



SUSTAINABILITY REPORT 2017

(IN-DEPTH VERSION)



zoom-zoom

CONTENTS

2	Editorial Policy	61	Environmental Management
3	Corporate Vision	65	Efforts Regarding Product and Technology Development
4	Top Message Inspiring People Through Cars Sustainable with the Earth and Society	73	Efforts Regarding Manufacturing and Logistics
7	Feature Story 1 SKYACTIV-X Next-Generation Gasoline Engine: Our Contribution to Earth, People, and Society	81	Collection and Recycling of End-of-Life Vehicles (ELVs) and Used Parts
10	Feature Story 2 New CX-5 Crossover SUV: A Car for a Brighter Life	83	Biodiversity Conservation
14	FY March 2017 Highlights / Financial Information	84	Environmental communication
15	Major Product Lineup / Top 10 Markets in Global Sales for FY March 2017	86	Mazda's Corporate Activities and Impact on the Environment
16	Corporate Profile / Global Network	88	Respect for People
17	Mazda CSR	89	Initiatives with Employees
18	CSR Management	102	Human Rights
26	Stakeholder Engagement	105	Social Contributions
28	Customer Satisfaction	106	Social Contributions
29	Providing the Mazda Brand Experience to Customers	109	Management
37	Quality	110	Management
38	Commitment to Quality	121	Implementing CSR in the Supply Chain
43	Safety	124	For Shareholders and Investors
44	Safety Initiatives	126	Innovation
54	Environment	135	Major External Evaluations/Awards for FY March 2017
55	Basic Approach on Environmental Protection	136	History of Mazda
57	Mazda Green Plan 2020 Mid-term Environmental Plan	138	Third-Party Opinion
		139	Third-Party Verification
		140	Third-Party Assurance
		141	Table of Comparisons with Guidelines

Highlights of the Mazda Sustainability Report 2017

Top Message:

- Masamichi Kogai, Representative Director, President and CEO of Mazda, discusses his views on CSR and introduces some CSR initiatives linked to the company's business strategy.
- Details Mazda's new long-term vision for technology development "Sustainable Zoom-Zoom 2030" and the capital alliance with Toyota Motor Corporation.

Special Feature 1 SKYACTIV-X Next-Generation Gasoline Engine

- Introduces Mazda's new SKYACTIV-X that combines the advantages of gasoline and diesel engines and represents a step forward in our quest to make the ultimate combustion engine.

Special Feature 2 New CX-5 Crossover SUV

- Showcases the new CX-5, which honed the company's latest design and technology for more refined driving pleasure in every area

Initiatives based on SDGs:

Introduces initiatives that will help achieve the United Nation's 17 Sustainable Development Goals (SDGs)

Editorial Policy

- This report presents Mazda's CSR initiatives in the six areas—Customer Satisfaction, Quality, Safety, Environment, Respect for People, and Social Contributions—primarily regarding the targets and results of these initiatives.
- Social contribution initiatives in Japan and overseas are reported in Mazda Sustainability Report 2017 [Social Contribution Version.] (<http://www.mazda.com/en/csr/download/>)
- Aiming to satisfy the needs of readers, Mazda determined the editorial policy and content of this report in reference to the third party opinion and stakeholders' ideas and views obtained through the questionnaire survey and engagements with stakeholders.

Report Coverage

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

Period Covered: The report primarily covers the period from April 2016 through March 2017, although some activities after April 2017 are included.

Scope of the Report: Social, environmental, and economic data are included in this report.

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

Referenced Guidelines

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

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

Japanese version: September 2017 (The previous report was published in August 2016; the next report will be published in the summer of 2018).

* The 2017 digest version (PDF / Booklet) is published in October 2017.

English version: November 2017 (The previous report was published in September 2016; the next report will be published in autumn 2018).

* The 2017 digest version (PDF / Booklet) will be published in November 2017.

Approach to Reporting Information

Mazda discloses information in the following formats.*

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

Specialized	■ Social contribution version* (44 pages) ● PDF Covers the social contribution initiatives (in Japan and overseas)	■ In-depth version* (147 pages) ● PDF Covers comprehensive information and data on Mazda's CSR initiatives	■ Official website http://www.mazda.com/en/csr/ In addition to the contents of the PDF (In-depth version and Social contribution version), the latest information is posted in a timely manner. Information is available in a searchable format.
	■ Digests version* (Corporate Profile) (32 pages) ● PDF ● Booklet Includes information Mazda strongly wishes to communicate to its stakeholders		
	Comprehensive		

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

Contact

Mazda Motor Corporation
CSR & Environmental Department
TEL +81-82-287-4066 FAX +81-82-287-5315
E-mail csre-sr@mazda.co.jp

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

Request for cooperation in answering our questionnaire survey Please share your opinions and comments with us regarding this Report as well as Mazda's CSR initiatives.
http://mag.mazda.jp/enq/pub/csr/questionnaire_e/

Corporate Vision*

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

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

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

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

The Origin and Meaning of "Mazda"

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

Mazda Brand Symbol

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



Mazda Corporate Mark

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

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



Mazda Brand Slogan, "Zoom-Zoom"

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



About the Title Page

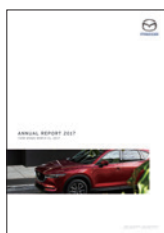


The title page presents new CX-5 fully redesigned in February 2017. Under the slogan "an SUV all customers will enjoy," Mazda refined every element of its design and technology to produce this Crossover SUV, contributing to the realization of a beautiful earth with affluent people and society.

Other Information

Annual Report

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



Company Profile

<http://www.mazda.com/en/about/profile/outline/>



Official websites

	URL	Content
CSR	http://www.mazda.com/en/csr/	Mazda's CSR initiatives and other general information
Investor relations	http://www.mazda.com/en/investors/	Financial and governance information
Company	http://www.mazda.com/en/about/	Overview and business/production bases of the Mazda Group
Brand	http://www.mazda.com/en/innovation/	Information on brand, technologies
News	http://www.mazda.com/en/news/	News releases, SNS, animations
Sales/Customer service	http://www.mazda.com/en/about/d-list/ *	Information on products and others to customers before/after purchase

* Choose the country/area to be searched.

Mazda Technical Review

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





Inspiring People Through Cars Sustainable with the Earth and Society

Masamichi Kogai

Representative Director
President and CEO
Mazda Motor Corporation

A handwritten signature in black ink that reads "M. Kogai". The signature is written in a cursive, slightly stylized font.

Management strategy focused on brand value

The Mazda Group pushed forward on initiatives that further enhanced our brand value in the fiscal year ended March 2017. We did this by pursuing qualitative business growth under Structural Reform Stage 2 (see p. 125), our medium-term business plan which began that year, and despite a business environment still beset by economic instability and currency fluctuations. Our new-generation models (see p. 128) featuring

the innovative base technologies known as SKYACTIV TECHNOLOGY (see pp. 66-67) and Mazda's design theme, KODO – Soul of Motion (see p. 128), have been enjoying high acclaim around the world. The all-new CX-5 released in February 2017 represents the first full redesign of a new-generation model and continues to enjoy a growing fan base.

Building strong bonds with stakeholders

In 2002, we introduced our “Zoom-Zoom” brand slogan and declared Mazda a brand that offers driving pleasure, a message that has resonated with our stakeholders. Indeed, since launching our new-generation models, more people are recognizing the value of driving pleasure, with strong bonds forming as a result. A major driver of this deepening connection with stakeholders has been “Sustainable Zoom-Zoom,” which we announced in 2007 to clarify our purpose within the automotive industry. This long-term vision

for technology development commits us to providing cars that offer a breakthrough combination of driving pleasure and environmental and safety performance engineered from the customer's point of view. A decade later, in August 2017, we announced “Sustainable Zoom-Zoom 2030” amid radical transformations taking place in our industry worldwide. This is Mazda's new initiative to use driving pleasure – the fundamental appeal of the automobile – to help solve issues facing the earth, society, and people for the long run.

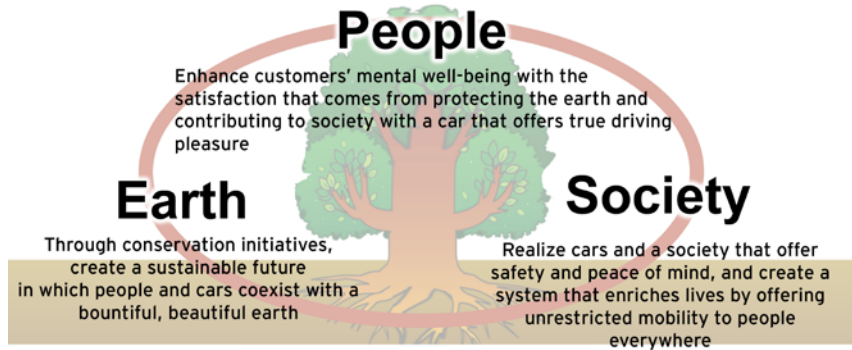
“Sustainable Zoom-Zoom 2030”

“Sustainable Zoom-Zoom 2030” is about seeking ways to inspire people through the value found in cars, to enrich individual lives and society as a whole and to

help bring about a more beautiful earth.

This initiative is based on our corporate vision (see p. 3), which begins with the words “we love cars.”

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.



Earth

Through conservation initiatives, create a sustainable future in which people and cars coexist with a bountiful, beautiful earth

For the sake of our planet, it’s imperative that we cut emissions of the greenhouse gases that contribute to climate change and achieve a substantive reduction in CO₂ emissions. We also need to examine the worsening problem of air pollution in major cities around the world.

Specifically, our goal at Mazda is to reduce our corporate average “well-to-wheel” CO₂ emissions to 50 percent of 2010 levels by 2030, with a view to achieving a 90% cut by 2050 (see p. 65).

To reach the target, we have been perfecting the internal combustion engine and are now on a clear path to the mass production of our next-generation engine. This is an engine that combines the advantages of diesel and gasoline engines using a completely new method of combustion. We see it as a crossover between a diesel and a gasoline engine, and have named it SKYACTIV-X accordingly.

Society

Realize cars and a society that offer safety and peace of mind, and create a system that enriches lives by offering unrestricted mobility to people everywhere

The changing structure of society is giving rise to new challenges. These include new causes of traffic accidents, such as driving under the effects of overwork and driving errors made by the growing number of elderly drivers, and the weakening of public transportation systems in depopulated areas. To address these issues and realize a society that offers safety and peace of mind, Mazda will create a system that enriches lives by offering unrestricted mobility to people everywhere.

Our aim is a motorized society free of traffic accidents. We will help achieve this by continuing to advance our safety fundamentals – such as driving position and pedal layout – and making them standard on all models, while continuing to update and make standard our advanced safety features. We also aim to make the Mazda Co-Pilot Concept (see p. 47), which uses autonomous driving technologies to allow drivers to enjoy any drive with peace of mind, standard by 2025.

People

Enhance customers' mental well-being with the satisfaction that comes from protecting the earth and contributing to society with a car that offers true driving pleasure

Many people today enjoy a more affluent lifestyle thanks to mechanization and automation, but stress levels have also increased because we tend to get less exercise and have less opportunity for direct social contact. As a remedy for such problems, we aim to offer an emotionally enriching experience to as many people as

possible. Besides the pure pleasure of driving, we hope to deliver an uplifting sense of satisfaction. To this end, we will pursue an enhanced Jinba-Ittai driving feel that will unlock people's potential and invigorate them in body and mind, and further hone our vehicle designs to nourish the spirit of all who see them.

Brightening lives with world-leading cars

We will gradually introduce into our cars the technologies that will make "Sustainable Zoom-Zoom 2030" a reality. Through these initiatives, 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.

Our aim in this process is to become a brand that inspires deep loyalty, so customers will choose to stay with Mazda for life – in other words, to make Mazda Premium a reality. While the word premium may call to mind expensive brands, for us Mazda Premium means making the best cars in the world, brightening people's lives through the power of driving pleasure, and creating an emotional connection with our customers.

Planned rollout of next-generation technologies

(year)	2017	2018	2019	2020	2021 onward
Earth	Combustion engines	SKYACTIV-G/D gasoline/diesel engines			
		Gasoline engine/Diesel engine 'SKYACTIV-G/D upgrade'			
	Electrification	(next generation) Gasoline engine 'SKYACTIV-X'			
		(next generation) Diesel engine 'SKYACTIV-D GEN 2'			
Society	Autonomous driving	Idling stop system 'i-stop'/Brake energy regeneration system 'i-ELOOP'			
		Mild hybrid			
	Connectivity system	Electric vehicle			
		Plug-in hybrid			
People	Vehicle Architecture	Advanced safety technology 'i-ACTIVSENSE'			
		Autonomous driving technology 'MAZDA CO-PILOT CONCEPT'			
	Design	Connectivity system 'MAZDA CONNECT'			
			Connectivity system 'New MAZDA CONNECT' (next generation)		
	Body and chassis 'SKYACTIV-BODY/CHASSIS'		'SKYACTIV-Vehicle Architecture' (next generation)		
	KODO design		KODO design (next generation)		

Wholehearted commitment to growing as a trusted company

The auto industry is going through major changes, including stricter environmental and safety regulations, new competitors from other industries, and diversification of the mobility business. Corporations in general also face growing pressure to tackle social challenges, for example by contributing to the UN's Sustainable Development Goals (SDGs; see pp. 13, 21) and reducing greenhouse gas emissions under the COP21 agreement.

This was the context in which, Mazda signed an agreement to enter a business and capital alliance with Toyota Motor Corporation in August 2017. The deepening collaboration realized through this alliance will allow both Mazda and Toyota to rise against and overcome these pressing challenges and thereby achieve sustainable growth. By

spurring each other toward new innovations, we hope to energize the auto industry and contribute to the development of a sustainable society.

Mazda vehicles are sold in more than 130 countries and regions worldwide. Manufacturing in seven countries, we are raising efficiency at our overseas plants while maintaining production levels, and associated employment, at home in Japan.

We are also strengthening our organization to encourage co-creation and mutual learning across the group, while respecting the cultures and customs of each country and region. By sharing with global production sites not only our development and manufacturing solutions but also our environmental, health, and safety systems, we plan to contribute to communities in these areas.

Above all, we will continue to work wholeheartedly to grow as a company that is truly trusted by our global stakeholders, and inspire people through cars sustainable with the earth and society.

Details of business alliance agreement

- Establish a joint venture to produce vehicles in the U.S.
 - Jointly develop technologies for electric vehicles
 - Collaborate on next-generation technologies, including connected-car and advanced safety technology
 - Explore further opportunities to complement each other's product lineups
- See: <http://www2.mazda.com/en/publicity/release/2017/201708/170804c.pdf>

Feature Story 1

SKYACTIV-X Next-Generation Gasoline Engine: Our Contribution to the Earth, People, and Society

At Mazda, our goal is to protect the earth by reducing carbon dioxide emissions in real-world driving as much as possible. Since the internal combustion engine is expected to power the majority of vehicles for many years to come, we believe that perfecting it is the greatest contribution we can make to cutting carbon dioxide emissions.

The SKYACTIV-X next-generation gasoline engine, announced in August 2017, brings us one step closer to realizing our dream engine. Combining the advantages of both gasoline and diesel engines, the SKYACTIV-X was born of Mazda's mission to bring about a beautiful earth, to enrich people's lives as well as society, and to seek ways to inspire people through the value found in cars.



Eiji Nakai

General Manager
Powertrain Development Division

Interview with the lead engineer of the
SKYACTIV-X next-generation engine

Pursuit of the ultimate engine

**Q: What is the SKYACTIV-X and how is it
different from previous engines?**

A: Simply put, the SKYACTIV-X is a gasoline engine that combines the advantages of gasoline and diesel engines in a manner befitting the title "next-generation." It helps the earth and people by offering unprecedented environmental performance and responsive driving. For example, it improves fuel efficiency up to 20-30 percent over Mazda's current gasoline engine and also increases torque*¹ 10-30 percent. Basically, it offers the driving performance of

*1 A measure of the rotational or driving force generated by an engine. It affects acceleration from a steady speed.

a 2-liter gasoline engine sports car (MX-5) with the carbon dioxide emissions of a 1.5-liter diesel compact car (Mazda2).

Features of the next-generation gasoline engine

	Gasoline engine	Next-generation gasoline engine	Diesel engine
Fuel economy	▲	◎	◎
Torque	▲	◎	◎
Responsiveness	▲	◎	◎
Output (smooth acceleration)	◎	◎	▲
Heat generation	◎	◎	▲
Exhaust cleanliness	◎	◎	▲

Q: Of all available technologies, such as electricity and hydrogen, why have you focused on the internal combustion engine?

A: While it's true that various technologies are being developed and brought to market, each has its issues. Energy infrastructure varies between countries and regions. The operating environment – road conditions and driving styles – also varies between customers. Given that, we considered what kind of environmental technology was best. The point was to reduce carbon dioxide emissions on a well-to-wheel basis – from the point of fuel extraction to driving the vehicle – and to do that in actual driving on a global level.

Our research pointed to the internal combustion engine. We realized that making existing engines more efficient would drive reductions in carbon dioxide emissions globally and in real-world driving.

The future prospects of the internal combustion engine have been demonstrated by external organizations. An International Energy Agency report projects that internal combustion engine vehicles will represent around 84 percent of all vehicles in 2035. Of course, we are also

developing other technologies so we can deploy them to markets where they are suitable. Our electric vehicle scheduled for launch in 2019 is one example.

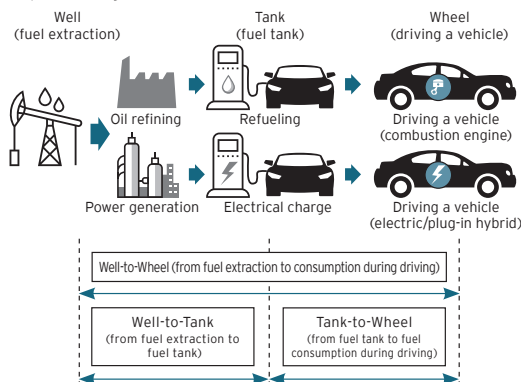
We are also researching ways to reduce overall emissions more efficiently by adding compact electrification technologies for driving speeds at which the efficiency of the combustion engine suffers.

Q: Does the internal combustion engine have that much potential for improvement?

A: We're constantly working to develop the ideal engine, so we know there's still plenty of room for improvement. There has been a lot of research on the potential – and technical difficulty – of improving the internal combustion engine's efficiency. When Mazda developed its existing engines (SKYACTIV-G and SKYACTIV-D), it demonstrated that potential and attracted attention from the science community. This helped to breathe new life into combustion engine research and development. That accomplishment followed major challenges: pushing the boundaries of abnormal combustion (knocking) under high-temperature, high-pressure conditions in gasoline engines (SKYACTIV-G) and pushing the boundaries of ignition performance (misfiring) under low-temperature, low-pressure conditions in diesel engines (SKYACTIV-D).

Automobile engines generate energy by compressing air, exhaust gas, and fuel and igniting it to combust. Theoretically, the more air you put in and the more you compress it before combustion, the greater power you can obtain – but it doesn't work like that. High compression ratios in gasoline engines cause abnormal combustion, while low compression ratios in diesel engines cause misfiring. While tackling these challenges in both types of engines, Mazda's engineers honed their skills for developing our next-generation engine, the SKYACTIV-X.

Conceptual diagram of Well-to-Wheel*



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

Rollout of SKYACTIV Technology (gasoline/diesel engines)

SKYACTIV Technology: Collective term for Mazda innovative base technologies

2011	2012	2013	2014	2015	2016	2017	2018	2019
								Planned market launch of SKYACTIV-X next-generation gasoline engine
							Launch of SKYACTIV-D new-generation highly efficient clean diesel engine (technology updates)	
							Launch of SKYACTIV-G new-generation highly efficient direct-injection gasoline engine (technology updates)	

Q: What technical innovations went into SKYACTIV-X?

A: The first is that we used the tendency for abnormal combustion to our advantage. The SKYACTIV-X generates a lot of energy by forcefully compressing a large volume of air-fuel mixture and igniting it with a spark plug, which then triggers multiple flames of combustion (compression ignition) throughout the cylinder.

The second is the balance of air to fuel (gasoline) inside the cylinder. A mixture of air, exhaust gas, and fuel is created inside the cylinder, and the more air relative to fuel, the better the fuel efficiency. With the SKYACTIV-X, we succeeded in increasing the air-fuel ratio significantly over that of conventional engines.

Q: You must have encountered difficulties in achieving those innovations. How did you overcome them?

A: Achieving our target combustion consistently in different user environments – air temperature, altitude, driving conditions, etc. – was a major hurdle. With compression ignition, gasoline burns vigorously only when the right temperature and pressure conditions are met. It’s especially hard to combust when the air-fuel ratio is high. We had to create conditions for the combustion of a predetermined amount of fuel as planned in every combustion cycle and in various driving scenarios and operating conditions. It was like trying to find the perfect way to cook rice by adjusting the size of the flame every time.

To find that perfect flame, we decided to expand our computing resources. Designing a new and complex method of combustion requires an accurate simulation of the combustion chamber. This was computer model-based development, where we determined the ideal combustion by calculation and then worked to achieve it in the real world. In the past our work was a time-consuming process that involved creating lots of prototype vehicles or engines and testing them repeatedly. But that approach would have gotten us nowhere when developing the present engine, since there were countless possible combinations. Computer model-based development increased our work efficiency dramatically.

We have also cooperated with academia and government to develop the fundamental technologies. As we increased the accuracy of our simulations, we found the right “flame” that would allow gasoline to combust vigorously. We used the simulation results to create something like a recipe that

we then programmed into an engine control unit.

That recipe is Spark Controlled Compression Ignition (SPCCI), which embodies compression ignition technologies pursued by successive generations of gasoline engine engineers. We have been able to package SPCCI as an engine system. We are refining it for maximum customer satisfaction when we launch it in 2019.

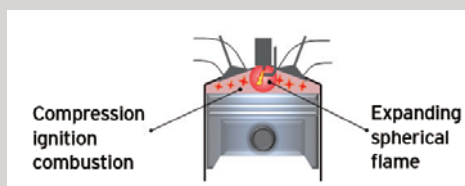
Q: What kind of engine do you want to develop next?

A: Our goal is to continue striving for the world’s best engine: a responsive source of power that is more efficient and emits less carbon dioxide emissions in real-world driving scenarios according to the user’s environment, and emits cleaner exhaust.

We have overcome a number of challenges in the process of developing the SKYACTIV-X. In fact, we were even able to clear the hurdle of abnormal combustion and make it to our advantage. Coffee tastes bitter when you are a child, but you come to appreciate it as an adult. Something like that has happened in my career as an engineer. The challenges we face now in our pursuit of the ideal combustion engine will inevitably become our strengths. That inspires us to continue pursuing the engine that will help bring about a beautiful earth and enrich people’s lives and society.

Spark-Controlled Compression Ignition

Spark-Controlled Compression Ignition (SPCCI) is Mazda’s proprietary combustion method that offers complete control of compression ignition combustion by way of spark ignition. Once ignited by the spark plug, the expanding spherical flame serves as a second piston (air piston), further compressing the air-fuel mixture in the combustion chamber and providing the necessary conditions for compression ignition. By controlling the timing of spark plug ignition, SPCCI expands the range of conditions under which compression ignition can take place.



Feature Story 2

New CX-5 Crossover SUV: A Car for a Brighter Life

At Mazda, we believe that life with a car shines even brighter. Our engineers aim to build the ultimate vehicle, one that is fully in tune with human sensibilities. The result, the new CX-5, takes the performance and design qualities of the first-generation model to a whole new level.



Driving pleasure for all who ride

The first-generation CX-5, launched in February 2012, has earned glowing reviews worldwide with its dynamic design, satisfyingly responsive drive, and outstanding environmental and safety performance. When developing the new CX-5, we sought to build on the strengths of the first generation while enhancing its overall character.

We added G-Vectoring Control, one of the SKYACTIV-VEHICLE DYNAMICS series of new-generation vehicle motion control technologies, to provide integrated control of lateral and longitudinal acceleration (G) forces. This creates a more comfortable ride by reducing swaying around curves and alleviating things like driver fatigue and passenger motion sickness. We also increased quietness so occupants can enjoy conversations even on the highway without minding road noise and other sounds.

At the Mazda Group, we aim to enrich people's lives and become a brand with which customers feel an emotional connection. As engineers, my colleagues and I are particularly passionate about designing cars around the person, so they are completely aligned with the human way of perceiving and operating.



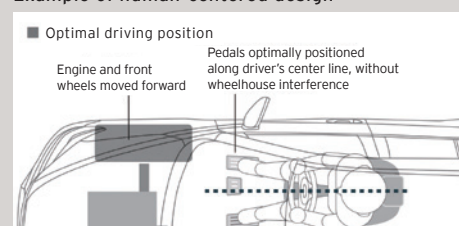
Hideki Matsuoka
New CX-5 Program Manager
Product Division

Specifically, this means designing a car that makes driving surprisingly enjoyable, that creates a space where parents in the front and kids in the backseat can enjoy quality time together. We want customers to feel the radiance of being alive. This vision, when realized, strengthens the bond we share with our customers.

Mazda's human-centered design philosophy

Mazda believes the ideal vehicle is one that is easy to operate. Our design philosophy puts the person at the center and fully aligns the car to their sensibilities. By thoroughly understanding the driver and incorporating the latest technologies where appropriate, we strive to provide smooth, precise control with a felt vehicle response. We also strive to enhance comfort and quietness to create the ideal vehicle for passengers as well as driver.

Example of human-centered design



Contributions through safety, environmental performance, and design

To pursue environmental and safety performance is essential to “offering cars that are sustainable with the earth and society to more people,” as stated in our Corporate Vision.

We are raising fuel efficiency and cutting CO₂ emissions by refining base technologies such as the engine and transmission. We adopt a real-world approach of offering environmentally conscious vehicles at affordable prices, even in markets that lack special infrastructure, and without relying too heavily on one type of green car technology. We followed this approach when improving the environmental performance of the new CX-5 as well.



For safety, every year we advance our i-ACTIVSENSE preventive safety technologies*¹ and package them in a manner suited to each country or market. In Japan, for example, we made i-ACTIVSENSE technologies standard*² in August 2017 to

address the rise in accidents caused by accelerator pedal mistakes by seniors, a growing segment of the population. We have also put a lot into functions that support safe driving based on a human-machine interface (HMI) perspective. Active Driving Display, a feature offered in Japan, displays dashboard and navigation information on the windshield, which helps keep the driver focused on driving.

And though it may sound strange, we believe that design, too, contributes to coexistence between cars, the earth and society. No one wants to drive an unstylish car, regardless of its environmental and safety performance. The new CX-5 is the car of choice for many because we designed it to be bold and refined on the outside, and pleasurable for everyone on the inside.

As a result, the new CX-5 has received enthusiastic reviews by offering a more gratifying driving experience than conventional SUVs. Through the new CX-5, we will continue to strive for sustainable mobility – and to win new Mazda fans in the process.

*1 An umbrella term for advanced safety technologies that support driver awareness, crash avoidance, and damage reduction, developed in line with Mazda Proactive Safety, Mazda's safety philosophy.
 *2 Four advanced safety features were made standard: Adaptive LED Headlights (ALH) and Lane Departure Warning System (LDWS) for supporting driver awareness, and Advanced Smart City Brake Support (ASCBS) and Acceleration Control for AT (in drive position) for avoiding collisions and reducing damage.

Simplicity and refinement inspired by Japanese tradition

With the new CX-5, we aimed for the beauty of simplicity and refinement that arise from removing extraneous elements, an aesthetic passed down through traditional Japanese craft. We wanted CX-5 observers and owners to feel enriched by their experience. The result is a bold and refined exterior, and an interior that is pleasing for driver and passengers alike.

Front face shows elevation of brand expression



Contribution to Sustainable Development Goals (SDGs) through value creation

In 2007, Mazda announced Sustainable Zoom-Zoom, its vision to provide driving pleasure as well as outstanding environmental and safety performance to all customers. The company strives to create corporate value by providing cars that are sustainable for earth and society.

The new CX-5 reflects this philosophy. In research & development, our goal was a pleasure felt by passengers as well as driver. Mazda raised all elements of design and technology to a level above and beyond the first-generation model.






The automotive industry has a responsibility to tackle social challenges such as climate change and rising traffic accidents. The CX-5 was designed with this responsibility in mind. Below Mazda introduces its contributions*¹ to the earth and society in relation to the UN Sustainable Development Goals (SDGs).*²

*1 Efforts that contribute to others of the 17 SDGs are introduced elsewhere in the report (see p. 21)

*2 A set of shared goals adopted in September 2015 by the international community, including developed and developing countries, to achieve development that is socially, economically, and environmentally sustainable.



Connection between the SDGs (excerpt) and value provided by the new CX-5

SDGs		Value provided by Mazda (new CX-5)	
Goal 3	 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages (including road safety)	<ul style="list-style-type: none"> • Reduces damage from traffic accidents with advanced safety features • Invigorates body and mind through driving pleasure
Goal 7	 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Delivers exceptional fuel performance with efficient engine technologies
Goal 9	 9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> • Offers technologies engineered to provide the freedom of mobility that enriches people's lives long into the future
Goal 12	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Assesses and reduces environmental impacts across the product life-cycle, which includes every step from manufacturing through and after product use.
Goal 13	 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Develops technologies that lead to CO₂ emissions reductions on a well-to-wheel basis*

* Well-to-wheel refers to the entire flow of processes from fuel extraction to fuel consumption during driving (see p. 65).

FY March 2017 Highlights

Number of sales countries/regions

More than **130** countries

Number of primary-tier suppliers

1,071

Global sales volume

1,559 thousand units Up 1.6% YoY

Global sales share

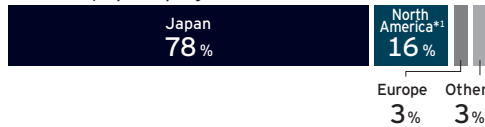


Number of employees

48,849

Overseas local employment rate for management **70%**

Rate of employees by region (consolidated)



Net sales

3,214.4 billion yen Down 5.6% YoY

Operating income

125.7 billion yen Down 44.6% YoY

Domestic production volume

965 thousand units

Overseas production volume

627 thousand units

CO₂ emissions per unit of sales revenue from production (Four principal domestic sites*²)

20.1 t-CO₂/100 million yen Reduced by 47% compared with FY March 1991 levels

Total amount of landfill waste (Four principal domestic sites*²)

0 Maintained since FY March 2009

Global Employee Engagement survey

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

79%

Rate of reinstatement after childrearing leave (Non-consolidated)

98%

Percentage of employees with special needs (Non-consolidated)

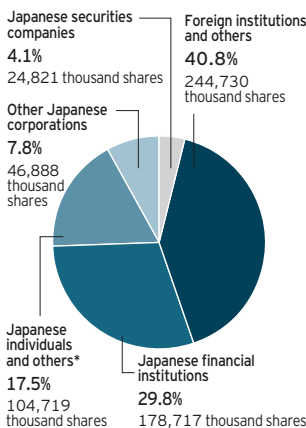
2.03%

*1 Including Mexico.

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

Financial Information

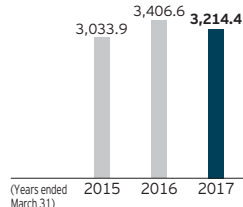
Breakdown of Shareholders by Type (as of March 31, 2017)



* Treasury stock is included in "Japanese individuals and others"

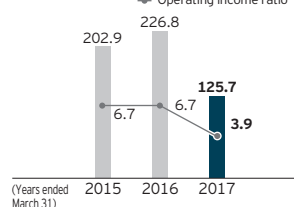
Net Sales

(Billions of yen) ■ Net sales



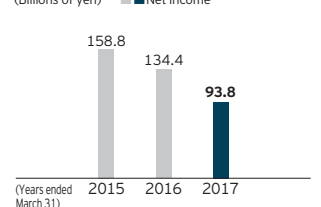
Operating Income / Operating Income Ratio

(Billions of yen / %) ■ Operating income



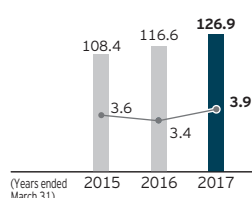
Net Income Attributable to Owners of the Parent Company

(Billions of yen) ■ Net income



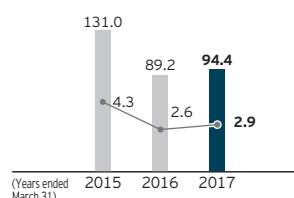
R & D Costs / Ratio of Net Sales

(Billions of yen / %) ■ R & D Costs



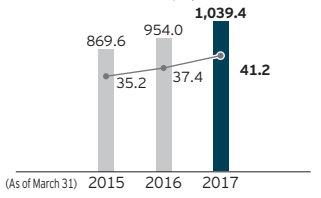
Capital Expenditures / Ratio of Net Sales

(Billions of yen / %) ■ Capital expenditures



Equity / Equity Ratio

(Billions of yen / %) ■ Equity



Major Product Lineup

MAZDA3

(Axela)*

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



Global sales volume
469,619

CX-5

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



Global sales volume
374,975

MAZDA6

(Ateza)*

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



Global sales volume
178,075

MAZDA2

(Demio)*

Sales	Japan	North America	Europe		Other
Production	Japan	North America			Other



Global sales volume
155,994

CX-3

Sales	Japan	North America	Europe		Other
Production	Japan				Other



Global sales volume
142,347

CX-4

Sales				China	
Production				China	



Global sales volume
50,635

CX-9

Sales		North America	Europe		Other
Production	Japan				



Global sales volume
42,237

BT-50

Sales					Other
Production					Other



Global sales volume
38,274

MX-5

(Roadster)*

Sales	Japan	North America	Europe		Other
Production	Japan				



Global sales volume
36,621

BONGO

Sales	Japan				
Production	Japan				



Global sales volume
10,379

MAZDA5

(Premacy)*

Sales	Japan	North America			Other
Production	Japan				



Global sales volume
10,377

BIANTE

Sales	Japan				Other
Production	Japan				



Global sales volume
4,041

CX-7

Sales				China	
Production				China	

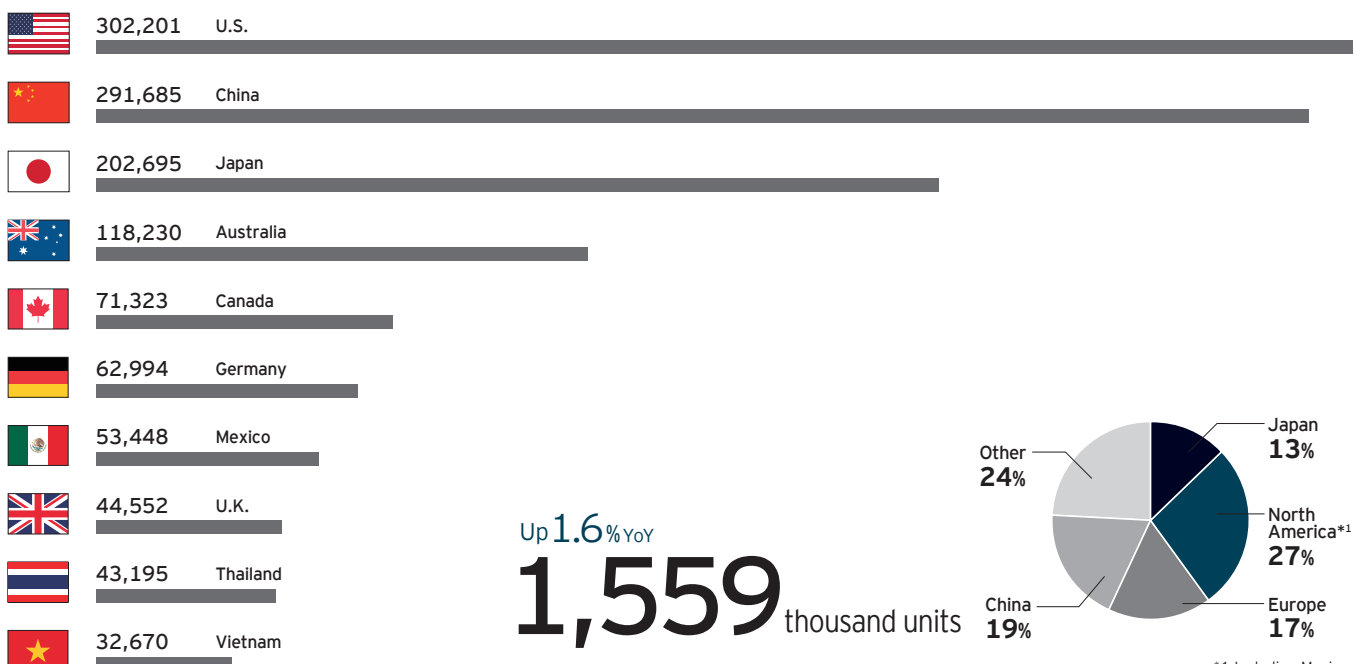


Global sales volume
1,848

* Presented models are those produced by Mazda as of the end of March 2017. * Includes old and new models. Not all body types are shown. * Global sales volume/ Sales markets /Production sites for FY March 2017. * Includes sites with knockdown production only (Production volume unannounced). * OEM vehicles sold in Japan are as follows: Carol, Flair, Flair Wagon, Flair Crossover, Scrum, Familia (van), Titan.

