MAZDA INTEGRATED REPORT 2022

CONTENTS

[Purpose of the Production of the Integrated Report]

The purpose is to communicate the medium- and long-term value creation of the Mazda Group to a wide range of stakeholders, including shareholders and investors, by comprehensively showing its value creation process and financial and non-financial information.

[Editorial Policy]

The Mazda Integrated Report 2022 is published to inform Mazda's stakeholders of its ideal vision, value creation process, initiatives to achieve carbon neutrality, and sustainability initiatives. The Company will evolve it as a communication tool that contributes to dialogue with its stakeholders.

[Referenced Guidelines]

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

[Period Covered]

The report primarily covers the period from April 2021 through March 2022, although some activities after April 2022 are included.

[Organizations Covered]

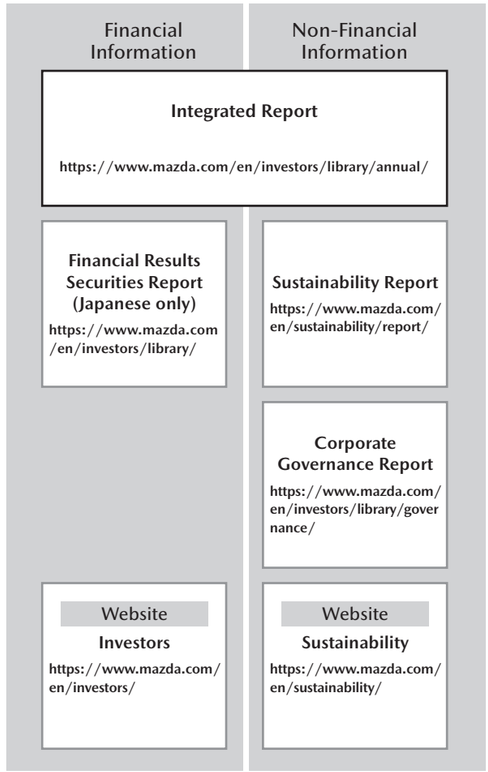
The entire Mazda Group, including Mazda Motor Corporation and its Group companies, is covered in this report. (Where the reporting item is not applicable to the entire Mazda Group, the organizations covered are specified.)

[Date of Publication]

Japanese version: December 2022
English version: January 2023

[Positioning of the Integrated Report]

Mazda discloses information in the following formats.

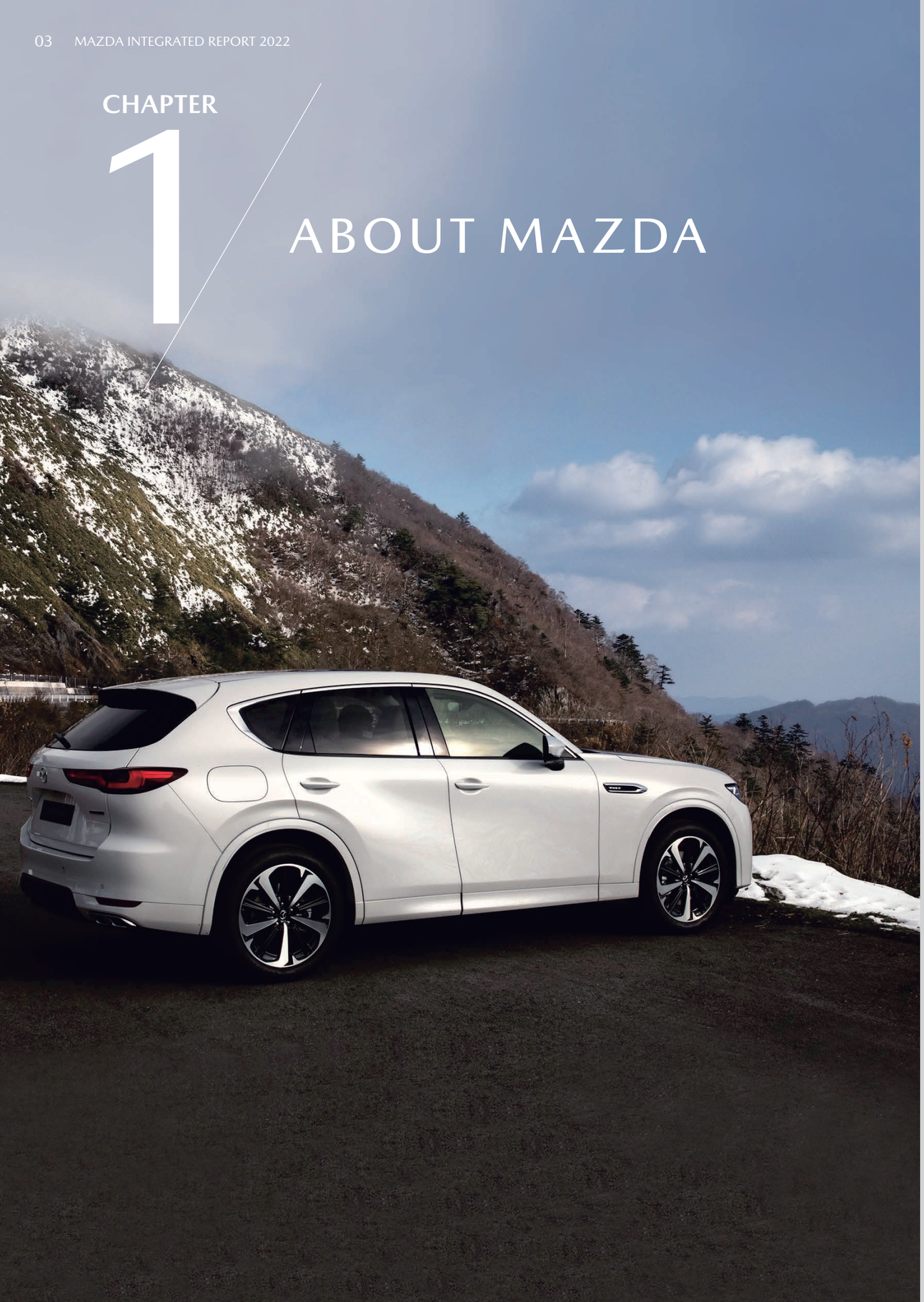


Disclaimer

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

CHAPTER

1 ABOUT MAZDA



Corporate 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 and seek to master the Doh (“Way” or “Path”) of creativity.

Message from the President

Mazda Seeks to Gain Deeper Insight into People, Creating Unique Value through Co-Creation with Others, and Building a Sustainable Business and Society

The Company's Values

Three Core Values Mazda Has Fostered over the Past Century

Since its founding in 1920 in Hiroshima, Mazda Motor Corporation has been growing together with local communities with the support of local residents, and in 2022 reached its 102nd anniversary. Early on in its history, Jujiro Matsuda, the second president, dedicated himself to manufacturing and upholding the motto, "Contribute to society through machine industry." Inheriting his spirit, Mazda has continued to develop various unique technologies, even though it has remained a relatively small-scale manufacturer based outside of Japan's metropolitan areas. In the 1950s, for example, Mazda became Japan's first manufacturer to make practical use of the then latest casting process. In the 1960s, Mazda launched the world's first rotary engine with two rotors at a time when the commercialization of a rotary engine was generally believed to be impossible. The creation of such innovative technologies has been driven by an Endless Challenges spirit, which has been a hallmark of every generation of Mazda employees and is deeply rooted in our way of manufacturing. It is this Endless Challenges spirit that has led to the development of various innovative technologies and processes including Skyactiv Technology, Kodo Design, mixed model production and flexible production process.

Among the values and standards, we have fostered and upheld, there are three key principles that we have adopted as core values in the formulation of the Value Creation Process.

The first core principle is to gain Deeper Insight into People. This principle is the cornerstone of Mazda's human-centered development philosophy and is based on a firm belief in human ability and efforts to bring out the maximum potential of humans. At the same time, it also implies the Company's expectation for all employees to deepen mutual understanding and build relationships of mutual trust, while autonomously fulfilling their own tasks. No matter how far IT progresses, people are the creators of value and the implementers of improvement. Human resources are Mazda's most valuable asset, and I truly hope that all of our employees, in addition to performing their own work tasks, will do their utmost to deepen mutual understanding and build relationships of mutual trust with our suppliers, dealers, and other business partners.

The second principle is our vision of Co-Creation with Others, the philosophy we shared at the time of the announcement of our Medium-Term Management Plan in 2019. We at Mazda understand that we cannot do everything singlehandedly. Therefore, it is essential that we co-create with our business partners and other stakeholders in setting common objectives and goals, preparing concrete action plans, and carrying these plans out through joint efforts. This applies not only to tasks and projects outside the Company, but also to everyday business within the Company.

Since almost all our business activities involve collaboration with others across various business domains and markets, co-creation is essential in our everyday work within the company as well.

We have inherited this view from Tsuneji Matsuda, the third president, who said that our partner factories are our "brothers."

The third principle is the motto "Endless Challenges," which I mentioned earlier. This motto is inscribed on the stone monument in Miyoshi Proving Ground (Miyoshi City, Hiroshima Prefecture). Each time I see this monument, the inscription inspires me to work even harder. This was the spirit that drove Mazda's engineers as they strove to commercialize the rotary engine and overcome various difficulties under the leadership of Kenichi Yamamoto, the sixth president. At Mazda, this Endless Challenges has been a hallmark not only of employees engaged in manufacturing but all Mazda employees, who in the course of their work face various challenges.

As we look back at Mazda's history and review the three core principles, we are constantly reminded of the tremendous support we receive from all our customers and all stakeholders. I believe that my mission as president is to continue to develop Mazda in the next century by continuing to value and strengthen our relationships with all stakeholders.

Management Vision

Brand Value Management That Prioritizes Emotional Ties with Customers

In the course of creating the next century of our corporate history, we have been implementing our philosophy of brand value management. In line with this, we are striving to build emotional ties with our customers and other stakeholders who resonate and empathize with the values the Mazda brand offers, and to raise corporate value through the enhancement of Mazda's brand value. In implementing brand value management, it is essential to create value unique to Mazda based on Mazda's traditional values and offering new value in the form of products and services. What, then, does "value unique to Mazda" mean? It is value derived from the Human-Centered philosophy Mazda pursues in all areas. We will continue to explore our stakeholders' interests, deepen our understanding of their needs, and create original value that we can offer them in the form of products, technologies, and services, all the time adhering to our Human-Centered philosophy.

Throughout its history, Mazda has been striving to create "moving" experience in daily life. Our aim is to uplift and energize people and bring more enjoyment to their everyday lives.

In Engineering and Manufacturing, we have continued to produce technologies and cars that offer Joy of Driving, which includes exhilarating and captivating driving experiences. Joy of Driving is not just about driving vehicles at a high speed or with impressive engine power; it is also about ensuring that drivers can maneuver their vehicles at will and feel the joy of driving free of concerns. It is also about giving passengers, and even their pets, a pleasant ride. To allow drivers and passengers alike to enjoy Joy of Driving in all its forms, Mazda will continue to study human beings from the perspective of our human-centered development philosophy. We will shed light on mechanisms of the human body and brain to determine optimal ways of maximizing human capabilities and assisting drivers, as well as determine the influence of drivers' physical and mental conditions on their driving. We will continue our study by developing AI algorithms as well as Model-Based Development, which is used for developing advanced driving assistance technologies that ensure driver safety and peace of mind.

To Create Human Connections, we will promote digital

Message from the President

transformation (hereinafter “DX”) in our sales and service channels. In addition to using information provided by customers, we will collect vehicle traveling data from vehicles equipped with connectivity technologies to gain in-depth knowledge of customers’ individual vehicles and how they are used, so that we can properly respond to their demands and resolve problems in a timely manner. Through these endeavors, we hope to improve the convenience of vehicles and further enrich our customers’ car lives.

In line with the Medium-Term Management Plan, we will continue to implement brand value management and Human-Centered philosophy, which plays a key role in Mazda’s unique design and engineering. In adopting this approach, we understand that we must demonstrate our commitment to resolving social issues, an aspiration which is shared by our customers and other stakeholders.

Medium-Term Management Plan

Phase of Strong Growth Commencing in FY March 2023

The Medium-Term Management Plan currently underway is based on the original plan announced in November 2019. In November 2020, we announced the revision of the original plan in light of significant changes in our business environment due to the global pandemic of novel coronavirus (COVID-19). The revised Medium-Term Management Plan sets out our management goals to establish a solid financial base for implementing our investment plans to promote EVs, for which demand is increasing, and to achieve carbon neutrality (hereinafter “CN”). To this end, Mazda will implement various initiatives in line with the following five polices: Invest for raising brand value, Curb expenses that depreciate brand value, Accelerate fixed cost/cost reductions to lower break-even volume, Invest in areas where we need to catch up and start investment in new areas, and Enhance alliances.

In line with these policies, the Medium-Term Management Plan designates the period from FY March 2020 to FY March 2022 as the phase of foundation building, and the period from FY March 2023 onward as the phase of strong growth. To implement key initiatives in line with the five policies, it is essential to involve Mazda’s partners in various areas by deepening mutual understanding and building relationships of mutual trust. Moreover, it is important to collaborate and engage in co-creation activities by setting common objectives and goals with our partners. When Mazda announced its Medium-Term Management Plan in 2019, the Company established “Co-Creation with Others” as a unique Mazda value.

Outcomes of the Three-Year Foundation-Building Phase

FY March 2022 was the final year of the foundation-building phase. Our business environment, however, changed radically even after we revised the Medium-Term Management Plan in November 2020. Major changes over the past two years include lockdowns caused by the global resurgence of COVID-19, a decrease in vehicle production due to the shortage of semiconductors, soaring raw material and energy costs, a significant increase in geopolitical risks, and tighter environmental regulations in various countries.

Over the past three years of the foundation-building phase, which was affected by these substantial environmental changes, Mazda has achieved significant outcomes regarding the first policy: Invest for raising brand value. To steadily promote brand value management through effective use of Mazda’s unique products, technologies, production, and customer experience, key initiatives were implemented as planned. These initiatives include the construction of a new joint venture plant with Toyota Motor Corporation in the United States, reform of sales networks in the United States, and investment in Large products and IT. These initiatives have already proven to be effective. We see enhanced recognition of our brand value in the United States and sales increases in terms of both quality and quantity. The CX-50 and CX-60, for example, have already been highly acclaimed by our customers.

In regard to the second policy to Curb expenses that depreciate brand value, we were able to achieve outcomes that exceeded our goals, thanks to significant efficiency improvement in quality-related costs, variable marketing expenses, and supply chain costs.

During the early phase of the COVID-19 pandemic, it was extremely difficult to produce and sell vehicles. Being aware of the possible recurrence of this situation in the future, we worked to lower break-even volume by accelerating fixed cost and cost reductions. In addition, we started cross-function activities to implement company-wide reforms, and many of these activities are now on track to achieve the desired outcomes. Cross-function activities adopt a purpose-driven approach to promote structural reforms by changing employees’ awareness, tasks, and organizations, as well as fostering the development of human resources. Structural reform and consistent daily improvement activities proved to be effective in achieving our initial goal to reduce break-even volume and improve our financial structure. Moreover, I am also pleased that these activities help promote employee capacity building.

Realizing Strong Growth to Create New Value

During the strong growth phase commencing in the current fiscal year (FY March 2023), we will steadily improve the assets that we have already built to date. During this phase, we expect growth to be driven by Large products such as the CX-50 and the CX-60, for which investment has already been completed. Meanwhile, we will proceed with essential initiatives planned for this phase including the development of an exclusive architecture designed for EVs in preparation for full-scale electrification, advancement of next-generation electrical/electronic architectures, and autonomous driving technologies in collaboration with partner companies, and development of next-generation connected service technologies.

In regard to our policy to Invest in areas where we need to catch up and start investment in new areas, Mazda will focus on strengthening of investment in human capital to support autonomy and performance of all employees, Mazda’s most important assets, from the viewpoint of promoting a virtuous cycle of growth, employment, and distribution of the fruits of growth. While sharing profits with employees is one way of sharing the outcomes of the Company’s growth, Mazda will also reinforce programs for supporting employees’ reskilling to provide them with competence and capabilities to respond to emerging demand accompanying ongoing digitalization and electrification. Our vehicle engineers, for example, have accumulated knowledge of internal-combustion engines and other hardware technologies but in the future they must be proficient in software-based control technologies. The ongoing trend toward digitalization and electrification makes it imperative for Mazda to increase investment in the education of engineers to offer those involved in the development of software and control technologies more reskilling opportunities. In addition to investment in engineers’ reskilling programs, Mazda will also allocate resources to digital education for employees aimed at accelerating new value creation and structural reforms.

During the latter half of the period of the current Medium-Term Management Plan, we intend to achieve strong growth, build a sound financial base, and promote reinvestment in anticipation of the growing demand for investment in EVs and programs for achieving CN. Bearing in mind the ongoing increases in material, energy, and logistics costs, we will prepare a framework and action plan for company-wide cost reductions. By ensuring the thorough implementation of the action plans across the Company, Mazda will steadily proceed with investment plans during the remaining period of the present Medium-Term Management Plan.

As a practical step in investment in new partnerships, Mazda entered into collaborative agreements with suppliers, including suppliers in Hiroshima Prefecture, for the development and production of components for electric drive units, as announced in November 2022. Through this partnership, Mazda will accelerate the development of new technologies and creation of new value in anticipation of the growing demand for electrification.

I feel that our external environment is becoming increasingly unclear and uncertain. In this context, the remaining period of the Medium-Term Management Plan will be of vital importance. During the four years until the end of FY March 2026, we should secure the growth of our business by effectively using the assets we have accumulated thus far and steadily carry out investments based on the Management Policy up to 2030.

Strengthening the Foundation for Growth

Keys to Growth: A Sincere Corporate Attitude, Initiatives to Enhance Alliances and Human Resource Development

To enhance corporate value in the medium and long term while promoting value creation, it is essential to reinforce the management structure, which is the foundation for the Company’s growth. In this regard, it is important to constantly enhance corporate governance so that the Company can ensure it practices thorough legal compliance and makes fair and transparent managerial decisions in a timely manner, while maintaining good relations with all stakeholders.

In June 2019, Mazda transitioned from a company with a board of company auditors to a company with an audit & supervisory committee. Having adopted this governance structure, which is closer to a monitoring model, we have reinforced the supervisory function. This transition has also enabled the Company to make managerial decisions faster and to engage in deeper discussions about management strategies. I believe that the solid governance structure we have established has contributed to our capability to respond to changes in Mazda’s business environment, including the impact of the COVID-19 pandemic. The Board of Directors comprises 16 directors, six of whom, are outside directors of various genders, careers and academic backgrounds. Their presence has increased the diversity of Mazda’s management in terms of gender, professional skills, and backgrounds. I believe that their advice and input from external, objective viewpoints have made board meeting discussions more robust and enriched Mazda’s management as a whole.

In December 2021, Mazda formulated the Basic Policy on Sustainability. Mazda also disclosed the skill matrix of all directors including outside directors to increase the transparency of the Company’s efforts to reinforce corporate governance and share them with stakeholders outside the Company. In this way, we are striving to reinforce corporate governance and promote disclosure of relevant information.

With regard to IR, Mazda continues to disclose information to shareholders and investors appropriately in a timely manner. In addition, the Company holds constructive dialogs with its stakeholders. Their valuable opinions are then shared by members of the Board of Directors and other executives. In accordance with our Basic Policy on Sustainability, we are also eager to disclose non-financial information related to ESG, such as information concerning the Earth, People, Society, and Management. Through these endeavors, we will continue to share both financial and non-financial information with stakeholders and hold dialogs with them.

Maximizing Employees’ Performances

Strengthening the investment to human capital, in other words, building employee capacity, is equally important as corporate governance in enhancing Mazda’s corporate value

Message from the President

in the medium and long term. The presence of diverse values in an organization can be effective in promoting innovation, if we promote diversity and inclusion, and combine the diverse strengths of employees. In 2008, Mazda announced the "Mazda Way" as an approach to promoting respect for diversity and maximizing the collective capabilities of employees by aligning the various vectors of their views. The Mazda Way reflects the values that the Company has embraced since its founding in regard to its approach to business. In a sense, the Mazda Way is a summary of Mazda's Code of Conduct and comprises the following seven principles: integrity, basics/flawless execution, continuous *Kaizen* (continuous improvement), challenger spirit, self initiative, *Tomoiku* (achieving success by learning from one another and growing together), and ONE MAZDA. The Mazda Way has been designed to serve as the Company's anchor and to inspire employees to fully develop their individual characteristics and abilities.

The automotive industry is currently undergoing an unprecedented transformation that can be summed up in the term CASE (Connected, Autonomous, Shared, and Electric). To respond to a rapidly changing business environment, employees must be more active and autonomous in their work. Embracing the slogan, "Maximizing Employees' Performances," Mazda's management and labor have worked together for the past four years to improve the labor environment by creating an open workplace culture. While it is customary for most Japanese companies to hold annual wage negotiations in spring, Mazda has established the Spring Labor-Management Council, where both labor and management discuss their common issues and goals openly and frankly. At the council meetings, which are held four times a year, both parties discuss initiatives to maximize employees' potential and eliminate any impediments keeping employees from performing to their full potential. These dialogs have proven to be effective in promoting *Kaizen* or improvement.

To improve vertical relationships within the organization, Mazda also holds monthly dialogs between executive officers and managers. At these meetings, members from various departments present examples of work process reassessments and improvements in their relevant workplaces, and management shares its messages and thoughts. These case examples and messages from management are then shared with other employees in individual workplaces. In addition, management communicates its thoughts and views to employees through video presentations on our internal communication site. Questionnaire surveys are also conducted to identify employees' views. Through these means, Mazda strives to ensure effective ongoing two-way communication between management and employees.

I believe that open and frank dialogs are extremely important, and that new value created through such dialogs often leads to the enhancement of the corporate value.

We will continue to support autonomy and performance of all employees by promoting open and frank dialogs with them, reinforcing human capital through the effective use of digital and other educational means, and maintaining a virtuous cycle of growth, employment, and distribution of wealth.

Medium and Long Term Outlook

Refining Mazda's Unique Value to Promote Sustainable Growth and Value Creation

Globalization in the 2000s contributed to boosting the world economy, leading to the steady improvement of the business environment of the automobile industry and strong growth in major markets such as the EU, North America, ASEAN, and China. Benefiting from this strong growth, Mazda expanded its business worldwide, and at present sells its products in 130 countries. In recent years, however, we have witnessed signs of the collapse of globalization as the world economy becomes multipolar and divided into various blocks. With growing geopolitical risks, conflicts among nations are increasing and the world has become more and more divided, as evidenced in intensifying economic friction, particularly over securing energy and manufacturing resources.

Meanwhile, the COVID-19 pandemic has accelerated the pace of digitalization and progress in DX. IoT technology, which simultaneously connects various goods and services via the internet at all times, will significantly enhance the convenience of everyday life. Through this, we are beginning to see the creation of new value where the real world is integrated with the virtual world.

On the other hand, such changes in the world economy have widened the gap between the rich and poor on a global basis and exacerbated the impact of climate change. The rapid motorization in emerging countries has caused the total global number of traffic accidents to escalate even though the number of accidents in developed countries is on the decline. Moreover, the rapid spread of DX has raised various new social issues, such as concerns about the infringement of privacy and internet addiction disorder. These changes in megatrends also influence our business significantly.

Initiatives to Promote Co-Creation and Coexistence to Resolve Social Issues

In this environment, the automotive industry has an even greater responsibility to promote initiatives to solve social and global issues that have become the daily concerns of people. Automotive manufacturers must play a leading role in addressing climate change and realizing a CN society in particular. Building an automotive society that offers safety and peace of mind in response to the rapid motorization in emerging countries and the aging of the population in developed countries is also one of Mazda's missions. To address these social and global issues, Mazda will continue to develop new technologies and build appropriate frameworks and infrastructures together with its broad range of business partners and other stakeholders based on the Company's vision of co-creation and coexistence. At the same time, through new investment we will actively promote various initiatives to help resolve social issues and projects to develop relevant technologies.

In November 2021, for example, Mazda became a member of the Carbon Neutral Electricity Promotion Subcommittee, which was set up as one of the expert subcommittees under the Carbon Neutrality Promotion Council established by the Chugoku Economic Federation. Under this framework, Mazda collaborates with five prefectural governments in the Chugoku region, regional electric power companies, and other businesses in the region. Transcending differences in industries, members cooperate in efforts to promote renewable energy and a circular economy.

As for product electrification, Mazda promotes joint initiatives with the members, such as product development and technological development in the manufacturing area, by bringing together specialized knowledge.

The sustainability of society and the sustainability of companies are inseparable. Recently, corporate attitudes toward social issues and activities to address these have begun to influence the purchasing behavior of customers, particularly those of Generation Z. In this context, Mazda must transform itself and work to synchronize its corporate activities with the initiatives taken by society to achieve sustainability. As a good corporate citizen, we must continue to work to meet expectations of the community and stakeholders.

To fulfill our social responsibility as an automotive manufacturer while sustainably growing our business, we will continue to create Mazda's unique value and make company-wide efforts to offer products and services that will be continually preferred by customers and other stakeholders.

Creating Human Connections Based on Mutual Trust and Emotional Ties

Since its founding in 1920, Mazda has consistently worked to vitalize and enrich peoples' lives and society by providing vehicles and other products as well as services to customers. The MX-5 (Japanese name: Roadster), one of our flagship models, won high acclaim from our customers as a car that makes drivers feel a sense of oneness with their vehicle and offers Joy of Driving experience. For more than 30 years, the MX-5 has been enjoying enthusiastic support from our customers. In various countries, customers have established MX-5 fan clubs, which serve as a platform for members to communicate with each other and share their interests and experiences.

Mazda is not a large company in any sense. Accordingly, we will continue to strive to ensure that such supporters enjoy their daily lives with Mazda's products. To this end, we will continue to create products that maximize the human body's inherent abilities based on our in-depth knowledge of the human body and brain. At the same time, we will continue to build a relationship based on mutual trust and emotional ties with each stakeholder. Regardless of changes in technologies and energy sources in the coming years, we will steadfastly adhere to this approach and continue our efforts to create Mazda's unique value in all our corporate activities, including Engineering and Manufacturing, Creating Human Connections, and Development of People.

To undertake in-depth research of the human body and mind, and to scientifically analyze the impact of a vehicle's movements on drivers and passengers, we have formed co-creation networks with partners in the medical community, universities, and industries. With the cooperation of these partners, we are exploring the concept of the ideal relationship between vehicles and people. I believe that these activities are essential for us to discover the seeds of new value creation. In addition to developing new technologies, we are committed to creating an ideal environment and communities to ensure that our customers turn to Mazda as the brand of their choice for many years to come.

Importance of Co-Creation with Others

To drive safely, a driver must recognize potential hazards, exercise good judgment and operate the vehicle in an appropriate manner. People can continue to engage in a broad range of activities and visit various places if they are able to drive, and such activities can invigorate their body and mind. In developed countries where the aging of the population is accelerating, creating and offering safe vehicles by incorporating the viewpoint of 'well-aging' is vital. With the belief that technologies should be used to maximize human capabilities and assist people, Mazda will continue to offer vehicles and technologies that contribute to creating "moving" experiences that serve to uplift and energize people, bringing more enjoyment to everyday life.

With the understanding that the current unclear and uncertain environment may continue for some time, Mazda will take initiatives to resolve social issues step by step. Focusing on its Human-Centered philosophy, we will continue to promote brand value management as we strive to co-create new value with stakeholders.

Finally, to shareholders and investors, I would like to thank you for your understanding of Mazda's vision and plans, and for your continued support.

Akira Marumoto
Representative Director, President and CEO
Mazda Motor Corporation

History of Mazda's Growth

More than 100 years of history of Mazda, which has continued to pursue ideals with creative ideas

Since its founding in 1920, Mazda has always strived to create ideal products by tackling various challenges and overcoming crises and adversities again and again to become the Mazda of today. The Company will continue to value its originality and provide new value to society, taking on Endless Challenges.

