainable society that ensures harmony between people and nature.

#### [Priority Initiatives]

##### 1. Creation of Environmentally Sound Technologies and Products

We will encourage the creation of technologies and products considering harmony between the environment and our corporate activities, by developing technologies that contribute to cleaner emission gases, reduction of CO<sub>2</sub> emissions, research and development of clean energy-based vehicles, promotion of recycling and biodiversity.

##### 2. Corporate Activities in Consideration of Conserving Resources and Energy

We will promote reduction of substances with environmental impact and effective use of resources, and contribute to conservation of biodiversity, through efficient energy use and resource-saving/recycling activities.

##### 3. Collaboration/Cooperation with Society and Local Communities

We will promote local community-based activities, by striving to establish collaboration/cooperation with a wide range of stakeholders including supply chains, local governments, communities, NPOs/NGOs, and education and research institutions.

##### 4. Awareness Enhancement and Information Disclosure

We will take active and self-initiative actions and disclose and share the achievements widely to society, by striving to enhance awareness of the importance of coexistence between people and nature.

Established in December 2012

## Examples of Initiatives

|  |   |
|--|---|
| Creation of Environmentally Sound Technologies and Products              | <ul style="list-style-type: none"> <li>•Improving the base technologies comprehensively through the introduction of SKYACTIV TECHNOLOGY (see pp. 58-59)</li> <li>•Gradually introducing electric device technologies (see pp. 58-59)</li> <li>•Developing and designing product with consideration for recycling (see p. 65)</li> </ul>                                     |
| Corporate Activities in Consideration of Conserving Resources and Energy | <ul style="list-style-type: none"> <li>•Improving the facility operation rate and shortening the cycle time in the production process (see p. 66)</li> <li>•Introducing hub-and-spoke system for transportation of completed vehicles and service parts (see p. 68)</li> <li>•Assessing and considering the impact on biodiversity when constructing a new plant</li> </ul> |
| Collaboration/Cooperation with Society and Local Communities             | <ul style="list-style-type: none"> <li>•Implementing a forest development carbon offset initiative at a night game (see p. 99)</li> <li>•Conducting many other initiatives, including preservation of forests, protection of rare species, and protection of habitats of migratory birds*</li> </ul>  |
| Awareness Enhancement and Information Disclosure                         | <ul style="list-style-type: none"> <li>•Activities through the Mazda Foundation*</li> <li>•Educating employees</li> <li>•Introducing the activities to the inside and outside of the company through the Mazda Sustainability Report etc.</li> </ul>  |

\* Mazda Sustainability Report 2016 [Social Contribution Version] <http://www.mazda.com/en/csr/download/>

# ENVIRONMENTAL COMMUNICATION

Under the Mazda Global Environmental Charter, Mazda carries out a wide variety of environmental protection activities related to products and technologies; manufacturing, logistics, and office operations; and social contributions. The Company appropriately discloses information on each of these activities, and ensures opportunities for dialogue with the stakeholders concerned, thereby striving to respond promptly and appropriately to social problems.

## Participation in Environmental Exhibits and Events

Mazda actively participates in various environment-related exhibitions and events, for the purpose of gaining stakeholders' understanding regarding its environmental initiatives and hearing their broad range of opinions. Mazda adopts a wide range of approaches to communicate about the environment, such as introducing its advanced environmental technologies at motor shows all over the world and offering test-drives of its vehicles equipped with SKYACTIV TECHNOLOGY at various events held in and outside Japan.

In FY March 2016, by presenting technologies such as clean diesel engines and reduction of vehicle weight, Mazda explained its wide variety of environment-related initiatives. a

## Reducing Environmental Impact Generated by Communication Activities

Mazda has been working to reduce the environmental impact generated by its communication activities.

### Environmental considerations in event operation

- Reusing/recycling booth decorating items
- Decreasing the amount of handouts to reduce CO<sub>2</sub> emissions
- Implementing carbon offsetting by calculating CO<sub>2</sub> emissions from event activities

### Environmental considerations in publishing materials

- Adopting FSC-certified paper, waterless printing, and vegetable oil ink
- Implementing carbon offset by calculating CO<sub>2</sub> emissions from the printing and bookbinding processes

## Use of Website and Publishing Materials

Mazda ensures environmental communication in a wide variety of ways in consideration of matters of interest that each stakeholder may have and media that he/she may frequently use. Mazda uses images and computer graphics on its website in order to provide easy-to-understand explanations of environmental technologies. Reinforcing the use of social media, the Company disseminates information in a timely manner, and uses the comments provided to the Company for its daily operations.

For the Mazda Sustainability Report, the Company has prepared in-depth/social contribution/digest versions, as well as PDF/Website/booklet versions, in consideration of stakeholders' needs regarding the edition method/media to be used. The results of the collected questionnaires and the number of visitors to the website are provided to the executive officer in charge of related affairs, as well as to production members, as feedback, and used for planning the next fiscal year's version.

### a Environment-Related Events in Japan that Mazda Joined in FY March 2016 (Mazda Unconsolidated)

| Event   | Sponsor   | Dates                  |
|---|---|------------------------|
| Eco & Safety Kobe Car Life Festa 2015*                      | Ministry of the Environment, Kobe City, Japan Automobile Federation (JAF)                                 | May 16, 17, 2015       |
| Automotive Engineering Exposition 2015                      | Society of Automotive Engineers of Japan  | May 20-22, 2015        |
| Clean Diesel Test-Drive Event in Higashi Matsushima*        | Clean Diesel Promotion Association  | June 6, 2015           |
| Hiroshima Environment Day                                   | Hiroshima Prefecture  | June 7, 2015           |
| COOL CHOICE CITY  | Ministry of the Environment   | July 17-20, 2015       |
| Kankyo Hiroba Sapporo 2015*                                 | Kankyo Hiroba Sapporo 2015 Executive Committee  | July 31-August 2, 2015 |
| "How Far Does a Dragonfly Fly?" project                     | Yokohama Environmental City Building Collaborative Project  | August 3-5, 2015       |
| Clean Diesel Test-Drive Event*                              | Clean Diesel Promotion Association  | September 26, 27, 2015 |
| Kitakyushu Eco-Life Stage 2015*                             | Kitakyushu Eco-Life Stage Executive Committee   | October 10, 11, 2015   |
| Tech Biz Expo 2015*   | Nagoya International Trade Fair Commission  | November 18-20, 2015   |
| Eco Innovation Messe 2015 in Hiroshima                      | Executive Committee of Eco Innovation Messe 2015 in Hiroshima, Hiroshima Prefecture, Hiroshima City, etc. | November 27, 28, 2015  |
| Eco-Products 2015   | Japan Environmental Management Association for Industry, Nikkei Inc.                                      | December 10-12, 2015   |
| MONDZUKURI EXHIBITION of the Monodzukuri Nippon Grand Award | Ministry of Economy, Trade and Industry   | March 15-April 3, 2016 |

\* Participated as a member of the Clean Diesel Promotion Association.

## TOPICS

### Eco-Products Exhibition

At the Eco-Products 2015 event in December 2015, Mazda presented an environmental education quiz show for elementary and junior high school students, providing them with opportunities to think and deepen their understanding of environmental measures undertaken by the automotive industry through the thorough reduction of vehicle weight and how vehicle users can cooperate in promoting the reduction of CO<sub>2</sub> emissions, taking the Mazda Roadster exhibited in the booth as an example. In addition, the Company highlighted the nature of light oil, the fuel used in clean diesel engine equipped vehicles, which are known to be fuel efficient and environmentally conscious. The Company presented the usefulness of light oil in emergencies such as disasters due to its ease of handling, ease of transport, and ease of storage.



## In-House Awareness-Raising Activities

To raise environmental awareness among its employees, Mazda conducted a wide range of activities in FY March 2016 including the following.

### Eco Walk Commuting Program

In order to raise employees' environmental consciousness and encourage them to take better care of their health, employees who walk two kilometers or more as part of their daily commute to work are rewarded with an addition of 1,500 yen per month to their commuting allowance.

### Lunchtime Lighting Halved

Efforts to reduce lighting in Mazda offices and plants during lunch breaks to half the normal levels have continuously been promoted.

### Light-Down Campaign (Light-Down Japan 2015)

Mazda and its domestic Group companies participated in the Light-Down Campaign promoted by Ministry of the Environment. They turned off lights at each of their sites in Japan, thereby saving around 28 thousand kWh of electricity, equivalent to around 16 tons of CO<sub>2</sub> emissions (From 8 p.m. to 10 p.m., estimated figures).

- Mazda Motor Corporation shut off lighting of its signboards and indoor lighting every night from the summer solstice in June to Tanabata, the Star Festival (July 7) (16 sites).
- Nation-wide 748 production/business sites of 43 Mazda Group companies in Japan participated in the campaign (On the summer solstice and Tanabata).

The Company also encouraged the employees to privately participate in the campaign, and a total of around 30 thousand employees and family members of Mazda and its Group companies in Japan turned off their lights from 8 p.m. to 10 p.m. on both the summer solstice and Tanabata.

### President's Messages during Environment Month

The president transmitted messages to the entire Company during Environment Month (June), emphasizing the importance of thinking about and taking action for the environment. In FY March 2016, the president placed a special focus on raising employees' awareness of the importance of the conservation of forests and water resources.

### Environmental Education during Environment Month

To encourage every employee to think about and take action for the environment, educational programs regarding general environmental issues, importance of water resources, Mazda's environmental initiatives, and environmental conservation activities in the workplace have been implemented, in conjunction with basic education on ISO 14001.

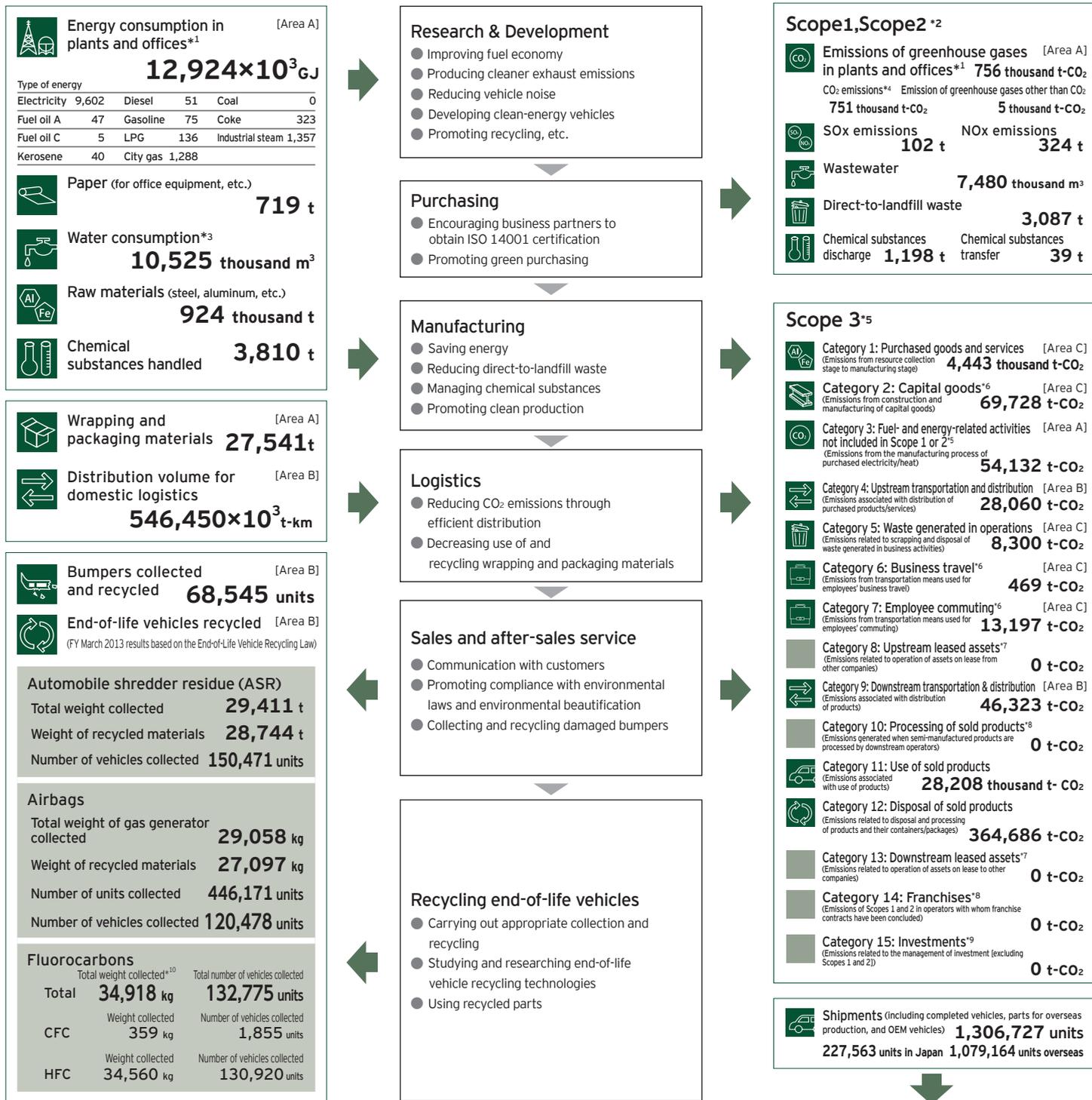
## b Companies that Participated in the Light-Down Campaign 2015

|   |   |
|---|---|
| 1. Mazda Motor Corporation                  | 23. Mazda Chuhan Co., Ltd.                      |
| 2. Mazda Ace Co., Ltd.                      | 24. Mazda Parts Co., Ltd.                       |
| 3. Mazda Engineering & Technology Co., Ltd. | 25. Aomori-Mazda Automobile Corporation         |
| 4. Kurashiki Kako Co., Ltd.                 | 26. Mazda Enfini Aomori Corporation             |
| 5. Mazda Processing Chugoku Co., Ltd.       | 27. Chiba Mazda Co., Ltd.                       |
| 6. Mazda Logistics Co., Ltd.*3              | 28. Tokyo Mazda Sales Co. Ltd.                  |
| 7. Japan Climate Systems Corporation        | 29. Shonan Mazda Co., Ltd.                      |
| 8. Hakodate Mazda Co., Ltd.                 | 30. Eunos Horie Co., Ltd.                       |
| 9. Tohoku Mazda Co., Ltd.                   | 31. Mazda Odawara Co., Ltd.                     |
| 10. Fukushima Mazda Co., Ltd.               | 32. Eunos Sansho Co., Ltd.                      |
| 11. Koshin Mazda Co., Ltd.                  | 33. Ford Toyama Mazda Enfini Tomiseki Co., Ltd. |
| 12. Kitakanto Mazda Co., Ltd.               | 34. Kyoto Mazda Co., Ltd.                       |
| 13. Kanto Mazda Co., Ltd.                   | 35. Kobe Mazda Co., Ltd.                        |
| 14. Shizuoka Mazda Co., Ltd.                | 36. Okayama Mazda Co., Ltd.                     |
| 15. Tokai Mazda Sales Co., Ltd.             | 37. Tottori Mazda Co., Ltd.                     |
| 16. Hokuriku Mazda Co., Ltd.                | 38. Hiroshima Mazda Co., Ltd.                   |
| 17. Keiji Mazda Co., Ltd.                   | 39. Enfini Hiroshima Co., Ltd.                  |
| 18. Kansai Mazda Co., Ltd.                  | 40. Yamaguchi Mazda Co., Ltd.                   |
| 19. Nishi-Shikoku Mazda Co., Ltd.           | 41. Nagasaki Mazda Co., Ltd.                    |
| 20. Kyushu Mazda Co., Ltd.                  | 42. Niitech Co., Ltd.                           |
| 21. Minami-Kyushu Mazda Co., Ltd.           | 43. Maps Co., Ltd.                              |
| 22. Okinawa Mazda Sales Co., Ltd.           | 44. Toho Industrial Co., Ltd.                   |

# MAZDA'S CORPORATE ACTIVITIES AND IMPACT ON THE ENVIRONMENT

## Results of FY March 2016

Mazda tracks ecological data to help reduce the environmental impact of its corporate activities in all areas.



\*1 Energy consumption, greenhouse gas emissions and distribution volume are calculated using the energy conversion factor and carbon emission coefficient based on the standards of the Japan Automobile Manufacturers Association, Inc. (JAMA) (Commitment to a Low Carbon Society). (For FY March 2016, the FY March 2015 coefficients are used.) Figures for consolidated subsidiaries and equity-method Group companies are prorated based on the percentage equity stake held by Mazda. CO<sub>2</sub> emissions resulting from power consumption by overseas companies are calculated by applying the coefficient used in CO<sub>2</sub> Emissions from Fuel Combustion (2013 Edition) published by International Energy Agency (IEA).  
Data collection period: April 2015 to March 2016  
Scope of data collection: Area A: Mazda Motor Corporation, 23 domestic and 15 overseas consolidated Group companies, and nine domestic and five overseas equity-method Group companies  
Area B: Mazda Motor Corporation, 23 domestic consolidated Group companies and 11 domestic equity-method Group companies Area C: Mazda Motor Corporation

\*2 Scope 1: Direct emissions from consumption of fuels and industrial processes; Scope 2: Emissions associated with consumption of purchased heat/electricity (indirect emissions from energy consumption)

\*3 Include the CO<sub>2</sub> emissions (6,285 thousand t-CO<sub>2</sub>) assured by third-party

\*4 Include the CO<sub>2</sub> emissions (521 thousand t-CO<sub>2</sub>) assured by third-party

\*5 Scope 3: Other indirect emissions (calculated based on Mazda's own calculation method)

\*6 CO<sub>2</sub> emissions are calculated based on the Ministry of the Environment's emission basic unit database (ver. 2.2, released in March 2015) for organizations to use when calculating greenhouse effect gas emissions generated throughout their supply chains. (Source: [http://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/en/](http://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/))

\*7 Category 8: Upstream leased assets, Category 13: Downstream leased assets are included in the greenhouse gas emissions in plants and offices.

\*8 Category 10: Processing of sold products is omitted because the emission volume is very small, Category 14: Franchises are omitted because Mazda has no franchise system.

\*9 Category 15: Investments, for group companies, are included in the greenhouse gas emissions in plants and offices.

\*10 The total figure may not match the sum of the individual items due to rounding.

**Shipments of vehicles certified for low emissions (in Japan) \***  
(Vehicles that have been certified as low-emission vehicles based on exhaust emissions certification regulations)

|  |              |
|--|--------------|
| SU-LEV (exhaust gas emissions reduced 75% compared to the 2005 level) <sup>(1)(2)(3)</sup> | 84,175 units |
| U-LEV (exhaust gas emissions reduced 50% compared with 2005 level) <sup>(1)(2)(3)</sup>    | 1,663 units  |
| Vehicles meeting 2005 exhaust gas emission standards (excluding SU-LEV, U-LEV)             | 0 units      |
| Clean diesel   | 98,210 units |

\* Number of passenger vehicles shipped within Japan, excluding micro-minis and OEM vehicles

**Period of Data Collection: FY March 2016 (April 2015 - March 2016)****Boundary of Data Collection**

**Mazda Motor Corporation** Hiroshima Head Office, Hiroshima Plant, Miyoshi Plant, Hofu Plant (Nishinoura district), Hofu Plant (Nakanoseki district), Tokyo Office, Osaka Fleet Sales Gr., Mazda R&D Center Yokohama, Hokkaido Kenbuchi Proving Ground, Hokkaido Nakasatsunai Proving Ground, Mine Proving Ground, Parts Centers (2 sites), Mazda Technical Service Centers (6 sites), Mazda Training Centers (2 sites), Saka Studio, Mazda Education Center, Mazda Hospital

**Consolidated Group companies**

**23 domestic companies** Manufacturing companies: Mazda Engineering & Technology Co., Ltd., Kurashiki Kako Co., Ltd., Mazda Logistics Co., Ltd., Mazda Ace Co., Ltd., Sales companies: Hakodate Mazda CO., Ltd., Tohoku Mazda Co., Ltd., Fukushima Mazda Co., Ltd., Kitakanto Mazda Co., Ltd., Koushin Mazda Co., Ltd., Kanto Mazda Co., Ltd., Shizuoka Mazda Co., Ltd., Tokai Mazda Sales Co., Ltd., Hokuriku Mazda Co., Ltd., Keiji Mazda Co., Ltd., Kansai Mazda Co., Ltd., Nishi-Shikoku Mazda Co., Ltd., Kyushu Mazda Co., Ltd., Minami-Kyushu Mazda Co., Ltd., Okinawa Mazda Sales Co., Ltd., Mazda Autozam, Mazda Chuhan Co., Ltd., Mazda Motor International Parts sales company: Mazda Parts Co., Ltd.

**15 overseas companies** Mazda Motor of America, Inc., Mazda Canada, Inc., Mazda Motor (China) Co., Ltd., Mazda Australia Pty. Ltd., Mazda Motors of New Zealand Ltd., Mazda Motor Russia.000, MAZDA Motor Taiwan Co., Ltd., Mazda de Colombia S.A.S, Mazda Southern Africa (Pty) Ltd., Mazda Motor Manufacturing de Mexico S.A. de C.V., Mazda Powertrain Manufacturing (Thailand) Co., Ltd., Mazda Motors (Deutschland) GmbH, Mazda Motor Europe GmbH, Mazda Motors UK Ltd., PT Mazda Motor Indonesia

**Equity-Method Group Companies**

**9 domestic companies** Toyo Advanced Technologies Co., Ltd., Yoshiwa Kogyo Co., Ltd., Japan Climate Systems Corporation, MCM Energy Service Co., Ltd., Mazda Processing Chugoku Co., Ltd., Sanfrece Hiroshima FC, SMM Auto Finance, Inc., Mazda Parts Sales Hiroshima Co., Ltd., Mazda Parts Sales Nishi-Kyushu Co., Ltd.

**5 overseas companies** AutoAlliance (Thailand) Co., Ltd., Changan Mazda Automobile Co., Ltd., Changan Ford Mazda Engines Co., Ltd., FAW Mazda Motor Sales Co., Ltd., MAZDA Sollers Manufacturing Rus LLC

# RESPECT FOR PEOPLE

Mazda aims to be a company staffed by people who enjoy their work. To this end, the Company promotes personal development revolving the principles of the Mazda Way. Mazda also regards respect for human rights as fundamental to its corporate activities, and is actively and sincerely committed to human rights protection activities.

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## EMPLOYEE'S VOICE

### Enhancing Brand Value and Promoting to Create Workplace Environment Where We Could Be Proud of

I am working at employee relation and general affairs department in MPMT, transmission plant in Thailand and I especially put weight on the employee engagement. On the third anniversary of establishment, I arranged edification by a Buddhist priest (see p. 88) for all employees based on the proposals from our employees. The theme was "How to make a unity happy workplace." Although MPMT is an emerging site with only 4-year history, I will continue to enhance brand value based on Mazda Way (see p. 82) and promote to create a workplace environment where employees could be proud of.

**Pilailak Akaradamrongchai**

Mazda Powertrain Manufacturing (Thailand) (MPMT)  
Employee Relation and General Affairs Department



# INITIATIVES WITH EMPLOYEES

## 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 resources training based on the Mazda Way principles that are shared throughout the entire Mazda Group worldwide. Also, the Company has established Group-wide human resources policies and measures along with promotion of various initiatives.

## 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. In FY March 2016, examples of best work practices conducted within the Company were shared to encourage the implementation of such practices, in order to raise awareness of the Mazda Way in each Mazda employee and promote related changes in behavior. Mazda continues to promote measures to ensure that the Mazda Way can easily be put into practice by employees. a

## Group-wide Human Resources Policies

Mazda engages in regular communication with Group companies worldwide, and each Group company is working together to create further opportunities for interaction among personnel and cultivate a climate based on a shared point of view.

Overseas Group companies have established a system to conduct management strongly rooted in local communities. By appointing locally hired personnel as managers and above, the Company makes global efforts to create a comfortable working environment tailored to the culture of each country and region. b

### Measures

#### Global Personnel Development Committee\*<sup>1</sup>

Mazda is aiming to provide medium- to long-term training for employees to become leaders in every field of global business and ensure their optimal positioning and performance. Top managements of Mazda Motor Corporation and its Group companies discuss and decide the development and exchange plan for individual personnel in these companies.

#### Regular Meetings with Human Resources Managers of Group Companies

- Bimonthly regular meetings with overseas regions
- Biannual global human resource meetings with the managements in charge of human resources of major overseas bases
- Half-yearly meetings with domestic Group companies located on the premises of the Head Office (Hiroshima)

## Global Personnel Exchange and Employment

Mazda implements short- and medium-term human resources exchanges throughout the Group as a whole, through the Global PDC (Global Personnel Development Committee) and other measures, to enable a diverse range of employees to succeed on the global stage regardless of their country of origin or place of employment.

In Japan, Mazda promotes the initiative to enhance the Group's collective strength, by such arrangement like the company briefing sessions with the Group companies jointly. In overseas countries/resions, each of the Group companies employ the personnel suited to each country and region, conducting a unique recruitment procedure respectively.

### Short-term Personnel Exchange Program

This program is mainly designed for employees in mid-level positions, with the aim of developing human resources who can be immediately effective in global business settings. Suitable employees in the Head Office are exchanged with their counterparts in overseas regions to gain opportunities for overseas business experience for a short term (three to six months). In the six years from FY March 2011, when the program commenced, to FY March 2016, a total of 21 employees were exchanged.

### a 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."

### b Rate of locally hired personnel assigned to management-level in overseas Group companies

(Consolidated)

|                                     |     |
|-------------------------------------|-----|
| Employment rate in<br>FY March 2016 | 67% |
|-------------------------------------|-----|

\*1 The Personal Development Committee (PDC) comprises four committees: PDC1 and Global PDC, which cover personnel in domestic and overseas global companies; PDC2, which covers the personnel in middle management of Mazda Motor Corporation; and PDC3, which covers employees of Mazda Motor Corporation excluding PDC1 and PDC2 level.

## 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/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 and find a healthy balance between their work and personal lives (see pp. 85-87).

### Increasing the Employment and Range of Opportunities for Female Employees\*<sup>1</sup>

Through enhancement of measures promoting work-life balance and other initiatives, Mazda is striving to cultivate a workplace in which women can work comfortably, with the ratio of female employees steadily increasing.

Mazda has already set\*<sup>2</sup> the goal of increasing the number of female middle managements and above to three times the figure as of March 31, 2014 by 2020. To achieve this numerical target, the Company has promoted initiatives according to the voluntary action plans. Recently Mazda submitted these voluntary plans to the authority concerned as the business owner's action plans, based on the Act of Promotion of Women's Participation and Advancement in the Workplace. In the future, Mazda will continue to draw up and implement individual development plans for female candidates for middle and above management positions and also further promote the opportunities for female employees, by improving training and promoting female employees recruitment.

### Employment for Those with Special Needs\*<sup>1</sup>

Mazda steadily and continuously recruits employees with special needs, considering that each employee can demonstrate his/her best performance. In support of a comfortable working environment for employees with special needs, Mazda has established the Physical Challenge Support Desk for consultations.

In FY March 2016, the Company started to employ mentally challenged people. In March 2014, Mazda was certified as an Ai Support Company/Organization under the Ai Support campaign\*<sup>3</sup>, by Hiroshima Prefecture. The Company participates in this campaign with the aim of helping realize a society where all people can live in harmony and in comfort, regardless of whether they are with or without special needs.

Mazda has also registered itself with the "special support school employment support unit Hiroshima"\*<sup>4</sup> to carry out the internship program for mentally challenged students, as part of its collaboration with the local community to promote employment of people with special needs.

### Promoting Re-Employment of the Elderly, and Passing on Expertise, Skills, and Know-How\*<sup>1</sup>

Mazda is actively re-employing retired former employees to help them share their expertise, skills, and know-how with younger employees.