* (): Japanese name

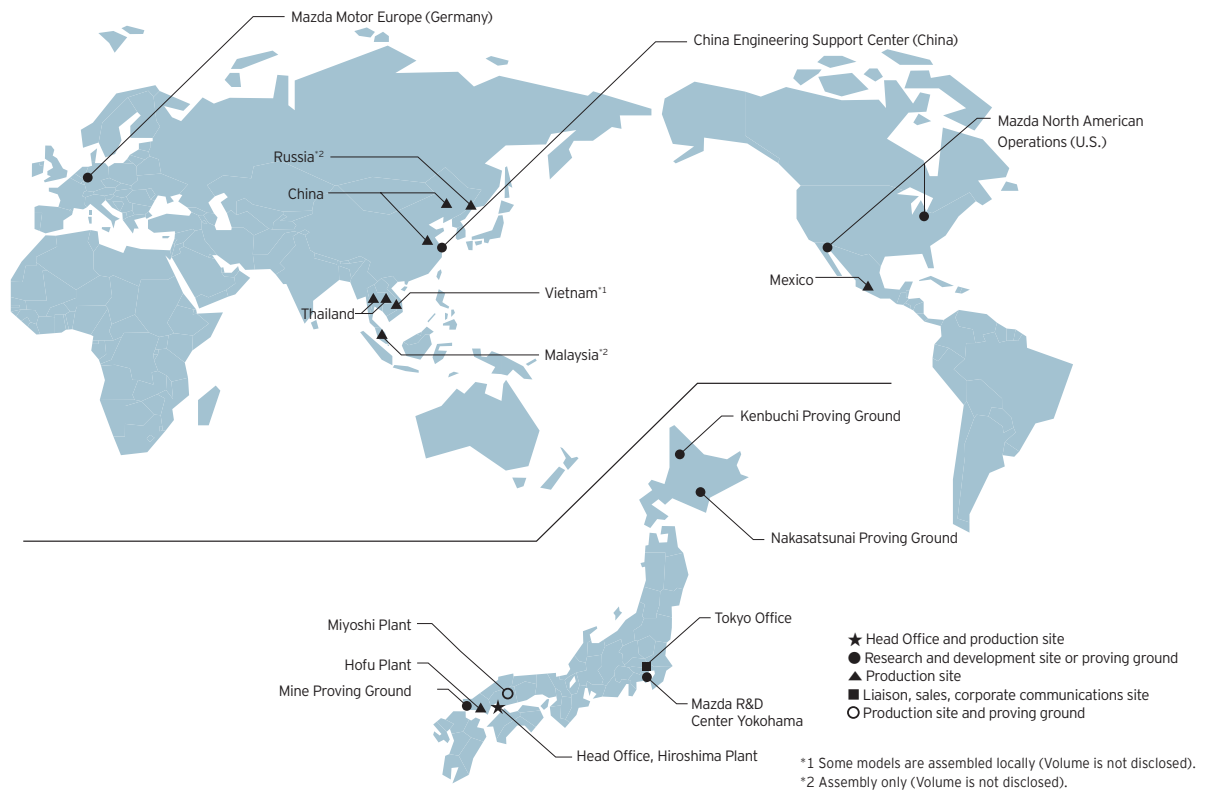
Top 10 Markets in Global Sales for FY March 2017



Corporate Profile (as of March 31, 2017)

Company name:	Mazda Motor Corporation	Research and development sites:	Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (USA), Mazda Motor Europe (Germany), China Engineering Support Center (China)
Founded:	January 30, 1920	Production sites:	Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant Overseas: China, Thailand, Mexico, Vietnam, *1 Malaysia, *2 Russia*2
Head Office:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan	Sales companies:	Japan: 229, Overseas: 141
Main business lines:	Manufacture and sales of passenger cars and commercial vehicles	Principal products:	Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, automatic and manual transmissions for vehicles
Stock information:	1,200,000,000 total shares issuable 599,875,479 total outstanding shares 151,191 shareholders		
Capital:	¥258,957,096,762		
Employees:	Non-consolidated Total: 21,400 (excludes Mazda employees dispatched to other companies and includes employees dispatched to Mazda from other companies) Consolidated Total: 48,849		

Global Network (as of March 31, 2017)



■ For more details about major facilities, see Annual Report 2017 (see pp. 22-23). <http://www.mazda.com/en/investors/library/annual/>



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

MAZDA CSR

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

CONTENTS

18 CSR Management

26 Stakeholder Engagement

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
CSR management	6.2 Organizational governance	<ul style="list-style-type: none"> ① Start to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality) in accordance with the G4 Guidelines. ② Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level. ③ Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis. 	<ul style="list-style-type: none"> ① Implemented the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continued CSR awareness-raising activities, as planned (maintained employees' CSR awareness at the same level as the previous year in the Global Employee Engagement Survey). ③ Secured coordination between related divisions to reinforce CSR initiatives on a global basis. 	○	<ul style="list-style-type: none"> ① Continue to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis. ③ Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level.
Stakeholder engagement	6.2 Organizational governance	Continue and strengthen stakeholder engagement.	Executed stakeholder engagement initiatives in various forms, as planned.	○	Continue and strengthen stakeholder engagement.

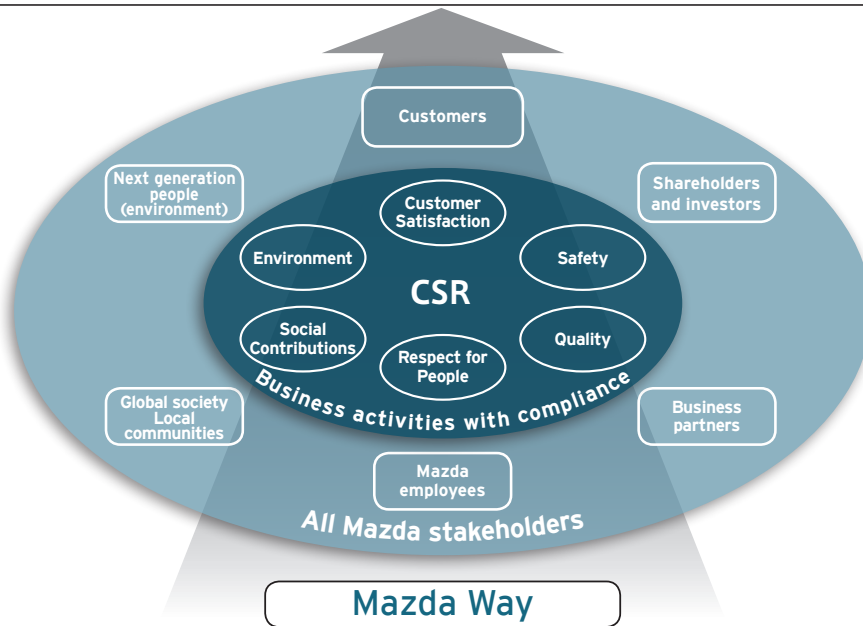
CSR MANAGEMENT

Sustainable Development of Society and the Company

Corporate Vision*1

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

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



Basic Approach

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way (see p. 89). While striving to meet the requests and expectations of all of Mazda's stakeholders, each employee pursues CSR initiatives in the course of their daily business activities.

In this way, Mazda contributes to the development of a sustainable society.

Areas of CSR Initiatives

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

a Areas of CSR Initiatives

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

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

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

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

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

CSR Promotion Organization

Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the CSR Management Strategy Committee, which the president chairs, and in cooperation with other Group companies. From FY 2016, the Board of Directors holds discussions on issues concerning sustainability. **b c**

CSR Management Strategy Committee

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

- Establishment of CSR targets and follow-up of the progress in CSR efforts (see pp. 22-23)
- Performance evaluation of the mid-term environmental plan (Mazda Green Plan) (see pp. 57-60)
- Reviewing and identifying key CSR issues (materiality) (see p. 20)
- The present status of social needs and trends regarding CSR and the results of external evaluations of CSR initiatives

Each division/department

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

CSR Strategy Core Team

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

Review and Identification of Key CSR Issues (Materiality)

Based on the GRI Sustainability Reporting Guidelines Version 4 (G4),*¹ starting in FY March 2014, Mazda has been implementing the four-phase process (Step 1-Step 4) to identify the key CSR issues (materiality), reviewing the social issues that the Company should address. In identifying materiality, Mazda reflected the external opinions of experts and various other stakeholders, while taking into account opinions both from management and relevant divisions. As a result, in July 2016 the CSR Management Strategy Committee approved the new materiality, and the information is disclosed in this report in accordance with the Core option of the G4 guidelines.

During the materiality identifying process, Mazda has also referenced the Sustainable Development Goals (SDGs)*² adopted by the United Nations. In the future, Mazda will continue to review materiality on a regular basis, while being conscious to various issues inside and outside the Company.

Process

[Step 1] Extraction of social issues

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

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

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

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

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

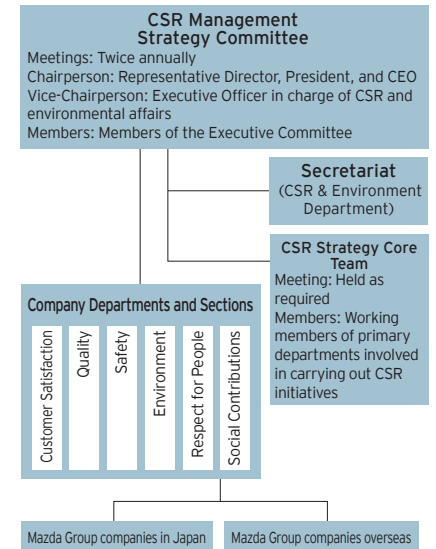
[Step 3] Validation

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

[Step 4] Disclosure of identification results and development of the PDCA cycle

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

b Organization



c History of the CSR Structure

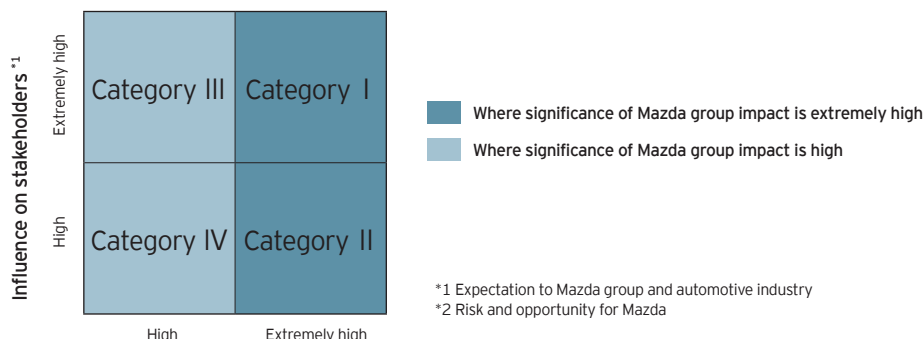
FY March 2005	<ul style="list-style-type: none"> • Began company-wide CSR initiatives • CSR Committee established
FY March 2008	<ul style="list-style-type: none"> • Mazda evaluates its CSR initiatives in the six areas referencing the Charter of Corporate Behavior issued by the Japan Business Federation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

*1 GRI: the Global Reporting Initiative, which provides the guidelines for CSR information disclosure.

*2 Announced in September 2015. SDGs call on United Nations member nations to mobilize efforts to achieve sustainable development, by accomplishing such targets as ending poverty and hunger, ensuring access to affordable and clean energy, combating climate change, and promoting peaceful and inclusive societies between 2015 and 2030. SDGs comprise 17 goals with 169 targets.

Mazda Group's Key CSR Issues (Materiality) (as of July 2017)*¹

Mazda has extracted the aspects of greatest importance from among the 46 specific standard disclosure aspects specified in the GRI Sustainability Reporting Guidelines Version 4 (G4),*² and graded them and showed the graded scores by mapping them according to their influence on stakeholders and the significance of Mazda group impacts, so as to identify the aspects with the greatest importance.



*1 Expectation to Mazda group and automotive industry
*2 Risk and opportunity for Mazda

*1 For the definition of each item, see the 46 specific standard disclosure aspects specified in the G4 guidelines. <https://www.globalreporting.org/information/g4/Resources/Pages/default.aspx>
*2 GRI: the Global Reporting Initiative, which provides the guidelines for CSR information disclosure.

Significance of Mazda group impacts *²

Category	Items* ³	Outline	Related item(s) in Mazda Sustainability Report 2017[In-Depth Version]
I	Economic	Indirect Economic Impacts	• Indirect economic impact and the degree of contribution in the country/region where Mazda conducts business • Top Message* ⁴
	Environmental	Energy	• Impact of energy use throughout the value chain on the entire society • Environment (energy / global warming)
	Environmental	Water Source in Community	• Impact of water use on the entire society by water source • Environment (cleaner emissions, resource recycling, biodiversity)
	Environmental	Emissions	• Impact of greenhouse gases (such as CO ₂) and NOx on the atmosphere • Environment (energy / global warming, cleaner emissions)
	Environmental	Effluents and Waste	• Impact of factory waste/wastewater on ecosystems and on the entire society • Environment (cleaner emissions)
	Environmental	Products and Services	• Environmental impact when a product is in use, and impact of waste from end-of-life vehicles • Environment (efforts regarding product and technology development)
	Labor practices	Occupational Health and Safety	• Health and safety of employees, etc., and impact on their health • Respect for People (initiatives with employees)
	Labor practices	Diversity and Equal Opportunity	• Providing an opportunity and working environment where a diverse range of employees can succeed, regardless of race, gender, age, religion, etc. • Respect for People (initiatives with employees)
	Consumer issues	Customer Health and Safety	• Providing vehicles that customers can use safely • Quality (in general) • Safety (in general)
II	Economic	Economic Performance	• Stable distribution of generated profits • Risks and opportunities brought by climate change and changes in external environments, such as social conditions • Respect for People / Social Contributions / Management* ⁴
	Environmental	Transport	• Significant environmental impacts of transporting products and purchased materials, and of transporting members of the workforce • Environment (efforts regarding manufacturing and logistics)
	Labor practices	Employment	• Providing employment opportunities (stably securing human resources with diverse qualities, and promoting a life-work balance) • Respect for People (initiatives with employees)
	Labor practices	Training and Education	• Human resources development by improving training programs and establishing career development programs • Respect for People (initiatives with employees)
III	Economic	Market Presence	• Appointing personnel coming from countries/regions where the Company's business sites are located, as managers and above • Respect for People (initiatives with employees)
	Environmental	Materials	• Promoting effective use of raw materials and recycling (reducing the level of dependence on natural resources) • Environment (resource recycling)
	Environmental	Supplier Environmental Assessment	• Environmental impact assessment in the supply chain • Environment (environmental management) • Management (supply chain)
	Labor practices	Supplier Assessment for Labor Practices	• Working environment assessment in the supply chain • Management (supply chain)
	Social	Social Community	• Understanding the impact of conducting business on the country/region, and taking relevant measures • Top Message • Social Contributions (in general)
	Social	Supplier Assessment for Impacts on Society	• Compliance evaluation in the supply chain • Management (Supply chain)
IV	Consumer issues	Product and Service Labeling	• Product labeling that enables customers to select a vehicle to purchase based on correct information • Customer Satisfaction (in general)
	Consumer issues	Compliance of Product Area	• Compliance with regulations and rules in vehicle development / manufacturing / sales / after-sales service • Management (compliance)
	Economic	Purchasing practices	• Transactions with suppliers in countries/regions where production sites are located • Management (supply chain)
	Environmental	Compliance of environmental area	• Compliance with environment-related regulations and rules • Environment (environmental management) • Management (compliance)
	Labor practices	Labor/Management Relations	• Labor-management dialogue held in a timely and appropriate manner • Respect for People (initiatives with employees)
	Labor practices	Equal Remuneration for Women and Men	• Closing wage disparity between men and women • Respect for People (in general)
	Human rights	Forced or Compulsory Labor	• Preventing and eliminating all forms of forced or compulsory labor • Respect for People (human rights)
	Human rights	Assessment	• Evaluation of human rights protection • Respect for People (human rights)
	Social	Anti-corruption	• Preventing bribery, money laundering, abuse of power, etc. • Management (compliance)
	Social	Compliance of social area	• Compliance with regulations and rules in areas other than those related to the environment and products • Management (compliance)
	Consumer issues	Marketing Communications	• Publicity and advertisement that enable customers to select a vehicle to purchase, based on correct information • Customer Satisfaction (in general)
Consumer issues	Customer Privacy	• Protection of customer privacy (personal information, etc.) • Management (risk management)	

*³ The item in each category is listed in G4 guidelines order.
*⁴ Financial materials (described in the Security Report and other documents)

Promoting Initiatives Based on the SDGs

The Mazda Group pushes forward with various initiatives to contribute to the achievement of the Sustainable Development Goals (SDGs),*¹ adopted by the United Nations. In FY March 2017, the CSR Management Strategy Committee enhanced SDG-related information available to the Company's management, and employees' awareness of SDGs was raised through training by level. Mazda's activities that are instrumental in realizing the 17 goals of the SDGs are presented in each section of this Sustainability Report 2017 [In-Depth Version] (see the following table).

17 Goals of the SDGs	Related Items in Mazda Sustainability Report 2017 [In-Depth Version]
Goal 1.  End poverty in all its forms everywhere	<ul style="list-style-type: none"> • Respect for People (initiatives with employees) • Management (supply chain)
Goal 2.  End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	<ul style="list-style-type: none"> • Social Contributions (in general)
Goal 3.  Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Quality (in general) • Safety (in general) • Environment (cleaner emissions)
Goal 4.  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> • Respect for People (initiatives with employees)
Goal 5.  Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Respect for People (initiatives with employees) • Management (supply chain)
Goal 6.  Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> • Environment (cleaner emissions, resource recycling)
Goal 7.  Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> • Environment (energy / global warming) • Innovation (in general)
Goal 8.  Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> • Environment (in general) • Respect for People (initiatives with employees) • Management (supply chain)
Goal 9.  Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"> • Innovation (in general)
Goal 10.  Reduce inequality within and among countries	<ul style="list-style-type: none"> • Respect for People (initiatives with employees)
Goal 11.  Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> • Customer Satisfaction (products)
Goal 12.  Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Customer Satisfaction (products) • Quality (in general) • Environment (in general)
Goal 13.  Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> • Environment (energy / measures against global warming, environmental communication)
Goal 14.  Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<ul style="list-style-type: none"> • Environment (cleaner emissions, resource recycling, biodiversity)
Goal 15.  Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> • Environment (biodiversity)
Goal 16.  Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> • Mazda CSR (stakeholder engagement) • Management (compliance)
Goal 17.  Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> • Mazda CSR (CSR management)

Development of PDCA Cycle in Line with CSR Targets

Mazda has established its CSR targets for each year starting in FY March 2014. In establishing these targets, CSR initiatives are reaffirmed in reference to the seven core subjects of the ISO 26000 social responsibility guidelines, and each division envisions the ideals that Mazda aims to achieve in the future, and summarizes them in these targets. The results for FY March 2017 as well as the targets for FY March 2018, which were established taking into account the process of identifying materiality, were approved by the CSR Management Strategy Committee. Mazda will continue to implement the PDCA (plan-do-check-act) process, so as to carry out CSR management in line with global standards.

*1 Announced in September 2015. SDGs call on United Nations member nations to mobilize efforts to achieve sustainable development, by accomplishing such targets as ending poverty and hunger, ensuring access to affordable and clean energy, combating climate change, and promoting peaceful and inclusive societies between 2015 and 2030. SDGs comprise 17 goals with 169 targets.

CSR Targets for FY March 2018

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

Sustainability Report Contents	Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Mazda CSR (see pp.P17-27)	CSR management	6.2 Organizational governance	① Start to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality) in accordance with the G4 Guidelines. ② Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level. ③ Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis.	① Implemented the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continued CSR awareness-raising activities, as planned (maintained employees' CSR awareness at the same level as last year in the Global Employee Engagement Survey). ③ Secured coordination between related divisions to reinforce CSR initiatives on a global basis.	○	① Continue to implement the PDCA (plan-do-check-act) process in addressing key CSR issues (materiality). ② Continue to secure coordination between related divisions to reinforce CSR initiatives on a global basis. ③ Continue raising CSR awareness, based on the results of the Global Employee Engagement Survey items regarding the employees' CSR awareness level.
	Stakeholder engagement	6.2 Organizational governance	Continue and strengthen stakeholder engagement.	Executed stakeholder engagement initiatives in various forms, as planned.	○	Continue and strengthen stakeholder engagement.
	Sales and services	6.7 Consumer issues	Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.	① Shared Mazda's strategies and philosophys for brand value enhancement with distributors and dealers in major markets. ② Confirmed the progress of initiatives in major markets, in light of evaluations by customers and third-party organizations.	○	Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.
Customer Satisfaction (see pp.P28-36)	Products	6.7 Consumer issues	Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom." • Driving pleasure as well as outstanding environmental and safety performance. • Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel. • Insightful, thoroughly thought-out functionality. • An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.	Evolved the attributes of the Mazda brand in line with the principles of "Sustainable Zoom-Zoom" in CX-4, Roadster RF(MX-5 RF overseas) and new CX-5, and introduced them into the market.	○	Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom." • Driving pleasure as well as outstanding environmental and safety performance. • Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel. • Insightful, thoroughly thought-out functionality. • An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.
Quality (see pp.P37-42)	Quality	6.7 Consumer issues	Implement products with robust reliability.	Re-developed the foundation for quality-related management systems so as to be capable of the followings; quick information gathering on product defects and customer complaints, consistent action from the customer viewpoint, and establishment of the relevant processes.	○	Establish a quality assurance system that covers production sites in Japan and overseas, parts and dealerships, to globally enable delivery of products of equal quality.
Safety (see pp.P43-53)	Safety	6.7 Consumer issues	①Further evolve, and expand the introduction of, i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy. ②Obtain high ratings in the new car assessment programs (NCAPs) of respective countries.	① Introduced the evolved i-ACTIVSENSE (for Mazda3 (Axela), Mazda6 (Atenza), CX-3, CX-5). • Equipped with Advanced Smart City Brake Support, with an automatic brake system for pedestrians added, and Traffic Sign Recognition System, for reading traffic signs and displaying speed limits and other information. ② Obtained the highest ratings in the new car assessment programs (NCAPs) of each country as follows: J-NCAP Advanced Safety Vehicle (ASV) Technology Assessment: Axela (Mazda3) obtained "2016ASV++," the highest rating. IIHS Safety performance evaluations: CX-3, Mazda3 (Axela) and Mazda6 (Atenza) obtained "TSP+," the highest rating. A-NCAP Collision safety performance evaluations: CX-9, Mazda3 (Axela) and CX-5 obtained "5☆," the highest rating.	○	①Further evolve, and expand the introduction of, i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy. ②Obtain high ratings in the new car assessment programs (NCAPs) of respective countries.
Environment (see pp.P54-87)	Energy-and-global-warming-related issues Promoting resource recycling Cleaner emissions Environmental management	6.5 The environment		(See Mazda Green Plan 2020) (see pp. P57-60)		
Respect for People (see pp.P88-101)	Achieving of diversity	6.3 Human rights	Continue to respect the diversity of employees. ① Continue and evolve training and effective development of top management in each region. ② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1 ③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1	① Held meetings (twice a year) aimed to formulate a plan for developing successors of top management of Group companies, and implemented collective training and project work for successor candidates. ② Specified female candidates in assistant manager level for management positions in the future and drew up individual development plans for them. The progress is followed up by each division. Candidates participated in cross-industrial exchange events arranged for female assistant managers of companies located in Hiroshima Prefecture (four times a year, 24 participants from Mazda).*1 ③ Maintained the legally required percentage of employees with special needs (2.0%) and promoted employment of intellectually/mentally-challenged people (11 people employed as of the end of March 2017). *1	○	Continue to respect the diversity of employees. ① Continue and evolve training and effective development of top management in each region. ② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1 ③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1
	Human resource development	6.4 Labor practices	Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.	• Held training themed on the implementation of brand value management practices for management of the Mazda Group (MBLD#13), and cascaded the program in each region gradually from management to employees (part of the cascading to employees to be carried out in FY March 2018). • Held cross-industrial exchange events :to understand the importance of strengthening bonds with customers, to provide employees opportunities for practical activities and to provide chances to improve employees' loyalty to the Company (FY March 2017 results: 530 participants).*1	○	Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.
	Work-life balance	6.4 Labor practices	Improve the quality of various measures for further implementation of work-life balance*1	• Held labor-management discussions on reduction of overtime work. Continued discussions to improve business competitiveness along with keeping the work-life balance.*1 • Increased both the rate and the average number of paid vacations : to 86%, up 4% from the previous year, to 16.5, up 0.9 days from the previous year. Reached labor-management agreement regarding the minimum number of paid vacations days taken a year (11 or more days for all employees).*1	○	Improve the effective use of various measures to further improve the work-life balance. *1
Occupational safety and health	6.4 Labor practices	Promote activities based on the Safety and Health Management System. ① Continue risk assessment and improvement activities based on the assessment results.*1 ② Continue system auditing and share best practices with the related divisions.*1 ③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.	① Surveyed/identified dangerous or hazardous factors and then conducted activities to remove/reduce these factors, resulting in a 93% reduction in high-risk factors.*1 ② Updated the audit check sheets and conducted system auditing in all divisions.*1 ③ Total accident frequency rate*2: 0.33 (improved by 0.05 points from FY March 2016, and ranked 3rd among 14 JAMA companies). Started to collect and analyze data on the results of workplace accident occurrence surveys of Group companies in earnest (mainly production sites).	○	Promote activities based on the Safety and Health Management System. ① Continue risk assessment and improvement activities based on the assessment results.*1 ② Continue system auditing and share best practices with the related divisions. *1 ③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.	
			Industrial relations	6.4 Labor practices	Maintain sound labor relations in each region on a global basis, based on the legislation, culture, and labor practices in respective countries.	Maintained and improved sound labor relations through mutual communication between labor and management in Mazda Corporation and in each region (resulting in no collective labor disputes).

*1 Initiatives at Mazda Motor Corporation.

*2 Results between January and December 2016. Accident frequency, measured as the number of casualty figure per million person-hours worked.

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

Sustainability Report Contents	Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Respect for People (see pp.P102-104)	Respect for human rights	6.3 Human rights	① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. ② Encourage Group companies/suppliers to use materials and manuals of Mazda's human rights awareness raising activities, for training by level ^{*2} and human rights meetings (to start LGBT-related initiatives).	① Continued to clarify support for both declarations, in the Mazda Sustainability Report 2016. ② Executed the following activities as scheduled, to raise awareness of human rights ^{*1} : • Held human rights lectures using an external program, for management (department general managers and above) twice (themes: "Hate speech" and "What is discrimination?"). • Held training by level and human rights meetings, and encouraged Group companies to use materials and manuals designed for Mazda's human rights awareness raising activities. • Held special training programs at the Hiroshima Plant and the Hofu Plant, both of which have particularly large numbers of employees. Held a new training program for managers there aimed at improving their interpersonal skills (FY March 2017 results: 50 participants). • Revised the Rules to Eliminate Human Rights Violations and the Guidelines on Eliminating Human Rights Violations, in response to the legal revisions made to the Child Care and Family Care Leave Act and the Equal Employment Opportunity Law for Men and Women, and applied the revised rules and guidelines to Group companies in Japan. • Planned LGBT-related initiatives (held a human rights lecture at the Company in July 2017).	○	① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. ② Encourage all divisions across the Company, Group companies and suppliers to use materials and manuals of Mazda's human rights awareness raising activities, for human rights meetings and training by level, ^{*2} including the programs to understand LGBT issues.
	Due diligence	6.3 Human rights	Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.	Promoted human rights initiatives throughout the value chain, recognized the status of these initiatives, and conducted surveys of these initiatives, as planned. • Applied Mazda working regulations and other policies as well as materials for human rights meetings to Group companies, dealerships, and parts sales companies in Japan. • Provided advance guidance to employees dispatched to overseas Group companies on local cultures and customs. • Responded to consultations from suppliers submitted to the Human Rights Counseling Desk. • Checked the expressions used to disseminate information inside and outside the Company for human rights infringements.	○	Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.
Social Contributions (see pp.P105-108)	Corporate citizenship activities	6.8 Community involvement and development	① Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy. ② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).	① Continued or newly launched more than 500 activities. ② Continued to implement the PDCA (plan-do-check-act) cycle.	○	① Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy. ② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).
	Disclosure of results regarding community involvement and development	6.8 Community involvement and development	Continue active disclosure of social contribution activities.	Presented around 100 activities in the Sustainability Report and 26 items in the Social Contribution Report, and posted relevant information on SNS sites, etc.	○	Continue active disclosure of social contribution activities.
Management (see pp.P109-123)	Corporate governance	6.2 Organizational governance	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code. ^{*3}	• Enhanced transparency, fairness and objectivity of the process for appointing officers (candidates for director or Audit & Supervisory Board Member, executive officers) directors, Audit & Supervisory Board member and determining the remuneration of directors and executive officers, through discussions at advisory committees. • Introduced compensation in the form of stock options, in order to enhance the internal directors and executive officers' desire to contribute to enhancing corporate value over the medium and long term. • Enhanced the effectiveness of the Board of Directors by further improving provision of information to outside directors, based on the FY March 2017 evaluation results of the board's effectiveness. • Further improved provision of information through general meeting of shareholders.	○	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code. ^{*3}
	Risk management	6.2 Organizational governance	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Continue risk management activities based on the action plans in preparation for earthquakes and tsunami. ③ Hold discussions on suppliers' risk countermeasures (and develop a BCP framework in preparation for the expected Nankai Trough Earthquake, etc.).	① Visualized the progress made in the development of the risk management systems of Mazda and its Group companies. A mid-term action plan for the next three years (FY March 2018-2020) was formulated by the Risk Compliance Committee. ② ("Hardware" aspect) Completed the preparation of disaster prevention materials and determined the specifications for the safety confirmation system. ("Software" aspect) Held disaster drills both jointly with fire authorities and solely by Mazda's self-disaster-defense teams, in preparation for earthquakes and tsunami. ③ Started to operate the SCR keeper, a supply chain risk management system, after completing the registration of information on domestic suppliers into the system. Established the means of production and procurement of alternatives for high-risk parts and materials, in preparation for the expected Nankai Trough Earthquake.	○	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Continue risk management activities based on the action plans in preparation for earthquakes and tsunami. ③ Update and enrich data for the supply chain management system.
Management (see pp.P109-123)	Information management	6.6 Fair operating practices	① Ensure information management through continuous awareness-raising activities. ② Promote and strengthen information security measures. ^{*1}	① Implemented e-learning programs (practical version) regarding security control. ② Promoted the appropriate use of file-sharing websites. • Established work procedures at Mazda for responding to the enforcement of the Social Security and Tax Number System, and provided guidance and support to Group companies in Japan in establishing these procedures.	○	① Ensure information management through continuous awareness-raising activities. ② Promote and strengthen information security measures. ^{*1}
	Protection of intellectual property	6.6 Fair operating practices	Promote activities to protect and make effective use of intellectual properties. ① For protection of Mazda' intellectual properties: • Continue strengthening the management system, and promote rights acquisition activities on a global basis (so as to maintain the number of patent applications at around 1,000 in Japan, and increase the number overseas to 650, up 40% from the previous year). ② For the protection of the intellectual properties of other parties: • Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties. • Promote the appropriate use of works belonging to other parties, in conducting communication activities.	① For the protection of Mazda' intellectual properties: • In Japan: Completed around 1,000 patent applications. • Overseas: Completed around 550 patent applications. ② For the protection of the intellectual properties of other parties: • Patent training: Held a total of five programs, with around 130 participants. • Promotion of the appropriate use of trademarks: Added about 650 new images to the Mazda-Shared-Image-Collection.	①△ ②○	Promote activities to protect and make effective use of intellectual properties. ① For the protection of Mazda' intellectual properties: • Continue strengthening the management system, and promote rights acquisition activities on a global basis. ② For the protection of the intellectual properties of other parties: • Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties. • Promote the appropriate use of works belonging to other parties, in conducting communication activities.
Management (see pp.P109-123)	Compliance	6.6 Fair operating practices	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc. ^{*1} ② Continue and strengthen support for Group companies through the provision of education materials, timely information, etc.	① Ensured the implementation of the existing awareness-raising activities. • Around 1,150 employees participated in the compliance seminar organized by the Human Resources Office as part of management skill training. • Established a new portal site that is easily accessible for compliance-related information and that can be used for business operations and training. • Released an e-learning program entitled "Security Export Control (Case Studies)." ② Conducted a survey of division/department managers and above regarding their compliance awareness and initiatives. ③ Held management training for executives of Group companies in Japan. - Started to hold regular meetings among departments concerned, in order to share information on the administration of overseas affiliates and to secure the consistency thereof.	○	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc. ^{*1} ② Continue and strengthen support for Group companies through the provision of timely information, etc.
	Fair transactions	6.6 Fair operating practices	① Continue and strengthen activities to request that suppliers comply with Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives. ② Promote supply chain management at overseas production sites.	① Continued to request and instruct suppliers to fully comply with the Mazda Supplier CSR Guidelines. Started to review the items and methods of the supplier CSR questionnaire survey conducted since FY March 2014, in light of past survey results and changes in matters of public concern. ② Applied the Mazda Supplier CSR Guidelines to suppliers of MMVO, the major production site in Mexico.	○	① Continue and strengthen activities to request that suppliers comply with the Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives. ② Gradually promote the establishment of the supply chain management system at individual overseas production sites.

*1 Initiatives at Mazda Motor Corporation.

*2 Training programs for new recruits, mid-career hires, new band 5 (assistant manager level) and newly appointed managers.

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

External Evaluations of CSR (as of September 15, 2017)

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

- Inclusion in the Dow Jones Sustainability Index (DJSI) World Index and Asia Pacific Index (Newly selected in September 2017). d
ESG index developed by the S&P Dow Jones Indices and RobecoSAM's cooperation.
- Inclusion in the FTSE4Good Index series since March 2011. e
- Inclusion in the FTSE Blossom Japan Index*¹ (Selected since the index was established in July 2017). f
ESG indices developed by the FTSE Russell, a fully-owned subsidiary of the London Stock Exchange.
- Inclusion in the MSCI ESG Leaders Indexes*² since June 2015. g
- Inclusion in the MSCI Japan ESG Select Leaders Index*^{1, 2} (Selected since the index was established in July 2017). h
ESG indices developed by Morgan Stanley Capital International (MSCI) in the United States.
- Inclusion in the Ethibel EXCELLENCE Investment Register since October 2013. i
Forum ETHIBEL is a Belgium-based non-profit organization that promotes socially responsible investment (SRI) and CSR in Europe.
- Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI) since January 2008. j
The first SRI index developed in Japan.
- In the CDP (formerly Carbon Disclosure Project) Climate Change Report 2016, Mazda's score was A- (2nd level score). k
On behalf of 827 institutional investors with assets of US\$100 trillion*³, the CDP organization conducts research and discloses information to better understand the risks and opportunities posed by climate change.
- Mazda is selected to be included in major ESG-related funds (SRI funds)*⁴ in Japan. l



Fund Name (Nickname)	Advisor
Sompo Japan Green Open (Buna-no-Mori)	Sompo Risk Management & Health Care Inc.
Nikko Eco Fund	The Goodbankers Co., Ltd.
Six-Asset Balanced Fund (Double Wing)	Japan Research Institute, oekom research AG
Sompo Japan SRI Open (Mirai-no-Chikara)	SOMPO Risk Management & Health Care, IntegreX Inc.
Mitsubishi UFJ SRI Fund (Family Friendly)	The Goodbankers Co., Ltd.