Cumulative global production volume
Approximately 60 million units
(As of the end of December 2021)

1920–1959

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

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

1927
Company renamed as Toyo Kogyo Co., Ltd.

1931
"Mazda-Go" Type-DA launched

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

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

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

1960–1979

A great leap to become a full-line automaker

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

1960
Entry into the passenger car market with R360 Coupe

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

1966
A new passenger car plant constructed in Ujina

1967
A rotary engine successfully put into practical use

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

1975
Corporate identity (CI) introduced

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

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

*As of 1967, according to Mazda data.

1980–1999

Aggressive product development to overcome international competition

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

1984
Company renamed as Mazda Motor Corporation

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

1989
"Roadster (MX-5)" launched

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

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

1991
Mazda won the Le Mans 24-Hour Endurance Race

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

1996
Mazda Digital Innovation (MDI) launched

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

2000–Present

Aiming for a sustainable society by strengthening brand strategy

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

2002
Atenza, which fully embodies Mazda brand DNA, launched

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

2007
"Sustainable Zoom-Zoom"

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

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

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

2018
Mazda's construction of a new joint-venture plant with Toyota Motor Corporation in the U.S. announced
(Production of CX-50 starts from January 2022)

2020
First mass-produced EV MX-30 launched in Europe

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

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

At a Glance

As of March 31, 2022

Founded: January 30, 1920

Consolidated subsidiaries: 71

Equity method applied companies: 18

Production sites: 10

Research and development sites: 5

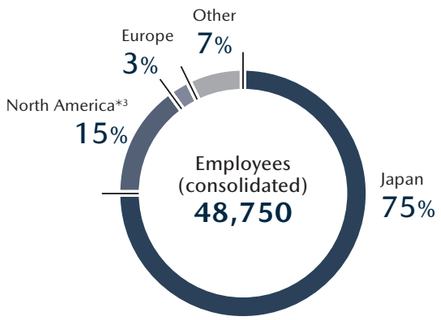
Number of sales countries and regions: More than 130 countries and regions

Employees

Consolidated: 48,750*1

Non-consolidated: 23,266*2

Rate of employees by region (consolidated)



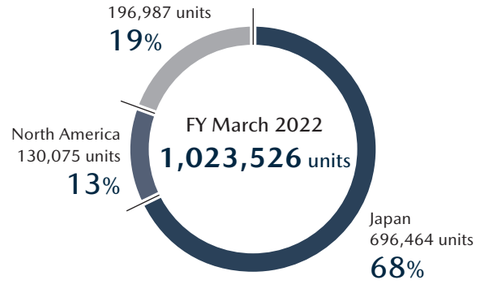
Net sales	Operating income	Net income attributable to owners of the parent
3,120.3 billion yen	104.2 billion yen	81.6 billion yen

Capital expenditures	Research and development costs	Total assets
144.3 billion yen	134.6 billion yen	2,968.1 billion yen

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

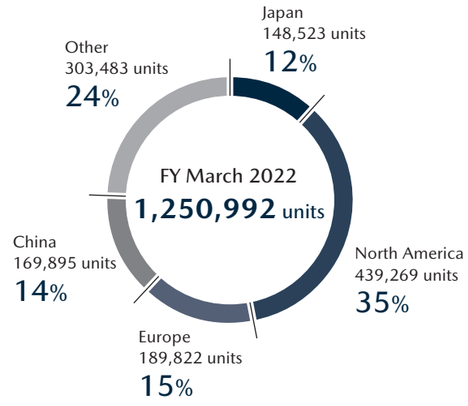
Global production volume

1,023,526 units

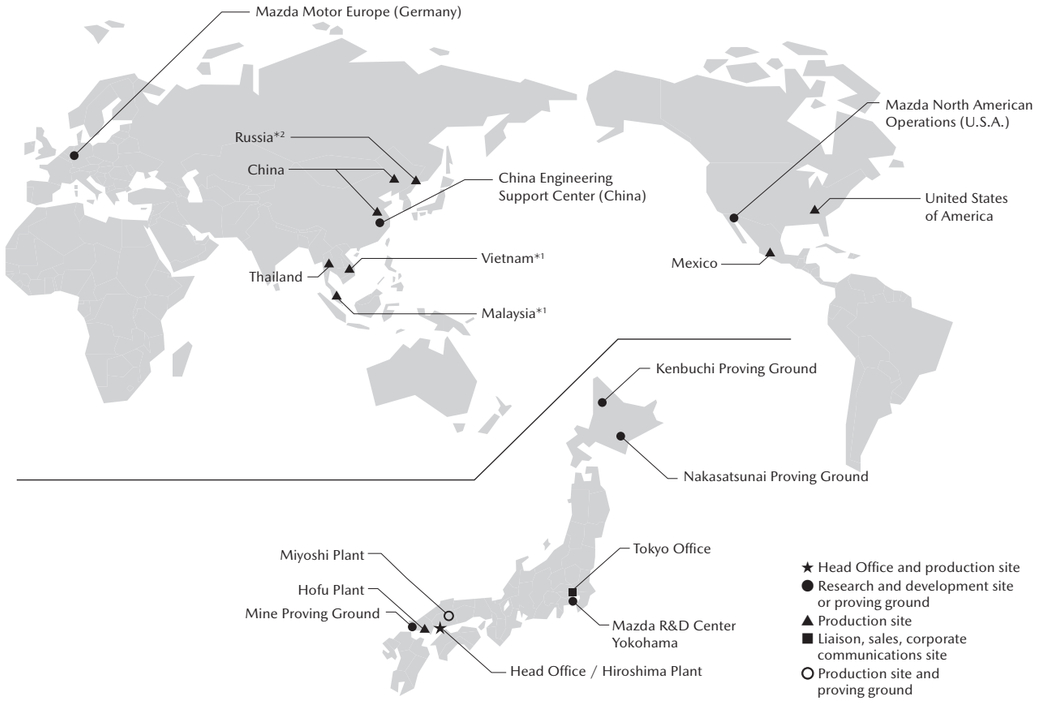


Global sales volume

1,250,992 units



Global Network



*1 Assembly only (Volume is not disclosed.)
*2 Mazda has signed a contract to transfer the entire investment of the Company in Mazda Sollers Manufacturing Rus LLC to SOLLERS PJSC in October 2022.

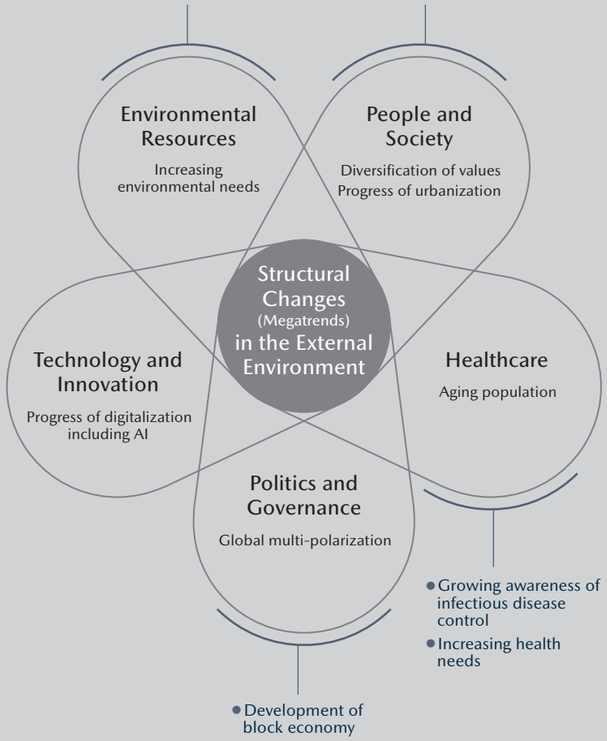
CHAPTER 2

VALUE CREATION

Value Creation

While adhering to its core values and understanding structural changes (megatrends) in the external environment, Mazda will Uplift and Energize People, Bringing More Enjoyment to Everyday Life through business activities that Create Moving Experiences.

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



CONTENTS

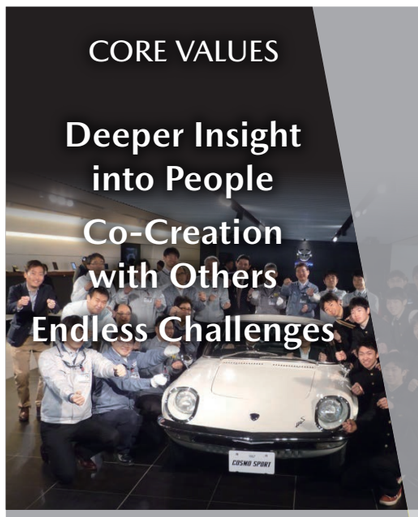
Value Creation Process

CORE VALUES

Deeper Insight into People

Co-Creation with Others

Endless Challenges



INPUT

FY March 2022 Results

Financial Capital
Equity ratio
43.8%

Manufactured Capital
Capital expenditures
144.3 billion yen

Intellectual Capital
Research and development costs
134.6 billion yen

Human Capital
Average hours of training per employee
43.8 hours/year

Social and Relationship Capital
Number of suppliers
1,072 companies

Natural Capital
Energy consumption
10,278 TJ

Structural Changes (Megatrends) in the External Environment

Environmental Resources	People and Society	Healthcare	Technology and Innovation	Politics and Governance
Increasing environmental needs	Diversification of values Progress of urbanization	Aging population	Progress of digitalization including AI	Global multi-polarization

Key Issues (Materiality)

- Endeavor for carbon neutrality by 2050
- Resource circulation
- Contribution to people's mental wellness
- Improving employee job satisfaction
- Realizing a motorized society free from traffic accidents
- Creating a system that enriches people's lives
- Quality improvement
- Exploring partnerships for "Co-Creation with Others"

Medium-Term Management Plan

(FY March 2020 to FY March 2026)

Management Policy 2030

Human-Centered

Engineering and Manufacturing

- Contribution to a sustainable society
- Contribution to an automotive society that offers safety and peace of mind
- Refinement of Mazda's unique value

Creating Human Connections

- Formation of a community of trust and empathy

Create Moving Experiences

Brand value management

Mazda Way — Autonomy and performance of all employees

Corporate governance

OUTCOME

Uplift and Energize People, Bringing More Enjoyment to Everyday Life

OUTPUT

Financial

	FY March 2022 Results	FY March 2026 Medium-Term Management Plan
Net sales (billion yen)	3,120.3	Approx. 4,500.0
Operating income ratio (%)	3.3	5.0 or more
Return on equity (ROE) (%)	6.6	10.0 or more
Break-even volume (global)*1 (1,000 units)	1,000 or less	Approx. 1,000

Non-Financial

Greenhouse gas*2 (global) (1,000 ton-CO_2e)	FY March 2022 Results	Future reduction target
Scope 1	95	Carbon neutrality by 2050
Scope 2	438	
Scope 3	29,797	
Total	30,330	

*1 The target number of units for the break-even volume indicates the number of consolidated shipments.
*2 For the details, see page 67.

What Is Important for Value Creation

Products and services that Mazda delivers to its customers will continue to change with the times. However, there is no change in its policy of Creating Moving Experiences that Uplift and Energize People, Bringing More Enjoyment to Everyday Life through its products and services. With this policy in mind, the Company will promote Engineering and Manufacturing and Creating Human Connections based on its Human-Centered philosophy.

01 Human-Centered

No matter how much IT progresses, it is people that create value and make continuous improvements. Mazda believes that the Company can boast a history of more than 100 years due to personal relationships based on mutual understanding and trust with its customers, suppliers, dealers, and other business partners as well as its employees.

Based on this belief, the Company upholds Deeper Insight into People and Co-Creation with Others as core values. In a broad sense, the Company considers that its partners are a wide range of people, from its business partners to employees.

Thus, under the Human-Centered philosophy, the Company believes that it is important to take an interest in people, believe in their abilities and capabilities, and bring out their full potential.

- For its customers, the Company will be committed to research to provide products that energize customers by allowing them to operate their vehicles like extensions of their bodies. The Company will also address the interests of customers to gain a deeper insight into them, thereby creating value through developing products and technologies and providing services so that they can Uplift and Energize People, Bringing More Enjoyment to Everyday Life.
- For its business partners, there is a limit to what the Company can do on its own. Accordingly, the Company will have work together with business partners to formulate common objectives, goals, and specific activities on a win-win basis, and implement them through co-creation.
- For its employees, the Company wants them to grow themselves while deepening mutual understanding and building relationships of trust with their co-workers. To this end, the Company is working to create an open atmosphere in workplace that allows for an honest dialogue through labor and management cooperation. Thus, the Company supports autonomy and performance of all employees.

02 Engineering and Manufacturing

Joy of Driving refers to the value of being able to (pleasantly drive their vehicles at their will without feeling concerns) drive a vehicle comfortably, safely, and with peace of mind as desired and of enabling both the driver and passengers to enjoy the experience of traveling. Through Engineering and Manufacturing, Mazda is working to refine the value of Joy of Driving, which creates moving experience.

- To make the best vehicle in the world, the Company has gone back to the basics of vehicles and has started **Skyactiv Technology** from scratch. This technology includes a series of engines, transmissions, vehicle platforms, Skyactiv-Vehicle Architecture as vehicle structural technologies, and Skyactiv-Vehicle Dynamics, as new-generation vehicle motion control technologies. These technologies achieve both Joy of Driving and excellent environmental and safety performance. The Company will continue to evolve them.
- **Mazda Proactive Safety** is the Company's safety philosophy, which aims to avoid danger instead of reacting to it after the danger has arisen.
  Through supporting the driver's recognition, judgment, and operation in various driving environments and minimizing the risk of accidents, the Company will contribute to the realization of an automotive society that offers safety and peace of mind.
- The **Kodo Design** continues to pursue forms that the driver makes the emotional relationship with his/her vehicle as if the horse owner was communicating with his/her beloved horse. The Company will continue to refine such unique value.

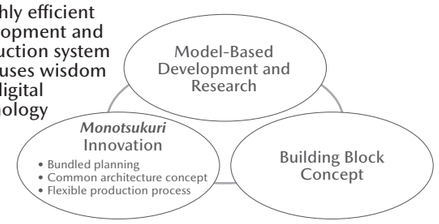
A prerequisite for the above technological developments is a highly efficient development and production system that fuses wisdom and digital technology.

The Company aims to create a system that highly combines development and production and makes conflicting requirements on both ends compatible at a high level. Specifically, the Company has taken the following actions.

- Ahead of any other companies in this industry, the Company has developed **Model-Based Development and Research**, which reduces time and costs by using models on computers instead of actual objects.
- The Company has developed the **Building Block concept** to efficiently deliver more superior technologies by building up electrification technologies on fundamental technologies including engines and transmissions with refining as Skyactiv Technology.
- The Company has promoted ***Monotsukuri* Innovation**, through which it has built up systems and processes that enable the development and production of a wide variety of different products in a short period of time with small investment. Specifically, *Monotsukuri* Innovation consists of Bundled planning, in which the Company plans several models to be introduced in a bundle beyond market segments and vehicle classes, anticipating the future market over a time frame of five to ten years, a Common architecture concept in which the Company commonalizes development concepts beyond market segments and vehicle classes by unifying development and production, and a Flexible production process with high efficiency, in which the Company can realize mixed flow production of several kinds of models on the same line by modularizing jigs and equipment so that different parts for different models can be assembled.

With continuous refinement of its unique manufacturing, the Company will contribute to the realization of a sustainable society through a multiple solution that enables it to respond flexibly not only to customer needs including electrification but also to the environmental regulations which diversify chronologically and geopolitically by region.

A highly efficient development and production system that fuses wisdom and digital technology



03 Creating Human Connections

Mazda believes that it is important to build emotional connections with customers through products and services.

Accordingly, the Company will emphasize relationships with person to person, through gaining a deeper insight into individual customers, even amidst the trend of digitalization, which enhances customer convenience.

At dealers, the Company will build relationships of trust with *omotenashi* the spirit of hospitality centered at all touchpoints including mainly customer care process with customers.

In addition, the Company hopes to create a community where customers can connect with each other in the future. By providing close and proper support to customers from even before they purchase a vehicle to help enrich their car ownership after their purchase, the Company will deepen ties between them and the Mazda brand to formulate a community of trust and empathy.

Medium-Term Management Plan

Mazda's Unique Value of "Co-Creation with Others"

The automotive industry is experiencing a once-in-a-century transformation. It is therefore imperative for the industry to undergo a transformation in the entire value chain from product planning, development, production, and sales to customer care, including after-sales service, to enable it to respond to the demands of this period as represented by CASE. This transformation should be carried out on a global scale and all at once.

To ensure that Mazda overcomes this time of great change and achieves sustainable growth, the Company must focus on Mazda's unique value of "Co-Creation with Others." Based on this sense of value the Company is moving ahead with its Medium-Term Management Plan.

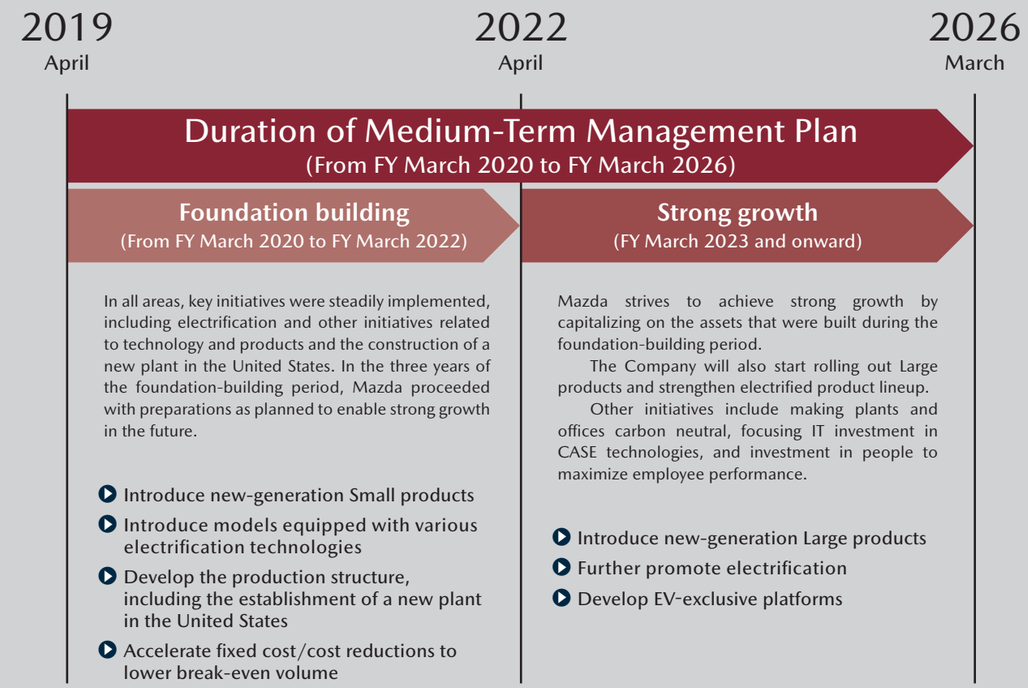
In line with the Plan, which designated the period up until the end of FY March 2022 as a foundation-building period, Mazda completed preparations as planned for stronger growth from FY March 2023. With its sights set on 2030 to realize its long-term vision for technology development, "Sustainable Zoom-Zoom 2030," the Company is now examining the transformation of its business structure in light of changes in the business environment due to the global tightening and acceleration of environmental regulations and competition in new value creation in an era characterized by CASE. Mazda will strive to achieve strong growth by leveraging the assets it has built to date and accelerate initiatives to establish a resilient management structure capable of withstanding major changes over time.

The following table lists financial metrics for FY March 2026, the final year of the Medium-Term Management Plan.

Financial metrics for FY March 2026

Net sales	About ¥4.5 trillion
Profitability	ROS* 5% or higher / ROE: 10% or higher
Investment for the future	• Capital investment and R&D investment: 7%–8% of net sales or lower • Actions for electrification, IT, and decarbonized society
Financial structure	Maintenance of net cash position
Shareholder returns	Sustainable payout ratio at 30% or higher
Break-even volume	About 1 million units (wholesale)

*Operating income ratio



Key Initiatives

1 Invest for raising brand value

To further improve its brand value, Mazda continues and expands investment in its unique technologies and products, production, and customer experience, which represent the Company's key strengths, so that many more customers will feel empathy for the value offered by Mazda.

Mazda promotes and evolves *Monotsukuri* Innovation, comprising Common Architecture and Flexible Production based on Bundled Planning, which has enabled the Company to efficiently develop and manufacture various products and technologies in a short-term period and with small investments. Taking full advantage of these technology assets, Mazda provides multiple solutions, namely, offering various power unit choices that adapt to each country's electric power generating infrastructure, environmental regulations, and diverse customer demands. The Company also works to establish a foundation for coping with significant changes in the environment surrounding the automotive industry, by, for example, reinforcing measures to prevent climate change.

2 Curb expenses that depreciate brand value

Initiatives are under way to reduce expenses that relatively depreciate brand value, such as sales incentives and quality costs, by enhancing the current value-based sales and through quality improvement activities.

3 Accelerate fixed cost/ cost reductions to lower break-even volume

Mazda accelerates fixed cost and cost reductions, by setting a target to lower its break-even volume to under one million units, with the aim of transitioning to a lean management structure capable of overcoming crises.

4 Invest in areas where we need to catch up and start investment in new areas

In addition to optimization of production sites in view of local production for local consumption, such as construction of a new joint-venture plant in the U.S., Mazda is promoting investment for IT and decarbonization for the CASE era. The Company will also support both diversified work styles and efficiency and make investment in work environment, people and social contribution, in order to facilitate autonomy and performance of all employees.

5 Enhance alliances (CASE, new partnership)

While keeping a balance between "selection and focus" and "unique business and partnership," Mazda continues to explore new partnerships through which the Company can complement the areas that it is not good at and concentrate management resources on unique technologies and products, in order to create new value in the era of CASE.

Medium-Term Management Plan | Progress in Key Initiatives

During the foundation-building period up until the end of FY March 2022, Mazda implemented various measures in line with the five key initiatives set out under the Medium-Term Management Plan, to prepare for the next stage of strong growth starting from FY March 2023.

1 Invest for raising brand value

Initiatives to enhance brand value are making steady progress in each area of "technology and products," "production" and "customer experience."

Mazda advances its Building Block concept to efficiently deliver superior technologies by building up a set of fundamental technologies in stages as "blocks." Based on the concept, the Company works to offer multiple solutions through efficient development and production using Bundled Planning, Common Architecture and other methods.

Technology and products

With regard to technology and products, Mazda enhanced the product lineup to make it more attractive to meet customer demand and steadily responded to electrification.

The Company reinforced its new-generation Small products, by launching the mild hybrid and EV models of the MX-30 and the CX-50, a new cross-over SUV for North American market. Mazda also released the CX-60, the first offering of its next-generation Large products. The Large product lineup comprises models featuring a straight-six engine on a longitudinal layout platform as well as incorporating electrification technologies, including the plug-in hybrid system. These products realize both high power and excellent environmental performance. Mazda plans to introduce four models from its Large product group to the in-high-demand global SUV market from FY March 2023 to FY March 2024.

The Company also continued product upgrades, through updating control technologies for Skyactiv-X, Skyactiv-D and i-Activsense.

To create new values as the CASE era begins, Mazda started to develop its unique platform exclusively for EVs.

Production

As for production, Mazda has established a structure to build various technologies and products in an efficient manner. With more advanced flexibility and mixed model assembly production, the Company made it possible to produce straight-four and straight-six engines, platforms of both longitudinal and transverse layouts, and also plug-in hybrid and 48V mild hybrid, using flexible facilities. In this manner, Mazda steadily laid a foundation to enable mixed production of electrified products and other new products to be launched in the future with small investments.

In the United States, which is Mazda's most important market, a new plant jointly constructed with Toyota Motor Corporation (hereinafter "Toyota") went into operation and began to produce the CX-50.

Customer experience

While promoting the opening of new-generation stores in the domestic market and overseas markets, Mazda endeavored to enhance sales finance and establish an efficient supply chain.

Taking the U.S. market as an example, the Company endeavored to advance the roll-out of new-generation stores, strengthen sales finance, and change the marketing methods. Its efforts to enhance sales abilities and improve the strength of Mazda brand are beginning to yield steady results. In the future, the Company aims for further growth by introducing Large products in addition to the CX-50.

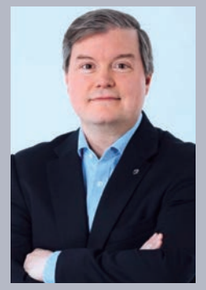
In the Chinese market, Mazda implemented joint venture restructuring. The Company has laid the groundwork for enhancing customer experience and ensuring future growth by optimizing the business configuration and the operating structure.

Results of initiatives by area

Technology and products	Enhancement of the product lineup to make it more attractive to meet customer demand, and steady response to electrification • Enhanced the lineup of Small products: Introduction of MX-30 EV/MILD HEV, CX-50, etc. • Started to introduce Large products into market: CX-60 PHEV/MILD HEV, etc. • Started to develop Mazda's unique platform exclusively for EVs. Continuation of product upgrades with control technologies • Updated control technologies for Skyactiv-X, Skyactiv-D and i-Activsense.
Production	More advanced flexibility and mixed model assembly production • Established a structure to efficiently build various technologies and products. Operational start of a new plant in the U.S. • Constructed a new plant in the U.S., Mazda's most important market, and started to run the plant.
Customer experience	• Promoted the opening of new-generation stores and sales network reforms. • Enhanced sales finance. • Established an efficient supply chain.

Operations in North America

Toward Further Growth of Operations in North America, Leveraging Our Strengthened Sales Network, New Products and New Plant as a Driving Force



Jeffrey H. Guyton

Senior Managing Executive Officer
Oversight of Operations
in North America; President and CEO,
Mazda Motor of America, Inc.
(Mazda North American Operations)

Since 2016, based on the Medium-Term Management Plan, Mazda has been engaged in initiatives to reform sales operations, including upgrading our U.S. retail partners to the "Retail Evolution" dealership design, in the most important market for the Company. On the manufacturing front, Mazda started production of the CX-50 mainly targeted at the North American market, in January 2022 at Mazda Toyota Manufacturing, U.S.A., Inc., a new plant constructed in Huntsville, Alabama. This means that we have established the three pillars—a sales network, production and supply chain, and new products—that support further development of our business in the U.S. Leveraging the above three elements as a driving force, we will continue striving to enhance the presence of Mazda to bolster our business growth in the U.S.

Rebuilding Our Sales Network and Reforming Dealerships

In the past six years, Mazda has worked to rebuild its sales network and transform its dealerships with upgraded facilities and stores. The Company has upgraded almost 300 stores in the Retail Evolution style. We have also strengthened dealership commitments to the brand through focused training and improved relationships. The number of these upgraded dealerships has now increased to 366 (including those under renovation, as of the end of September 2022). The percentage of the sales volume of Retail Evolution dealerships accounts for over 85% of the total sales volume in the U.S. In addition to revamping our sales network and dealerships, we have promoted operational reforms focusing on customer experience, which have also contributed to our sales volume and market share. Specifically, in 2021, Mazda sold approximately 330,000 units and achieved 2.2% market share in the U.S., both of which figures were the highest in the past 25 years. As for customer satisfaction 2022 ranking, Mazda moved up eight ranks from previous year, placing third* among non-premium manufacturers. As indicated above, our efforts have begun to produce steady results.

Retail Evolution store in the U.S.

New U.S. Plant Coming into Operation

We commenced production of the CX-50 in January 2022 at Mazda Toyota Manufacturing, U.S.A., Inc., a new plant jointly constructed with Toyota. With starting operation of the new plant, equipped with the latest technology developed through the shared knowledge of Toyota and Mazda, we have put in place a production and supply system that enables timely delivery of high-quality products to our customers in the U.S. The plant will sustain Mazda's business growth in the U.S., with stable annual production capacity of 150,000 units and product delivery capacity, taking advantage of its favorable location. As a good U.S. corporate citizen, this new production facility is taking root in the local community by offering employment opportunities and creating a supply chain in the region. We are committed to nurturing this new plant in order to continue a close connection with the local community in the future.

Launch of the CX-50

The CX-50 is a crossover SUV that has been added to our North American lineup to meet the needs of local customers, especially those in the U.S., who look for an SUV-like presence and off-road performance in their vehicle. As a core model that supports Mazda's business operations in the U.S., the CX-50 was off to a good start, with around 16,000 units sold from its release in April to the end of October 2022.