Efforts are being made to create a work environment that is fulfilling yet able to balance work and personal life through measures such as reduced work hours and shorter days.

Starting in FY March 2014, Mazda has introduced a system to ensure the continued employment of all post-retirement employees who wish to continue working, in response to the revised Act on Stabilization of Employment of Elderly Persons, which took effect in April 2013.

### Systems to Enable Limited-Term Employees in Manufacturing Operations to Become Fulltime Employees and Mazda Workers' Union Members\*<sup>1</sup>

Mazda is implementing ongoing measures toward the achievement of a workplace in which limited-term employees can feel fulfilled with their work.

A system has been put in place for limited-term employees who have worked for one year or more at Mazda in becoming full-time employees.

In addition, limited-term employees who have worked for six months or more and had their contracts renewed can become members of the Mazda Workers' Union. Through these and other initiatives, the Company is cultivating a sense of oneness among employees with different employment styles as it aims to cultivate a vibrant environment where employees can enjoy their work.

## Employee Data (as of March 31, 2016) (see p.129)

|                                |        | Number of Employees  |                              | Average age* <sup>3</sup> | Average years of employment* <sup>3</sup> |
|--------------------------------|--------|----------------------|------------------------------|---------------------------|---|
|                                |        | Production / medical | Administrative / engineering |                           |   |
| Non-consolidated* <sup>1</sup> | Male   | 9,725                | 9,928                        | 39.9                      | 17.1                                      |
|                                | Female | 656                  | 1,292                        | 36.7                      | 13.5                                      |
|                                | Total  | 21,601               |                              | 39.6                      | 16.8                                      |
| Consolidated* <sup>2</sup>     | Total  | 46,398               |                              | —                         | —   |

\*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 Exclude the number of employees hired under the Expert Family system.

(Non-consolidated)

|   | FY March 2014            | FY March 2015            | FY March 2016            |     |
|---|--------------------------|--------------------------|--------------------------|-----|
| Number of female employees hired  | 95                       | 117                      | 144                      |     |
| Number of female managers (assistant manager and above)                       | 149                      | 162                      | 173                      |     |
| Number of female managers (middle management and above)                       | 20                       | 24                       | 29                       |     |
| Percentage of female managers* <sup>1</sup> (assistant manager and above)     | 3.8%                     | 4.0%                     | 4.3%                     |     |
| Percentage of female managers* <sup>2</sup> (middle management and above)     | 1.5%                     | 1.7%                     | 2.0%                     |     |
| Number of male managers (middle management and above)                         | 1,343                    | 1,392                    | 1,409                    |     |
| Number of workers aged 60 and over (Expert Family)                            | 1,240                    | 1,114                    | 1,067                    |     |
| Percentage of employees with special needs* <sup>3</sup>                      | 1.98% (Legal rate: 2.0%) | 2.02% (Legal rate: 2.0%) | 2.02% (Legal rate: 2.0%) |     |
| Number of employees with special needs* <sup>3</sup>                          | 279                      | 287                      | 295                      |     |
| Average age of managers   | 51.1                     | 51.5                     | 51.9                     |     |
| Employee turnover rate* <sup>4</sup>  | 3.5%                     | 3.6%                     | 3.1%                     |     |
| Number of new graduates hired (University, college and high school graduates) | Male                     | 133                      | 215                      | 459 |
|   | Female                   | 50                       | 66                       | 87  |

\*1 Number of female managers (assistant manager and above)/ Number of managers (assistant manager and above)

\*2 Number of female managers (middle management and above)/ Number of managers (middle management and above)

\*3 Average number in each fiscal year

\*4 Exclude the number of employees hired under the Expert Family system.

### Percentage of female new graduates hired (from FY March 2015 to FY March 2017)

|                | FY March 2015 | FY March 2016 | FY March 2017 |
|----------------|---------------|---------------|---------------|
| Administrative | 33%           | 36%           | 35%           |
| Engineering    | 15%           | 6%            | 11%           |
| Production     | 6%            | 11%           | 10%           |

Subject to independent third-party assurance

\*1 Initiatives at Mazda Motor Corporation

\*2 "Mazda Promoting Active Participation of Female Employees" [http://www2.mazda.com/en/csr/csr\\_vision/employee/pdf/diversity.pdf](http://www2.mazda.com/en/csr/csr_vision/employee/pdf/diversity.pdf)

\*3 "Ai" is Love in English. The Ai Support campaign is intended to certify companies and organizations that recommend their employees to read the textbook "Let's Learn about and Live with People with Special Needs," and to participate in Ai Supporter training programs.

\*4 A program to promote the employment of special school students through collaboration between local companies and Hiroshima Prefecture.

## Best Match of People, Work and Rewards

Mazda has put in place a system to ensure that each employee understands their work evaluation results and ability level assessments, and feels that their growth and performance are appropriately reflected in their 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 their base salaries and bonuses.

In wage determination, Mazda is in compliance with local laws and regulations in each region both in Japan and overseas, considering industry standards.

### c Average yearly salary (Non-consolidated)

|       | FY March 2014 | FY March 2015 | FY March 2016 |
|-------|---------------|---------------|---------------|
| Total | 6,290,000 yen | 6,704,000 yen | 6,812,000 yen |

### d Average salary by gender (Non-consolidated, in April 2016)

|                                       | Male        | Female      |
|---------------------------------------|-------------|-------------|
| Middle management and above positions | 635,509 yen | 599,520 yen |
| General employees                     | 308,937 yen | 293,812 yen |

## 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 assist employees in developing their careers and improving 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.

### e Education/training results in FY March 2016 (Non-consolidated)

|  |                       |
|--|-----------------------|
| Average days of training per person        | 8.1 days/year         |
| Average training cost per person           | 128,600 yen/year      |
| Number of employees that received training | 19,500 employees/year |

### Major Education and Training Programs

| Name of education and training program                | Duration, frequency, etc. | Target  | Objective   | Content of training  | Remarks  |
|---|---------------------------|---|---|--|--|
| Mazda Business Leader Development (MBLD)              | Once a year               | All Group employees in Japan and overseas   | Cultivation of business leaders who have a company-wide perspective   | To discuss the Company's present situation and future directions   | Commenced in 2000. The program of FY March 2016 (MBLD #12) was to discuss the theme "Practices for Brand Value Enhancement" in company-wide (including Group companies).   |
| Global Business Leader Program                        | As needed                 | Employees selected from Mazda Group companies around the world                    | To hone skills in areas including leadership, broadness of vision, and the ability to think strategically, and train the next generation of business operators to take the lead in global business                                    | The program features practical activities such as communication with top business leaders and engagement as a team on management issues.   | Inaugurated in FY March 2016   |
| Human Resource Development at Global Production Sites | As needed                 | Management and production staff at overseas production sites                      | To provide basic training by level to employees working at overseas production sites  | <ul style="list-style-type: none"> <li>Management training</li> <li>Supervisor education program</li> <li>Technical skills training</li> <li>Karakuri Kaizen training</li> </ul>   | —  |
| Training by level*1                                   | As needed                 | Administrative and engineering staff*1  | To encourage employees to reconfirm their roles at each level, and consider how they can help improve the organizational strength of the Company.   | <ul style="list-style-type: none"> <li>Training for third-year employees</li> <li>Training for band 6 employees</li> <li>Training through communication between departments for band 5 employees</li> </ul> Each training program is designed to promote changes in the employees' ways of thinking, through group discussion among members from different departments | —  |
| Management skill training*1                           | When newly appointed      | Newly appointed senior managers, new band 5 employees (assistant manager level)*1 | To develop trainees' awareness and sense of responsibility as managers and urge them to acquire a companywide perspective, thereby altering their mindset toward their own roles  | Mazda Way, CSR, compliance, internal controls, personnel management, human rights, safety and health, etc.   | —  |
| Production Leader Training Program*1                  | As needed                 | Foreman/Assistant Foreman/Team Leader candidates*1                                | To develop trainees' abilities to recognize and resolve problems, management improvement skills, and leadership capabilities and other skills required to work as a leader at each level.   | <ul style="list-style-type: none"> <li>Super leader training</li> <li>Senior leader training</li> <li>Team leader training</li> <li>Junior leader training</li> </ul>  | —  |
| WorldSkills Competition Training Program*1            | Two years per employee    | Selected employees in the production field who are under 21 years old*1           | <ul style="list-style-type: none"> <li>Systematic training of young engineers</li> <li>Training participants to compete in the regional, national and international WorldSkills competitions</li> </ul>                               | Employees are trained in special skills so as to participate in the WorldSkills competition  | Training is conducted by past high achievers at the WorldSkills competition.   |
| Advanced Technical Skills Training course*1           | Two years per employee    | Selected highly skilled employees*1   | To preserve the advanced technical skills necessary for manufacturing and hand them down from one generation of craftspeople to the next  | Twenty-four courses comprising skills to pass on to new engineers are available in 13 fields: iron and casting, die casting, casting, powder alloys, heat treatment, machining, engine assembly, axle assembly, transmission assembly, press, chassis, painting, and vehicle assembly  | <ul style="list-style-type: none"> <li>Inaugurated in FY March 1997</li> <li>During the two-year program, one expert trains two apprentices</li> <li>After completing the course, students are awarded the title of Production Engineering Meister and receive the Meister Badge.</li> </ul> |
| Welding Skills Training Program*1                     | As needed                 | Welding technicians*1   | <ul style="list-style-type: none"> <li>To train technicians to compete in the regional and national competitions</li> <li>To promote the growth of individual technicians, pass on skills within Mazda and raise standards</li> </ul> | Specialized training is conducted with the goal of sending welding technicians to complete in the national championships   | —  |

\*1 Initiatives at Mazda Motor Corporation

### WorldSkills Competition Results

#### Results of FY March 2016

|  |  |  |     |
|--|--|--|-----|
| The 53rd National Annual WorldSkills Competition         | Cumulative Results since 1962              | Number of contestants from Mazda           | 482 |
| Gold, silver and bronze medals in Sheet Metal Technology | International competition winners          | International competition prize recipients | 6   |
| Gold medal in Car Painting                               | International competition prize recipients | National competition winners               | 28  |
|  | National competition winners               | National competition prize recipients      | 41  |
|  | National competition prize recipients      |  | 203 |

### Data Related to the Advanced Technical Skills Training Course

#### Cumulative Results since 1996

|  |     |
|--|-----|
| Number of employees completing the course          | 129 |
| Production Engineering Meisters                    | 61  |
| Hiroshima Prefecture award winning skilled workers | 16  |
| Contemporary Master Craftspeople                   | 13  |
| Medal with Yellow Ribbon recipients                | 15  |

### Welding Skills Training Program

#### Cumulative Results since 1982

|                              |    |
|------------------------------|----|
| National competition winners | 9  |
| Prize recipients             | 33 |

## Employee Engagement Survey

Employee Engagement surveys have been conducted on a continual basis at Mazda since FY March 1988. These surveys are intended to identify employees' work motivation and the conditions in the environment supporting such motivation, and the results are used to make further improvements. Since FY March 2009, these surveys have been expanded to include Group companies in Japan and overseas. f

The survey results are reported to top managements of Mazda and its Group companies at home and abroad, and the major contents are disclosed to employees. The results for each division/company are fed back to its management-level members, who are thereby encouraged to develop improvement plans as part of the PDCA (plan-do-check-act) cycle.

f

### Examples of Improvement Measures at Workplaces Based on Survey Results

- Organizing divisional town hall meetings (for explanation of strategies/policies and holding discussions) and meetings with senior management
- Promoting idea sharing and strengthening teamwork by activating small-group activities

Percentage of Positive Responses in Global Employee Engagement Survey Results in FY March 2016 (Consolidated)

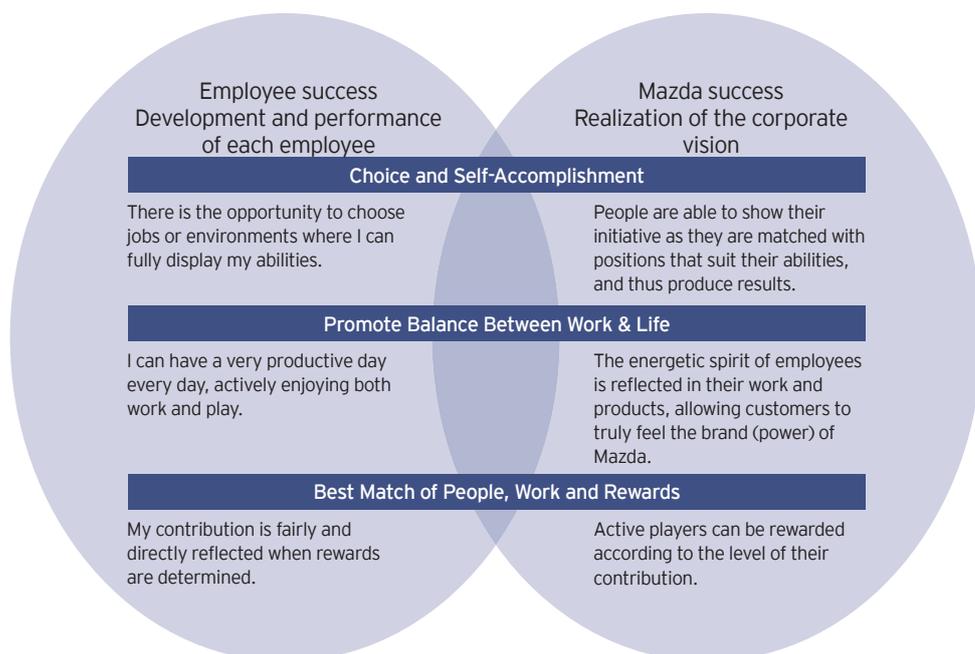
|   | FY March 2014 | FY March 2015 | FY March 2016 |
|---|---------------|---------------|---------------|
| I would like to work at Mazda/Mazda Group companies as long as possible.  | 79%           | 78%           | 79%           |
| I make efforts to develop my knowledge or skills at work for which I am responsible as a professional.              | 77%           | 77%           | 77%           |
| I feel motivated to go beyond my formal job responsibility.   | 74%           | 74%           | 75%           |
| I understand the relationship between my job and this company's strategy and goals.                                 | 71%           | 70%           | 71%           |
| I try my best to exceed the expectations of customers and stakeholders at work by putting myself in their position. | 74%           | 74%           | 75%           |
| I consider how I can act or behave in line with Mazda's brand philosophy and vision.                                | 60%           | 61%           | 63%           |
| I propose and implement ways of working that enable me to realize Mazda's brand philosophy and vision.              | 54%           | 57%           | 58%           |

## Human Resources System to Provide Appropriate Jobs and Environments\*1

Mazda uses the *Tobiuo*\*2 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 resource 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*



\*1 Initiatives at Mazda Motor Corporation  
\*2 Tobiuo means flying fish in English

## Career Meetings\*<sup>1</sup>

At Mazda, opportunities for formal communication are provided for all employees through one-on-one career meetings between supervisors and their staff, held four times a year. The things that employees should do, the specific targets and broad goals expected by supervisors are combined with the employees' personal goals as well as the things they hope to, and can achieve, enabling supervisors and their staff to understand each other and proceed to set common targets. Based on the Mazda Way, they reflect on their work accomplishments and personal initiatives and efforts in order to encourage personal development and successful performance. g

In addition, supervisors are required to take coaching training so that they can successfully motivate employees at these career meetings.

### Competency Evaluation System

Mazda has established the Competency Evaluation System, in which the work attitude and behavior of administrative and engineering staff are evaluated once a year.

Based on the seven principles of the Mazda Way, a subjective evaluation is carried out to assess the work attitude and behavior that individual employees are expected to improve (competency evaluation items), from the employees' own perspectives and from the perspectives of their supervisors and subordinates/colleagues/partner companies (multi-dimensional feedback). Feedback on the evaluation results is given to employees 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 employees' personal development and successful performance. The evaluation results are used as a reference for effective company-wide positioning of personnel.

## OJT Coach System\*<sup>1</sup>

Mazda has introduced the OJT (on-the-job-training) coach system for all new employees in administrative and engineering positions since FY March 2012.

Typically a senior employee who shares a workplace with the new hire is assigned as an OJT coach providing the job related advices to each new hire. The purposes of this system are to train new employees, foster the coach's growth, and energize the workplace.

## Career Challenge (In-House Recruitment / FA) System\*<sup>1</sup>

In-house recruitment and the FA (free agent) system are available as a part of the career development assistance for employees. h

## Mazda Technical College (Two-Year Course)\*<sup>1</sup>

Mazda Technical College, approved by the Ministry of Health, Labour and Welfare, is an in-house education institution offering courses to high school graduates and selected employees in order to cultivate human resources that can play a central role in manufacturing at Mazda. Those who complete the two-year program are assigned to production and manufacturing related divisions, and thrive at various manufacturing sites and in a range of situations.

- Number of present students: 94 (as of April 1st, 2016)\*<sup>2</sup>
- Total number of graduates (among present employees): 1,412 (from April 1988 through March 2016)

## Promotion of Work-Life Balance\*<sup>1</sup>

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 work and find a healthy balance between their work and personal lives. To promote understanding of various measures to help employees achieve a better life-work balance (see p. 87), 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.

In FY March 2004, Mazda's variety and frequency of use of systems introduced to enable the balancing of work with child-rearing and/or nursing care was recognized, and the Company received commendation from the Minister of Health, Labour and Welfare as the most "Family-Friendly Company" in Japan. Also, in FY March 2008, Mazda was awarded the Kurumin\*<sup>3</sup> certification logo mark in affirmation of its action plan for child-rearing support initiatives, based upon the Ministry of Health, Labour and Welfare's Law to Support the Development of the Next Generation. i

g

### Main Themes of Career Meetings

#### Discussions to encourage personal development:

Confirm vision of future upon accomplishment of goals, determine abilities to refine through work and activities to undertake, monitor rate of improvement

#### Discussions to encourage performance:

Determine work-related targets, confirm progress toward meeting targets, share present and future issues

#### Ratio of career meetings held

**FY March 2016: 94.4% of all applicable employees**

h

### In-house recruitment

A system where the Company releases details on occupational experience and skill requirements for the specific assignments so that the appropriate employees are able to apply for a particular job

### FA (Free Agent) System

A system where employees release their abilities and career history via the FA Declaration in order to challenge the job in a different field of work or department using their accumulated skills and experience

i

Kurumin logo mark



\*<sup>1</sup> Initiatives at Mazda Motor Corporation

\*<sup>2</sup> Including five students from Group companies

\*<sup>3</sup> Kurumin logo certification status of domestic Group companies: Mazda Motor Corporation (2007), Mazda E&T (2009), Mazda Logistics (2011), Kurashiki Kako (2011), Mazda Ace (2012)

## Major Measures to Develop Work-Life Balance and Diversity in the Workplace

(Non-Consolidated)

| System  | Description (as of March 31, 2016)   | Started                 | FY March 2014  | FY March 2015  | FY March 2016  |
|---|--|-------------------------|--|--|--|
| Maternal care paid leave  | This system allows female employees who are pregnant and have difficulty performing their duties due to morning sickness or other feelings of discomfort to take paid leave for the necessary amount of time.  | Aug. 2008               | 41 beneficiaries (1,026 days)  | 45 beneficiaries (886 days)  | 38 beneficiaries (1,081 days)  |
| Child-rearing paid leave  | This system allows employees to take up to five consecutive working days off, following childbirth or for child-rearing.   | Aug. 2008 <sup>*1</sup> | 2,200 days (487 beneficiaries)<br>Including 6 non-regular employees<br>Male: 1,681 days (381 beneficiaries)<br>Female: 519 days (106 beneficiaries)  | 1,830 days (410 beneficiaries)<br>Including 11 non-regular employees<br>Male: 1,391 days (321 beneficiaries)<br>Female: 439 days (189 beneficiaries)   | 2,189 days (491 beneficiaries)<br>Including 17 non-regular employees<br>Male: 1,684 days (389 beneficiaries)<br>Female: 505 days (102 beneficiaries)   |
| Child-rearing leave   | This system supports unpaid leave for child-rearing for children up to 3 years old. It is possible to take leave in installments. (Legal requirement: Up to one year old.)   | Jan. 1991               | 242 beneficiaries (including 6 male)<br>Rate of reinstatement after childrearing leave: 98%<br>Rate of retention after childrearing leave: 100%  | 231 beneficiaries (including 6 male)<br>Rate of reinstatement after childrearing leave: 98%<br>Rate of retention after childrearing leave: 100%  | 252 beneficiaries (including 11 male)<br>Rate of reinstatement after childrearing leave: 99%<br>Rate of retention after childrearing leave: 100%   |
| Nursing care leave  | This system allows employees with eligible family members requiring nursing care to take a leave of absence (maximum length of 1 year). (Legal requirement: up to total of 93 days per eligible family member.)  | Jan. 1992               | 7 beneficiaries (including 3 male)   | 12 beneficiaries (including 6 male)  | 8 beneficiaries (including 4 male)   |
| Special working arrangements for employees involved with child-rearing or nursing                 | This system allows employees involved with nursing or childrearing (until end of child's sixth year of primary school) to reduce work hours, be excused from overtime and holiday work, etc. (Legal requirement regarding work hour reduction: until the child reaches 3 years old.)   | Apr. 1999               | Employees with reduced working hours<br>For child-rearing: 246<br>For nursing care: 4  | Employees with reduced working hours<br>For child-rearing: 286<br>For nursing care: 3  | Employees with reduced working hours<br>For child-rearing: 325<br>For nursing care: 7  |
| Work-at-home system   | This system enables employees to perform up to 25% of their work hours at home for the purpose of childrearing or nursing care, or when working at home will raise work efficiency.  | Aug. 2008               | 53 beneficiaries   | 85 beneficiaries   | 118 beneficiaries  |
| Special Warm Heart leave system   | A paid-leave system covers nursing care for relatives, volunteer work, functions at one's child's school, and infertility treatment "Volunteer work" here refers to the following:<br>• Social welfare (welfare services for children, for elderly people and for people with disabilities, etc.)<br>• Environmental protection (forest preservation, recycling activities, etc.)<br>• Interaction and cooperation with communities (participation in community events, support for activities of children's associations, crime prevention activities, etc.)<br>• International friendship activities (welcoming home stay guests, interpretation service, etc.)<br>• Health and medical volunteering (health care instructions, donor activities, etc.)<br>• Disaster relief<br>• Acquisition of qualifications, skills and knowledge that are useful in volunteer activities<br>• Support for sports activities (sports coaching, organizing sports events, etc.)<br><br>* Note that activities related to specific political and religious beliefs are not included in volunteer work. | Aug. 2008 <sup>*1</sup> | 309 beneficiaries (1,935 days)<br>Male: 122 beneficiaries (738 days)<br>Female: 186 (1,197 days)<br>For nursing care for relatives<br>264 beneficiaries (1,469 days)<br>Including 22 non-regular employees<br>Male: 108 beneficiaries (673 days)<br>Female: 156 (796 days) | 503 beneficiaries (2,270 days)<br>Male: 187 beneficiaries (865 days)<br>Female: 316 (1,405 days)<br>For nursing care for relatives<br>374 beneficiaries (1,813 days)<br>Including 31 non-regular employees<br>Male: 162 beneficiaries (805 days)<br>Female: 212 (1,008 days) | 404 beneficiaries (2,492 days)<br>Male: 180 beneficiaries (963 days)<br>Female: 224 (1,529 days)<br>For nursing care for relatives<br>342 beneficiaries (1,692 days)<br>Including 30 non-regular employees<br>Male: 137 beneficiaries (675 days)<br>Female: 205 (1,017 days) |
| Onsite daycare center: Mazda Waku Waku Kids En  | This daycare center was established for employees' children who have not yet entered school. A permanently stationed nurse is available to look after children who become ill.   | Apr. 2002               | Preschoolers: 47   | Preschoolers: 47   | Preschoolers: 47   |
| Challenging Career leave  | In order to increase future career potential, employees can use this system to take leave for up to three years while attending a school or other training facilities.   | Oct. 2003               | 2 beneficiaries  | 2 beneficiaries  | 2 beneficiaries  |
| Leave for employees accompanying a transferred family member                                      | This system allows employees to take a fixed-term leave in order to accompany a spouse who has been transferred, allowing the employee to resume their career at Mazda later on.   | Oct. 2003               | 28 beneficiaries   | 28 beneficiaries   | 24 beneficiaries   |
| Re-employment Systems   | This system provides an opportunity for former Mazda employees who left the Company due to marriage, child-rearing, nursing care, or other reasons to return to work if they desire.   | Aug. 2008               | 2 registrants  | 5 registrants  | 1 registrant   |
| Expert Family System  | This system enables interested individuals who meet a certain standard of abilities and experience to be rehired as engineers, advisors to younger engineers (to pass on their knowledge), specialists or in other positions following their retirement at the mandatory retirement age.   | Apr. 2006               | 275 hires  | 300 hires  | 250 hires  |
| Super-Flextime Working System (with no set core working hours)                                    | This system was introduced to maximize results by supporting a balance between each employee's private life and working life. Under this flextime working system, the employees can setup days of not showing up to their workplace.   | Oct. 2000               | Used at 80% of administrative and engineering field workplaces   | Used at 80% of administrative and engineering field workplaces   | Used at 80% of administrative and engineering field workplaces   |
| Go Home Early Campaign  | By streamlining operations, the Company has reduced the long working hours for divisions not directly connected with production. Examples of this initiative include no-overtime days and setting mandatory lights-out times. (Information about the overtime hours is reported back to management of each division, once in three months to implement the PDCA cycle.)  | Sep. 2007               | Ongoing  | Ongoing  | Ongoing  |
| Paid Leave for JICA Activities  | Employees participating in Japan International Cooperation Agency (JICA) volunteer activities are entitled to take paid leave for these activities.  | Apr. 2007               | —  | —  | —  |
| Mazda Flex Benefit System   | This is a selective benefit system. Individual employees can seek the type of assistance that most suits them by choosing from a number of preset benefit options within the points they have. Livelihood support, capacity development, childrearing, nursing care, social contributions, hobbies, etc.   | Oct. 2001               | All employees  | All employees  | All employees  |
| Benefit program to support employees' environmental protection and social contribution activities | As part of the Mazda Flex Benefit System, employees can apply their points toward compensation of the costs incurred during volunteer activities they perform. This system is also extended to employees who take a leave of absence to participate in JICA activities.  | Oct. 2001               | 11 instances<br>187,600 yen  | 17 instances<br>209,600 yen  | 6 instances<br>115,000 yen   |
| Promotion of planned use of paid leave  | Labor and management cooperate to streamline and standardize work processes, helping to create an environment in which employees take the initiative in planning for and using their paid vacation days (vacation may be taken in 0.5 day increments).   | Ongoing                 | Rate of vacation day use: 77%<br>Average of vacation days taken: 14.7 days   | Rate of vacation day use: 79%<br>Average of vacation days taken: 15.1 days   | Rate of vacation day use: 82%<br>Average of vacation days taken: 15.6 days   |

\*1 Operated under a different system before August 2008.

## TOPICS

**[Canada] Highly Valued from Outside the Company for a Positive Working Environment**

Consistent focus on promoting a positive working environment for employees resulted in Mazda Canada (MCI)\*<sup>1</sup> winning the award as one of the Greater Toronto Area's Top 100 Employers 2016. The award was founded in 2006 and has become a benchmark in the Greater Toronto Area (GTA) for workplace best practices, having around 8,000 applications to this 10<sup>th</sup> annual competition. With the eight criteria's\*<sup>2</sup>, MCI was especially highly valued in the area of benefits for employees; to find a healthy balance between their work and personal lives.