*1 A new ESG index published by the Government Pension Investment Fund (GPIF) in July 2017.

*2 Disclaimer
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*3 As of February 2017

*4 Mutual funds whose investment criteria focus on corporate social responsibility (CSR).

Raising Executive and Employee Awareness

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

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

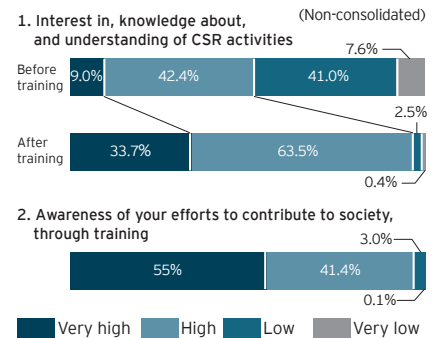
Examples of Awareness-Raising Activities

- Implementation of a lecture delivered by an external expert on the theme of "ESG evaluation attracting the attention of investors with a long-term perspective," for executive officers and divisional general managers (including general managers of independent departments)
- Distribution of the Mazda Sustainability Report to Group companies in Japan and overseas
- Particular training and enlightenment for specific issues including quality, environment, human rights and compliance
- Publication of CSR-related feature articles in *Gijutsu Tsushin* (technical notification), a monthly journal for service staff at dealerships in Japan
- Implementation of CSR training programs by level (lecture type training and group discussions for a total of around 1,325 participants, including new recruits, mid-career hires, new band 5 (assistant manager level) and newly appointed managers)*¹
- Communication about CSR efforts via the Company's Intranet and the in-house newsletter My Mazda, on an as needed basis*¹

Global Employee Engagement Survey (Positive Answer Percentage)

	FY March 2015	FY March 2016	FY March 2017
Being socially responsible (a good "corporate citizen")	59%	58%	59%

Results of Group Discussion Surveys in FY March 2017 (around 800 participants)



CSR Promotion throughout the Entire Value Chain

In cooperation with suppliers and dealerships, Mazda has established a CSR initiative promotion system throughout the entire value chain. The Company places emphasis on dialogues with stakeholders, to ensure that its CSR initiatives not only comply with international rules as well as the laws and regulations of each country/region, but also respect local history, culture, and customs.

Research and Development



Research and development in Japan, North America, Europe and China for providing innovative products tailored to the markets

Purchasing



Implementation of a broad range of initiatives, in tandem with 1,071 major suppliers in Japan and overseas, aiming for harmonious coexistence and co-prosperity

Manufacturing



Pursuit of high-level manufacturing in a total of 7 countries, including Japan, Thailand, China and Mexico

Logistics



Pursuit of high-quality, safe and environmentally conscious transportation on a global basis

Sales and services



Provision of vehicles and services to customers in more than 130 countries and regions

Recycling end-of-life vehicles



Pursuit of end-of-life vehicle recycling and waste reduction

*1 Unconsolidated activities of Mazda



EMPLOYEE'S VOICE

Promoting CSR Awareness among Employees

While working as a lecturer of CSR, Corporate Social Responsibility, training programs for employees, I am in charge of raising CSR awareness among employees, some of whom I train to be able to serve as confident staff at events to introduce Mazda's initiatives themed on the environment and safety. These events are intended for a wide variety of stakeholders, including customers, local residents and students. I always consider how we can better explain Mazda's basic approaches to these stakeholders, from the perspective of "existing sustainably with the earth, people and society." It is encouraging that I am receiving an increasing number of favorable comments from employees, such as "I was able to confidently explain Mazda's initiatives from the perspective of CSR," and from participating stakeholders, such as "I felt empathy with Mazda's initiatives." I will continue my efforts to steadily instill CSR awareness in each and every employee, through training and awareness-raising programs.

Takami Oda
CSR & Environment Department

STAKEHOLDER ENGAGEMENT

Approach to Stakeholder Engagement

Mazda clarifies key responsibilities and issues that the Mazda Group should accomplish, through dialogue with stakeholders which are important for a company's sustainable development*¹, and carries out daily business activities while making efforts for improvement.

To ensure effective communications with customers and other respective stakeholders, Mazda has defined its key stakeholders, and determined the frequencies of providing opportunities for dialogue and information disclosure. The information obtained is reported to the relevant departments or committee meetings attended by the Company's management, and used for planning and improving Mazda's daily business activities.

In the brand value management which the Company has been promoting in earnest since 2013, Mazda is pushing ahead with various initiatives, aiming to continue to grow as a corporate group that earns the trust of all its stakeholders. By establishing indicators for its relationships with its stakeholders, Mazda implements the PDCA (plan-do-check-act) cycle.

a Examples of Indicators:

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

a

Key Stakeholder Relationships and Opportunities for Key Dialogue and Information Disclosure

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

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

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

Conducting the Stakeholder Survey

Since FY March 2014, Mazda has conducted a Stakeholder Survey (once a year), inviting opinions from stakeholders outside the Company regarding employee conduct and attitudes toward the promotion of brand value management. The submitted opinions and their analysis results are shared with top management. After clarifying the actual situations and issues to be addressed, the results are announced to Mazda employees and employees of the entire Group in Japan and abroad through MBLD (see p. 92). This provides these employees with opportunities to review their own actions and practices, from the perspective of implementing the corporate vision and strengthening connections with stakeholders. To generate frank opinions and guarantee objectivity of the analysis, Mazda has commissioned a third party organization (research firm) to conduct the survey.

Those Covered by Stakeholder Survey (Only in Japan):

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

Communication through Publication of the Mazda Sustainability Report

The Mazda Sustainability Report has been published with the aim of informing stakeholders of Mazda's CSR initiatives. To obtain the opinions and evaluations regarding the report's content and editorial method, Mazda has conducted a questionnaire survey and applied for CSR-related awards.

The submitted opinions and evaluations are fed back to executive officers, external directors, and each division's employees in charge of producing the Mazda Sustainability Report, and are utilized for designing the next year's initiatives and for considering the information to be disclosed in the report. The questionnaire survey results are published on the Mazda official website.

TOPICS

One Mazda Restore Project

Employees from various departments of the Company voluntarily gather and work together to promote the One Mazda Restore Project, an initiative to restore Mazda's historic vehicles. This project has continued since FY March 2016, with the aims of enhancing employees' pride in the Mazda brand, and passing on to the next generation the historic vehicle's concept and philosophy at the time of its first production. The project also serves as an opportunity to show scenes of restoration work to employees and stakeholders outside the Company to encourage them to deepen their understanding of the Mazda brand, and to invite local students in and around Hiroshima City to collaborate in restoration work, thereby heightening their interest in the automotive industry. So far, the Cosmo Sport (launched in 1967)*¹ and the R360 Coupe (launched in 1960)*² have been restored under this project.

In FY March 2018, project members have undertaken the restoration of the Luce Rotary Coupe (launched in 1969).*³ In the future, the project aims to restore one historic vehicle per year, toward the year 2020 when Mazda will mark its 100th anniversary.

*1 The first rotary engine vehicle to be volume-produced and commercialized in the world

*2 Mazda's first passenger car

*3 A rotary engine vehicle Mazda released following the Cosmo Sport



TOPICS

Sustainable "Zoom-Zoom" Forum*¹ 2016 in Yokohama Satisfying both Driving pleasure and Outstanding Environmental and Safety Performance

To communicate Mazda's initiatives to stakeholders and solicit their unreserved views, the Sustainable "Zoom-Zoom" Forum 2016 in Yokohama was held at the Mazda R&D Center Yokohama (MRY) in October 2016. This was the tenth round of the forum. Its program included presentations on the Company's approach and technologies, with a focus on Mazda's human-oriented product development. Also, Mazda engineers held the "Lesson for the Ideal Position for Each Individual Driver," introducing a method for comfortable and safe driving. Moreover, as in the past forums, the dialogues in the small groups between the participants and Mazda engineers and other employees were arranged. Through these conversations, the Company invited opinions and requests from participants, while promoting their understanding about Mazda.

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



Opinions from Participants

- Through this event, I became aware of Mazda's attitude of respecting customers.
- This forum offered me a precious opportunity to directly talk with Mazda engineers. I hope that the Company continues to hold this kind of event in the future.
- I want to tell people around me about Mazda's human-oriented concept, and the lecture on the ideal driving position.

CUSTOMER SATISFACTION

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

CONTENTS

29 Providing the Mazda Brand Experience to Customers

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Sales and services	6.7 Consumer issues	Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.	① Shared Mazda's strategies and philosophys for brand value enhancement with distributors and dealers in major markets. ② Confirmed the progress of initiatives in major markets, in light of evaluations by customers and third-party organizations.	○	Sell products and offer services to provide a value realizing a circle of smiles for keeping on growing through a life with Mazda, which makes you feel you always "want to continue choosing" Mazda.
Products	6.7 Consumer issues	Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom." • Driving pleasure as well as outstanding environmental and safety performance. • Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel. • Insightful, thoroughly thought-out functionality. • An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.	Evolved the attributes of the Mazda brand in line with the principles of "Sustainable Zoom-Zoom" in CX-4, Roadster RF(MX-5 RF overseas) and new CX-5, and introduced them into the market.	○	Develop next-generation products that further evolve the following attributes of the Mazda brand, in line with the principles of "Sustainable Zoom-Zoom." • Driving pleasure as well as outstanding environmental and safety performance. • Jinba-Ittai (oneness between car and driver) driving performance that appeals to all five senses and increases the driving pleasure each time the driver gets behind the wheel. • Insightful, thoroughly thought-out functionality. • An unrivaled design direction full of raw energy, honed by the precision of Japanese aesthetics.

PROVIDING THE MAZDA BRAND EXPERIENCE TO CUSTOMERS

The Mazda Group promotes brand value management. By enhancing its brand value, the Group aims to increase the number of enthusiastic Mazda fans and attain its business growth, thereby consequently enhancing its corporate value. In the Structural Reform Stage 2, a medium-term business plan (see p. 125), the Group sets forth global sales and network enhancement as one of its main initiatives to improve brand value.

With a view to building special bonds with customers in more than 130 countries and regions where Mazda vehicles are sold, Mazda pushes forward with various initiatives in cooperation with local distributors/dealerships to provide customers with a Mazda brand experience in all stages of their car ownership. **a**

a Every touch point



Three Approaches to Establish an Emotional Connection with Customers

To establish an emotional connection with customers, Mazda considers it necessary to take into account all touch points, i.e., not only the period during which customers are in possession of a Mazda vehicle, but also the periods before they purchase the vehicle and after they let go of it. Under this belief, the Company has determined three approaches that sales, marketing, customer services, and other relevant divisions should jointly pursue, based on which the Group companies of each country/region implement specific measures appropriate for their local cultures and environment.

Three approaches

- View customers from a lifelong perspective. In childhood, people ride in their family vehicle, and after growing up, they enjoy owning their own vehicle. Then at an advanced age, they return to riding in someone else's vehicle. It is important to have customers continue to feel close to Mazda and Mazda vehicles over all these years.
- Continuously maintain the relationship. Always provide customers with excitement and stimulation so that customers can feel a stronger connection to Mazda as time proceeds.
- Place particular emphasis on Mazda's uniqueness (ex.: strong attachment to Hiroshima, where Mazda Head Office is located, enthusiasm for offering driving pleasure).

Approach to Developing Products

Mazda develops products that embody the attributes of its brand slogan "Zoom-Zoom" (see p. 3). In line with the principles of "Sustainable Zoom-Zoom," the Company is developing SKYACTIV TECHNOLOGY (see pp. 66-67), which provides all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance. SKYACTIV TECHNOLOGY was introduced to the market starting in 2011. In August 2017, a decade after the original and in light of the rapid changes taking place in the automotive industry, Mazda announced "Sustainable Zoom-Zoom 2030." This new vision for technology development takes a longer-term perspective and sets out how Mazda will use driving pleasure, the fundamental appeal of the automobile, to help solve issues facing people, the earth and society (see pp. 4-6). To achieve this, Mazda is engaged in research & development aimed at creating the world's best functions with the maximum efficiency.

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

Responding to the Diverse Customer Needs

Mazda has been establishing a system to deliver products and services to customers in the most appropriate way taking into consideration the cultures and trends of each country and region. At its R&D centers in Japan, North America, Europe and China, Mazda gathers information about markets and customers around the globe. Through local testing, Mazda develops products and provides services to suit its customers' wide-ranging needs. To effectively enhance its brand awareness, Mazda focuses on promoting an understanding of the Mazda brand's common visions and the Company's spirit of product development and manufacturing, rather than on awareness of individual models.

Examples to Meet Specific Customer Needs

<Research and Planning Conducted from a Female Perspective>

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

<Customizing Business (in Japan)>

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

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

b

Lineup for vehicles for people with special needs(as of August 31, 2017)

- **Vehicles with a swivel passenger seat:** Vehicle with a powered passenger seat that rotates (Demio)
- **Vehicles with a lift-up passenger seat:** Vehicles with a powered lift-up passenger seat that elevates and rotates (New CX-5)



- **Wheelchair-ramp-equipped vehicle:** Vehicle with a ramp that enables people in a wheelchair to get in and out while remaining in a wheelchair (Flair Wagon)

TOPICS

[Japan] Mazda Exhibits Vehicles for People with Special Needs at International Home Care & Rehabilitation Exhibition H.C.R. 2016

Mazda sells and promotes the use of vehicles for people with special needs, aiming to help people who are physically challenged enjoy their daily lives. The Company has exhibited its vehicles for people with special needs in the International Home Care & Rehabilitation Exhibition H.C.R., an international exhibition to present nursing care and welfare equipment from around the world, since 1995. At the exhibition FY March 2016, Mazda exhibited four vehicles, including a Roadster (MX-5 overseas) with hand-operated controls.



Roadster (MX-5 overseas) with hand-operated controls

A welfare model that allows the driver to enjoy driving pleasure by only using both hands. It is equipped with the control grip (AP drive) located next to the center console, and the driver can accelerate by pulling it and decelerate by pushing it. For steering, the steering knob is available as an option to support steering operation with one hand.

Co-Creation of Product Training by Mazda Motor Corporation and Distributor/Dealership Staff

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

C

C Seminar targeted at training staff of distributor/dealership



Product Information, Display, and Advertising

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

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

Development/Launch of Value-Added Accessories

Mazda develops and provides various accessory parts that satisfy the diverse needs of customers. Mazda also provides items that address environmental issues to make customers' life more comfortable, considering the requests from society. While ensuring compliance with regulations of each country, the Company promotes voluntary switching of maintenance and other accessories to those containing environmentally conscious elements.

d

d Product example

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



EMPLOYEE'S VOICE

Promoting Co-Creation to All Members in Mazda Australia

I am in charge of Product Planning in Mazda Australia(MA). We have attended several co-creation events held in Mazda Head Office to learn about new products and technologies directly from Mazda R&D members and to work together with other national sales companies to find the best way to cascade this information to staff, dealerships and customers in each country. Back at MA, we share the information from Mazda with key staff at MA, and thoroughly discuss the initial ideas for communication to customers and ensure that the message is consistent across all communication channels. Through promotion of co-creative activities, we aim to further improve brand value.

Daniel Wakelam
Product Planning
Mazda Australia

Communicating the Mazda Brand and Providing the Brand Experience

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

New Concept in Sales Outlets “New-Generation Showrooms”

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

e f

Information Service for Customers through Websites

Mazda makes efforts to enhance the usability of its website to enable the website visitors to easily obtain the information they need. The website is designed to communicate many people, not only about the simple facts, but also about the underlying principles and philosophy. The website also provides easily understandable information useful for customers at all stages from considering a purchase to the ownership of their vehicles. g At the same time, Mazda uses social media, such as Facebook, blogs, and Twitter, to enhance interactive communications with its customers (see p. 35).

Zoom-Zoom, Mazda Brand Magazine

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

h

Promoting Events for Driving Lessons and Motor Sports

Mazda promotes activities that can provide opportunities for many customers to experience “driving pleasure.” Various events for multiple needs are offered. Examples of events are: lectures on basic driving positions for safe driving, lessons to learn advanced techniques useful in daily driving, races in which everyone from beginners to advanced drivers can participate, and professional races for drivers seeking to acquire higher skills.

e [Japan] Mazda Brand Space Osaka



f [United States] New-Generation Showroom



g [Japan] New CX-5 digital owner's manual



h Zoom-Zoom Magazine (2017 spring issue)



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

TOPICS

Brand Experience, a Program to Provide Customers Experience the Mazda Brand

Mazda globally hosts "Brand Experience," a program to provide its customers experience the Mazda brand at various touch points.

The events to offer customers the opportunities to test-drive Mazda vehicles and to talk with its engineers, have been highly appreciated by the participants.

[Case in the U. S.]

In FY March 2017, ten events were held to provide customers with opportunities to test-drive mazda vehicles and to talk with its engineers.

Almost all of these events received positive evaluation from over 95% of the participants.



[Case in the U. S.] Demonstrating design and technologies through offering chances for test-drive and talks with engineers

TOPICS

[Japan] Mazda Fan Endurance

Mazda sponsors the Mazda Fan Endurance, a circuit event held by the Mazda vehicle users. At this race, in which regular vehicles without any special modification for racing can participate, professional driving advisors are stationed to frankly answer to participants' questions regarding safety and driving. The race inhibits gas fueling during the race, and the race hour is set to reflect consideration to fuel economy.

By sponsoring this race, Mazda demonstrates its consideration to safety and the environment, while providing customers with driving pleasure, with the aim of establishing special bonds with customers.



TOPICS

[China] Mazda CX-4 Won 2017 China Car Design of the Year

In June 2016, Mazda launched the new CX-4 crossover SUV in China, first in the world, with the aim of becoming a brand that helps enrich the life of Chinese customers and has special bonds with them. This vehicle embodies Mazda's new challenging mission of "creating a new SUV segment" that exceeds existing categories and stereotypes, and will support the aspiration of young Chinese consumers who possess a progressive set of values to further advance Chinese society and their quest for true fulfillment. The development concept is Exploring-Coupe. "Exploring" symbolizes the adventurous spirit that drives people to explore the unknown, while "Coupe" represents independence and individuality. High evaluation from the customers resulted in the winning of the 2017 China Car Design of the Year*¹.



New CX-4 Crossover SUV

*1 Organized by the Chinese Automotive Media Chief Editors' Club and PRIME Research & Consulting (Shanghai) Ltd.

Realizing Customer Services Relied on by Customers for Life

To provide a safer, secure and comfortable ownership experience and realize customer services that will be relied on by customers for life, Mazda has established a system to promptly support customers with its high maintenance skills. The Company, seeing the period between purchase of a new vehicle and the next purchase as an important and valuable time to deepen special bonds between Mazda and customers, has been promoting reform of operation sites to provide customers with services that exceed their expectations.

Through developing and providing service/repair tools and service manuals, establishing parts supply networks, and offering training for service trainers and service staff, Mazda has maintained systems to enable dealers in Japan and overseas to provide close and proper support for customers. New model training is provided in several stages according to the learning priorities, to enable efficient acquisition of service skills for the diverse technologies employed in a vehicle. To improve the quality of training, the Company develops training materials using animation and 3D graphics to visually help trainees understand how new technologies work.

Providing Tools/Service Manuals

Hoping that customers can use Mazda vehicles more safely and with peace of mind that they can make better use of increasingly multifunctional devices, Mazda distributes digital owner's manuals, which enable customers to easily search and obtain the information they need by using their PC or smart phones. Mazda also promotes the initiatives to ensure a constant high service quality at Mazda Group dealers in Japan and overseas.

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

Parts Supply Networks

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

Japan: Parts are supplied from 31 parts supply bases to each dealer every day.

Overseas: In line with the reorganization of the global production footprint, parts are supplied from Mexico and Thailand, in addition to Japan.

Developing Service Trainers/Staff

To develop service professionals with a high level of maintenance skills and customer service skills on a global scale, Mazda operates training centers in Japan and major countries overseas. In each of the areas of ASEAN, Middle East, and Latin America, locally employed instructors are stationed to provide training for trainers of the dealers in the countries within the area, thereby enhancing support for human resources development and service quality improvement in each country.

Mazda has also hosted Service Skills Competitions in Japan and overseas for the purpose of boosting the service skills and motivation of service staff. Through this Competition, the Company aims to show what professionals with excellent maintenance skills and customer service skills should be like and realize the highest level of services from the customers' viewpoint. The best service engineers of each country and region are invited to the world competition, contributing to further raising motivation of service staff members. (see p. 36)

Responding to Expectations and Opinions of Customers

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

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

To strengthen bonds with customers, Mazda conducts global surveys focusing on “Mazda brand experience,” “sales and after-sales services,” “ownership cost,” product attractiveness,” and other specific items. Through these surveys, the Company identifies problems in each market and addresses them in cooperation with local distributors/dealerships. With the indicators to measure customer satisfaction (see p. 26) applied, the PDCA (plan-do-check-act) cycle process has been established.

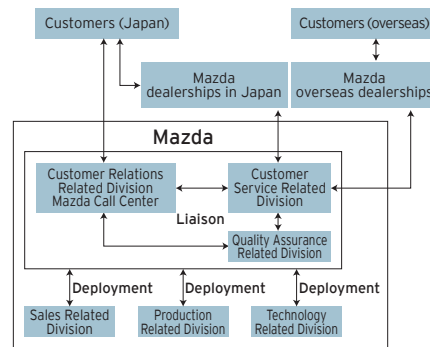
Sharing and Recognition of Best Practices at Distributors/Dealerships

To boost the level of sales and CS*3 efforts throughout the distributors and dealerships, a system of sharing and awarding best practices, selected based on such viewpoints as remarkable contribution to vehicle sales, and achievements in CS activities, has been put in place.

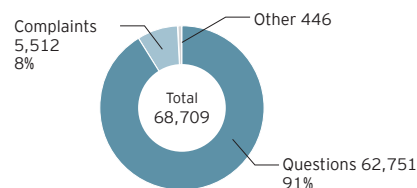
Examples of initiatives in Japan

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

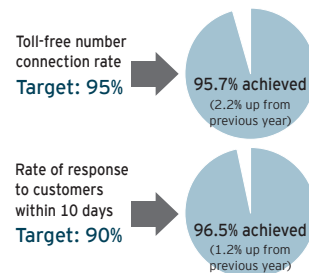
i Framework



FY March 2017 Breakdown of Mazda Call Center Customer Responses by Type (In Japan)
(April 2016-March 2017)



Targets and Results for FY March 2017 (In Japan)



Voices of the customers who purchased or testdrove Mazda vehicles are presented on the website (in Japanese only).

<http://www2.mazda.co.jp/carlife/voice/>

j The Walk-Around Contest



*1 Distributor List in each country
<http://www.mazda.com/en/about/d-list/>
*2 Inquiries from Japan / FAQ (Japanese only)
<http://www.mazda.co.jp/inquiry/>
*3 Customer Satisfaction

TOPICS

Mazda Customer Service Skills World Competition Held

In May 2017, the 4th Mazda Customer Service Skills World Competition was held at Mazda Head Office, with participation by 26 excellent service engineers in 13 teams from 11 countries.

The Service Skills World Competition was first held in Germany, with participation from nine countries in 2004, but suspended after the 2008 competition. In response to the increasing momentum toward human resources development in brand value management, however, Mazda decided to resume the world competition.

The world competition is aimed to encourage mutual improvement within the Mazda Group. At the same time, the service staff representatives who have participated in the world competition are expected to talk enthusiastically about the competition, which may lead to further activation of the development of service staff.

The video of the competition is available on YouTube (https://www.youtube.com/watch?v=he3y_BMXoV8).

**Customer Service Skills World Competition Results**

- 1st place: Keiji Mazda (Japan)
- 2nd place: Koshin Mazda (Japan)
- 3rd place: Changan Mazda (China)

Communication with Dealerships

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

Communication Opportunities with Distributors/Dealerships in Japan

	Participants	Frequency	Objective/Contents
Conferences for dealership representatives	Representatives of dealerships and Mazda directors	Once a year	To communicate Mazda policies
Mazda Dealership Association in Japan Executive board of directors meeting	Executive board members and others from Mazda Dealership Association in Japan	Twice a year	Information concerning product development, service and parts requests, quality concerns, and other topics is exchanged and discussed.
Mazda Dealership Association in Japan Specialized committees	Committee members from Mazda Dealership Association in Japan and Mazda representatives	As needed	

Communication Opportunities with Overseas Group Companies and Distributors

	Participants	Frequency	Objective/Contents
Product Launch Events	Representatives from major overseas bases of operation, such as the United States, Europe, China and Australia	Indetermined	To share information and exchange opinions globally upon the product launch. In FY March 2017, the event was held in August, with around 60 participants.
Global Brand Events	Representatives from major operation bases, such as the United States, Europe, China, Australia and Japan	3 times a year	Representatives of major regions meet to build common understanding and consensus on brand strategies, and share initiatives. In FY March 2017, a total of 150 representatives participated.
Regional Brand Events	Representatives from major operation bases, such as the United States, Europe, China, ASEAN and Japan	3 to 4 times a year	Discussions are held and opinions are exchanged for each region to determine practical actions for implementing the brand strategies. In FY March 2017, a total of 500 representatives participated.
4A* ¹ Distributor Events	Representatives from Southeast Asia, Central and South America, Middle East, and Africa regions	Once a year	Discussions covering a wide range of topics including business, marketing, product launches, etc. In FY March 2017, the event was held in September, with around 150 participants.

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

QUALITY

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

CONTENTS

38 Commitment to Quality

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Quality	6.7 Consumer issues	Implement products with robust reliability.	Re-developed the foundation for quality-related management systems so as to be capable of the followings; quick information gathering on product defects and customer complaints, consistent action from the customer viewpoint, and establishment of the relevant processes.	○	Establish a quality assurance system that covers production sites in Japan and overseas, ports and dealerships, to globally enable delivery of products of equal quality.

COMMITMENT TO QUALITY

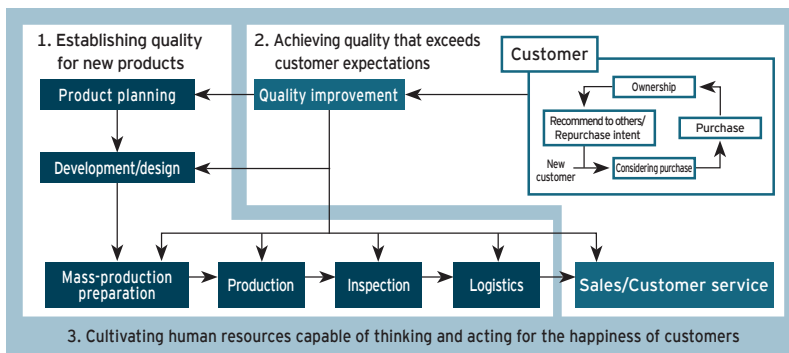
Under its Corporate Vision, Mazda further advances the efforts it has made and promotes united collaboration among all areas, continuing to enhance Mazda's unique value.

a

Mazda Quality Policy
 To enrich the lives of our customers by providing products and services that reflect steady and uncompromising work.

Approach to Quality Improvement

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

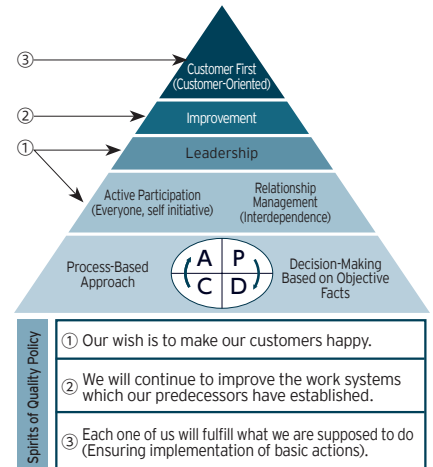


Mazda Quality Management System (M-QMS)

To make faithful and unceasing efforts and constantly ensure quality in products, sales and after-sales services that can always satisfy the expectations and trust of customers, Mazda has established the Mazda Quality Management System (M-QMS) based on ISO 9001*¹, and has applied it to the series of processes from product design and development to production, sales and after-sales services.

As the number of overseas production sites is increasing, Mazda promotes the establishment of systems that encourage local employees of new sites to make self-reliant efforts to improve quality. ISO 9001 (2015 version) was acquired in November 2016 at MSMR*² in Russia. Mazda encourages other overseas production sites and regional operation companies to acquire this certification, thereby promoting the quality improvement of Mazda vehicles, which are produced and sold worldwide.

a Spirits of Quality Policy



Acquisition of ISO 9000 series

- 1994: Acquired ISO 9002*¹ (first Japanese automaker)
Apply to: Vehicles produced at Hiroshima Plant and Hofu Plant
- 1996: Acquired ISO 9001
Apply to: Engineering, product development, manufacturing and after-sales service
- 2001: Expanded the ISO 9001 application range
Apply to: Accessories, KD, product planning, design, specially equipped vehicles (TESMA), etc.
- 2001: AAT*² acquired ISO 9001
- 2007: CMA*³ and CFME*⁴ acquired TS16949 (ISO 9001 sector certificate)
- 2015: MMVO*⁵ and MPMT*⁶ acquired ISO 9001
- 2016: MSMR acquired ISO 9001

*1 International standard for product and after-sales service quality assurance
 *2 AutoAlliance (Thailand) Co., Ltd.
 *3 Changan Mazda Automobile Co., Ltd.
 *4 Changan Ford Mazda Engine Co., Ltd.
 *5 Mazda de Mexico Vehicle Operation
 *6 Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (Powertrain plant that started operation in January 2015)

*1 International standard for quality maintenance and assurance
 *2 MAZDA SOLLERS Manufacturing Rus

1. Establishing Quality for New Products

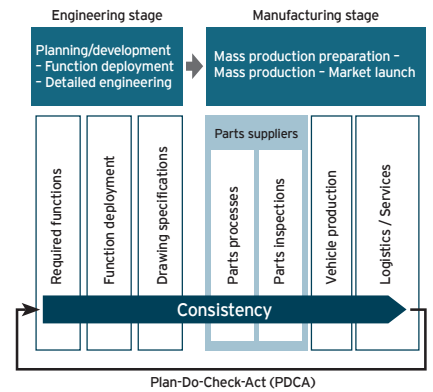
To satisfy the diverse needs of customers and offer greater trust, joy and excitement, Mazda is engaged in establishing a consistent quality level to be assured at all stages from planning/ development to the delivery of products to customers.

Establishing Stable Quality

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

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

b Consistent Process Assurance based on Major Characteristics



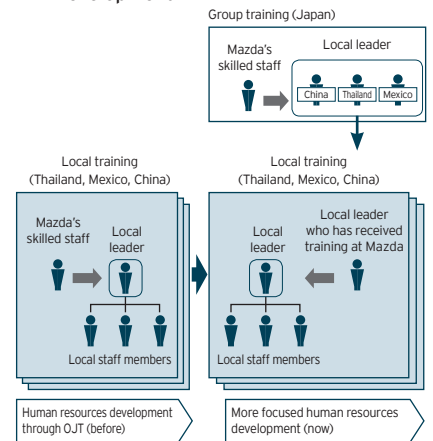
Global Quality Assurance

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

<Initiatives for Developing Human Resources>

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

c Initiatives for Global Human Resources Development



Enhancing Quality Assurance after Shipment

To ensure that the high quality at factory shipment is maintained until delivery to customers, Mazda has been continuously developing and enhancing global guidelines for logistics processes covering up to distribution centers in Japan, overseas ports, and dealerships in Japan and overseas distributors.

In FY March 2017, Mazda investigated how the quality of the new CX-5 changes in the course from the distribution center to the dealerships, thereby enhancing quality assurance. In view of the various situations of use by customers, efforts are being made to assure and improve quality.



EMPLOYEE'S VOICE

Achieving Quality Assurance of Higher Quality Products through Collaboration with Relevant Divisions

I am in charge of quality control of purchased parts. I aim to ensure that all parts meet the high basic quality standards. In the conventional quality development process, the manufacturing conditions were verified after the research & development (R&D) of parts had been completed. Now the verification is done at the initial stage of R&D, under the strengthened collaboration among the divisions concerned; we confirm whether the quality is reliably managed in the manufacturing process at suppliers in Japan and overseas. By implementing this consistent approach to quality development through collaboration among divisions responsible for R&D, production, procurement, logistics and quality, we work hard to achieve the assurance of higher-quality parts.

Risa Fujita

Quality Engineering Department, Quality Division

TOPICS

Collective Training for Quality Improvement on a Global Scale

To realize high-quality manufacturing on a global scale, a training program was held at Mazda Head Office in December 2016 for persons in charge of quality management of purchased parts. In the two-week training program, which was aimed at developing leaders for each site, a total of 14 leaders from four production sites and three distributors overseas participated. The participants learned not only work standards but also the roles and duties of leaders, as well as the objectives and background thereof, through lectures on work processes and on-site practice at Japanese suppliers. A participant in the training said that it was useful to be able to learn together with the other members who work in the same position in different countries.



2. Achieving Quality that Exceeds Customer Expectations

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

Speedy and Comprehensive Quality Improvement

Mazda makes Group-wide efforts to ensure stable and speedy quality improvement by comprehensive gathering and management of the voices of customers from around the world.

As part of this initiative, all relevant divisions at the Head Office, such as the customer services, product development, and manufacturing areas, share all items of quality information gathered from customers, dealerships in Japan and distributors overseas, and management team actively monitors the daily progress, so as to expedite stable quality improvement.