We also plan to start production of the CX-90 as a new model for the North American market within FY March 2023. In this manner, Mazda has constantly strengthened its product lineup.

Production Start Ceremony at the new U.S. plant

*Source: 2022 U.S. Customer Service Index (CSI) Study | J.D. Power

Medium-Term Management Plan | Progress in Key Initiatives

2 Curb expenses that depreciate brand value

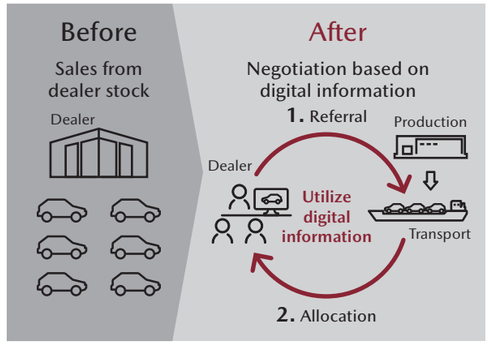
As for curbing expenses that depreciate brand value, Mazda carries out initiatives in the following three areas: variable marketing expenses, supply chain, and quality costs.

Through value-based sales and right-price sales, the Company could achieve a high residual value and increase the car value as customer's asset. In Japan, the United States, and Australia, Mazda has strengthened sales finance strategies through its partnership with Toyota. These measures have enabled the Company to reduce variable marketing expenses.

As an example of initiatives regarding the supply chain, Mazda has strived to evolve sales methods in the United States. There, its dealers have been moving away from the traditional method of selling vehicles from dealer stock, and shifting to a new car sales method of negotiation using digital information. To be more specific, in the new method, vehicles are allocated to stores while they are still in the pipeline and in the process of transportation for delivery to dealers. This fast turnover approach has been applied thoroughly so as to quickly deliver vehicles to customers.

With regard to quality costs, Mazda believes that continued improvement efforts are essential for reducing such costs. The Company also conducts initiatives, which include the utilization of Model-Based Development (MBD) for quality improvement, and the effective use of connectivity to acquire driving data through communications devices to detect a sign of issues related to quality, thereby swiftly resolving these issues and preventing them from increasing.

Evolution of auto sales practices

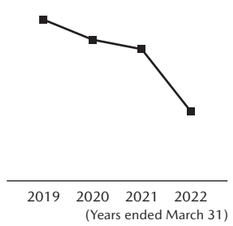


3 Accelerate fixed cost/cost reductions to lower break-even volume

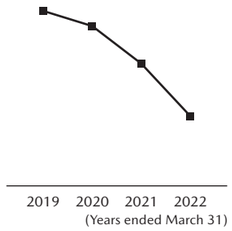
As one of the financial metrics of the Medium-Term Management Plan, a target is set to lower the break-even volume to 1 million units. In FY March 2022, Mazda achieved the target ahead of schedule through activities for cost cutting and improving fixed cost efficiency.

As a specific measure taken in production, the Company reduces investment by frequently using flexible facilities. Also, continuous productivity improvements have enabled quality improvement and cost reductions. In the area of development, Mazda strives to expand the application of MBD and utilize AI, in order to enhance efficiency. As for sales efforts, the Company is making a transition to effective and efficient digital communication so as to substantially improve the efficiency of fixed marketing expenses such as advertising expenses.

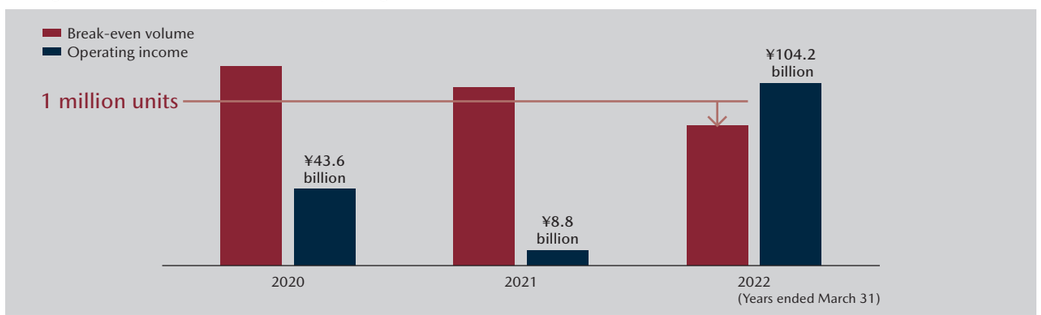
[Example in the U.S.]
Ratio of variable marketing expenses to revenue



Ratio of fixed marketing expenses to revenue



Changes in break-even volume and operating income



*The break-even volume in each of FY March 2021 and FY March 2022 was calculated based on the operating income prior to transfer to extraordinary loss.

4 Invest in areas where we need to catch up and start investing in new areas

Investment for IT and decarbonized society for the CASE era

Mazda has continued to make investments in IT so far. However, now the Company recognizes the necessity to take another look at that to increase its scope, tighten security, and correct inefficiencies caused by many individual IT systems. As customer data, vehicle data and other various information will have greater value in the future, it will become more important to retain, analyze, and make effective use of data. While reviewing and rebuilding existing systems to improve their efficiency, Mazda will make new investments continuously.

In response to digital transformation, the Company has strengthened IT investment, so that its unique technologies centering around MBD have become a mainstay of efficient development. Going forward, the Company will further expand the scope of MBD applications to production, thereby improving operational efficiency in both areas of development and production.

Meanwhile, toward the realization of a decarbonized society, Mazda is making investment in phases from long-term viewpoints to decarbonize plants and offices, and is endeavoring to achieve carbon neutrality at its global plants by 2035.

Support both diversified work styles and efficiency and invest in work environment/people/social contribution

As for investment in people and the work environment, during the novel coronavirus (COVID-19), Mazda has promoted the creation of a work environment and systems to support various work styles. At the same time, initiatives are under way to help employees stabilize and improve their lives by introducing a system for extending retirement age and through other means.

In today's business landscape where the environment surrounding the automotive industry is dramatically changing, Mazda has pushed forward with initiatives to secure and develop human resources well-versed in new areas, such as electrification and vehicle software development. These initiatives include strengthening mid-career recruitments and personal development through education in technologies and skills in these new areas and promoting digital education group-wide. Mazda is systematically enhancing investment in people, based on the idea that the key to its growth is enabling employees' successful performance by maximizing their abilities.

5 Enhance alliance (CASE, new partnership)

In enhancement of its alliance status, Mazda aims to increase brand value and expand business while keeping a balance between "selection and focus" and "unique business and partnership." So far, the Company has broadened its range of partnership with Toyota, in such areas as advanced technology, sales finance, joint venture plant, and product complementation, as exemplified by Mazda2 Hybrid. Mazda will continue to reinforce collaboration with Toyota to secure compliance with the tightened environmental regulations. From Isuzu Motors Limited, Mazda has received supply of the BT-50 pickup truck.

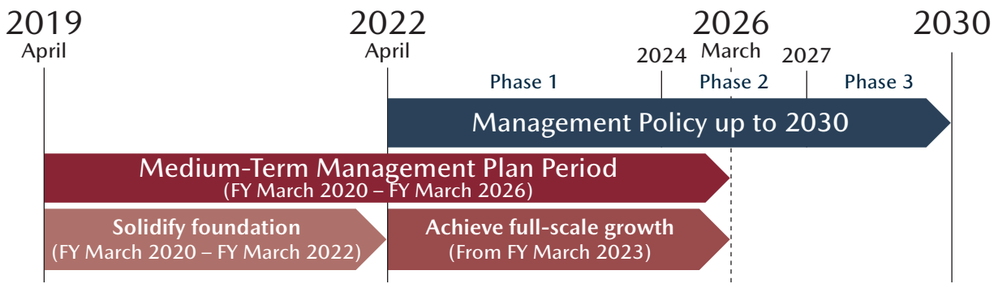
Through these partnerships, the Company can complement the areas that it is not good at and concentrate its management resources on Mazda's unique technologies and products. To create new values in the CASE era, Mazda will continue to explore new partnerships.

MAZDA2 Hybrid

Medium-Term Management Plan

Medium-Term Management Plan Update and Management Policy up to 2030

On November 22, 2022, Mazda provided an update on its Medium-Term Management Plan and announced its management policy up to 2030.
Mazda has been promoting its Medium-Term Management Plan toward achieving financial targets up to FY March 2026. However, given increasing uncertainty surrounding its business environment, such as trends in environmental regulations in each country and social infrastructure development, as well as changes in the power mix and consumer choices, Mazda has presented its management policy and major initiatives based on the assumptions of global trends by looking further ahead to the period up to 2030.



Basic Management Policies up to 2030

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

Basic Policy 1 Contribute to resolving the social challenge to curb global warming through Mazda's electrification strategy suited to regional characteristics and environmental needs.

Basic Policy 2 Conduct research on people, know their every detail, and shed light on their relationship with vehicles, with a view to realizing an automotive society that offers safety and peace of mind.

Basic Policy 3 Maintain Mazda's brand value management, provide our unique values and continue to be a brand preferred by customers.

As the automotive industry undergoes a large transformation, due to the evolution of digital technology and the entry of new players in the automotive industry, more diverse products are introduced in the market. By connecting with IoT, various functions and services are possible and thus, values that vehicles can offer to the society are expected to continue to change and increase.

Mazda will continue to expand its brand essence, Joy of Driving, by developing technologies and adapting its business management to meet the needs of the times. By creating daily driving a more moving experience, it aims to Uplift and Energize People, Bringing More Enjoyment to Everyday Life.

To that end, Mazda will continue to undertake research on human based on Human-Centered philosophy, committing to Engineering and Manufacturing, Create Human Connections and develop people that uplift the mind and body.

Management Policies in Each Phase During the Period up to 2030

To respond to future uncertainties in society in a flexible manner, Mazda's approach is to divide the period up to 2030 into three phases.

Phase 1 (2022-2024)
In this phase, while storing resources for future electrification, Mazda will strengthen its technology development in its R&D and manufacturing areas in preparation for the full-fledged electrification. Maximizing the use of its U.S. plant, multiple electrification technology assets, and Large products, which Mazda has invested in, the Company will put its business on a growth path and strengthen its financial base to enable it to deal with another economic crisis like the novel coronavirus (COVID-19) pandemic with cash on hand. At the same time, the Company will build a business structure that is highly resilient to changes in the environment by strengthening its supply chains and cost reduction efforts.

Phase 2 (2025-2027)
As regulations become more stringent, this phase will be a transition phase to electrification. During this period, continuing to earn profits from Internal Combustion Engine (hereinafter ICE) vehicles to maintain and improve its financial base, Mazda will also strengthen its preparations for the age of full-fledged electrification. By closely monitoring market demand, government regulations and policies and a course of technological advancement, Mazda now has good prospects for procuring the batteries it needs from its business partners. In addition, Mazda will continue to strengthen its battery R&D and manufacturing technology development, to establish the necessary technology and secure its cost competitiveness. Mazda will further refine and fully use its multiple electrification technologies, and commence the launch of battery EV vehicles from the latter half of this phase.

Phase 3 (2028-2030)
In this phase with 2030 as the final year, Mazda will undertake a full-fledged launch of battery EVs. Toward the age of full-fledged electrification, by closely monitoring market demand, regulations, government policies and a course of technological advancement, the Company will consider matters such as investing in the batteries production.

Key Initiatives to Open up the Future

Based on the idea of "Co-creation and coexistence" Mazda values co-creation with partners when promoting collaboration projects with them. At the same time, the Company will build a framework for developing new technologies and resolving issues, and further refine its own strengths.

Carbon Neutrality

Toward endeavoring for carbon neutrality (hereinafter, "CN") by 2050, Mazda has announced its commitment to making Mazda factories CN worldwide by 2035 in an effort to reduce CO_2 emissions within the Group as interim plan. Mazda has also set a plan to promote initiatives under the following three pillars: reducing the use of energy, the shift to renewable energy sources, and the introduction of CN fuels. In addition to Mazda's efforts, those on the side of supply chains will also be necessary. Therefore, Mazda will proceed with CO_2 emission reduction activities with its logistics companies and suppliers in stages. In Japan, the Company will work on structural reforms in supply chains while expanding the use of CN fuels.

Value Creation Through Co-Creation Between People and IT

Based on its Human-Centered philosophy, Mazda will continue to invest in research of human beings in order to bring out the maximum potential of humans with model-based development and research as its platform. In line with its safety philosophy, Mazda Proactive Safety, Mazda will push forward with its ongoing efforts to develop human-centered advanced driver assistance technology through exhaustive exploitation of its IT technology to make vehicles that help both drivers and passengers feel safe and peace of mind as well as people in the vicinity of vehicles. The Company aims for no new Mazda vehicle to cause a fatal accident that is avoidable with automotive technologies by 2040.

As for investment in human resources, Mazda has partnered with Aidemy and is promoting reforms in order to ensure that all of its indirect employees will have a certain level of digital competence in AI and IT by 2030.

In addition, Mazda aims to double its productivity by modeling each process of its operations by 2030, identify resources it can utilize for other processes and transfer such resources to tasks that produce more additional value.

Cost Reduction and Supply Chain Enhancement

Mazda will expand the scope of its cost reduction efforts. From a comprehensive viewpoint, the Company will also look into both value chains and supply chains in addition to its existing scope that looks to product cost and production cost, and change these to allow it to thoroughly eliminate waste, irregularities and overburdens to make costs ideally effective.

For its supply chains, Mazda has improved costs for each process, but from now on, it will work to optimize the entire process that spans from material procurement to product delivery to customers by making the flow of goods as smooth as possible at the highest speed. Furthermore, Mazda is working on innovative changes in its procurement system which includes fewer tiers in procurement of materials and parts and bringing places where various parts are produced closer to its production facilities as well as using more highly versatile materials and semiconductors. In this way, Mazda will minimize the impact of external changes in the environment such as geopolitical incidents, COVID-19 and earthquakes and other large-scale disasters.

Electrification Initiatives in Each Phase

During a period of transition to EVs, Mazda believes that it is effective to take a multiple-solution approach, in which the Company provides appropriate combinations of products that suit electric power generating infrastructure in each region. Meanwhile, Mazda assumes that its global EV ratio in 2030 will be between 25 and 40%, considering electrification policies and tighter regulations on emissions in each country. Based on this assumption, Mazda is promoting electrification in stages by working closely with its partner companies.

Phase 1: Strengthening development toward the age of electrification

By fully using its current technology assets of multiple electrification technology, Mazda will launch attractive products while also meeting market regulations. Through the launch of Large Products, including plug-in hybrid electric vehicles (PHEVs) and diesel engines with a mild hybrid system that achieve both environmental and driving performance, Mazda will enhance profitability while developing technologies for battery EVs in a full-fledged manner.

Phase 2: Transition to Electrification

In the phase of transition to Electrification, with the aim of reducing CO_2 by improving fuel economy, Mazda will further refine its multi-electrification technologies that it has cultivated thus far including introduction of new hybrid system. In addition to introducing battery EVs in China where electrification is advancing, Mazda will also begin launching battery EVs globally. As for ICEs, the Company will boost efficiency to the utmost in preparation of the application of technology to further improve thermal efficiency and the possibility of the future use of renewable fuels.

In addition, in order to ensure sustainable development of local economies toward the advancement of electrification, Mazda thought it necessary to develop highly efficient production technology for electric drive units and to establish a production and supply-chain network for electric drive units. Therefore, Mazda established a joint venture company with Ondo Corporation, Hiroshima Aluminum Industry Co., Ltd., and Hirotec Corporation. Furthermore, to enhance the value of Joy of Driving, Mazda signed a joint development agreement with Imasen Electric Industrial Co., Ltd. and Rohm Co., Ltd. for the development of inverters, which are the core components of electric drive units, and established a joint venture with Imasen Electric Industrial Co., Ltd. As for motor technology, the Company signed a joint development agreement with Fukuta Elec. & Mach Co., Ltd., and established a joint venture with Chuo Kaseihin Co., Inc. and Fukuta Elec. & Mach Co., Ltd. to promote joint learning and development of motor technology.

As for batteries, Mazda will procure batteries from its partner companies while promoting the research and development of advanced battery technologies, which have been adopted as one of the Green Innovation Fund Projects, at the Company's end, during Phase 1 and Phase 2. In addition to its existing suppliers, Mazda recently concluded an agreement with Envision AESC to procure batteries for EV production in Japan.

Phase 3: Full-fledged launch of pure battery EVs

As Mazda moves forward in its efforts for the full-fledged launch of pure battery EV models, it will also consider the possibilities, including investing in battery production based on the extent of changes in the external environment and progress in strengthening its financial foundation.

Interview with an Executive Officer |
Research and Development Strategy and Sustainability

Research and Development Strategy and Sustainability

Amid the growing calls for the whole society to address climate change, the movement toward decarbonization and electrification is accelerating in the automotive industry. During the transition period from internal combustion engine vehicles (ICEVs), which have been the mainstream in the market, to hybrid vehicles (HEVs, PHEVs) and then to electric vehicles (EVs), it is increasingly important to conduct research and development in a way that can respond to uncertainties while keeping a long-term perspective. Here is an interview with Ichiro Hirose, Director and Senior Managing Executive Officer about the research and development strategies that have been pursued by Mazda as well as initiatives toward the future.

Mazda's Basic Approach to Research and Development

— Please tell us Mazda's basic approach to research and development.

At the bedrock of our research and development strategy is "Sustainable Zoom-Zoom," Mazda's long-term vision for technology development.

Mazda announced its long-term vision for technology development "Sustainable Zoom-Zoom" in 2007. Later, in light of the significant changes in the global automobile industry, this vision was updated from a longer-term perspective, and in 2017 "Sustainable Zoom-Zoom 2030," a new long-term vision for technology development that looks ahead to the year 2030, was announced. Specifically, it declares that: "At Mazda, we see it as our mission to bring about a beautiful earth and to enrich people's lives as well as society. We will continue to seek ways to inspire people through the value found in cars." Upholding this as our guiding principle, we are promoting research and development with a consistent approach.

Regarding the earth, in order to substantively reduce CO_2 emissions to address climate change, it is necessary to work on CO_2 reduction from a well-to-wheel perspective. Mazda currently operates in over 130 countries and regions around the world. Power supply conditions and environmental regulations that need to be observed vary by country and region. While some regions depend mainly on fossil fuels for power generation, other regions are rapidly shifting to renewable energy sources. Under these circumstances, we consider it necessary to provide multiple solutions, namely, offering various power unit choices including electrification, tailored to each country's environmental regulations and power generation mix. Mazda is unwaveringly pursuing a Multipule-Solution approach.

In the area of people, Mazda aims to provide people with experiences that Uplift and Energize People, Bringing More Enjoyment to Everyday Life through vehicles that offer exciting mobility experiences and Joy of Driving. In addition to further pursuing a *Jinba-ittai*—or sence that the car responds almost as though it were an extension of the driver's body—driving feel, which brings out potential of humans and uplifts the mind and body, we are working to further mature our Kodo Design language, which is grounded in a philosophy of bringing cars to life to enrich people's emotional lives.

In the area of society, in addition to realizing an accident-free society that offers safety and peace of mind, Mazda aims to provide people with mental satisfaction and revitalize communities. To this end, we are developing technologies that support drivers in driving safely and with peace of mind and help to prevent or reduce the damage resulting from an accident if it were to occur due to a driver's mistake. Through development of these technologies, we want to offer safety and peace of mind not only to drivers but also to their family and people in the vicinity of cars.

To achieve this long-term vision, we have employed a product development strategy called Building Block concept.

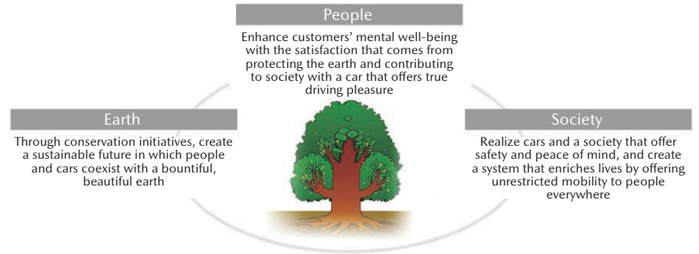
Under the Building Block concept, we have promoted *Monotsukuri* Innovation in stages to achieve a breakthrough in two contradicting goals of differentiation to enhance product appeal and of standardization for improved production efficiency. By pursuing the two pillars of *Monotsukuri*, which are Common Architecture concept and Flexible Production, it has become possible to develop and produce a variety of models with the same characteristics through bundled planning and development, realizing high-mix low-volume production that achieves both production efficiency and differentiation that leads to competitive advantage. Mazda has continued to build up assets created through *Monotsukuri* Innovation as building blocks, with each block serving as a foundation block upon which the next is built. By repeating this process, we have solidified our assets. I believe that continuing this process from a long-term perspective is indeed one of Mazda's strengths.

The Building Block concept involves two fields: process innovation and technological innovation. We have been promoting each innovation initiative in several phases.

From now, I will explain these two innovation initiatives in detail.

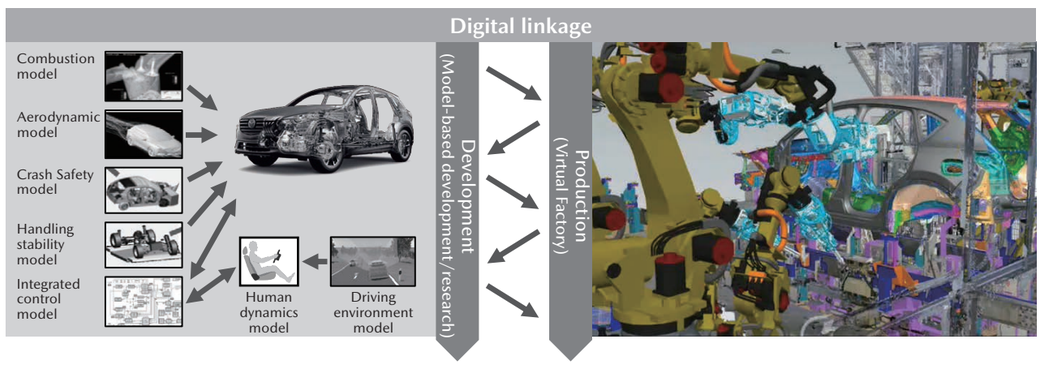
Sustainable Zoom-Zoom 2030

At Mazda, we see it as our mission to bring about a beautiful earth and to enrich people's lives as well as society. We will continue to seek ways to inspire people through the value found in cars.



Model-Based Development and Research, and Virtual Factory (example)

Significantly increase investment efficiency for development and production by expanding the scope of application of model-based development through the use of AI and digital technologies



Interview with an Executive Officer |
Research and Development Strategy and Sustainability

Accumulation of Digital Technologies Which Enables Building Block Concept into Reality

— Please tell us Mazda's strengths in process innovation.

The beginning of process innovation is Mazda Digital Innovation (MDI), which started in the 1990s. Based on the digital mockup containing all 3D data necessary for product design on a computer, Mazda established a digital factory, which digitally connects its extensive supply chain and value chain from upstream to downstream and performs virtual design and testing on a computer during the prototype fabrication and manufacturing processes. In the 2000s, continual investments were made to expand the computer capacity, leading to the realization of "prototype-less design," which enables the designing of subsequent processes without using physical prototypes, and "virtual testing," which enables the execution of various tests in virtual environments. We have thus completed one block, or asset.

And now, based on that asset, we are building up a new block, which will realize Mazda's unique digital twin that synchronizes development and production. Achievements of these efforts in the field of research and development include Mazda's unique Model-Based Development and Research (MBD and MBR), which have enabled us to develop the intended products in shorter times and at lower expenditure. In the conventional development method, we built the quality to the product based on verification results obtained from the process of making design drawings, manufacturing prototypes and performing physical tests. In other words, it involved the use of physical objects. Therefore, speed and efficiency were very limited. Also, with the increasing sophistication of technologies, it was difficult to obtain an optimal solution. The introduction of MBD and MBR has enabled us to, by accumulating and using "models," conduct development process from design drawing to testing/verification without depending on physical objects, while also making it possible to obtain an answer on a computer even in the case of combination of sophisticated technologies.

Furthermore, we are working to expand the scope of application of MBD and MBR. Starting with the combustion model of the engine, we have expanded the application of MBD and MBR to include major performance factors of a vehicle, such as aerodynamics, crash safety, handling stability, integrated control, ride comfort, and quietness. And as a virtual factory, MBD and MBR have also been applied in the production technology field. We have created "models" of the vehicle, drivers/passengers and driving environments by incorporating the results of research on human beings that has been undertaken through industry-academia-government collaboration.

This series of efforts to strengthen digital technologies has also contributed to enhanced risk response. For example, let me cite the case of mass production preparation of the CX-50 at the U.S. plant. Amid restrictions on free movement due to the novel coronavirus (COVID-19) pandemic, the U.S. plant virtually designed and established a production line, achieving the reduction of man-hours and costs for new model introduction and the shortening of preparation period. I think this was possible because Mazda had promoted MBD and MBR far ahead of the rest of the industry.

Mazda will continue striving to further strengthen its strengths by deepening collaboration with business partners including suppliers and other companies in the industry through MBD and MBR and widening a circle of co-creation.

Accumulating Technological Assets in Line with Building Block Concept to Better Respond to the Electrification Era

— Next, please tell us about technological innovation.

As for technological innovation, we have finished Phases 1 and 2 and have just started Phase 3. In Phase 1, from 2007, in addition to upgrading technologies related to internal combustion engines centered on Skyactiv Technology, we built a base block on which to build up electrification technologies. In Phase 2, we continued to enhance our internal combustion engines and expand electrification technologies. Based on the Skyactiv Multi-Solution Scalable Architecture, we offer multiple choices of powertrains and architectures that combine various electric device technologies to meet various customers' needs, and each country's environmental regulations and power supply conditions. At present, technologies developed in Phase 2 are incorporated in our Large product. These technologies have been transformed into assets. In Phase 3, seeing the period up to FY March 2026, the final year of the current Medium-Term Management Plan, as an important period to accumulate electrification technologies in preparation for the full-scale electrification era, we plan to introduce our unique EV platform "Skyactiv EV Scalable Architecture" for EVs of various sizes and body types. While shifting our focus to EVs, we will strive to achieve our electrification goals. We expect that 100% of our products will have some level of electrification (including hybrid electric vehicles (HEVs) and plug-in hybrid vehicles (PHEVs)), and our EV ratio will be 25-40%* by 2030.

In addition to the environmental field mentioned above, we have also been building up blocks in the safety field since 2007 (see pp.55-56). In line with "Mazda Proactive Safety," the Company's safety philosophy, we have developed safety technologies based on research on human beings, with the aim of realizing an accident-free society that offer safety and peace of mind. As the first block, or the base block, in order to provide outstanding safety performance, we improved visibility and handling, and made improvements to vehicle body structures and layout to ensure ideal driving position by revamping vehicle body skeletons. These improvements have been installed into a wide-ranging lineup of models. As the second block, we added i-Activsense advanced safety technologies, including active safety technologies that support safer driving by sensing the vehicle's surrounding area and alerting the driver when a potential hazard, like another vehicle or pedestrian, is detected. In the current third block, we are promoting the installation of technologies that help to avert collisions and other dangers by automatically decelerating and stopping the vehicle if it is deemed difficult for the driver to continue normal operation. Mazda's basic approach is to provide safety and peace of mind to a greater number of customers by incorporating safety technologies that are currently available into its models instead of waiting until autonomous driving becomes pervasive and is put into practical use as social infrastructure.

While promoting these research and development strategies, we commence the launch of several new models in the Large product, which will become the pillar of our full-scale growth phase. As a first step, the CX-60 was released. In the European market, where electrification is already in full-swing, we introduced a PHEV model, Mazda's first plug-in hybrid. In Japan, we will introduce a model equipped with e-Skyactiv D, which combines a straight-six diesel engine with a mild hybrid system. With regard to safety technologies, these models are equipped with the Driver Emergency Assist (DEA), which monitors the driver's condition and automatically decelerates and stops the vehicle if it detects an inactive driver, and a series of functions to avoid collisions and other dangers and place an emergency call through connected care technology. Mazda plans to commence production of the CX-90 for the North American market in the fiscal year ending March 2023, and to introduce the CX-70 for the North American market and the CX-80 in Europe and Japan.