\*1 Mazda's distributor

\*2 A competition to choose the top 100 employers which have offices in the GTA for workplace best practices. The award evaluates the employers based on the following eight criteria's: (1) physical workplace; (2) work atmosphere and social; (3) health, financial and family benefits; (4) vacation and time-off; (5) employee communications; (6) performance management; (7) training and skills development; and (8) community involvement.



## VOICE



Amanda Goldenberg  
Specialist, Curriculum  
Development, Mazda  
Canada Inc.(MCI)

Now I am in charge of developing and administrating online training programs for the employees at head office and staff members at Mazda's dealerships across the country. I first started off working as a contracted employee in Mazda Canada's warranty department. However, by the time at the expiration of the contract, it was hard for me to leave MCI because of the corporate culture, of how they respect individuals' skills and create a good environment for communication. Fortunately, there was an open position in the brand engagement department; I applied for it as a full-time employee and succeeded. I will continue to develop and administrate training programs to enhance brand value of Mazda.

## TOPICS

**[Mexico] Event for Employees and Their Families**

In December 2015, Mazda de Mexico Vehicle Operation (MMVO)\*<sup>1</sup> held a year-end festival for its employees and their families. In addition to presentations on Mazda's vehicles and history, this event featured a variety of attractions, aiming to help develop an emotional connection to MMVO and the Mazda brand among employees and to cultivate confidence to the company among their families. Around 15,000 people participated in the festival. One of the employees commented "I feel proud as I am able to show the facility and atmosphere of MMVO to my family."

\*1 A production site that started operations in January 2014



## TOPICS

**[Thailand] Buddhist Edification on the Anniversary Event**

On the third anniversary of the establishment in February 2016, Mazda Powertrain Manufacturing (Thailand) Co., Ltd. \*<sup>1</sup> (MPMT), arranged Buddhist edification with the theme of "How to make a unity happy workplace" for all employees. In Thailand, participation of a Buddhist priest in a ceremony is recognized as a part of human resources development because there is a historical background of Buddhist priests playing important role as educators. The program on the day was morality coaching after delightful ice braking activity was beyond expectations, receiving positive feedback from employees such as "the content was something that I could put into practice."

\*1 Transmission plant in Thailand.



## Mazda Mutual Aid Union\*1

The Mazda Mutual Aid Union has its foundations in the spirit of mutual assistance for all members\*2. Funded by mutual membership fees (from both members and the Company) as well as special contributions from the Company, this organization provides a range of assistance to its members and their families.

### Marriage and Childbirth Support

- Payments of gift money for marriage and childbirth  
¥15,000 is paid upon marriage, and ¥5,000 per child is paid upon childbirth

### Long-Term Care Support

- Long-term care leave payments  
¥30,000/month will be paid to members who take leave under the long-term care leave system  
(If payment continues for more than three months, ¥100,000/month will be paid for the months after first three months)
- Family long-term care relief payments  
¥50,000/year will be paid to members whose spouse is in a state requiring long-term care (as defined by the Ministry of Health, Labour and Welfare) for a continuous period of one year or more

### Education Support

- Educational expenses loan  
A loan of up to ¥1 million per child (deferred loan) will be offered when a member's child enters university graduate/undergraduate studies, junior college, or a vocational or technical school
- Payment of subsidies for raising disabled children  
¥50,000/year will be paid in support of child development to members whose child possess a grade 2 disability or higher

### Support During Disasters, etc.

- Payments of money as condolence following a disaster  
Up to ¥160,000 will be paid in condolence if a member or his/her parents' home is adversely affected by a disaster
- Emergency loan  
A loan of up to ¥500,000 (deferred loan) will be offered to members who are in mourning, hospitalized, on leave from work for injury/sickness, the victim of a disaster, caring for family members, under infertility treatment, etc.

### Other Support

- Injury/sickness leave payments, long-term medical relief payments, and injury/sickness leave special payments  
¥5,000 will be paid each time a member takes leave of one month or more for injury or sickness  
¥30,000/month will be paid for a long-term (three months or more) period of leave (if long-term leave results in the member not receiving his/ her bonus, the member will receive a special payment of up to ¥100,000)
- Financial aid for advanced medical treatment
- Monetary condolence gifts and farewell gifts, financial support for survivor's pensions funds and scholarship pension funds, etc.

\*1 Initiatives at Mazda Motor Corporation

\*2 Executives and regular employees, as well as those approved by the governing board

## Occupational Safety and Health

Under its Safety and Health Creed, Mazda is working to develop people, workplaces, and mechanisms that ensure the safety and health of the people who work at Mazda. Since FY March 2015, Mazda and its domestic Group companies have been working on the three-year plan.

For overseas Group companies, Mazda shares safety and health management methods, with taking the laws and regulations as well as labor practices of the countries and regions into account. Through these activities, the entire Mazda Group is working to steadily develop people and workplaces that emphasize safety and health.

### General Safety and Health Committee

Mazda has established the General Safety and Health Committee, whose members include management (executive officer in charge of safety, general managers of each division and independent department) and labor representatives (Mazda Workers' Union leaders\*1). The committee members meet to discuss each year's action plan and priority measures concerning safety and health. Based on the decision made by the committee, division/independent department general managers take the lead in promoting occupational safety and health activities taking into account the work characteristics and risks of each workplace.

For Group companies in Japan and overseas, the committee shares information on its activities, observes and provides guidance to each workplace, and supports education activities, etc.

### Safety and Health Management System (SMS)

Mazda implements voluntary and continuous safety and hygiene management through its Safety and Health Management System. This system reduces the potential risks for work-related accidents and enhances overall levels of safety and hygiene standards.

#### Contents of the Management System Initiative

Mazda performs risk assessments to prevent accidents before they happen. The Company also implements management system audits and evaluations to support the appropriate implementation of the system. These processes are part of the PDCA (plan-do-check-act) cycle, which Mazda applies on an ongoing basis.

<FY March 2016 Internal Audit Results (Mazda Motor Corporation)>

- Performed audits for all applicable divisions and departments (28 organizations, 128 departments)

#### Risk Assessments

Since FY March 2006, Mazda has conducted risk assessments at all facilities to determine potential dangers and risks in manufacturing, product development, administration, office operations and other processes, in order to determine suitable countermeasures. Through these efforts the Company reviews and identifies risks each year, improving the level of workplace safety.

#### Safety Record (Accident Frequency Rate)

In FY March 2016, both the total accident frequency rate and the lost-time accident frequency rate declined from the previous year.

The risk assessment process has promoted physical safety and health measures related to machinery and/or operation conditions. As a result, the number of equipment-related accidents, such as being caught in or between machinery, has been on the decline. On the other hand, accidents resulting from unsafe human behavior account for a large portion of occupational accidents. Notably, an increase in the number of falling accidents has become a matter of concern. In FY March 2017, as in the previous year, Mazda will continue to strengthen and promote measures to prevent falling accidents by encouraging employees to perform stretching exercises to enhance their leg strength. j

## TOPICS

### Initiatives to Prevent Falling Accidents

To prevent falling accidents, Mazda seeks to improve not only working environments, but also employees' physical strength, taking the characteristics of their work into consideration.

As the measures for aging of society, these initiatives are gaining attention in the occupational health field: information on the initiatives has been provided to the Japan Safety & Health Association, and research results have been presented at the National Institute for Occupational Safety and Health (NIOSH) in the United States.

**[In production divisions]** Mazda has originally developed and introduced the test for safe-operation ability and fun exercises. Consequently balance and alertness have improved among employees 50 years of age or older.

**[In divisions not directly connected to production]** "Zoom-Zoom Stretching Exercises" for the maintenance and enhancement of sense of balance and leg strength is being implemented at each workplace so as to help employees develop healthy bodies and prevent falling accidents.

#### Safety and Health Creed

For workers, safety and health are essential assets.

Our people are our most valuable resource, and we are committed to keeping them safe.

#### One Mazda Movement for an Enjoyable Workplace The Three-Year Plan

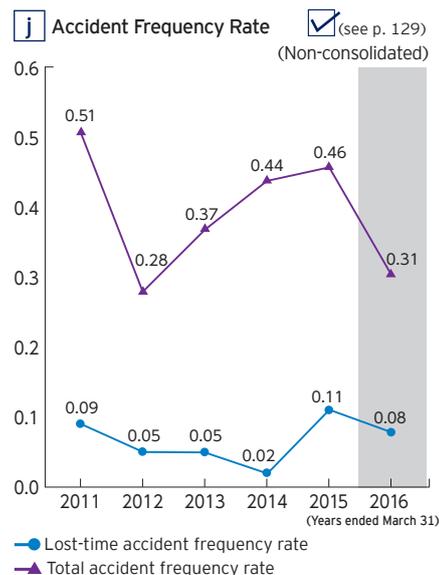
Policy: Realize a proactive and enjoyable workplace\* by accomplishing safety and health activities initiated by individuals and divisions.

Slogan: Safety and health first in One Mazda, 24 hours a day

How to think or proceed

1. Fostering human resources who go back to the basics, observe rules, and behave in a safe manner
2. Strengthening activities to prevent serious disasters and accidents, by predicting and preparing for possible risks
3. Building up a corporate culture that promotes activities in which all employees participate, and which encourages them to advise and praise each other

\* Proactive and enjoyable workplace: A workplace where intensive problem-solving activities are implemented, taking into account the division's characteristics, and where individual employees work as a team harmoniously led by their manager, so that individual employees and the organization are both invigorated.



Lost-time accident frequency rate:  
The number of lost-time accidents in Mazda Corporation per million person-hours worked.

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

Subject to independent third-party assurance  
 \*1 Membership is around 90% of Mazda employees.

## Education and Training Concerning Occupational Safety and Health

Mazda provides safety and health education and training within the Company and Group companies in Japan and overseas, and through suppliers (Toyukai Cooperative Union<sup>\*1</sup>). As part of group-wide efforts to develop safe, healthy and pleasant workplaces, Mazda conducts mutual personnel exchange programs to share information with persons in charge of safety in overseas production sites, based on first-hand understanding of each other's present conditions.

**k**

## Continued Improvement in Occupational Health

To realize a safe and pleasant working environment, Mazda strives to reduce employees' risks of suffering an accident or disease, through the efforts for heat alleviation focusing on countermeasures against heat stroke, and for risk assessment of chemical substances.

### **k** Contents of Education and Training Programs Concerning Occupational Safety and Health (FY March 2016)

(Non-consolidated)

| Contents  | Number of training participants                             |
|---|---|
| Safety and health training prescribed by the Occupational Safety and Health Law                       | 1,986<br>(including 727 from Group companies and suppliers) |
| Training for achieving zero accidents (prediction trainer training, etc.)                             | 323   |
| Capacity-building training for dangerous or hazardous work engaged persons (forklift operation, etc.) | 236   |
| Training for safety and health managerial and supervisory personnel (for newly appointed personnel)   | 142   |
| Practical first aid training (including AED use)  | 1,270   |

## TOPICS

### "Jonetsu-Dojo Training Camp" for Managers/Supervisors\* to Improve their Sense of Humanity

The Hiroshima Plant has worked to nurture "managers/supervisors who can protect their staff" since FY March 2015. In addition to conventionally implemented activities (such as work process standardization, education and training), the plant holds the "Jonetsu-Dojo Training Camp," a live-in training program aimed to develop conscience-based management capabilities. The program participants are trained to enhance their personnel magnetism and management skills, so that they can establish favorable human relationships in the workplace, care for their staff as if they were their family, but impose tough guidance on them when necessary. This program provides participating managers/supervisors with opportunities to share best practices from other companies. The program also provides communication training to express what they think in their own words, reconsidering their expectations and encouragement for their staff and colleagues.

\* Managers, assistant managers, etc.



## Countermeasure Work for Buildings Containing Asbestos

Mazda has started major countermeasure work on four buildings containing asbestos at its Hiroshima plant since June 2016. The work will take around one year to complete. The initiative is part of Mazda's efforts to protect employees and others working on the premises from future health problems due to asbestos exposure, and offer greater peace of mind to people living in the vicinity of the plant.

Each of these buildings underwent remedial maintenance work in 2006 in accordance with Japan's Ordinance on Prevention of Health Impairment due to Asbestos. The buildings have been subject to regular maintenance, with visual inspections conducted by third-party experts quarterly and asbestos concentration levels measured twice a year. Recently Mazda was instructed by the Hiroshima Central Labour Standards Inspection Office to enhance its countermeasures in buildings posing a risk of exposure to asbestos dust. Mazda takes the request in good faith and will enhance and speed up countermeasure efforts.

Levels of asbestos in the affected buildings are comparable to those in the atmosphere and far below the legal standard. Workers undergo regular check-ups, which have not found any adverse effect from exposure to asbestos.

<sup>\*1</sup> The Toyukai Cooperative Union consists of 62 vehicle parts and equipment companies that are direct or indirect trading partners with Mazda, and is a union organization that actively engages in initiatives with a constant awareness of the need to put "quality first." It was founded in 1952 by Mazda and 20 collaborating companies that have trading relationships with the Company, with the aim of promoting friendly relations among members and improving welfare, as well as developing a system for cooperating with Mazda. The Company offers advice and support to this group from a safety viewpoint by introducing safety information and inviting safety training provided by Mazda.

## Mental Health Measures\*<sup>1</sup>

In 2003, Mazda declared its commitment to active cooperation between labor and management to promote employees' mental health in the Warm Heart Declaration, and formulated the Mazda Warm Heart Plan. In 2007, labor and management, including managements, respective divisions, Company doctors and occupational health nurses, and the Mazda Worker's Union, cooperated to establish the Mental Health Project and construct a Company-wide support system.

### Consultation System

Mazda has established a system to provide consultations by Company doctors and health advisors. Not only for employees at Mazda Head Office, but also for employees dispatched to other companies in Japan and overseas, the Company offers on-site healthcare consultations, and consultations via video-conference system to support their health maintenance.

### Education and Training

Mazda holds listening skills training and advanced training targeting newly appointed managers, and the self-care seminar targeting third-year employees, on a regular basis. The Company also offers training by division on demand of the workplace. In addition, information is periodically provided to managers regarding the important points of mental health measures.

### System for Supporting Employees Returning to Work

The Company is also making efforts to support employees who have taken time off from work not to be absent again by improving measures to support them in getting back to work. The measures are such as the reduce work hour system, a system of allowing them to return to workplaces on a trial basis, and follow-up consultations after their reinstatement.

### Vitality Checkups (Investigation of Occupational Stress)

Prior to the legislation requiring companies to implement the stress check system (that came into effect in December 2015), in 2008 Mazda introduced occupational stress diagnoses known as "vitality checkups" for employees to reveal individual and organization-level risks. Employees use the results of individual diagnoses to grasp and manage their own health conditions. The result for organization-level is shared with the respective divisions. Based on the results of these diagnoses, each division takes initiatives in promoting workplace improvements to prevent mental health problems.

## Measures to Prevent Lifestyle-Related Diseases\*<sup>1</sup>

To alleviate and prevent lifestyle-related diseases, including metabolic syndrome, Mazda carries out various activities, such as non-smoking measures, promotion of walking, and holding seminars on these themes.

### Promotion of Non-Smoking Measures

Mazda has set a long-term target of reducing the percentage of smokers in the Company to 25%. To achieve this target, Mazda offers full individual support and promotes a nonsmoker-friendly environment. A Company-wide smoke-free day has been implemented once a month. In addition, the provision of outside smoking areas is promoted to prevent passive smoking.

### Promotion of Walking

To help employees improve their health, Mazda promotes various measures to encourage walking. These include:

- Eco-Walk Commuting Program (with allowance payments)
- "10,000-step Challenge" (with the goal of walking 10,000 steps a day), which is held for indirect employees
- Mazda Active Walking, for which tools on the Company Intranet are provided to help employees record the distance they walk

### Physical Management Seminars (Sarted in 2015)

Mazda holds seminars for employees of 31 years of age (in the year following the comprehensive medical checkups for those reaching the age of 30), aiming at "improving the practical skills to improve their lifestyles" and "preventing metabolic syndrome." Using external sports gyms, these seminars provide participants with opportunities to listen to lecture (about dietary habit) and to actually experience exercises and relaxation (these seminars are jointly held with the Mazda Health Insurance Society.)

### Encouraging Healthy Eating

Starting in FY March 2010, a new type of healthy meal that is low calorie, low salt, and uses high-fiber ingredients, is being offered as a regular part of the Company lunch menu. It is also applied to dietary instruction of specific health guidance.

## Health Maintenance and Improvement

To maintain and improve the health of its employees, Mazda conducts health checkups, and promotes measures to prevent and mitigate mental health problems and lifestyle-related diseases. Company-wide health improvement activities are under way emphasizing the reduction of health risks, by providing guidance and education based on the results of health checkups, taking aging countermeasures, supporting related activities at domestic Group companies, and offering health maintenance support for employees dispatched to other companies overseas.

### Number of Participants in Mental Health Training (Non-consolidated)

|   | FY March 2014 | FY March 2015 | FY March 2016 |
|---|---------------|---------------|---------------|
| Training for newly appointed managers                 | 202           | 152           | 171           |
| Training for managers (advanced)                      | 360           | 55            | 54            |
| Training for third-year employees (Self-care seminar) | 136           | 232           | 299           |
| Training by division (at the division's request)      | 405           | 312           | 213           |

### Vitality Checkups (Non-consolidated)

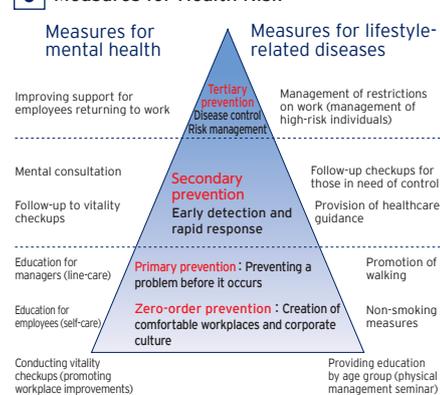
| FY March 2014 | FY March 2015 | FY March 2016 |
|---------------|---------------|---------------|
| 95            | 93            | 93            |

\* Conducted since 2008 using the Brief Job Stress Questionnaire prepared by the Ministry of Health, Labour and Welfare (MHLW). The above figures show the comprehensive risk value of Mazda Motor Corporation calculated when the national average value (announced by the MHLW) is assumed to be 100. (A smaller value indicates a smaller risk.)

### Data on Measures to Prevent Lifestyle-Related Diseases (Non-consolidated)

|                                  |   | FY March 2014       | FY March 2015       | FY March 2016        |
|----------------------------------|---|---------------------|---------------------|----------------------|
| Antismoking promotion activities | Percentage of employees who smoke   | 30.6%               | 30.5%               | 30.6%                |
|                                  | Number of employees receiving nicotine patches / guidance   | 16                  | 13                  | 25                   |
| Walking activities               | Number of participants in the "10,000-steps Challenge"/ Percentage of employees who achieved 10,000 steps per day                                   | 8,706 /48.3%        | 8,483 /46.8%        | 9,067 /45.8%         |
|                                  | Number of participants in Mazda Active Walking<br>•Smile Course (2,000 km/year)<br>•Steady Course (2,500 km/year)<br>•Speedy Course (3,000 km/year) | 696<br>8,968<br>213 | 699<br>8,497<br>187 | 1036<br>8,929<br>190 |

### Measures for Health Risk



\*<sup>1</sup> Initiatives at Mazda Motor Corporation

## Health Checkups\*<sup>1</sup>

In addition to legally prescribed health checkups for all employees, Mazda carries out comprehensive medical checkups\*<sup>2</sup> covering a variety of areas for employees when they reach the ages of 25, 30, and 35, and when they pass the age of 40. Furthermore, the Company conducts complete physical checkups\*<sup>3</sup>, including gastroscopy and abdominal ultrasonography, for employees when they reach the ages of 50, 54, and 58. Based on the results of these health checkups, Company doctors determine if employees can continue to work or not. Mazda also promotes employees' health by offering personal health guidance and education by Company doctors and health advisors. p

## Health Risk Measures\*<sup>1</sup>

The business climate has undergone various changes, including the globalization of workplaces and an increase in the number of people who are continuously employed after retirement. Giving consideration to these changes, Mazda strives to establish a system to appropriately assess and deal with the health risk of employees, from the perspectives of risk prevention and management.

### Measures for Employees at High Health Risk

Mazda has established a system to take appropriate measures for employees at high health risk for heart diseases and cerebrovascular diseases. The Company also promotes activities to clarify the assessment indexes, such as the process of determining high-risk individuals by multiple Company doctors based on relevant data, and to establish a follow-up system to care for high-risk individuals after their health checkups, through collaboration among the person in question, the Company doctor and other members of the workplace.

## Industrial Relations

Mazda has a standing labor agreement with the Mazda Workers' Union\*<sup>4</sup>. The Company has a shared outlook on the direction of its business operations and aims to build relationships in which everyone thinks and works together to contribute to all stakeholders. Labor-Management discussions are held once or twice a month between the Company and Mazda Workers' Union on such themes as personnel affairs, production and sales.

A discussion with Mazda Workers' Union is also held regarding operation changes which may have a significant impact. The information about operation changes should be shared with employees with sufficient lead time. Moreover, various measures for discussion with labor are ready in entire Mazda Group to maintain and develop positive labor relations. q

- Group companies in Japan

Regularly exchanges information and engages in active discussions with the Federation of All Mazda Workers' Unions.

- Group companies oversea

Measures for discussion with labor are ready based on the labor practices in each country and region.

(There was no collective labor dispute in FY March 2016.)

## p Health Checkup Data

(Non-consolidated)

|  | FY March 2014 | FY March 2015 | FY March 2016 |
|--|---------------|---------------|---------------|
| Percentage of employees receiving health checkups  | 100%          | 100%          | 100%          |
| Number of comprehensive medical checkups   | 11,267        | 12,184        | 12,707        |
| Number of general regular medical checkups (excluding the above)   | 17,929        | 17,563        | 18,110        |
| Number of specific medical checkups  | 1,980         | 1,879         | 2,524         |
| Number of overseas medical checkups  | 484           | 453           | 694           |
| Number of people receiving personal guidance on the basis of health checkup results (including specific health guidance) | 1,871         | 840           | 1,467         |



\* After the interview results are confirmed by the employee, these results are also reported to the employee's manager.

## q Leaders both from management and labor shake hands



\*<sup>1</sup> Initiatives at Mazda Motor Corporation

\*<sup>2</sup> For employees who reach the age of 30, 35, and 40-and-above, breast cancer and uterine cancer examinations are available with comprehensive medical checkups upon request.

\*<sup>3</sup> Offerings checkups of the brain, the lungs, etc. as paid options.

\*<sup>4</sup> Membership is around 90% of Mazda employees.

# HUMAN RIGHTS

## Basic Approach

Mazda respects for human rights as fundamental to its corporate activities. Mazda believes that a friendly, productive workplace in which employees respect the dignity and individuality of their coworkers is essential. Such a workplace harnesses the capabilities of its employees and is a source of great strength for the organization.

With this in mind, 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. Based on the notion that there is no end to human rights efforts, the Company continues its initiatives with the ultimate goal of zero problems. a

Mazda recognizes that, from the perspective of human rights due diligence\*<sup>1</sup>, a system and mechanism to grasp the activity status and to identify, report, correct and follow-up actual and potential negative impacts are required. The scope of human rights activities has been expanded to include domestic and overseas Group companies as well as suppliers, with the following efforts being conducted.

## Rules / Guidelines

One of the five principles of behavior stipulated in the Mazda Corporate Ethics Code of Conduct is "to comply with laws and regulations, company rules, common sense and sound practice in international society." Mazda has striven to increase employee awareness of its fundamental approach to respect for human rights, by further clarifying Company policies and standards of behavior among employees, in the light of the basic principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Specifically, Mazda established the Guidelines on Eliminating Sexual Harassment in 1999 and the Rules to Eliminate Human Rights Violations in 2000, prohibiting any activity that may infringe on an employee's human rights, and created a list of rules and guidelines to ensure a good working environment. In general, these rules and guidelines will be reviewed, with consideration to internal and external circumstances at the time, and if necessary, will be revised accordingly. Recently, these rules and guidelines were revised in FY March 2013.

## Systems for Promoting Human Rights

The Human Rights Committee, comprising executive officers and division general managers, deliberates on human rights activities, and based on their decisions the Human Resources Office promotes human rights education activities and resolves issues throughout the Group.

Each division manager leads the division's activities as the human rights promotion officer at Mazda Motor Corporation, while the person in charge of human rights leads activities at each Mazda business location as well as at Group companies in Japan and overseas.

Exchanges of opinions among Group companies take place on a regular basis. Serious human rights violations within the Group are reported to Mazda Motor Corporation human resources officer or other senior executives, providing a framework that enables the implementation of Group-wide solutions.

Once a year, the Global Employee Engagement survey is conducted to check the progress in human rights initiatives and confirm whether there is any problem to be addressed or not. The results of the survey are fed back to each management and improvement measures are taken as needed.

As for suppliers, Mazda seeks to establish a supply chain in which suppliers are also required to fulfill their social responsibilities in the area of respect for human rights, based on the Mazda Supplier CSR Guidelines (see p. 111). b c

a

### 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.

### b Human Rights Promotion System



### c Global Employee Engagement Survey (Positive Answer Percentage)

(Consolidated)

|  | FY March 2014 | FY March 2015 | FY March 2016 |
|--|---------------|---------------|---------------|
| I understand the company's basic philosophy and policy for human rights. | 67%           | 66%           | 68%           |
| Company ensures human rights are properly protected.                     | 61%           | 63%           | 64%           |

\*1 Due diligence is the comprehensive, proactive process to identify the actual and potential negative social, environmental and economic impacts of an organization's decisions and activities over the entire life cycle of a project or organizational activity, with the aim of avoiding or mitigating negative impacts (cited from ISO 26000).

## Activities at Group Companies in Japan and Overseas

Based on its "ONE MAZDA" concept, Mazda is committed to promoting human rights activities in its Group companies. Based on the Mazda Human Rights Declaration's basic principles and with reference to the Rules to Eliminate Human Rights Violations, the Guidelines on Eliminating Sexual Harassment, and other guidelines, Mazda Group companies are maintaining a set of rules and guidelines that take into account the conditions in each country where they are applied. Through these efforts, the Company strives to protect human rights at all companies throughout the Group. There is also regular information exchange between human rights officers at Mazda Motor Corporation and each Group company. Depending on the circumstances of the particular company, Mazda Motor Corporation may also take steps such as providing training/education tools or dispatching instructors.

During FY March 2016, Mazda supported Group companies in establishing a system for human rights training, and provided materials of Mazda's Human Rights Meetings to Group companies.

Problems arising at Group companies are reported through the pertinent superiors, but in cases where this is difficult, direct reporting from employees is accepted via the Human Rights Counseling Desk, the Female Employee Counseling Desk, Mazda Global Hotline (see p. 109), etc.

## Human Rights Counseling by Dedicated Counselors

Mazda has established 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.

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. The Counseling Desk works to promptly respond to consultations, with the goal of rapidly improving the work environment for the affected employee. Necessary support is also offered in order to ensure respect for human rights in the entire workplace in question. For further effective support for each case, the counseling desks also provide counseling for any trouble or worry regarding work and family life.

These counseling desks are managed by the Human Resources Office, and following set protocol, all received cases are followed up until they are resolved. To prevent similar cases from occurring, the counseling desks investigate all the facts and work in collaboration with related divisions/departments, while giving sufficient consideration to the intention of the employees who have requested consultations.