Responding to Customer's Complaints and Expectations

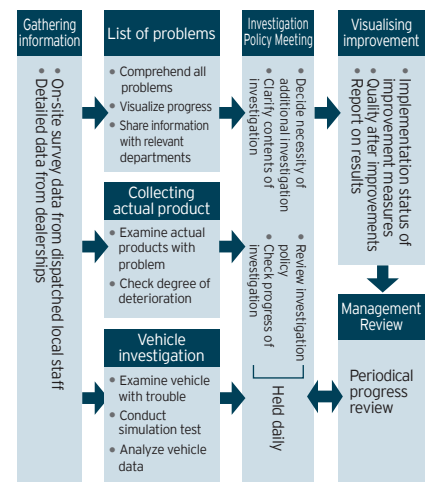
It is an important element of quality improvement to respond to customers' expectations and complaints, regarding such matters as what Mazda vehicles should be and in what points Mazda vehicles are less user-friendly. To faithfully respond to such customer expectations and complaints, Mazda proactively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

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

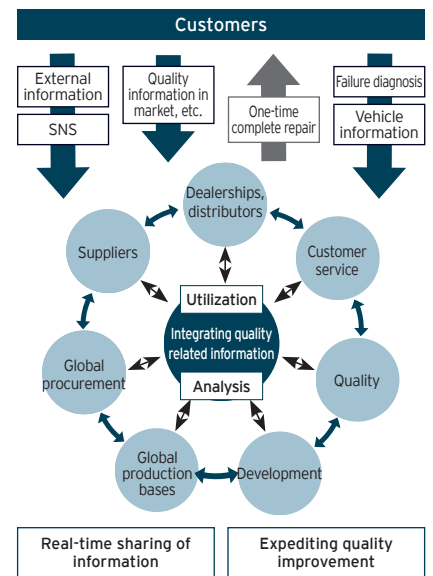
<Examples of Surveys/Analyses>

- Gathering customer voices through Mazda-unique market survey
- Market surveys conducted by third parties
- Questionnaire surveys Mazda has developed
- Analysis of customer voices on social media
- Centralized management of global quality information
- Enhancing information to support dealerships to ensure repair completion at one time

d Expediting Quality Improvement



e Real-time information gathering



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

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

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

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

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

Recall Procedures (Overview)

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

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

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

<Major Activities>

Quality Awareness-Raising Activities

Quality meetings with the consequent aim of enhancing brand value are held on a regular basis. The meetings encourage all employees to obtain new findings through discussions and to improve their quality awareness and quality of action. At the meetings in FY March 2017, practices by employees who ignited their own spirit and achieved highly challenging goals, such as restoration of Cosmo Sport, development of G-Vectoring Control, initiatives by the Mazda track & field club members and participants to compete in World Skills Competitions who are aiming to become the top in the industry, were shared. Each employee reviewed the relationship between his/her work and customers, as well as its meaning and value, discussed how they should change their awareness and behavior to achieve their ideal state, and shared the results with the aim of reflecting them in their work. **g**

Quality Control Education

For the purpose of developing human resources capable of proactively finding/solving problems from a customer viewpoint and working for continuous improvement, quality control education is provided for employees. Quality education courses are offered by internal instructors for each job type or management level. **h**

Mazda QC (Quality Control) Circle Activities

To improve quality at each workplace, QC circle activities are implemented not only inside Mazda but also at suppliers, dealerships and overseas production sites. The All Mazda QC Circle Competition is held every year at the Mazda Head Office, where achievements in quality improvement activities are presented. Inviting QC circles of overseas sites such as China, Thailand and Mexico, the competition is held on a global scale. During FY March 2017, the QC circle which received the award as an excellent circle at the All Mazda QC Circle Competition participated in the All Japan QC Circle Grand Competition. They received the Gold Prize, which is the highest award, demonstrating its high reputation outside the Company. **i**

Test-Ride for Employees

To enable Mazda employees to explain Mazda's products and communicate the concept of Mazda's *monotsukuri*, or product development and manufacturing, with their own words to Mazda's stakeholders, Mazda offers a training program for employees, designed to help them deepen their understanding of the Mazda brand through actually experiencing the products. Through mainly test-rides, participants of this program are expected to deepen their understanding of not only the characteristics of each product, but also the spirit and philosophy common in all Mazda products. The scope of this program, which targeted all employees at Head Office (Hiroshima) in FY March 2015, was expanded in FY March 2016 to other operation sites in Japan, and being expanded to overseas sites, such as Mexico, in FY March 2017.

g Discussion at workplace



h Group-wide Quality Education Courses

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

i All Japan QC Circle Grand Competition Gold Prize-winning circle



*1 Distributor list in each country

<http://www.mazda.com/en/about/d-i/>

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

4. Results of Quality Improvement Initiatives

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

FY March 2017 Results (April 2016 - March 2017)

Country	Name of the Study	Vehicle Type and Rankings	Name of Company
US	2016 Automotive Performance Execution And Layout (APEAL)* ¹	MX-5 (Roadster): 3rd	J.D. Power
US	Reliability/Road Test by Consumer Report	Acquired for 6 models Mazda3 (Axela), Mazda6 (Atenza), CX-3, CX-5, CX-9, MX-5 (Roadster)	Consumer Reports
Japan	2016 Automotive Performance Execution And Layout (APEAL)* ²	Mazda: Mass Market Brand: 2nd	J.D. Power
Japan	2016 Automotive Performance Execution And Layout (APEAL)* ²	CX-3: 1st, CX-5: 1st, Demio (Mazda2): 2nd	J.D. Power
China	2016 Initial Quality Study (IQS)* ³	FAW-Mazda: Mass Market Brand 3rd (two years in a row)	J.D. Power
China	2016 Vehicle Dependability Study (VDS)* ⁴	Mazda6 (Atenza): 2nd	J.D. Power
Thailand	2016 Initial Quality Study (IQS)* ⁵	CX-5: 2nd, CX-3: 3rd, Mazda3 (Axela): 3rd	J.D. Power
Thailand	2016 Automotive Performance Execution And Layout (APEAL)* ⁶	CX-3: 2nd, Mazda3 (Axela): 2nd, Mazda2 (Demio): 3rd	J.D. Power

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

*1 J.D. Power 2016 US Automotive Performance Execution And LayoutSM (APEAL) is based on responses from more than 80,000 purchasers and lessees of new cars. The study was fielded between February and May 2016.
 *2 J.D. Power 2016 Japan Automotive Performance Execution And LayoutSM (APEAL) is based on responses from around 20,000 purchasers of new cars. The study was fielded in June 2016.
 *3 J.D. Power Asia Pacific 2016 China Initial Quality StudySM (IQS) is based on responses from around 21,000 purchasers of new cars. The study was fielded between March and July 2016.
 *4 J.D. Power Asia Pacific 2016 China Vehicle Dependability StudySM (VDS) is based on responses from around 20,000 owners of new model vehicles over at least three years. The study was fielded between May and September 2016.
 *5 J.D. Power Asia Pacific 2016 Thailand Initial Quality StudySM (IQS) is based on responses from around 5,000 purchasers of new cars. The study was fielded between May and September 2016.
 *6 J.D. Power Asia Pacific 2016 Thailand Automotive Performance Execution And LayoutSM (APEAL) is based on responses from around 5,000 purchasers of new cars. The study was fielded between May and September 2016.

TOPICS

“100-1=0” To Provide 100% Quality for Vehicle Production

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

Pursuing a kind of vehicle production that respects each vehicle as a certain customer's “one-and-only” Mazda first aims to achieve “zero defect,” target and then realize value that exceeds customer expectations, such as design theme, KODO-Soul of Motion (see p. 128), and outstanding environmental and safety performance. These elements embody driving pleasure, which is the hallmark of the Mazda brand.

Establishing the brand value to be delivered to customers

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

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

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

SAFETY

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

CONTENTS

44 Safety Initiatives

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Safety	6.7 Consumer issues	<p>① Further evolve, and expand the introduction of i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy.</p> <p>② Obtain high ratings in the new car assessment programs (NCAPs) of respective countries.</p>	<p>① Introduced the evolved i-ACTIVSENSE (for Mazda3 (Axela), Mazda6 (Atenza), CX-3, CX-5).</p> <ul style="list-style-type: none"> Equipped with Advanced Smart City Brake Support, with an automatic brake system for pedestrians added, and Traffic Sign Recognition System, for reading traffic signs and displaying speed limits and other information. <p>② Obtained the highest ratings in the new car assessment programs (NCAPs) of each country as follows:</p> <p>J-NCAP Advanced Safety Vehicle (ASV) Technology Assessment: Axela (Mazda3) obtained "2016ASV++," the highest rating.</p> <p>IIHS Safety performance evaluations: CX-3, Mazda3 (Axela) and Mazda6 (Atenza) obtained "TSP+," the highest rating.</p> <p>A-NCAP Collision safety performance evaluations: CX-9, Mazda3 (Axela) and CX-5 obtained "5☆," the highest rating.</p>	○	<p>① Further evolve, and expand the introduction of i-ACTIVSENSE, which is a series of advanced safety technologies developed in line with Mazda Proactive Safety, the Company's safety philosophy.</p> <p>② Obtain high ratings in the new car assessment programs (NCAPs) of respective countries.</p>

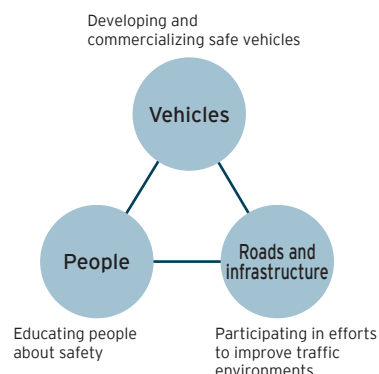
SAFETY INITIATIVES

Mazda's Basic Approach to Safety

Aiming to achieve a safe and accident-free automotive society, Mazda promotes safety initiatives from the three viewpoints of vehicles, people, and roads and infrastructure. **a** In March 2007, Mazda announced its long-term vision for the technology development: "Sustainable Zoom-Zoom." The basic policy of the vision is to "provide all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance."

In August 2017, a decade after the original and in light of the rapid changes taking place in the automotive industry, Mazda announced "Sustainable Zoom-Zoom 2030." This new vision for technology development takes a longer-term perspective and sets out how Mazda will use driving pleasure, the fundamental appeal of the automobile, to help solve issues facing people, the earth and society (see pp. 4-6). Mazda believes its mission is to bring about a beautiful earth and to enrich people's lives as well as society. The company will continue to seek ways to inspire people through the value found in cars. In the realm of society, which encompasses safety, "Sustainable Zoom-Zoom 2030" demonstrates Mazda's determination to leverage cars and a society that provide safety and peace of mind, to create a system that enriches people's lives by offering unrestricted mobility to people everywhere.

a Three Viewpoints of Safety Initiatives



Initiatives in Vehicles

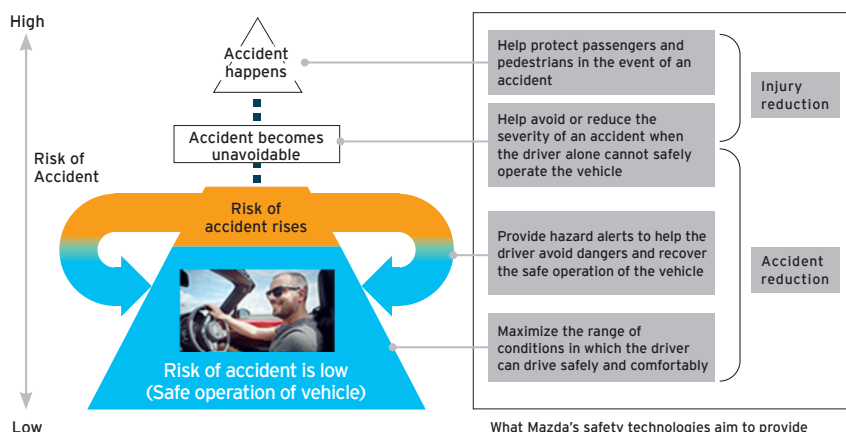
Mazda will address the issue of traffic safety, which requires a multi-faceted, balanced, and comprehensive approach, by providing all its customers with excellent safety performance, through vehicle engineering, the field in which Mazda can take the initiative.

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

Mazda Proactive Safety: Mazda's Safety Philosophy

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

To 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.



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

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

Moreover, understanding that human nature means that mistakes or errors cannot be totally eliminated, Mazda offers safety functions on its vehicles that help prevent such human errors as much as possible, and if an accident occurs, help prevent the accident or reduce the resulting damage. While implementing measures appropriate for each accident risk so as to reduce the risk as soon as possible, Mazda places the highest focus on improving ordinary driving conditions to remove possible causes of an accident rather than on a "what if"-based approach (preparing for possible results).

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

Continuously Evolving Basic Safety Technologies as Standard for All Vehicles

Aiming to achieve a safe and accident-free automotive society, Mazda promotes continuous evolution of basic safety technologies, such as the ideal driving position and pedal layout, excellent visibility, and active driving display, and will install these in all vehicles as standard.

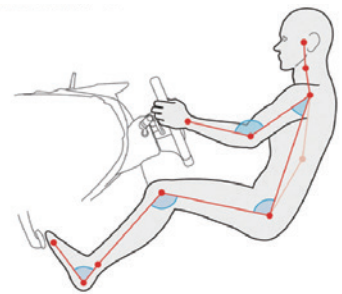
Ideal Driving Position

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

Pursuing the Ideal Joint Angle for Comfortable Driving

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

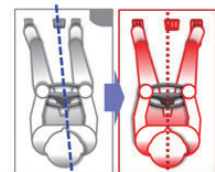
b Image of comfortable joint-link angle



Ideal Pedal Layout

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

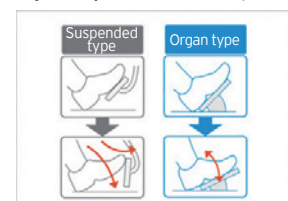
c Comfortable layout enabling easy operation



Organ-Type Accelerator Pedal

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

d Organ-style accelerator pedal



*1 The new products that have incorporated Mazda's innovative base technology SKYACTIV TECHNOLOGY and Mazda's new design theme "KODO-Soul of Motion" Applied models (as of June 30, 2017): Demio/Mazda2, Axela/Mazda3, Atenza/Mazda6, CX-3, CX-4, CX-5, CX-9, Roadster/MX-5

*2 A mechanism to move the steering wheel back and forth.

Third Party Safety Evaluations

Rating by vehicle model

(As of August 31, 2017)

Change in rating in the last three years

		CX-5	Atenza/Mazda6	Axela/Mazda3	Demio/Mazda2	Roadster/MX-5	CX-3				
		2014* ⁶	2015* ⁶	2016* ⁶							
Japan	J-NCAP* ¹ (Collision Safety Performance Tests)	5-Star (2017)	5-Star (2013-2014)	5-Star (2014-2015)	5-Star (2014-2015)	—* ⁷	5-Star (2015-2016)	5-Star	2	4	5
	J-NCAP* ¹ (Advanced Safety Vehicle (ASV) Technology Assessment)	—* ⁷	ASV+ (2014)	ASV++ (2016)	ASV+ (2014)	—* ⁷	ASV+ (2015)	4-Star	0	0	0
US	US-NCAP* ²	4-Star (2016 MY)	5-Star (2017 MY)	5-Star (2017 MY)	—* ⁵	—* ⁷	5-Star (2017 MY)	5-Star	3	3	3
	IIHS* ³	TSP+ (2017)	TSP+ (2017)	TSP+ (2017)	—* ⁵	—* ⁷	TSP+ (2017)	4-Star	0	0	1
Europe	Euro-NCAP* ⁴	5-Star (2017)	5-Star (2013)	5-Star (2013)	4-Star (2015)	4-Star (2015)	4-Star (2015)	5-Star	3	3	3
								4-Star	0	3	3

*1 Japan New Car Assessment Tests: Vehicle collision safety performance evaluations conducted by the National Agency for Automotive Safety and Victims' Aid. For collision safety performance, 5-Star is the highest possible rating. For Advanced Safety Vehicle (ASV) Technology Assessment, ASV++ is the highest possible rating (From 2016).

*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 introduced in the US as of August 31, 2017

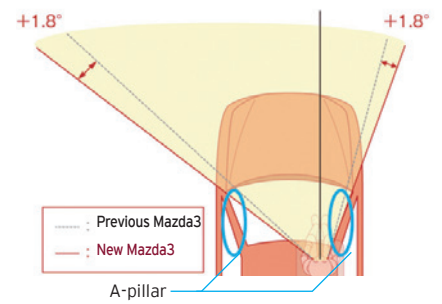
*6 As of the end of August 2017. New-generation models were the target of evaluation.

*7 Not evaluated

Excellent Visibility

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

e Visible angle expanded by moving A-pillar backward



Pillar/door mirror with minimum blind spots



"HMI Concepts" to Minimize Causes of Careless Driving

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

Concept: Heads-Up Cockpit

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

f Heads-Up Cockpit



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

f

*1 The new products that have incorporated Mazda's innovative base technology SKYACTIV TECHNOLOGY and Mazda's new design theme "KODO-Soul of Motion". Applied models (as of June 30, 2017): Demio/Mazda2, Axela/Mazda3, Atenza/Mazda6, CX-3, CX-4, CX-5, CX-9, Roadster/MX-5

Making Advanced Safety Technologies Standard

Aiming to achieve an accident-free motorized society, Mazda will continue to enhance its advanced safety technologies and work to make them standard equipment on all models. The Company also aims to make the "Mazda Co-Pilot Concept," which uses autonomous driving technologies and allows drivers to enjoy any drive with peace of mind, standard equipment by 2025.

i-ACTIVSENSE Advanced Safety Technologies

Mazda's i-ACTIVSENSE is an umbrella term covering a series of advanced safety technologies, developed in line with Mazda Proactive Safety. They include active safety technologies that support safer driving by helping the driver to recognize potential hazards, and pre-crash safety technologies which help to avert collisions or reduce their severity in situations where they cannot be avoided.

Advanced Safety Technologies as Standard Equipment

Technologies to reduce accidents due to rear-end collisions, pedestrians, unintentional pedal operation, and changing lanes

FY March 2018: Standard equipment in Japan

From FY March 2019: Standard equipment globally

Mazda Co-Pilot Concept, employing autonomous driving technologies

2020: Start demonstration test

By 2025: Apply as standard equipment

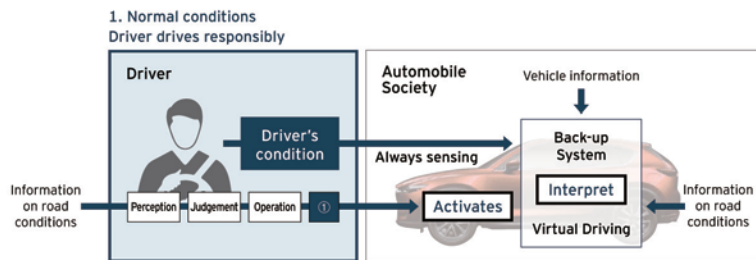
The Mazda Co-Pilot Concept: Human-Centered Autonomous Driving

The Mazda Co-Pilot Concept is Mazda's development concept for human-centered self-driving 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 and 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 prevent endangering vehicle occupants and passersby. It also automatically contacts emergency services and drives safely to an appropriate location.

MAZDA CO-PILOT CONCEPT

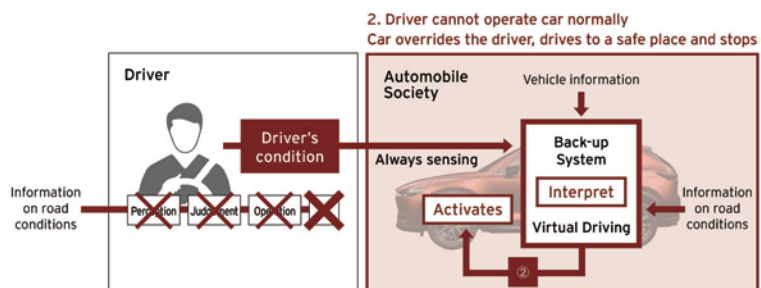
When the driver's condition is normal

Under normal conditions, drivers can enjoy driving themselves while the car constantly monitors their condition and conducts "virtual driving," meaning it is ready to drive itself at any time.



When the driver cannot operate the vehicle in a normal manner

When it is determined that the driver cannot operate the vehicle normally, the car overrides the driver to avoid collisions and moves to a safe location to stop the vehicle.

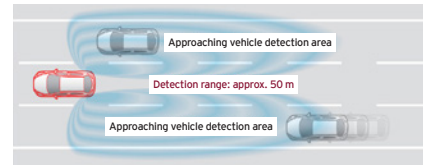


i-ACTIVSENSE technologies

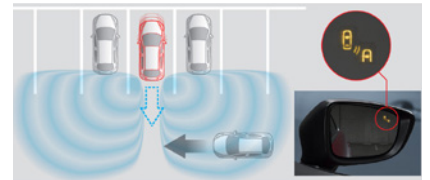
	Abbreviation	Name	Effective when	Function
Hazard Recognition Support	BSM	Blind Spot Monitoring g	Driving (changing lanes)	Alerts the driver to the presence of vehicles in the blind spot with an icon in the wing mirror. If the driver indicates to change lanes, the icon flashes and a warning beep sounds.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

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

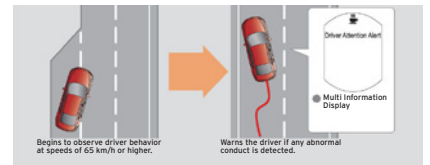
g BSM



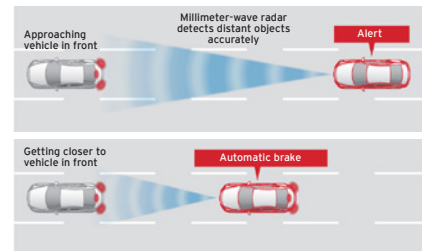
h RCTA



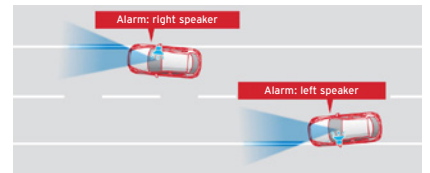
i DAA



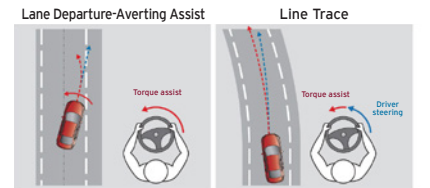
j FOW and SBS



k LDWS



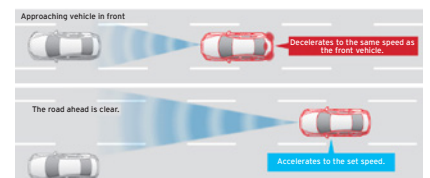
l LAS effects image



m SCBS



n MRCC



TOPICS

[Japan]Axela Earns the Highest Ranking in J-NCAP Preventive Safety Assessment 2016

Mazda Axela (Mazda3 overseas) obtained "ASV++," the highest ranking in the preventive safety assessment of Japan New Car Assessment Program (J-NCAP)*¹ of FY 2016, marking the highest score in evaluation of the automatic brake for pedestrians, a newly added assessment item.

The Axela, equipped with Advanced Smart City Brake Support (Advanced SCBS), detects vehicles and pedestrians in front with a camera, and automatically applies the brakes when there is a risk of collision. This helps to avoid collisions or reduce their severity if one does occur. Smart Brake Support (SBS), which works at middle or high speeds to avoid collisions or reduce their severity, and Blind Spot Monitoring (BSM), which alerts the driver to the presence of vehicles approaching from behind, are also adopted.



Testing automatic brake for pedestrians (Photo by: NASVA)

*¹ Vehicle safety performance assessment released by the Ministry of Land, Infrastructure, Transport and Tourism, and the National Agency for Automotive Safety and Victims' Aid (NASVA) since fiscal 1995, for the purpose of promoting the safe vehicles.

TOPICS

[Japan]i-ACTIVSENSE Advanced Safety Technologies to Be Standard Equipment

Mazda will apply i-ACTIVSENSE advanced safety technologies for nearly all new-generation models*¹ sold in Japan as standard equipment by the end of FY March 2018. The aim of this initiative is to deliver safer, more reliable cars to a greater number of customers, from beginners to elderly drivers.

The i-ACTIVSENSE features to become standard under this initiative are: "collision damage reduction brake" to help prevent accidents likely to occur in daily driving or reduce the damage caused by such accidents; "AT Acceleration Control" to help reduce accidents caused by misoperation of the pedals in AT vehicles; "Blind Spot Monitoring (BSM)" to alert the driver changing lanes to the presence of vehicles diagonally behind; and "Rear Cross Traffic Alert (RCTA)" to detect vehicles approaching from the side when reversing in a parking lot.

Under the new vehicle safety concept "Safety Support Car S (Suppocar S)" promoted by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism, all grades of CX-3, Atenza (Mazda6 overseas), CX-5, and Axela (Mazda3 overseas) qualify for the "Wide" Suppocar S category (as of September 21, 2017).

*¹ The new products that have incorporated Mazda's innovative base technology SKYACTIV TECHNOLOGY and Mazda's new design theme "KODO-Soul of Motion." Applied models (as of June 30, 2017): Demio/Mazda2, Axela/Mazda3, Atenza/Mazda6, CX-3, CX-4, CX-5, CX-9, Roadster/MX-5

**EMPLOYEE'S VOICE****Aiming to achieve both driving pleasure and safety performance, we are developing Mazda-unique safety technologies**

I am in charge of designing parts for Advanced SCBS, an automatic braking system including for pedestrians. Developing the parts is difficult as we have to imagine the diverse driving situations of our customers all over the world to achieve higher safety. Advanced SCBS won the highest ranking in the preventive safety assessment in Japan for FY March 2016. This made me very happy because the high safety performance of the technologies we have developed is now proven, which has given us confidence for the future. I will make further efforts in developing Mazda-unique safety technologies that can achieve both driving pleasure and safety performance, thereby contributing to the realization of safer and reliable cars and society.

Akihiro Hisatsune

Integrated Control System Development Division

Technologies to Mitigate Injuries in an Accident

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

SKYACTIV-BODY:

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

Multi-Load Path Structure

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

Bumper Beams

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

Cross-Shaped Front Frame

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

Pedestrian protection:

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

Impact-Absorbing Bonnet

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

Impact-Absorbing Bumpers

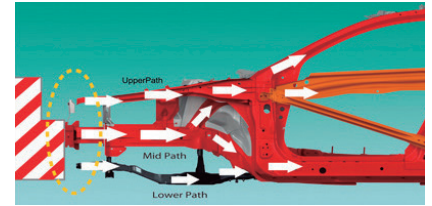
Energy absorbing materials are used in the front part of the vehicle which hits pedestrians' knees to mitigate the severity of pedestrian knee injuries, which may seriously affect their ability to walk. Also, stiffening reinforcement is placed at the bottom of the bumper to better prevent a pedestrian's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

Active Bonnet

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

Website on Technologies to Mitigate Injuries in an Accident
<http://www.mazda.com/en/csr/safety/cars/accident/>

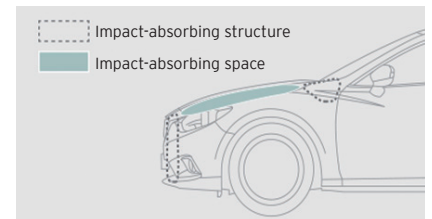
o SKYACTIV-BODY (Mazda6)



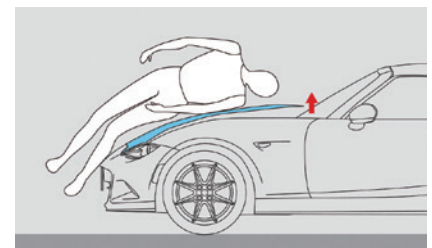
p Cross shape-molded front frame



q Impact-Absorbing Hood and Bumpers



r Active Bonnet



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

Initiatives with People

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

Raising Traffic Safety Awareness

In cooperation with local municipalities and organizations, Mazda and its Group companies in Japan and overseas conduct various activities to raise safety awareness. The Company hosts safety-related exhibitions at the Mazda Museum in the Hiroshima Head Office, the "Kids' Quiz on Traffic Safety" website for children, and other projects. **S** In October 2016, Mazda held various events to promote understanding of Mazda's safety technologies, including the event at the Mazda R&D Center Yokohama (MRY), titled "Sustainable 'Zoom-Zoom' Forum 2016 – Satisfying both driving pleasure and outstanding environmental and safety performance."^{*1} **t**

Safe Driving Demonstration

Starting from FY March 2015, Mazda has held the Mazda Driving Academy, an experience and training program to help customers in Japan learn the theories and techniques to control their cars easily, comfortably and safely. A variety of curriculums tailored to the needs and level of the customers are offered, from basic driver training of drive, turn, and stop, to the exciting experience of driving on a racing circuit, with the aim of improving their driving skills and raising the awareness of safe driving. In FY March 2017, the Mazda Driving Academy was held 8 times.

S Mazda Kids' Quiz on Traffic Safety website for children

<http://www2.mazda.com/ja/about/kids/safetyquiz/>
*Japanese only



t Sustainable "Zoom-Zoom" Forum



^{*1} Refer to Sustainability Report 2017 (Social Contribution Version) for social contribution activities regarding safety communications by Mazda group. (Refer to <http://www.mazda.com/en/csr/download/>)

Initiatives with Roads and Infrastructure

Initiatives toward Realizing a Safe Automotive Society with ITS*1

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

Technology to Notify the Driver of Unseen Dangers

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

Advanced Safety Vehicle "Mazda Atenza ASV-5"

Mazda has developed Mazda Atenza ASV-5*2 which is equipped with the advanced driving safety support system. The vehicle is designed to eliminate blind-spots and supports hazard recognition in 360-degrees through a combination of vehicle-to-vehicle, street-to-vehicle and pedestrian-to-vehicle communication technologies and on-board autonomous sensors. The intuitive HMI displays hazards surrounding the driver in all directions including blind spots, and does not interfere with the operation of the vehicle. When the driver fails to recognize a hazard, and a risk of collision arises, the HMI warns the driver to brake.

Demonstration test for Streetcar-to-Vehicle Communication ASV

In October 2013, in Hiroshima City where about 150,000 people use streetcars each day, the world's first demonstration test*3 for the streetcar-to-vehicle communication + autonomous safety technology*4 was conducted jointly by the University of Tokyo, Hiroshima Electric Railway, and National Traffic Safety and Environment Laboratory, and Mazda Motor Corporation. The findings on the test are as follows:

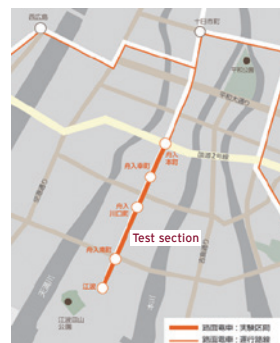
- Effective in preventing collisions in situations such as when a vehicle turns right or enters the streetcar's path in order to pass a stopped vehicle.
- Effective in preventing accidents by coordinating with a smartphone application for the early detection of pedestrians who are in positions difficult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

ITS Projects Mazda Participates

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

* Universal Traffic Management Society of Japan

U Demonstration Tests on Public Roads



Reference website:

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

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

*2 ASV: Advanced Safety Vehicle

*3 As of September 2017, according to Mazda data.

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

Mazda's Safety Initiatives and Primary Safety Technologies

Category	Accident reduction		Injury reduction
	Accident prevention (Active Safety technology)	Mitigation of risk/damage from the accident (Pre-Crash Safety technology)	Minimizing injuries in accidents (Passive Safety technology)
Vehicles	<p>Alerts drivers to potential danger</p> <ul style="list-style-type: none"> Monitoring systems for vehicles approaching from behind on either side: Blind Spot Monitoring (BSM)/Rear Vehicle Monitoring (RVM) Rear Cross-Traffic Alert (RCTA) Emergency Signal System (ESS) Lane Departure Warning System (LDWS) Lane-Keep Assist System (LAS) Front Obstruction Warning (FOW) Driver Attention Alert (DAA) Traffic Sign Recognition System (TSR) <p>Supports to avoid danger</p> <ul style="list-style-type: none"> Brake Assist and EBS 4-Wheel Antilock Braking System (4W-ABS) Dynamic Stability Control (DSC) Brake Override System (BOS) <p>Provides driving support</p> <ul style="list-style-type: none"> Parking Assist System Intelligent Drive Master (i-DM) <p>Supports both safety and 'Driving Pleasure'</p> <ul style="list-style-type: none"> SKYACTIV-CHASSIS: A newly developed front strut and rear multilink suspension system; a lightweight cross member with high rigidity Following distance control Mazda Radar Cruise Control (with Stop & Go function) Adaptive Front Lighting System (AFS) High Beam Control (HBC) Adaptive LED Headlight (ALH) Power Windows with Injury Prevention Function Water-Repellent Window Glass Improved Front Field Vision Organ-Type Accelerator Pedal Active Driving Display 	<p>Minimizes damage in an accident</p> <p>[When moving forward]</p> <ul style="list-style-type: none"> Smart Brake Support (SBS) Advanced Smart City Brake Support (Advanced SCBS) Smart City Brake Support F (SCBS-F) AT Acceleration Control <p>[When reversing]</p> <ul style="list-style-type: none"> Smart City Brake Support R (SCBS-R) AT Acceleration Control 	<p>Helps to protect drivers/passengers in accidents</p> <ul style="list-style-type: none"> SKYACTIV-BODY Straightened basic frame and continuous framework, multi-load path structure, front frame molded into a cross shape, ultrahigh-tensile steel bumper frame SRS Airbag System (Driver's seat, front passenger's seat, curtain and front-side airbags) Soft Interior to Absorb Impacts Front Seats Designed to Reduce Impacts to the Neck / Rear Seats that Resist against Luggage Flying Forward Pre-Tensioners and Load-Limiter Seatbelts Collapsible Brake Pedal ISO-FIX-Compliant Child Seat <p>Anchoring point</p> <ul style="list-style-type: none"> Impact-Absorbing Steering Column <p>Minimizes damage in an accident with pedestrians</p> <ul style="list-style-type: none"> Impact-Absorbing Bumpers Impact-Absorbing Hood Active Hood
People	<p>Safety Education</p> <ul style="list-style-type: none"> Safety-related exhibitions at the Mazda Museum Traffic safety awareness quiz website for children Presentation of safety technologies at various events 		
Roads and Infrastructure	<p>Initiatives for a Safe society</p> <ul style="list-style-type: none"> Intelligent Transport Systems (ITS) Smart Traffic Flow Control ITS Spot services ASV-5 Road-Vehicle Communication ITS (DSRC) World's first demonstration tests*¹ for the streetcar-to-vehicle communication ASV in Hiroshima 		

For more details, visit Mazda Global Website:

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

*1 As of September 2017, according to Mazda data.

ENVIRONMENT

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

CONTENTS

- 55 Basic Approach on Environmental Protection
- 57 Mazda Green Plan 2020 Mid-term Environmental Plan
- 61 Environmental Management
- 65 Efforts Regarding Product and Technology Development
- 73 Efforts Regarding Manufacturing and Logistics
- 81 Collection and Recycling of End-of-Life Vehicles (ELVs) and Used Parts
- 83 Biodiversity Conservation
- 84 Environmental Communication
- 86 Mazda's Corporate Activities and Impact on the Environment

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Energy-and-global-warming-related issues					
Promoting resource recycling	6.5 The environment		(See Mazda Green Plan 2020) (see pp. 57-60)		
Cleaner emissions					
Environmental management					

BASIC APPROACH ON ENVIRONMENTAL PROTECTION

The Mazda Global Environmental Charter

Environmental Principles

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

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

Action Guidelines

1. Creation of Environmentally Sound Technologies and Products

We are committed to the task of creating clean technologies, including methods to achieve cleaner exhaust emissions and reductions in CO₂ emissions, and the development of clean-energy vehicles.
We will promote the creation of products that are environmentally friendly from planning and development to manufacturing, use and recycling/disposal.

2. Corporate Activities in Consideration of Conserving Resources and Energy

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

3. Corporate Activities in Pursuit of a Cleaner Environment

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

4. Working with Business Partners to Create a Better Environment

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

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

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

(Established in 1992; revised in April 2005)

Mazda's Approach to the Environment

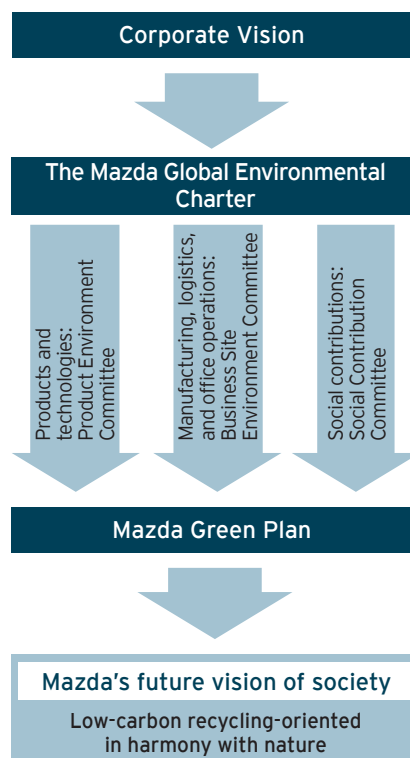
Environmental problems, including global warming, are issues of critical importance for the human race. Mazda actively adopts initiatives to promote a low-carbon, recycling-oriented society in harmony with nature, in cooperation with local governments, industrial organizations, and non-profit organizations.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

Philosophy and Policies

Mazda carries out its corporate activities with the aim of fulfilling its corporate vision (see p. 3). To this end, Mazda established the Mazda Global Environmental Charter as the basic policy for environmental matters in the Mazda Group. The Charter, which states "The Mazda Group aims to promote environmental protection and contributes to a better society while maintaining harmony with nature in its business activities worldwide," along with the five Action Guidelines from the basis of Mazda's approach to the environment. The Company carries out corporate activities related to products and technologies; manufacturing, logistics, and office operations; social contributions, respectively in consideration of the environment.