Multiple-Solution That Seeks to Offer Multiple Practical Options to Help Realize a Carbon Neutral Society

— Please tell us Mazda's policy for product and technology development toward 2030.

Mazda declared in 2021 that it would endeavor to achieve carbon neutrality (hereinafter, "CN") throughout its supply chain by 2050. Such a declaration was possible only because of the blocks, or technological assets that the Company has built up one by one since 2007. We intend to achieve our CN goal by further building up new blocks.

The growing social movement toward CN is driving a shift toward EVs. However, to achieve this, there are still many challenges to overcome, and we don't think the shift to EVs will happen overnight. Viewing the period up to around 2030 as a transitional period, we plan to promote the shift to EVs in stages, in accordance with the regulations and demand of each region. I think this is a realistic plan. We believe that during this transitional period, it is necessary to make strategic preparations toward full-scale popularization of EVs, while at the same time pursuing continuous evolution of internal combustion engines which will remain in use for decades to come.

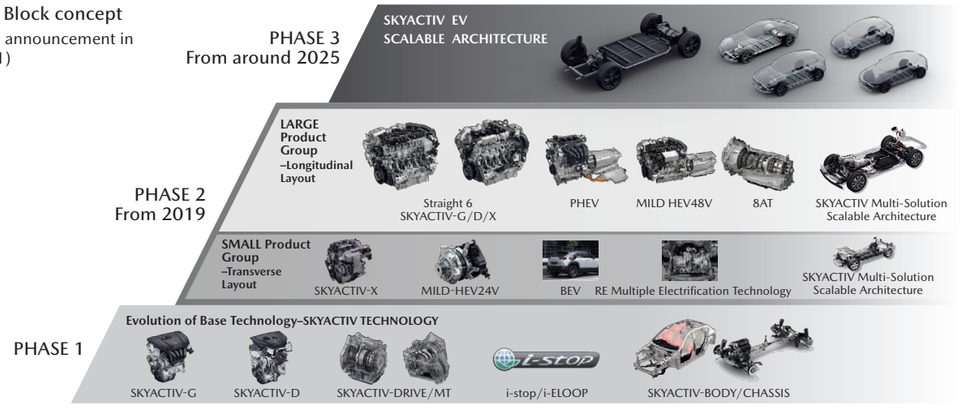
Regarding the evolution of internal combustion engines, we believe the most important thing is to reduce the energy consumption. Biofuels and CN liquid fuels are expected to be realistic options by around 2030. Therefore, in preparation for the use of these CN fuels, it is still important to improve the efficiency of internal combustion engines to the highest level possible in terms of reduction of energy consumption.

Regarding EVs, Mazda plans to release several EV models during the period from around 2025 to 2030 by building up new blocks on top of the blocks of electrification technologies accumulated through the development of the MX-30 EV and the CX-60 PHEV.

By further evolving our technological assets accumulated through Building Block concept and by taking our unique Multiple-Solution approach which seeks to offer a variety of combinations of internal combustion engines and electrification technologies tailored flexibly to customer needs and each country's conditions, we will promote our efforts to address climate change and social contribution activities.

Mazda has consistently pursued its own unique philosophy since the announcement of "Sustainable Zoom-Zoom" in 2007. Vehicles are responsible for people's lives. The Company will continue to pursue car manufacturing that will contribute to society by enriching people's lives and supporting safe and secure mobility. We will also strive to create cars that inspire people and bring out their potential and abilities by pursuing continuous evolution of Joy of Driving. We are committed to contributing to realizing a sustainable society by continuing to refine our technological strengths while working in collaboration not only with business partners, including local suppliers in Hiroshima and Yamaguchi prefectures, and other companies in the same industry, but also with companies in other industries.

Building Block concept
(As of the announcement in June 2021)



[Crossover SUVs already introduced or to be introduced from 2022 onward]

Product group	Models	Major markets to receive the models
Large Product group	MAZDA CX-60 (Two rows)	Europe, Japan, etc.
	MAZDA CX-70 (Wide body, two rows)	North America, etc.
	MAZDA CX-80 (Three rows)	Europe, Japan, etc.
	MAZDA CX-90 (Wide body, three rows)	North America, etc.
Small Product group	MAZDA CX-50	North America

*Based on the information announced in November 2022 in the "Medium-Term Management Plan Update and Management Policy up to 2030"

Interview with an Executive Officer |
Mazda's Commitment to Carbon Neutrality

Mazda's Commitment to Carbon Neutrality

In 2015, the Paris Agreement was adopted as a treaty for proceeding with climate change measures throughout the world including developing countries. Today, climate change is causing a wide variety of natural disasters in a tangible manner. Since the term "climate change" is no longer sufficient for indicating the current situation, the term "climate crisis" has been coined. Various initiatives and the development of new technologies are being accelerated around the world toward realizing a carbon neutral (hereinafter, "CN") society by 2050, and it is expected that this trend will further gain momentum in the future. The role to be played by an automotive manufacturer before and after the production phase is truly significant. In these circumstances, here is an interview with Director and Senior Managing Executive Officer Takeshi Mukai about Mazda's commitment to Carbon Neutrality.

Important Responsibility to Be Fulfilled by Automotive Manufacturer toward Realizing a CN Society

— Tell us about the significance of Mazda's commitment to carbon neutrality (CN).

Mazda's vision is to bring about a beautiful planet and to enrich people's lives as well as society. With the climate crisis growing year by year, we believe that the achievement of CN, which is closely related to the earth, people, and society, in the future, is a responsibility for the automotive industry that has large impact on CO_2 emissions.

With this background, last January, we announced our ambitious commitment to endeavoring to achieve carbon neutrality (CN) throughout the supply chain by 2050. This aligns with the common target set by many countries and regions including Japan to be achieved by 2050. In addition, we declared this June that we will take on the challenge of achieving CN at our factories around the globe by 2035 as a milestone to the target. To that end, we should not take the perspective of working alone for further efficiency and productivity as we have done so far, but expand our viewpoint to cover every process of vehicle production, including manufacturing, transport, vehicle usage, and recycling, in the entire supply chain. On top of that, we need to understand the *genba* (actual place) and *genbutsu* (actual thing) correctly, involve all those concerned, including employees, the management, suppliers, and other business partners, in active discussions on CN, and ensure that not only the production but also all the other departments, such as planning, development, purchasing, and logistics, have higher awareness of achieving the target by 2035.

We believe that the first step that we should take is to reduce the use of energy and eliminate wastes throughout the supply chain. Specifically, we will review and optimize not only the processes and equipment usage at our factories, but also the locations of our suppliers and the style of our logistics, thereby striving to contribute to realizing an ideal world without energy loss. This approach will lead not only to the reduction of CO_2 emissions and the elimination of wastes, but also enabling us to respond more effectively to the recent enhancement of the regulations on energy, material procurement, etc., geopolitical risks, and environmental regulations. We believe that we can achieve both the reduction of the use of energy and the increase in efficiency.

Monotsukuri Innovation for Contributing to Achieving CN in the Area of Production

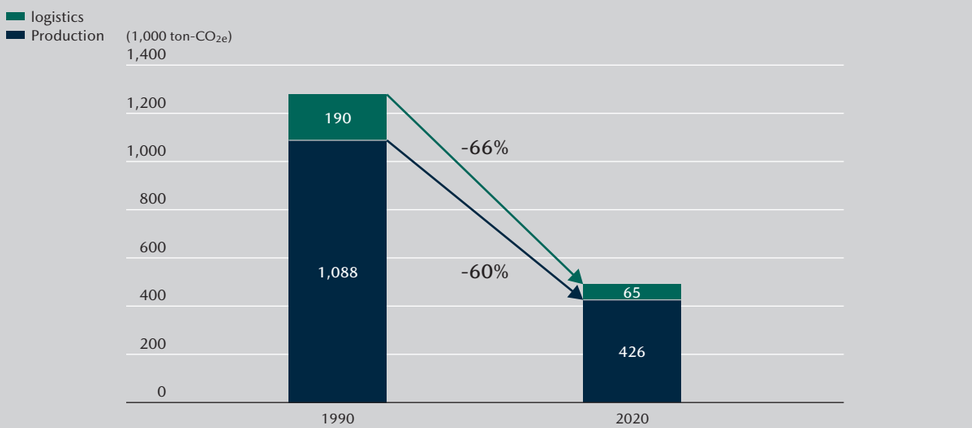
— Tell us about Mazda's previous initiatives and the current challenges to CN.

Prior to the Paris Agreement, the Kyoto Protocol was adopted as the first step for an international society to implement measures against climate change. With social call for action against climate change growing by this adoption, we set environmental targets in our business activities as our Medium-Term Environmental Plan, we steadily proceeded with our initiatives toward reducing our impact on the environment. Under the Medium-Term Environmental Plan whose final year was FY March 2021, we reduced the CO_2 emissions from all the Mazda Group's factories, offices and other facilities in Japan by 60% from FY March 1991. In the area of logistics, including transportation, we made a reduction of CO_2 emissions by 66% from FY March 1991.

These results are underpinned by all-out efficiency ensured in the production process. In this process, painting and casting that is a phase where melted metal is poured into a cast, cooled, and hardened, generate particularly high CO_2 emissions, because they consume much energy. While focusing on the two phases, we have developed unique technologies for all the other phases and continued many innovative measures so far. For painting, we introduced the Three-Layer Wet Paint System in 2002. Previously, each of the three layers of paint (primer coat, colored base coat, and clear top coat) was dried in each process. Under the new system, however, the three layers of paint are applied in succession while wet, before the painting is finished with one-time drying. This system has reduced the energy consumption by approximately 15% compared from the conventional painting method. In 2009, we developed and introduced the Aqua-Tech Paint System. The improved paint and paint application technology have enabled primer coating, one of the above-mentioned three coating phases, to be omitted, resulting in a further reduction of the energy consumption by approximately 10%. Moreover, the system has considerably reduced volatile organic compounds (VOC) emissions and realized an improvement in quality by providing an even better finish for the paintwork. We think that the system contributes not only to reducing the impact on the environment, but also to making improvements in terms of costs and quality.

For casting, we have reduced the thickness and weight of cast items by leveraging our technological assets that we have accumulated by making an effective use of computer-aided engineering (CAE). Consequently, we have reduced not only the use of raw materials, but also the production cycle time (actual time for a single cycle from the beginning of the production process to the end), partly due to the decrease in the material cooling time in the casting phase, and the energy consumption. The benefits from the reduction of the thickness and weight of cast items do not lie only in the production process. The use of less thick and lighter items contributes to the weight reduction of the vehicles for which the items are used, ultimately contributing to increasing the vehicles' fuel economy.

Results of the Medium-Term Environmental Plan (Mazda Green Plan 2020)



Boundary of data collection: Mazda Motor Corporation (four business facilities + remote locations) + Group companies in Japan (manufacturing + nonmanufacturing) Mazda Motor Corporation, 22 domestic consolidated Group companies and 8 domestic equity-method Group companies, and 16 overseas consolidated Group companies and 5 overseas equity-method Group companies.

Interview with an Executive Officer | Mazda's Commitment to Carbon Neutrality

We are proceeding with *Monotsukuri* Innovation with its cornerstone placed not only on the above-mentioned technological innovation in each phase, but also on *monotsukuri* (engineering and manufacturing), including our dedication to improving the efficiency of the entire production process. This innovation is an integrated commitment of highly-efficient development and production. For example, we have established an efficient and flexible production framework. Featuring a Flexible production process, the framework is intended to produce vehicles designed based on a Common architecture concept for sharing the development philosophy across the boundaries of segments (model classes). Specifically, by realizing the modulation of jig and equipment so that they can be used for assembly of various components depending on the model, we have made it possible to produce different types of models on the same production line. Put simply, whether the product to be produced is an internal combustion engine vehicle or an EV, and even if there is difference in the body size or engine layout (longitudinal or transverse engine layout), the same production line can be used for assembly. This enables the operating rate of each production line to remain high, which contributes to enhancing not only production efficiency but also energy efficiency, thereby reducing the impact on the environment. At the same time, this helps to minimize the replacement of the assembly lines to address changes in models and evolutions of materials and production methods, resulting in the minimization of disposal of resources and equipment and loss of energy. These measures are so flexible that they are effective not only for the vehicle production today, but also for an expected EV production in the future. They are technological assets that can serve as the cornerstone for manufacturers when they commit to CN.

We understand that our future challenge is to share and develop the above-explained energy-saving technology together with many business partners and to further accelerate our integrated efforts in entire supply chain. To do so, it is important to establish relationships between individuals so that they can understand and cooperate with one another, regardless of the differences in their companies, fields, positions, etc. As a result of continuing the *Monotsukuri* Innovation internally, we have cases where a development team and a production team have overcome differences in their views by understanding each other deeply and finally establishing close relationships. We would like to extend such formation of in-house partnership to involve suppliers and sales partners.

Achievement of CN toward Reducing CO_2 Emissions throughout the Supply Chain and Invigorating Local Economy

— Tell us about Mazda's Medium-Term Management Plan toward CN and the Company's contribution toward realizing a decarbonized society.

To achieve CN, it is never sufficient to make efforts only in the field of production or make improvement only for products themselves. In addition, it is also never sufficient for only individual automotive manufacturers or business partners to make commitment. CN can never be achieved without cooperation of all those involved. To realize CN throughout the supply chain by 2050, we will proceed with initiatives based on the three main themes. The first theme is to make all-out efforts for reducing the use of energy. The second is, while reducing the use of energy, to make a shift to renewable energy sources for the remaining necessary energy. The third is to expand the introduction of CN fuels and consequently curb CO_2 emissions generated not only at the time of manufacturing but also at the time of component transportation. Based on these three main themes, we will make the necessary efforts not as in-house commitment, but as initiatives involving outside business partners, thereby striving to realize CN in the entire supply chain.

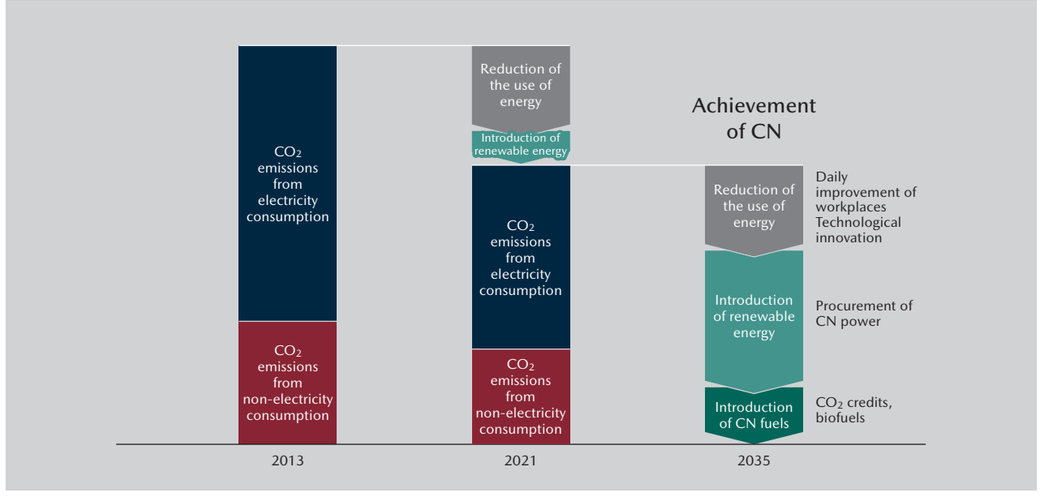
For the first theme, the reduction of the use of energy, we will leverage the technological assets that we have built up so far as mentioned before, to further raise efficiency in painting, material, processing and all the other phases. At the same time, we will share our technology and know-how regarding the reduction of the use of energy with local suppliers and other business partners. An in-depth consideration of the structure of the supply chain itself shows that the reduction of CO_2 emissions can ultimately lead to the elimination of wastes in the entire supply chain, covering logistics, and result in the improvement of the operating efficiency. The elimination of wastes will contribute not only to the reduction of costs, but also to the reduction of the impact on the environment through an effective use of materials and other resources and an improvement in energy efficiency, and even to an increase in the quality of the relevant products in some cases. We believe that the elimination of wastes is, thus, beneficial in terms of both the reduction of the environmental impact and management.

For the second theme, the shift to renewable energy sources, we will implement a wide variety of measures, such as low carbonization or decarbonization in power generation at our factories and procurement of power from renewable energy sources. The power output of renewable energy sources, such as solar power, varies greatly from day to day and from day to night. In addition, power is difficult to store. In the manufacturing industry, where a stable energy procurement is needed, it is important to take measures from various perspectives in order to compliment the shortfall of each measure, for example by introducing an in-house power generation scheme. Moreover, to procure renewable energy, it is essential for us not to work alone, but to ensure local cooperation with power companies, local governments, and other renewable energy suppliers, as well as with manufacturers, service providers, and other power consumers who need to make a shift toward renewable energy for power generation as we do. In November 2021, the Chugoku Region Carbon Neutrality Promotion Council was established by the Chugoku Economic Federation as a framework involving both power suppliers and consumers, such as the above-mentioned businesses and governments, toward expanding the supply and demand of CN power in the Chugoku Region. Set as one of the special subcommittees under the Council was the Carbon Neutral Electricity Promotion Subcommittee. Since the establishment, Mazda has been a member of the subcommittee and engaged in various initiatives for making active contribution. We believe that this framework will facilitate match-making between not only local power companies and governments, but also other power generators supplying renewable energy, including households doing so through solar power generation, and power consumers including companies like Mazda, that wishes to procure renewable energy on a stable basis. In other words, the ideal is to establish a good interaction between "secure generation" by those generating power from renewable energy sources and "secure use" by those using such power, thereby ensuring that economic circulation will benefit not only the companies concerned but also households. For global development, since the situation differs depending on the country and region, we would like to provide support for the establishment of the optimum energy cycle model, with consideration given to the region's situation.

For the third theme, the introduction of CN fuels, we are conducting joint research with universities and companies regarding a practical use of next-generation biofuels made from microalgae oil. We are also working with the local consortium Hiroshima Council of Automotive Industry-Academia-Government Collaboration. By doing so, we are verifying CN fuels toward a widespread use of them. There is a global trend of spreading electric vehicles (EVs). As of now, however, EVs have problems with their driving range, charging infrastructure, etc. For an effective achievement of CN, we think that CN fuels, whose chemical properties are equivalent to those of petroleum-based fuels, present an attractive solution because CN fuels can contribute to reducing CO_2 emissions while allowing the existing infrastructure and engines to be used as they are. If such fuels are placed in practical use, they are expected to have great contribution to CN in corporate activities throughout the supply chain, including transportation of vehicles and components by trucks and other means. Furthermore, in the Super Taikyu, the racing series which we joined last year, we use next-generation biofuels to verify that such fuels are practical enough as a substitute for petroleum-based fossil fuels. We, of course, understand that CN fuels have problems in terms of mass-production, supply infrastructure, etc. Accordingly, we will continue to work with business partners toward achieving a future in which CN fuels will be used by many people.

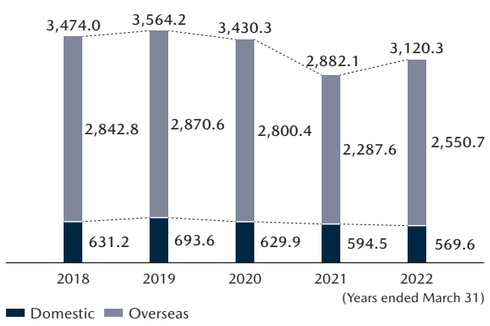
As explained in each article, our measures for realizing CN are directly connected to the reduction of CO_2 emissions not only at Mazda, but also at those of local companies and other various businesses. In the age to come, when CN serves as the key to business growth in any industries, Mazda strives to realize both the reduction of CO_2 emissions and local economic growth and create a sustainable society together with partners sharing the same vision.

Carbon neutrality plan to be achieved by 2035 at our factories around the globe

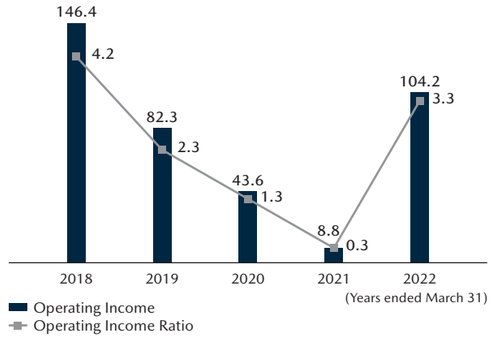


Financial Highlights

Net Sales
(Billions of yen)

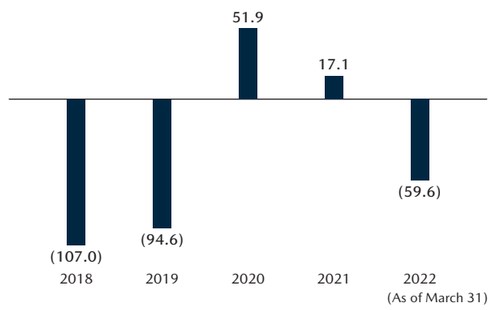


Operating Income / Operating Income Ratio
(Billions of yen / %)

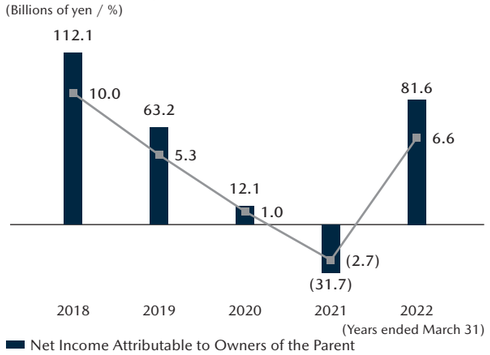


Equity / Equity Ratio
(Billions of yen / %)

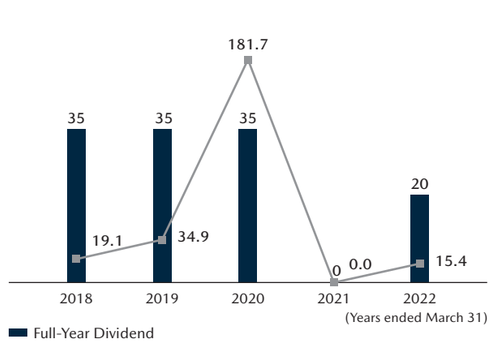
Net Interest-Bearing Debt
(Billions of yen)



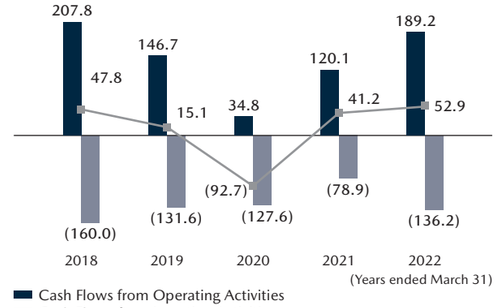
Net Income Attributable to Owners of the Parent / Return on Equity (ROE)
(Billions of yen / %)



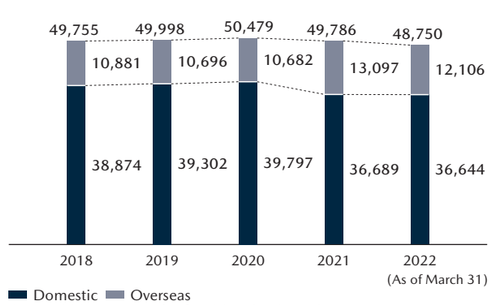
Full-Year Dividend / Payout Ratio
(Yen / %)



Cash Flows
(Billions of yen)

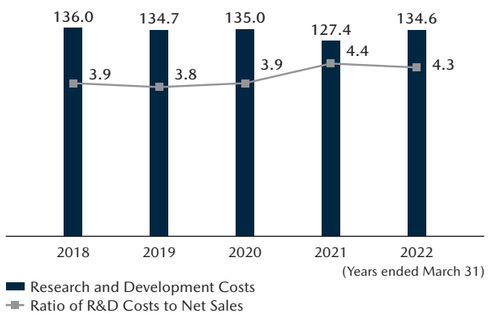


Number of employees
(People)

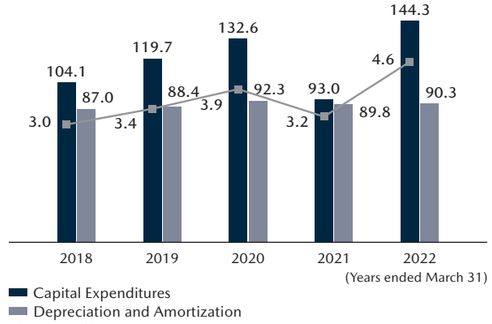


∗From 2021, as a result of revising the Group's management classification, some consolidated subsidiaries that were previously included in "Domestic" have been reclassified into "Overseas."