## Initiatives to Eliminate Human Rights Violations

Mazda carries out various initiatives to eliminate human rights violations. If a problem involving human rights violations occurs, after dealing with it appropriately, the Company discloses the case on the intranet as an example of disciplinary actions, and educational and awareness raising activities are conducted so as to prevent a recurrence. The results of handling these cases are recorded and managed in accordance with the stipulated procedure, and reported to the Human Rights Committee. These records are used to formulate more effective Company-wide policies and to prevent the recurrence of similar problems.

## Training and Educational Activities

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 Global Employee Engagement Survey. (see p. 85). These results are referred to during revisions of activities and improvement measures. 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.

### Human Rights Training\*<sup>1</sup>

Mazda holds obligatory human rights training programs for employees when they are promoted in rank or position. The Company also holds event-based training such as human rights lectures for executive officers and senior managers. In FY March 2016, Mazda held a new training program for managers and supervisors at the Hiroshima Plant to remind them of human rights, in addition to the training program to be received at the time of promotion in rank and position. A total of about 3,900 participants attended these human rights training programs.

- In FY March 2014, an e-learning program entitled "Power Harassment" was offered for managers and above. In FY March 2015, programs for general employees were added, so as to promote Company-wide awareness of "correct recognition of power harassment," "proper leadership" and "risks caused by power harassment." In FY March 2016, an e-learning program was held again, to ensure that all employees could recognize anew the issue of power harassment.
- Human rights mini-lectures and other information are offered via the in-house intranet.

### President's Message During Human Rights Week\*<sup>1</sup>

A message from the Company president to all employees on the importance of respect for human rights is delivered every year during Human Rights Week, in connection with Human Rights Day on December 10.

### Human Rights Meetings\*<sup>1</sup>

Regular meetings (four times a year for plant workers, twice a year for office workers) are held at each workplace themed on familiar topics, so that employees may develop awareness for human rights on a daily basis.

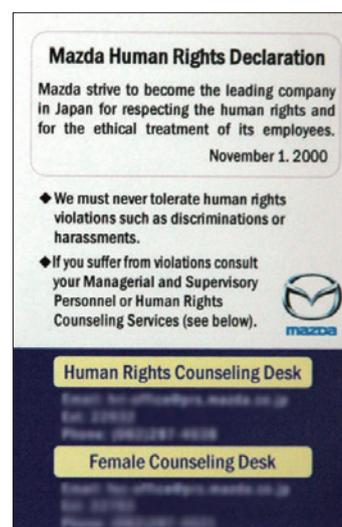
### Other Human Rights Education Activities\*<sup>1</sup>

Distribution of Human Rights Card upon hiring, and conduct of Human Rights Slogan Competition, etc.

#### d Themes of Human Rights Mini-Lectures (Examples)

- Sexual diversity (LGBT)
- Power harassment
- Sexual harassment
- Various issues and challenges (regarding women, people with special needs, nationality/race, the elderly, [HIV-] infected persons, etc.)

#### e Human Rights Card



## Collaborating with External Organizations and Contributing to Local Communities

Mazda actively collaborates with local governments, companies and other external organizations to implement human rights protection activities for local communities.

Other efforts towards promoting respect for human rights include social contributions, such as participating to human rights events in regional communities, exchanging opinions with human rights organizations, adopting measures against poverty, supporting for an HIV/AIDS care facility, and supporting the education for ethnic minority groups. (Mazda Sustainability Report 2016 Social Contributions Version)\*<sup>2</sup>

\*1 Initiatives at Mazda Motor Corporation

\*2 <http://www.mazda.com/en/csr/download/>

# SOCIAL CONTRIBUTIONS

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

Each social contribution activities are introduced in the Mazda Sustainability Report 2016 [Social Contribution Version].

(<http://www.mazda.com/en/csr/download/>)

## CONTENTS

### 98 Social Contributions



## EMPLOYEE'S VOICE

### Contributing to Our Community with Donation and Volunteer

I am in charge of promoting the Mazda Drive for Good campaign, which contributes to communities by making a customer-directed donation to charities for every new Mazda sold or leased during the event. In addition to the donation, MNAO makes the campaign unique by pledging one hour of charitable service for every test drive of a new Mazda. MNAO employees and dealers across the nation have participated in the volunteer activities. I will continue to promote the Mazda Drive for Good campaign and volunteerism to get to a point where every employee is volunteering, helping a cause in which they believe and giving back to their local communities in their own way.

**Nick Beard**

Mazda North American Operations (MNAO)  
Specialist, Corporate & Internal Communications



# SOCIAL CONTRIBUTIONS

## 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

### 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 (see p. 99).

## Systems for Promoting Human Rights

In May 2010, Mazda established the Social Contribution Committee. The role of this committee, which meets regularly (twice a year), is to discuss issues facing the entire Mazda Group and share information, in line with the social contribution policy and the CSR targets (see pp. 17-19) decided by the CSR Management Strategy Committee (see p. 16). The details of the actual activities are considered by a Working Group comprised of related divisions. Through the activities of the committee undertaken since 2010, Mazda continues to enhance information collection and utilization from a global and Group standpoint. Individual activities are carried out based on the budget plan in each region or department.<sup>1</sup>

### FY March 2016 Major Results:

- Set the CSR targets and the Mazda Green Plan 2020 (social contribution) (see pp. 49-52) and took actions
- Carried out over 400 activities\*2 in Japan and overseas. Around 100 activities are summarized in Mazda Sustainability Report 2016 [Social Contribution Version].
- Established the Mazda Social Contribution Prize, selected based on evaluation indexes for social contribution programs, and continued implementing the PDCA (plan-do-check-act) cycle process (see p. 100).

## Evaluation Indexes for Social Contribution Programs

In FY 2015, Mazda established the evaluation indexes for social contribution programs. These indexes are used to evaluate and promote programs which resolve social issues and improve corporate values and created the PDCA (plan-do-check-act) process.

They are designed to evaluate these social contribution programs from the three perspectives: effect on the society; effect on the Company; and Mazda uniqueness. (To be more specific, the indexes comprised of eight categories such as "the number of beneficiaries," "the number of participation employees," "conformity with the Three Pillars in Basic Policy on Social Contribution Initiatives," etc.)

Some programs in FY March 2016 were evaluated in terms of social return on investment (SROI), aiming at the effective use of resources.

### a Three Pillars in Basic Policy on Social Contribution Initiatives

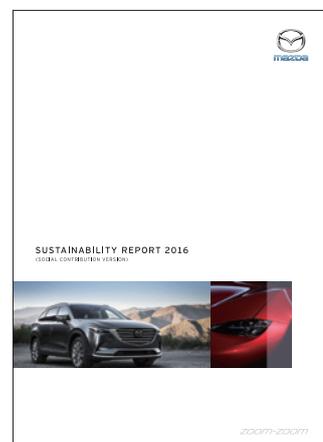


### b Promotion Framework



### c Mazda Sustainability Report 2016 [Social Contribution Version]

<http://www.mazda.com/en/csr/download/>



\*1 In Japan, the United States, Australia, and New Zealand, the Mazda Foundation in each country separately undertakes various activities.

\*2 Social contribution activities: Monetary donation, goods donation, facility sharing, employee participation and dispatch, voluntary programs, and support for disaster stricken areas.

## Initiatives Based on the 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.

### Environmental and Safety Performance

Mazda's business activities have a relationship with, and impact social issues, such as global warming, energy and resource shortages, and traffic accidents. To resolve these issues, the Company attaches importance to the environmental and safety perspectives, not only in conducting its main business, but also when making social contributions. [d] [e]

- Hosting environmental awareness-raising programs at various events, dispatching lecturers to environmental education programs, and carrying out volunteer activities for biodiversity conservation and various other environmental protection initiatives
- Offering lectures on traffic accident issues at various events, and holding safe-driving seminars

### Human Resource Development

Mazda emphasizes the perspective of human resources development, based on the idea that fostering people who will be future leaders in the foundation of society and in business is important. [f]

- Holding seminars and lectures by employees with specialized knowledge and skilled techniques such as manufacturing.
- Accepting students for internship programs, supporting to learn about vehicles using facilities in the Company, etc.

### Community Contributions

Mazda promotes community contribution activities to cope with specific issues of each local community, in the countries/regions where the Company conducts its business operations. [g]

- Making monetary/vehicle donations to charities and participating in various charitable activities
- Promoting sports and culture

## Volunteering by Employees

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

- Providing volunteer opportunities (Specialist Bank, Volunteer Center, etc.)
- Subsidizing part of the cost of activities (Mazda Flex Benefits (see p. 87), etc.)
- Enabling employees to take leave for activities (volunteer leave such as the Special Warm Heart leave system, etc.)
- Providing volunteer training opportunities

## Support for Disaster-Affected Areas

The Mazda Group provides various supports for the early recovery and restoration of areas affected by natural disasters. Mazda Head Office coordinates with its production/business sites in the affected area to provide appropriate support in case of natural disasters such as an earthquake and abnormal weather.

Recent support cases: Great East Japan Earthquake/ Kumamoto Earthquake (Japan), Nepal Earthquake (Nepal)

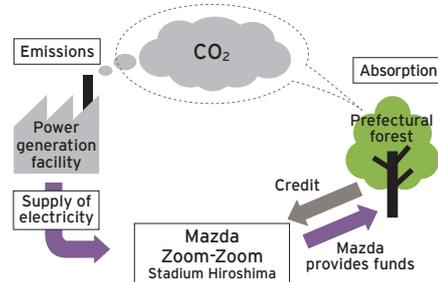
### Support by Mazda Foundations

Mazda and its Group companies have established Mazda Foundations in four countries, to promote support activities tailored to each region.

| Country     | Name                                | Support activities/objectives  | Year of establishment | Amount of grants (donations) in FY March 2016 |
|-------------|-------------------------------------|--|-----------------------|---|
| Japan       | Mazda Foundation                    | Support activities to promote science and technology and the sound development of youth  | 1984                  | ¥52 million                                   |
| US          | Mazda Foundation USA (MFUS)         | Provide funds to various initiatives for education, environmental conservation, social welfare, cross-cultural understanding, etc. | 1990                  | Around US\$1.5 million                        |
| Australia   | Mazda Foundation Australia (MFA)    | Provide funds to various initiatives, including education, environmental conservation, technology promotion, and welfare.          | 1990                  | Around A\$1.2 million                         |
| New Zealand | Mazda Foundation New Zealand (MFNZ) | Provide funds to various initiatives, including education, environmental conservation, and culture.                                | 2005                  | Around NZ\$ 230 thousand                      |

### [d] [Environment] Carbon offset initiative at night games for forest development

Mazda has offset the CO<sub>2</sub> emitted when generating electricity for illuminating night games at Mazda Zoom-Zoom Stadium Hiroshima (Hiroshima Municipal Baseball Stadium) for four consecutive years, using carbon offset credits created by Hiroshima Prefecture through its prefectural forest improvement program.



### [e] [Safety] Project Yellow Light

A safe driving education project implemented in the United States. Mazda supports the project in calling for public service announcement videos to encourage young people to avoid distracted driving. Also, young racing drivers related to Mazda Motorsports conduct activities to raise young people's safety awareness.



### [f] [Human Resources Development] Promote "Safety at School project"

A project held in Thailand for young people to engage in educational activities on safety and health. AAT is providing school education program aiming at an improvement in the sense of safety, health, environment, and team building.



### [g] [Community Contributions] Love Hofu Flea Market

This is one of western Japan's largest street flea markets. Companies, the local government, and local communities in Hofu City work together to organize this event. Mazda participates in planning and running the flea market as the secretariat. A portion of the proceeds from the flea market is donated to the Hofu City Social Work Council, and also used as a fund for holding the following year's flea market.



## Establishment of the Mazda Social Contribution Prize

In January 2015, Mazda established the Mazda Social Contribution Prize as a commendation system to recognize outstanding social contribution activities. The objective of the prize is to raise in/external recognition of the outstanding social contribution activities and support for increasing excellent social contribution activities.

Based on the evaluation indexes for social contribution programs, members of the Social Contribution Committee Working Group, the Mazda Workers' Union and the Federation of All Mazda Workers' Unions collaborate to evaluate candidate activities. The Social Contribution Committee then selects prizewinning activities, each of which will be presented with a certificate of recognition in the name of the Company President on the anniversary of Mazda's foundation in January every year.

### ■ Mazda Social Contribution Prize 2015

The 2015 prizewinning activities were selected from among the social contribution activities introduced in the Mazda Sustainability Report 2015 [Social Contribution Version]<sup>\*1</sup> (which covered the period April 2014 through March 2015).

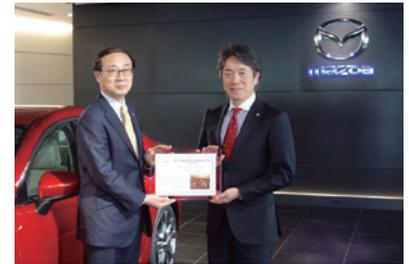
|                         | Activity name  |                   |
|-------------------------|--|-------------------|
| Grand Prize (Japan)     | Love Hofu Flea Market (Yamaguchi Prefecture, Japan)<br>(see p. 15 of Mazda Sustainability Report 2015 [Social Contribution Version] <sup>*1</sup> )  | <a href="#">h</a> |
| Grand Prize (Overseas)  | Mazda Drive for Good Campaign (United States of America)<br>(see p. 28 of Mazda Sustainability Report 2015 [Social Contribution Version] <sup>*1</sup> )   | <a href="#">i</a> |
| Special Prize           | Blood Donations by Employees (Hiroshima Prefecture, Japan)<br>(see p. 11 of Mazda Sustainability Report 2015 [Social Contribution Version] <sup>*1</sup> )   | <a href="#">j</a> |
| Special Prize           | Hokkaido Kenbuchi Proving Ground Open Facility Event (Hokkaido, Japan)<br>(see p. 19 of Mazda Sustainability Report 2015 [Social Contribution Version] <sup>*1</sup> )   | <a href="#">k</a> |
| Special Prize           | Port Facility Tour for Elementary and Junior High School Students (Mazda Logistics Co., Ltd., Hiroshima Prefecture, Japan)<br>(see p. 20 of Mazda Sustainability Report 2015 [Social Contribution Version] <sup>*1</sup> ) | <a href="#">l</a> |
| Prize for Encouragement | Donating Toys to Children in Salamanca Community (Mexico)<br>(see p. 32 of Mazda Sustainability Report 2015 [Social Contribution Version] <sup>*1</sup> )  | <a href="#">m</a> |

### Mazda Social Contribution Prize 2015

[h](#)



[i](#)



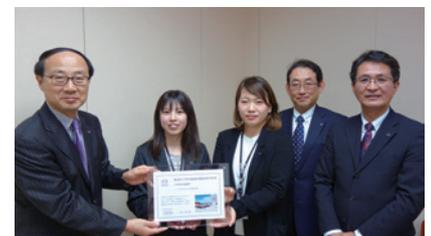
[j](#)



[k](#)



[l](#)



[m](#)



\*1 <http://www.mazda.com/en/csr/download/>

# MANAGEMENT

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

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- 102 Management  
(Corporate Governance/Internal Control/Risk Management/Compliance)
- 111 Implementing CSR in the Supply Chain
- 114 For Shareholders and Investors

## EMPLOYEE'S VOICE

### Working to Further Enhance Corporate Governance

As a member of the secretariat for the general shareholders' meetings and Board of Directors' meetings, I provide support to ensure that important matters are deliberated and decided on lawfully and properly. In FY March 2016, we reviewed the running of the Board of Directors and general shareholders' meetings in accordance with the Corporate Governance Code\*, outlined their future direction, and submitted our findings to the board for discussion. Some of this content was released in the Corporate Governance Report. I will work to steadily enhance the running of board meetings by analyzing and evaluating their effectiveness (see p. 103).

\* Guidelines for the corporate governance of listed companies released by the Tokyo Stock Exchange in June 2015. Corporate governance is a mechanism for transparent, fair, prompt and decisive decision-making from the standpoints of shareholders, customers, employees and the local community.

**Atsushi Maeda**  
Corporate Secretary Group  
Office of General & Legal Affairs



# MANAGEMENT

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

## Corporate Governance

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

### Corporate Governance Framework

The Board of Directors is made up of eight directors, two of whom are highly independent outside directors. (as of June 30, 2016). The outside directors are expected to help strengthen oversight of the Board of Directors and further boost the transparency of management by offering advice on Mazda's management activities based on their knowledge, experience, and insights, and by taking part in the decision-making process.

The Audit & Supervisory Board is made up of five members, including two full-time corporate auditors and three highly independent outside corporate auditors (as of June 30, 2016). The Audit & Supervisory Board members audit the directors in the execution of their duties in accordance with an annual audit plan formulated by the Audit & Supervisory Board. Accounting audits are conducted by KPMG AZSA LLC.

In addition to the general meeting of shareholders and meetings of the Board of Directors, Audit & Supervisory Board and other bodies designated by law, Mazda holds executive committee meetings to convey information necessary for debate on important company-wide policies and initiatives and business management as well as advisory bodies that contribute to decision-making by the president. The Company has also introduced an executive officer system. By separating execution and management, the effectiveness of the oversight of the Board of Directors is enhanced, and decision-making is speeded up through expanded debate by the Board of Directors and by delegating authority to executive officers. In this way, the Company is working to further managerial efficiency.

### Enhancing Transparency and Fairness in the Nomination and Appointment of Officers and Determination of their Remuneration

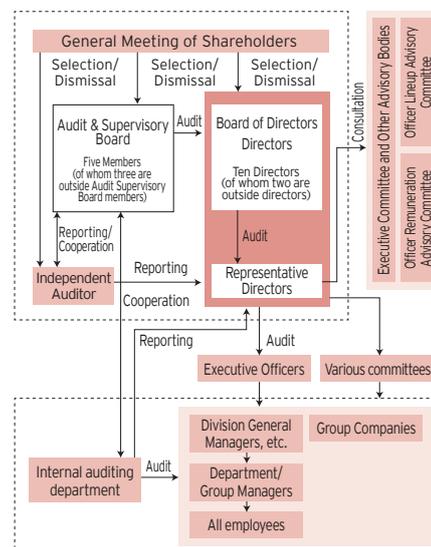
Mazda has established an Officer Lineup Advisory Committee to discuss the make-up of the officer lineup and policies for the development and selection of candidates for nominating and appointing directors, Audit & Supervisory Board Members and executive officers.

The Company has established an Officer Remuneration Advisory Committee to discuss remuneration policy and a structure and process based on the policy to enable its continued growth and to enhance its corporate value over the medium and long terms.

The Officer Lineup Advisory Committee is composed of eight internal directors and two outside directors, while the Officer Remuneration Advisory Committee is composed of three internal directors and two outside directors. Both committees are advisory bodies to the president and are chaired by an outside director.

The policies for the nomination and appointment of officers and the policies for determining remuneration are disclosed in the Corporate Governance Report.

#### a Corporate Governance Framework



\*Company-wide Safety and Health Committee, Quality Committee, Risk Compliance Committee, Human Rights Committee, Security and Export Control Committee, etc.

#### b For detailed information, please see the following.

■ Corporate Governance Report  
<http://www.mazda.com/en/investors/library/governance/>

■ Annual Report 2016  
<http://www.mazda.com/en/investors/library/annual/>  
 • Officers' areas of responsibility, profiles, etc. (pp. 38-39)  
 • Officers' compensation/Audit fees (p. 33)

■ Company Outline  
<http://www.mazda.com/en/about/profile/executive/>  
 • Officers' areas of responsibility

■ Securities Report (Japanese only)  
[http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f\\_repo160629.pdf](http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f_repo160629.pdf)  
 • Corporate governance, etc. (pp. 33-42)

## Support for Outside Directors and Outside Audit & Supervisory Board Members

The Company provides explanations of matters to be brought before the Board of Directors as necessary so that outside officers can freely state their opinions at board meetings. The Company also arranges for outside officers to interview executive officers and provides opportunities for them to inspect facilities and participate in events both inside and outside the Company. The full-time Audit & Supervisory Board members provide outside directors and outside Audit & Supervisory Board members with information they have obtained through attending important internal meetings and through their audit activities. Relevant departments cooperate in providing information and support to outside directors and outside Audit & Supervisory Board members.

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

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

In FY March 2016, it was found that members of the Board of Directors share the Company's vision and business strategy, that the outside directors express 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 has been ensured. It was also found that corporate governance is being appropriately discussed.

On the other hand, it was found that there is a need to monitor the execution of the business strategy more effectively and to further strengthen the analysis of risks when debating individual resolutions, and the company will work to make these improvements.

The Company will analyze and evaluate the board's effectiveness annually and continue to make improvements in order to enhance corporate value over the medium and long term.

## Cooperation among Parties Responsible for Auditing

Audit & Supervisory Board members (full time), the auditing company, and the Global Auditing Department hold the meetings below on a regular basis to exchange information mainly on issues related to internal controls.

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

## Auditing for Group Companies' Management

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

### Japan

Group companies in Japan set the corporate auditors. Through the Group Audit & Supervisory Board Members' Meetings attended by the audit & supervisory board members (full time) of the Group's large companies and appointed part-time corporate auditors from among the Mazda employees, Mazda aims to strengthen ties between Mazda and its Group companies.

### Overseas

Major overseas Group companies have the Audit Committee\*<sup>1</sup> to discuss matters relating to internal control. Executives and internal auditing-related departments of each overseas Group company, as well as Mazda's related departments and the auditing department, participate in each company's Audit Committee meetings and exchange opinions. Mazda's Executive Officers and full-time Audit & Supervisory Board members also attend the meetings at the Group companies in Europe, North America and Australia.

## Internal Auditing

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

The Mazda's 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.

## IT System Auditing

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

## Internal controls

Mazda has established the Mazda Corporate Ethics Code of Conduct (see p. 109), which states action guidelines for employees, the Finance Control Guideline for global financial control, and other guidelines. Based on these guidelines, each department develops rules, procedures, manuals, etc. to promote establishment of internal control. d

For Group companies, cooperative systems have been established, in accordance with the Domestic Affiliates Administration Rules and the Overseas Affiliates Administration Rules. The responsible department at Mazda supports training and system improvement for each Group company.

## Internal Control Self-Diagnosis

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

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

**VOICE**



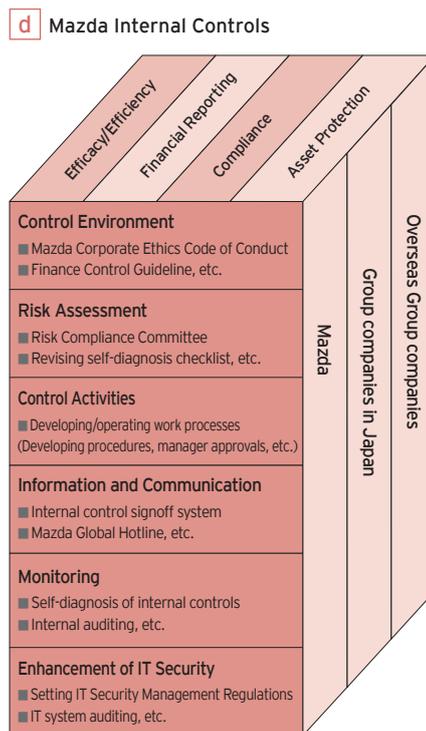
Vernon Tan  
Internal Audit  
Mazda Australia

I am in charge of all aspects of the internal audit function in Mazda Australia, which includes J-SOX audits, operation audits and Control Self-Assessment reviews. Our company is at a mature stage of internal control in all key processes. Our present challenge is working around system limitations to design and implement system controls at the new Parts Distribution Centre.

I will continue to widen and raise my knowledge of the business and to be a reliable person in charge, based on the latest information about internal controls and audit services as well as important issues identified in the Mazda group provided by Mazda Head Office.

c **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 support.
- Other Group companies in Japan and overseas, and Mazda: Mazda's auditing department conducts audits.



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

## Implementation of Internal Controls Signoff System

From FY March 2007 Mazda has introduced the signoff system, in which top management of Mazda's each department and each Group company ensure internal controls by "signing-off" after identifying inadequacies in controls and confirming the status of correction thereof through auditing and self-diagnosis. The Mazda Internal Controls Report is prepared based on the contents of these signoffs.

From FY March 2010, for the purpose of early discovery of inadequacies at each department or Group company, a new system of quarterly reporting has been implemented whereby inadequacies found are reported to the Mazda's auditing department on a quarterly basis. For each inadequacy reported, the deadline and responsible person for improvement are determined to facilitate speedy improvement.

## Risk Management

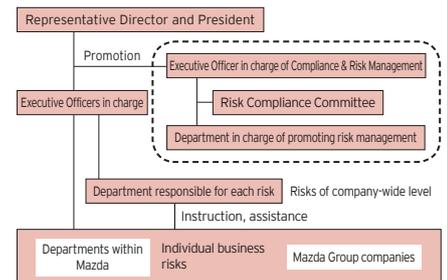
Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure continuous and stable progress of business activities. Among the risks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

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

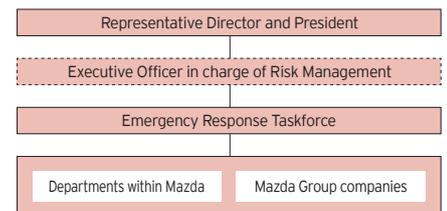
In FY March 2016, Mazda and its Group companies engaged in efforts to visualize the status of establishing systems to manage risks. The position of the Risk & Compliance Committee was revised in order to improve the level of system establishment.

Moreover, to prevent suspension of its businesses from causing a serious impact on society, Mazda has been developing measures to be prepared for possible future large-scale earthquakes, such as the expected Nankai Trough earthquake.

### e Risk Management Structure in Normal Times



### f Emergency Risk Management Structure



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

■ Annual Report 2016  
<http://www.mazda.com/en/investors/library/annual/>  
 • Business risk (pp. 45-47)

## Basic Policies of Risk Management

### Concept

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

### Goals

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

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

### Action Plan

All corporate officers and all employees shall have responsibility for carrying out risk management based on the awareness that risk exists in every facet of business activities. Risk management shall be addressed from all angles at every stage of operations.

### Methods

Risk management activities shall be divided into two types:

1. Continuous efforts to prevent and mitigate potential risks existing in everyday duties and the promotion of the proactive use of these activities (risk management)
2. Minimization of damage resulting from crisis and rapid recovery (crisis management)

### Scope of Application

1. Shall include the control of all types of business risk.
2. Shall apply to the entire Mazda Group including subsidiaries and related companies.

## Response to Accidents and Other Emergencies

Mazda has been systematically undertaking preparatory measures for major earthquakes since FY March 2004. Examples of such “hardware” and “software” measures include quake-proofing buildings and facilities, and raising embankments, as well as maintaining emergency-contact networks, organizing self-disaster-defense teams, developing response manuals, selecting tsunami evacuation areas, and carrying out evacuation drills. Moreover, disaster drills are held annually both jointly with the fire authorities and solely by Mazda’s self-disaster-defense teams to confirm initial response to an emergency. g

Further, based on lessons learned from the Great East Japan Earthquake, Mazda has communicated to all employees the procedures for initial responses and manuals for operating self-disaster-defense teams, which were newly clarified in FY March 2014, with the aim of confirming and reviewing the precautions and initial responses in each workplace. Steady efforts to enhance both “hardware” and “software” aspects of emergency readiness will continue in preparation for the Nankai Trough Earthquake or other large earthquakes and tsunami associated therewith. Mazda also supports local communities disaster prevention activities through dispatching fire engines and other means.

## Information Security

Personal information and other important information are appropriately managed and protected based on the established information management policies and internal regulations, so as to ensure information security.

To raise employees’ awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security. When newly joining the Company, management of confidential information is covered in the introduction program, while e-learning is used for personal information protection and IT security training. Other continuous education efforts are also available, including an Intranet site dedicated to information and knowledge on information security. For companies in the Mazda Group, Mazda provides guidelines and educational tools regarding information security, realizing a group-wide effort to ensure information security. Moreover, Mazda newly established the Regulations for the Handling of Specific Personal Information in October 2015, to be prepared for the enforcement of the Social Security and Tax Number System. The Company also extended support to initiatives by its Group companies.