Specific targets and results are laid out in the Mazda Green Plan, the Company's environmental mid-term plan. By using the PDCA (plan-do-check-act) cycle when executing activities and following up on their results, Mazda can effectively reduce impact on the environment. In FY March 2017, Mazda executed various efforts in each area based on the Mazda Green Plan 2020, and was able to achieve most of its goals (see pp. 57-60).

a Philosophy and Policies for Environmental Initiatives



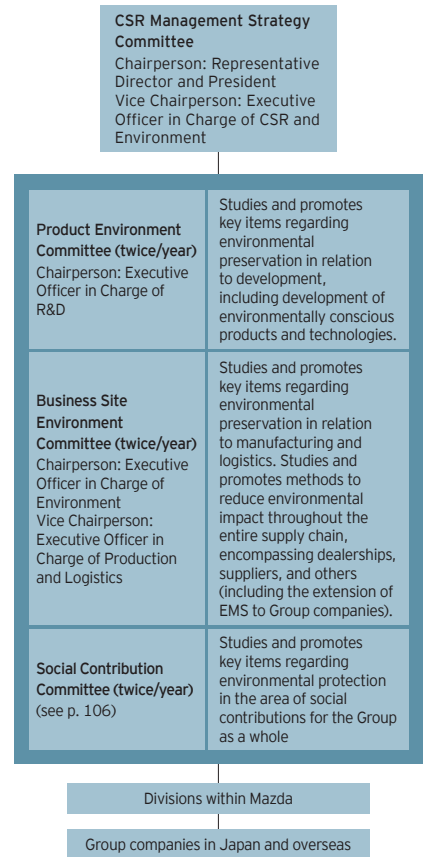
Mazda Environmental Promotion Framework

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

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

b

b Mazda Environmental Promotion Framework (as of March 31, 2017)



MAZDA GREEN PLAN 2020 MID-TERM ENVIRONMENTAL PLAN

Mazda Green Plan 2020 Mid-Term Environmental Plan

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

I. Themes to Be Resolved in the Future

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

1. Energy- and Global-Warming-Related Issues
Undertaking measures to reduce CO₂ emissions over the entire life cycle of a vehicle.
2. Promoting Resource Recycling
Reducing waste from vehicles, the vehicle manufacturing and shipping processes, and disposal of end-of-life vehicles, as well as actively promoting the comprehensive recycling of resources.
3. Cleaner Emissions
Reducing various emissions/waste (aside from CO₂) from vehicles and manufacturing processes, especially emissions with highly adverse environmental impacts.
4. Environmental Management
Develop environmental management throughout the entire Group and supply chain.

II. Mazda's Initiatives (two categories)

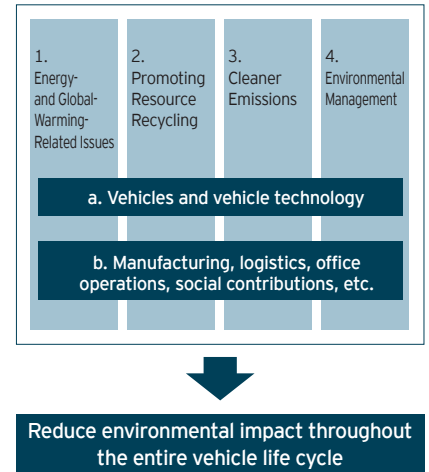
- a. Vehicles and vehicle technology
Contributing to a reduced environmental impact through products and technology
- b. Manufacturing, Logistics, Office Operations, Social Contributions, etc.
Contributing to a reduced environmental impact through all activities (excluding those related to products and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

III. Consideration of the Entire Vehicle Life Cycle

Mazda is making efforts to reduce environmental impact throughout the entire product life cycle. Around 75% of CO₂ emissions occur over the period from customer use to disposal - an overwhelming percentage of overall emissions (see p. 58).

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

a Approach on the Mazda Green Plan 2020



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

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

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

This movement enables the combination of a sustainable society that values recycling in order to effectively use limited resources and one that also coexists in harmony with nature, as well as allowing for the stable continuation and progress of humankind. Specifically, they are: a society with greater use of renewable energy sources such as solar power, wind power and biofuels, as well as non-CO₂-emitting hydrogen, and a shifting away from carbon energy; a society with improved resource behavior and a diffusion of activities based on the three Rs (reduce, reuse, recycle), enabling efficient and continued use of resources over their entire life cycle; and a society that allows the use of water sources, ecosystems and forests into the future as natural capital.

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

A multi-solution approach is needed to respond to these diverse demands. Mazda's expectation is that greatly improved internal combustion engines, alternative fuels such as natural gas and biofuels, and new types of vehicles that do not emit CO₂ by using energy sources such as electricity and hydrogen, and other such innovations, will provide those solutions. Going forward, Mazda believes it is necessary to push the limits of what is possible as the Company carefully plots the direction for its brand and technologies.

Around 2020: A low-carbon society in which CO₂-reducing technologies have become widespread

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

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

Moreover, technological innovations to support combustion technologies corresponding to diverse fuels and the use of natural gas or biofuels that emit less CO₂ are also expected. At the same time, electric vehicles will be introduced as an optimal form of mobility in regions where low-carbon energy can be supplied, such as power generation using renewable energy. On top of these trends, large-scale approaches such as reducing traffic congestion in urban areas will contribute toward the greater goal of realizing a low-carbon society.

Life Cycle Assessment (LCA)

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

LCA is conducted for newly introduced vehicles in compliance with international standards (ISO 14040, ISO 14044), serving as objective and highly reliable proof that those new models have reduced environmental impact throughout their entire life cycles.

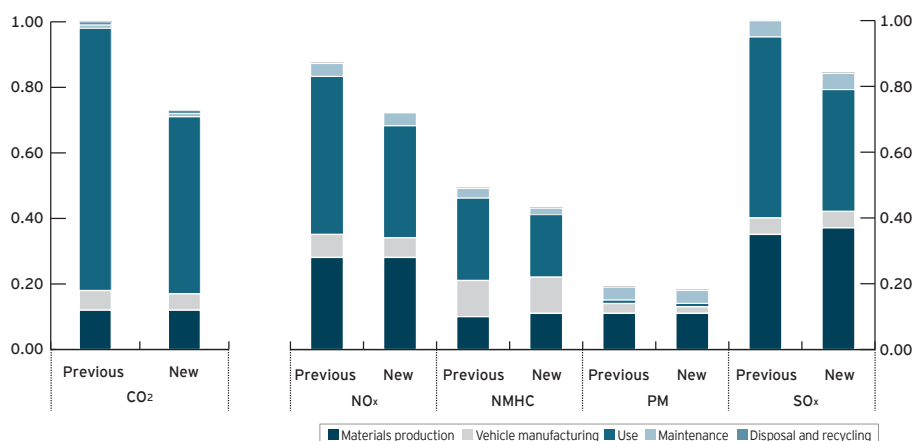
Mazda intends to steadily expand the implementation of LCA to new vehicles and confirm their environmental benefits.

b Vehicles that Underwent LCA

Launch Year	Models
FY March 2010	Premacy (Mazda5 overseas), RX-8 Hydrogen RE
FY March 2011	Demio (Mazda2 overseas), Axela (Mazda3 overseas)
FY March 2012	CX-5*
FY March 2013	Atenza (Mazda6 overseas), Demio EV
FY March 2014	Axela (Mazda3 overseas)
FY March 2015	Demio (Mazda2 overseas), CX-3
FY March 2016	Roadster (MX-5 overseas)
FY March 2017	New CX-5

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

LCA for the new CX-5 (Japanese model)



* Calculated assuming a vehicle lifetime running distance of 110,000 km (13 years) and running under certain conditions.
 * Results of evaluations are shown as an index.
 Figures for CO₂ refer to metric tons; all other figures refer to amounts in kilograms. Indices are shown separately. The CO₂ graph is based on an index of 1 for the CO₂ emission volume of the previous model, while all other graphs are based on an index of 1 for the SO_x emission volume of the previous model.
 NO_x: Nitrogen Oxides
 NMHC: Non Methane Hydrocarbon
 PM: Particulate Matter
 SO_x: Sulfur Oxides

Approaches and Targets in Each Area for 2020

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

Products and technologies: Product Environment Committee

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

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

Mazda contributes toward realizing a low-carbon society through achieving even greater gains in operating efficiency by introducing low-CO₂-emission production technologies and unwavering actions for constant improvement in the entire Mazda Group in Japan.

Social contributions (environmental area): Social Contribution Committee

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

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

Category	Item	Targets and actions by 2020	FY March 2017		Self-assessment	FY March 2018
			Targets and actions	Results		Targets and actions
1. Energy- and Global-Warming-Related Issues						
a. Vehicles and vehicle technology	①Respond to fuel economy standards in each country/region.	Introduce technology to raise fuel economy, to respond fully to the fuel economy standards of each country/region.	Each country/region: Fully achieve fuel economy/greenhouse gas standards.	Achieved fuel economy/greenhouse gas standards in Japan, U.S., Europe and China.	○	Each country/region: Fully achieve fuel economy/greenhouse gas standards.
			<ul style="list-style-type: none"> • Achieve the fuel economy target for 2020. 	<ul style="list-style-type: none"> • Introduced SKYACTIV TECHNOLOGY into the new CX-5. • As of the end of FY March 2017, the Company has raised the average fuel economy of Mazda vehicles sold worldwide by 26% compared with 2008 levels. (Plan: 30%) (This is the result of the Company's achievement of both raising global fuel economy and satisfying customer needs. On the estimated model mix basis at the time of the establishment of the plan, the Company almost accomplished the plan of an increase of 30% compared with 2008 levels. However, the model mix has changed due to higher demand for crossover models than estimated.) 	△	<ul style="list-style-type: none"> • Achieve the fuel economy target for 2020. • Promote SKYACTIV TECHNOLOGY steadily. • Promote development and implementation of technologies based on the Building-Block Strategy.
	②Improve fuel economy using SKYACTIV TECHNOLOGY.	Raise the average fuel economy of the Mazda vehicles sold worldwide by 30% by 2015 and by 50% by 2020 compared with 2008 levels.	Continue the sales of vehicles with hybrid system.	Continued the sales of Axela Hybrid	○	Continue the sales of vehicles with hybrid system.
			Promote the development of electric motor drive technologies.	Continue to promote the development of electric motor drive technologies based on the analysis results of Demio EV's traveling data.	○	Continue to promote the development of electric motor drive technologies based on the results of analysis of Demio EV's traveling data.
			Advance the development and introduction of hydrogen rotary engine vehicles.	Clarify technical issues and investigate resolutions to address them, by conducting periodic inspection, etc. of Hydrogen RE vehicles and vehicles with the Hydrogen RE range extender system.	○	-
③Promote development of next generation vehicles using biofuels, electrical power, hydrogen, etc.	Promote development of technologies supporting alternative fuels such as biofuels, synthetic fuels, and hydrogen.	-	-	○	Promote development of technologies supporting alternative fuels such as biofuels, synthetic fuels, and hydrogen.	
		④Reduce CO ₂ emissions from factories and offices.* ¹	Reduce CO ₂ emissions from all Mazda Group factories and offices in Japan by 28% or more compared with 1990 levels.	Reduced CO ₂ emissions from all Mazda Group factories and offices in Japan by 43% compared with 1990 levels.	○	Reduce CO ₂ emissions from all Mazda Group factories and offices in Japan by 43% compared with 1990 levels* ² .
b. Manufacturing, logistics, office operations, social contributions, etc.	⑤Reduce CO ₂ emissions from logistics.	Reduce CO ₂ emissions from all Mazda Group logistics operations in Japan by 50% compared with 1990 levels.	Reduced CO ₂ emissions from all Mazda Group logistics operations in Japan by 52% compared with 1990 levels.	○	Reduce CO ₂ emissions from all Mazda Group logistics operations in Japan by 60% compared with 1990 levels.	
		-	-	○	-	
*1 For CO ₂ emissions calculations, the CO ₂ coefficient based on the standard (Keidanren's Commitment to a Low Carbon Society) of the Japan Business Federation (Nippon Keidanren) are used. (For the calculations of FY March 2017 and after, the coefficient of FY March 2016 is used.)						
*2 The target for FY March 2018 has been set with consideration given to the increase in production volume and the reduction of the basic emissions unit.						
2. Promoting Resource Recycling						
a. Vehicles and vehicle technology	⑥Promote vehicle recycling.	Develop vehicles that are easy to disassemble and recycle.	Promote development of plastic parts, etc. that are easy to disassemble and recycle.	For the new CX-5, improved disassembly/recycling efficiency, thermal recyclability, appropriate disposal measures (easy fluid extraction, etc.), and expanded use of recycled materials.	○	Promote development of plastic parts, etc., that are easy to disassemble and recycle.
		Promote the use of bioplastics.	Develop and implement bioplastics, and expand adoption.	Adopted paint-less bioplastics with high-quality textures, which can also be used for exterior parts, in the following models: <ul style="list-style-type: none"> •CX-9 (interior & exterior parts); •Axela/Mazda3 (interior parts); •Demio/Mazda2 (interior parts); •Roadster RF/MX-5 RF (interior & exterior parts); and •New CX-5 (interior & exterior parts) 	○	Develop and implement bioplastics, and expand adoption.
		Promote bumper-recycling technology.	<ul style="list-style-type: none"> •Promote collection and recycling of damaged bumpers. •Promote the development of technology for bumper-to-bumper recycling of ELVs. 	<ul style="list-style-type: none"> •Continued to promote collection and recycling of damaged bumpers. (Collected bumpers: around 61,800) •Promoted the development of technology for bumper-to-bumper recycling of ELVs. (Completed) 	○	Promote the collection and recycling of damaged bumpers.
b. Manufacturing, logistics, office operations, social contributions, etc.	⑦Reduce waste volumes, promote recycling.	Reduce direct landfill waste to zero across the entire Mazda Group in Japan.	Reduce direct landfill waste across the entire Mazda Group in Japan to 1% of total or less.	Reduced direct landfill waste across the entire Mazda Group in Japan to 0.5% of total.	○	Reduce direct landfill waste across the entire Mazda Group in Japan to 0.5% of total or less.
		⑧Reduce packaging volume used.	Reduce volume of packaging and wrapping across the entire Mazda Group in Japan by 45% compared with 1990 levels.	Reduced volume of packaging and wrapping across the entire Mazda Group in Japan by 56% compared with 1990 levels.	○	Reduce volume of packaging and wrapping across the entire Mazda Group in Japan by 59% compared with 1990 levels.
		⑨Reduce volume of water used and promote effective use of water.	<ul style="list-style-type: none"> •Reduce volume of water used across the entire Mazda Group in Japan. •Reduce volume of tap water used by 47% compared with 1990 levels*³. 	<ul style="list-style-type: none"> •Reduce volume of water used across the entire Mazda Group in Japan. •Reduce volume of tap water used by 41% compared with 1990 levels*³. 	<ul style="list-style-type: none"> •Reduce volume of water used across the entire Mazda Group in Japan. •Reduced volume of tap water used by 46% compared with 1990 levels. 	○
*3 The targets for FY March 2021 and 2017 regarding the use of tap water contained the volume of the tap water to be used by facilities that are not covered in the plan. Accordingly, the targets have been revised based on the appropriate coverage of the plan.						

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

Category	Item	Targets and actions by 2020	FY March 2017		Self-assessment	FY March 2018
			Targets and actions	Results		Targets and actions
3. Cleaner Emissions						
a. Vehicles and vehicle technology	⑩Ensure cleaner vehicle exhaust gas emissions.	Introduce and promote low emission vehicles to improve air quality in each country and region.	Promote the introduction of low emission vehicles that meet the needs of each country and region.	Japan: 97% (vehicle number ratio) of passenger vehicles met the SU-LEV(★★★★) standard. United States: Introduced low-emission vehicles that meet Tier3/LEV2,3 regulations in all product lines. Europe: All product lines met the Euro 6 standards. China: Developed vehicles that meet Euro 5 standards or equivalent levels. Other: Introduced low-emission vehicles that meet the needs of each country and region.	○	Promote the introduction of low emission vehicles that meet the needs of each country and region.
	⑪Reduce inclusion of substances of environmental burden in products.	Reduce VOCs in vehicle interiors.	Pass Ministry of Health, Labour and Welfare (MHLW) guidelines for the indoor aerial concentration in all new vehicles.	Passed Ministry of Health, Labour and Welfare (MHLW) guidelines for the indoor aerial concentration with the new CX-5.	○	Pass Ministry of Health, Labour and Welfare (MHLW) guidelines for the indoor aerial concentration in all new vehicles.
		Promote development and adoption of car air-conditioning systems using new refrigerants with low environmental impact.	Promote development and adoption of car air-conditioning systems using new refrigerants with low environmental impact.	Developed a car air-conditioning system using a refrigerant with low environmental impact and promoted its adoption to new model vehicles.	○	Promote development and adoption of car air-conditioning systems using new refrigerants with low environmental impact.
b. Manufacturing, logistics, office operations, social contributions, etc.	⑫Reduce waste volumes of PRTR substances.	Reduce waste volumes of PRTR substances across the entire Mazda Group in Japan.	Reduce waste volumes of PRTR substances across the entire Mazda Group in Japan.	Reduced waste volumes of PRTR substances across the entire Mazda Group in Japan by 2.5% compared with FY March 2016 levels.	○	Reduce waste volumes of PRTR substances across the entire Mazda Group in Japan.
	⑬Reduce volumes of VOC waste emissions.	Reduce volumes of VOC waste emissions to an average 23 g/m ² or less across all Mazda lines.	Reduce volumes of VOC waste emissions to an average 22.0 g/m ² or less across all Mazda lines.	Reduced volumes of VOC waste emissions to an average 22.0 g/m ² across all Mazda lines.	○	Reduce volumes of VOC waste emissions to an average 22.0 g/m ² or less across all Mazda lines.

4. Environmental Management

a. Vehicles and vehicle technology	⑭Promote life cycle assessment (LCA).	Expand the implementation of LCA (in Japan).	Steadily implement LCA in new vehicles.	Implemented LCA in the new CX-5.	○	Steadily implement LCA in new vehicles.
	⑮Promote an integrated approach to traffic systems.	Improve driving technique and promote activities to raise awareness.	Promote steady introduction and further progress of i-DM.	Introduced i-DM in the new CX-5 as a standard feature.	○	Promote steady introduction and further progress of i-DM.
b. Manufacturing, logistics, office operations, social contributions, etc.	⑯Reduce the environmental risk of the Mazda Group in Japan.	Promote environmental protection activities among Mazda Suppliers.	Expand promotion of the Mazda Green Purchasing Guidelines and revise if necessary. •Support 100% establishment of EMS among major suppliers.	Cascaded the Guidelines to all suppliers, and requested compliance. •Supported 100% establishment of EMS among major suppliers.	○	Expand promotion of the Mazda Green Purchasing Guidelines and revise if necessary. •Support 100% establishment of EMS among major suppliers.
		Promote the establishment and introduction of environmental management systems (EMS).	Promote introduction of EcoAction 21 at all Mazda Group dealerships in Japan. Continue proper operation of the EMS introduced into all auto parts sales companies across Japan.	Promote introduction of EcoAction 21 at all Mazda Group dealerships in Japan by encouraging shops to obtain certification. Visited auto parts sales companies to inspect their EMS operation and provide instructions, thereby ensuring that EMS is firmly established at the sales companies.	○	Promote introduction of EcoAction 21 in all Mazda Group dealerships in Japan, and encourage shops to obtain certification. Review the activities carried out at auto parts sales companies and the support necessary from Mazda, in order to ramp up EMS at the sales companies.
	⑰Promote activities to raise awareness of environmental issues.	•Actively disseminate environmental information to improve environmental awareness among Mazda and Mazda Group company employees. •Actively disseminate environmental information to improve environmental awareness among Mazda customers.	Continuously raise awareness inside and outside of the Group regarding environmental issues that society faces and measures throughout the entire life cycle of vehicles to reduce environmental impact.	•Continuously promoted education for employees in Mazda and its Group companies, implementing "cool-biz" and "light-down" campaigns and other activities to raise biodiversity awareness. •Continuously raised the environmental awareness by holding environmental events and dispatching instructors for environmental education.	○	•Continuously raise awareness inside and outside of the Group regarding environmental issues that society faces and measures throughout the entire life cycle of vehicles to reduce environmental impacts. •Improve environmental awareness among Mazda customers and actively disseminate environmental information.
	⑱Promote environmental protection activities in partnership with regional communities.	Promote environmental protection activities in regional communities by taking part in environmental volunteer activities (including regional cleanups and efforts to preserve biodiversity) and dispatching instructors to regional events and schools to offer environmental education.	Promote activities to deepen understanding of biodiversity and forest preservation. Dispatch instructors for environmental education to regional communities and continuously participate in regional cleanups based on their needs.	•Promoted environmental activities based on the needs of regional communities (around 30 activities in Japan and abroad). •Major activities: Forest preservation activities, support for protection of endemic species, regional cleanups, carbon offset, etc.	○	Continuously raise awareness of environmental issues and deepen understanding of biodiversity based on the needs of regional communities, preserve forests, and participate in regional cleanups.
	⑲Inform the public about the Mazda Group's environmental protection activities.	Disseminate information about the Mazda Group's environmental protection activities worldwide by hosting and actively participating in environmental events.	Continuously disseminate information at a wide variety of environmental events (including motor shows held in Japan and abroad).	Disseminated information by holding/participating in environmental exhibitions and events, such as Eco-Pro 2016.	○	Continuously disclose information on the Mazda Group's environmental protection activities.

ENVIRONMENTAL MANAGEMENT

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

Establishing Environmental Management Systems

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

Progress Status

- 14 Mazda and Group manufacturing companies in Japan and overseas have now acquired ISO 14001 certification.
- Mazda is expanding ISO 14001 certification scope to all domestic sites following the revision of ISO 14001:2015. The expansion of certification scope and examination of transfer to ISO 14001:2015 were completed in September 2016.
- Mazda is progressively certifying all dealerships in Japan under EcoAction 21 (EA21)*1, an environmental management system (As of March 2017, 36 dealerships of the Mazda/Mazda Enfini sales channel, 143 dealerships of the Mazda Autozam sales channel, and Mazda Chuhan, a used car sales company, have been certified).
- Mazda has completed introduction of an exclusive Mazda EMS to two Mazda Group vehicle parts companies in Japan.
- Mazda Powertrain Manufacturing (Thailand) was ISO14001:2015 certified in November 2016.

Promoting Green Purchasing

With the aim of reducing the environmental burden throughout its entire supply chain, Mazda established the "Mazda Green Purchasing Guidelines" (revised in March 2017) and engages in operation activities accordingly.

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

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

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



EMPLOYEE'S VOICE

Contributing to Establish Environmental Management System for the Entire Mazda Group

I am in charge of ISO14001 promotion at Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (MPMT), which is the powertrain plant in Thailand. Since it began production in 2015, MPMT has strived to establish an environmental management system based on ISO14001. In November 2016, MPMT was able to obtain ISO14001 certification as planned. Although we were aware that it was very difficult to gain the certification, all employees made a concerted effort to achieve this goal. As a result, MPMT became the first overseas Mazda Group company to gain the ISO14001:2015 certification (most recently revised version). Capitalizing on the knowledge we have acquired through this experience, we will further promote the environmental initiatives of our company, while contributing to establish environmental management system for the entire Mazda Group, by sharing information with other Group companies.

Kinpikul Pranida

Person in Charge of the Environment & ISO
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.

a List of ISO 14001 Certified Production and Business Sites

Domestic production/business sites

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

Overseas production site

AutoAlliance (Thailand) Co., Ltd.*1	May 2000
Changan Mazda Automobile Co., Ltd.*1	December 2008
Changan Ford Mazda Engine Co., Ltd.*1	February 2009
Mazda de Mexico Vehicle Operation*2	December 2014
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.*2	November 2016

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

Four Domestic Consolidated Group Companies (excluding sales companies)

Mazda E & T Co., Ltd.*3	June 2000
Mazda Ace Co., Ltd.*3	June 2000
Mazda Logistics Co., Ltd.*3	June 2000
Kurashiki Kako CO., LTD.	December 2001

*3 Some or all of the organizations at each of the companies above acquired ISO 14001 certification in the certification scope of Mazda.

Four Domestic Equity-Method Group Companies

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

*4 The company was ISO 14001 certified in the certification scope of Mazda. As a separate business facility, the company individually acquired the certification in March 2016. As a separate company, however, the company acquired re-certification in April 2017, resulting in the exclusion of the company from the certification scope of Mazda.

*5 Although the company was inside the certification scope of Mazda, it acquired the certification on its own in March 2013.

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

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

- All major suppliers in Japan and abroad with which the Company has ongoing business relationships (around 400 companies), including new suppliers, have maintained certification as of the end of March 2017.
- Under the Mazda Green Purchasing Guidelines, Mazda requires, through primary suppliers, secondary suppliers to establish EMS.

Status of Implementation of Environmental Audits

To confirm that environmental management systems, such as ISO14001 and EcoAction 21, are operating effectively, both internal audit and environmental management system audit (EMS audit) are carried out annually at Mazda and all of its Group companies, both in Japan and overseas, that have obtained certification. The FY March 2017 EMS audit revealed no serious compliance issues.

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

Eliminating Sensory Pollution

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

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

Specific Initiatives in Environmental Risk Management

Environmental Monitoring

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

Legal Violations

In FY March 2017, Mazda received no guidance from government authorities under laws and ordinances.

Complaints

In FY March 2017, Mazda received complaints concerning four cases, and is taking appropriate actions to address them in good faith.

b EMS Audit Results on ISO 14001

Mazda Motor Corporation

	FY March 2013	FY March 2014	FY March 2015	FY March 2016	FY March 2017
Serious noncompliance issues	0	0	0	0	0
Minor noncompliance issues	0	1	2	2	6
Observation issues	10	18	8	16	10

Group Companies

	FY March 2017		
	Japan	Overseas	
ISO14001	Serious noncompliance issues	0	0
	Minor noncompliance issues	7	9
	Observation issues	27	45
EA21	Noncompliance issues	0	-
	Observation issues	3	-

c Environmental Monitoring

Environmental monitoring item	Target of monitoring	Items monitored	Monitoring frequency
Air quality	Boilers, melting furnaces, heating furnaces, drying furnaces, etc.	5 items: sulfur oxides, nitrogen oxides, soot, volatile organic compounds, hydrogen chloride	Around 400 times per year
Water quality	Treated wastewater	43 items: cadmium, cyanide, organic phosphorus, lead, hexavalent chromium, etc.	Around 1,600 times per year
Noise and Vibration	Site boundaries	1 item: noise level	12 times per year
Odor	Site boundaries	1 item: odor index	12 times per year
Waste products	Slag, sludge, scrap metal, etc.	25 items: scrap metal, etc., cadmium, cyanide, organic phosphorus, lead, hexavalent chromium, etc.	Around 100 times per year

d Legal Violations and Complaints

(FY March 2017)

	Number of incidents	Response	
Guidance from local government	0	-	
Complaints	Odor	2	Mitigated odor or removed odor sources, and implemented other measures, such as implementing through operation control
	Noise	2	Installed fences to enhance the efficiency of sound insulation

Environmental Education/Education Program Structure

As part of its EMS, Mazda conducts regular environmental education for all employees twice a year, as well as education for EMS leaders twice a year, and encourages employees to obtain environment-related public qualifications such as those listed. In addition, Mazda offers support for employees working toward these qualifications, including financial support through the Mazda Flex Benefit program (see p. 95). **e f**

Routine Environmental Activities

Reducing Paper Use

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

Reducing Energy Use

Through regular initiatives, including purchasing of low power-consumption office equipment and furniture, and turning off lights and computers when they are not in use, Mazda makes continual efforts to reduce energy use. Furthermore, Mazda implements a "Cool Biz" program during the summer season every year, setting internal room temperatures at 28°C (82.4°F) on a standard basis. During the winter season when electricity consumption is particularly high, energy-saving measures are implemented through adjustment of air conditioning systems (heating set at 20°C, or 68°F), lighting, office automation equipment, etc.

Use of Renewable Energy

Mazda uses renewable energy sources*1 as follows.

- At the Hofu Plant, solar-powered units have been introduced in some corridor lighting.
- A solar power system is installed on the roof of the radio wave experiment building of the Miyoshi Office. The amount of electricity generated by the system in FY March 2017 was 12.9 MWh. Electricity generated by this system is used to provide power and lighting for the building, thereby continuously contributing to the reduction of CO₂ emissions.
- Mazda de Mexico Vehicle Operation (MMVO) in Mexico installed outdoor solar lighting, thereby promoting effective use of renewable energy*1 using solar power and LEDs. In FY March 2017, MMVO installed 32 units. The total number of units reached 367, generating 61.9 MWh of power for lighting.

Environment-Related Accident Emergency Drill and Prevention Campaign

Emergency Drill to Prevent Marine Pollution

An emergency drill was carried out in November 2016 based on an assumed simulation in which hydraulic oil had leaked from a container truck into the sea. In the simulation drill, about 65 employees from Mazda Motor Corporation, Mazda Ace, and Mazda Logistics were engaged in operations of preventing the spread of oil (extending an oil boom), removing oil spillage, and communicating through an emergency contact network. These operations were confirmed effective. Launched in FY March 2015, this drill marked the third such event. **g**

In the drill to be conducted in FY March 2018, Mazda will assume disaster damage that will be even closer to the reality, and check the effectiveness of its emergency response manuals and emergency contact network.

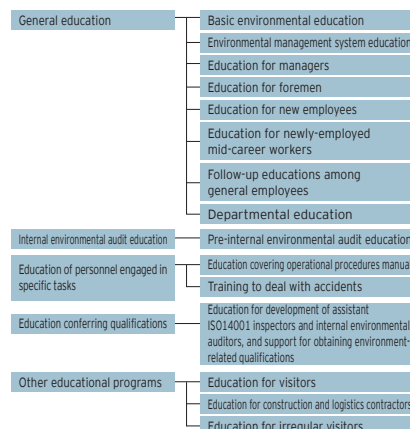
Campaign for Oil Spill Prevention and Traffic Safety

Mazda Motor Corporation, Mazda Logistics and several truckload transportation companies are raising the awareness of delivery truck drivers and others by directly asking them or distributing leaflets asking them to contribute to improving traffic safety and preventing oil spills on roads. The campaign has been conducted every year since FY March 2011, and twice a year since FY March 2014, in spring and fall. **h** The campaign helps to raise such drivers' awareness of the environment and safety, and ensures early detection of and response to oil spills from vehicles.

e Qualifications that Employees Are Encouraged to Obtain:

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

f Environmental Education Structure



Number of Employees Receiving Environmental Education

(Non-consolidated Unit: person(s))

	FY March 2013	FY March 2014	FY March 2015	FY March 2016	FY March 2017
Managers	52	70	75	81	83
Section managers	137	163	161	174	190
Foremen	87	86	86	76	60
New employees	701	386	282	755	538

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

g Emergency Drill to Prevent Marine Pollution (Extending an oil boom)



h Campaign for Oil Spill Prevention and Traffic Safety



*1 Refers to natural energy sources that can be used continuously without being depleted, such as electricity generation using solar, wind, geothermal, hydroelectric or biomass power, or direct solar heating. These types of energy generate zero or negligible CO₂ emissions.

Environmental Accounting

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

Data collection period: April 2016 through March 2017

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

Boundary of data collection: Mazda Motor Corporation; 20 domestic & 10 overseas consolidated Group companies; six domestic & five overseas equity-method Group companies

Environmental Protection Costs

(Unit: million yen)

Category	Major activities	Mazda unconsolidated			Mazda Group								
		Investment	Cost	Total	Investment	Cost	Total						
Business area	Preventing pollution	Conforming to legal limits for air and water pollution, odor abatement, etc.						2,327	2,672	4,999	3,324	3,398	6,722
	Protecting the global environment	Preventing global warming, conserving energy, preventing destruction of the ozone layer, and other environmental protection activities						912	1,016	1,928	1,046	1,155	2,201
	Recycling resources	Effective resource use, recycling waste, processing and disposing of waste						307	1,371	1,678	308	3,349	3,657
Upstream/downstream	Container recovery, recovery of end-of-life vehicle bumpers						0	159	159	0	161	161	
Management activity	Employee environmental education, creating and operating environmental management systems, monitoring and measurement of environmental impact, other activities						20	1,004	1,024	20	1,454	1,474	
Research and development	R&D for products, production methods and distribution, to contribute to reduced environmental impact						3,139	41,113	44,252	3,351	42,591	45,942	
Social activities	Greening, beautification, and environmental improvement; support of community residents and organizations; information disclosure; and other activities						0	54	54	0	64	64	
Environmental Damage	-						0	0	0	0	4	4	
Total		6,705	47,389	54,094	8,049	52,176	60,225						

Overall Environmental Protection Effects

Category			Mazda unconsolidated			Mazda Group	
			Environmental protective effect		Economic effect (million yen)	Economic effect (million yen)	
Protecting the global environment	Global warming prevention	Production	CO ₂ emissions volume (on unit sales basis)	20.1 t-CO ₂ /100 million yen	-	-	
		Distribution	Annual shipping volume	508,560 thousand (ton-km/year)	-	-	
Recycling resources	Effective use of resources, recycling	Shell sand		16,007 t (year)	47	2,065	
		Steel scrap		37,077 t (year)	2,018		
Upstream/downstream	Product recycling	Number of discarded bumpers collected		61,796 (bumpers/year)	-	35	
		Metals		101,299 t (year)	1,865		
Other	Sale of items with commercial value	Paint thinner, effluent		848 t (year)			
		Empty drums, wheels, discarded tires		20,621 (units/year)	43	1,908	
		Recovered sand, plastics, cardboard scraps		5,494 t (year)			
		Wooden pallets		427 t (year)			
Total					3,973	4,008	

Boundary of data collection

Mazda Motor Corporation

Consolidated Group companies

20 domestic companies: Manufacturing companies: Mazda Ace Co., Ltd., Mazda Logistics Co., Ltd., KURASHIKI KAKO Co., Ltd., Mazda Engineering & Technology Co., Ltd., Sales companies: Mazda Chuhan Co., Ltd., Hakodate Mazda Co., Ltd., Tohoku Mazda Co., Ltd., Fukushima Mazda Co., Ltd., Koushin Mazda Co., Ltd., Kanto Mazda Co., Ltd., Shizuoka Mazda Co., Ltd., Tokai Mazda Sales Co., Ltd., Hokuriku Mazda Co., Ltd., Keiji Mazda Co., Ltd., Kansai Mazda Co., Ltd., Nishi-Shikoku Mazda Co., Ltd., Kyushu Mazda Co., Ltd., Minami Kyushu Mazda Co., Ltd., Okinawa Mazda Sales Co., Ltd., Parts sales company: Mazda Parts Sales Co., Ltd.

10 overseas companies: Mazda Canada Inc., Mazda Motor Manufacturing de Mexico, S.A. de C.V., Mazda Motors UK Ltd., Mazda Motor Russia.000, Mazda Australia Pty Ltd., Mazda Motors of New Zealand Ltd., Mazda Powertrain Manufacturing (Thailand) Co., Ltd., Mazda Southern Africa (Pty) Ltd., Mazda Motor Taiwan Co., Ltd., Mazda de Colombia S.A.S.

Equity-method Group companies

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

5 overseas companies: Mazda Sollers Manufacturing Rus LLC, AutoAlliance (Thailand) Co., Ltd., Changan Mazda Automobile Co., Ltd., Changan Ford Mazda Engines Co., Ltd., FAW Mazda Motor Sales Co., Ltd.

EFFORTS REGARDING PRODUCT AND TECHNOLOGY DEVELOPMENT

Mazda is actively developing unique technologies to help achieve a sustainable society. In March 2007, Mazda announced its long-term vision for technology development: "Sustainable Zoom-Zoom." The basic policy of this vision is to "provide all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance."

In August 2017, a decade after the original and in light of the rapid changes taking place in the automotive industry, Mazda announced "Sustainable Zoom-Zoom 2030"(see pp. 4-6). This new vision for technology development takes a longer-term perspective and sets out how Mazda will use driving pleasure, the fundamental appeal of the automobile, to help solve issues facing people, the earth and society. Mazda believes its mission is to bring about a beautiful earth and to enrich people's lives as well as society. The Company will continue to seek ways to inspire people through the value found in cars. In terms of the environment, "Sustainable Zoom-Zoom 2030" demonstrates Mazda's determination to use conservation initiatives to help create a sustainable future in which people and cars can coexist with a bountiful, beautiful earth.