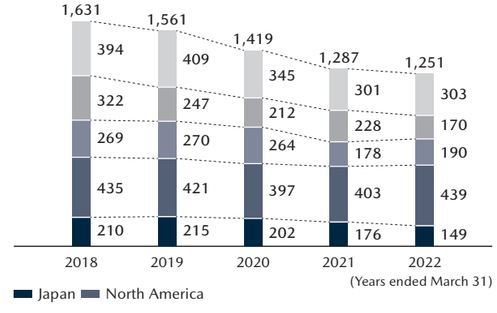
Research and Development Costs / Ratio of R&D Costs to Net Sales
(Billions of yen / %)



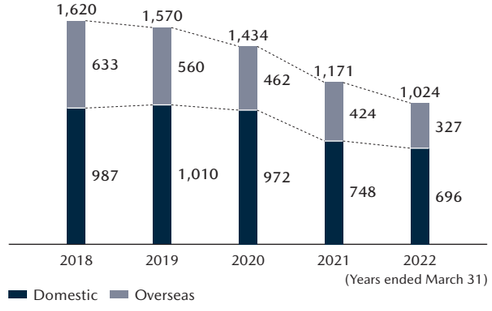
Capital Expenditures / Depreciation and Amortization / Ratio of Capital Expenditures to Net Sales
(Billions of yen / %)



Global Sales Volume
(Thousands of units)



Global Production Volume
(Thousands of units)



Eleven-Year Summary of Consolidated Financial Statements

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31

	2012	2013	2014	2015	2016	2017	2018	2019*11	2020	2021	**2022*13**	**2022**
Business results (Millions of yen):												Thousands of U.S. dollars*1
Net sales*2	¥2,033,058	¥2,205,270	¥2,692,238	¥3,033,899	¥3,406,603	¥3,214,363	¥3,474,024	¥3,564,172	¥3,430,285	¥2,882,066	**¥3,120,349**	**$25,576,631**
Domestic	560,216	588,042	655,716	617,397	660,935	587,025	631,229	693,581	629,911	594,490	**569,568**	**4,668,590**
Overseas	1,472,842	1,617,228	2,036,522	2,416,502	2,745,668	2,627,338	2,842,795	2,870,591	2,800,374	2,287,576	**2,550,781**	**20,908,041**
Cost of sales	1,662,592	1,729,296	1,993,643	2,247,720	2,567,465	2,448,184	2,653,600	2,772,184	2,683,647	2,268,422	**2,432,645**	**19,939,713**
Selling, general and administrative expenses	409,184	422,038	516,474	583,291	612,363	640,492	674,003	709,681	703,035	604,824	**583,477**	**4,782,598**
Operating income/(loss)	(38,718)	53,936	182,121	202,888	226,775	125,687	146,421	82,307	43,603	8,820	**104,227**	**854,320**
Income/(loss) before income taxes	(55,262)	39,101	97,409	209,335	166,986	128,413	157,484	107,567	49,282	2,202	**112,399**	**921,303**
Net income/(loss) attributable to owners of the parent	(107,733)	34,304	135,699	158,808	134,419	93,780	112,057	63,155	12,131	(31,651)	**81,557**	**668,500**
Capital expenditures*3	78,040	77,190	133,216	131,010	89,214	94,399	104,129	119,734	132,578	92,972	**144,332**	**1,183,049**
Depreciation and amortization	68,791	59,954	57,656	68,872	78,972	82,416	86,954	88,443	92,269	89,765	**90,281**	**740,008**
Research and development costs	91,716	89,930	99,363	108,378	116,610	126,915	136,009	134,660	135,009	127,432	**134,622**	**1,103,459**
Cash flows:												
Operating cash flows	(9,098)	49,033	136,379	204,459	262,770	161,097	207,795	146,690	34,834	120,058	**189,155**	**1,550,451**
Investing cash flows	(70,317)	(40,287)	(120,057)	(95,548)	(108,092)	(63,751)	(159,989)	(131,611)	(127,578)	(78,862)	**(136,237)**	**(1,116,697)**
Free cash flow*4	(79,415)	8,746	16,322	108,911	154,678	97,346	47,806	15,079	(92,744)	41,196	**52,918**	**433,754**
Financing cash flows	236,462	(57,181)	10,483	(62,776)	(94,062)	(149,898)	30,461	83,411	(24,274)	99,348	**(86,405)**	**(708,238)**
Financial position (Millions of yen):												
Total assets	¥1,915,943	¥1,978,567	¥2,246,036	¥2,473,287	¥2,548,401	¥2,524,552	¥2,724,092*10	¥2,877,613	¥2,787,640	¥2,917,414	**¥2,968,148**	**$24,329,082**
Net assets	474,429	513,226	676,837	891,326	976,723	1,064,038	1,219,470	1,233,441	1,205,846	1,195,830	**1,316,697**	**10,792,598**
Interest-bearing debt	778,085	718,983	742,735	701,019	617,132	491,434	497,893	607,051	619,868	755,928	**680,807**	**5,580,385**
Net interest-bearing debt	300,778	274,108	262,981	171,871	48,418	(35,430)	(106,961)	(94,573)	51,874	17,135	**(59,578)**	**(488,344)**
Amounts per share of common stock (Yen):												U.S. dollars*1
Net income/(loss)*5	¥ (57.80)	¥ 11.48	¥ 226.99*9	¥ 265.64*9	¥ 224.85	¥ 156.87	¥ 182.93	¥ 100.28	¥ 19.26	¥ (50.26)	**¥ 129.49**	**$ 1.06**
Cash dividends applicable to the year*6	—	—	1.00	10.00	30.00	35.00	35.00	35.00	35.00	—	**20.00**	**0.16**
Net assets*7	156.85	166.04	1,105.21*9	1,454.61*9	1,595.83	1,738.70	1,894.29	1,910.67	1,865.63	1,876.40	**2,065.74**	**16.93**
Financial indicators (%):												
Operating income ratio	(1.9)%	2.4%	6.8%	6.7%	6.7%	3.9%	4.2%	2.3%	1.3%	0.3%	**3.3%**	
Return on equity (ROE) *8	(24.0)	7.1	23.5	20.8	14.7	9.4	10.0	5.3	1.0	(2.7)	**6.6**	
Equity ratio*8	24.5	25.1	29.4	35.2	37.4	41.2	43.8*10	41.8	42.1	40.5	**43.8***12	
Average number of shares outstanding (in thousands)	1,863,949	2,989,171	597,829*9	597,823*9	597,819	597,816	612,554	629,757	629,781	629,786	**629,852**	
Number of employees (people)	37,617	37,745	40,892	44,035	46,398	48,849	49,755	49,998	50,479	49,786	**48,750**	

∗1 The translation of Japanese yen into U.S. dollars is presented solely for the convenience of readers outside of Japan, using the prevailing exchange rate on March 31, 2022, of ¥122 to US$1.
2 Net sales are categorized by the regions based on the customers' locations.
3 Capital expenditures are calculated on an accrual basis.
4 Free cash flow represents the sum of net cash flows from operating activities and investing activities.
5 The calculations of net income/(loss) per share of common stock are based on the average number of shares outstanding during each fiscal year.
6 Cash dividends per share represent actual amounts applicable to each fiscal year.
7 The amounts of net assets used in the calculation of net assets per share exclude non-controlling interests (and, for FY March 2012, FY March 2013, and from FY March 2017 to FY March 2022, stock acquisition rights) from net assets.
8 The amounts of equity exclude non-controlling interests (and, for FY March 2012, FY March 2013, and from FY March 2017 to FY March 2022, stock acquisition rights) from net assets.
9 A share consolidation was implemented on common stock with a ratio of five shares to one share on August 1, 2014. Average number of shares outstanding, net income per share, and net assets per share are calculated based on the assumption that consolidation of shares had been carried out at the beginning of FY March 2014.
10 The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of FY March 2019. The figures for FY March 2018 were adjusted retrospectively in accordance with this change.
11 The consolidated foreign subsidiaries that apply U.S. GAAP adopted ASU 2014-09 from the beginning of FY March 2020. The figures for FY March 2019 were adjusted retrospectively in accordance with this change.
12 Percentage after consideration of the equity credit attributes of the subordinated loan is 45.0%.
13 The Company has adopted "Accounting Standard for Revenue Recognition," etc. from the beginning of FY March 2022. The figures for FY March 2022 were adjusted in accordance with this change.

CHAPTER 3 ESG

ESG

Achieving Mazda's Vision of a Sustainable Society

■ External Evaluations

As of August 31, 2022

[Inclusion in key indices]

Dow Jones Sustainability Index (DJSI) Asia Pacific Index
(Selected since September 2017)

FTSE4Good
(Selected since March 2011)

MSCI ESG Leaders Indexes
(Selected since June 2020)

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

MSCI Japan ESG Select Leaders Index
(Selected since June 2022)

MSCI Japan Empowering Women Index (WIN)
(Selected since December 2019)

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

[Key evaluations]

CDP Climate Change: A-
(FY March 2022)

EcoVadis Supply Chain Assessment: Gold
(FY March 2022)

CONTENTS

Interview with an Executive Officer |
Mazda's Sustainability Initiatives

Masahiro Moro
Director and Senior Managing Executive Officer
(Oversight of Communication, Corporate Communications, Corporate Liaison, Sustainability and Administrative Domain)

Mazda's Sustainability Initiatives

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

Strengthening the Sustainability Management Promotion System

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

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

Since as early as the 1970s, Mazda has been committed to solving global environmental and social issues by enhancing emission performance to meet exhaust gas regulations and improving safety to eliminate traffic accidents. In the mid-2000s, we began examining what would be the most rational and correct approach to addressing the issue of curbing global warming. In 2007, we announced "Sustainable Zoom-Zoom," our long-term vision for technology development through which we have been striving to achieve both "Joy of Driving" and "outstanding environmental and safety performance." This is also an initiative that incorporates the concept of life cycle assessments, which Mazda adopted ahead of other companies. Focusing on every aspect of the car-making process from resource extraction and refining to logistics, manufacturing, and sales, we scrutinized our vehicle production from scratch with a view to streamlining processes and at the same time dramatically improving the thermal efficiency of internal combustion engines to maximize the value of mobility.

At Mazda, we are now taking on the challenge of achieving carbon neutrality (hereinafter, CN) by 2050 with a view to realizing a decarbonized society. Today, as the need to address climate change becomes more imperative, we believe that not only financial performance indicators such as sales volume and revenue but also non-financial performance indicators such as improvement in CO_2 emission reduction as our social responsibility as a carmaker are core issues that will affect our corporate value.

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

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

About Sustainability Initiatives

— Please explain Mazda's sustainability policy and initiatives.

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

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

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

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

Mazda conducts business in more than 130 countries and regions around the world. As mentioned earlier, these countries and regions are differ from one another not only in regional features and commercial practices, but also in the quality of social infrastructure and the composition of energy use. In this regard, we have adopted a multiple solution strategy for reducing CO_2 emissions effectively and steadily. A feature of this strategy is the bundled-development of technology for presenting multipaths and the provision of options appropriate for the respective regions, rather than the deployment of individual solutions. For our commitment to the global environment, while engaging in in-depth dialogue with stakeholders, we intend to improve our information disclosure and other initiatives under our Task Force on Climate-related Financial Disclosures (TCFD) as common standards. We would like to continue to demonstrate ingenuity so that we can visualize how our output is being achieved through our medium and long term decarbonization strategies.

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

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

Interview with an Executive Officer | Mazda's Sustainability Initiatives

Keeping on Refining Mazda Uniqueness Sustainably

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

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

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

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

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

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

Basic Policy on Sustainability

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

Earth

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

People

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

Society

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

Management

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

(Established in December 2021)

Key Issues (Materiality)

Reviewing and Identifying Materiality

In July 2016, Mazda identified and disclosed the key issues (materiality). In subsequent years, which saw growing worldwide interest in environmental, social, and governance (ESG) issues, the social environments surrounding the Mazda Group underwent some changes. Given these circumstances, in FY March 2018, the Company started to review materiality. In 2021, Mazda identified the social issues that the Mazda Group should resolve through its business and clarified the relationship between these issues and the Sustainable Development Goals (SDGs) and targets adopted by the United Nations.

In reviewing materiality, Mazda took into account two perspectives. One is the stakeholders' perspective in reference to the SDGs adopted by the United Nations and the details of surveys conducted by global ESG rating organizations. The other perspective is the importance to the Mazda Group, for instance, business initiatives toward realizing the Medium-Term Management Plan.

Materiality Review and Identification Process

Step 1 | Extraction of social issues

To extract social issues from the stakeholders' perspective, Mazda analyzed and clarified what investors and the global society expect of the Company by looking into the details of surveys conducted by global ESG rating organizations. As for the importance to the Mazda Group, its specific issues described in the Medium-Term Management Plan, "Sustainable Zoom-Zoom 2030," and Securities Report were analyzed so as to select the social issues.

↓

Step 2 | Evaluation of the impact / prioritization of social issues

Mazda identified potential priority issues to be tackled by evaluating the social issues selected in Step 1 according to two axes: Impact on stakeholders*1 and impact on the Mazda Group.*2 The Company also clarified the themes to be addressed from a long-term viewpoint by correlating with the 169 targets of the SDGs.

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Step 3 | Validation

To validate the priorities of themes identified in Step 2, consultations were held with management, which approved the priorities.

↓

Step 4 | Disclosure of materiality

A specific action plan is currently being prepared to ensure steady implementation of the materiality themes identified in Steps 1-3 and follow up on the progress. The materiality that Mazda recently identified and an action plan that will be formulated henceforth will be disclosed to stakeholders. By periodically evaluating and revising this materiality and plan, Mazda will develop the PDCA (plan-do-check-act) process.

Initiatives / guidelines related to the eight themes of materiality

Eight themes of materiality		Social issues (Relevant keywords)	Mazda's initiatives / KPIs	SASB code*	SDGs Goals	SDGs Targets
"Earth"	Endeavor for carbon neutrality by 2050	Climate change issues (Carbon neutrality)	● Efforts to reduce CO_2 emissions over a vehicle's entire life cycle from the perspective of "well-to-wheel" and Life Cycle Assessment (LCA) ● Accumulation of technological assets in line with Mazda's Building Block concept and their utilization for highly efficient manufacturing ● Initiatives toward making Mazda factories globally go carbon neutral (hereinafter, "CN") by 2035 [KPIs] ● Achieve CN across the entire supply chain by 2050 ● Achieve CN at Mazda's factory globally by 2035 ● 100% of Mazda's products will have some level of electrification in 2030	Fuel efficiency and use-phase emissions TR-AU-410a.3		3.9 Reduce illnesses and death from hazardous chemicals and pollution. 7.2 Increase global percentage of renewable energy. 7.3 Double the improvement in energy efficiency. 7.a Enhance international cooperation to facilitate access to clean energy research and technology, and promote investment in clean energy technology. 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. 11.6 Reduce environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. 13.2 Integrate climate change measures into national policies, strategies, and planning.
	Resource circulation	Increase in demand for resources and rising amount of waste Water resources issues (Circular economy)	● Increase in the recyclability of new vehicles ● Initiatives to promote the three Rs (reduce, reuse, and recycle) at plants and the global efforts for zero emissions and the expansion of resource recycling [KPIs] ● Resource recycling for materials: Achieve zero emissions in manufacturing and logistics processes on a global basis by 2030 ● Resource recycling for water: Implement an optimal approach to water resources recycling and circulation at model plants in Japan by 2030	Materials efficiency and recycling TR-AU-440b.1 TR-AU-440b.2 TR-AU-440b.3		6.3 Improve water quality through various measures. 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes. 12.4 Achieve the environmentally sound management of chemicals and all wastes, and significantly reduce their release in the air, water, and soil. 12.5 Substantially reduce waste generation.
"People"	Contribution to people's mental wellness	Changes in values regarding mental and social health	● Enrich the lives of customers by offering new forms of car ownership and automobile culture through Mazda's unique human-centered approach	—		3 Ensure healthy lives and promote well-being for all at all ages. 9.1 Develop sustainable and resilient infrastructure to support economic development and human well-being.
	Improving employee job satisfaction	Decline in the labor force Globalization of the market and diversification of customer needs (Diversity and inclusion)	● While respecting the diversity of its employees, Mazda fosters a corporate climate in which every employee can express his/her individuality while working alongside others to contribute to the Company and society ● Work on a variety of programs to enable its employees — a diverse range of people with different values and lifestyles — to enjoy their work by finding a healthy balance between their work and personal lives [KPIs] ● Increase the number of female managers to 80 by FY March 2026 (approximately four times the number in FY March 2015) ● Increase the number of male employees who take childrearing leave to 80 annually by FY March 2026 (approximately two times the number in FY March 2021)	Labor practices TR-AU-310a.1 TR-AU-310a.2		5.1 End all forms of discrimination against all women and girls everywhere. 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. 8.4 Decouple economic growth from environmental degradation in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production. 8.5 Achieve full and productive employment and decent work for all women and men, and achieve equal pay for work of equal value.
"Society"	Realizing a motorized society free from traffic accidents	Fatal road traffic accidents	● Building Block concept toward the realization of an automotive society that offers safety and peace of mind	Product safety TR-AU-250a.1		3.6 Halve the number of global deaths and injuries from road traffic accidents.
	Creating a system that enriches people's lives	Declining population, falling birthrate and aging society, and concentration of population in urban centers Traffic jams and congestion in urban areas and expansion of rural areas where no public transportation is available (MaaS)	● Building a model of social contribution that will enrich lives by offering safe, secure and unrestricted mobility to people everywhere ● Testing a shared mobility service leveraging connectivity technologies	—		9.1 Develop sustainable and resilient infrastructure to support economic development and human well-being. 11.2 Provide access to sustainable transport systems for all, improving road safety. 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. 11.a Support positive economic, social, and environmental links between urban, peri-urban and rural areas.
Common to "Earth," "People" and "Society"	Quality improvement	Quality issues	● Establishing consistent quality, from planning to production ● Early detection and early solution of market problems ● Building special bonds with customers—cultivating human resources capable of considering and acting toward the happiness of customers	Product safety TR-AU-250a.2 TR-AU-250a.3		9.1 Develop sustainable and resilient infrastructure to support economic development and human well-being.
	Exploring partnerships for "Co-Creation with Others"	Once-in-a-century transformation (CASE)	● Inter-company collaboration: Joint development of technical specifications for next-generation vehicle communication devices ● Industry-academia-government collaboration: Hiroshima "Your Green Fuel" Project	—		8.2 Achieve higher levels of economic productivity. 8.10 Strengthen and expand access to banking, insurance, and financial services. 17.16 Enhance the global partnership for sustainable development. 17.17 Encourage and promote effective public, public-private, and civil society partnerships.

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

*For more details, please refer to the following URL (SASB Standards Index):
https://www.mazda.com/en/sustainability/guideline

Initiatives for Achieving Carbon Neutrality by 2050

Recognizing Social Issues

The average global temperature has already risen by about 1.0°C from pre-industrial levels. The Special Report on Global Warming of 1.5°C published by the Intergovernmental Panel on Climate Change (IPCC) states that if global warming continues to increase at the current rate and the rise in temperature far exceeds 1.5°C, there will be a significant impact on nature and human activities. The Special Report therefore points out the need to achieve net zero global carbon emissions by around 2050 in order to limit the temperature rise to 1.5°C.

In response to the above forecast, 144 countries* (including Japan) have declared their intention to achieve carbon neutrality by 2050, with nations around the globe stepping up their measures to design carbon pricing and other mechanisms and invest in the development of energy technologies. In the industrial world, initiatives have been accelerated to change the energy and industrial structures, promote decarbonization throughout the supply chain based on a life cycle assessment (LCA), and encourage the effective use of decarbonization/low-carbonization technologies to reduce greenhouse gas emissions.

Mazda's Approach to Resolving Issues

Reasons for Addressing Social Issues

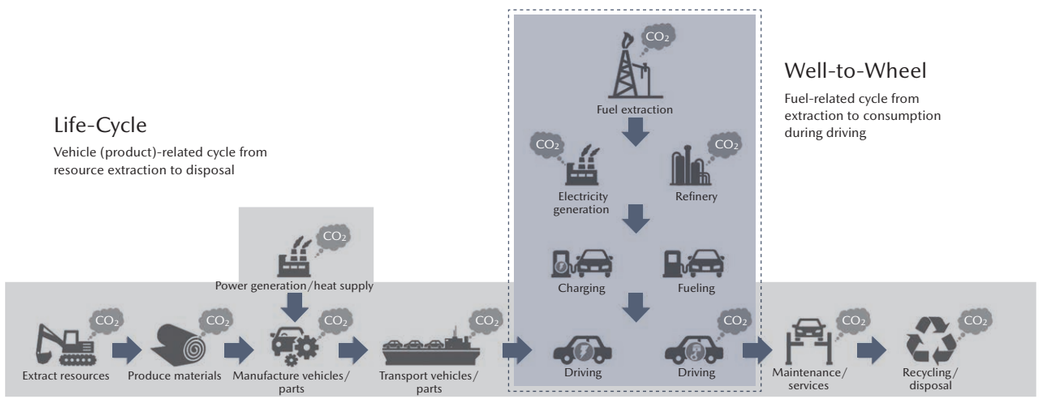
As for the trends regarding vehicles around 2030, Mazda predicts that the fuel economy of vehicles as a whole will be further improved though the combination of highly efficient combustion engines, electric device technologies, highly efficient transmission systems and reduced body weight. Mazda also foresees technological innovation accelerating in accordance with fuel diversification. In addition, electric vehicles will be selected more often in regions where electricity can be generated with renewable energy or other cleaner sources. Energy decarbonization/low-carbonization and related technologies will be further promoted, which will intensify society-wide efforts to reduce environmental impact toward the achievement of carbon neutrality by 2050.

As a proportion of Japan's total CO_2 emissions, the entire transport sector contributes approximately 20%, with the automotive industry accounting for about 90% of CO_2 emissions from the sector. Mazda understands that, as a company belonging to the automotive industry, it has a duty to reduce CO_2 emissions with the aim of curbing global warming. In order to preserve our beautiful planet for future generations, the Company will advance its initiatives toward the realization of a sustainable mobility society.

Perspective of Well-to-Wheel and Perspective of LCA

Mazda announced that it will endeavor to achieve carbon neutrality by 2050. To accomplish this objective, the Company recognizes the importance of reducing CO_2 emissions throughout a vehicle's life cycle. For this reason, Mazda considers it necessary to provide multiple solutions that enable the Company to offer various power unit choices that adapt to each region's energy sources and power generation methods, from both the perspective of well-to-wheel and the perspective of life cycle assessment (LCA). In manufacturing and logistics, the Mazda Group strives for energy value maximization and energy diversification, aiming to achieve reductions in the global total CO_2 emissions from plants/offices and logistics operations. The Group will continue these efforts, which must be made throughout the entire supply chain, with the cooperation of local governments and other industries.

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



Example of Specific Initiatives

Highly efficient manufacturing based on Mazda's Building Block concept

Mazda has consistently followed its Building Block concept to efficiently deliver more superior technologies by building up electrification technologies in stages while refining fundamental technologies, including engines, transmissions and vehicle bodies. Mazda is continuously enhancing its internal combustion engines and electrification technologies as part of the "Skyactiv Multi-Solution Scalable Architecture." Based on this architecture, the Company will deliver multiple electrification solutions to meet various customers' needs, environmental regulations and the electric power generating infrastructure in each market. In addition, the Company plans to introduce its unique EV platform, "Skyactiv EV Scalable Architecture," from around 2025 for EVs of various sizes and body types. Based on these concepts, Mazda will refine its highly efficient development methods, namely Common Architecture, Bundled Planning and Model Based Development, to enrich its technological assets for the full-scale electrification era in collaboration with other companies. (As of June 2021 announcement)

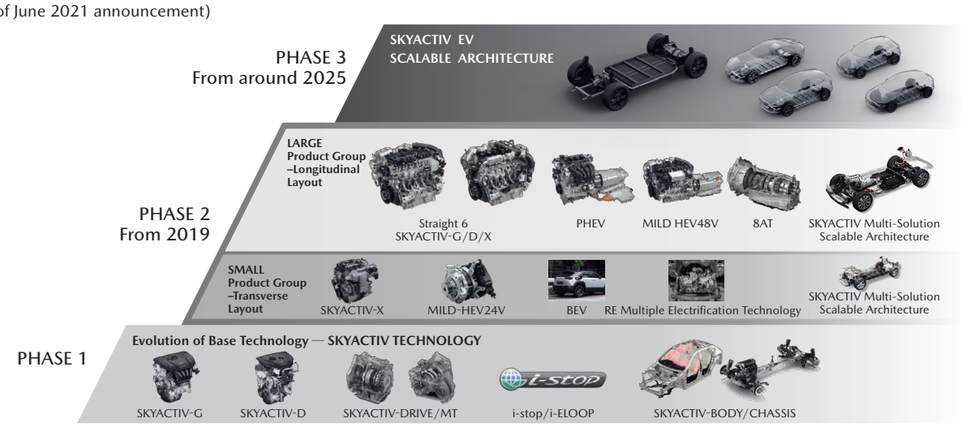
Continuous Evolution of Skyactiv Technology

The term Skyactiv Technology covers all Mazda's innovative technologies. Mazda redesigned these technologies from scratch, enhancing the efficiency of powertrain components, such as the engine and transmission, reducing vehicle body weight, and improving aerodynamics.

Recent Examples of Skyactiv Technology

- 2019: Started to sequentially introduce new-generation technologies, including the Skyactiv-X engine, set to become the world's first commercial gasoline engine to use compression ignition.*
- 2020: Introduced vehicles newly equipped with its electrification technology, e-Skyactiv. Continued development of Skyactiv Multi-Solution Scalable Architecture, a platform that supports electrification technology.
- 2021: Newly developed e-Skyactiv D equipped with a new straight-six-cylinder engine with large displacement and powerful torque characteristics, as well as a small motor for effective environmental performance, and e-Skyactiv PHEV, Mazda's first plug-in hybrid system.

Building Block Concept for Product and Technologies
(As of June 2021 announcement)



*Compiled at the Ministry of Economy, Trade and Industry by counting countries participating in the Climate Ambition Alliance, countries that have expressed their commitment to achieving CN by 2050 by submitting long-term strategies to the United Nations, and countries that expressed their commitment to achieving CN by 2050 at the Climate Summit in April 2021, COP 26, and other events. (As of November 9, 2021).

* As of August 2017, according to Mazda data.

TCFD Response (as of June 2022)

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

Basic Approach

In May 2019, Mazda declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)*1 and joined the TCFD Consortium,*2 showing its commitment to strengthening its efforts to address climate change. In addition, in January 2021, the Company announced that it would endeavor to achieve carbon neutrality throughout the entire supply chain by 2050. Mazda's major initiatives to address climate change in accordance with the TCFD recommendations*3 are as follows.

Governance

In 2021, Mazda formed a specialized team (hereinafter referred to as Specialized Team) dedicated to carbon neutrality matters. At its head is the Corporate Strategy Office working closely with the Specialized Team composed of members involved in products, manufacturing, purchasing, logistics, sales and recycling. Under the supervision of the officers in charge of decarbonization, the Corporate Strategy Office leads the team to formulate and promote strategies from a Life Cycle Assessment (LCA) perspective for responding to risks and opportunities selected based on Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenarios and trends, while also considering the investment and expenses required for such initiatives and response schedules.

Strategies are deliberated over at the Executive Committee Meetings attended by the Representative Director and President.*4 Product and technology development plans for realization are deliberated by the Product Planning and Design Committee, which is composed of executive officers and above.

Strategy

Mazda has identified major risks and opportunities based on scenarios from the IPCC and the IEA, government policies, regulatory and industry trends.

Major Risks and Opportunities

Transition Risks	Policy and Legal	• Stricter regulations on fuel economy and exhaust gas emissions, carbon pricing, including introduction of carbon tax
	Technology	• Increase in resources to develop electrification technologies, including electric drive system or batteries
	Market	• Rise in raw material prices for electrification and weight reduction and tight procurement of semiconductor components • Energy price spikes and supply instability due to tight fossil fuel and renewable energy supplies caused by political conditions and market forces
	Reputation	• Implications on investment decisions considering ESG by investors
Physical Risks	Acute	• Damage by torrential rain, production halts caused by supply chain disruption
	Chronic	• Greater impact from frequent and severe natural disasters, flood damage from high tide
Opportunities	Resource Efficiency	• Efficient use of raw materials through thorough material recycling
	Energy Source	• Stable reception of carbon neutral electricity by promoting the expansion of demand and supply of electricity • Diverse selection of renewable energy sources
	Products and Services, Markets	• Deployment of products that suit each region through Building Block concept and Multiple-Solution • Diversification of products that adapt to next-generation automobile fuels (alternative fuels such as biofuels, synthetic fuels, etc.) • Expansion of market opportunities through deployment of products that suit each region and diversification of products

*1 TCFD:Task Force on Climate-related Financial Disclosures
A private sector organization set up by the Financial Stability Board (FSB), in response to the request from the G20 Finance Ministers and Central Bank Governors.
*2 An organization established in Japan, aimed at holding discussions regarding climate change on effective corporate information disclosure and efforts for leading disclosed information to appropriate decision-making on investment by financial institutes and other entities. The Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate in the consortium as observers.
*3 Source: https://tcfd-consortium.jp/en/about
*4 As of June 2022, deliberated 2 times at the Executive Committee Meetings.

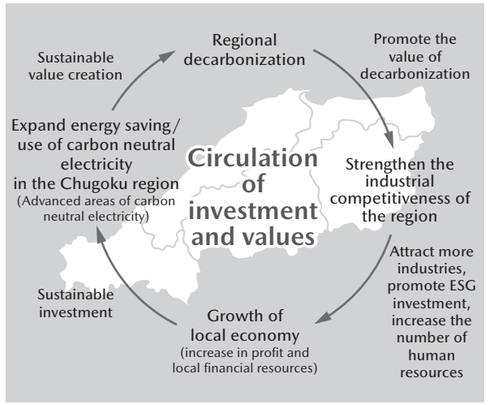
Examples of Specific Initiatives to Address Climate Change

Driving Development of Electrification Technology

As Mazda assumes electrification ratios for Mazda production vehicles to be 100% as of 2030, the Company plans to deploy products based on "Skyactiv Multi-Solution Scalable Architecture" that can accommodate electrification solutions, as well as to introduce from 2025, Mazda's unique platform exclusive for EVs, which can accommodate EV models in various vehicle sizes and body types.

Carbon Neutral Electricity Promotion Subcommittee's Initiatives in the Chugoku Region

In November 2021, Mazda participated in as chair company and began activities as part of the Carbon Neutral Electricity Promotion Subcommittee, which was set up as one of the special subcommittees under the Chugoku Region Carbon Neutrality Promotion Council, established by the Chugoku Economic Federation. In cooperation with member partners, the Company will discuss issues such as how to expand the supply of electricity derived from renewable energy.



Development of Vehicles That Use Next-Generation Biodiesel Fuels

Mazda strives to establish an entire biofuel value chain – from the production and supply of raw materials to the use of carbon-neutral next-generation biodiesel fuels – as a "local production for local consumption" model within the Hiroshima area. In August 2020, the Company confirmed that such fuels had the same performance as petroleum-derived diesel oil and began to use them for company-owned vehicles equipped with diesel engines.