### IT Security Management Rules

The IT security policy based on the BS 7799\*<sup>1</sup> framework has been established as IT security management rules, under which the mechanisms for security control and monitoring that should be incorporated into IT systems are determined. Whether such mechanisms are properly installed and operated is confirmed on both a regular and random basis.

### g Number of participants in drills at Mazda Head Office

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

|              | FY March 2014 | FY March 2015 | FY March 2016 |
|--------------|---------------|---------------|---------------|
| Participants | 18,200        | 18,700        | 19,100        |

\*1 Standards on information security management established by the British Standards Institution (BSI), on which ISO/IEC27001 & 27002, the current international standards for information security management, are based.

## Protection of Personal Information

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

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

### Personal Information Protection Policy

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

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

## Basic Policy on Intellectual Property

Mazda's overall vision for intellectual property is to use intellectual property as a management resource in support of its business management and enterprise activities, based on respect for its own and others' intellectual property.

Based on this vision, Mazda has established an Intellectual Property Committee to discuss and decide key items regarding intellectual property.

The committee is comprised of division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues.

Also, the invention incentive system increases motivation for inventions among employees working at the forefront of research and development., comprising division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues.

For its Group companies in Japan and overseas, Mazda supports them in developing/ implementing policies and establishing systems for handling intellectual property, with the aim of enhancing the intellectual property management functions of the entire Mazda Group.

h

### Invention and device awards

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

### Results for FY March 2016

Registration award: 366 cases/1,174 persons in total  
 Special award: 9 cases/35 persons in total  
 Multiple invention award: 11 persons  
 New inventor award: 153 persons

## Protection of Intellectual Property and Intellectual Property Risk Management

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

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

To avoid patent litigation driven by patent trolls\*<sup>1</sup>, which has been increasing mainly in the United States, Mazda joined the License on Transfer Network\*<sup>2</sup> in March 2015.

## Awareness-Raising Activities

The Mazda Corporate Ethics Code of Conduct (see p. 109) stipulates "Protect confidential information. Never infringe on any intellectual property rights, whether belonging to Mazda or another party," so as to clearly convey a relevant code of conduct to all employees and guide their behavior.

The Intellectual Property Department is responsible for the overall management of intellectual property, and also regularly conducts awareness-raising activities to instill respect for intellectual property law. Based on periodic review of risks according to changes in the external environment, the Department offers awareness-raising programs tailored to the management level and position of each employee and executive in Mazda and each Mazda Group company at home and overseas, and to the type of intellectual property in question.

Specifically, for example, the Department provides staff members of indirect divisions/ departments with education on problems of copyright that can arise from the use of the Internet and violation of the Unfair Competition Prevention Act. Awareness-raising efforts are made for the departments in charge of creating and publishing materials for outside the Company in order to prevent intellectual property problems.

## Brand Protection (Measures against Imitation Products)

To protect the customers, the Intellectual Property Department makes a sustained effort in collaboration with related departments to eliminate the risk posed to customers by the purchase of imitation products. This effort is aimed at supporting and improving the strength of the Mazda brand and its trustworthiness, as a brand that continues to be relied on by customers.

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

\*1 A patent troll is an organization or group that is not engaged in technology development itself but acquires patents for technologies developed by others, for the purpose of demanding unreasonably high patent royalties or settlement money from third parties that use the relevant technologies.

\*2 A patent association established in July 2014 by Canon Inc., Google Inc. and some other companies. If a member company sells a patent it owns to an external organization, group, or individual, the license for the patent will be automatically granted to other member companies. (If a patent troll obtains a patent of a member company, Mazda cannot be charged a patent royalty by the patent troll.)

## 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. This also applies overseas; Mazda not only complies with international regulations and the laws of each country and region, but also respects local history, culture, and customs.

The Mazda Corporate Ethics Code of Conduct is revised as needed to cope with changes in the social environment, social needs, etc.

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

### Outline of the Mazda Corporate Ethics Code of Conduct

#### Five principles of "faithful" behavior

1. To comply with laws and regulations, company rules, common sense and sound practice in international society.
2. To be fair and even-handed.
3. To fulfill the company's social responsibilities.
4. To fulfill your own duties truthfully.
5. To be honest.

#### Guidelines

1. Comply with laws and regulations and the company rules. In a situation where such rules are not clearly defined, make a judgment considering their spirit.
2. Treat employees, customers and clients fairly and justly. Do not obtain from or give anybody an unjust benefit and/or favor taking advantage of your business position.
3. Make distinctions between public and private affairs, and never pocket or abuse the company assets.
4. Keep confidential information. Never infringe on any intellectual property rights, whether it belongs to Mazda or another party.
5. Seek to develop, manufacture and sell products taking human safety and the environment into consideration.
6. Act with a view to seeking sound profit.
7. Respect human rights and human dignity.
8. State the truth honestly and timely in reporting internally and/or to the public.

## Mazda Global Hotline

In 1999, Mazda established the Ethics Advisory Office to handle employee inquiries about compliance and conduct investigations on ethical matters. In September 2007, the scope of the office was renamed the Mazda Global Hotline and the scope was expanded to include domestic and overseas Mazda Group companies and contact points were established both inside the Company and outside (attorney's office).

To ensure that all employees are aware of this hotline, Mazda has distributed the Compliance Card with the contact information to all employees at Mazda Motor Corporation, and ensures awareness of this hotline at every opportunity through compliance education. Mazda has also introduced the hotline to Mazda Group companies in Japan and overseas via each company's Intranet.

This hotline is also introduced to suppliers so that they can report the questions arose from any transaction. j

The Mazda Corporate Ethics Code of Conduct states that "Persons who report incidences of violation of the law and persons who cooperate in investigations of alleged violations shall not be subjected to retribution or disadvantageous treatment."

In addition, Mazda has set up several contact points to provide various consultations for employees. k

These contact points aid in the early detection and appropriate handling of important compliance-related information. The critical cases are reported to the management.

### i Compliance Promotion System



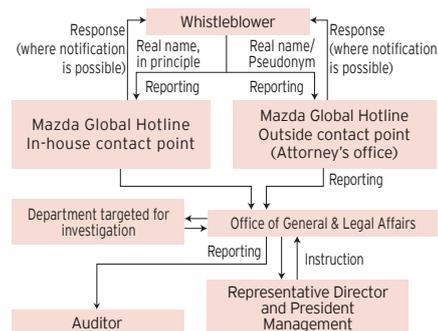
### Global Employee Engagement Survey Percentage of positive responses (Consolidated)

|   | FY March 2014 | FY March 2015 | FY March 2016 |
|---|---------------|---------------|---------------|
| Legal and company policy compliance is strictly observed in this company. | 71%           | 73%           | 73%           |
| This company deals properly with violations of compliance.                | 68%           | 70%           | 71%           |

### Overview of Compliance Activities

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

### j Mazda Global Hotline Outside contact point



### k Various Contact Points



## Compliance Education

Mazda believes that mere adherence to laws and regulations is not enough; it is important to have each and every employee understand the essence of such laws and regulations and to practice integrity. To this end, various compliance education activities are organized, and in FY March 2016, approximately 950 employees took part in these activities. The content of voluntary learning opportunities using e-learning is also being enhanced.

Moreover, the Company also uses its Intranet to raise employee awareness of compliance issues. For example, Mazda distributes a case study series entitled "Learning from Other Companies," which highlights problems and best practices at other companies in terms of compliance and risk management. Another Intranet-based study tool is a monthly series entitled "Compliance Communications," which draws on familiar situations to prompt better understanding of compliance. Every month approximately 4,000 employees read these materials. I

This information is also shared with Mazda Group companies, who apply it in their own compliance education activities.

There are also department-specific compliance efforts, such as the arrangement of regular meetings using the Compliance Communications.

Continued initiatives targeting executives and middle managers are also taking place to reemphasize the importance of compliance through compliance seminars and timely provision of information.

### I Themes of "Compliance Communications," "Learning from Other Companies' Case Examples," and "e-Learning" (Example)

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

## Supporting Enhancement of Compliance at Dealerships in Japan

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

### Specific initiatives:

1. CSR Committee meetings are convened in conjunction with the Mazda Dealership Association in order to discuss basic policies and measures related to compliance and internal controls, and request the promotion of compliance to all Mazda dealerships at every opportunity such as during the conferences for dealership representatives .
2. Know-how sharing including examples of practical and effective activities is promoted. The Internal Controls Conference with persons in charge from dealerships has been held twice a year since FY March 2012. The conference was reorganized in FY March 2016 as Internal Controls Head Conference with additional participation of responsible persons to strengthen the promotion of compliance.
3. Questions encompassing risks concerning standard business process and laws particular to dealerships in Japan as well as internal control were added to the Self-Diagnosis Checklist on Internal Controls, which is deployed throughout the Mazda Group. It supports the promotion of dealership management in compliance with related laws and improvement of work efficiency.
4. Education tools, such as one-point lessons on compliance about near-at-hand case studies and specialized e-learning programs, are introduced on the compliance site on the Intranet used by all dealerships in order to promote understanding of compliance and internal controls among dealership employees.
5. For immediate reporting of problems related to compliance, internal controls, and other issues, an in-house consultation contact point has been set up at each dealership, and the effective use of Mazda Global Hotline reporting system has been reminded.

# IMPLEMENTING CSR IN THE SUPPLY CHAIN

## Working with Mazda's Suppliers

Mazda carries out a wide variety of activities in order to achieve mutual growth and prosperity with suppliers and dealerships, both in Japan and overseas. In line with its basic purchasing policy, Mazda is taking its efforts to build open business relationships and ensure fair and even-handed dealings with its suppliers both in Japan and overseas.

In addition, Mazda is committed to promoting CSR initiatives and enhancing BCP aimed at building a sustainable society in full partnership with its suppliers. The Company bases its assessments of business dealings with its suppliers on a comprehensive evaluation that covers not only quality, technical strengths, pricing, delivery time and financial conditions, but also the corporate compliance structure and initiatives for environmental protection.

### Measures Based on the Basic Purchasing Policy

- Mazda extends opportunities to businesses throughout the world, regardless of nationality, scale or history of transactions with the Company.
- Upon receiving a request to start business with Mazda, Mazda assesses the company in question in a fair and even-handed manner according to its in-house criteria for evaluation of suppliers, and determines the feasibility of a business partnership.
- Mazda requests that suppliers comply with Mazda Supplier CSR Guidelines and Mazda Green Purchasing Guidelines (see p. 53).

### <Examples of Specific Measures>

- Publishing of the "Request for Thorough Compliance with Labor Related Laws" for all suppliers (January 2005)
- After holding briefing sessions for employees and suppliers based on the "Guidelines for Appropriate Transactions in the Automobile Industry" formulated by the Ministry of Economy, Trade and Industry (2008), continuous communication is held to related parties inside and outside the Company on every subsequent revision of the Guidelines.
- Clarification of the behavioral guidelines for appropriate transactions by formulating the "Promotion Manual for Appropriate Purchasing" (2008)
- Posted relative materials to exclusive access site for suppliers in order to continue supplier education (August 2011 -) Recently, in line with the revision of the "Guidelines for Appropriate Transactions in the Automobile Industry" in January 2016, a modified version of the "Promotion Manual for Appropriate Purchasing" was posted (June 2016). Other materials posted include: "Behavioral Guidelines on Appropriate Purchasing," "Causes of and Countermeasures against Problematic Transactions," and "Specific Handling Policies by Each Category of Disputable Transactions."

## Mazda Supplier CSR Guidelines

To promote CSR activities among Mazda suppliers, in July 2010 Mazda created the Mazda Supplier CSR Guidelines with reference to the CSR Guidelines of the Japan Automobile Manufacturers Association. In addition to requesting total compliance with the laws and regulations of all countries and regions, the Guidelines outline six areas such as respect for people including the prohibition of child labor and forced labor, environmental protection and information disclosure, and request that all Mazda suppliers comply with the guidelines in these areas.

**a**

For the revision of the guidelines in July 2013, Mazda provided the clear policy toward disuse of raw materials, which should be the cause of social issues, including conflict minerals<sup>\*1</sup>, and also requested suppliers to comply with it. The Mazda Green Purchasing Guidelines, which indicates the detail of the environmental protection area, is separately created and Mazda requests suppliers to comply with them.

**b**

### Basic Purchasing policy

Mazda will, in the fullest sense of coexistence and mutual prosperity, engage in research and production for improved competitiveness. The Company will build open and fair business relationships to ensure sustainable growth and raise its level of contributions for social and economic development. (1994)

### Number of Suppliers (As of March 31, 2016)

|                     |       |
|---------------------|-------|
| Automotive parts    | 509   |
| Materials, etc.     | 148   |
| Equipment and tools | 390   |
| Total               | 1,047 |

### Purchasing Cooperative Organizations\* (As of March 31, 2016)

|   |           |     |
|---|-----------|-----|
| Parts suppliers   | Yokokai   | 170 |
| Materials suppliers (Raw materials, equipment, molds, etc.) | Yoshinkai | 81  |

\*An autonomous management organization, comprising suppliers that have a certain degree of transaction with Mazda, with the purpose of strengthening relationships between Mazda and its suppliers as well as promoting mutual growth and prosperity.

### **a** Mazda Supplier CSR Guidelines

Japanese  
[http://www.mazda.com/globalassets/ja/assets/csr/csr\\_vision/distributor/supplier\\_csr\\_guideline\\_j.pdf](http://www.mazda.com/globalassets/ja/assets/csr/csr_vision/distributor/supplier_csr_guideline_j.pdf)

English  
[http://www.mazda.com/globalassets/en/assets/csr/csr\\_vision/distributor/supplier\\_csr\\_guideline\\_e.pdf](http://www.mazda.com/globalassets/en/assets/csr/csr_vision/distributor/supplier_csr_guideline_e.pdf)

### **b** Mazda Green Purchasing Guidelines

Japanese  
[http://www.mazda.com/globalassets/ja/assets/csr/csr\\_vision/distributor/greenpurchasing\\_guideline\\_j.pdf](http://www.mazda.com/globalassets/ja/assets/csr/csr_vision/distributor/greenpurchasing_guideline_j.pdf)

English  
[http://www.mazda.com/globalassets/en/assets/csr/csr\\_vision/distributor/greenpurchasing\\_guideline\\_e.pdf](http://www.mazda.com/globalassets/en/assets/csr/csr_vision/distributor/greenpurchasing_guideline_e.pdf)

\*1 Conflict Minerals: Minerals and their derivative metals designated by Financial Regulatory Reform Article 1502 that are sourced from and used as financial source of armed groups in the Democratic Republic of Congo or the surrounding countries (Regulated minerals: tantalum, tin, tungsten, gold)

## Questionnaire Survey for Suppliers

Aiming to establish a system to understand and evaluate the status of CSR implementation, Mazda conducts questionnaire surveys for its suppliers.

### CSR Questionnaire

The CSR questionnaire survey was introduced in FY March 2014 for the purpose of comprehensively determining the CSR implementation status of suppliers.

Target of the survey in FY March 2016

- Local suppliers engaged heavily in transactions with Mazda
- Overseas suppliers engaged in large volumes of transactions with Mazda

### Survey on Conflict Minerals

Believing that the status of use of conflict minerals should be clarified urgently and in detail, Mazda conducts a separate survey on this issue. Based on the pilot survey in FY March 2015, the Company conducted a full-scale survey in FY March 2016 targeting 301 suppliers of the parts and materials of the vehicles to be supplied to Toyota Motor Corporation, in response to its request.

## The Supplier Evaluation System

When starting business with a new supplier, related departments coordinate together to confirm the supplier's quality control system, research & development system, technological capabilities, financial conditions, and CSR initiatives, in order to evaluate whether or not the supplier is compliant with the procurement/selection policies of the Mazda Group.

For each long-term supplier, Mazda conducts not only an evaluation based on the quality, pricing and delivery time of procured goods or service, but also a comprehensive evaluation of the entire business including its quality control system, research & development system, and technological capabilities. For the supplier quality control system, Mazda employs a system that enables continuous grasping of issues, evaluation of the situation, and provision of guidance for improvement by receiving daily reports on product quality as well as voluntary audit results, and when a supplier is in need of quality improvement, conducts quality auditing that involves on-site confirmation of actual products at both domestic and overseas sites.

Also, Mazda comprehensively evaluates its suppliers every year (257 suppliers in 2015) from the perspectives of quality, pricing, delivery time, etc., in order to build more positive business relationships with them, and passes the results of these evaluations back to the suppliers. Outstanding suppliers are recognized with awards. The Company has also introduced CSR-based evaluation, giving special awards to suppliers that have made outstanding proposals on weight trimming, which greatly affects environmental performance such as fuel efficiency.

## Handling of Business Continuity (BCP) in the Supply Chain

Mazda is presently upgrading and expanding its business continuity plan (BCP) to prepare for risks and avoid long-term suspension of business that would extensively impact society. For procedures when suppliers are affected by disasters, the Company has compiled the Risk Management Procedures for Affected Suppliers. Assuming a large-scale disaster, risks for each supplier were identified in terms of substitutability, location, and business continuity. By sharing the identified risks, measures against them will be developed. To enable early recovery while placing the highest priority on human life, the Company has introduced the "SCRkeeper,"\* a supply chain risk management system, with the aim of enhancing its initial response and risk management. The Company will continue to enhance its BCP.

### c Results of Supplier CSR Survey (target: 51 local suppliers)

|               |  |            |
|---------------|--|------------|
| FY March 2016 | Response rate  | 100%       |
|               | Mazda Supplier CSR Guidelines are introduced within the company or to suppliers. | 100%       |
|               | CSR education is provided.   | around 70% |

### d

#### Evaluation items when starting business with a new supplier

Quality management system, research & development system, technological capacity, production and delivery capacity, financial conditions, CSR initiatives, etc.

#### Evaluation items for long-term suppliers

Quality management system, research & development system, technological capacity, production and delivery capacity, financial conditions; quality, pricing, delivery time of goods or services procured, and other items in the Supplier CSR Guidelines (see p. 111)

\* Supply Chain Resiliency system  
This is a system combining map data with the earthquakes information by the Meteorological Agency, with which the seismic intensity of the registered production sites can be found quickly in the event of an earthquake.

## Communicating with Suppliers

To enable coexistence mutual growth and prosperity for all parties, along with the overarching goal of building high-quality vehicles, Mazda Group, seeing all the suppliers as its important business partners, takes steps to promptly brief suppliers on medium to long-term business strategies and on matters related to sales and production, and arranges opportunities for the exchange of information on a regular basis.

The Company also maintains close liaisons with supplier-managed purchasing cooperative organizations<sup>\*1</sup>. (see p. 111)

For example, staffs from member companies visit each other's offices in order to exchange examples of successful approaches and practices through subcommittee activities. For FY March 2016, 128 companies conducted a total of 69 activities.

**e** Lecture at Supplier Communication Meeting "Mazda's CSR initiatives" (September 2015)



### Major Channels of Communication with Supplier

| Target participants                            |  | Frequency    | Aims/content   |
|--|--|--------------|--|
| Roundtable Conference with Supplier Management | Executive-level management at major suppliers                                      | Once a year  | <ul style="list-style-type: none"> <li>·Mazda's president and CEO explains Mazda's current status, the problems the Company faces and its policies, after which the general manager of the Purchasing Division explains Mazda's purchasing policies in order to heighten participants' understanding of Mazda and gain their cooperation.</li> <li>·This conference also deepens friendly ties between Mazda and its suppliers.</li> </ul> |
| Supplier Meeting                               | Representatives of frontline business divisions and departments at major suppliers | Once a year  | <ul style="list-style-type: none"> <li>·Mazda's specific purchasing policies are explained to representatives of frontline business divisions at suppliers, based on the explanation given at the roundtable conference by the general manager of the Purchasing Division. This helps to promote a better understanding of Mazda and provides useful input for the work that suppliers do.</li> </ul>                                      |
| Supplier Communication Meeting                 | Representatives of frontline business divisions and departments at major suppliers | Once a month | <ul style="list-style-type: none"> <li>·To facilitate smoother collaboration with its suppliers, Mazda provides them with information such as topics concerning daily operations between Mazda and its suppliers (including CSR), production/sales status, quality status of purchased materials, pilot construction schedules for newly developed models, and mass-production implementation schedules for new models.</li> </ul>         |
| Other  | —  | As needed    | <ul style="list-style-type: none"> <li>·Mazda also employs a range of other communication channels, by using the in-house "Mazda Technical Review", highlighting new technologies and research.</li> </ul>   |

## Other Measures for Supplier Support

1. Change to the *Milk-Run* system: Mazda has shifted from the conventional system, with delivery of parts by each supplier, to the *Milk-Run* system (MRS) (see p. 68), in which Mazda trucks stop at multiple suppliers to collect parts.  
This system reduces workload in logistical operations and contributes to reduced environmental impact.
2. Mazda provides advice on joint subscription systems for product liability insurance, which reduces manufacturers' liability risks for parts.
3. Mazda provides information on third-party exhibitions and conventions to showcase the latest technologies and manufacturing methods.
4. Mazda ensures the proper return of logistic pallets/containers at suppliers, based on collaboration between the purchasing and logistics related departments.

## In-House Education to Ensure Fair Transactions

The following educational initiatives are conducted for those engaging in procurement operations in order to realize fair and equal transactions.

- Administering comprehension tests on the Subcontractors Act
- Education on financial control
- Posting of guides and process rules regarding appropriate transactions and compliance on the Purchasing Division website on the Intranet
- Participation in the "Seminar for the improvement of subcontracting transactions" hosted by the National Association of Trade Promotion for Small and Medium Enterprises

<sup>\*1</sup> Yokokai member companies: 170 parts suppliers, Yoshinkai member companies: 81 material suppliers  
The procurement amount from member companies of Yokokai and Yoshinkai accounts for about 90% of the whole.

# WITH SHAREHOLDERS AND INVESTORS

## 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 institutional investors, individual investors, and domestic and overseas securities analysts. Mazda strives for fair information disclosure with a high degree of transparency.

Mazda's official website provides information such as the schedule for general shareholders' meetings and financial results announcements, performance/financial data, notice of the general meeting of shareholders (business report), shareholders reports (Japanese only), summary of financial results, briefing materials for the financial results, Securities Report (Japanese only), annual reports, and Corporate Governance Report.

The company is planning to voluntarily apply International Financial Reporting Standards (IFRS), in order to enhance the international comparability of its financial information, quality of Group management and corporate governance. The company is now reviewing the timing of its application.

## Management Conditions and Dividends for FY March 2016

With regard to the business environment surrounding the Mazda Group, such as the economic downturn in emerging countries, and fluctuations in foreign exchange rates. Mazda in FY March 2016, the final year of the Structural Reform Plan, pushed ahead with structural reform, leveraging its new-generation SKYACTIV TECHNOLOGY, and strove to enhance its brand value by offering appealing, uniquely Mazda products and services.

In terms of products, the Company launched the Roadster /MX-5, which employs SKYACTIV TECHNOLOGY and KODO design and features the enjoyable *Jinba-Ittai* (oneness between car and driver) driving experience, first in Japan and then globally. The Roadster has earned high marks from the public, receiving over 60 awards both in Japan and overseas, including the "2015-2016 Car of the Year Japan" and the "2016 World Car of the Year."

For overseas, the Company unveiled the new three-row mid-size crossover SUV CX-9 equipped with SKYACTIV-G 2.5T, a new 2.5-liter direct injection turbocharged gasoline engine, in November 2015, and started sales from North America in May 2016. With the launch of this new CX-9 in the mid-size SUV segment, the Company will continue to advance its new-generation product lineup with updated models, with a view to achieving sustainable growth and taking further steps forward. In the production area, the Company steadily pushed ahead with the restructuring of its global production, which is one of a key initiatives of the Structural Reform Plan.

In Thailand, mass production of SKYACTIV engines began in October 2015. Production of the CX-3 also started in order to establish a system to ensure a stable supply of the CX-3 to the growing global compact SUV market on a timely basis. Global sales volume for FY March 2016 was up 9.8% year on year at 1,534 thousand units, reflecting full-scale sales of the CX-3 in all markets and with a contribution from continued strong sales of the CX-5.

Net sales amounted to 3,406.6 billion yen, up 372.7 billion yen year on year, owing to increasing sales of models with SKYACTIV TECHNOLOGY in global markets.

Operating income amounted to 226.8 billion yen, up 23.9 billion yen year on year, owing to an increase in the number of vehicles shipped and ongoing cost improvements through "Monotsukuri Innovation\*1." Net income attributable to owners of the parent company, however, declined by 24.4 billion yen to 134.4 billion yen, mainly due to recording of part of the provision for product warranties as extraordinary losses.

The Company's policy in determining the dividend is to take into account the result for the fiscal year, the operating environment, and its financial position.

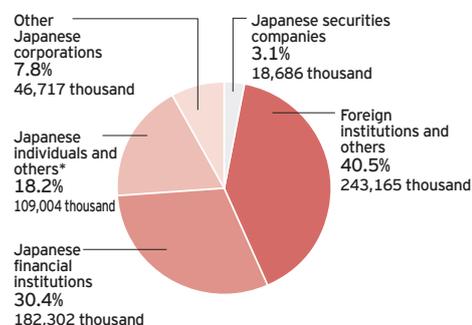
Mazda paid a dividend of 30 yen per share (comprising an interim dividend of 15 yen and a year-end dividend of 15 yen) for FY March 2016.

For FY March 2017, the Company plans to pay a dividend of 35 yen per share (comprised of an interim dividend of 15 yen and a year-end dividend of 20 yen).

The Company will continue to strive to maintain a stable dividend with steady increase.

### a Breakdown of Shareholders by Type

(as of March 31, 2016)



\* Treasury stock is included in Japanese individuals and others

### b Management Conditions

(consolidated /billion yen)

|   | FY March 2014 | FY March 2015 | FY March 2016 |
|---|---------------|---------------|---------------|
| Net sales   | 2,692.2       | 3,033.9       | 3,406.6       |
| Operating income  | 182.1         | 202.9         | 226.8         |
| Net income attributable to owners of the parent company | 135.7         | 158.8         | 134.4         |
| Capital investment                                      | 133.2         | 131.0         | 89.2          |
| R & D costs   | 99.4          | 108.4         | 116.6         |
| Total assets  | 2,246.0       | 2,473.3       | 2,548.4       |
| Equity  | 660.7         | 869.6         | 954.0         |

(Consolidated; thousand units)

|               | FY March 2014 | FY March 2015 | FY March 2016 |
|---------------|---------------|---------------|---------------|
| Total         | 1,331         | 1,397         | 1,534         |
| Japan         | 244           | 225           | 232           |
| North America | 391           | 425           | 438           |
| Europe        | 207           | 229           | 257           |
| China         | 196           | 215           | 235           |
| Others        | 293           | 303           | 372           |

Investor Relations  
<http://www.mazda.com/en/investors/>

Financial Results / Presentation Documents  
<http://www.mazda.com/en/investors/library/presentation/>

Business Report  
[http://www.mazda.com/globalassets/en/assets/investors/stockinfo/meeting/files/150shoshu\\_e.pdf](http://www.mazda.com/globalassets/en/assets/investors/stockinfo/meeting/files/150shoshu_e.pdf)

Security Report (Japanese Only)  
[http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f\\_repo160629.pdf](http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f_repo160629.pdf)

\*1 Innovation in vehicle-manufacturing processes to uphold the objective of realizing both "diversity that enhances product competitiveness" and "commonality that improves manufacturing economies of scale" at a high level

## Outlook for FY March 31, 2017

In FY March 2017, despite the gradual recovery expected in the U.S., Europe, and other advanced countries, uncertainty in the world economy is likely to continue due to economic downturn in China and other emerging countries, and fluctuations in foreign exchange rates.