Energy and Global-Warming-Related Issues

Approach to Product Environmental Performance

As vehicle ownership continues to expand around the world, automobile manufacturers must redouble their efforts to achieve cleaner exhaust emissions, and improve fuel economy in order to cut CO₂ emissions and help reduce the world's dependence on increasingly scarce fossil fuels. Mazda considers it necessary to develop a multi-solution approach to automobile-related environmental issues that takes into account various factors such as regional characteristics, vehicle characteristics and types of fuel.

Addressing Global Warming

Mazda sees reducing emissions of CO₂ and other greenhouse gases over the vehicle's entire lifecycle – including manufacturing, use and disposal – as one of its top priorities and a duty of automotive industry. The Company wants to maximize its contribution by considering not only "tank-to-wheel" emissions that occur while driving, but also "well-to-wheel" emissions, including fuel extraction, refining and power generation. Offering a number of powertrain options in consideration of each region's energy sources and power generation methods will allow Mazda to make the optimum contribution to CO₂ emissions reductions by region. In August 2017, Mazda set a goal of reducing corporate average "well-to-wheel" CO₂ emissions to 50% of 2010 levels by 2030, with a view to achieving a 90% cut by 2050.

a

The Building-Block Strategy

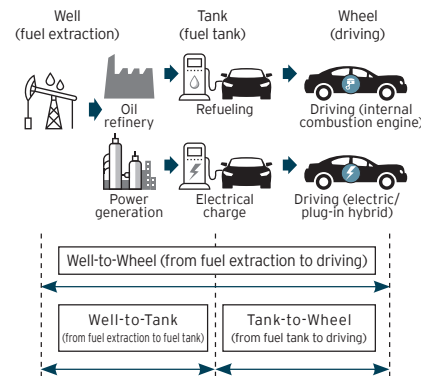
Mazda adopts the Building-Block Strategy to realize its goal of reducing CO₂ emissions and raising the average fuel economy of Mazda vehicles sold worldwide. Given the internal combustion engine is forecast to remain a principle propulsion technology in cars worldwide for many years to come, the Company thinks it important to continue efforts to perfect the technology. At the same time, the Building Block Strategy also calls for the commercial introduction of electric, plug-in and other electrified vehicles in consideration of each country or region's energy resources, regulations, power generation methods, infrastructure and so on. Through this Building-Block Strategy and advances in process innovations, such as computer modeling-based development and *Monotsukuri* Innovation (see p. 126), Mazda will, despite limited management resources, offer products and technologies that exceed customers' expectations. From 2019, Mazda plans to start introducing electric vehicles and other electric drive technologies in regions that generate a high ratio of power from clean energy sources or restrict certain vehicle types to reduce air pollution.

b c

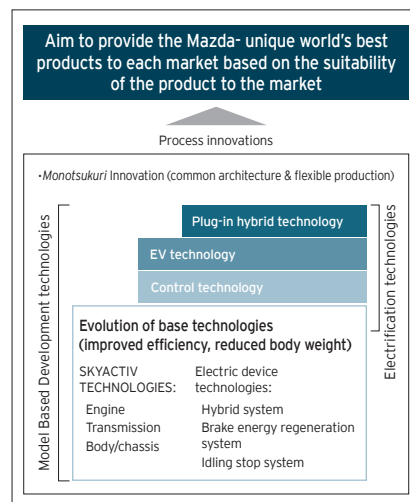
a The "Well-to-Wheel" Perspective

Make efforts to reduce CO₂ emissions from the perspective of "well-to-wheel," with the aim of reducing emissions over a vehicle's entire lifecycle.

Conceptual diagram of Well-to-Wheel*

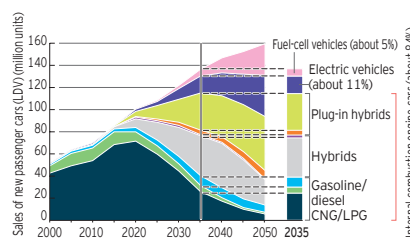


b Building-Block Strategy



c Graphic representation of global market share of powertrain technologies

It is expected that the majority of vehicles in the global market will continue to be powered by internal combustion engines, and that such vehicles will contribute the most to CO₂ reduction. (about 84% of the vehicles are powered by internal combustion engines in 2035)



Source: IEA/ETP Energy Technology Perspective2015

Comprehensive Improvements of Base Technologies by SKYACTIV TECHNOLOGY

The term SKYACTIV TECHNOLOGY covers all Mazda's innovative base 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. The number of models featuring SKYACTIV TECHNOLOGY has steadily increased since the first SKYACTIV-G engine was introduced in 2011 in the upgraded Demio (known as Mazda2 overseas). Following the adoption of the technology in the CX-5 in 2012, the number of models that fully incorporate SKYACTIV TECHNOLOGY has increased.

In August 2017, Mazda disclosed plans to introduce next-generation technologies from 2019, including the SKYACTIV-X engine, set to become the world's first commercial gasoline engine to use compression ignition.*¹ This unique new engine combines the advantages of gasoline and diesel engines to achieve outstanding environmental performance and uncompromised power and acceleration performance. Mazda will work toward the market introduction of the SKYACTIV-X while continuing to advance SKYACTIV-G and SKYACTIV-D, both of which remain highly competitive engines.

Features of the next-generation gasoline engine

	Gasoline engine	Next-generation gasoline engine	Diesel engine
Fuel economy	▲	◎	◎
Torque	▲	◎	◎
Response	▲	◎	◎
Output (expansion)	◎	◎	▲
Heating	◎	◎	▲
Exhaust purification	◎	◎	▲

*1 As of August 2017, according to Mazda data

TOPICS

[Japan] CX-3 Acquired Certification for Driving Tests of the WLTC Mode, a Global Test Cycle

-To enable Mazda's customers to check mode fuel economy that better reflects real world performance, in accordance with their driving environment-

CX-3 vehicles powered by the gasoline engine SKYACTIV-G 2.0, which were launched in summer 2017, have obtained authorization under the WLTC mode,*¹ with the figures listed in catalogs. WLTC is a test cycle based on the worldwide harmonized light vehicles test procedure and consists of three driving modes: city, suburban, and highway. Compared to the previous JC08 mode, it better reflects real world performance such as by increasing the percentage of driving hours in cooling conditions, reducing the idling time ratio, and considering the weight of passengers (excluding the driver) and the load. Starting at the end of 2017, figures of the "WLTC mode fuel economy," which are based on the WLTC mode, and the fuel economy of each of the three driving modes will be indicated in the catalogs for cars that have acquired certification for WLTC mode. Consequently, customers will be able to check the mode fuel economy that better reflects real world performance, in accordance with their driving environment.

*1 Stands for Worldwide-harmonized Light vehicles Test Cycle. This is a test cycle based on WLTP (Worldwide harmonized Light vehicles Test Procedure).

TOPICS

Mazda Leads Manufacturer Adjusted Fuel Economy in U.S. Environmental Protection Agency Report for Fourth Straight Year

The Light Duty Fuel Economy Trends Report,*¹ released by the U.S. Environmental Protection Agency (EPA) on November 2016, lists the Company as having the highest overall Manufacturer Adjusted Fuel Economy*² for the 2015 model year. Mazda received the first-place ranking for the fourth year in a row.

The EPA's Fuel Economy Trends Report summarizes the fuel economy trends of vehicles sold in the U.S. on a model year basis, and ranks automakers by Manufacturer Adjusted Fuel Economy. Mazda's overall average fuel economy was 29.6 miles per gallon (mpg) for the 2015 model year, an improvement of 0.2 mpg over the previous year.



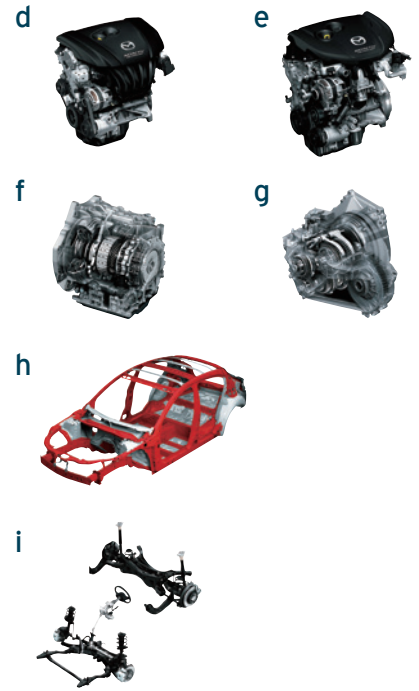
Mazda3 (2015 U.S. model)

*1 Light Duty Fuel Economy Trends Report: An annual report released by the EPA summarizing the trends of fuel economy of new model cars (passenger vehicles and small trucks) launched since 1975. <http://www3.epa.gov/otaq/tetrends-complete.htm>

*2 Manufacturer Adjusted Fuel Economy: The average fuel economy of cars sold by a manufacturer over a year. In EPA's Light Duty Fuel Economy Trends Report, the fuel economy figures (city and highway) of each model measured by a method stipulated by the EPA are weighted according to the number of units sold on a model year basis.

Base Technologies (SKYACTIV TECHNOLOGY and Electric Devices)

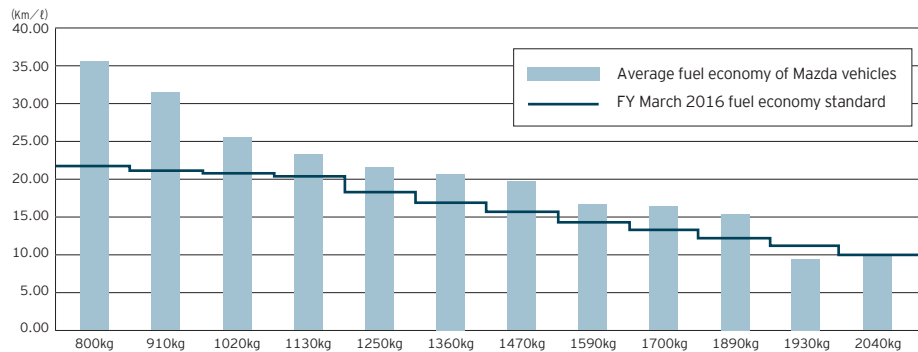
	Name	Features	
SKYACTIV TECHNOLOGY	Next-generation gasoline engine SKYACTIV-X	A new proprietary internal combustion engine that combines the advantages of gasoline and diesel engines. Achieves outstanding environmental performance, power and acceleration performance.	
	SKYACTIV-G	New-generation highly-efficient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



Improving Fuel Economy

Mazda is making efforts to improve fuel economy toward the goal of raising the average fuel economy of all Mazda vehicles sold worldwide by 2020 by 50% with 2008 levels. j k

k Average Fuel Economy in Passenger Vehicles by Weight Class*1



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

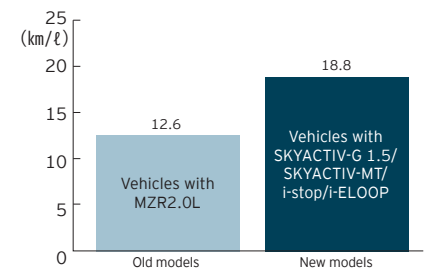
Mazda Models Qualify for Eco-Car Tax Reductions

Mazda's environmentally conscious vehicles are subject to tax incentives in many countries. In Japan, as of March 2017, 38 Mazda models qualified for the Japanese government's ecocar tax reduction,*1 implemented in April 2016. Among presently registered Mazda vehicles, around 94% meet the reduction requirements. (Figures based on the number of vehicles shipped in FY March 2017)

Evolution of Eco Drive Support Technology

The Intelligent-Drive Master "i-DM," developed by Mazda to encourage drivers to drive in a safe, fun and environmentally conscious manner, was introduced in all of Mazda's Japanese models that incorporate SKYACTIV TECHNOLOGY.

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



l Eco-Car Tax Reduction in Japan*1

Tax reduction rate*2		Eligible models
Automobile acquisition tax	Automobile weight tax	
Tax free	Tax free	12 models Flair (OEM), Flair Crossover (OEM), Flair Wagon (OEM), Carol (OEM), Scrum Van (OEM), Demio (diesel), CX-3, Axela (hybrid/diesel), Atenza (diesel), CX-5 (diesel), Familia Van (OEM), Titan CNG (OEM)
80% reduction	75% reduction	7 models Flair (OEM), Flair Wagon (OEM), Flair Crossover (OEM), Carol (OEM), Scrum Van (OEM), Titan (OEM), Bongo
60% reduction	50% reduction	6 models Flair (OEM), Flair Wagon (OEM), Demio (gasoline), Titan (OEM), Axela (gasoline), Bongo
40% reduction	25% reduction	9 models Flair (OEM), Demio (gasoline), Axela (gasoline), Atenza (gasoline), CX-5 (gasoline), Premacy, Bianta, Titan (OEM), Bongo
20% reduction		4 models Scrum Van (OEM), Demio (gasoline), CX-5 (gasoline), Premacy

*1 Tax reduction measures differ according to factors such as model, grade, and vehicle weight. (As of March 31, 2017)

*2 Only indicates tax reduction rates at the time of new registration.

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

Electric Vehicles

Mazda believes it is important to reduce CO₂ emissions not only while driving (“tank-to-wheel”), but also in the “well-to-tank” stage, which includes fuel extraction, refining and power generation. Since the optimum power source to contribute to reduced “well-to-wheel” CO₂ emissions differs according to each country or region’s energy situation, Mazda believes electrification technologies, such as electric vehicles and plug-in hybrids, are effective in countries and regions that do not rely heavily on thermal power generation. The Company’s development efforts are premised upon introducing a new electric vehicle in 2019, and a new plug-in hybrid*¹ vehicle in and after 2021.

From 2012 to 2013, Mazda leased around 100 units of the Demio EV, an independently developed electric vehicle based on the Mazda Demio (known as Mazda2 overseas). Using a highly efficient lithium-ion battery and Mazda’s unique electric motor, the Demio EV delivers an exhilarating driving experience, including powerful acceleration, precise handling, and a comfortable ride. It also achieves an outstanding driving range of 200 kilometers (JC08 mode test cycle measured by Mazda). The Demio EV also maintains the same cabin space and cargo capacity as the base Demio model. m

Promoting Technology Development for Alternative Fuels

In addressing global warming through its products, Mazda is promoting the research & development of technologies compatible with alternative fuels such as biofuels, synthetic fuels, and hydrogen, to enable the use of energy that suits each country or region.

Compatibility with Bioethanol and Bioethanol Mixed Fuel

Mixed fuels, which include bioethanol or biodiesel made from plant materials, are attracting attention for their effectiveness in reducing CO₂ emissions. Mazda sells vehicles that are compatible with these fuels.

m Electric Vehicle ‘Demio EV’ specifications

Model name	Demio EV	
Drive	FF	
Seating capacity	Five persons	
Dimensions and weight	Overall length/width/height* ¹	3,900mm/ 1,695mm/ 1,490mm
	Vehicle weight* ¹	1,180kg
Performance	AC electric power consumption (JC08 mode test cycle)* ²	100Wh/km
	Driving range on a single charge (JC08 mode test cycle)* ¹	200km
Drive battery	Type	Lithium-ion batteries
	Total voltage* ¹	346V
	Total electric energy* ¹	20kWh
Motor	Max. output* ¹	75kW <102PS> / 5,200 - 12,000rpm
	Max. torque* ¹	150N·m <15.3kgf·m> / 0 - 2,800 rpm
Charging time	Normal charge (AC200 V·15 A)* ²	Around 8 hours (full charge)
	Fast charge* ³	Around 40 minutes (80% charge)

*¹ Measured by Mazda

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

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

Present Status

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

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

TOPICS

Opened a Joint Research Course for Bio Liquid Fuel Using Microalgae with Hiroshima University

Mazda opened the Algae Energy Creation Laboratory of the Next-Generation Automotive Technology Joint Research Course within the Graduate School of Science of Hiroshima University, a joint research course with Hiroshima University starting in April 2017. The aims of the laboratory are to carry out genetic research and retrieval research of cultivation environments in order to produce renewable bio liquid fuel from microalgae. Mazda believes that liquid fuel will continue to be an efficient and practical energy source for mobile objects such as vehicles equipped with internal combustion engines. Through this joint research course, Mazda intends to offer technical support for disseminating renewable next-generation liquid fuel, including algae bio liquid fuel, as well as achieving a significant reduction of CO₂ emissions in internal combustion engines from the perspective of “well-to-wheel (from fuel extraction to driving)”.

Reducing Use of “CFC Alternative” Greenhouse Gases

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

Development of Resin Material for Auto Parts For Weight Reduction

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

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

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

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

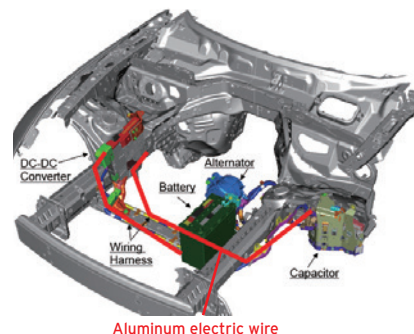
Development of Light Weight Wiring Harness Using Aluminum Electric Wire

Mazda has adopted for some vehicles a light weight wiring harness using aluminum electric wire, which enables the Company to achieve vehicle weight reduction while keeping the connection reliability (quality) as before. The Company uses this lightweight wiring harness for the Roadster/MX-5, launched in 2015, and has been increasing the number of models that incorporate the material, including the Axela/Mazda3, the Atenza/Mazda6, the CX-9, and the new CX-5. The Company also intends to use the light weight wiring harness for new models to be launched in the future. **o**

n The new CX-5

Top: front bumper
Bottom: rear bumper

o Aluminum electric wire of the Roadster/ MX-5
 Connection between capacitor and DC-DC converter
 Connection between DC-DC converter and battery



Aluminum electric wire

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

Cleaner Emissions

Cleaner Gas Emissions

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

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

- As of March 31, 2015, a remarkable 97% of Mazda passenger models (not including compact mini vehicles and OEM-supplied vehicles) were SU-LEV-certified — the highest level*¹ among Japanese automakers.
- The new CX-5, which is equipped with the clean diesel engine SKYACTIV-D 2.2, was introduced in the U.S. in summer 2017.

Development of Unique Single-Nanotechnology Single Nanotechnology Dramatically Reduces Consumption of Precious Metals

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

In 2009, Mazda developed the world's first single-nanocatalyst,*² that achieves both cleaner exhaust characteristics and higher durability while reducing the use of precious metals for vehicle catalysts by around 70% compared with the conventional figure in Mazda, and started introducing this technology in mass-produced vehicles.

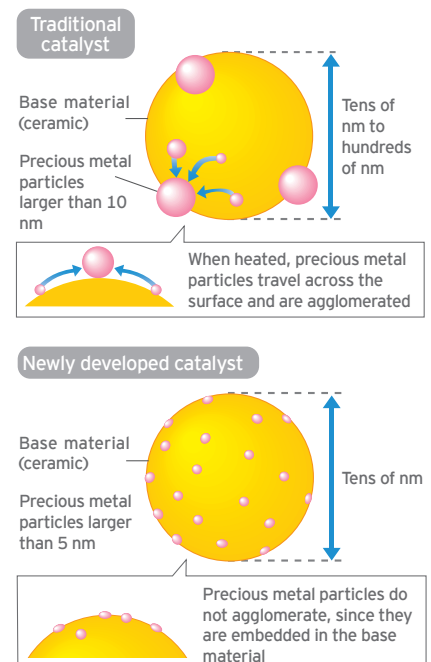
Furthermore, Mazda succeeded in an additional 30% to 40% reduction in the consumption of precious metals needed for single-nanocatalyst. The technology was first introduced into the Demio (Mazda2 overseas) with SKYACTIV-G launched in 2011 and has been progressively introduced to Mazda vehicles globally.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

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

(For details, see the URL)

http://www.mazda.com/en/innovation/technology/env/other/singlenano_tech/

p Model of precious metal dispersion by new catalyst technology



*1 As of March 2016, according to Mazda data

*2 Catalyst featuring the single-nanotechnology to control finer materials structures than nanotechnology

Proper Management of Chemical Substances and Heavy Metals

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

Collection and Management of Automotive Parts Materials

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

Measures Related to Application of IMDS

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

VOC Reductions: VOCs in Vehicle Cabins

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

- In 1999 Mazda developed a deodorizing filter with the capacity to remove aldehydes (adopted as either standard or optional in core vehicle models).
- In new models, starting with the Demio (Mazda2 overseas) launched in 2007, Mazda reduced VOCs in the main materials used in the cabin, such as plastics, paints, and adhesives, thereby conforming with the indoor aerial concentration guidelines established by Japan's Ministry of Health, Labour and Welfare.
- The new CX-5, launched in 2016, conforms with the indoor aerial concentration guidelines of Japan's Ministry of Health, Labour and Welfare.

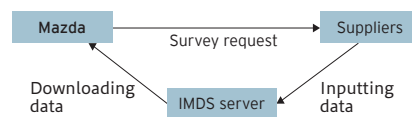
Reduction of Vehicle Noise

Mazda has established its own noise standards, which are even stricter than the most recent legal requirements, and the Company is working to make its vehicles produce less noise during driving*⁴ by applying the in-house noise standards to all of its vehicles, including both passenger vehicles and commercial vehicles.

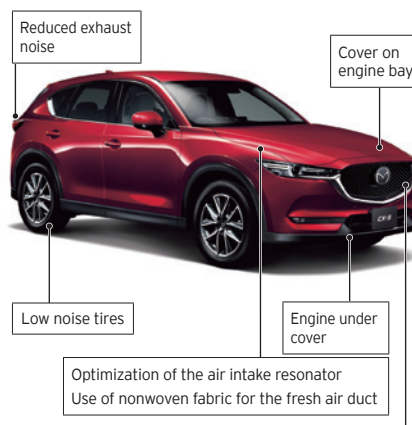
The Roadster RF(MX-5 RF overseas) and the new CX-5 conform to the new car noise emission regulations (UN R51-03).^{*5}

Mazda also intends to expand its application to subsequent models.

q How IMDS Works



r Example of Anti-Noise Measures: The new CX-5



- Reduced engine noise**
- Optimization of torsional damper pulley
 - Increased rigidity surge tank
 - Optimization of front cover and oil pan tie rigidity
 - Reduced oil pump noise
 - Use of full-floating structure for the exhaust manifold insulator
 - Use of steel crankshaft
 - Optimization of the main shaft bearing structure (use of the lower block structure)
 - Optimization of the fastening structure of the cylinder head cover
 - Optimization of the cylinder head and block structure
 - Use of a natural sound smoother
 - Insulation of engine sound
 - Reduction in the vibration at the time of combustion through the reduction of the compression ratio and the increase in the number of combustion stages

*1 International Material Data System
 *2 Registration, Evaluation, Authorization and Restriction of Chemicals
 *3 Volatile Organic Compounds
 *4 Driving noise comes from a variety of sources such as powertrains (the engine, the exhaust system, the air intake system, the drive train) and the tires.
 *5 Vehicle regulations stipulated by the UNECE World Forum for Harmonization of Vehicle Regulations (WP.29), which is established under the UN Economic Commission for Europe.

Promoting Resource-Saving Initiatives

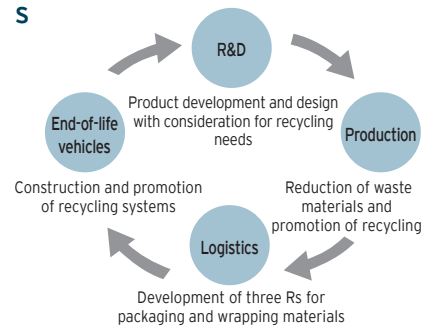
Product Development and Design with Consideration for Recycling Needs

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

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

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

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



t

Close-up of a portion with thin-walled construction

Thin-walled construction is used for the circled portions.

Fastening points

Bumpers

Constructed to enable swift removal in one piece during dismantling

Thin-walled construction used for bumper underside fastenings so that they can be easily removed by pulling strongly

Strengthened bumper apertures so that bumpers can be pulled off in one piece without breaking

Instrument Panel

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

Dashboard Insulator

Noise insulators and noise absorbers are both made of thermoplastic felt

Easily Dismantled Earth Terminals

Terminals are designed to break off when the harness is pulled out to prevent breakage of the harness

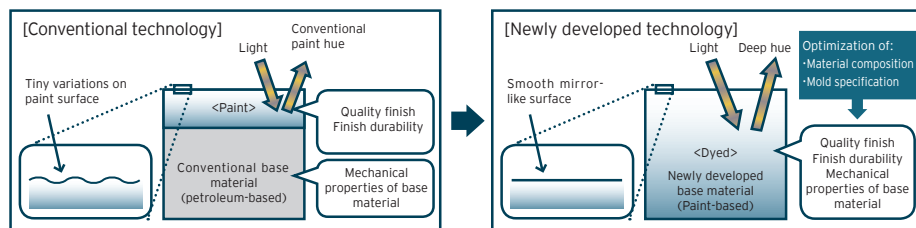
Expanded Adoption of Biomaterials

Mazda has produced new vehicle parts from plant-derived materials on a commercial basis, which have the potential to facilitate society's shift away from the use of fossil fuels and reduce CO₂ emissions.

In 2014, Mazda developed bio-based engineering plastic featuring high-quality finish without paint, suitable for vehicle exterior parts. By developing paint-less technology for interior and exterior parts taking advantage of the characteristics of this material, the Company achieved not only the excellent environmental performance of the material but also a high-quality finish that could not be achieved with conventional paint, and succeeded in contributing to the environment and improving costs by abolishing the painting process. Mazda has incorporated interior and exterior parts that adopt this technology in the Roadster/MX-5 (interior), the CX-9 (interior and exterior), the Axela/Mazda3 (interior), the Demio/Mazda2 (interior), the Roadster RF/MX-5RF (interior and exterior), and the new CX-5 (interior and exterior). The Company also intends to use the technology for subsequent models.

U Examples of parts that use bio-based engineering plastic featuring high-quality finish without paint and that are suitable for exterior vehicle parts

- | | |
|---|-------------------------------------|
| Interior parts | |
| • Shift panel | • Door decoration panel |
| • Cup holder bezel | • Instrument panel decoration panel |
| • Center louver bezel | • Console side decoration panel |
| • Instrument bezel | • Rear garnish |
| • Door switch panel | |
| • Louver bezel for rear seat air conditioning equipment | |
| Exterior parts | |
| • Sail garnish | • Quarter garnish |
| • Door pillar garnish | • Side garnish |
| • C pillar garnish | |



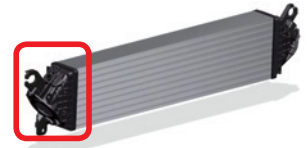
V Models with Radiator Tank Adopting Bioplastics

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

Other examples of the use of bioplastics

- Radiator tank: Demio (overseas: Mazda2), equipped with SKYACTIV-G and launched into the market in 2011, and subsequent models
- Air-cooled inter cooler (part of the resin tank): CX-9, new CX-5 (except for certain markets)

Air-cooled inter cooler (bioplastics used in the section of the resin tank framed in red)



Bumper-to-Bumper Recycling of ELVs

With the goal of sustainable and efficient use of resources, Mazda became the first automaker in the world to make a practical application*2 of the technology for horizontal recycling of ELV (used and discarded bumpers) into material for new vehicle bumpers.

*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 As of August 2011, according to Mazda data [Cooperating companies] Yamako Inc., Takase Synthetic Chemical, Inc.

EFFORTS REGARDING MANUFACTURING AND LOGISTICS

Energy - and Global-Warming-Related Issues

Mazda promotes the efficient use of energy while aiming to reduce CO₂ emissions in the areas of manufacturing and logistics.

【Manufacturing】Total CO₂ Emissions from Mazda's Four Principal Domestic Sites Reduced by 47.0% (Compared with FY March 1991 Levels)

Measures to reduce the total energy-related CO₂ emissions from Mazda's four principal domestic sites*¹ (including R&D and other indirect areas) in FY March 2017 were as follows:

<Key Initiatives in FY March 2017>

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

<FY March 2017 Results (compared with FY March 1991)>

- Total CO₂ emissions from Mazda's four principal domestic plants reduced by 47.0% compared with FY March 1991 (499 thousand tons-CO₂)
- Emissions per unit of sales revenue reduced by 52.5% (20.1 t-CO₂/100 million yen)

【Manufacturing】Efforts for Energy-Saving Manufacturing

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

<Efforts at Overseas Plants>

Thailand

AutoAlliance (Thailand) (AAT) carried out the following activities.

- Preventing wasteful supply of compressed air and steam at plants (e.g., closing valves during non-production time), so as to reduce electricity consumption by 501,000 kWh/year.
- Cutting energy losses, including standby power consumption during launch time, non-production time, holidays and a shutdown period, so as to reduce electricity consumption by 307,476 kWh/year.

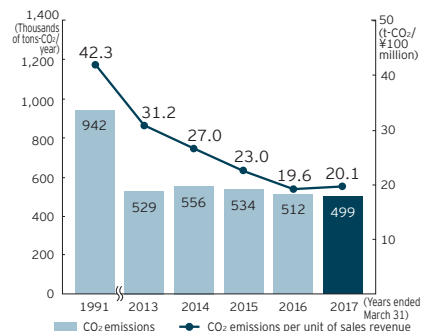
Mazda Powertrain Manufacturing (Thailand) (MPMT) set up the Energy Committee comprising members selected from each department, to promote energy-saving activities, obtaining the following results.

- Achieving a reduction of 11,100 kWh/year in electricity consumption, by reviewing the residual heat temperature of the heat treatment equipment at the transmission plant.
- Achieving a reduction of 101,360 kWh/year in electricity consumption, by reviewing the air conditioning settings, while striving to reduce the air conditioning energy load through partially opening the plant building's walls to actively let in natural wind so as to lower the temperature within the plant.

China

Changan Ford Mazda Engine Co., Ltd. (CFME) reduced electricity consumption by 780,000 kWh/year, and natural gas consumption by 46,000 m³N/year, through activities for energy-saving in producing a small quantity of aluminum cast components (such as improving the heat retaining property of the holding furnace, which stocks molten metal).

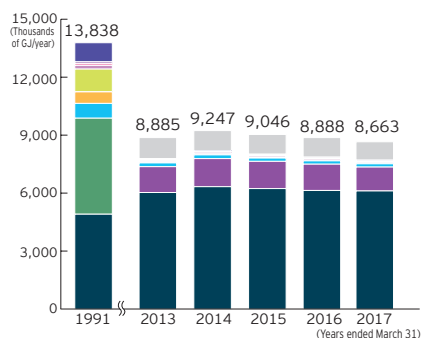
a CO₂ Emissions from Mazda's Four Principal Domestic sites/CO₂ Emissions per Unit of Sales Revenue



*CO₂ emissions at Mazda's four principal domestic sites are calculated using the CO₂ coefficient for each year based on standards from the Japan Automobile Manufacturers Association Inc. (JAMA) (Commitment to a Low Carbon Society). Data for each fiscal year were recalculated according to the coefficient change of August 10, 2016. The power coefficient for FY March 2017 is undetermined as of May 19, 2017; the FY March 2016 power coefficient is used for FY March 2017. *The figures of the CO₂ emissions at Mazda's four principal domestic sites in FY March 2017 have been verified by a third party (see p. 139).

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

	Unit: (Thousands of GJ/year)					
	FY March 1991	FY March 2013	FY March 2014	FY March 2015	FY March 2016	FY March 2017
Electricity	4,921	6,044	6,345	6,247	6,150	6,124
Industrial steam	0	1,337	1,453	1,409	1,359	1,236
Coal	4,967	0	0	0	0	0
Coke	766	193	191	170	171	168
Fuel oil A	596	24	23	27	19	15
Fuel oil B	11	0	0	0	0	0
Fuel oil C	1,168	38	28	6	6	7
Gasoline	193	66	65	65	64	52
Kerosene	101	4	15	8	11	11
Diesel	81	39	37	43	47	46
LPG	989	50	54	52	55	55
City gas	45	1,090	1,036	1,019	1,006	949
Total	13,838	8,885	9,247	9,046	8,888	8,663



* Amount of heat emission at Mazda's four principal domestic facilities is calculated using the CO₂ coefficient for each year based on standards from the Japan Automobile Manufacturers Association Inc. (JAMA) (Commitment to a Low Carbon Society). Past data was recalculated according to the change of the coefficient.

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

【Manufacturing】 Reducing Energy Use through “Monotsukuri Innovation”

To improve quality and brand value, as well as to increase profit margins, while flexibly responding to the requirements for the manufacture of several models with different production scales and changes in production volume, a breakthrough in “sharing a completely new concept beyond the boundaries of models” is necessary. This idea has resulted in generation of the “Monotsukuri Innovation” (see p. 126).

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

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

【Logistics】 CO₂ Emissions during Product Shipment Reduced by 39.7% (Compared with FY March 1991 Levels)

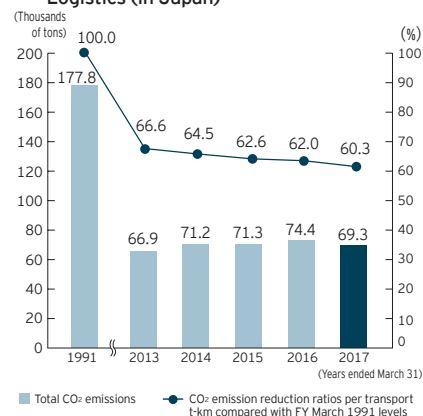
Mazda is working with logistics companies, dealerships, and other automakers throughout Japan to reduce CO₂ emissions during product shipment.

Mazda has expanded its tracking capability for CO₂ emissions during the import/export of finished vehicles and parts overseas since FY March 2011. Although the end of the tracking line used to be overseas ports, the Company began to extend this line to inland distributors, in cooperation with logistics-related companies in major markets.

<FY March 2017 Results>

- Total domestic transportation volume (including the purchase and supply of materials, parts and finished vehicles) was 590 million ton-kilometers. This represents a 39.7% reduction in transportation CO₂ emissions per ton-kilometer compared with FY March 1991 levels, far exceeding the Company’s target of 29% or more.

C CO₂ Emissions and Reductions for Logistics (in Japan)



[Logistics] Realizing Logistics that Enables CO₂ Reduction in a Timely Manner

Mazda is taking the following measures to provide customers with the volume they require, with the precise timing they expect, while reducing CO₂ emissions.

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

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

- Reforming transportation by consolidating logistics centers for completed vehicles
Mazda consolidated its logistics centers nationwide with the aim of combining delivery routes with low shipping volumes while ensuring timely shipments (and finished the consolidation in FY March 2012).

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

In February 2016, Mazda started the operation of a new domestic vessel. In May of the same year, existing vessels were modified, resulting in a 30% improvement in transportation capacity.

- Improving the ratio of modal shift for the transportation of service parts
Mazda is striving to improve the rate of modal shift regarding the transportation of service parts.

In May 2016, the Company started to use large returnable containers, originally designed to transport parts overseas, for domestic transportation. This was aimed at reducing transportation CO₂ emissions by improving the load efficiency of JR containers and reducing the number of shipping containers required.

2. "Straightening" of logistics network

- Straight logistics without distribution centers (Vanning at plant, packaging at plant) e
After manufacture of KD*² parts is complete, they are packaged and loaded into containers at the same location, eliminating the need for shipment between production and packaging locations. At present, the coverage of this logistics system is expanding to engines, transmissions and auto body parts produced at Hiroshima Plant and Hofu Plant.

- Reducing the transportation distance for procured parts for overseas production
Previously, the parts procured in Asia to be used for overseas production were transported via Japan to the Mexico plant. In July 2016, this was changed to direct transportation, so that now these parts are transported from existing distribution centers in Thailand and China, leading to a reduced transportation distance.

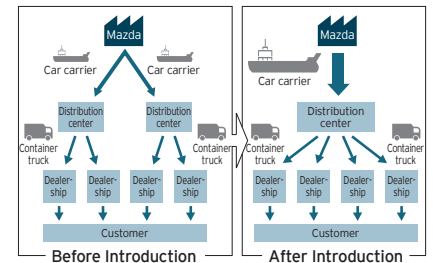
- Reducing losses repair parts in transportation
Mazda continued to reduce losses in transportation by setting up vanning sites for bumpers as close as possible to their production sites, and increased the number of available shipping destinations.