With the aim of spreading the use of next-generation diesel automobile fuels, Mazda participated in the Super Taikyu (endurance) race in Okayama, held in November 2021 in the Okayama International Circuit, with a competition car equipped with a diesel engine powered by 100% biomass-derived next-generation biodiesel fuel made from used cooking oil, microalgae oil, etc.*1 In 2022, the Company took part in the Super Taikyu race series in all seasons.

Image of biofuel vehicle

MAZDA SPIRIT RACING Bio concept DEMIO

Risk Management

Mazda has identified major risks and opportunities based on scenarios from the IPCC and the IEA, government policies, regulatory and industry trends. Sharing progress and issues of initiatives in a bi-weekly meeting, the Specialized Team works to identify risks and conduct assessment processes. Strategies discussed during the meeting are deliberated over at the Executive Committee Meetings attended by the Representative Director and President. Physical risks are managed within the emergency risk management system of Business Continuity Plan (BCP).

Metrics and Targets

To take on the challenge of achieving carbon neutrality throughout the entire supply chain by 2050, it will be essential to understand the GHG emissions of Scope 1, 2 and 3.*2 In addition, it is possible that more stringent carbon pricing, including the introduction of carbon taxes, could impact finances. In order to run eco-friendly operations more effectively throughout the Mazda Group and its entire supply chain, Mazda is driving the establishment of an EMS or Environmental Management System, including ISO 14001. Regarding suppliers, we request that partners formulate plans to reduce GHG emissions during our monthly liaison meeting.

*1 Mazda entered the ST-Q class of the race in its MAZDA SPIRIT RACING Bio concept DEMIO vehicle, which run on 100% biomass-derived next-generation biodiesel fuel called "Susteo" supplied by Euglena Co., Ltd., to conduct a demonstration test of the fuel.
*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); Scope 3: Other indirect emissions

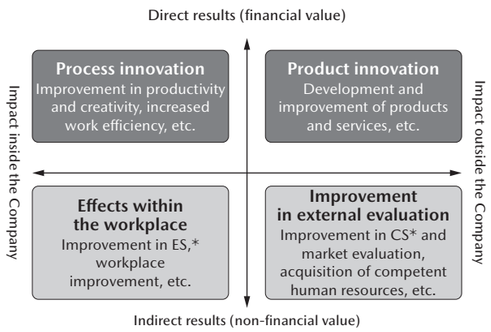
Initiatives for Strengthening Human Capital

Recognizing Social Issues

Securing a labor force is one of the challenges confronting developed countries, where the percentage of working-age population has been on the decline. On top of this, changing market circumstances as exemplified by globalization in recent years have caused numerous new uncertainties for companies and brought changes in their competitive environments. Companies are therefore required to accurately identify diversifying customer needs and innovate to seize new revenue-generating opportunities, while also needing flexibly respond to risks and making them into business opportunities.

In these circumstances, in order for companies to sustain growth, it is essential to secure a diverse range of human resources in accomplishing their management strategies. To this end, companies should pursue diversity management. Cultivating both a work climate and work-style frameworks that can motivate a diverse pool of employees, enables companies to assign the right person to the right position, and thus provide opportunities to individual employees to exercise their potential to the fullest. By doing so, diversity management aims to allow companies to achieve positive management results, including product innovation, process innovation, improvement in external evaluation and effects within the workplace.

Results of Diversity Management



*CS: Customer Satisfaction /
ES: Employee Satisfaction

The above figure was created by Mazda, based on "FY March 2017 New Diversity Management Selection 100—Collection of Best Practices" published by the Ministry of Economy, Trade and Industry (https://www.meti.go.jp/policy/economy/jinzai/diversity/kigyo100sen/practice/pdf/rh28practice.pdf [Japanese only]).

Mazda's Approach to Resolving Issues

Reasons for Addressing Social Issues

Mazda recognizes that people are its most important resource and aims to be a company staffed by people who enjoy their work. In accordance with Mazda's value of "our unique Co-Creation with Others," Mazda respects the diversity of its employees from various backgrounds, including race, nationality, faith, gender, social status, family origin, age, mental or physical disability, sexual orientation, and gender identity. The Company also strives to promote flexible and diverse work styles and improve working conditions and environments, thereby enhancing employees' motivation and increasing work efficiency from the viewpoint of total optimization.

Human resources training based on the Mazda Way principles

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 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.

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."

Examples of Specific Initiatives

Group-wide Human Resources Policies

With the aim of maximizing employee performance across the Mazda Group, Mazda works together with its Group companies worldwide while engaging in regular communication with them to create an organizational culture based on shared values and promote personnel exchanges within the Group. For overseas Group companies, the Company works to create a comfortable working environment tailored to the culture of each country and region by appointing locally hired personnel as managers and above, thereby establishing a system globally to conduct management strongly rooted in local communities.*1 Mazda also implements Group-wide human resource development measures to enable a diverse range of employees to succeed on the global stage regardless of their country of origin or place of employment.

Global Leader Development Committee*2

Mazda is aiming to provide medium and 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.

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).

Regular Meetings with Human Resources Managers of Group Companies

- Online information provision by Mazda
- Bimonthly regular meetings with overseas regions
- Annual 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)

Maintaining Global Employment and Recruitment

The Mazda Group conducts recruitment activities to employ the personnel suited to each country and region. Particularly production sites strive for the maintenance and management of appropriate employment, with an understanding that such practices have great impact on the local economies. In Japan, the Company has maintained the production volumes and related employment at manufacturing sites in Hiroshima and Yamaguchi Prefectures. Overseas, initiatives are under way to improve the operation rate of plants in Mexico and Thailand.

In addition, amid the commence of operations by Mazda Toyota Manufacturing (MTM) in the United States, each of the Group companies promotes employment maintenance and recruitment activities tailored to the labor practices of each country/region.

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 by finding a healthy balance between their work and personal lives.

Increasing the Employment and Range of Opportunities for Female Employees*5

In 2021, based on the Act of Promotion of Women's Participation and Advancement in the Workplace, and the Act on Advancement of Measures to Support Raising Next-Generation Children, the Company set the following goals:

- Increase the number of female managers to 80 by FY March 2026 (approximately four times the number in FY March 2015)
- Increase the number of male employees who take childrearing leave to 80 annually by FY March 2026 (approximately two times the number in FY March 2021)

Employment and Empowerment of Those with Special Needs*5

Since FY March 2015, the Company has also registered itself with the "special support school employment support unit Hiroshima"*3 to carry out the internship program for intellectually challenged students, as part of its collaboration with the local community to promote employment of people with special needs.

Extending the Retirement Age*5

Mazda has overhauled its retirement system and, beginning in April 2022, raised the retirement age in stages, eventually extending it to 65 in FY March 2031, and has implemented related measures.*4

Through the implementation of these measures, the Company has established a system in which all employees of all generations, regardless of age, can make the most of their potential and continue to play active roles with a sense of motivation.

*1 Countries/regions where Mazda Group companies are located.
*2 The Personal Development Committee (PDC) comprises four committees: PDC1, 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.
*3 A program to promote the employment of special school students through collaboration between local companies and Hiroshima Prefecture.
*4 Review of the re-employment system for the employees reaching the retirement age, introduction of retirement age options, etc.
*5 Non-consolidated activities of Mazda.

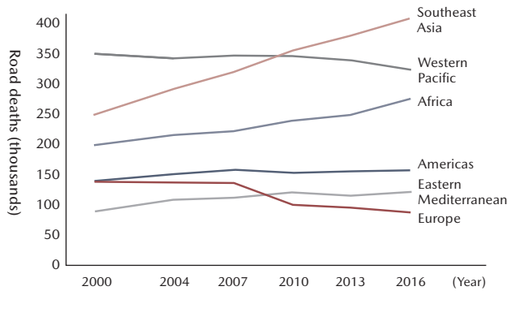
Initiatives to Realize an Automotive Society that Offers Safety and Peace of Mind

Recognizing Social Issues

The number of traffic fatalities has been leveling off or decreasing in developed countries. In emerging countries, however, the number has been on the rise along with the progress of motorization (widespread use of private passenger cars). As of 2016, the annual number of people killed in traffic accidents reached approximately 1.35 million worldwide.

The automotive industry is working to promote vehicle safety measures with a view to reducing the number of fatal road traffic accidents to zero by securing the safety of pedestrians and vehicle occupants, preventing serious accidents, and encouraging the effective and proper use of autonomous driving-related technologies.

Trends in the number of traffic fatalities worldwide (2000-2016)



The above graph was created by Mazda, based on the graph in the following URL, in accordance with the guidelines of the World Health Organization (WHO): "Death on the Road Based on the WHO Global Status Report on Road Safety 2018," World Health Organization. https://extranet.who.int/roadsafety/death-on-the-roads/#trends/

Mazda's Approach to Resolving Issues

Reasons for Addressing Social Issues

Around 2030, Mazda expects that advanced safety technology will have further evolved and become widespread, which will lead to a declining number of traffic accidents and help realize a society where people can move safely with peace of mind on a global basis.

With the goal of realizing an automotive society without traffic accidents, Mazda aims to create a system that enriches people's lives by offering unrestricted mobility to people everywhere.

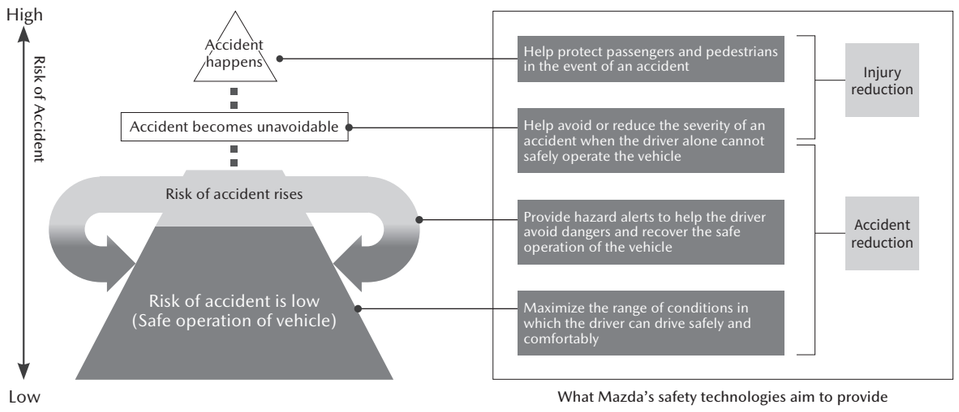
Mazda Proactive Safety

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

To drive safely it is essential to recognize potential hazards, exercise good judgment and operate the vehicle in an appropriate fashion. Mazda aims to support these essential functions so that drivers can drive safely and with peace of mind, despite changing driving conditions.

Since drivers are human beings, and human beings are fallible, Mazda offers a range of technologies which help to prevent or reduce the damage resulting from an accident.

Mazda Proactive Safety: Mazda's Safety Philosophy

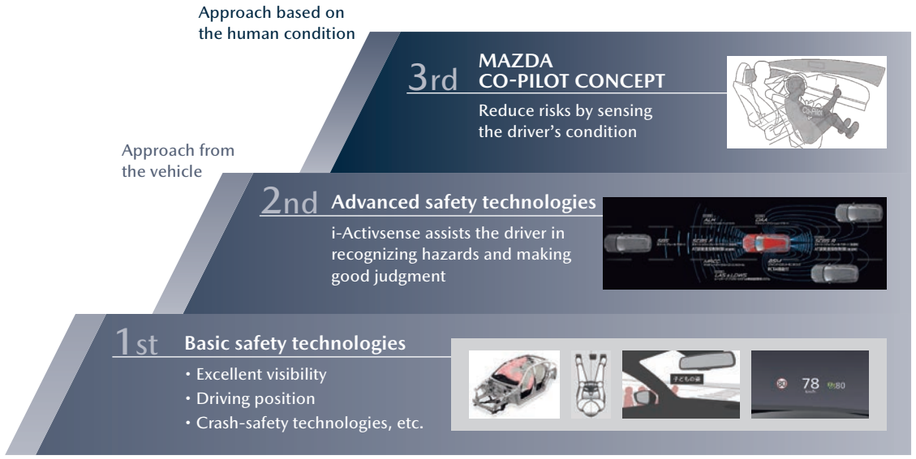


Examples of Specific Initiatives

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

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

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



Supporting Drivers to Take the Ideal Driving Position

Mazda believes that an ideal driving position not only allows drivers to properly control a vehicle, but also can improve handling in emergency collision avoidance maneuvers and reduce damage to occupants should a collision occur. The CX-60 has incorporated an automatic driving position guide so that many more people can drive the car in the driving position that is Mazda considers ideal.*

Mazda Co-Pilot Concept

The Mazda Co-Pilot Concept is Mazda's unique concept for human-centered advanced driving support technology. Based on this concept, people enjoy driving and are revitalized mentally and physically through the process. Meanwhile, the car knows all the movements of the driver and the car is driving "virtually" in the background at all times. If the unexpected occurs, such as the driver suddenly losing consciousness, the car takes control to help prevent an accident and reduce potential injuries. It also automatically contacts emergency services and drives to a safer location.

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

*Some grades only.

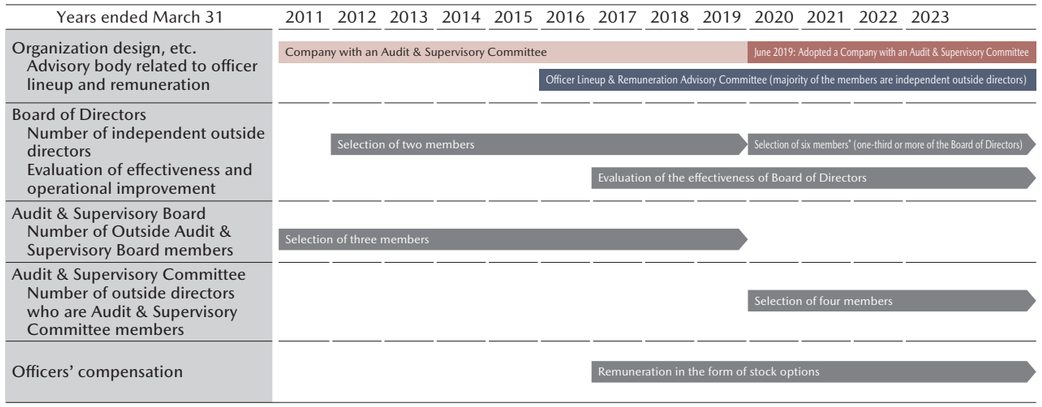
Corporate Governance

Basic Approach

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

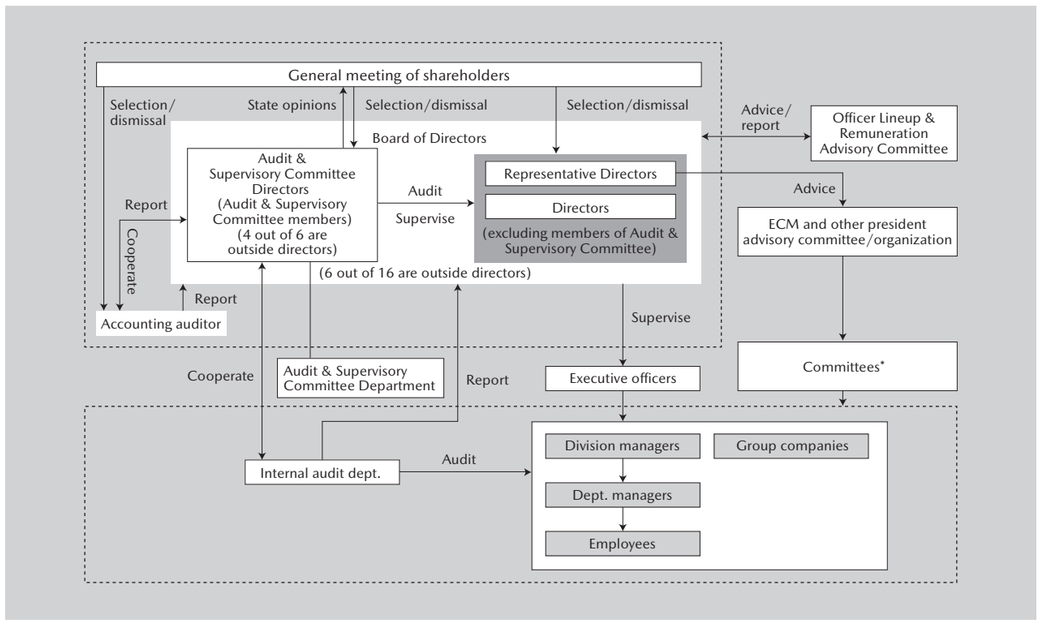
The Company's surrounding business environment is undergoing rapid changes. In order to enable faster business decision-making, further enhance discussion of management strategies and strengthen supervisory functions of Board of Directors, Mazda has adopted a Company with an Audit & Supervisory Committees structure.

Changes in Initiatives to Strengthen Corporate Governance



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

Corporate Governance Framework



*Risk & Compliance Committee, company-wide information security meetings, etc.

Mazda implements all principles of the Corporate Governance Report. Please see the Corporate Governance Report for details.
URL: https://www.mazda.com/en/investors/library/governance/

Officer Lineup & Remuneration Advisory Committee

The Company has established an Officer Lineup & Remuneration Advisory Committee in order to enhance the transparency of the process for nominating and appointing executive officers and determining their remuneration, as an advisory body to the Board of Directors. The committee is made up of two representative directors and six outside directors and chaired by a representative director. The committee reports to the Board of Directors the results of its deliberation on matters such as officer lineup and policies regarding the selection and training of directors, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term.

Organizational Affiliation

As of the end of June 2022

Board of Directors (Including members of Audit & Supervisory Committee)	Number	16 (Inside Directors: 10, Outside Directors: 6), including 2 female directors
	Ratio of Outside Directors	37.5%
	Ratio of Female Directors	12.5%
Audit & Supervisory Committee	Number	6 (Inside Directors: 2, Outside Directors: 4), including 1 female director
Officer Lineup & Remuneration Advisory Committee	Number	8 (Inside Directors: 2, Outside Directors: 6), including 2 female directors
	Ratio of Outside Directors	75.0%

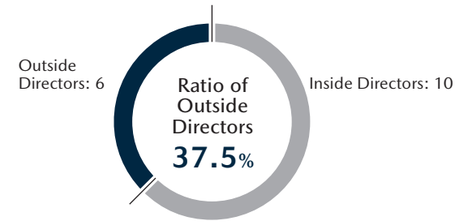
Analysis and Evaluation of the Effectiveness of the Board of Directors

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

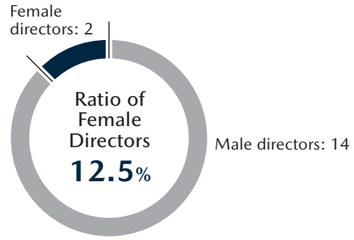
In FY March 2022, the survey primarily covered the constitution of the Board of Directors, debate on the business strategy, debate on compliance and internal control, the provision of information (the amount of information, materials, explanations, and support for outside directors), and involvement in the debate. Additionally, results were inspected regarding the objectives of the transition to a Company with an Audit & Supervisory Committee, namely improved management decision-making speed, enhanced deliberation among the Board of Directors, and the strengthened supervisory function of the Board of Directors. Consequently, it was found that members of the Board of Directors were properly involved in determining the Company's business strategy and share an understanding of its content, that outside directors and corporate auditors expressed their opinions from an independent perspective after gaining an understanding of the Company's situation by receiving explanations of resolutions in advance and other forms of support, and that the oversight function of the execution of operations was ensured.

Additionally, it was confirmed that the matters were thoroughly discussed by securing ample time, that decision-making speed had been improved by delegating the Board of Directors' authorities to representative directors within an appropriate scope based on the Company's Articles of Incorporation. On the other hand, to achieve full-scale growth steadily in the future as the surrounding business environment grows more severe, it is necessary to further enhance the deliberation at the Board of Directors and strengthen the supervisory function. With this understanding, all directors confirmed their commitment to continue strengthening the monitoring of key business areas including the management strategy and enhancing deliberations on risks and profitability. The Company will analyze and evaluate the effectiveness of the Board of Directors every year and continue initiatives for constant improvements to raise corporate value in the medium to long term.

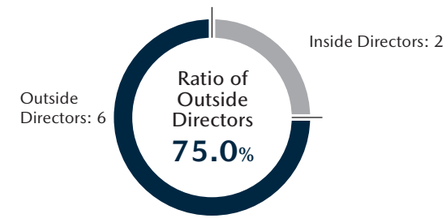
Independence of Board of Directors



Diversity of Board of Directors



Independence of Officer Lineup & Remuneration Advisory Committee



Corporate Governance

Skills Matrix of the Board of Directors

When nominating and appointing candidates for director or executive officers under the basic premise that they are healthy both physically and mentally, the Company will consider their professional and personal achievements, whether they have an appropriate attitude in regard to fulfilling the mandate of shareholders, customers and other stakeholders, high ethical standards, leadership qualities, the ability to take action, and the experience and ability to carry out their duties.

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

	Name and attribute*1	Job title	Organizational affiliation*2			Fields of experience and expertise*3									
			Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee	Management (executive experience)	Global business	Product planning / R&D	Manufacturing / Purchasing / Quality	Brand / Marketing / Sales	ESG	IT / DX	HR management / Personnel development	Legal / Risk management	Finance / Accounting
	Kiyotaka Shobuda 63; male	Representative Director and Chairman of the Board	●		●	●	●		●	●	●				
	Akira Marumoto 64; male	Representative Director, President and Chief Executive Officer (CEO)	●		●	●	●	●	●	●	●				
	Mitsuru Ono 63; male	Director and Senior Managing Executive Officer	●				●				●		●	●	●
	Akira Koga 60 ; male	Director and Senior Managing Executive Officer	●				●	●				●			●
	Masahiro Moro 61; male	Director and Senior Managing Executive Officer	●			●	●			●	●		●	●	
	Yasuhiro Aoyama 56; male	Director and Senior Managing Executive Officer	●			●	●	●		●					
	Ichiro Hirose 61; male	Director and Senior Managing Executive Officer	●				●	●			●				
	Takeshi Mukai 60; male	Director and Senior Managing Executive Officer	●				●		●		●				
	Kiyoshi Sato 66; male Independent Director Outside Director	Director	●		●	●	●			●	●	●			
	Michiko Ogawa 59; female Independent Director Outside Director	Director	●		●			●		●	●				
	Masatoshi Maruyama 65; male	Director Audit & Supervisory Committee Member (full-time)	●	●			●		●		●				
	Nobuhiko Watabe 63; male	Director Audit & Supervisory Committee Member (full-time)	●	●		●	●			●					●
	Ichiro Sakai 80; male Independent Director Outside Director	Director Audit & Supervisory Committee Member	●	●	●						●		●	●	
	Akira Kitamura 71; male Independent Director Outside Director	Director Audit & Supervisory Committee Member	●	●	●	●					●				●
	Hiroko Shibasaki 68; female Independent Director Outside Director	Director Audit & Supervisory Committee Member	●	●	●					●			●		
	Masato Sugimori 65; male Independent Director Outside Director	Director Audit & Supervisory Committee Member	●	●	●		●				●	●		●	●

∗1 The age is as of June 24, 2022.
∗2 ● in the “Organizational affiliation” column shows the person’s status as chairperson.
∗3 The “Fields of experience and expertise” column only shows each person’s major fields of experience and expertise, instead of providing complete information.

Remuneration System for Directors

At Mazda, remuneration for directors is determined through the following steps: 1) the Officer Lineup & Remuneration Advisory Committee confirms that the proposed calculation method and amount are appropriate in accordance with the determination policy; 2) the calculation method and amount are submitted to the Board of Directors for approval; and 3) the Board of Directors resolves to approve the calculation method and amount.

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

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

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

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

Basic remuneration	Remuneration paid in a fixed amount that is commensurate with each director’s rank and responsibilities
Performance-based remuneration	Remuneration whose amount is determined at the end of the fiscal year in accordance with how much the initial annual goals set based on the management plan have been achieved
Non-monetary remuneration	Remuneration in the form of stock options, which are annually allocated to each director in a number that is commensurate with their rank and responsibilities based on the fair stock price, aimed at incentivizing contributions toward enhancing corporate value over the medium and long term and enabling the directors to share benefits with shareholders

Performance-based Remuneration calculation method

The indicators used as the bases for remuneration calculation were consolidated net income attributable to owners of the parent and global sales volume for the fiscal year ended March 2021, and consolidated net sales and consolidated net income attributable to owners of the parent for the fiscal year ended March 2022. The amount of remuneration for each director (which is commensurate with their rank and responsibilities) is determined in proportion to the level of achievement of the indicator targets disclosed in the financial forecast for each fiscal year. In addition, remuneration includes a portion based on individual performance, whose amount is determined in proportion to the level of achievement of individual targets set at the beginning of the fiscal year.

Amounts of remuneration for directors

(FY March 2022)

Director category	Total amount of remuneration (million yen)	Amount of each type of remuneration (million yen)			Number of directors in the director category
		Basic remuneration	Performance-based remuneration	Non-monetary and other kinds of remuneration	
Directors (excluding outside directors and directors who are concurrently Audit & Supervisory Committee members)	491	375	45	71	8
Directors who are concurrently Audit & Supervisory Committee members (excluding outside directors)	75	75	–	–	3
Outside directors	96	96	–	–	7

∗The above includes one (1) director (excluding directors who are Audit & Supervisory Committee members) and two (2) directors who are Audit & Supervisory Committee members (one (1) of whom is an outside director), who retired at the conclusion of the 155th Ordinary General Meeting of Shareholders held on June 24, 2021.

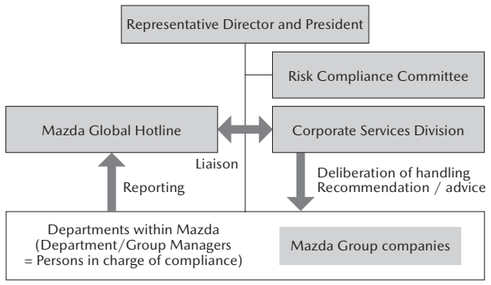
Compliance

Concept of 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. As part of its efforts to prevent corruption, Mazda presents its basic ideas on anti-corruption in the Guidelines on the Mazda Corporate Ethics Code of Conduct. Also, to promote highly transparent and fair transactions with all partner companies, Mazda has established the Guidelines on Entertainment and Gifts, which lays out the policy for prohibiting bribery. These guidelines are revised as needed to cope with changes in the social environment, social needs, etc. Overseas as well, Mazda not only complies with international regulations and the laws of each country and region, but also respects local history, culture, and customs. There were no fines or other incidents related to bribery in FY March 2022.

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

Compliance Promotion System



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

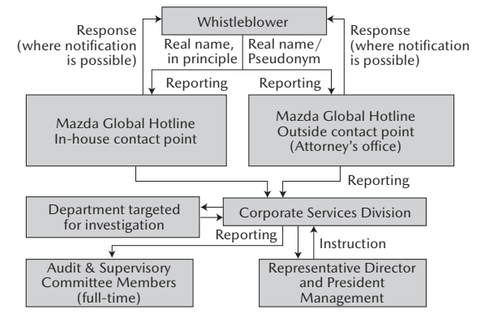
1. Comply with laws and regulations and the company rules. In a situation where such rules are not clearly defined, make a judgment considering their spirit.
2. Treat employees, customers and clients fairly and justly. Do not obtain from or give anybody an unjust benefit and/or favor taking advantage 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.

Examples of Specific Initiatives

Mazda Global Hotline

The Company has established the Mazda Global Hotline, as an in-house system to receive reports regarding non-compliance and other issues. With its contact points set up both inside the Company and outside (attorney's office), the hotline enables Mazda Group employees to choose a contact point to submit their reports to either under their real names or anonymously. The content of these reports is carefully handled, and the whistleblowers' confidentiality is completely protected. In so doing, Mazda takes sufficient follow-up measures to ensure that those who make reports to the hotline or who cooperate in an investigation will not be subject to unfavorable treatment. The Company has distributed the Compliance Card with the contact information to all employees on the occasion of compliance education. As part of its efforts to make the hotline better known to everyone, Mazda also puts up posters and implements e-learning programs.

Mazda Global Hotline



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.