For Mazda, FY March 2017 is the first year of Structural Reform Stage 2, a new mid-term business plan. The Company will work to provide customers with products that are attractive in terms of both driving pleasure and outstanding environmental and safety performance, and to enhance brand value through the qualitative growth of the business. For FY March 2017, the Company is projecting a 1.0% increase year on year in global sales volume, to 1.55 million units, with net sales of 3,280.0 billion yen (down 126.6 billion yen), operating income of 170.0 billion yen (down 56.8 billion yen), and net income attributable to owners of the parent company of 115.0 billion yen (down 19.4 billion yen).

## Structural Reform Stage 2

Mazda formulated the Structural Reform Plan (for FY March 2013 -to FY March 2016) to enable it to address the harsh external environment and to ensure future growth and pushed ahead with structural reform leveraging its SKYACTIV TECHNOLOGY. While investing in future growth, the Company has made major progress in the areas of products, sales, production and alliances. Toward therealization of a stable earnings structure, Mazda has had reasonable success. Nevertheless, the Company believes there is still room for improvement in each area and considers it necessary to strengthen the major initiatives of the Structural Reform Plan. With this in mind, for further growth in the future, Mazda formulated the Structural Reform Stage 2, the new mid-term plan that will cover the three-year period starting in FY March 2017, in order to achieve qualitative growth of the business and accelerate a significant increase in brand value. The projected financial indicators for FY March 2019, the plan's final year, are as follows (foreign exchange rate assumptions: 120 yen/USD, 130 yen/euro): 1.65 million units for global sales volume, with an operating income ratio of 7% or more, equity ratio of 45% or more, and dividend payout ratio of 20% or more. Along with the reinforcement of its financial base, the Company will work to improve shareholder returns steadily.

### Structural Reform Stage 2

| Structural reform will lead to qualitative growth and enhanced brand value |   |
|--|---|
| Product and R&D  | <ul style="list-style-type: none"> <li>Continuous enhancement of SKYACTIV models</li> <li>Develop &amp; introduce GEN2* models</li> </ul>   |
| Brand and sales  | <ul style="list-style-type: none"> <li>Drive reforms at sales frontline to ensure penetration of sales strategy</li> <li>Improve ownership experience</li> </ul>                            |
| Global production  | <ul style="list-style-type: none"> <li>Deploy <i>Monotsukuri</i> Innovation globally to accelerate cost improvements</li> <li>Maximize plant utilization to support sales growth</li> </ul> |
| Strengthen financial structure   | <ul style="list-style-type: none"> <li>Establish strong financial structure</li> <li>Raise dividend payout ratio</li> </ul>   |

### FY March 2019 Targets (Exchange Rates US Dollar 120 yen / Euro 130 yen)

| Global sales volume | Operating income ratio | Equity ratio | Dividend payout ratio |
|---------------------|------------------------|--------------|-----------------------|
| 1.65 million units  | 7% or more             | 45% or more  | 20% or more           |

## Structural Reform Stage 2

### 1 Product and R&D

- Launch six new carlines (including one derivative model) that offer driving pleasure and outstanding environmental and safety performance
- Introduce the latest design, technology, and equipment to all updated models. Achieve sustainable volume growth and reduce incentives by continuously enhancing SKYACTIV models
- Improve net revenue (transaction price) and profitability by expanding the CX-series lineup
- Develop and introduce GEN2 model\*
- Evolve i-ACTIVESENSE advanced safety technologies.

### 2 Global sales and network enhancement

- Enhance sales with full line-up of SKYACTIV models
- Improve net revenue(transaction price), residual value, and customer retention by ensuring good penetration of the "right-price" sales policy globally
  - Integrate *Monotsukuri* and marketing activities and educate the sales frontline globally about our products and technologies through programs such as Driving Academy
- Promote reforms at sales frontline focused on customer care improvement and initiatives for better customer brand experience
  - Increase customer participation and interactive events
  - Expand new generation stores globally
- Enhance sales initiatives focused on improving customer retention
  - Improve retention of SKYACTIV model customers by enhancing trade cycle management
- Stepped approach for dealer network reinforcement/reorganization

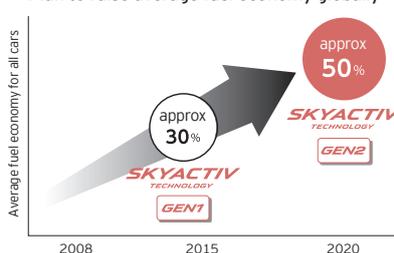
### 3 Global production and cost improvement

- Deploy *Monotsukuri* Innovation\* globally to accelerate cost improvements
  - Monotsukuri* Innovation\* developed in Japan will be deployed around the globe
- Monotsukuri* Innovation\* developed in Japan will be deployed around the globe
  - Global swing production enables plants to supplement each other
  - Improve production flexibility between passenger cars and crossovers

### 4 Strengthen financial base and shareholder returns

- Generate stable profit and cash flow by improving brand value through steadily increased sales and qualitative business growth.
  - Strengthen the financial base (improve equity and reduce net debt)
  - Improve the payout ratio; maintain and enhance capital efficiency
  - Promote R&D and capital investment for the future.

#### Plan to raise average fuel economy globally



#### New-generation showroom



\* GEN stands for Generation

# INNOVATION

Through all processes of the value chain, Mazda pursues innovation that leads to the resolution of social challenges. To achieve maximum effects in implementing innovation initiatives, such as next-generation product technology development and production technology development for *Monotsukuri* Innovation, Mazda has been enhancing collaboration with business partners, universities/research institutions, and administrative organs.

## Innovation to Pursue the Mazda Brand

With the aim of developing innovative vehicles that exceed the expectations of its stakeholders, Mazda has promoted company-wide efforts to review the vehicle-manufacturing processes from scratch. In FY March 2016, these efforts were highly appreciated both inside and outside Japan (see p. 124).

### Innovation in Base Technologies "SKYACTIV TECHNOLOGY"

The basic policy of Sustainable Zoom-Zoom (see p. 2), Mazda's long-term vision for technology development, is to provide all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance. To achieve this, Mazda is engaged in research and development aimed at creating the world's best functions with the maximum efficiency. SKYACTIV TECHNOLOGY\*<sup>1</sup>, which the Company has introduced to its models since 2011, has achieved comprehensive improvements in base technologies, such as enhancing the efficiency of powertrain components including the engine and transmission, reducing vehicle body weight, and improving aerodynamics. In developing SKYACTIV TECHNOLOGY, much focus was placed on enhancing collaboration among Mazda's various internal divisions/departments, as well as among Mazda and external suppliers and universities/research institutes.

a

a

#### Innovations of SKYACTIV TECHNOLOGY\*

New-generation gasoline engine (SKYACTIV-G): SKYACTIV-G boasts a record compression ratio of 14:1, an unprecedented figure for a mass production gasoline engine and improves both fuel efficiency and torque performance by around 15% compared with similar existing engines.

New-generation diesel engine (SKYACTIV-D) SKYACTIV-D, with its world-leading compression ratio of 14:1, provides fuel economy improvement of around 20% over conventional diesel engines.

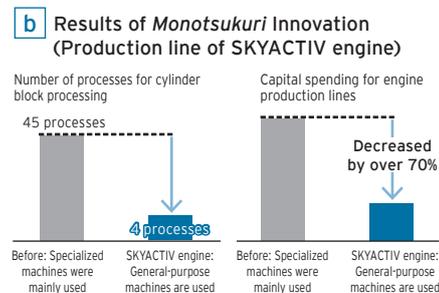
\*Mazda data as of November 2012. Compression ratio and improvements in fuel economy and torque vary depending on specification

### Innovation in Vehicle-Manufacturing Processes through "Monotsukuri Innovation"

In line with its efforts to satisfy diverse customer needs and attract many customers by manufacturing vehicles that embody Sustainable Zoom-Zoom, Mazda is working to significantly improve its business efficiency by increasing product development/manufacturing efficiency. Upholding the objective of realizing both "diversity that enhances product competitiveness" and "commonality that improves manufacturing economies of scale" at a high level, Mazda launched "Monotsukuri Innovation," an initiative to review all vehicle-manufacturing processes from scratch, and is promoting it on a global scale.

The integrated planning initiative of the *Monotsukuri* Innovation involves close collaboration among product development, manufacturing and purchasing departments, as well as suppliers. They plan together the models to be introduced in the future across the vehicle ranks and segments from a five or ten-year perspective. This initiative has resulted in improved quality, brand strength and profit margins, while enabling flexible response to requirements for manufacturing several models with different production scales and changes in production volume.

b



### Mazda Digital Innovation (MDI)

Mazda has been pushing ahead with the Mazda Digital Innovation (MDI), an initiative aimed at reforming work processes by introducing the latest IT technologies. In MDI Phase 1 (1996-2008), the Company promoted innovations in product development and manufacturing processes by employing CAD/CAM technologies, contributing to the efficient development and production of new-generation models with SKYACTIV TECHNOLOGY. MDI Phase 2 began in April 2016, in response to the advancement of IT technologies and the diversification of customer needs. In this phase, the Company has expanded the target of the initiative from the product development and manufacturing fields to the entire value chain, including the fields of sales, service, purchasing and logistics, and is promoting innovations in these fields to address business challenges in the mid- to long-term.

\*1 It covers all Mazda's base technologies such as engine, transmission, chassis, body.

## TOPICS

### New Control Technology for Responsive Driving and Enhanced Safety and Peace of Mind

Mazda has been pushing ahead with the development of SKYACTIV-VEHICLE DYNAMICS, a series of new-generation vehicle motion control technologies. These technologies provide integrated control of the engine, transmission, chassis and body to enhance the car's *Jinba-ittai*\*<sup>1</sup> driving feel—a sense of connectedness between car and driver that distinguishes Mazda vehicles. The first in the series, G-Vectoring Control (GVC), was released in May 2016. GVC is the world's first control system to vary engine torque in response to steering inputs in order to provide integrated control of lateral and longitudinal acceleration forces and optimize the vertical load on each wheel for smooth and efficient vehicle motion.\*<sup>2</sup> Optimizing the load on each tire brings the movements of the car more in line with the driver's intentions, reducing the need for steering corrections, including many that are made unconsciously. This helps reduce driver fatigue on long drives and makes changes in the acceleration forces acting upon vehicle occupants smoother, reducing torso sway and making for a more comfortable ride. In addition, GVC significantly improves handling and stability on wet, snowy and unpaved roads.

\*1 Mazda's-unique driving philosophy, literally, "rider and horse, are one." Mazda aims to create oneness between the car and the driver, just as a horse and rider communicate through feeling, thereby realizing the very best driving experience.

\*2 As of June 2016, according to Mazda data



## TOPICS

### i-ACTIV AWD, a 4WD System Combining Excellent All-road Ability with Outstanding Fuel Economy

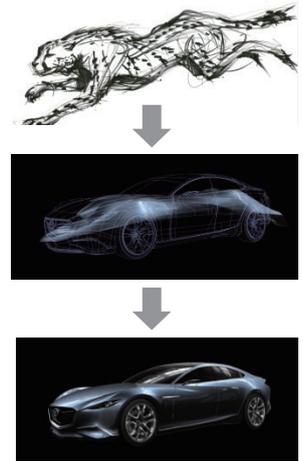
Mazda has developed i-ACTIV AWD, a new-generation all-wheel-drive system designed to provide safety and comfort in any driving conditions, such as on rainy highways or a snowy mountain roads, while minimizing fuel consumption. i-ACTIV AWD detects tiny signs of front wheel slippage that a driver cannot feel and proactively controls the distribution of torque between front and rear wheels to eliminate wasteful tire slippage. Using many sensors to accurately detect the driver's intentions, road and driving conditions that can affect tire slippage, i-ACTIV AWD instantaneously calculates the optimal amount of torque and transmits it to the rear wheels. This enables secure take-off, acceleration, cornering and braking, without letting the tires slip in any direction. On dry road surfaces with good traction, the car works almost like a front-wheel-drive vehicle and achieves what was long considered difficult for 4WD systems: excellent all-road ability and outstanding fuel economy.



## Design Theme, KODO - Soul of Motion

Mazda sees a car not as an object, but a living entity. The Company wants to make the relationship between driver and car one based on emotion, like that of a horse and rider. Therefore, a car cannot be a simple tool; it must have the vitality, expressiveness and power of a living creature. In order to realize this ideal, the Company announced the KODO—Soul of Motion design theme, which brings cars to life, in 2010. This design philosophy has been applied to all new-generation vehicles globally since the Mazda CX-5 launched in 2012, and has been highly acclaimed around the world. (see p. 124).

C New Design Theme, KODO - Soul of Motion



## TOPICS

### The Future of Mazda Design - Mazda RX-VISION

Believing that heart-stirring beauty and the depth of an artifact made with soul are necessary to sublimate the philosophy of KODO—bringing cars to life—to an even higher level, Mazda has proposed an ideal of the “Car as Art.” In a tenacious quest for beauty, the Company has sought artistic forms that can only be created by the human hand\*<sup>1</sup>. Honing its expression of beauty, the Company embodied this in the Mazda RX-VISION rotary-powered sports car concept unveiled at the Tokyo Motor Show in the fall of 2015. Mazda aimed to give it the beautiful, flowing proportions unique to an orthodox FR\*<sup>2</sup> sports car and a form reflecting Japanese aesthetics, such as a dignified feeling of tension and suppressed glamour produced by stripping away unnecessary elements. The Mazda RX-VISION design, which represents the future of Mazda design, has gained critical acclaim worldwide.\*<sup>3</sup>

\*<sup>1</sup> Even in this age of digital design, Mazda devotes great effort to design development using industrial clay models crafted by human hands.

\*<sup>2</sup> Front-engine, rear-wheel-drive layout

\*<sup>3</sup> Awards

Most Beautiful Concept Car of the Year: One of the grand prizes awarded at the Festival Automobile International. It is awarded to the vehicle that best embodies design creativity and emerging trends, chosen by a jury of experts and enthusiasts from the world of motorsports, architecture, fashion and design.

2016 Car Design Award (concept car category): A world-renowned award originally launched in 1984 and resurrected in 2016 after a 19-year suspension. An 11-member jury of editors representing high-profile car magazines on four continents selects the winners from vehicles presented during the past year in the categories of mass-produced vehicles, concept cars, and brand design.



## Establishing a Global Production Framework

To enable each production site both in Japan and overseas to carry out high-quality and highly efficient production activities that improve the Mazda brand value and learn from each other at the same time, Mazda has promoted the Global Manufacturing Network since 2013. Production sites in Japan (the Hiroshima and Hofu Plants) take the initiative in fostering skills in process management and improvement (“workplace capabilities”) to enable overseas sites that differ in maturity to conduct production activities at the same levels of quality and efficiency. Programs set at each site facilitate simultaneous, even, and high-quality production during the preparation phase of mass production of new models, in addition to daily production activities.

In promoting this initiative, Mazda has held Global Manufacturing Forum annually since 2014 to share its medium to long-term goals, as well as successful examples and problems of each of its sites. In March 2016, the third Global Manufacturing Forum was held in China.\*1 To support overseas sites in improving their workplace capabilities in daily practices, the Company actively hosts various forms of personnel exchange, such as accepting trainees in Japan from overseas sites and dispatching skilled personnel to overseas sites.

## Establishing Global Logistics Framework

Mazda has established a global logistics framework involving overseas logistics sites. To enable optimal transportation in terms of delivery time, cost, and the quality of finished vehicles and parts on a global basis, the Company encourages the logistics sites to share problems related to means or routes of transportation and successful cases of improvement. The Company also holds a Global Logistics Meeting annually, in order to reinforce ties within the entire Mazda Group.

### d Global plant vision



### e Comments of Participants at the Third Global Manufacturing Forum

- A system in which employees can exercise their abilities is being developed through the GMN activities.
- An environment in which overseas sites can help each other is being established.
- Globally common evaluation standards should be developed. This will enable improvement through competition among production sites.

### f Global Logistics Meeting



## TOPICS

[China] Training Workshop “Densho Dojo” for Handing Down the “Takumi” Craftsman’s Spirit Changan Mazda Automobile Co., Ltd. (CMA) has set up the learning center “Densho Dojo” modeled on the Hiroshima Plant in Japan, for the purpose of developing skilled human resources and improving the quality of skills. Upholding the spirit of “takumi,” or “craftsman,” as its main theme, the workshop encourages trainees to enhance their understanding of manufacturing technologies, focusing on the impact of skills and know-how learned from skilled engineers on design and quality. There is an internal skills qualification system, which contributes to improving the motivation of engineers.

### VOICE

Press Mold Maintenance Training Workshop  
Master Trainer  
Lu Ning

Having completed the press mold maintenance training program at the Hiroshima Plant in Japan, I was appointed as a master trainer in March 2016.

I will make full use of the knowledge and skills I have acquired at the Hiroshima Plant to improve the CMA workshop and develop its trainers, and hand down the skills of meticulous press mold finishing that can give shape to the KODO design in Mazda vehicles.



\*1 Held overseas for the first time at Changan Mazda Automobile Co., Ltd. (CMA), a vehicle production site in Nanjing.

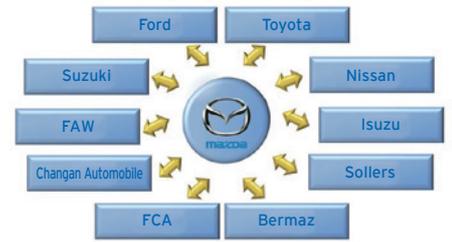
## Collaboration with Automobile Manufacturers

### Promoting Global Alliance

In order to strengthen the Mazda brand, Mazda is actively pursuing an alliance strategy that will mutually complement our products, technologies, and regions.

In FY March 2016, vehicle production was started for Toyota Motor Corporation at Mazda de Mexico Vehicle Operation and for Fiat Chrysler Automobiles (FCA) at the Hiroshima Plant. In May 2015, Mazda and Toyota concluded a basic agreement to build a mutually beneficial long-term partnership that will leverage the resources of both companies to complement and enhance each other's products and technologies. Through discussions by the examination committee, the two companies are deepening their mutual understanding and seeking an appropriate partnership from a medium to long-term perspective. g

g Partnership Strategies to Complement the Brand



### Basic and Applied Research on Technologies for Internal Combustion Engines and Cleaner Exhaust Emissions

Mazda participates in the Research Association of Automobile Internal Combustion Engines (AICE\*<sup>1</sup>), a new joint research organization in the Japanese automobile industry. AICE was established on April 1, 2014, to enable automobile manufacturers to conduct basic and applied studies jointly with universities and research institutions on themes common to automobile manufacturers, and to use the research results to accelerate their in-house development activities. Taking advantage of its participation in AICE, Mazda is promoting its development of technologies for internal combustion engines and cleaner exhaust gases, with a view to achieving improved fuel economy and reduced exhaust emissions.

## Collaboration with Suppliers

### Technology Development in Collaboration with Suppliers

Mazda collaborates with suppliers from the early stage of product/technology development. To make this collaboration successful, the Company takes steps to promptly brief suppliers on medium to long-term business strategies and on matters related to sales and production, and arranges opportunities for the exchange of information closely. As the functions expected of a vehicle are becoming increasingly advanced and diversified, vehicle structures and control systems are becoming increasingly complex. To enable the speedy development of such complex systems with limited resources, Mazda promotes Model Based Development, an approach to conducting development efficiently on a desktop, using the technologies of suppliers.

### Improving the Efficiency of Development and Operation of Systems

Mazda promotes the development of globally applicable systems, with the aim of improving the efficiency of development and operation. To enable itself to quickly respond to changes in business trends, the Company is renewing its development program. This initiative is promoted jointly with IBM, Oracle and other suppliers possessing leading-edge IT technologies.

\*1 Research Association of Automobile Internal Combustion Engines, participated by nine Japanese auto manufacturers and two organizations (as of April 2015).

## Activities to Improve Manufacturing Capabilities in Collaboration with Local Suppliers

Mazda is rolling out its J-ABC (*Jiba* ["local"] Achieve Best Cost) program for local suppliers in and around Hiroshima Prefecture starting in 2004. Under this program, Mazda staff visit suppliers' plants and use the approach employed in Mazda production systems as a basis for identifying wasteful, unnatural or problematic manufacturing processes. The Company then works cooperatively with the suppliers to formulate and implement countermeasures. This program is also expected to enhance potential for improvement at manufacturing sites in connection with Mazda's *Monotsukuri* Innovation activities (see p. 116). It has helped increasing productivity and reducing production costs by 2 to 3 billion yen per year.

### Results of J-ABC activities for FY March 2016

| Case Example                             | Objective   | Initiative  | Results for FY March 2016  |
|--|---|---|--|
| Cooperative Improvement Efforts          | Improving operation rates, shortening cycle times, improving logistics operations (started in 2004)                 | A total of around 2,000 visits to 49 plants at 24 companies were carried out to implement cooperative improvement activities                                | Held 53 results-reporting meetings<br>Promoted a shift from site-based activities to company-wide activities   |
| J-ABC Karakuri <sup>®1</sup> Kaizen Dojo | Fostering high levels of creativity and making work more fun without incurring additional costs (launched in 2006)  | Offered practical programs such as lectures and on-site guidance meetings to improve the ability to devise mechanisms for increased productivity            | 15 participants from ten companies successfully completed the program<br>Outstanding works are proactively submitted to the Mazda Hiroshima Plant Karakuri Exhibition and Karakuri Kaizen <sup>®</sup> Mechanism Exhibition  |
| J-ABC Maintenance Workshop               | Preventing facility stoppages and drops in production capability (launched in 2010)                                 | Practical programs such as lectures and on-site guidance meetings were offered to improve the ability to both detect and properly respond to irregularities | Held twice a year in the Hiroshima and Hofu districts, with a total of four members from four companies successfully completing the program in FY March 2016<br>Under the leadership those who have completed the program with the help by their plant managers, self-motivating maintenance initiatives took place at 14 plants |
| J-ABC Conference                         | To encourage study through the sharing of J-ABC activity policy and outstanding activity examples (started in 2005) | Held for all participating companies, providing a venue for presentations, awards, and other events.  | The 2015 conference was attended by a total of 470 participants, with 370 participants from 50 local suppliers and 100 participants from Mazda   |

<sup>\*1</sup> Karakuri Kaizen<sup>®</sup> is a registered trademark of the Japan Institute of Plant Maintenance.

## Activities to Improve Manufacturing Capabilities in Collaboration with Overseas Production Sites and their Local Suppliers

As the importance of overseas production sites increases along with its attempt to establish a global production footprint, Mazda is promoting activities to improve manufacturing capabilities, with a view to improving quality and productivity jointly with local suppliers. While paying respect to the differences in national characters and cultures and understanding the key points necessary to promote continuous improvement activities at worksites, the Company employs the know-how obtained through the J-ABC activities. The Company has also established a system to develop leaders at both local production sites and suppliers in promoting activities to support improvement of suppliers. Mazda will continue to expand the activities in cooperation with its suppliers.

### A-ABC activities in Thailand

In February 2013, Mazda launched the A-ABC (ASEAN Achieve Best Cost) program at AutoAlliance (Thailand) Co., Ltd (AAT). Three Mazda representatives in charge of the J-ABC program and three AAT promotion representatives serve as facilitators in conducting activities alongside seven local suppliers. As the contribution of the activities under this program to improving quality, productivity and cost performance has been gradually gaining recognition among other suppliers, the number of participating suppliers has reached nine to date in 2016. This program is designed to have each supplier envision an ideal, understand and analyze the present situation, develop and implement measures for improvement toward realizing said ideal, and finally report the results. It is carried out twice a year.

The A-ABC conference is held annually, to encourage communications and information exchange among participants. The representative of the supplier that won the highest prize at the conference gives a presentation on the supplier's activities at the J-ABC conference held in October. Three representatives who had served as leaders of the activities gave confident presentations in front of an audience of around 300 including managers of Japanese companies including Mazda and the J-ABC promotion members.

### M-ABC activities in Mexico

Mazda de Mexico Vehicle Operation (MMVO) launched the M-ABC (Mexico Achieve Best Cost) program in 2015. One Mazda representative in charge of the J-ABC program and two MMVO promotion representatives serve as facilitators in promoting activities in cooperation with two local suppliers.

The first results-reporting meeting was held in March 2016, where achievements leading to stable quality and stable supply were presented.

With two suppliers newly joining in May 2016, four suppliers are presently conducting activities. Local promotion members are called national staff. National staff members are encouraged to autonomously and independently operate the program.

To this end, Japanese management of MMVO and its suppliers are making joint efforts to facilitate autonomous operation.

A-ABC conference in Thailand



M-ABC activity in Mexico



## Industry-Academia-Government Collaboration Initiatives

Mazda, establishing the Industry-Academia-Government Collaboration Secretariat, has promoted collaboration with government authorities and universities, aiming to resolve business issues by obtaining new knowledge and viewpoints from outside the Company, and thereby broadly contributing to society. By visualizing such collaborative activities and sharing relevant information with government authorities and universities, the Company aims to achieve the maximum outcomes from its daily efforts. Moreover, Mazda, through collaboration with government, academia and industry, has contributed to the local community in terms of recruitment of local people, human resources development, and the production of human resources.

### Participating in World-Leading National Projects and Joint Studies

Mazda participates in world-leading national projects and joint studies with external research institutions, with the aim of solving social problems facing the automobile industry.

| Relevant government institutions/organizations   | Project name  | Outline   |
|--|---|---|
| Ministry of Economy, Trade and Industry / New Energy and Industrial Technology Development Organization / Innovative Structural Materials Association                      | Development of Innovative New Structural Materials Technology<br><a href="http://isma.jp/en/index.html">http://isma.jp/en/index.html</a>                          | Research and development on structural materials, bonding technology, etc., to fundamentally reduce the weight of automobiles and other transportation equipment, for the purpose of reducing CO <sub>2</sub> emissions |
| Ministry of Economy, Trade and Industry / New Energy and Industrial Technology Development Organization / Thermal Management Materials and Technology Research Association | Research and development on innovative technology to utilize unused thermal energy<br><a href="http://www.thermat.jp/english/">http://www.thermat.jp/english/</a> | Research on technology to make use unused energy* <sup>1</sup> released as thermal energy into the atmosphere   |

\*1 In Japan, refers to the energy consumed in the living environment, industry, and transportation fields and released as unused heat energy into the atmosphere.

### Industry-Academia-Government Collaboration in Hiroshima

As a company with its development and production facilities based mainly in Hiroshima Prefecture, Mazda believes that cooperation with local business and industry is very important. Under this belief, Mazda is collaborating with the Chugoku Bureau of Economy, Trade and Industry, Hiroshima Prefecture, Hiroshima City, Hiroshima Industrial Promotion Organization, and Hiroshima University to support local automobile-related companies and promote innovation and the vitalization of the region. The 2030 Industry-Academia-Government Collaboration Vision was established in January 2015. The six member organizations cooperate in seeking out new frameworks to support local businesses and investigating next-generation automotive societies.

#### The 2030 Industry-Academia-Government Collaboration Vision

- Transform Hiroshima into a hub that attracts people seeking innovative automotive technologies and dynamic car culture, and a place that continually produces technologies that amaze the world.
- Industry, government and education sectors work together to nurture human resources capable of innovation across all generations, and enliven the region through *Monotsukuri* (product development and manufacturing).
- Develop Hiroshima's unique Industry-Academia-Government Collaboration into a leading model for "regional empowerment" in Japan, serving also as a benchmark for the rest of the world.