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

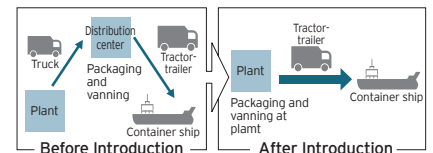
In purchasing production parts, deployment of the *Milk-Run* system was completed throughout Japan by FY March 2008. Today, Mazda is introducing the same system in overseas production sites, with deployment in the Mexico plant completed in FY March 2014, and in the transmission plant in Thailand completed in FY March 2016, aiming to reduce CO₂ emissions by further promoting efficiency in the purchasing and logistics processes across the entire supply chain.

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

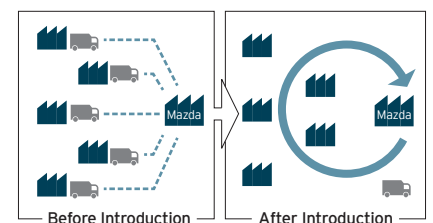
d Hub-and-Spoke System



e Logistics without Distribution Centers (Vanning at plant)



f Milk-Run System



*1 In the "hub-and-spoke" system, distribution centers around the country (hubs) act as bases for delivering completed vehicles to dealerships (spokes). In transporting service parts, parts suppliers serve as the hubs and vehicle dealerships the spokes.
*2 A manufacturing method wherein parts are exported to overseas production sites, where they are assembled onsite.
*3 A method in which a single truck visits multiple suppliers to collect supplies. Named after truck routes in rural areas, which picked up milk from each farm.

Promoting Resource Recycling

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

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

To reduce landfill waste at its four principal domestic facilities*¹ to zero, Mazda is promoting reductions in the volume of manufacturing byproducts and waste, more rigorous sorting of waste, and recycling. As a result, the Company has achieved zero landfill waste, and has maintained this status from FY March 2009 to FY March 2017. The amount of waste*² in FY March 2017 was reduced by 82% compared with FY March 1991 levels.

g h

<Efforts at Overseas Plants >

Thailand

AutoAlliance (Thailand) (AAT) and Mazda Powertrain Manufacturing (Thailand) (MPMT) are working to reduce the volume of waste and thoroughly enforcing the sorting of waste to promote recycling.

【Logistics】 Reducing Volume of Packaging and Wrapping Materials

Mazda is moving forward with efforts centering on the “three Rs of Mazda logistics” to cut down on resources used for packaging and wrapping. The target for packaging and wrapping materials was a reduction in volume of 48% or more from FY March 1991 levels; in FY March 2017, a 55%*³ reduction was achieved.

Since FY March 2013, furthermore, Mazda has been continuing activities to reflect logistics needs at the beginning of product development, so as to include improvement of packaging and wrapping specifications in the product design and development processes. These activities, targeting parts to be shipped to overseas KD*⁴ production sites, aim to achieve an ideal form of transportation by considering efficient logistics in the development stage of work processes, from design to production and shipment, and optimizing parts specifications and structures.

In FY March 2015, the Company applied this approach to an even wider variety of models. And for some parts, the Company enabled the containers that are used to hold double the previous volume of parts.

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

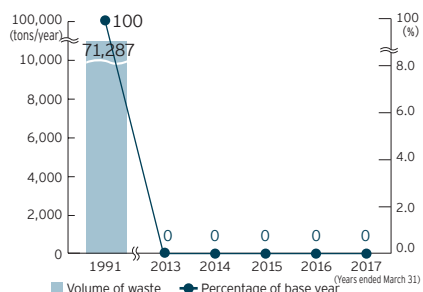
In FY March 2016, the Company succeeded in reducing waste generated from repackaging by enabling the supply of parts provided by suppliers in Thailand to the production line in the packaging that they came in.

In FY March 2017, departments in the five areas—development, production, procurement (purchasing), logistics and quality—are closely working together to achieve the optimization of parts procurement and vehicle manufacturing from the stage of product development, and to establish strong cooperation with the supply chain.

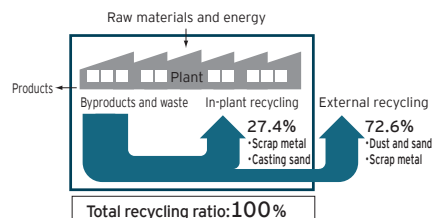
Mazda will continue promoting and expanding these activities that involve efforts in different areas, so as to reduce the consumption of materials.

i

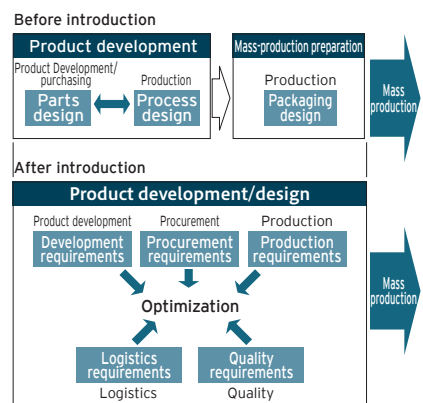
g Changes in the Amount of Landfill Waste



h FY March 2017 Recycling of Manufacturing Byproducts and Waste in the Manufacturing Areas



i Activities Image



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

*2 The figures of the amount of waste at four principal domestic sites in FY March 2017 have been verified by a third party (see p. 139).

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

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

Cleaner Emissions

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

【Manufacturing】 Clean Water Consumption at Mazda’s Four Principal Domestic Sites*1 Reduced by 30.9% Compared with FY March 2013 Levels

With the exception of its Miyoshi Plant, nearly all the water Mazda uses in production processes at the plants and offices in Japan is water for industrial use. The Company does not use subsurface water, as this may cause ground subsidence. Mazda also makes effective use of water by collecting and storing rainwater for use in the Miyoshi Plant. Furthermore, the Company is committed to saving clean water consumption at plants and offices.

In FY March 2017, Mazda introduced water-saving shower caps in office kitchenettes and sinks of work areas throughout the entire Company. However, the clean water consumption increased, since the Company had to replenish clean water when coping with failure of the industrial water transfer pump, clogging of makeup water piping in the cooling tower, and suspension of industrial water supply. When discharging wastewater to public waterworks, Mazda maintains voluntary standards stricter than the legal requirements, and manages discharge daily. The Company also ensures wastewater cleanliness by properly treating water used for industrial processes, human hygiene, and other purposes.

<Overseas Activities>

China

Changan Ford Mazda Engine Co., Ltd., (CFME) located in Nanjing, China, in 2014 started to change the cooling water in production processes and sprinkling water for green spaces from clean water to recycled wastewater. This has enabled CFME to reduce the clean water consumption by 50 thousand m³ per year.

Mexico

Mazda de Mexico Vehicle Operation (MMVO) enjoys a high reputation as the first automobile plant to be granted a local environmental license before the beginning of operations. MMVO established an aeration fountain in the balancing reservoir (containing rainwater) in the plant in 2014. The stirring of the water in the balancing reservoir helps prevent the generation of algae, while the aeration (for mixing air) promotes the decomposition of water-polluting substances. By implementing these measures, MMVO has improved the quality of its discharged water, and also provided a beautiful to look at fountain. MMVO continues its efforts in treating the wastewater discharged from the production process at the wastewater treatment facility within the plant, and using the recycled water for watering green spaces in the plant. In FY March 2017, the amount of recycled water that MMVO used for watering green spaces in the plant was around 90 thousand m³. By doing this, MMVO significantly reduced its use of well water.

Thailand

AutoAlliance (Thailand) (AAT) achieved a 13% reduction compared with 2015 levels to 1.90 m³/unit (2015: 2.19 m³/unit) by optimizing the water supply control of rinse tanks in the pre-electrodeposition coating treatment process.

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

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

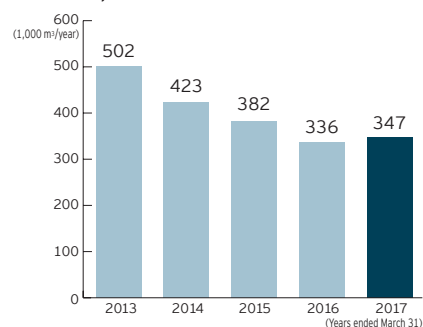
In addition, Mazda is shifting the use of fuel oil to that of city gas and makes other efforts to actively adopt materials that reduce the environmental burden.

VOC Reductions: Body-Painting Lines

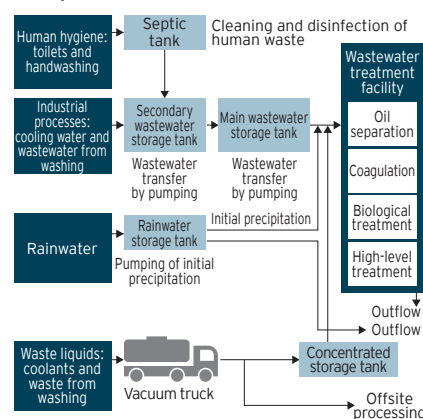
In FY March 2017, Mazda made steady progress toward achieving the target of reducing VOC emissions from vehicle body paint in body-painting lines to 22.0 g/m² or less.

The target was achieved by reducing VOC emissions in body painting lines to 22.0 g/m², as a result of various measures. Such measures include the Three Layer Wet Paint System introduced as the standard process in all plants in Japan and major plants overseas, the Aqua-Tech Paint System (see p. 74) that delivers world-leading environmental performance, a low-VOC paint that the Company developed and introduced, and improved efficiency in thinner recovery in cleaning operations.

j Clean Water Consumption at Four Principal Domestic Sites*1



k Overview of Wastewater Treatment System (Hiroshima Plant)



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

【Manufacturing】 Reducing Emissions of PRTR-Listed Substances

With various efforts, such as improvements to the efficiency of thinner recovery for cleaning operation, in FY March 2017 the amounts of substances that are designated under the PRTR Law*¹ released into the water system and the atmosphere decreased by 62% from FY March 1999 levels, to 1,048 tons. Mazda will continue working to reduce emissions of PRTR designated substances.

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

FY March 2017 Data on Water and Atmosphere

Water Pollutants

Wastewater Drainage Destination: Enko River and Kaita Bay

Site	Water Pollutants	Unit	Regulation	Actual		
				Max.	Min.	Avg.
Hiroshima Plant	pH (freshwater)	—	5.8~8.6	7.5	6.7	7.0
	pH (seawater)	—	5.5~9.0	7.7	6.9	7.3
	BOD	mg/L	160	5.1	ND	<1.6
	COD	mg/L	20	10	1.7	4.2
	SS	mg/L	200	8.2	ND	<3.8
	Oil	mg/L	5	ND	ND	ND
	Fluorine (freshwater)	mg/L	8	0.2	ND	<0.15
	Fluorine (seawater)	mg/L	15	8.6	0.1	3.1
	Copper	mg/L	3	0.01	ND	<0.01
	Zinc	mg/L	2	0.63	ND	<0.14
	Soluble iron	mg/L	10	0.2	ND	<0.1
	Soluble manganese	mg/L	10	1	ND	<0.3
	Chromium	mg/L	2	0.02	ND	<0.01
	Total nitrogen	mg/L	120	11	1.2	4.4
	Total phosphorus	mg/L	16	1.9	0.01	0.2
	Coliform groups	colonies/cm ³	3,000	100	ND	<21
	Boron (freshwater)	mg/L	10	0.2	ND	<0.1
	Boron (seawater)	mg/L	230	2	0.2	1.3
	Ammonia, ammonium, nitrous acid, and nitrous acid compounds	mg/L	100	4.4	1.2	2.6

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

Wastewater Drainage Destination: Basen River

Site	Water Pollutants	Unit	Regulation	Actual		
				Max.	Min.	Avg.
Miyoshi Plant	pH	—	5.8~8.6	7.9	7.2	7.5
	BOD	mg/L	90	1.6	0.8	1.1
	SS	mg/L	90	4.6	1	2.1
	Oil	mg/L	5	ND	ND	ND
	Fluorine	mg/L	8	0.3	0.3	0.3
	Zinc	mg/L	2	0.01	0.01	0.01
	Soluble iron	mg/L	10	0.3	0.3	0.3
	Soluble manganese	mg/L	10	0.3	ND	<0.2
	Total nitrogen	mg/L	120	2	2	2
	Total phosphorus	mg/L	16	0.02	0.02	0.02
	Coliform groups	colonies/cm ³	3,000	ND	ND	ND
	Ammonia, ammonium, nitrous acid, and nitrous acid compounds	mg/L	100	1.3	1.3	1.3

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

Wastewater Drainage Destination: Oumi Bay

Site	Water Pollutants	Unit	Regulation	Actual		
				Max.	Min.	Avg.
Nishinoura District, Hofu Plant	pH	—	5.0~9.0	7.1	6.3	6.8
	COD	mg/L	50	13	1.7	7.7
	SS	mg/L	40	5.8	2.6	4.2
	Oil	mg/L	2	ND	ND	ND
	Zinc	mg/L	2	0.4	0.1	0.2
	Total nitrogen	mg/L	120	10.5	0.5	3.6
	Total phosphorus	mg/L	16	3.2	0.1	1.5
	Coliform groups	colonies/cm ³	3,000	40	15	28
	Boron	mg/L	230	1.3	0.7	1.0
	Fluorine	mg/L	15	5.4	3.2	4.3
	Ammonia, ammonium, nitrous acid, and nitrous acid compounds	mg/L	100	5.0	0.5	2.7

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

Wastewater Drainage Destination: Oumi Bay

Site	Water Pollutants	Unit	Regulation	Actual		
				Max.	Min.	Avg.
Nakanoseki District, Hofu Plant	pH	—	5.0~9.0	7.8	6.5	7.5
	COD	mg/L	50	8.2	3.1	4.6
	SS	mg/L	40	7.8	0.8	2.8
	Oil	mg/L	2	ND	ND	ND
	Zinc	mg/L	2	0.1	0.05	0.07
	Copper	mg/L	3	0.01	0.01	0.01
	Soluble iron	mg/L	3	0.1	ND	<0.1
	Soluble manganese	mg/L	3	0.3	0.2	0.25
	Total nitrogen	mg/L	120	13.3	2.9	6.8
	Total phosphorus	mg/L	16	1.2	0.1	0.4
	Coliform groups	colonies/cm ³	3,000	180	ND	<90
	Fluorine	mg/L	15	0.1	ND	<0.06
	Ammonia, ammonium, nitrous acid, and nitrous acid compounds	mg/L	100	6.3	5.2	5.8

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

Atmospheric Pollutants

Site	Atmospheric Pollutants	Unit	Regulation	Actual (Max.)	
Hiroshima Plant	NOx	Boilers	ppm	150	51
		Drying ovens	ppm	250	84
		Melting furnaces	ppm	230	72
		Diesel engines	ppm	180	87
		Diesel engines	ppm	950	490
	Dust	Heating furnaces	ppm	200	48
		Heating furnaces	ppm	180	<25
		Boilers	g/m ³ N	150	130
		Boilers	g/m ³ N	0.25	0.0011
		Boilers	g/m ³ N	0.1	0.0014
Miyoshi Plant	NOx	Drying ovens	g/m ³ N	0.4	0.0049
		Drying ovens	g/m ³ N	0.35	0.0049
		Drying ovens	g/m ³ N	0.2	0.0047
		Drying ovens	g/m ³ N	0.15	0.0047
		Drying ovens	g/m ³ N	0.4	0.0074
	Dust	Melting furnaces	g/m ³ N	0.20	0.095
		Melting furnaces	g/m ³ N	0.10	0.0015
		Diesel engines	g/m ³ N	0.10	0.019
		Diesel engines	g/m ³ N	0.4	0.0023
		Heating furnaces	g/m ³ N	0.25	0.03
Nishinoura District, Hofu Plant	SOx	K-value regulation	—	7	0.69
		Painting facilities	ppm	700	369
		Washing facilities	ppm	400	116
		Boilers	ppm	250	150
		Diesel engines	ppm	950	580
	Dust	Boilers	g/m ³ N	0.30	0.012
		Diesel engines	g/m ³ N	0.10	0.077
		Boilers	ppm	150	140
		Drying ovens	ppm	230	51
		Boilers	g/m ³ N	0.10	0.004
Nakanoseki District, Hofu Plant	SOx	Drying ovens	g/m ³ N	0.35	0.003
		Drying ovens	g/m ³ N	0.30	0.003
		Drying ovens	g/m ³ N	0.20	0.006
		K-value regulation	—	4.5	0.014
		Total pollutant load control	m ³ /h	36.16	0.069
	Dust	Painting facilities	ppm	700	340
		Melting furnaces	ppm	180	48
		Heating furnaces	g/m ³ N	0.25	0.002
		Melting furnaces	g/m ³ N	0.20	0.002
		Melting furnaces	g/m ³ N	0.20	0.07
SOx	K-value regulation	—	4.5	0.11	
	Total pollutant load control	m ³ /h	17.47	0.89	

Volume of PRTR-designated Pollutants Emitted and Transferred in FY March 2017

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

Hiroshima Plant

Unit: (kg/year)

Substance No.	Substance group	Amount handled	Volume emitted			Amount consumed	Amount disposed	Amount transferred Waste products	Amount recycled	
			Air	Water	Soil					
1	Water-soluble zinc compounds	27,104	0	434	0	434	23,689	2,981	0	0
37	4,4'-isopropylidenediphenol	3	0	0	0	0	0	3	0	0
53	Ethyl benzene	159,761	82,411	0	0	82,411	37,454	35,223	0	4,673
80	Xylene	556,830	238,642	0	0	238,642	156,363	97,771	0	64,054
87	Chromium and trivalent chromium compounds	42,396	0	0	0	0	41,841	0	554	1
88*	Hexavalent chromium compounds	1,351	0	0	0	0	797	554	0	0
258	1,3,5,7-tetraazetoricyclo[3.3.1.1 ^{3,7}] decane	1,215	0	0	0	0	0	1,215	0	0
277	Triethylamine	176,796	1,061	0	0	1,061	0	175,735	0	0
296	1,2,4-trimethylbenzene	176,108	26,685	0	0	26,685	97,627	51,796	0	0
297	1,3,5-trimethylbenzene	38,783	16,554	0	0	16,554	2,440	13,624	0	6,165
300	Toluene	805,949	228,580	0	0	228,580	332,547	207,367	0	37,455
308	Nickel	1,180	0	0	0	0	1,180	0	0	0
309*	Nickel compounds	4,912	0	589	0	589	1,695	0	2,628	0
349	Phenol	29,680	1	1	0	2	0	29,678	0	0
355	Bis (2-ethylhexyl) phthalate	17,670	0	0	0	0	17,140	530	0	0
374	Hydrogen fluoride and its water-soluble salts	6,810	0	1,090	0	1,090	0	5,720	0	0
392	n-Hexane	121,690	304	0	0	304	104,992	16,394	0	0
400*	Benzene	24,225	30	0	0	30	19,138	5,057	0	0
411*	Formaldehyde	4,994	1,734	0	0	1,734	0	3,260	0	0
412	Manganese and its compounds	50,700	0	375	0	375	48,115	0	2,140	70
438	Methylnaphthalene	804	4	0	0	4	0	800	0	0
448	Diisocyanate (methylene-bis [4,1-phenylene])	206,316	0	0	0	0	0	206,316	0	0
453	Molybdenum and its compounds	1,023	0	0	0	0	519	0	47	457
302	Naphthalene	12,556	119	0	0	119	0	12,410	0	27
Total		2,468,856	596,125	2,489	0	598,614	885,537	866,434	5,369	112,902

Miyoshi Plant

Substance No.	Substance group	Amount handled	Volume emitted			Amount consumed	Amount disposed	Amount transferred Waste products	Amount recycled	
			Air	Water	Soil					
53	Ethyl benzene	2,283	0	0	0	0	0	2,283	0	0
80	Xylene	9,695	1	0	0	1	0	9,694	0	0
296	1,2,4-trimethylbenzene	6,297	1	0	0	1	0	6,296	0	0
297	1,3,5-trimethylbenzene	896	0	0	0	0	0	896	0	0
300	Toluene	27,519	10	0	0	10	0	27,509	0	0
392	n-Hexane	4,236	11	0	0	11	0	4,225	0	0
400*	Benzene	1,014	1	0	0	1	0	1,013	0	0
438	Methylnaphthalene	3,912	20	0	0	20	0	3,892	0	0
Total		55,852	44	0	0	44	0	55,808	0	0

Nishinoura District, Hofu Plant

Substance No.	Substance group	Amount handled	Volume emitted			Amount consumed	Amount disposed	Amount transferred Waste products	Amount recycled	
			Air	Water	Soil					
1	Water-soluble zinc compounds	14,782	0	237	0	237	12,919	1,626	0	0
53	Ethyl benzene	100,863	66,470	0	0	66,470	23,863	10,530	0	0
80	Xylene	242,202	111,817	0	0	111,817	99,461	19,453	0	11,471
296	1,2,4-trimethylbenzene	118,294	27,750	0	0	27,750	61,735	9,747	0	19,062
297	1,3,5-trimethylbenzene	20,608	12,005	0	0	12,005	234	3,129	0	5,240
300	Toluene	476,727	228,856	0	0	228,856	199,086	27,405	0	21,380
309*	Nickel compounds	2,897	0	348	0	348	999	0	1,550	0
355	Bis (2-ethylhexyl) phthalate	2,556	0	0	0	0	2,479	77	0	0
392	n-Hexane	72,137	181	0	0	181	70,739	1,217	0	0
400*	Benzene	12,696	16	0	0	16	12,466	214	0	0
411*	Formaldehyde	3,789	1,364	0	0	1,364	0	2,425	0	0
412	Manganese and its compounds	4,004	0	214	0	214	2,540	0	1,220	30
Total		1,071,555	448,459	799	0	449,258	486,521	75,823	2,770	57,183

Nakanoseki District, Hofu Plant

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

Company Total

Substance No.	Substance group	Amount handled	Volume emitted			Amount consumed	Amount disposed	Amount transferred Waste products	Amount recycled	
			Air	Water	Soil					
Total		3,611,383	1,044,632	3,288	0	1,047,920	1,372,058	1,013,181	8,139	170,085

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

Around 80% of a vehicle can be recycled. Implementing thorough recycling and waste-reduction initiatives to ensure that limited resources are used effectively, Mazda promotes efforts to establish a recycling-oriented society. Attaching importance to building resource-saving initiatives into every phase of the life cycle of its vehicles, based on the three Rs: reduce, reuse, and recycle, the Company undertakes various efforts, such as the collection and recycling of end-of-life vehicles (ELVs) and used parts.

End-of-Life Vehicles (ELVs)

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

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

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

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

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

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

Reference website (Japanese language only) for Mazda's efforts with regard to the End-of-Life Vehicle Recycling Law <http://www.mazda.com/ja/csr/recycle/>

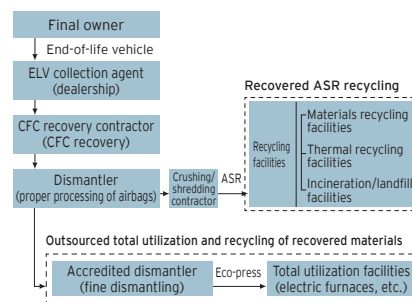
ASR and the End-of-Life Vehicle Recycling Law

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

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

After the enforcement of this law, car manufacturers are required to recycle ASR, chlorofluorocarbons—which lead to global warming and ozone depletion—and airbags—which require specialist knowledge for disposal—under their responsibility, using recycling fees deposited by final owners of the ELVs.

a End-of-Life Vehicle Recycling Process



b Resource Recycling Results in FY March 2017

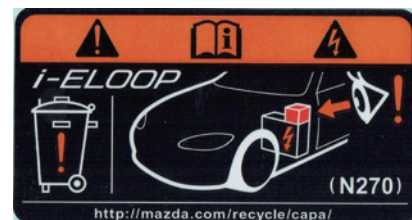
Number of vehicles from which fluorocarbon is collected	128,064 units
Number of vehicles from which airbags are collected	117,397 units
Number of vehicles from which ASR is collected	143,476 units
Recycling ratio	Airbags 93.6%
	ASR 97.9%
Recycling ratio for ELVs*	More than 99%
Total contracting deposits received	1,600,413,061 yen
Total expenses for recycling	1,388,243,071 yen

(Includes separate cost required at Mazda)

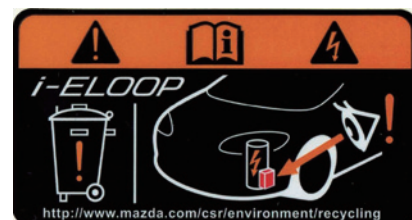
* Recycling ratio for ELVs is the recycling ratio in dismantling/shredder processes of 83% (cited from the May 2003 joint council data), plus the remaining ASR ratio of 17% multiplied by the ASR recycling rate of 97.9%.

c Vehicle caution labels for capacitors for i-ELOOP

[For the Roadster (MX-5)]



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



*1 ART: Automobile shredder residue Recycling promotion Team

Promoting Recycling Overseas

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

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

c d

Europe

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

China

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

Capacitor disposal manual reference website
<http://mazda.com/recycle/capa/>

Used parts

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

Mazda is continuously engaged in the recycling of damaged bumpers replaced for repairs as plastic materials for new vehicle bumpers, etc.

- Recycling of damaged bumpers: Mazda collects bumpers removed for repairs at dealerships throughout Japan, and recycles them for reuse as plastic parts (new vehicle bumpers, undercovers, etc.). In FY March 2017, the Company collected 61,796 bumpers, which were utilized as recycled materials.

d Capacitor Disposal Manual



BIODIVERSITY CONSERVATION

Initiatives for Biodiversity

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

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

In FY March 2017, Mazda conducted its first ecosystem survey at the Miyoshi Plant (Hiroshima Prefecture).

a Process for Assessment of Impacts on Biodiversity

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

The Mazda Biodiversity Guidelines

[Basic Approach]

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

[Priority Initiatives]

1. Creation of Environmentally Sound Technologies and Products

We will encourage the creation of technologies and products considering harmony between the environment and our corporate activities, by developing technologies that contribute to cleaner emission gases, reduction of CO₂ emissions, research and development of clean energy-based vehicles, promotion of recycling and biodiversity.

2. Corporate Activities in Consideration of Conserving Resources and Energy

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

3. Collaboration/Cooperation with Society and Local Communities

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

4. Awareness Enhancement and Information Disclosure

We will take active and self-initiative actions and disclose and share the achievements widely to society, by striving to enhance awareness of the importance of coexistence between people and nature.

Established in December 2012

Examples of Initiatives

Creation of Environmentally Sound Technologies and Products	<ul style="list-style-type: none"> •Improving the base technologies comprehensively through the introduction of SKYACTIV TECHNOLOGY and electric device technologies (see pp. 66-67) •Gradually introducing electrification technologies (see p. 65) •Developing and designing product with consideration for recycling (see p. 72)
Corporate Activities in Consideration of Conserving Resources and Energy	<ul style="list-style-type: none"> •Improving the facility operation rate and shortening the cycle time in the production process (see p. 73) •Introducing hub-and-spoke system for transportation of completed vehicles and service parts (see p. 75) •Assessing and considering the impact on biodiversity when constructing a new plant
Collaboration/Cooperation with Society and Local Communities	<ul style="list-style-type: none"> •Promoting the preservation of forests, the protection of rare species, and the protection of habitats of migratory birds*1
Awareness Enhancement and Information Disclosure	<ul style="list-style-type: none"> •Activities through the Mazda Foundation*1 •Educating employees •Introducing the activities to the inside and outside of the company through the Mazda Sustainability Report etc.

*1 Mazda Sustainability Report 2017 [Social Contribution Version] <http://www.mazda.com/en/csr/download/>

TOPICS

Mazda's First Ecosystem Survey at the Miyoshi Plant (Hiroshima Prefecture)

In FY March 2017, Mazda conducted its first ecosystem survey*1 at the Miyoshi Plant (Hiroshima Prefecture). With a development facility (proving ground), the Miyoshi Plant does not allow people free access. For this reason, a rich natural environment, including forests and many ponds, has been maintained there for around 50 years. With the cooperation of experts, 17 surveys have been carried out during the past year. As a result, rare species, such as the goshawk, the calanthe and the Chinese pond mussel, have been found on the plant premises. Based on the survey results, Mazda will develop a plan for future activities while continuing to obtain the cooperation of experts, and taking into account its relationships with the local government and people in the local community.



*1 Ecosystem survey: An ecosystem (natural ecosystem) refers to a space consisting of a natural environment and all life forms living there. An ecosystem survey is an investigation of the biotic composition of the specified area.

ENVIRONMENTAL COMMUNICATION

Under the Mazda Global Environmental Charter, Mazda carries out a wide variety of environmental protection activities related to products and technologies; manufacturing, logistics, and office operations; and social contributions. The Company appropriately discloses information on each of these activities, and ensures opportunities for dialogue with the stakeholders concerned, thereby striving to respond promptly and appropriately to social problems.*1

Participation in Environmental Exhibits and Events

Mazda actively participates in various environment-related exhibitions and events, for the purpose of gaining stakeholders' understanding regarding its environmental initiatives and hearing their broad range of opinions. Mazda adopts a wide range of approaches to communicate about the environment, such as introducing its advanced environmental technologies at motor shows all over the world and offering test-drives of its vehicles equipped with SKYACTIV TECHNOLOGY at various events held in and outside Japan. In FY March 2017, Mazda explained its wide variety of environment-related initiatives by presenting the Aqua-Tech Paint System, an eco-friendly painting technology, and a bio-based engineering plastic, which requires no painting and features a high-quality finish and that can be used for exterior vehicle parts. **a**

Reducing Environmental Impact Generated by Communication Activities

Mazda has been working to reduce the environmental impact generated by its communication activities.

Environmental considerations in event operation

- Reusing/recycling booth decorating items
- Decreasing the amount of handouts to reduce CO₂ emissions
- Implementing carbon offsetting by calculating CO₂ emissions from event activities

Environmental considerations in publishing materials

- Adopting FSC-certified paper, waterless printing, and vegetable oil ink
- Implementing carbon offset by calculating CO₂ emissions from the printing and bookbinding processes

Use of Website and Publishing Materials

Mazda ensures environmental communication in a wide variety of ways in consideration of matters of interest that each stakeholder may have and media that he/she may frequently use.

Mazda uses images and computer graphics on its website in order to provide easy-to-understand explanations of environmental technologies. Reinforcing the use of social media, the Company disseminates information in a timely manner, and uses the comments provided to the Company for its daily operations.

For the Mazda Sustainability Report, the Company has prepared in-depth/social contribution/digest versions, as well as PDF/Website/booklet versions, in consideration of stakeholders' needs regarding the edition method/media to be used. The results of the collected questionnaires and the number of visitors to the website are provided to the executive officer in charge of related affairs, as well as to production members, as feedback, and used for planning the next fiscal year's version.

a Environment-Related Events in Japan that Mazda Joined in FY March 2017 (Mazda Unconsolidated)

Event	Sponsor	Dates
Eco & Safety Kobe Car Life Festa 2016*	Ministry of the Environment, Kobe City, Japan Automobile Federation (JAF)	May 14, 15, 2016
Automotive Engineering Exposition 2016 in Yokohama	Society of Automotive Engineers of Japan	May 25-27, 2016
Hiroshima Environment Day	Hiroshima Prefecture	June 5, 2016
Automotive Engineering Exposition 2016 in Nagoya	Society of Automotive Engineers of Japan	June 29- July 1, 2016
Clean Diesel Test-Drive Event*	Clean Diesel Promotion Association	July 2, 3, 2016
"How Far Does a Dragonfly Fly?" project	Yokohama Environmental City Building Collaborative Project	August 1-3, 2016
Kankyo Hiroba Sapporo 2016*	Kankyo Hiroba Sapporo 2016 Executive Committee	August 5-7, 2016
Kitakyushu Eco-Life Stage 2016*	Kitakyushu Eco-Life Stage Executive Committee	October 8-9, 2016
Tech Biz Expo 2016*	Nagoya International Trade Fair Commission	November 16-18, 2016
EcoPro 2016	Japan Environmental Management Association for Industry, Nikkei Inc.	December 8-10, 2016

* Participated as a member of the Clean Diesel Promotion Association.

*1 Refer to Sustainability Report 2017 (Social Contribution Version) for social contribution activities regarding environmental communications by Mazda group. (Refer to <http://www.mazda.com/en/csr/download/>)

TOPICS

EcoPro 2016

At the EcoPro 2016 event in December 2016, Mazda presented the Aqua-Tech Paint System, a painting technology with low environmental impact, which received the Chairperson's Award from the Eco-products Awards Steering Committee, and a bio-based engineering plastic featuring a high-quality finish that can be applied to exterior vehicle parts without the need for painting.

The Mazda Roadster RF (released in December 2016), which incorporates these technologies to realize both "driving pleasure" and "outstanding environmental and safety performance" was on display at the Mazda booth. The Company also held an environmental education quiz show for elementary and junior high school students, and gave a presentation for the general public, providing an easy-to-understand explanation of the Aqua-Tech Paint System, a painting technology that has succeeded in curbing CO₂ emissions while reducing VOC (volatile organic compound) emissions.



In-House Awareness-Raising Activities

To raise environmental awareness among its employees, Mazda conducted a wide range of activities in FY March 2017 including the following.

Eco Walk Commuting Program

In order to raise employees' environmental consciousness and encourage them to take better care of their health, employees who walk two kilometers or more as part of their daily commute to work are rewarded with an addition of 1,500 yen per month to their commuting allowance.

Lunchtime Lighting Halved

Efforts to reduce lighting in Mazda offices and plants during lunch breaks to half the normal levels have continuously been promoted.

Light-Down Campaign

- CO₂ Reduction/Light-Down Campaign (Light-Down Japan 2016) promoted by the Ministry of the Environment

Mazda and its domestic Group companies participated in the CO₂ Reduction/Light-Down (i.e., lights-off) Campaign promoted by the Ministry of the Environment. They turned off the lights at each of their sites in Japan, thereby saving around 120 thousand kWh of electricity, equivalent to around 67 tons of CO₂ emissions (from 8 p.m. to 10 p.m. on June 21 and July 7, 2016, estimated figures).

Mazda Motor Corporation shut off the lighting of its signboards and indoor lighting every night from the summer solstice in June to Tanabata, the Star Festival (July 7) (15 sites).

Nation-wide 736 production/business sites of 90 Mazda Group companies in Japan participated in the campaign (On the summer solstice and Tanabata).

- WWF's Earth Hour 2017

Mazda and its domestic Group companies participated in the Earth Hour 2017 event organized by the World Wildlife Fund (WWF).

They turned off the lighting of their signboards and indoor lighting at each of their sites in Japan (from 8 p.m. to 10 p.m. on March 25, 2017).

Mazda Motor Corporation shut off the lighting of its signboards and indoor lighting (13 sites).

Nationwide, a total of 708 production/business sites of 80 Mazda Group companies in Japan shut off the lighting of their signboards and indoor lighting.

- Employees' private participation in the Light-Down campaign

Mazda also encouraged its employees and their family members to privately participate in activities involving turning off their lights in conjunction with the CO₂ Reduction/Light-Down Campaign promoted by the Ministry of the Environment.

A total of around 30,800 employees and their family members of Mazda and its Group companies in Japan turned off their lights from 8 p.m. to 10 p.m. on both the summer solstice and Tanabata.

President's Messages during Environment Month

The president transmitted messages to the entire Company during Environment Month (June), emphasizing the importance of thinking about and taking action for the environment. In FY March 2017, the president placed a special focus on raising employees' awareness of the importance of the conservation of biodiversity and forests. The president's message was also disseminated to Group companies in Japan and overseas.