In line with the changes in the social environment and social needs, the Company provides voluntary learning opportunities using e-learning, conducts compliance seminars by internal and external lecturers, and provides information on a timely manner to executives and middle managers of Mazda as well as Group company executives, thus continuing initiatives aimed at increasing awareness on the importance of compliance.

Compliance Education Themes (Example)

- Agreement
- Insider Stock Trading
- Act on Subcontracting
- Act against Unjustifiable Premiums and Misleading Representations
- Anti-Monopoly Act
- Security Export Control
- Non-Disclosure Agreement
- Anti-Corruption (entertainment and gifts)
- 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

Risk Management

Approach to Risk Management

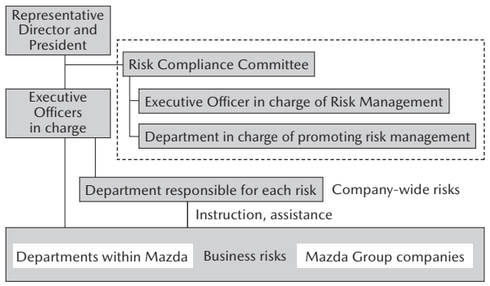
Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure continuous and stable progress of business activities.

Among the risks identified, considering the level of importance, individual business risks are managed by the department in charge of that business area while 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.

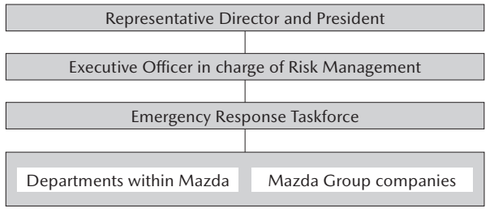
In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response taskforce when necessary.

Risk Management Structure

Risk Management Structure in Normal Times



Emergency Risk Management Structure



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

Response to Accidents and Other Emergencies

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

In addition, in preparation of large-scale disasters, the Company holds disaster drills jointly with fire authorities. Since FY March 2021, in addition to simultaneous evacuation drills, the Company has been conducting practical disaster drills to prevent the spread of damage to neighboring areas due to a secondary disaster, by incorporating disaster simulation exercises to respond to various emergency situations, such as the leakage of high-pressure gas or hazardous substances, as well as practical training.

Information Security

Mazda manages and protects personal information and other important information appropriately based on the established information management policies and internal regulations. The Company also checks the implementation status of information security measures and the management system each year, so as to ensure information security. As for the system to promote information security, a company-wide information security officer is appointed from directors, and under his/her initiative, the Information Security Committee, when recognizing cyber security risks across the entire supply chain, submits improvement plans to the Executive Committee Meeting and continuously implements the plan following deliberations. In addition, Mazda strives to enhance the quality of cyber security measures for its products by participating in the Japan and U.S. Auto-ISAC* and responding to information on security incidents detected within the industry as well as best practices. The Company also complies with the cyber security standards enforced in July 2022.

To raise employees' awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security.

Protection of Intellectual Property and Intellectual Property Risk Management

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

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

*Stands for the Automotive Information Sharing & Analysis Center. In addition to participating in the U.S Auto-ISAC, Mazda has participated in the Auto-ISAC of Japan (J-Auto-ISAC) as an executive member.

Interview with Outside Directors

Expecting Mazda's Sincere Efforts to Achieve Carbon Neutrality While Fully Demonstrating Its Strengths

Kiyoshi Sato Outside Director

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

Michiko Ogawa Outside Director

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

The Board of Directors of Mazda, which is a company with an audit & supervisory committee, comprises 16 members, six of whom are outside directors, including four outside directors who concurrently serve as Audit & Supervisory Committee members. Below is an interview with Mr. Kiyoshi Sato and Ms. Michiko Ogawa, both of whom are involved in the decision-making of the Board from their statuses independent from the execution of the Company's operations. Here they share how they value Mazda's management and governance, as well as their frank opinions.

Toward more advanced management and governance

—— First of all, how do you rate Mazda's governance and Board operation aimed at enhancing the Board's auditing function?

Sato I am now my fourth year of serving as an outside director. I recognize that all Board members are seriously committed to enhancing the governance system, including the operation of the Board, and that the Board is operated with great care while responding sincerely to the requirements imposed by the capital market on management. I especially highly rate Mazda's positive attitude toward offering necessary information and lectures to us as outside directors. The Company readily spares much time to explain not only proposals submitted to the Board for deliberations but also progress in the Medium-Term Management Plan and various initiatives. A sufficient amount of necessary information we can receive from the Company helps us deeply understand even highly technical matters, discuss them, and share our views on them. In addition, the Mazda executives listen attentively to us. I recognize that both the Board and management have a positive attitude toward listening carefully to outside opinions.

Ogawa I assumed the position of outside director at the same time of Mr. Sato. I have similar recognition to his of the Board's attitude toward its own operation. I am deeply impressed by discussions focusing on brand value management. I recognize that, as shown in the Medium-Term Management Plan, which includes investment for brand value improvement and curbing expenses that depreciate brand value as important measures, real commitment to discussions and action from the perspective of brand value creation permeates the entire Company. The concept of "brand value management" is utilized not only in the activities of each division, such as R&D, manufacturing and sales, but also in the internal activities of cross-functional teams (CFTs), which take action beyond organizational borders while maintaining each division's initiative. I have the impression that, even in the current era of drastic changes in the automotive industry, represented by the term "CASE" (connected technology, autonomous driving technology, shared services, and electrification technology), the Company's consistent vision of enhancing its brand value and corporate value in an integrated manner is reflected in its overall business activities and monitoring by the Board.

Mazda's initiative to provide solutions to "Earth" issues

—— Amid an accelerating general trend toward combating climate change and decarbonized society, Mazda has declared that it will achieve the carbon neutrality of all its plants worldwide by 2035. How do you rate Mazda's initiatives to provide solutions to "Earth" issues?

Sato The Board has continued concrete, in-depth discussions about how carbon neutrality can be achieved. Mazda's broad principle on this challenge build on the three pillars of energy conservation, the introduction of renewable energy, and the introduction of electric vehicles (hereinafter, EVs) and next-generation fuels. For the introduction and more widespread use of renewable energy in the manufacturing field in particular, Mazda's Head Office and Hofu Plant cooperate with local governments and companies in the Chugoku Region in the activities of the Carbon Neutrality Promotion Council. Moreover, at its overseas manufacturing sites in Mexico, Thailand, the U.S., etc., the Company has pursued optimal decarbonization action modeled after the energy transition initiative that it has implemented in collaboration with the local communities in Japan. These specific activities characterize Mazda's initiative for carbon neutrality. That initiative certainly still includes challenges to be solved in terms of its details and speed, but it has made significant progress in some specific measures, including not only installing solar power generation equipment in the Hiroshima Plant, but also using the power generated at the plant to charge lithium-ion batteries for EVs planned to be manufactured at the same plant. I highly rate these activities as evidence for the Company's serious commitment to achieving carbon neutrality. I hope that such activities will further expand.

Ogawa Carbon neutrality is a "must-pursue" agenda item for every company around the world. I would say that Mazda's distinctive feature in product strategy lies in its original perspective of decarbonization throughout its value chain and its resulting overall approach toward that. I highly value Mazda's vision of taking steady steps toward decarbonization by fully leveraging its own strengths and contributory technologies based on a deep understanding of different regulations, needs, energy-related circumstances, etc., in respective countries and regions while capturing the global trend toward decarbonization and electrified mobility.

Sato Mazda has certainly devoted all-out efforts to developing EVs, but country- or region-specific regulations have been imposed one after another at an increasing speed in the U.S., Europe and other regions. Some people say that automotive manufacturers will be allowed to sell EVs alone after all. Meanwhile, there are still uncertainties over battery technologies and standards. Although lithium-ion batteries are currently the mainstream, there is concern about a shortage of raw material resources in light of future global demand for this kind of battery. The prices of EV batteries are now rising sharply. In addition, even developed countries still have only insufficient infrastructure for EV charging, and there is still a wide gap between governmental environmental policies and various actual energy-related issues. A report given to the Board in consideration of the likelihood of a considerable delay in the energy transition and EV shift around the world, excluding some countries and regions, suggests the possibilities of adopting a realistic decarbonization approach of maintaining non-EV choices based on the most advanced existing environmental technology and energy source.

Ogawa Mazda expresses this approach as "Multiple-Solution," which some people may misunderstand as an omnidirectional defensive stance. However, in the current business environment characterized by rapid

Interview with Outside Directors

changes and uncertainties about the future, the flexible strategy of working toward multiple solutions based on Mazda's proprietary technologies may be rather effective for a wide dynamic range of themes, being in a good balance between defense and offense. In addition, the composition of Mazda's product lineup is so logical in terms of size and other factors that it provides an ideal platform for materializing multiple solutions or a favorable architecture for applying the Company's technologies to real products. Therefore, I believe that this approach will not only allow Mazda to return and think again whenever a situational change needs it but also offer concrete solutions to social issues.

Mazda's initiative to provide solutions to "People" issues

— The revised Corporate Governance Code has an additional principle of "Ensuring Diversity in the Appointment of Core Human Resources," with increasingly greater attention to human capital. What advice would you give to Mazda on maximizing the value of its human capital?

Sato Many Japanese companies have been left behind by overseas companies in ensuring diversity in the appointment of core human resources. Seen from my long experience in global business, Western countries -based companies are diverse in nature in the national or racial composition of their employees. Those companies achieve business growth by leveraging the diverse perspectives of their employees, who can speak in English as a common language even if it is not their native language. It is natural for overseas investors familiar with such an environment to recognize Japanese companies as slow in ensuring diversity in their human resources. I don't believe that achieving an adequate level of diversity is an easy challenge that Japanese companies can solve in a short time, and I even recognize that solving this challenge requires Japanese companies to transform their corporate culture. I hope that, as a company operating globally, Mazda will recruit more heavily from around the world to enhance the racial and national diversity of its employees. Like Senior Managing Executive Officer Jeffrey H. Guyton, who serves as President and CEO of Mazda Motor of America, Inc., many more excellent human resources from various countries and regions should be involved in corporate management and be allowed to share their ideas and views. A favorable organizational environment for that, I believe, will help improve Mazda's brand value globally. I would like to seek Ms. Ogawa's opinion about diversity in gender and other terms.

Ogawa I, myself have experienced various things as one of the few female engineers in Japan. Since Mazda's female employees may be also facing various difficulties, I am allowed to have opportunities for dialogue with them. Meanwhile, the values of customers today—individualized values rather than gendered values—are rapidly diversifying, resulting in drastic changes in the definition of the automobile itself and the requirements for future mobility space. I recognize that the Japanese manufacturing industry used to be a field where higher importance was placed on logical thought than ideas from the female perspectives of sensibility and emotions because it was believed that the logically explicable value of products' functions and performance could appeal to customers. However, the year 2000 or any point around it marked the threshold of a new era where no products or services relying only on their functions or performance could sell well any longer. Since then, the sentimental and emotional value of products and services has come into the focus of public attention, so promoting a technology has now required efforts to not only emphasize its functions but also broaden its appeal through a message that helps develop empathy between its creator and users. I believe that there can be a wider variety of approaches in the current era where digital networks and software are expected to be elastic. Reforms are necessary not only in the field of diversity but also in the mobility of human resources and career paths. Engineers should acquire perspectives necessary for innovation and diversify their own work styles by gaining wider experience in marketing, manufacturing and other fields, rather than building their careers only along an extension of their current work. At Mazda, the number of female executives has been growing though gradually, including the female program manager who leads the development of the Mazda MX-30. Moreover, young employees are strongly interested in the Sustainable Development Goals (SDGs) and full of energy for taking the initiative in achieving transformation toward the creation of social value in view of the future of not only automobiles, but also society and the planet. I believe that it is crucial to foster a more open corporate culture of proactively incorporating the values and ideas of such young employees into business activities.

— Mazda also aims to enhance customers' mental well-being with satisfaction with a car. What do you expect of Mazda in the future concerning its attitude and commitment toward respecting people, including its "human-centered development philosophy"? Would you offer any advice?

Sato Mazda's strong interest in people is represented by the concept of the "human-centered development philosophy," a *"jinba-ittai"* (sense of oneness between driver and vehicle), and "Zoom-Zoom." The Company has a very serious attitude toward both people and products, working to provide drivers with a wonderful feeling of mobility, expressed in such terms as "Joy of Driving," and to offer passengers a comfortable ride without carsickness and advanced safety functions. I recognize great significance in the Company's commitment to making a meaningful contribution to people and society through its own products and technologies.

Ogawa I recognize that, as represented by the concept of a *"jinba-ittai,"* Mazda engineers have been fiercely committed to living up to the human-centered design philosophy. It seems to me that their commitment is underpinned by their pride in providing drivers and passengers with a time of driving pleasure, which constitutes an important part of pleasure in life. I believe that Mazda and its people will maintain this pride as an automotive manufacturer toward the future. Meanwhile, in view of the world after one to two decades, I am interested in how the human system of feedback between the brain and the body will work on the individual in a car to bring them the pleasure of life against the background of ever-evolving AI and robotics technologies and a digital, virtual world such as the emerging metaverse. Therefore, I often ask Mazda development staff questions in this field. I also expect that Mazda will explore whether Joy of Driving will go beyond the scope of a single product to have an impact on the pleasure of life of a larger number of people and/or become integrated into value for society as a whole.

To enhance corporate value over the medium and long term

— Finally, can you give advice on the medium and long term enhancement of Mazda's corporate value?

Sato Enhancing its corporate value over the medium and long term requires Mazda to tackle two important challenges. One of the challenges is, as you may expect, performing brand value management. The Company has promoted efforts to solve this challenge for several years, making satisfactory progress therein. The value of newly launched cars has been fully recognized by customers around the world, increasing the number of Mazda fans. The other challenge is taking appropriate action on EVs. As I mentioned before, despite a shortage of raw materials for EV batteries, insufficient charging infrastructure, and other various problems, the current trend toward an EV shift will last long against the backdrop of the urgent social challenge of combating climate change. It will continue to be an important theme how Mazda can develop, provide, commercialize and market a new mode of mobility that can contribute to the achievement of carbon neutrality, regardless of whether it is based on EVs, hydrogen or biofuels. The business environment surrounding the automotive industry, including national and regional regulations, will continue to change around the world. I hope that Mazda will frequently review the Medium-Term Management Plan according to changes in the business environment while implementing it.

Ogawa I also recognize that Mazda has made significant progress in its initiative for brand value management in recent years. To further enhance its corporate value, the Company should place the highest priority on accelerating its initiative to achieve carbon neutrality. There has been a lifestyle shift from owning a car to using it only as necessary, mainly among younger generations. Taking into account such changes in values, I believe that one way to enhance corporate value is exploring how the Company can create new value together with the next generation and what will help foster empathy with the Company in those young people. In this sense, the Company should deliver clear messages on what value it will offer to society and the planet. Many young people quite naturally choose products and services from the companies whose values agree with theirs. Therefore, I believe that Mazda should not only share corporate messages but also devote further efforts to having dialogue with diverse stakeholders to inform them thoroughly of the social value that the Company desires to provide.

— Thank you very much for joining us today.

ESG Data

This section presents the results of major initiatives undertaken by Mazda and the Mazda Group through their business activities. The SASB TR-AU-code is included in the sections where the SASB Standards apply.

Environment

Greenhouse gas (GHG) emissions (Global) (Thousand t-CO_2e)*1 *2 *3

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Scope 1 (direct emissions)*4	137	135	119	96	95
Scope 2 (indirect emissions)*5	587	537	506	438	438
Scope 3 (other indirect emissions)*6 *7	35,954	37,027	36,336	31,603	29,797
Total	36,678	37,699	36,960	32,137	30,330

Scope of coverage Mazda Motor Corporation, 22 domestic consolidated Group companies and eight domestic equity-method Group companies, and 16 overseas consolidated Group companies*8 and five overseas equity-method Group companies

*1 Energy consumption and greenhouse gas emissions are calculated using the energy conversion factor and carbon emission factor based on the standards of the Japan Automobile Manufacturers Association, Inc. (JAMA) (Carbon Neutrality Action Plan).
*2 CO_2 emissions resulting from power consumption by overseas companies are calculated by applying the factor shown in the IEA Emission Factors 2019 issued by International Energy Agency (IEA).
*3 Figures for consolidated Group companies and equity-method Group companies are prorated based on the percentage equity stake held by Mazda.
*4 Scope 1: Direct emissions from consumption of fuels and industrial processes.
*5 Scope 2: Emissions associated with consumption of purchased heat/electricity (indirect emissions from energy consumption).
*6 Scope 3: Other indirect emissions excluding Scope 1 and 2.
*7 Calculated using Mazda's own calculation method, based on the Ministry of the Environment's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.
*8 FY March 2018 and FY March 2019: 15 companies; FY March 2020: 14 companies; FY March 2021: 15 companies; FY March 2022: 16 companies

Total amount of waste (t) (Global production sites)*1

SASB TR-AU-440b.1

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
In Japan	270,718	265,392	242,108	188,205	180,569
Overseas	47,168	42,868	38,828	32,589	32,259
Total	317,886	308,260	280,936	220,793	212,828

Scope of coverage Mazda Motor Corporation's four domestic production sites and the production sites of four domestic consolidated Group companies and four domestic equity-method Group companies and two overseas consolidated Group companies and four overseas equity-method Group companies

*1 Figures for consolidated Group companies and equity-method Group companies are prorated based on the percentage equity stake held by Mazda.

Amount of landfill waste, amount of recycled materials (t), recycling ratio (%) (Global production sites)*1

SASB TR-AU-440b.1

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Amount of landfill waste	1,902	1,422	1,619	1,144	1,073
Amount of recycled materials	298,270	289,019	264,702	208,331	202,006
Recycling ratio	94%	94%	94%	94%	95%

Scope of coverage Mazda Motor Corporation's four domestic production sites and the production sites of four domestic consolidated Group companies and four domestic equity-method Group companies and two overseas consolidated Group companies and four overseas equity-method Group companies

*1 Figures for consolidated Group companies and equity-method Group companies are prorated based on the percentage equity stake held by Mazda.

Resource Recycling Results (In Japan)

SASB TR-AU-440b.2 SASB TR-AU-440b.3

		FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Number of vehicles from which ASR is collected		148,570 units	147,994 units	150,235 units	137,818 units	129,770 units
Number of vehicles from which airbags are collected		128,090 units	131,255 units	131,975 units	125,020 units	118,837 units
Number of vehicles from which fluorocarbon is collected		139,709 units	137,325 units	133,798 units	127,292 units	118,939 units
Recycling ratio	ASR*1	98.2%	97.8%	95.9%	96.4%	96.5%
	Airbags	93.9%	94.2%	94.5%	95.0%	95.2%
Recycling ratio for ELVs*2		More than 99%	More than 99%	More than 99%	More than 99%	More than 99%
Total contracting deposits received		1,714,599,985 yen	1,736,604,673 yen	1,759,696,038 yen	1,647,855,677 yen	1,556,426,986 yen
Total expenses for recycling		1,472,141,715 yen	1,490,997,562 yen	1,583,175,933 yen	1,559,056,285 yen	1,482,568,896 yen

(Includes separate cost required at Mazda)

*1 Automobile Shredder Residue. It refers to the residue remaining after the crushing/shredding of what is left of the vehicle body following the removal of batteries, tires, fluids, and other parts requiring appropriate processing; the removal of engines, bumpers, and other valuable parts; and the separation and recovery of metals.
*2 Recycling ratio for ELVs is the recycling ratio in dismantling/shredder processes of around 83% (cited from the May 2003 joint council data), plus the remaining ASR ratio of 17% multiplied by the ASR recycling rate of the applicable fiscal year.

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

Amount of recycled parts (In Japan) (Bumpers)

SASB TR-AU-440b.2

	FY March 2018	FY March 2019	FY March 2020	FY March 2021	FY March 2022
Damaged bumpers	63,852	62,920	57,126	46,515	47,939

Scope of coverage Dealerships (excluding some) that have concluded a dealership agreement with Mazda Motor Corporation in Japan.

Society

Third Party Safety Evaluations

(As of end of July 2022)

		DEMIO/ MAZDA 2	MAZDA 3	ATENZA/ MAZDA 6	CX-3	CX-30	CX-5	CX-8	CX-9	MX-30	ROADSTER/ MX-5
Japan	J-NCAP*1 (Collision Safety Performance Tests)	5-Star (2014)	—*6	5-Star (2013)	5-Star (2015)	5-Star (2021)	5-Star (2017)	5-Star (2017)	—*5	—*6	—*6
	J-NCAP*1 (Advanced Safety Vehicle (ASV) Technology Assessment)	ASV+ (2014)	—*6	ASV+++ (2018)	ASV+++ (2018)		ASV+++ (2018)	ASV+++ (2018)	—*5	—*6	—*6
US	US-NCAP*2	—*5	5-Star (2022MY)	—*5	—*5	5-Star (2022MY)	5-Star (2022MY)	—*5	5-Star (2022MY)	5-Star (2022MY)	—*6
	IIHS*3	—*5	22TSP+	—*5	—*5	22TSP+	22TSP+	—*5	22TSP+	—*6	—*6
Europe	Euro-NCAP*4	5-Star*8 (2020)	5-Star (2019)	5-Star (2018)	—*6	5-Star (2019)	5-Star (2017)	—*5	—*5	5-Star (2020)	—*6

Recent Evaluations*7

SASB TR-AU-250a.1

		2022	Number of vehicle models receiving the highest possible rating/number of vehicle models evaluated
Japan J-NCAP*1 (Collision Safety Performance Tests)	5-Star	Not evaluated	—
US US-NCAP*2	5-Star	MAZDA 3, CX-30, CX-5, CX-9, MX-30	5/5
Europe Euro-NCAP*4	5-Star	Not evaluated	—

*1 Japan New Car Assessment Program: Vehicle collision safety performance evaluations conducted by the National Agency for Automotive Safety and Victims' Aid. For collision safety performance, 5-Star is the highest possible rating. For Advanced Safety Vehicle (ASV) Technology Assessment, ASV+++ is the highest possible rating (from 2018 to 2019).
*2 National Highway Traffic Safety Administration's 5-Star Safety Ratings program. 5-Star is the highest possible rating.
*3 Insurance Institute for Highway Safety: Safety performance evaluations by an independent, nonprofit organization funded by auto insurers. Top Safety Pick + (Plus) is the highest possible rating.
*4 European New Car Assessment Programme: An independent agency comprised of the transport authorities of European countries, etc. 5-Star is the highest possible rating.
*5 Not yet introduced as of the end of July 2022.
*6 Not evaluated.
*7 As of the end of July 2022. Excluding OEM vehicles
*8 Mazda2 Hybrid

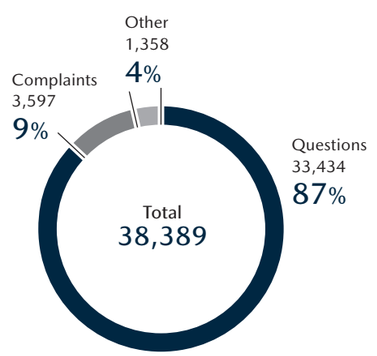
Number of Recalls (In Japan)

SASB TR-AU-250a.3

Unit	FY March 2022
Cases	5
10,000 vehicles	13.1

FY March 2022 Breakdown of Mazda Call Center Customer Responses by Type (In Japan)

SASB TR-AU-250a.2

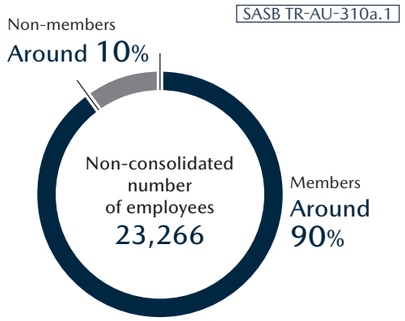


ESG Data

Society

Ratio of Mazda Motor Corporation employees who are the member of Mazda Workers' Union in FY March 2022

SASB TR-AU-310a.1



Number of collective labor disputes within the Mazda Group in FY March 2022

SASB TR-AU-310a.2

0

Average salary by gender
(Non-consolidated, in April 2022)

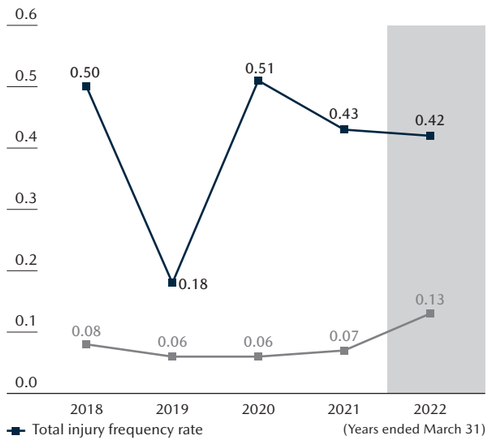
	Male	Female
Middle management and above positions	638,835 yen	599,791 yen
General employees	308,379 yen	295,038 yen

Female managers
(Non-consolidated, results as of the end of each fiscal year)

	FY March 2020	FY March 2021	FY March 2022
Number of female managers (middle management and above)	52	52	55
Percentage of female managers* (middle management and above)	3.6%	3.6%	3.9%

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

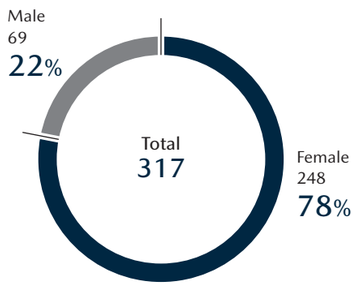
Injury Frequency Rate (Non-consolidated)



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

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

Ratio of employees who took child-rearing leave in FY March 2022 (Ratio by gender)



Company Profile

Company name	Mazda Motor Corporation
Founded	January 30, 1920
Head office	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan
Representative	Akira Marumoto, Representative Director; President and CEO
Main business	Manufacture and sales of passenger cars and commercial vehicles
Stock information	Authorized: 1,200,000,000 Share issued: 631,803,979 Number of shareholders: 142,780

Major shareholders (As of March 31, 2022)

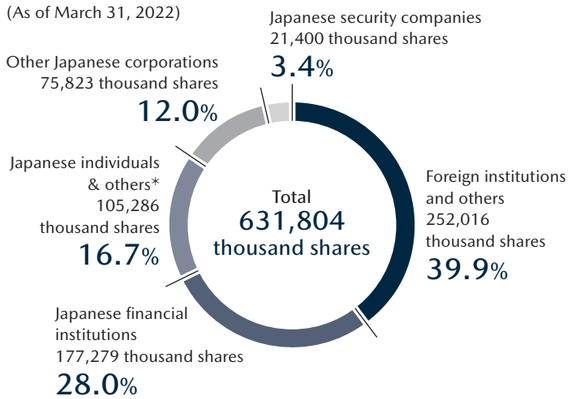
Shareholder name	No. of shares held (Thousands of shares)	Ratio (%)
• The Master Trust Bank of Japan, Ltd. (Trust)	100,418	15.94
• Toyota Motor Corporation	31,928	5.07
• Custody Bank of Japan, Ltd. (Trust)	27,795	4.41
• NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	18,343	2.91
• NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	10,803	1.72
• Sumitomo Mitsui Banking Corporation	10,191	1.62
• STATE STREET BANK WEST CLIENT TREATY - 505234	10,103	1.60
• SSBTC CLIENT OMNIBUS ACCOUNT	8,853	1.41
• JPMorgan Securities Japan Co., Ltd.	7,784	1.24
• JP MORGAN CHASE BANK 385781	6,884	1.09

*The calculation for the shareholding ratio excludes treasury stock (1,932,167 shares).