#### Establishment of Hiroshima Council for the Promotion of Collaboration between Government, Academia and the Automobile Industry

For the purpose of promoting the realization of the 2030 Industry-Academia-Government Collaboration Vision, the Hiroshima Council for the Promotion of Collaboration between Government, Academia and the Automobile Industry (hereafter, the "Hiroshima Automobile Council") was established in June 2015. The Hiroshima Automobile Council has set up three committees and four specialized work groups to draw up the ideal to aim at for 2030, the goal for 2020, related measures, and road maps. Specific activities have also been started. The progress of the specific activities was reported to the Hiroshima Council representatives' meeting held in January and July 2016. It was confirmed that the committees and work groups were making steady progress toward the ideal for 2030.

#### **a** Hiroshima Council for the Promotion of Collaboration between Government, Academia and the Automobile Industry

##### Committees

- Innovative Human Resources Development Committee
- Vitalization of Local Suppliers Committee
- Operation and Planning Committee

##### Specialized Work Groups

- Model-Based Development Work Group
- Internal Combustion Engines Work Group
- KANSEI (sensitivity) Work Group
- Energy Work Group

## Business Matching Meetings for Suppliers and Universities (Collaboration with Administrative Organs)

Mazda organizes business-matching meetings in collaboration with the local administrative organs, in which information on technological needs and seeds was exchanged between suppliers, universities and public research institutes. In FY March 2016, Mazda held meetings to disclose information on technological needs and business matching meetings in Nagano Prefecture, thereby strengthening the Company's collaborative ties with the regions.

## Collaboration with Universities

Through enhancing collaboration with universities in various fields, Mazda aims to solve a broader range of issues from a wider perspective, thereby contributing to society.

| University                    | Collaboration outline   | Results for FY March 2016   |
|-------------------------------|---|---|
| Hiroshima University          | Concluded a comprehensive collaboration agreement in February 2011* <sup>1</sup> to substantially expand the range of partnerships in the fields of product development and production, social sciences such as planning, management and marketing, and personnel exchange and human resources development. | <ul style="list-style-type: none"> <li>Implemented a broad range of joint research projects in engineering, science, and social science.</li> <li>Continued the Center of KANSEI Innovation Nurturing Mental Welfare activities.</li> <li>In line with joint research projects, accepted 11 students for internship, providing them with an opportunity to see firsthand how engineers address various issues that arise in the process of business activity.*<sup>2</sup></li> </ul> |
| Kyushu University             | Concluded an inter-organizational agreement in May 2011 to promote collaboration regarding next-generation automotive technologies. Working together to reinforce research and development projects and to encourage academic research and education activities.  | <ul style="list-style-type: none"> <li>Implemented a broad range of joint research projects, mainly in engineering and science.</li> <li>Held study and research meetings in advance of the joint research.</li> </ul>  |
| Kindai University             | Concluded an agreement concerning comprehensive research collaboration in December 2012. Cooperating in bolstering cutting-edge research development and in strengthening the technological capabilities of local industries.   | <ul style="list-style-type: none"> <li>Held meetings of the Research Collaboration Promotion Committee to discuss the progress of joint research projects and specific measures to strengthen cooperation.</li> </ul>   |
| University of Hyogo           | Concluded an agreement on joint research using Spring-8, a large synchrotron radiation facility in May 2016. Cooperating in the development of innovative materials and product development technologies using radiation analysis techniques.   | —   |
| Tokyo Institute of Technology | Joined in the Industry Liaison Membership Program of the Tokyo Institute of Technology in August 2013, as the first step toward strengthening collaboration with universities in the Tokyo Metropolitan area  | <ul style="list-style-type: none"> <li>Hosted technology counseling sessions and implemented joint research projects.</li> <li>Participated in a poster session of the Advanced Technology Forum to exchange technological ideas.</li> <li>Held a workshop at the Mazda R&amp;D Center Yokohama, inviting an ergonomics professor as a lecturer.</li> </ul>   |

\*1 Before February 2011, cooperated in research in the advanced automobile technologies.

\*2 Accepted 106 students at Mazda in total.

## Collaboration through the International Organization for Standardization (ISO)

As a member of the Japan Automobile Manufacturers Association, Inc., Mazda has joined the ITS (Intelligent Transport Systems) promotion activities. In the ISO Technical Committee 204, the Society of Automotive Engineers of Japan (JSAE) serves as the secretariat for the working group (WG14) in charge of the field of Vehicle/ Roadway Warning and Control Systems. In this working group, Mazda has undertaken the post of convener (Chair of the WG International Conference) since 2013, promoting the establishment of international standards for various safety drive assist systems, such as damage mitigation brake.

## Major External Evaluations/Awards for FY March 2016

| Category                             | Time  | Evaluated/Awarded by   | Evaluated/Award name   | Evaluated/Award target   | Country |
|--------------------------------------|---|--|--|--|---------|
| Mazda CSR                            | (see p. 20)                                     |       |  |  |         |
| Customer Satisfaction (Quality)      | (see p. 36)                                     |  |  |  |         |
| Customer Satisfaction (Products)     | August 2015                                     | Keizai Koho Center (Japan Institute for Social and Economic Affairs)   | The 31st annual Corporate Communications Awards: Grand Prize for Corporate Communications  | Mazda Motor Corporation  | Japan   |
|                                      | September 2015                                  | German Design Council  | Automotive Brand Contest: Team of the Year Award   | Mazda Global Design Division   | Germany |
|                                      |   |  | Automotive Brand Contest: Best of the Best Award in the Exterior Volume Brand Category   | CX-3   |         |
|                                      |   |  | Automotive Brand Contest: Parts & Accessories Category   | Bike by KODO concept   |         |
|                                      | October 2015                                    | Japan Technical Communicators Association  | Japan Manual Contest 2015: Manual of the Year Award  | Electronic manual of Roadster (MX-5)   | Japan   |
|                                      |   |  | Japan Manual Contest 2015: Award of Excellence in the Electronic Manual Category   |  |         |
|                                      |   |  | Japan Manual Contest 2015: Jury's Special Award  |  |         |
|                                      |   |  | Japan Manual Contest 2015: Design Award  |  |         |
|                                      | November 2015                                   | Japan Automotive Hall of Fame (JAHFA)  | 2015-2016 JAHFA Car of the Year Award  | Roadster (MX-5)  | Japan   |
|                                      | December 2015                                   | Japan Car of the Year Committee  | 2015-2016 Japan Car of the Year  | Roadster (MX-5)  | Japan   |
|                                      | January 2016                                    | Festival Automobile International  | The 31st Festival Automobile International: "Most Beautiful Concept Car of the Year" Award   | Mazda RX-VISION  | France  |
|                                      | March 2016                                      | World Car Awards   | 2016 World Car of the Year   | MX-5 (Roadster)  | Global  |
|                                      |   |  | 2016 World Car Design of the Year  |  |         |
|                                      | April 2016                                      | Japan Society of Mechanical Engineers (JSME)   | JSME Medal for New Technology for 2015   | Incorporation of a new-generation 4WD system "i-ACTIV AWD"   | Japan   |
| JSME Young Engineers Awards for 2015 |   |  | Research on steering wheel characteristics suited to human sensibility   |  |         |
| May 2016                             | Hosted by the Japan Marketing Association       | The 8th Japan Marketing Awards: Grand Prize  | Marketing Activities of Mazda Motor Corporation  | Japan  |         |
| June 2016                            | Society of Automotive Engineers of Japan (JSAE) | The 66th JSAE Awards: Technological Development Award  | New-generation 4WD system "i-ACTIV AWD"  | Japan  |         |
|                                      |   | The 66th JSAE Awards: Asahara Award of Merit in Technology   | Long-Term Achievements in Research and Development on Vehicle Interior Design Based on Vehicle Aerodynamic Technology and Sensibility Engineering                        |  |         |
| May 2015                             | Society of Automotive Engineers of Japan (JSAE) | The 65th JSAE Awards: Outstanding Technical Paper Award  | Study of Factors and Properties that Cause Driver's Windshield Wiper Control from Analysis of Visual Properties  | Japan  |         |
| July 2015                            | Kids Design Association                         | The 9th Kids Design Award: Designs that Contribute to Safety and Security from the Viewpoint of Children; Category: General  | Adaptive LED Headlight (ALH)   | Japan  |         |
| April 2016                           | Japan Society of Mechanical Engineers (JSME)    | JSME Young Engineers Awards for 2015   | Emergency steering assist technology   | Japan  |         |
| June 2016                            | Society of Automotive Engineers of Japan (JSAE) | The 66th JSAE Awards: Technological Development Award  | Lightweight body with high rigidity SKYACTIV-BODY  | Japan  |         |
| —                                    | J-NCAP  | (see p. 39)  | —  | Japan  |         |
| —                                    | US-NCAP   | (see p. 39)  | —  | U.S.   |         |
| —                                    | IIHS  | (see p. 39)  | —  | U.S.   |         |
| —                                    | Euro-NCAP                                       | (see p. 39)  | —  | Europe   |         |
| Environment                          | April 2015                                      | New Technology Development Foundation  | The 47th Ichimura Prize in Industry for Distinguished Achievement  | New painting technology Aqua-Tech Paint System   | Japan   |
|                                      | April 2015                                      | Ministry of Education, Culture, Sports, Science and Technology   | Commendation for Science and Technology 2015 by the Minister of Education, Culture, Sports, Science and Technology: Prizes for Science and Technology (development team) | New-generation highly efficient clean diesel engine SKYACTIV-D   | Japan   |
|                                      | May 2015  | Society of Automotive Engineers of Japan (JSAE)  | The 65th JSAE Awards: Technological Development Award  | New-generation highly efficient automatic transmission SKYACTIV-DRIVE                                      | Japan   |
|                                      |   |  | The 65th JSAE Awards: Outstanding Technical Paper Award  | Reduction of Exhaust Emissions and Fuel Consumption By Premixed Type Diesel Combustion                     |         |
|                                      |   |  | The 65th JSAE Awards: Asahara Award of Merit in Technology   | Long-Term Achievements in Research and Development on Lightweight High-Performance Vehicle Body Structures |         |
|                                      | November 2015                                   | Ministry of Economy, Trade and Industry  | Sixth Monodzukuri Nippon Grand Award: Prime Minister's Award (Manufacturing and Production Process Category)   | New painting technology Aqua-Tech Paint System   | Japan   |
|                                      | December 2015                                   | United States Environmental Protection Agency  | Light Duty Fuel Economy Trends Report: Manufacture Adjusted Fuel Economy (First place ranking)   | Manufacturer Adjusted Fuel Economy for the 2014 model year   | U.S.    |
|                                      | April 2016                                      | Ministry of Education, Culture, Sports, Science and Technology   | Commendation for Science and Technology 2016 by the Minister of Education, Culture, Sports, Science and Technology: Prizes for Science and Technology (development team) | Brake Energy Regeneration System "i-ELOOP"   | Japan   |
| May 2016                             | Japan Institute of Invention and Innovation     | 2016 Imperial Invention Prize  | New-generation highly efficient clean diesel engine SKYACTIV-D   | Japan  |         |
| Respect for People (Skills)          | (see p. 84)                                     |  |  |  |         |

\*Including some evaluations/awards after April 2016

# 1920

## HISTORY OF MAZDA

### Corporate

### Product\*

1930

- 1920.1 Toyo Cork Kogyo Co., Ltd is founded
- 1921.3 Jujiro Matsuda becomes president
- 1927.9 Company becomes Toyo Kogyo Co., Ltd
- 1928.7 New logo is introduced



1928.7-



1931.10  
Production of 3-wheel truck "Mazda-go DA model," Mazda's first automobile, begins

1940

- 1930.9 New plant is constructed in Hiroshima (Aki-gun, Fuchu-cho)
- 1932 Export of 3-wheel trucks begins
- 1936.4 Caravan of 3-wheeled trucks from Kagoshima to Tokyo (advertising campaign)
- 1936.4 New logo is introduced



1936.4-

1950

- 1945.8 Mazda loans part of Head Office building to Hiroshima prefectural government, court, news media, etc. Regarding the Hiroshima prefectural government all functions are temporarily transferred there (until July 1946)
- 1945.12 Production of 3-wheel trucks suspended since August 1945 resumes
- 1949.8 3-wheeled truck exports restart

- 1951 New logo is introduced
- 1951.12 Tsuneji Matsuda becomes president
- 1959.7 New logo is introduced



1951-



1959.7-

1950.6  
4-wheel light truck "CA model" is launched



1960

- 1961.7 Mazda enters into technical cooperation with NSU/Wankel on rotary engines
- 1963.3 Cumulative domestic production reaches 1 million vehicles
- 1965.5 Miyoshi Proving Ground is completed
- 1966.11 Operations at new passenger car plant (Ujina) in Hiroshima begin



1967.3 Full-scale exports to the European market begin

1960.5  
"R360 Coupe," Mazda's first passenger car is launched



1963.10  
The first "Familia" is launched



1967.5  
"Cosmo Sports (110s)" Mazda's first rotary engine vehicle is launched



1962.2  
The first "Carol" is launched



1966.5  
The first "Bongo" is launched



1966.8  
The first "Luce" is launched



1970

- 1970.4 Exports to the U.S. begin
- 1970.11 Kouhei Matsuda becomes president

- 1975.1 New logo is introduced

- 1977.12 Yoshiki Yamasaki becomes president

- 1979.6 Cumulative domestic production reaches 10 million vehicles

- 1979.11 Ford Motor Company and Mazda enter into a capital tie-up

MAZDA

1975.1-

1970.5  
The first "Capella (RX-2)" is launched



1971.8  
The first "Titan" is launched



1971.9  
The first "Savanna (RX-3)" is launched



1975.10  
The first "Cosmo" is launched



1978.3  
The first "Savanna RX-7 (RX-7)" is launched



1980

- 1981.12 Operations at Hofu Transmission Plant (Nakanoseki district) begin
- 1982.9 Operations at Hofu plant (Nishinoura district) begin
- 1984.5 Company is renamed as Mazda Motor Corporation
- 1984.10 Mazda Foundation is established
- 1984.11 Kenichi Yamamoto becomes president

- 1985.1 Mazda Motor Manufacturing (USA) Corporation (MMUC), now AutoAlliance International (AAI), is established

- 1987.4 Cumulative domestic production reaches 20 million vehicles

- 1987.6 New research center is opened in Yokohama, Japan (the current Mazda R&D Center Yokohama)

- 1987.12 Norimasa Furuta becomes president

- 1988.4 Mazda Technical College is established

- 1988.5 Mazda Research and Development Center is established in Irvine, CA (U.S.)



1980.6  
"Familia (GLC/323)" is fully redesigned (Receives the "1980-1981 Car of the Year Japan")



1982.9  
"Capella (Telstar)" is fully redesigned (Receives the "1982-1983 Car of the Year Japan")

1989.9  
The first "Roadster (MX-5)" is launched



\* Launching date is based on Japanese market

# 1990

## Corporate

- 1990.1** Hokkaido Kenbuchi Proving Ground for cold-weather testing is completed
- 1990.5** European R&D Representative Office (MRE) is completed
- 1991.12** Yoshihiro Wada becomes president
- 1995.4** Cumulative domestic production reaches 30 million vehicles
- 1995.11** Mazda and Ford jointly establish Auto Alliance (Thailand) Company Limited (AAT), a joint venture production company
- 1996.3** Mazda website is opened
- 1996.6** Henry D.G. Wallace becomes president
- 1997.6** New logo is introduced
- 1997.11** James E. Miller becomes president
- 1999.12** Mark Fields becomes president



1997.6-

## Product\*

- 1991.6** Mazda 787B wins the 59th Le Mans 24-Hour Endurance Race, claiming the first ever victory for a Japanese automobile



- 1996.8** The first "Demio (Mazda2)" is launched (Receives the "1996-1997 RJC New Car of the Year")



- 1990.1** The first "MPV" is launched



- 1991.12** "RX-7" is fully redesigned (Receives the "1991-1992 RJC New Car of the Year")



- 1999.4** The first "Premacy (Mazda5)" is launched



# 2000

- 2000.11** Mid-term plan "Millennium Plan" is announced
- 2002.1** Nakasatsunai Proving Ground is completed
- 2002.4** New brand statement "Zoom-Zoom" is introduced
- 2002.6** Lewis Booth becomes president and CEO
- 2003.1** Production of "Mazda6" commences at FAW Car Company in China
- 2003.8** Hisakazu Imaki becomes president and CEO
- 2004.11** Mid-term plan "Mazda Momentum" is announced
- 2005.8** China Engineering Support Center is opened
- 2006.5** Mine Proving Ground is completed
- 2007.3** Mid-term plan "Mazda Advancement Plan" is announced
- 2007.3** Long-term vision for technology development: "Sustainable Zoom-Zoom" is announced
- 2007.4** Changan Ford Mazda Engine Co., Ltd. (CFME) in China commences operation
- 2007.7** Cumulative domestic production reaches 40 million vehicles
- 2007.10** Changan Ford Mazda Automobile Nanjin Co., Ltd. (CFMA, now CMA) commences operation
- 2008.11** Takashi Yamanouchi becomes president and CEO

- 2000.7** "Roadster (MX-5)" is recognized by the Guinness Book of Records as the world's largest production of lightweight open two-seater sports car



- 2003.4** "RX-8" is launched (Receives the "2004 RJC Car of the Year")

- 2006.3** Global presentation of the first "BT-50" at Bangkok International Motor Show



- 2006.12** "CX-7" is launched



- 2008.3** "Mazda2" receives the "2008 World Car of the Year Award"

- 2002.5** The first "Atenza (Mazda6)" is launched (Receives the "2003 RJC Car of the Year")



- 2003.10** The first "Axela (Mazda3)" is launched



- 2005.8** "Roadster (MX-5)" is fully redesigned (Receives the "2005-2006 Car of the Year Japan")

- 2006.10** Production of the first "CX-9" commences



- 2007.7** "Demio (Mazda2)" is fully redesigned (Receives the "2008 RJC Car of the Year")

- 2008.7** "Bianche" is launched



# 2010

- 2010.4** "Framework for Medium- and Long-term Initiatives" is announced
- 2012.2** "Structural Reform Plan" is announced
- 2012.9** Mazda and Sollers establish Mazda Sollers, a joint venture production company in Russia
- 2012.9** Mazda and Bermaz establish Mazda Malaysia, a joint venture company
- 2012.11** Agreement is reached with Toyota on Toyota vehicle production at Mazda's new plant in Mexico
- 2013.1** Business agreement is concluded for the development and production of Fiat brand two-seater convertible sports car
- 2013.6** Masamichi Kogai becomes president and CEO
- 2014.1** Operations at the production facility "MMVO" a joint venture with Sumitomo Corporation in Mexico are started
- 2015.1** Operations at transmission plant in Thailand are (MPMT) started
- 2015.4** "Structural Reform Stage 2" is announced
- 2015.4** New Corporate Vision is established
- 2015.5** Agreement with Toyota to build up a mutually beneficial long-term partnership is entered (Team up to make cars better)



- 2010.10** Next-generation SKYACTIV TECHNOLOGY announced



- 2012.2** "CX-5" is launched (Receives the "2012-2013 Car of the Year Japan")

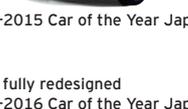
- 2012.11** "Atenza (Mazda6)" featuring a series of the advanced safety technologies i-ACTIVSENSE is fully redesigned (Receives the "2014 RJC Car of the Year")



- 2013.11** "Axela (Mazda3)" is fully redesigned



- 2014.9** "Demio (Mazda2)" is fully redesigned (Receives the "2014-2015 Car of the Year Japan")



- 2015.2** "CX-3" is launched



- 2015.5** "Roadster (MX-5)" is fully redesigned (Receives the "2015-2016 Car of the Year Japan," the "2016 World Car of the Year," and the "2016 World Car Design of the Year")



- 2015.7** "Mazda BT-50" is fully redesigned and production commences in Thailand



- 2016.4** "CX-4" makes its world debut



- 2016.2** "CX-9" is fully redesigned and production commences



# 2016

\* Launching date is based on Japanese market

## Third-Party Opinion

As she did both last year and the year before, Makiko Akabane again shares her opinion on the CSR activities of Mazda Motor Corporation and its Group companies in Japan and other countries, as well as information disclosure regarding their CSR activities, in view of the Mazda Sustainability Report 2016 and the exchange of opinions with the members of Mazda Head Office.

**Makiko Akabane**  
Director  
CSR Asia Japan Office



In this fiscal year, which is the last year of Mazda's Structural Reform Plan, the Company has made continuous efforts to strengthen its financial basis and enhance its brand value. Especially, in terms of brand value enhancement, Mazda has received high evaluations from both home and abroad. The Company achieved a highly visible result by introducing a new-generation product series featuring its innovative basic technologies, SKYACTIV TECHNOLOGY, and Mazda's new design theme, KODO—Soul of Motion. In March 2016, the Roadster/MX-5 received both the 2016 World Car of the Year and the 2016 World Car Design of the Year awards. I have heard that this is the first time that one model has received both awards simultaneously, since the awards were established. Starting in 2013, Mazda has been energetically promoting efforts toward brand value-focused business management. This approach has been keenly adopted among its employees, who reflect it in their daily business activities. All these efforts have borne fruit in the form of a product highly evaluated all over the world.

Mazda has always been engaged in transforming itself, as shown in the Company's Corporate Vision, which defines its spirit as follows: "We will continue to tackle challenges." For example, in my previous year's "Third-Party Opinion," I indicated points that needed to be improved by the Company. Mazda has accepted my suggestions with sincerity and has steadily responded to the issues that I raised. In this fiscal year's Sustainability Report, the Company's measures in response to those issues are described in many places. Specifically, in Feature Story 2, Mazda explains its new initiatives in response to one of my suggestions, "Mazda should provide details about the problems that the Company is conscious of when implementing programs," by introducing the latest examples.

Mazda is a global company which sells its products in more than 130 countries and regions, with production facilities in seven countries. Because of this, I would like to point out some issues for the Company to consider to further evolve its efforts regarding sustainability.

The first issue concerns CSR Policy. Although the "Basic Approach" toward CSR initiatives is described based on the Corporate Vision, no CSR Policy is specified. The Company

has already defined policies that are included in CSR, relating to environment, social contribution, quality, and personal data protection. I believe that Mazda should have a CSR Policy to form the basis for these individual policies. When observing companies all over the world, a CSR Policy seems to be an essential element. Especially when a risk-related issue arises, the fact whether a company has a CSR Policy or not affects the swiftness of reaction and ensuring of reliability. If a company has a Policy, necessary decisions can be made promptly, even on difficult-to-judge issues, at individual sites and facilities worldwide on the basis of the Policy, without asking Head Office or management for judgment at every step. Because this will enable the decentralization or dispersion of CSR decision-making, I would like to strongly ask Mazda to consider this issue.

The next issue is about materiality. Mazda has reviewed and specified the key areas of CSR initiatives (materiality). Although there are many types of materiality determination process, it is very important to engage stakeholders further in the process to reveal potential issues. Mazda has indicated to me that it will set up a regular review on this matter. I would like to suggest that the Company should conduct an evaluation, during such a review, based on opinions collected directly from a wide range of people, including employees and stakeholders both in Japan and other countries. The Company already has various channels to allow stakeholder engagement. I hope that it will make effective use of these channels.

Finally, there is one more thing that I would like Mazda to address. As indicated in the Top Message, the Company regards the establishment of United Nation's Sustainable Development Goals (SDGs) in 2015 as a great turning point in the social movement. The SDGs are different from the previous Millennium Development Goals in that they require the private sector, as well as international organizations and civil society, to contribute to solving global development issues. They call for global concerted efforts to realize a better future by 2030. I have heard that Mazda is now discussing plans on how to respond to the SDGs. I strongly hope that the Company will gain a greater perception of reliability worldwide by addressing these issues, while not forgetting a "sense of excitement" that's unique to Mazda.

## Third-Party Verification

The Mazda Sustainability Report 2016 [In-Depth Version] was assured by third parties to improve the reliability of the data disclosed in the report. The amounts of greenhouse gas emissions, water use and waste emissions disclosed in the Mazda Sustainability Report 2016 [In-Depth Version] are those verified in the Greenhouse Gas Emissions Verification Report, the Water Use Verification Report, and the Waste Emissions Verification Report.



No.1811002399

### Independent Verification Report

**To: Mazda Motor Corporation**

#### 1. Objective and Scope

Japan Quality Assurance Organization (hereafter JQA) was engaged by Mazda Motor Corporation (hereafter Mazda) to provide an independent verification on “FY2015 Mazda GHG Calculation Report”, “FY2015 Mazda Water Use Report” and “FY2015 Mazda Waste Emissions Report” (hereafter the Reports). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding GHG emissions, water use and waste emissions in the Reports were correctly measured and calculated, in accordance with the “Mazda GHG Calculation Manual (dated May 8, 2014)” “Mazda Water Use Calculation Manual (dated May 10, 2016)” and “Mazda Waste Emissions Calculation Manual (dated April 1, 2016)” (hereafter the Rules). The purpose of the verification is to evaluate the Reports objectively and to enhance the credibility of the Reports.

\*The fiscal year of Mazda Motor Corporation ended on March 31, 2016

#### 2. Procedures Performed

JQA conducted verification in accordance with “ISO 14064-3” for GHG emissions and with “ISAE3000” for water use and waste emissions, respectively. The scope of this verification assignment covers energy-derived CO2 emissions as GHG emissions, water use and waste emissions. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent each of the total emissions and total amount of water use in the Reports. The organizational boundaries of this verification include four domestic production sites (Hiroshima Plant, Miyoshi Plant, Nishinoura district and Nakanoseki district of Hofu Plant) of Mazda Motor Corporation.

Our verification procedures included:

- Site visits to Nishinoura district and Nakanoseki district of Hofu Plant for verifying GHG emissions, water use and waste emissions; and to Hiroshima Plant for water use and waste emissions.
- On-site assessment to check the report boundaries, GHG sources, Monitoring points, Monitoring and Calculation system and its controls.
- Vouching: Cross-checking the GHG emissions data against evidence for all sampling site.

#### 3. Conclusion

As a result of the verification activity, JQA hereby confirm that the statement of the information regarding Mazda’s FY2015 GHG emissions, water resource consumption and waste emissions in the Reports, contains no material discrepancy (any errors due to measurements or calculations are less than 5%) and fairly represented in all important points; and that it has been prepared in accordance with the Rules.

#### 4. Consideration

Mazda Motor Corporation was responsible for preparing the Reports, and JQA’s responsibility was to conduct verification of GHG emissions, water use and waste emissions in the Reports only. There is no conflict of interest between Mazda Motor Corporation and JQA.

Tadayuki Yano, Senior Executive Board Director  
For and on behalf of Japan Quality Assurance Organization  
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan  
June 21, 2016

## Third-Party Assurance

The Mazda Sustainability Report 2016 [In-Depth Version] was assured by third parties to improve the reliability of the data disclosed in the report.



### Independent Assurance Report

To the Representative Director, President and CEO of Mazda Motor Corporation

We were engaged by Mazda Motor Corporation (the "Company") to undertake a limited assurance engagement of the social performance indicators marked with "☑" for the period from April 1, 2015 to March 31, 2016 (the "Indicators") included in its SUSTAINABILITY REPORT 2016 (IN-DEPTH VERSION) (the "Report") for the fiscal year ended March 31, 2016.

#### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's headquarter selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

#### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

#### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

September 28, 2016

## Table of Comparisons with Guidelines

The table below shows the pages in this report containing the information relevant to each of the required disclosures under the GRI Sustainability Reporting Guidelines Version 4 and ISO 26000.

| Category (G4)                | Aspect (G4)                                | Core option requirement | Indicator  | G4  | ISO26000   | Relevant pages   |
|------------------------------|--|-------------------------|--|---|--|--|
| General Standard Disclosures |  | ✓                       | Disclosures required for the Core "in accordance" option   |   |  |  |
|                              | Strategy and Analysis                      | ✓                       | a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.  | G4-1  | 4.7<br>6.2<br>7.4.2  | 3-4  |
|                              |  |                         | a. Provide a description of key impacts, risks, and opportunities.   | G4-2  |  | 5-6, 17  |
| Organizational Profile       |  | ✓                       | a. Report the name of the organization.  | G4-3  |  | 11   |
|                              |  | ✓                       | a. Report the primary brands, products, and services.  | G4-4  |  | 12   |
|                              |  | ✓                       | a. Report the location of the organization's headquarters.   | G4-5  |  | 11   |
|                              |  | ✓                       | a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.   | G4-6  |  | 11, 13   |
|                              |  | ✓                       | a. Report the nature of ownership and legal form.  | G4-7  |  | 11   |
|                              |  | ✓                       | a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).   | G4-8  |  | 12   |
|                              |  | ✓                       | a. Report the scale of the organization, including:<br>· Total number of employees<br>· Total number of operations<br>· Net sales (for private sector organizations) or net revenues (for public sector organizations)<br>· Total capitalization broken down in terms of debt and equity (for private sector organizations)<br>· Quantity of products or services provided   | G4-9  |  | 11   |
|                              |  | ✓                       | a. Report the total number of employees by employment contract and gender.<br>b. Report the total number of permanent employees by employment type and gender.<br>c. Report the total workforce by employees and supervised workers and by gender.<br>d. Report the total workforce by region and gender.<br>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.<br>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries). | G4-10   | 6.3.10<br>6.4.1-6.4.2<br>6.4.3<br>6.4.4<br>6.4.5<br>6.8.5<br>7.8 | 83   |
|                              |  | ✓                       | a. Report the percentage of total employees covered by collective bargaining agreements.   | G4-11   |  | 93   |
|                              |  | ✓                       | a. Describe the organization's supply chain.   | G4-12   |  | 111  |
|                              |  | ✓                       | a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:<br>· Changes in the location of, or changes in, operations, including facility openings, closings, and expansions<br>· Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)<br>· Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination  | G4-13   |  | N/A  |
|                              |  | ✓                       | a. Report whether and how the precautionary approach or principle is addressed by the organization.  | G4-14   |  | 105-108  |
|                              |  | ✓                       | a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.  | G4-15   |  | 15-19  |
|                              |  | ✓                       | a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:<br>· Holds a position on the governance body<br>· Participates in projects or committees<br>· Provides substantive funding beyond routine membership dues<br>· Views membership as strategic<br>This refers primarily to memberships maintained at the organizational level.   | G4-16   |  | 77,<br>122-123   |
|                              | Identified Material Aspects and Boundaries |                         | ✓  | a. List all entities included in the organization's consolidated financial statements or equivalent documents.<br>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. | G4-17  |  |
|                              |  | ✓                       | a. Explain the process for defining the report content and the Aspect Boundaries.<br>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.   | G4-18   |  | 1, 15-17,<br>22-23   |
|                              |  | ✓                       | a. List all the material Aspects identified in the process for defining report content.  | G4-19   |  | 17   |
|                              |  | ✓                       | a. For each material Aspect, report the Aspect Boundary within the organization, as follows:<br>· Report whether the Aspect is material within the organization.<br>· If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:<br>-The list of entities or groups of entities included in G4-17 for which the Aspect is not material or;<br>-The list of entities or groups of entities included in G4-17 for which the Aspect is material.<br>· Report any specific limitation regarding the Aspect Boundary within the organization.  | G4-20   | 5.2<br>7.3.2<br>7.3.3<br>7.3.4                                   | 1  |
|                              |  | ✓                       | a. For each material Aspect, report the Aspect Boundary outside the organization, as follows:<br>· Report whether the Aspect is material outside of the organization.<br>· If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified.<br>· Report any specific limitation regarding the Aspect Boundary outside the organization.  | G4-21   |  | 1  |
|                              |  | ✓                       | a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.   | G4-22   |  | N/A  |
|                              |  | ✓                       | a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.  | G4-23   |  | 56, 79   |
| Stakeholder Engagement       |  | ✓                       | a. Provide a list of stakeholder groups engaged by the organization.   | G4-24   |  | 22-23  |
|                              |  | ✓                       | a. Report the basis for identification and selection of stakeholders with whom to engage.  | G4-25   |  | 22-23  |
|                              |  | ✓                       | a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.   | G4-26   | 5.3  | 22-23, 29-30,<br>77-78, 85-86,<br>113-114                                  |
|                              |  | ✓                       | a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.   | G4-27   |  | 21, 23, 25,<br>29, 34, 54,<br>85-86, 91-92,<br>94-95, 109,<br>111-112, 114 |

\*1 Securities Report (Japanese only)  
<http://www.mazda.com/ja/investors/library/s-report/>

| Category (G4)                | Aspect (G4) | Core option requirement   | Indicator   | G4    | ISO26000                       | Relevant pages                 |
|------------------------------|-------------|---|---|-------|--------------------------------|--------------------------------|
| General Standard Disclosures |             | ✓   | Disclosures required for the Core "in accordance" option  |       |                                |                                |
| Report Profile               |             | ✓   | a. Reporting period (such as fiscal or calendar year) for information provided.   | G4-28 |                                | 1                              |
|                              |             | ✓   | a. Date of most recent previous report (if any).  | G4-29 |                                | 1                              |
|                              |             |   | a. Reporting cycle (such as annual, biennial).  | G4-30 |                                | 1                              |
|                              |             | ✓   | a. Provide the contact point for questions regarding the report or its contents.  | G4-31 |                                | 1                              |
|                              |             | ✓   | a. Report the "in accordance" option the organization has chosen.<br>b. Report the GRI Content Index for the chosen option (see tables below).<br>c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be "in accordance" with the Guidelines.)  | G4-32 | 7.5.3<br>7.6.2                 | 130-135                        |
|                              |             | ✓   | a. Report the organization's policy and current practice with regard to seeking external assurance for the report.<br>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.<br>c. Report the relationship between the organization and the assurance providers.<br>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.                                 | G4-33 |                                | 128-129                        |
| Governance                   |             | ✓   | a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.   | G4-34 |                                | 16,<br>102-103                 |
|                              |             |   | a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.   | G4-35 |                                | 16,<br>102-103                 |
|                              |             |   | a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.   | G4-36 |                                | 16,<br>102-103                 |
|                              |             |   | a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.   | G4-37 |                                | 16,<br>102-103                 |
|                              |             |   | Report the composition of the highest governance body and its committees by:<br>• Executive or non-executive<br>• Independence<br>• Tenure on the governance body<br>• Number of each individual's other significant positions and commitments, and the nature of the commitments<br>• Gender<br>• Membership of under-represented social groups<br>• Competences relating to economic, environmental and social impacts<br>• Stakeholder representation  | G4-38 |                                | Securities Report *1           |
|                              |             |   | a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).  | G4-39 |                                | Corporate Governance Report *2 |
|                              |             |   | Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:<br>• Whether and how diversity is considered<br>• Whether and how independence is considered<br>• Whether and how expertise and experience relating to economic, environmental and social topics are considered<br>• Whether and how stakeholders (including shareholders) are involved  | G4-40 |                                | Corporate Governance Report *2 |
|                              |             |   | a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.<br>Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:<br>• Cross-board membership<br>• Cross-shareholding with suppliers and other stakeholders<br>• Existence of controlling shareholder<br>• Related party disclosures   | G4-41 | 6.2<br>7.4.3<br>7.7.5          | Corporate Governance Report *2 |
|                              |             |   | a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.  | G4-42 |                                | Corporate Governance Report *2 |
|                              |             |   | a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.  | G4-43 |                                | 16                             |
|                              |             |   | a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.<br>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice. | G4-44 |                                | Corporate Governance Report *2 |
|                              |             |   | a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.<br>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.   | G4-45 |                                | Corporate Governance Report *2 |
|                              |             |   | a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.  | G4-46 |                                | 15-17, 105                     |
|                              |             |   | a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.  | G4-47 |                                | 15-17, 105                     |
|                              |             |   | a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.  | G4-48 |                                | 15-17                          |
|                              |             | a. Report the process for communicating critical concerns to the highest governance body.   | G4-49   |       | Corporate Governance Report *2 |                                |
|                              |             | a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them. | G4-50   |       | Corporate Governance Report *2 |                                |

\*1 Securities Report (Japanese only)  
<http://www.mazda.com/ja/investors/library/s-report/>  
\*2 Corporate Governance Report  
<http://www.mazda.com/en/investors/library/governance/>

| Category (G4)   | Aspect (G4)  | Core option requirement   | Indicator  | G4                                   | ISO26000   | Relevant pages                 |              |
|---|--|---|--|--------------------------------------|--|--------------------------------|--------------|
| General Standard Disclosures  |  | ✓   | Disclosures required for the Core "in accordance" option   |                                      |  |                                |              |
| Governance  |  |   | a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:<br><ul style="list-style-type: none"> <li>- Fixed pay and variable pay:</li> <li>- Performance-based pay</li> <li>- Equity-based pay</li> <li>- Bonuses</li> <li>- Deferred or vested shares</li> </ul> | G4-51                                | 6.2, 7.4.3<br>7.7.5  | Corporate Governance Report *2 |              |
|   |  |   | b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.  |                                      |  |                                |              |
|   |  |   | a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.   | G4-52                                |  | Corporate Governance Report *2 |              |
|   |  |   | a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.  | G4-53                                |  | 102                            |              |
|   |  |   | a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.   | G4-54                                |  | Corporate Governance Report *2 |              |
| Ethics and Integrity  |  | ✓   | a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.   | G4-56                                | 4.4, 6.6.3   | 109                            |              |
|   |  | a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.   | G4-57  | 109                                  |  |                                |              |
|   |  | a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | G4-58  | 109                                  |  |                                |              |
| Specific Standard Disclosures   |  | ●   | Important issues specified by Mazda  |                                      |  |                                |              |
| Economic  | Economic Performance   | ●   | DMA  |                                      |  | 3-4                            |              |
|   |  |   | Direct economic value generated and distributed  | G4-EC1                               | 6.8.1-6.8.2<br>6.8.3, 6.8.7<br>6.8.9                                 | 84, 99,<br>114                 |              |
|   |  |   | Financial implications and other risks and opportunities for the organization's activities due to climate change   | G4-EC2                               | 6.5.5  | Securities Report *1           |              |
|   |  |   | Coverage of the organization's defined benefit plan obligations  | G4-EC3                               | 6.8.7  | Securities Report *1           |              |
|   | Financial assistance received from government                  | G4-EC4  | —  | Securities Report *1                 |  |                                |              |
|   | Market Presence  | ●   | DMA  |                                      |  |                                | 18           |
|   |  |   | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation   | G4-EC5                               | 6.3.7, 6.3.10<br>6.4.3, 6.4.4<br>6.8.1-6.8.2                         | —                              |              |
|   | Indirect Economic Impacts                                      | ●   | Development and impact of infrastructure investments and services supported  | G4-EC7                               | 6.3.9<br>6.8.1-6.8.2<br>6.8.7, 6.8.9                                 | 44                             |              |
|   |  |   | Significant indirect economic impacts, including the extent of impacts   | G4-EC8                               | 6.3.9, 6.6.6<br>6.6.7, 6.7.8<br>6.8.1-6.8.2<br>6.8.5, 6.8.7<br>6.8.9 | 19                             |              |
|   | Procurement Practices  | ●   | DMA  |                                      |  |                                | 111          |
| Proportion of spending on local suppliers at significant locations of operation |  |   | G4-EC9   | 6.4.3, 6.6.6<br>6.8.1-6.8.2<br>6.8.7 | 111  |                                |              |
| Environmental   | Materials  | ●   | DMA  |                                      |  | 51-52                          |              |
|   |  |   | Materials used by weight or volume   | G4-EN1                               | 6.5.4  | 79                             |              |
|   | Percentage of materials used that are recycled input materials | G4-EN2  | 6.5.4  | —                                    |  |                                |              |
|   | Energy   | ●   | DMA  |                                      |  |                                | 5-6<br>51-52 |
|   |  |   | Energy consumption within the organization   | G4-EN3                               | 6.5.4  | 55, 57,<br>66-67, 79           |              |
|   |  |   | Energy consumption outside of the organization   | G4-EN4                               | 6.5.4  | 57                             |              |
|   |  |   | Energy intensity   | G4-EN5                               | 6.5.4  | —                              |              |
|   |  |   | Reduction of energy consumption  | G4-EN6                               | 6.5.4, 6.5.5   | 66                             |              |
| Reductions in energy requirements of products and services                      | G4-EN7   | 6.5.4, 6.5.5  | 57-62  |                                      |  |                                |              |
| Water   | ●  | DMA   |  |                                      |  | 51-52                          |              |
| Total water withdrawal by source  | G4-EN8   | 6.5.4   | 70, 79   |                                      |  |                                |              |

\*1 Securities Report (Japanese only) <http://www.mazda.com/ja/investors/library/s-report/>  
\*2 Corporate Governance Report <http://www.mazda.com/en/investors/library/governance/>

| Category (G4)   | Aspect (G4)  | Core option requirement   | Indicator   | G4                           | ISO26000              | Relevant pages |              |
|---|--|---|---|------------------------------|-----------------------|----------------|--------------|
| Specific Standard Disclosures   |  | ✓   | Disclosures required for the Core "in accordance" option  |                              |                       |                |              |
| Environmental   | Water  | ●   | Water sources significantly affected by withdrawal of water   | G4-EN9                       | 6.5.4                 | 70             |              |
|   |  |   | Percentage and total volume of water recycled and reused  | G4-EN10                      | 6.5.4                 | —              |              |
|   | Biodiversity   | ●   | DMA   |                              |                       |                | 51-52        |
|   |  |   | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas   | G4-EN11                      | 6.5.6                 | —              |              |
|   |  |   | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas                                      | G4-EN12                      | 6.5.6                 | 76             |              |
|   |  |   | Habitats protected or restored  | G4-EN13                      | 6.5.6                 | —              |              |
|   | Emissions  | ●   | DMA   |                              |                       |                | 5-6<br>51-52 |
|   |  |   | Direct greenhouse gas (GHG) emissions (Scope 1)   | G4-EN15                      | 6.5.5                 | 66, 79         |              |
|   |  |   | Indirect greenhouse gas (GHG) emissions (Scope 2)   | G4-EN16                      | 6.5.5                 | 66, 79         |              |
|   |  |   | Other indirect greenhouse gas (GHG) emissions (Scope 3)   | G4-EN17                      | 6.5.5                 | 79             |              |
|   |  |   | Greenhouse gas (GHG) emissions intensity  | G4-EN18                      | 6.5.5                 | 66             |              |
|   |  |   | Reduction of greenhouse gas (GHG) emissions   | G4-EN19                      | 6.5.5                 | 66             |              |
|   |  |   | Emissions of ozone-depleting substances (ODS)   | G4-EN20                      | 6.5.3, 6.5.5          | 79             |              |
|   | Effluents and Waste  | ●   | DMA   |                              |                       |                | 51-52        |
|   |  |   | Total water discharge by quality and destination  | G4-EN22                      | 6.5.3, 6.5.4          | 72             |              |
|   |  |   | Total weight of waste by type and disposal method   | G4-EN23                      | 6.5.3                 | 79             |              |
|   |  |   | Total number and volume of significant spills   | G4-EN24                      | 6.5.3                 | N/A            |              |
|   |  |   | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 ANNEX I, II, III, and VIII, and percentage of transported waste shipped internationally | G4-EN25                      | 6.5.3                 | —              |              |
|   |  |   | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff                                     | G4-EN26                      | 6.5.3, 6.5.4<br>6.5.6 | —              |              |
|   | Products and Services  | ●   | DMA   |                              |                       |                | 51-52        |
| Extent of impact mitigation of environmental impacts of products and services |  |   | G4-EN27   | 6.5.3, 6.5.4<br>6.5.5, 6.7.5 | 51-52                 |                |              |
| Compliance  | ●  | DMA   |   |                              |                       | 51-52          |              |
|   |  | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations                             | G4-EN29   | 4.6                          | 54                    |                |              |
| Transport   | ●  | DMA   |   |                              |                       | 51-52          |              |
|   |  | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | G4-EN30   | 6.5.4, 6.6.6                 | 67-68                 |                |              |
| Overall   | ●  | DMA   |   |                              |                       | 47-48          |              |
|   |  | Total environmental protection expenditures and investments by type   | G4-EN31   | 6.5.1-6.5.2                  | 56                    |                |              |
| Supplier Environmental Assessment   | ●  | DMA   |   |                              |                       | 111            |              |
|   |  | Percentage of new suppliers that were screened using environmental criteria   | G4-EN32   | 6.3.5, 6.6.6<br>7.3.1        | —                     |                |              |
| Environmental Grievance Mechanisms  | ●  | DMA   |   |                              |                       | 47-48          |              |
|   |  | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms   | G4-EN34   | 6.3.6                        | 54                    |                |              |
| Labor Practices and Decent Work   | Employment   | ●   | DMA   |                              |                       | 18             |              |
|   |  |   | Total number and rates of new employee hires and employee turnover by age group, gender and region  | G4-LA1                       | 6.4.3                 | 83             |              |
|   |  |   | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation   | G4-LA2                       | 6.4.4, 6.8.7          | 87, 89         |              |
|   | Return to work and retention rates after parental leave, by gender | G4-LA3  | 6.4.4   | 87                           |                       |                |              |
| Labor/Management Relations  | ●  | DMA   |   |                              |                       | 18             |              |
|   |  |   | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements  | G4-LA4                       | 6.4.3, 6.4.5          | 93             |              |

| Category (G4)                                    | Aspect (G4)  | Core option requirement   | Indicator   | G4                           | ISO26000   | Relevant pages    |         |
|--|--|---|---|------------------------------|--|-------------------|---------|
| General Standard Disclosures                     |  | ●   | Important issues specified by Mazda   |                              |  |                   |         |
| Labor Practices and Decent Work                  | Occupational Health and Safety   |   | DMA   |                              |  | 18                |         |
|  |  | ●   | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs                      | G4-LA5                       | 6.4.6  | 90                |         |
|  |  |   | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender   | G4-LA6                       | 6.4.6, 6.8.8   | 90                |         |
|  |  |   | Workers with high incidence or high risk of diseases related to their occupation  | G4-LA7                       | 6.4.6, 6.8.8   | —                 |         |
|  |  | Health and safety topics covered in formal agreements with trade unions   | G4-LA8  | 6.4.6                        | 90   |                   |         |
|  | Training and Education   |   | DMA   |                              |  |                   | 18      |
|  |  | ●   | Average hours of training per year per employee by gender, and by employee category   | G4-LA9                       | 6.4.7  | 84                |         |
|  |  |   | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings   | G4-LA10                      | 6.4.7, 6.8.5   | 83, 87            |         |
|  |  | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category  | G4-LA11   | 6.4.7                        | 86   |                   |         |
|  | Diversity and Equal Opportunity  |   | DMA   |                              |  |                   | 18      |
|  |  | ●   | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity                        | G4-LA12                      | 6.2.3, 6.3.7<br>6.3.10, 6.4.3                          | 83                |         |
|  | Equal Remuneration for Women and Men   |   | DMA   |                              |  |                   | 94      |
|  |  | ●   | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation  | G4-LA13                      | 6.3.7, 6.3.10<br>6.4.3, 6.4.4                          | 84                |         |
|  | Supplier Assessment for Labor Practices  |   | DMA   |                              |  |                   | 111     |
|  |  | ●   | Percentage of new suppliers that were screened using labor practices criteria   | G4-LA14                      | 6.3.5, 6.4.3<br>6.6.6, 7.3.1                           | —                 |         |
|  |  | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken   | G4-LA15   | 6.3.5, 6.4.3<br>6.6.6, 7.3.1 | 112  |                   |         |
|  | Labor Practices Grievance Mechanisms   |   | DMA   |                              |  |                   | 109     |
|  |  |   | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms   | G4-LA16                      | 6.3.6  | 95, 109           |         |
|  | Human Rights   | Investment  |   | DMA                          |  |                   | 18      |
|  |  |   | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening   | G4-HR1                       | 6.3.3, 6.3.5<br>6.6.6                                  | —                 |         |
|  |  | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | G4-HR2  | 6.3.5                        | 94-96  |                   |         |
| Non-discrimination                               |  |   | DMA   |                              |  |                   | 94      |
|  |  |   | Total number of incidents of discrimination and corrective actions taken  | G4-HR3                       | 6.3.6, 6.3.7<br>6.3.10, 6.4.3                          | —                 |         |
| Freedom of Association and Collective Bargaining |  |   | DMA   |                              |  |                   | 94      |
|  |  |   | Operations and suppliers identified in which the right to exercise freedom of association or collective bargaining may be violated or at significant risk, and measures taken to support these rights | G4-HR4                       | 6.3.3, 6.3.4<br>6.3.5, 6.3.8<br>6.3.10, 6.4.5<br>6.6.6 | —                 |         |
| Child Labor                                      |  |   | DMA   |                              |  |                   | 94      |
|  |  |   | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor                               | G4-HR5                       | 6.3.3, 6.3.4<br>6.3.5, 6.3.7<br>6.3.10, 6.6.6<br>6.8.4 | 94-96,<br>111-112 |         |
| Forced or Compulsory Labor                       |  |   | DMA   |                              |  |                   | 94      |
|  |  | ●   | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor  | G4-HR6                       | 6.3.3, 6.3.4<br>6.3.5, 6.3.10<br>6.6.6                 | 94-96,<br>111-112 |         |
| Security Practices                               |  |   | DMA   |                              |  |                   | 94      |
|  |  |   | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations  | G4-HR7                       | 6.3.4, 6.3.5<br>6.6.6                                  | —                 |         |
| Indigenous Rights                                |  |   | DMA   |                              |  |                   | 94      |
|  |  |   | Total number of incidents of violations involving rights of indigenous peoples and actions taken  | G4-HR8                       | 6.3.4, 6.3.6<br>6.3.7, 6.3.8<br>6.6.7, 6.8.3           | —                 |         |
| Assessment                                       |  |   | DMA   |                              |  |                   | 18      |
|  |  |   | Total number and percentage of operations that have been subject to human rights reviews or impact assessments  | G4-HR9                       | 6.3.3, 6.3.4<br>6.3.5                                  | 94-96             |         |
| Supplier Human Rights Assessment                 |  |   | DMA   |                              |  |                   | 18, 111 |
|  |  |   | Percentage of new suppliers that were screened using human rights criteria  | G4-HR10                      | 6.3.3, 6.3.4<br>6.3.5, 6.6.6                           | —                 |         |
|  | Significant actual and potential negative human rights impacts in the supply chain and actions taken | G4-HR11   | 6.3.3, 6.3.4<br>6.3.5, 6.6.6  | 112                          |  |                   |         |
| Human Rights Grievance Mechanisms                |  | DMA   |   |                              |  | 109               |         |
|  |  | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms  | G4-HR12   | 6.3.6                        | 95, 109  |                   |         |

| Category (G4)                               | Aspect (G4)                                | Core option requirement   | Indicator  | G4  | ISO26000   | Relevant pages |             |
|---|--|---|--|---|--|----------------|-------------|
| General Standard Disclosures                |  | ●   | Important issues specified by Mazda  |   |  |                |             |
| Society                                     | Local Communities                          | DMA   |  |   |  | 19             |             |
|   |  | ●   | Percentage of operations with implemented local community engagement, impact assessments, and development programs   | G4-SO1  | 6.3.9<br>6.5.1-6.5.2<br>6.5.3, 6.8                 | 98             |             |
|   |  |   | Operations with significant actual and potential negative impacts on local communities   | G4-SO2  | 6.3.9, 6.5.3<br>6.8                                | —              |             |
|   | Anti-corruption                            | DMA   |  |   |  |                | 18, 109     |
|   |  | ●   | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified  | G4-SO3  | 6.6.1-6.6.2<br>6.6.3                               | —              |             |
|   |  |   | Communication and training on anti-corruption policies and procedures  | G4-SO4  | 6.6.1-6.6.2<br>6.6.3, 6.6.6                        | 110            |             |
|   |  | Confirmed incidents of corruption and actions taken   | G4-SO5   | 6.6.1-6.6.2<br>6.6.3                                  | N/A  |                |             |
|   | Public Policy                              | DMA   |  |   |  |                | —           |
|   |  |   | Total value of political contributions by country and recipient/beneficiary  | G4-SO6  | 6.6.1-6.6.2<br>6.6.4                               | —              |             |
|   | Anti-competitive Behavior                  | DMA   |  |   |  |                | 18, 109     |
|   |  |   | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes   | G4-SO7  | 6.6.1-6.6.2<br>6.6.5, 6.6.7                        | N/A            |             |
|   | Compliance                                 | DMA   |  |   |  |                | 18, 109     |
|   |  | ●   | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations  | G4-SO8  | 4.6  | N/A            |             |
|   | Supplier Assessment for Impacts on Society | DMA   |  |   |  |                | 111         |
| ●   |  | Percentage of new suppliers that were screened using criteria for impacts on society  | G4-SO9   | 6.3.5<br>6.6.1-6.6.2<br>6.6.6<br>6.8.1-6.8.2<br>7.3.1 | —  |                |             |
|   |  | Significant actual and potential negative impacts on society in the supply chain and actions taken  | G4-SO10  | 6.3.5<br>6.6.1-6.6.2<br>6.6.6<br>6.8.1-6.8.2<br>7.3.1 | 112  |                |             |
| Grievance Mechanisms for Impacts on Society | DMA  |   |  |   |  | 109            |             |
|   |  | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms  | G4-SO11  | 6.3.6<br>6.6.1-6.6.2<br>6.8.1-6.8.2                   | 109  |                |             |
| Product Responsibility                      | Customer Health and Safety                 | DMA   |  |   |  | 6, 19          |             |
|   |  | ●   | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement  | G4-PR1  | 6.7.1-6.7.2<br>6.7.4, 6.7.5<br>6.8.8               | 39             |             |
|   |  | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | G4-PR2   | 4.6<br>6.7.1-6.7.2<br>6.7.4, 6.7.5<br>6.8.8           | 34-35  |                |             |
|   | Product and Service Labeling               | DMA   |  |   |  |                | 19          |
|   |  | ●   | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to information requirements | G4-PR3  | 6.7.1-6.7.2<br>6.7.3, 6.7.4<br>6.7.5, 6.7.9        | —              |             |
|   |  |   | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes  | G4-PR4  | 4.6<br>6.7.1-6.7.2<br>6.7.3, 6.7.4<br>6.7.5, 6.7.9 | N/A            |             |
|   |  | Results of surveys measuring customer satisfaction  | G4-PR5   | 6.7.1-6.7.2<br>6.7.6                                  | 36   |                |             |
|   | Marketing Communications                   | DMA   |  |   |  |                | 26          |
|   |  | ●   | Sale of banned or disputed products  | G4-PR6  | —  | 35             |             |
|   |  | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes    | G4-PR7   | 4.6<br>6.7.1-6.7.2<br>6.7.3                           | N/A  |                |             |
|   | Customer Privacy                           | DMA   |  |   |  |                | 18, 106-107 |
|   |  | ●   | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data  | G4-PR8  | 6.7.1-6.7.2<br>6.7.7                               | N/A            |             |
|   | Compliance                                 | DMA   |  |   |  |                | 18, 109     |
|   |  | ●   | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services   | G4-PR9  | 4.6<br>6.7.1-6.7.2<br>6.7.6                        | N/A            |             |

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