Capital	284 billion yen
Employees	Non-consolidated total: 23,266 (Male: 20,917, Female: 2,349)*1 Consolidated total: 48,750*2
Research and development sites	Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (U.S.A), Mazda Motor Europe (Germany), China Engineering Support Center (China)
Production sites	Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant Overseas: China, Thailand, Mexico, U.S.A., Vietnam,*3 Malaysia,*3 Russia*4
Sales Companies	Japan: 199, Overseas: 135
Principal products	Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, automatic and manual transmissions for vehicles

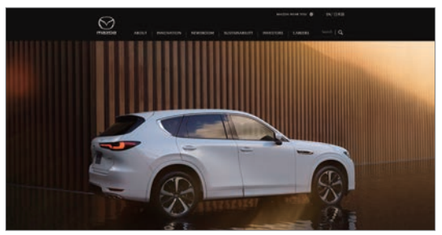
*1 The "Non-consolidated" numbers exclude the number of employees dispatched to Mazda Motor Corporation from other companies, but includes the number of Mazda Motor Corporation employees dispatched to other companies.
*2 The "Consolidated" numbers excludes the number of Mazda Group employees dispatched to companies outside the Group, but includes the number of employees dispatched to Mazda Group companies from outside the Group.
*3 Assembly only (Volume is not disclosed.)
*4 Mazda has signed a contract to transfer the entire investment of the Company in Mazda Sollers Manufacturing Rus LLC to SOLLERS PJSC in October 2022.

Breakdown of Shareholders
(As of March 31, 2022)



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

Mazda Official Website
https://www.mazda.com/en



Major Affiliates

as of March 31, 2022

Consolidated Subsidiaries (71)

Company name	Country/region	Mazda's share	Business
Mazda Motor of America, Inc.	Irvine, California, U.S.A.	100.0%	Distribution of vehicles and parts
Mazda Canada Inc.	Richmond Hill, Ontario, Canada	100.0%	Distribution of vehicles and parts
Mazda Motor de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.0%	Distribution of vehicles and parts
Mazda Servicios de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	100.0%	Outsourced services for Mazda Motor de Mexico
Mazda Motor Manufacturing de Mexico, S.A. de C.V.	Salamanca, Guanajuato, Mexico	100.0%	Production and sales of vehicles
Mazda Motor (Deutschland) GmbH	Leverkusen, North Rhine-Westphalia, Germany	100.0%	Distribution of vehicles and parts
Mazda Motor Logistics Europe N.V.	Willebroek, Antwerp, Belgium	100.0%	Distribution of vehicles and parts
Mazda Motor Europe GmbH	Leverkusen, North Rhine-Westphalia, Germany	100.0%	Overall management of business in Europe
Mazda Automobiles France S.A.S.	Saint-Germain-en-Laye, France	100.0%	Distribution of vehicles and parts
Mazda Motors UK Ltd.	Dartford, Kent, U.K.	100.0%	Distribution of vehicles and parts
Mazda (Suisse) S.A.	Petit-Lancy, Switzerland	100.0%	Distribution of vehicles and parts
Mazda Motor de Portugal Lda.	Lisbon, Portugal	100.0%	Distribution of vehicles and parts
Mazda Motor Italia S.r.l.	Rome, Italy	100.0%	Distribution of vehicles and parts
Mazda Automoviles Espana, S.A.	Madrid, Spain	100.0%	Distribution of vehicles and parts
Mazda Austria GmbH	Klagenfurt, Austria	100.0%	Distribution of vehicles and parts
Mazda Motor Rus, OOO	Moscow, Russia	100.0%	Distribution of vehicles and parts
Mazda Australia Pty Ltd.	Mulgrave, Victoria, Australia	100.0%	Distribution of vehicles and parts
Mazda Motor of New Zealand Ltd.	Auckland, New Zealand	100.0%	Distribution of vehicles and parts
Mazda Sales (Thailand) Co., Ltd.	Bangkok, Thailand	96.1%	Distribution of vehicles and parts
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Chonburi, Thailand	100.0%	Production and sales of vehicles
Mazda Malaysia Sdn. Bhd.	Selangor, Malaysia	70.0%	Production (consignment) and sales of vehicles
Mazda Motor (China) Co., Ltd.	Shanghai, China	100.0%	Overall management of business in China
Mazda Motor Taiwan Co., Ltd.	Taipei, Taiwan	100.0%	Distribution of vehicles and parts
Mazda Southern Africa (Pty) Ltd.	Johannesburg, Republic of South Africa	70.0%	Distribution of vehicles and parts
MAZDA DE COLOMBIA S.A.S	Bogotá, Colombia	100.0%	Distribution of vehicles and parts
Mazda Chuhan Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	100.0%	Sales of used cars
Mazda Ace Co., Ltd.	Fuchu-cho, Aki-gun, Hiroshima	100.0%	Security, accident prevention, insurance sales, and engineering operations
Mazda Logistics Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	100.0%	Transportation of vehicles and parts
Kurashiki Kako Co., Ltd.	Kurashiki-shi, Okayama	75.0%	Production and sales of vehicle parts
Mazda Engineering & Technology Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	100.0%	Commissioned vehicle development, and manufacturing and distribution of special use vehicles
Mazda Parts Co., Ltd.	Higashi-ku, Hiroshima-shi, Hiroshima	100.0%	Sales of parts
Hakodate Mazda Co., Ltd.	Hakodate-shi, Hokkaido	100.0%	Distribution of vehicles and parts
Tohoku Mazda Co., Ltd.	Miyagino-ku, Sendai-shi, Miyagi	100.0%	Distribution of vehicles and parts
Fukushima Mazda Co., Ltd.	Koriyama-shi, Fukushima	100.0%	Distribution of vehicles and parts
Kitakanto Mazda Co., Ltd.	Mito-shi, Ibaraki	100.0%	Distribution of vehicles and parts
Koushin Mazda Co., Ltd.	Nagano-shi, Nagano	100.0%	Distribution of vehicles and parts
Kanto Mazda Co., Ltd.	Itabashi-ku, Tokyo	100.0%	Distribution of vehicles and parts
Shizuoka Mazda Co., Ltd.	Suruga-ku, Shizuoka-shi, Shizuoka	100.0%	Distribution of vehicles and parts
Tokai Mazda Sales Co., Ltd.	Mizuho-ku, Nagoya-shi, Aichi	100.0%	Distribution of vehicles and parts
Hokuriku Mazda Co., Ltd.	Nonoichi-shi, Ishikawa	100.0%	Distribution of vehicles and parts
Keiji Mazda Co., Ltd.	Minami-ku, Kyoto-shi, Kyoto	100.0%	Distribution of vehicles and parts
Kansai Mazda Co., Ltd.	Naniwa-ku, Osaka-shi, Osaka	100.0%	Distribution of vehicles and parts
Nishi Shikoku Mazda Co., Ltd.	Matsuyama-shi, Ehime	100.0%	Distribution of vehicles and parts
Kyushu Mazda Co., Ltd.	Hakata-ku, Fukuoka-shi, Fukuoka	100.0%	Distribution of vehicles and parts
Minami Kyushu Mazda Co., Ltd.	Kagoshima-shi, Kagoshima	100.0%	Distribution of vehicles and parts
Okinawa Mazda Sales Co., Ltd.	Urasoe-shi, Okinawa	100.0%	Distribution of vehicles and parts
Others (25)	–	–	–

Equity Method Applied Companies (18)

Company name	Country/region	Mazda's share	Business
Mazda Toyota Manufacturing, U.S.A., Inc.	Huntsville, Alabama, U.S.A.	50.0%	Production and sales of vehicles
MAZDA SOLLERS Manufacturing Rus LLC (MSMR)*	Vladivostok, Russia	50.0%	Production and sales of vehicles
AutoAlliance (Thailand) Co., Ltd.	Rayong, Thailand	50.0%	Production and sales of vehicles
Changan Mazda Automobile Co., Ltd.	Nanjing, China	47.5%	Production and sales of vehicles
Changan Mazda Engine Co., Ltd.	Nanjing, China	50.0%	Production and sales of vehicle parts
Toyo Advanced Technologies Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	50.0%	Production and sales of machine tools
Japan Climate Systems Corporation	Higashihiroshima-shi, Hiroshima	33.3%	Production and sales of vehicle parts
Yoshiwa Kogyo Co., Ltd.	Kaita-cho, Aki-gun, Hiroshima	33.3%	Production and sales of vehicle parts
Sanfrecce Hiroshima FC.	Naka-ku, Hiroshima-shi, Hiroshima	17.1%	Professional soccer team
Mazda Processing Chugoku Co., Ltd.	Aki-ku, Hiroshima-shi, Hiroshima	29.0%	Pre-delivery inspection and attachment of vehicle accessories
Mazda Credit, Inc.	Kita-ku, Osaka-shi, Osaka	47.5%	Automotive retail finance
MCM Energy Service Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	40.0%	Steam and electricity supply
Mazda Parts Sales Hiroshima Co., Ltd.	Saka-cho, Aki-gun, Hiroshima	33.3%	Sales of vehicle parts
Others (5)	–	–	–

*Mazda has signed a contract to transfer the entire investment of the Company in MSMR to SOLLERS PJSC in October 2022.

Major Product Lineup

MAZDA 2

Global Sales Volume
87 thousand units

Sales market
J N E C O

Production bases
J N O

MAZDA 3

Global Sales Volume
230 thousand units

Sales market
J N E C O

Production bases
J N C O

MAZDA 6

Global Sales Volume
61 thousand units

Sales market
J N E C O

Production bases
J E C O

MAZDA CX-3

Global Sales Volume
61 thousand units

Sales market
J N E O

Production bases
J O

MAZDA CX-30

Global Sales Volume
213 thousand units

Sales market
J N E C O

Production bases
J N C O

MAZDA CX-4

Global Sales Volume
17 thousand units

Sales market
C

Production bases
C

MAZDA CX-5

Global Sales Volume
388 thousand units

Sales market
J N E C O

Production bases
J E C O

MAZDA CX-8

Global Sales Volume
28 thousand units

Sales market
J C O

Production bases
J C O

MAZDA CX-9

Global Sales Volume
61 thousand units

Sales market
N E O

Production bases
J E

MAZDA MX-30

Global Sales Volume
16 thousand units

Sales market
J N E O

Production bases
J

MAZDA MX-5

(Japanese name: Mazda Roadster)

Global Sales Volume
26 thousand units

Sales market
J N E O

Production bases
J

MAZDA CX-50

Launched in North America in spring 2022

MAZDA CX-60

Launched globally starting from Europe in summer 2022

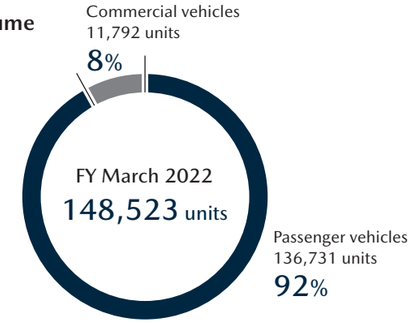
Sales markets and production bases
J Japan N North America E Europe
C China O Other

*Global sales volume is for fiscal year March 2022; sales markets and production bases are as of March 31, 2022
*Vehicle specifications differ by market.

Activities by Region | Japan

as of March 31, 2022

Sales volume



Dealerships and outlets

Dealerships	Outlets (for either new or used cars)
199	928

R&D sites

Region	Name	Location	Activities
Japan	Headquarters, R&D Divisions	Fuchu-cho, Aki-gun, Hiroshima	・Product and engineering planning ・Design development ・Product development ・Advanced research for significant new technology
	Mazda R&D Center (Yokohama) (MRY)	Yokohama-shi, Kanagawa	・Product and engineering planning ・Advanced research for significant new technology

Comprehensive vehicle proving grounds

Name	Location	Start of operations	Land area	Activities
Miyoshi Proving Ground	Hiroshima, Japan	June 1965	1,702,000 m²	Mazda's main proving ground used to develop basic vehicle functionality for driving, cornering, and stopping. Also, contributes to comfortable and safe vehicle engineering by proving test areas for stability tests, crash tests, and durability tests.
Mine Proving Ground	Yamaguchi, Japan	May 2006	753,000 m²	Proving ground with a test course, which is unavailable at the Miyoshi Proving Ground, contributing to product improvement through marginal checks on steering stability and other processes.
Hokkaido Kenbuchi Proving Ground	Hokkaido, Japan	January 1990	4,700,000 m²	Technology development and functional tests on frozen roads of systems, such as 4WD, ABS, TCS*1 and DSC*2 that ensure safe driving under hazardous frozen/snow conditions.
Hokkaido Nakasatsunai Proving Ground	Hokkaido, Japan	January 2002	260,000 m²	Mazda's second proving ground in Hokkaido is for developing vehicle functions for differing conditions in various climates. Mainly performs development tests for safe-driving systems, such as ABS, TCS, and DSC under frozen conditions.

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

Production sites

Location	Name	District		Products	Start of operations
Fuchu-cho, Aki-gun, Hiroshima	Hiroshima Plant	Head Office		Gasoline reciprocating engines, diesel engines, manual transmissions	March 1931
		Ujina district	Ujina Plant No. 1 (U1)	CX-30, CX-5, CX-8, CX-9,*3 MX-30, MX-5	November 1966
			Ujina Plant No. 2 (U2)	MAZDA 6, CX-5	December 1972
Miyoshi-shi, Hiroshima	Miyoshi Plant			Gasoline reciprocating engines, diesel engines	December 1964
				Gasoline reciprocating engines, diesel engines	May 1974
Hofu-shi, Yamaguchi	Hofu Plant	Nishiura district	Hofu Plant No. 1 (H1)	MAZDA 2, MAZDA 3, CX-3, CX-30	September 1982
			Hofu Plant No. 2 (H2)	MAZDA 6, CX-5, CX-60	February 1992
		Nakanoseki district		Manual transmissions, automatic transmissions	December 1981

∗3 For export only

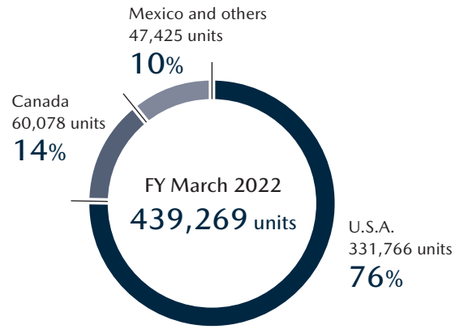
Activities by Region | North America

as of March 31, 2022

Mazda de Mexico Vehicle Operation (MMVO)

Mazda North American Operations (MNAO)

Sales volume



Regional headquarters

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

R&D sites

Country/ region	Name	Location	Primary business
U.S.A.	Mazda North American Operations (MNAO)*1	Irvine, California	• Technology and market trend studies in the North American market • Design development for the North American market • Evaluation of product conformity with North American market standards

Production facilities

Country/ region	Name	Location	Start of Mazda production	Number of employees	Primary products	Investment ratio
U.S.A.	Mazda Toyota Manufacturing, U.S.A., Inc. (MTM)	Huntsville, Alabama	January 2022	2,871	CX-50	Mazda: 50% Toyota: 50%
Mexico	Mazda de Mexico Vehicle Operation (MMVO)*2	Salamanca, Guanajuato	January 2014	5,200	MAZDA2, MAZDA3, CX-30	Mazda: 100%

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

History of MTM

2022

January
Started production of CX-50

History of MMVO

2011

September
Established MMVO together with Sumitomo Corporation

October
Held the groundbreaking ceremony

2014

January
- Started production of Mazda3
- Started production of SKYACTIV-G 2.0

February
Held the opening ceremony

July
Started double-shift operation

September
Started production of SKYACTIV-G 1.5

October
- Started production of Mazda2
- Started operations at engine machining factory
- Announced a plan to increase yearly production capacity to 250,000 units by FY March 2016

2015

April
Started production of SKYACTIV-D 1.5

June
Started production of compact cars for Toyota Motor Corporation

2017

January
Started production of SKYACTIV-G 2.5

2018

May
Started production of Mazda2 (sedan)

2019

January
Started production of new Mazda3 model

September
Started production of CX-30

2020

November
Mazda and Sumitomo Corporation agreed on the transfer of Sumitomo Corporation's shares in MMVO to Mazda

Major distributors

Country/ region	Name	Location	Established	Number of employees	Investment ratio
U.S.A.	Mazda Motor of America, Inc.	Irvine, California	February 1971	908	Mazda: 100%
Canada	Mazda Canada Inc.	Richmond Hill, Ontario, Canada	July 1968	175	Mazda: 100%
Mexico	Mazda Motor de Mexico Sales & Commercial Operation*3	Mexico City, Mexico	December 2004	95	Mazda: 100%

Numbers of markets and distributors

Market	Number of markets	Distributors	Dealerships
U.S.A.	1	1	544
Canada	1	1	164
Mexico	1	1	64

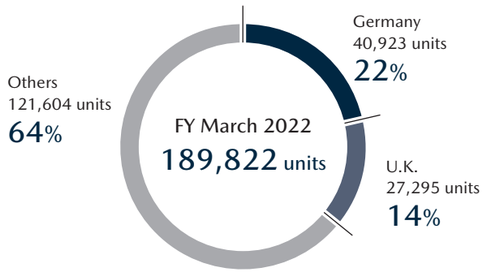
∗1 "Mazda North American Operations (MNAO)" is a trade name that encompasses both Mazda Motor of America, Inc. and Mazda Motor de Mexico, S. de R.L. de C.V.
∗2 Trade name for Mazda Motor Manufacturing de Mexico, S.A. de C.V.
∗3 Trade name for Mazda Motor de Mexico, S. de R.L. de C.V. and Mazda Servicios de Mexico, S. de R.L. de C.V.

Activities by Region | Europe

as of March 31, 2022

Mazda Motor Europe GmbH (MME)

Sales volume



Regional headquarters

Country/ region	Name	Location	Established	Number of employees	Primary business	Investment ratio
Germany	Mazda Motor Europe GmbH (MME)	Leverkusen, North Rhine-Westphalia	March 1998	229	Office Sales	Mazda Motor Logistics Europe N.V.: 100%
	(European R&D Centre)	Oberursel, Hesse	December 1987	74	R&D	
Belgium	Mazda Motor Logistics Europe N.V. (Vehicles and Parts Distribution Center)	Willebroek, Antwerp	August 1998	330	Office Logistics, Sales	Mazda: 100%

R&D sites

Country/region	Name	Location	Activities
Germany	Mazda Motor Europe GmbH (MME)	Oberursel, Hesse	• Technology and market trend studies in the European market • Design development for the European market • Evaluation of product conformity with European market standards

Production facilities

Country/ region	Name	Location	Start of Mazda vehicle production	Number of employees	Primary products	Investment ratio
Russia*	MAZDA SOLLERS Manufacturing Rus (MSMR)	Vladivostok, Primorsky Krai	October 2012	505	CX-5, CX-9, MAZDA6, Automotive engines	Mazda: 50% Sollers: 50%

*Mazda has signed a contract to transfer the entire investment of the Company in MSMR to SOLLERS PJSC in October 2022.

Major distributors

Country/ region	Name	Location	Established	Number of employees	Investment ratio
Germany	Mazda Motors (Deutschland) GmbH	Leverkusen, North Rhine-Westphalia	November 1972	186	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Austria	Mazda Austria GmbH	Klagenfurt	July 1981	114	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Portugal	Mazda Motor de Portugal Lda.	Lisbon	February 1995	15	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Italy	Mazda Motor Italia S.r.l.	Rome	December 1999	50	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Spain	Mazda Automoviles Espana, S.A.	Madrid	February 2000	53	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
France	Mazda Automobiles France S.A.S.	Saint-Germain-en-Laye	February 2001	47	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Switzerland	Mazda (Suisse) S.A.	Petit-Lancy	February 2001	39	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
U.K.	Mazda Motors UK Ltd.	Dartford, Kent	May 2001	123	Mazda: 75%; Mazda Motor Logistics Europe N.V.: 25%
Denmark	Mazda Motor Denmark	Rodovre	April 2003	17	Mazda Motor Logistics Europe N.V. branch
Norway	Mazda Motor Norge	Kolbotn	April 2004	17	Mazda Motor Logistics Europe N.V. branch
Sweden	Mazda Motor Sverige	Kungsbacka	April 2004	14	Mazda Motor Logistics Europe N.V. branch
Russia	Mazda Motor Rus, OOO	Moscow	December 2005	117	Mazda: 100%
Ireland	Mazda Motor Ireland	Dublin	July 2006	9	Mazda Motor Logistics Europe N.V. branch
Czech Republic	Mazda Motor CZ, s.r.o.	Prague	October 2006	16	Mazda Motor Logistics Europe N.V.: 100%
Slovakia	Mazda Motor Slovakia, s.r.o.	Bratislava	October 2006	6	Mazda Motor Logistics Europe N.V.: 100%
Belgium and Luxemburg	Mazda Motor Belux	Willebroek	April 2007	32	—
Hungary	Mazda Motor Hungary Kft.	Budapest	April 2008	12	Mazda Motor Logistics Europe N.V.: 100%
Croatia	Mazda Motor Croatia d.o.o.	Zagreb	April 2008	11	Mazda Motor Logistics Europe N.V.: 100%
Slovenia	Mazda Motor Slovenija d.o.o.	Ljubljana	April 2008	8	Mazda Motor Logistics Europe N.V.: 100%
Poland	Mazda Motor Poland Sp. z.o.o.	Warsaw	May 2008	29	Mazda Motor Logistics Europe N.V.: 100%
Turkey	Mazda Motor Logistics Europe N.V. Turkish Branch	Istanbul	June 2008	6	Mazda Motor Logistics Europe N.V. branch
Netherlands	Mazda Motor Nederland	Waddinxveen	October 2008	34	Mazda Motor Logistics Europe N.V. branch

Numbers of markets and distributors

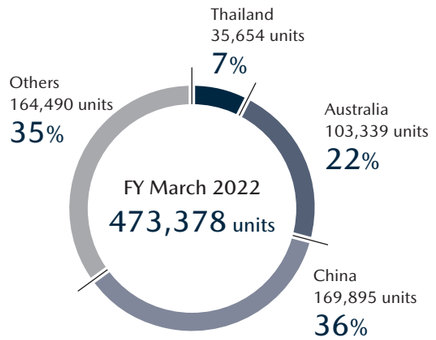
Market	Number of markets	Number of distributors	Number of dealers
Germany	1	1	466
U.K.	1	1	133
Other	38	24	1,342

Activities by Region | China, Thailand, Australia and Other Countries/Regions

as of March 31, 2022

AutoAlliance (Thailand)

Sales volume



Regional headquarters and companies

Country/region	Name	Location	Established	Number of employees	Primary business	Investment ratio
Thailand	Mazda South East Asia, Ltd. (MSEA)	Bangkok	August 2005	–	Overall management of business in the ASEAN region	Mazda: 100%
China	Mazda Motor (China) Co., Ltd. (MCO)	Pudong New District, Shanghai	January 2005	94	Overall management of business in China	Mazda: 100%
	Mazda Motor (China) Co., Ltd. Beijing Branch (MCO-Beijing)	Chaoyang District, Beijing	November 2007		Branch office of MCO	–
	Mazda Motor (China) Co., Ltd. China Engineering Support Center (MCO-CESC)	Jiading District, Shanghai	August 2005		Branch office of MCO: administration, workshops, market research and technology studies for the Chinese market, and technical support in the fields of R&D, purchasing, quality assurance and services	–

R&D sites

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

Production facilities

Country/region	Name	Location	Start of Mazda production	Number of employees	Primary products	Investment ratio
Thailand	AutoAlliance (Thailand) Co., Ltd. (AAT)	Rayong Province	May 1998 (Established in November 1995)	5,408	MAZDA2, MAZDA3, CX-3, CX-30	Mazda: 50% Ford: 50%
	Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (MPMT)	Chonburi Province	January 2015	838	Transmissions, engines	Mazda: 100%
China	China FAW Corporation Limited (FAW)	Changchun, Jilin Province	March 2003	–	MAZDA6, CX-4	Local: 100%
	Changan Mazda Automobile Co., Ltd. (CMA)	Nanjing, Jiangsu Province	October 2007	2,647	MAZDA3, CX-30, CX-5, CX-8	Changan Automobile: 47.5% Mazda Group: 47.5% FAW: 5%
	Changan Mazda Engine Co., Ltd. (CME)	Nanjing, Jiangsu Province	April 2007 (Established in September 2005)	996	Engines	Changan Automobile: 50% Mazda: 50%
Vietnam*1	Thaco Mazda Automobile Manufacturing Company	Nui Thanh District, Quang Nam Province	October 2011	–	MAZDA3, MAZDA6, CX-5, CX-8	Local: 100%
Malaysia*1	Mazda Malaysia Sdn. Bhd. (MMSB)	Shah Alam, Selangor	Established in September 2012*2	120	CX-5, CX-8	Mazda: 70% Local: 30%

*1 Assembly only (Volume is not disclosed.)
*2 New plant established in May 2018

History of AAT

1995
November Established

1998
November Started production of Mazda Fighter (B series)
December Started exports

2000
August Reached 100,000 BU units

2005
May Reached 500,000 BU units

2006
February Started production of 1st-generation BT-50

2007
July Reached a cumulative production volume of one million units

2009
July Opening ceremony held for new passenger vehicle plant
September Started production of Mazda2

2010
August Announced a plan to invest 350 million USD in a pickup truck plant

2011
February Started production of 2nd-generation Mazda3
May Started production of 2nd-generation BT-50

2012
May Increased the production capacity at pickup truck plant

2014
February Started production of 3rd-generation Mazda3

2015
October Started production of CX-3

2019
May Started production of new Mazda3
November Started production of CX-30

Activities by Region | China, Thailand, Australia and Other Countries/Regions

as of March 31, 2022

Production facilities

History of FAW

2003

April
FAW Car Co., Ltd. (FCC) started production of 1st-generation Mazda6

2014

April
FCC started production of Mazda6 Atenza

2016

March
FCC started production of the CX-4

2020

June
Made China FAW Corporation Limited (FAW) the outsourcing company instead of FCC

History of CMA

2001

April
Changan Ford Automobile Co., Ltd. (CAF) established by Changan Automobile and Ford

2005

January
- Obtained approval from the government to build a vehicle production plant in Nanjing as the second CAF plant
- Mazda announced a plan to join the project by investing in CAF

2006

February
Production of Mazda3 started at the CAF Chongqing Plant

March
- A three-company joint venture created after Mazda's investment in CAF
- Equity ratio: 50% (Changan Automobile), 35% (Ford), and 15% (Mazda)
- New company named Changan Ford Mazda Automobile Co., Ltd. (CFMA)

2007

September
Completion ceremony held at the CFMA Nanjing Plant

October
The production of Mazda started at the CFMA Nanjing Plant

2008

February
Capital investment in CFMA increased from 293.44 million USD to 351.44 million USD

2010

May
Moved production of Mazda3 from Chongqing Plant to Nanjing Plant

2011

August
- Increased production capacity at CFMA Nanjing Plant.
- Started production of 2nd-generation Mazda2

2012

November
Established Changan Mazda Automobile Co., Ltd. (CMA) after splitting CFMA

2013

June
Started producing of CX-5

2014

April
Started production of Mazda3 Axela

2018

April
Started production of CX-8

2019

August
Started production of new Mazda3

2020

April
Started production of CX-30

2021

July
Started production of the CX-30EV

Major distributors

Country/region	Name	Location	Established	Number of employees	Investment ratio
Thailand	Mazda Sales (Thailand) Co., Ltd.	Bangkok	June 1990	184	Mazda: 96.1% KKS: 3.9%
China	Changan Mazda Automobile Corporation, Ltd. Sales branch	Nanjing, Jiangsu Province	April 2007	308	Sales department of CMA
Taiwan	Mazda Motor Taiwan Co., Ltd.	Taipei	December 2013	50	Mazda: 100%
Australia	Mazda Australia Pty Ltd.	Mulgrave, Victoria	April 1967	316	Mazda: 100%
New Zealand	Mazda Motors of New Zealand Ltd.	Auckland	June 1972	40	Mazda: 100%
Columbia	Mazda de Colombia S.A.S (MCOL)	Bogotá	May 2014	69	Mazda: 100%
South Africa	Mazda Southern Africa (Pty) Ltd. (MSA)	Johannesburg	July 2013	41	Mazda: 70% Itochu Corporation: 30%

Numbers of markets and distributors

Region	Number of markets	Distributors	Dealerships
China	1	1	392
Australia	1	1	140
Thailand	1	1	133
Sum for other regions	119	106	1,352

MAZDA INTEGRATED REPORT 2022

Request for cooperation in answering our questionnaire survey
Your frank opinions and comments regarding the Mazda Integrated Report 2022 would be highly appreciated.

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

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Issued: January 2023