Environmental Education during Environment Month

To encourage every employee to think about and take action for the environment, educational programs regarding general environmental issues, the importance of biodiversity, Mazda's environmental initiatives, and environmental conservation activities in the workplace have been implemented, in coordination with basic education on ISO 14001.

b Companies that Participated in the Light-Down Campaign

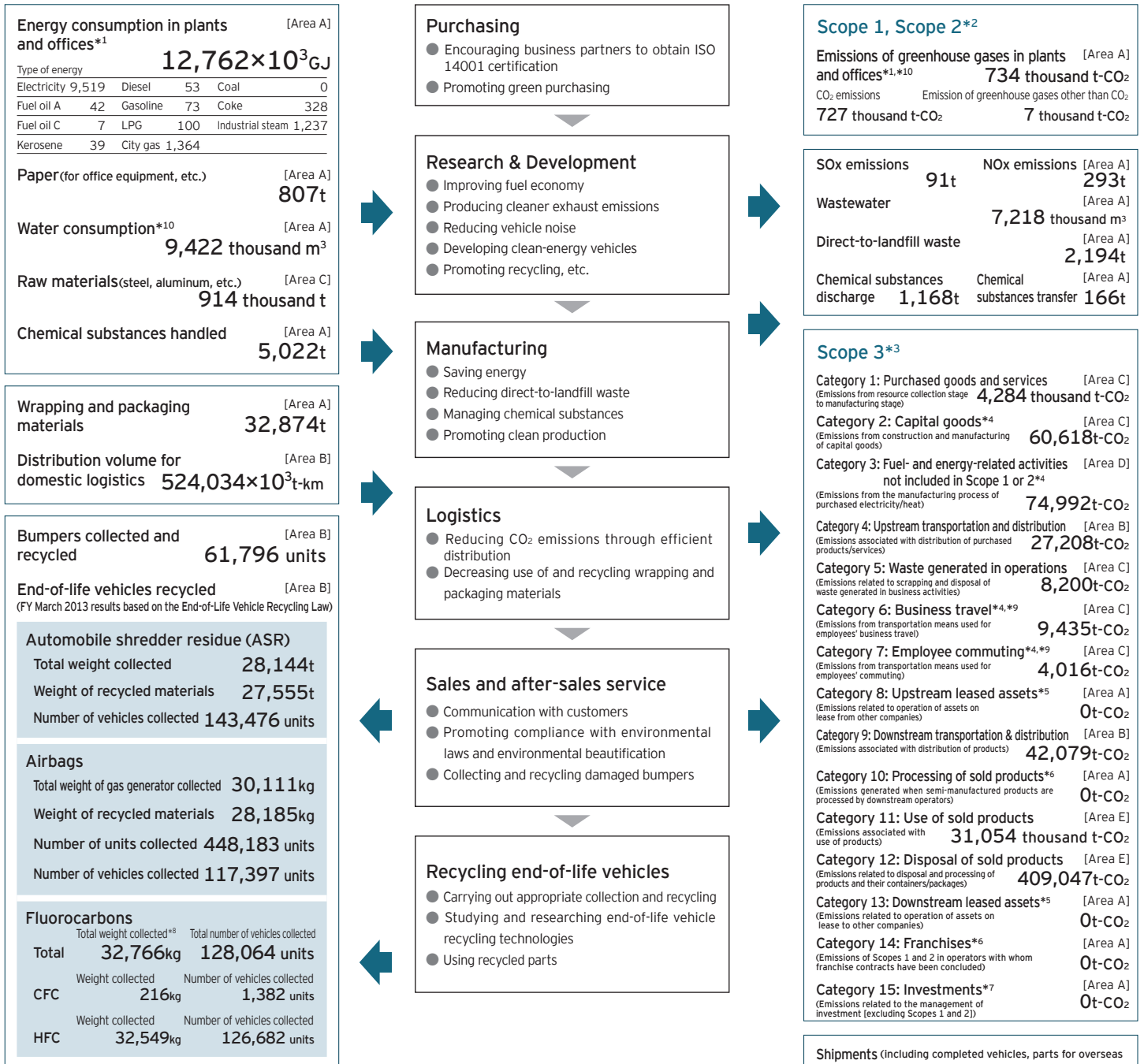
1. Mazda Motor Corporation	61. Chiba Mazda Co., Ltd.
2. Mazda Ace Co., Ltd.	62. Eunos Horie Co., Ltd.
3. Mazda Engineering & Technology Co., Ltd.	63. Kyoto Mazda Co., Ltd.
4. Mazda Logistics Co., Ltd.	64. Kobe Mazda Co., Ltd.
5. Kurashiki Kako Co., Ltd.	65. Yamaguchi Mazda Co., Ltd.
6. Yoshiwa Kogyo Co., Ltd.	66. Mazda Autozam Shizugawa
7. Mazda Processing Chugoku Co., Ltd.	67. Mazda Autozam Tatebayashi
8. Niitech Co., Ltd.	68. Mazda Autozam Nagaoka-Nishi
9. Toho Industrial Co., Ltd.	69. Mazda Autozam Yamato
10. Hakodate Mazda Co., Ltd.	70. Mazda Autozam Kashiwa
11. Tohoku Mazda Co., Ltd.	71. Mazda Autozam Kashiwanoha-Campus
12. Fukushima Mazda Co., Ltd.	72. Mazda Autozam Edogawa-Higashi
13. Koshin Mazda Co., Ltd.	73. Mazda Autozam Susono
14. Kanto Mazda Co., Ltd.	74. Mazda Autozam Mineyama
15. Shizuoka Mazda Co., Ltd.	75. Mazda Autozam Kuse
16. Tokai Mazda Sales Co., Ltd.	76. Mazda Autozam Bizen
17. Hokuriku Mazda Co., Ltd.	77. Mazda Autozam Bairin
18. Keiji Mazda Co., Ltd.	78. Mazda Autozam Iizuka
19. Kyushu Mazda Co., Ltd.	79. Mazda Autozam Kanoya
20. Minami-Kyushu Mazda Co., Ltd.	80. Mazda Autozam Kitami
21. Mazda Chuhan Co., Ltd.	81. Mazda Autozam Nakashibetsu
22. Aomori-Mazda Automobile Corporation	82. Mazda Autozam Toki
23. Mazda Enfini Aomori Corporation	83. Mazda Autozam Minato
24. Mazda Odawara Co., Ltd.	84. Mazda Autozam Kuwana
25. Shonan Mazda Co., Ltd.	85. Mazda Autozam Kaita
26. Okayama Mazda Co., Ltd.	86. Mazda Autozam Yasufuruichi
27. Tottori Mazda Co., Ltd.	87. Mazda Autozam Isahaya
28. Hiroshima Mazda Co., Ltd.	88. Mazda Autozam Fuchu
29. Enfini Hiroshima Co., Ltd.	89. Mazda Autozam Ojija
30. Nagasaki Mazda Co., Ltd.	90. Mazda Autozam Kyohoku
31. Mazda Autozam Isumi	91. Mazda Autozam Tomobe
32. Mazda Autozam Tonami	92. Mazda Autozam Miyoshi
33. Mazda Autozam Nikko-Toyama	93. Mazda Autozam Ishikawa
34. Mazda Autozam Katsuragi	94. Mazda Autozam Tateyama
35. Mazda Autozam Matsue	95. Mazda Autozam Kamogawa
36. Mazda Autozam Ohda	96. Mazda Autozam Yamamoto-Ninohe
37. Mazda Autozam Tsuyama	97. Mazda Autozam Yamamoto-Aoba
38. Mazda Autozam Mihara	98. Japan Climate Systems Corporation
39. Mazda Autozam Hofu-Chuo	99. Maps Co., Ltd.
40. Mazda Autozam Sapporo-Kita	100. Nishikawa Rubber Co., Ltd.
41. Mazda Autozam Kesennuma	101. Kawada Corporation
42. Mazda Autozam Omiya	102. Hiroshima Seimitsu Co., Ltd.
43. Mazda Autozam Ueda	103. Kansai Mazda Co., Ltd.
44. Mazda Autozam Nichido-Funabashi	104. Tokyo Mazda Sales Co., Ltd.
45. Mazda Autozam Funabashi-Kita	105. Eunos Sansho Co., Ltd.
46. Mazda Autozam Hokusou	106. Nara Mazda Co., Ltd.
47. Mazda Autozam Sena	107. Mazda Autozam Ebestu
48. Mazda Autozam Shimizu	108. Mazda Autozam Obihironada
49. Mazda Autozam Takehara	109. Mazda Autozam Higashi
50. Mazda Autozam Kusunoki	110. Mazda Autozam Chichibu-Nishi
51. Mazda Autozam Kyosai	111. Mazda Autozam Mobara
52. Mazda Autozam Kurashiki-Chuo	112. Mazda Autozam Ichihara-Kita
53. Mazda Autozam Geibi	113. Mazda Autozam Hokushin
54. Mazda Autozam Omuta	114. Mazda Autozam Sugito
55. Mazda Autozam Ogaki-Higashi	115. Mazda Autozam Teine
56. Mazda Parts Co., Ltd.	116. Mazda Autozam Kikugawa
57. Mazda Parts Sales Hiroshima Co., Ltd.	117. Mazda Autozam Tanabe
58. Mazda Parts Sales Yamaguchi Co., Ltd.	118. Mazda Autozam Toyohashi-Tobu
59. Kitakanto Mazda Co., Ltd.	119. Mazda Autozam Tottori-Chuo
60. Okinawa Mazda Sales Co., Ltd.	120. Mazda Parts Sales Chiba Co., Ltd.

* Companies No. 59 to 97 participated only in the CO₂ Reduction/Light-Down Campaign by the Ministry of the Environment. Companies No. 98 to 120 participated only in the WWF's Earth Hour 2017.

MAZDA'S CORPORATE ACTIVITIES AND IMPACT ON THE ENVIRONMENT

Results of FY March 2017

Mazda tracks ecological data to help reduce the environmental impact of its corporate activities in all areas.



*1 Energy consumption, greenhouse gas emissions and distribution volume are calculated using the energy conversion factor and carbon emission coefficient based on the standards of the Japan Automobile Manufacturers Association, Inc. (JAMA) (Commitment to a Low Carbon Society). (For FY March 2017, the FY March 2016 coefficients are used.) Figures for consolidated subsidiaries and equity-method Group companies are prorated based on the percentage equity stake held by Mazda. CO₂ emissions resulting from power consumption by overseas companies are calculated by applying the coefficient used in CO₂ Emissions from Fuel Combustion (2013 Edition) published by International Energy Agency (IEA). Data collection period: April 2016 to March 2017

Scope of data collection: Area A: Mazda Motor Corporation, 22 domestic consolidated Group companies and eight domestic equity-method Group companies, and 12 overseas consolidated Group companies and five overseas equity-method Group companies

Area B: Mazda Motor Corporation, 22 domestic consolidated Group companies and eight domestic equity-method Group companies Area C: Mazda Motor Corporation

Area D: Mazda Motor Corporation, four domestic production sites and five overseas production companies (two consolidated Group companies and three equity-method Group companies) Area E: Domestic and major sales regions (North America, Europe and China)

*2 Scope 1: Direct emissions from consumption of fuels and industrial processes; Scope 2: Emissions associated with consumption of purchased heat/electricity (indirect emissions from energy consumption)

*3 Scope 3: Other indirect emissions are calculated using Mazda's own calculation method, based on the Ministry of the Environment's emission basic unit database (ver. 2.2, released in March 2015) for organizations to use when calculating greenhouse effect gas emissions generated throughout their supply chains. (Source: https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_v2.3_r.pdf)

*4 CO₂ emissions are calculated based on the Ministry of the Environment's emission basic unit database (ver. 2.3, released in March 2016) for organizations to use when calculating greenhouse effect gas emissions generated throughout their supply chains. (Source: https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_v2.3_r.pdf)

*5 Category 8: Upstream leased assets, Category 13: Downstream leased assets are included in the greenhouse gas emissions in plants and offices.

*6 Category 10: Processing of sold products is omitted because the emission volume is very small, Category 14: Franchises are omitted because Mazda has no franchise system.

*7 Category 15: Investments, for group companies, are included in the greenhouse gas emissions in plants and offices.

*8 The total figure may not match the sum of the individual items due to rounding.

*9 Figures assured by a third-party (see p. 139).

*10 Including figures assured by a third-party (see p. 139).

Period of Data Collection: FY March 2017 (April 2016-March 2017)**Boundary of Data Collection**

Mazda Motor Corporation Hiroshima Head Office, Hiroshima Plant, Miyoshi Plant, Hofu Plant (Nishinoura district), Hofu Plant (Nakanoseki district), Tokyo Office, Osaka Fleet Sales Gr., Mazda R&D Center Yokohama, Hokkaido Kenbuchi Proving Ground, Hokkaido Nakasatsunai Proving Ground, Mine Proving Ground, Parts Centers (2 sites), Mazda Technical Service Centers (6 sites), Mazda Training Centers (2 sites), Mazda Saka Studio, Mazda Education Center, Mazda Ace Ozu Building, Mazda Hospital

Consolidated Group companies**22 domestic companies**

Manufacturing companies: Mazda Ace Co., Ltd., Mazda Logistics Co., Ltd., Kurashiki Kako Co., Ltd., Mazda Engineering & Technology Co., Ltd.
Sales companies: Hakodate Mazda Co., Ltd., Tohoku Mazda Co., Ltd., Fukushima Mazda Co., Ltd., Kitakanto Mazda Co., Ltd., Koushin Mazda Co., Ltd., Kanto Mazda Co., Ltd., Shizuoka Mazda Co., Ltd., Tokai Mazda Sales Co., Ltd., Hokuriku Mazda Co., Ltd., Keiji Mazda Co., Ltd., Kansai Mazda Co., Ltd., Nishi-Shikoku Mazda Co., Ltd., Kyushu Mazda Co., Ltd., Minami-Kyushu Mazda Co., Ltd., Okinawa Mazda Sales Co., Ltd., Mazda Chuhan Co., Ltd., Mazda Motor International
Parts sales company: Mazda Parts Co., Ltd.

12 overseas companies

Mazda Canada, Inc., Mazda Motor Manufacturing de Mexico S.A. de C.V., Mazda Motors (Deutschland) GmbH, Mazda Motor Europe GmbH, Mazda Motors UK Ltd., Mazda Motor Russia.OOO, Mazda Motors of New Zealand Ltd., MAZDA DE COLOMBIA S.A.S, Mazda Powertrain Manufacturing (Thailand) Co., Ltd., Mazda Motor (China) Co., Ltd., Mazda Southern Africa (Pty) Ltd., Mazda Motor Taiwan Co., Ltd.

Equity-Method Group Companies**8 domestic companies**

Toyo Advanced Technologies Co., Ltd., Japan Climate Systems Corporation, Yoshiwa Kogyo Co., Ltd., Sanfrece Hiroshima FC, Mazda Processing Chugoku Co., Ltd., SMM Auto Finance, Inc., MCM Energy Service Co., Ltd., Mazda Parts Sales Hiroshima Co., Ltd.

5 overseas companies

MAZDA SOLLERS Manufacturing Rus LLC, AutoAlliance (Thailand) Co., Ltd., Changan Mazda Automobile Co., Ltd., Changan Ford Mazda Engines Co., Ltd., FAW Mazda Motor Sales Co., Ltd.,

RESPECT FOR PEOPLE

Mazda aims to be a company staffed by people who enjoy their work. To this end, the Company promotes personal development revolving the principles of the Mazda Way. Mazda also regards respect for human rights as fundamental to its corporate activities, and is actively and sincerely committed to human rights protection activities.

CONTENTS

89 Initiatives with Employees

102 Human Rights

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Achieving of diversity	6.3 Human rights	Continue to respect the diversity of employees. ① Continue and evolve training and effective development of top management in each region. ② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1 ③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1	① Held meetings (twice a year) aimed to formulate a plan for developing successors of top management of Group companies, and implemented collective training and project work for successor candidates. ② Specified female candidates in assistant manager level for management positions in the future and drew up individual development plans for them. The progress is followed up by each division. Candidates participated in cross-industrial exchange events arranged for female assistant managers of companies located in Hiroshima Prefecture (four times a year, 24 participants from Mazda).*1 ③ Maintained the legally required percentage of employees with special needs (2.0%) and promoted employment of intellectually/mentally-challenged people (11 people employed as of the end of March 2017).*1	○	Continue to respect the diversity of employees. ① Continue and evolve training and effective development of top management in each region. ② Steadily implement plans for training female managers, toward achieving the target number of female managers.*1 ③ Continue to achieve the legally required percentage of employees with special needs (2.0%) and promote employment of intellectually/mentally-challenged people.*1
Human resource development	6.4 Labor practices	Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.	• Held training themed on the implementation of brand value management practices for management of the Mazda Group (MBLD#13), and cascaded the program in each region gradually from management to employees (part of the cascading to employees to be carried out in FY March 2018). • Held cross-industrial exchange events to understand the importance of strengthening bonds with customers, to provide employees opportunities for practical activities and to provide chances to improve employees' loyalty to the Company (FY March 2017 results: 530 participants).*1	○	Strengthen initiatives to promote understanding of brand value management and its practice, and check the progress of these initiatives.
Work-life balance	6.4 Labor practices	Improve the quality of various measures for further implementation of work-life balance.*1	• Held labor-management discussions on reduction of overtime work. Continued discussions to improve business competitiveness along with keeping the work-life balance.*1 • Increased both the rate and the average number of paid vacations : to 86%, up 4% from the previous year, to 16.5, up 0.9 days from the previous year. Reached labor-management agreement regarding the minimum number of paid vacations days taken a year (11 or more days for all employees).*1	○	Improve the effective use of various measures to further improve the work-life balance.*1
Occupational safety and health	6.4 Labor practices	Promote activities based on the Safety and Health Management System. ① Continue risk assessment and improvement activities based on the assessment results.*1 ② Continue system auditing and share best practices with the related divisions.*1 ③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.	① Surveyed/identified dangerous or hazardous factors and then conducted activities to remove/reduce these factors, resulting in a 93% reduction in high-risk factors.*1 ② Updated the audit check sheets and conducted system auditing in all divisions.*1 ③ Total accident frequency rate*2: 0.33 (improved by 0.05 points from FY March 2016, and ranked 3rd among 14 JAMA companies). Started to collect and analyze data on the results of workplace accident occurrence surveys of Group companies in earnest (mainly production sites).	○	Promote activities based on the Safety and Health Management System. ① Continue risk assessment and improvement activities based on the assessment results.*1 ② Continue system auditing and share best practices with the related divisions.*1 ③ Achieve Japan's lowest-level workplace accident occurrence ratio, and consolidate the results of workplace accident occurrence surveys of Group companies on a global basis.
Industrial relations	6.4 Labor practices	Maintain sound labor relations in each region on a global basis, based on the legislation, culture, and labor practices in respective countries.	Maintained and improved sound labor relations through mutual communication between labor and management in Mazda Corporation and in each region (resulting in no collective labor disputes).	○	Maintain sound labor relations in each region on a global basis, based on the legislation, culture, and labor practices in respective countries.
Respect for human rights	6.3 Human rights	① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. ② Encourage Group companies/suppliers to use materials and manuals of Mazda's human rights awareness raising activities, for training by level*3 and human rights meetings (to start LGBT-related initiatives).	① Continued to clarify support for both declarations, in the Mazda Sustainability Report 2016. ② Executed the following activities as scheduled, to raise awareness of human rights*1: • Held human rights lectures using an external program, for management (department general managers and above) twice (themes: "Hate speech" and "What is discrimination?"). • Held training by level and human rights meetings, and encouraged Group companies to use materials and manuals designed for Mazda's human rights awareness raising activities. • Held special training programs at the Hiroshima Plant and the Hofu Plant, both of which have particularly large numbers of employees. Held a new training program for managers there aimed at improving their interpersonal skills (FY March 2017 results: 50 participants). • Revised the Rules to Eliminate Human Rights Violations and the Guidelines on Eliminating Human Rights Violations, in response to the legal revisions made to the Child Care and Family Care Leave Act and the Equal Employment Opportunity Law for Men and Women, and applied the revised rules and guidelines to Group companies in Japan. • Planned LGBT-related initiatives (held a human rights lecture at the Company in July 2017).	○	① Continue to support international initiatives, including the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. ② Encourage all divisions across the Company, Group companies and suppliers to use materials and manuals of Mazda's human rights awareness raising activities, for training by level,*3 including the programs to understand LGBT issues.
Due diligence	6.3 Human rights	Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.	Promoted human rights initiatives throughout the value chain, recognized the status of these initiatives, and conducted surveys of these initiatives, as planned. • Applied Mazda working regulations and other policies as well as materials for human rights meetings to Group companies, dealerships, and parts sales companies in Japan. • Provided advance guidance to employees dispatched to overseas Group companies on local cultures and customs. • Responded to consultations from suppliers submitted to the Human Rights Counseling Desk. • Checked the expressions used to disseminate information inside and outside the Company for human rights infringements.	○	Continue surveys and follow-up of the status of human rights initiatives throughout the value chain.

*1 Initiatives at Mazda Motor Corporation (FY March 2017 results and FY March 2018 targets).

*2 Results between January and December 2016. Accident frequency, measured as the number of casualty figure per million person-hours worked.

*3 Training programs for new recruits, mid-career hires, new band 5 (assistant manager level) and newly appointed managers.

INITIATIVES WITH EMPLOYEES

Basic Approach to Human Resources

Mazda recognizes that people are its most important resource and aims to be a company staffed by people who enjoy their work.

To this end, the Company promotes human resources training based on the Mazda Way principles that are shared throughout the entire Mazda Group worldwide. Also, the Company has established Group-wide human resources policies and measures along with promotion of various initiatives.

Mazda Way

In FY March 2009, Mazda summarized seven basic principles and values handed down within the Company over time and defined these as the Mazda Way. In FY March 2017, examples of best work practices conducted within the Company were shared to encourage the implementation of such practices, in order to raise awareness of the Mazda Way in each Mazda employee and promote related changes in behavior. Mazda continues to promote measures to ensure that the Mazda Way can easily be put into practice by employees. **a**

Group-wide Human Resources Policies

Mazda engages in regular communication with Group companies worldwide, and each Group company is working together to create further opportunities for interaction among personnel and cultivate a climate based on a shared point of view.

Overseas Group companies have established a system to conduct management strongly rooted in local communities. By appointing locally hired personnel as managers and above, the Company makes global efforts to create a comfortable working environment tailored to the culture of each country and region. **b**

Measures

Global Personnel Development Committee*¹

Mazda is aiming to provide medium- to long-term training for employees to become leaders in every field of global business and ensure their optimal positioning and performance. Top managements of Mazda Motor Corporation and its Group companies discuss and decide the development and exchange plan for individual personnel in these companies.

Regular Meetings with Human Resources Managers of Group Companies

- Bimonthly regular meetings with overseas regions
- Biannual global human resource meetings with the managements in charge of human resources of major overseas bases
- Half-yearly meetings with domestic Group companies located on the premises of the Head Office (Hiroshima)

Global Personnel Exchange and Employment

Mazda implements short- and medium-term human resources exchanges throughout the Group as a whole, through the Global PDC (Global Personnel Development Committee) and other measures, to enable a diverse range of employees to succeed on the global stage regardless of their country of origin or place of employment.

In Japan, Mazda promotes the initiative to enhance the Group's collective strength, by such arrangement like the company briefing sessions with the Group companies jointly. In overseas countries/regions, each of the Group companies employ the personnel suited to each country and region, conducting a unique recruitment procedure respectively.

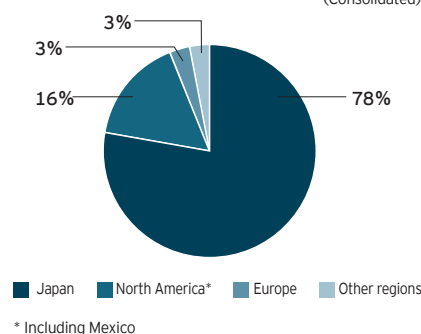
Short-term Personnel Exchange Program

This program is mainly designed for employees in mid-level positions, with the aim of developing human resources who can be immediately effective in global business settings. Suitable employees in the Head Office are exchanged with their counterparts in overseas regions to gain opportunities for overseas business experience for a short term (three to six months). In the seven years from FY March 2011, when the program commenced, to FY March 2017, a total of 25 employees were exchanged.

a Seven Principles of the Mazda Way

- INTEGRITY**
We keep acting with integrity toward our customers, society, and our own work.
- BASICS/FLAWLESS EXECUTION**
We devote ourselves to the basics, and make steady efforts in a step by step fashion.
- CONTINUOUS KAIZEN**
We continue to improve with wisdom and ingenuity.
- CHALLENGER SPIRIT**
We set a high goal, and keep challenging to achieve it.
- SELF INITIATIVE**
We think and act with "self initiative."
- TOMOIKU**
We learn and teach each other for our mutual growth and success.
- ONE MAZDA**
We think and act with the view of "Global" and "One Mazda."

Rate of employees by region (Consolidated)



b Rate of locally hired personnel assigned to management-level in overseas Group companies (Consolidated)

Employment rate in FY March 2017	70%
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*1 The Personal Development Committee (PDC) comprises four committees: PDC1 and Global PDC, which cover personnel in domestic and overseas global companies; PDC2, which covers the personnel in middle management of Mazda Motor Corporation; and PDC3, which covers employees of Mazda Motor Corporation excluding PDC1 and PDC2 level.

Realization of Diversity

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

Increasing the Employment and Range of Opportunities for Female Employees*1

Through enhancement of measures promoting work-life balance and other initiatives, Mazda is striving to cultivate a workplace in which women can work comfortably, with the ratio of female employees steadily increasing.

Mazda has set the goal of increasing the number of female middle managers and above to three times the figure as of March 31, 2014 by 2020.*2 To achieve this numerical target, the Company has promoted initiatives according to voluntary action plans. Recently Mazda submitted these voluntary plans to the authority concerned as the business owner's action plans, based on the Act of Promotion of Women's Participation and Advancement in the Workplace.

In the future, Mazda will continue to draw up and implement individual development plans for female candidates for middle and above management positions and also further promote the opportunities for female employees, by improving training and promoting female employee recruitment.

Employment for Those with Special Needs*1

Mazda steadily and continuously recruits employees with special needs, considering that each employee can demonstrate his/her best performance. In support of a comfortable working environment for employees with special needs, Mazda has established the Physical Challenge Support Desk for consultations.

In FY March 2016, the Company started to employ mentally challenged people.

Mazda has also assigned two sign-language interpreters to further ensure information provision to people with hearing impairments (as of April 2017).

In March 2014, the Company was certified as an Ai Support Company/Organization under the Ai Support campaign*3, by Hiroshima Prefecture. Mazda participates in this campaign with the aim of helping realize a society where all people can live in harmony and in comfort, regardless of whether they are with or without special needs.

The Company has also registered itself with the "special support school employment support unit Hiroshima"*4 to carry out the internship program for mentally challenged students, as part of its collaboration with the local community to promote employment of people with special needs.

Promoting Re-Employment of the Elderly, and Passing on Expertise, Skills, and Know-How*1

Mazda is actively re-employing retired former employees to help them share their expertise, skills, and know-how with younger employees.

Efforts are being made to create a work environment that is fulfilling yet able to balance work and personal life through measures such as reduced work hours and shorter days.

Starting in FY March 2014, Mazda has introduced a system to ensure the continued employment of all post-retirement employees who wish to continue working, in response to the revised Act on Stabilization of Employment of Elderly Persons, which took effect in April 2013.

Systems to Enable Limited-Term Employees in Manufacturing Operations to Become Fulltime Employees and Mazda Workers' Union Members*1

Mazda is implementing ongoing measures toward the achievement of a workplace in which limited-term employees can feel fulfilled with their work.

A system has been put in place for limited-term employees who have worked for one year or more at Mazda in becoming full-time employees.

In addition, limited-term employees who have worked for six months or more and had their contracts renewed can become members of the Mazda Workers' Union. Through these and other initiatives, the Company is cultivating a sense of oneness among employees with different employment styles as it aims to cultivate a vibrant environment where employees can enjoy their work.

Employee Data (as of March 31, 2017) (see p. 140)

		Number of Employees		Average age*3	Average years of employment*3
		Production / medical	Administrative / engineering		
Nonconsolidated*1	Male	9,921	10,208	40.1	17.1
	Female	670	1,322	37.2	13.7
	Total	22,121	39.8	16.8	
Consolidated*2	Total	48,849	—	—	

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

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

*3 Exclude the number of employees hired under the Expert Family system.

	(Non-consolidated)		
	FY March 2015	FY March 2016	FY March 2017
Number of female employees hired	117	144	133
Number of female managers (assistant manager and above)	162	173	190
Number of female managers (middle management and above)	24	29	36
Percentage of female managers*1 (assistant manager and above)	4.0%	4.3%	4.6%
Percentage of female managers*2 (middle management and above)	1.7%	2.0%	2.5%
Number of male managers (middle management and above)	1,392	1,409	1,419
Number of workers aged 60 and over (Expert Family)	1,114	1,067	1,042
Percentage of employees with special needs*3	2.02% (Legal rate: 2.0%)	2.02% (Legal rate: 2.0%)	2.03% (Legal rate: 2.0%)
Number of employees with special needs*3	287	295	303
Average age of managers	51.5	51.9	52.0
Employee turnover rate*4	3.6%	3.1%	2.8%
Number of new graduates hired	Male 215	459	449
	Female 66	87	77

*1 Number of female managers (assistant manager and above)/Number of managers (assistant manager and above)

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

*3 Average number in each fiscal year

*4 Exclude the number of employees hired under the Expert Family

Global rate of female middle managers and above

	(Consolidated)
FY March 2017	6.4%

Percentage of female new graduates hired (from FY March 2016 to FY March 2018)

	(Non-consolidated)		
	FY March 2016	FY March 2017	FY March 2018
Administrative	36%	35%	37%
Engineering	6%	11%	15%
Production	11%	10%	11%

Subject to independent third-party assurance

*1 Initiatives at Mazda Motor Corporation

*2 "Mazda Promoting Active Participation of Female Employees"
http://www2.mazda.com/en/csr/csr_vision/employee/pdf/diversity.pdf

*3 "Ai" is Love in English. The Ai Support campaign is intended to certify companies and organizations that recommend their employees to read the textbook "Let's Learn about and Live with People with Special Needs," and to participate in Ai Supporter training programs.

*4 A program to promote the employment of special school students through collaboration between local companies and Hiroshima Prefecture.

Best Match of People, Work and Rewards

Mazda has put in place a system to ensure that each employee understands their work evaluation results and ability level assessments, and feels that their growth and performance are appropriately reflected in their compensation. Specifically, since 2003, instead of using gender, age, nationality, or years of service as criteria, employees are graded according to their ability level (production and medical staff) and work level (administrative and engineering staff), so that individual employee's performances are directly reflected in their base salaries and bonuses.

In wage determination, Mazda is in compliance with local laws and regulations in each region both in Japan and overseas, considering industry standards. **c d**

Global Employee Engagement Survey

Employee Engagement surveys have been conducted on a continual basis at Mazda since FY March 1988. These surveys are intended to identify employees' work motivation and the conditions in the environment supporting such motivation, and the results are used to make further improvements. Since FY March 2009, these surveys have been expanded to include Group companies in Japan and overseas. **e**

The survey results are reported to top managements of Mazda and its Group companies at home and abroad, and the major contents are disclosed to employees. The results for each division/company are fed back to its management-level members, who are thereby encouraged to develop improvement plans as part of the PDCA (plan-do-check-act) cycle.

Percentage of Positive Responses in Global Employee Engagement Survey Results in FY March 2017 (Consolidated)

	FY March 2015	FY March 2016	FY March 2017
I would like to work at Mazda/Mazda Group companies as long as possible.	78%	79%	79%
I make efforts to develop my knowledge or skills at work for which I am responsible as a professional.	77%	77%	79%
I feel motivated to go beyond my formal job responsibility.	74%	75%	76%
I understand the relationship between my job and this company's strategy and goals.	70%	71%	72%
I try my best to exceed the expectations of customers and stakeholders at work by putting myself in their position.	74%	75%	78%
I consider how I can act or behave in line with Mazda's Corporate Vision and deal to be pursued.	61%	63%	62%
I propose and implement ways of working that enable me to realize Mazda's Corporate Vision and deal to be pursued.	57%	58%	59%

Choice and Self-Accomplishment

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

C Average yearly salary (Non-consolidated)

	FY March 2015	FY March 2016	FY March 2017
Total	6,704,000 yen	6,812,000 yen	6,846,000 yen

d Average salary by gender (Non-consolidated, in April 2017)

	Male	Female
Middle management and above positions	635,947 yen	584,178 yen
General employees	310,812 yen	298,461 yen

e

Examples of Improvement Measures at Workplaces Based on Survey Results

- Organizing divisional town hall meetings (for explanation of strategies/policies and holding discussions) and meetings with senior management
- Promoting idea sharing and strengthening teamwork by activating small-group activities

f Education/training results in FY March 2017 (Non-consolidated)

Average days of training per person	9.6 days/year
Average training cost per person	141,100 yen/year
Number of employees that received training	20,000 employees/year

Major Education and Training Programs

Name of education and training program	Duration, frequency, etc.	Target	Objective	Content of training	Remarks
Mazda Business Leader Development (MBLD)	Once a year	All Group employees in Japan and overseas	<ul style="list-style-type: none"> To communicate the intention of the top management To cultivate business leaders at all levels who have a company-wide perspective. To reform the corporate culture and climate. 	Regarding management issues and the future direction of the Company, message from the management team is delivered. The understanding and the future execution of the message through active participation by all employees is promoted	Commenced in 2000. Since FY March 2013, the program has been annually implemented on the theme of "Brand Value Management."
Global Business Leader Program	As needed	Employees selected from Mazda Group companies around the world	To hone skills in areas including leadership, broadness of vision, and the ability to think strategically, and train the next generation of business operators to take the lead in global business	The program features practical activities such as communication with top business leaders and engagement as a team on management issues.	Inaugurated in FY March 2016
Human Resource Development at Global Production Sites	As needed	Management and production staff at overseas production sites	To provide basic training by level to employees working at overseas production sites	<ul style="list-style-type: none"> Management training Supervisor education program Technical skills training Karakuri Kaizen training 	—
Training by level*1	As needed	Administrative and engineering staff*1	To encourage employees to reconfirm their roles at each level, and consider how they can help improve the organizational strength of the Company.	<ul style="list-style-type: none"> Training for third-year employees Training for band 6 employees Training through communication between departments for band 5 employees 	Each training program is designed to promote changes in the employees' ways of thinking, through group discussion among members from different departments
Management skill training*1	When newly appointed	Newly appointed senior managers, new band 5 employees (assistant manager level)*1	To develop trainees' awareness and sense of responsibility as managers and urge them to acquire a companywide perspective, thereby altering their mindset toward their own roles	Mazda Way, CSR, compliance, internal controls, personnel management, human rights, safety and health, etc.	—
Production Leader Training Program*1	As needed	Foreman/Assistant Foreman/Team Leader candidates*1	To develop trainees' abilities to recognize and resolve problems, management improvement skills, and leadership capabilities and other skills required to work as a leader at each level.	<ul style="list-style-type: none"> Super leader training Senior leader training Team leader training Junior leader training 	—
WorldSkills Competition Training Program*1	Two years / 12 employees	Selected employees in the production field who are under 21 years old*1	<ul style="list-style-type: none"> Systematic training of young engineers Training participants to compete in the regional, national and international WorldSkills competitions 	Employees are trained in special skills so as to participate in the WorldSkills competition	Training is conducted by past high achievers at the WorldSkills competition.
Advanced Technical Skills Training course*1	As needed	Selected highly skilled employees*1	To preserve the advanced technical skills necessary for manufacturing and hand them down from one generation of craftspeople to the next	Twenty-four courses comprising skills to pass on to new engineers are available in 13 fields: iron and casting, die casting, casting, powder alloys, heat treatment, machining, engine assembly, axle assembly, transmission assembly, press, chassis, painting, and vehicle assembly	<ul style="list-style-type: none"> Inaugurated in FY March 1997 During the two-year program, one expert trains two apprentices After completing the course, students are awarded the title of Production Engineering Meister and receive the Meister Badge.
Welding Skills Training Program*1	As needed	Welding technicians*1	<ul style="list-style-type: none"> To train technicians to compete in the regional and national competitions To promote the growth of individual technicians, pass on skills within Mazda and raise standards 	Specialized training is conducted with the goal of sending welding technicians to complete in the national championships	—

*1 Initiatives at Mazda Motor Corporation

WorldSkills Competition Results		Cumulative Results since 1962	
Results of FY March 2017			
The 54th National Annual WorldSkills Competition		Number of contestants from Mazda	494
Gold and silver medals in Sheet Metal Technology	1 of each	International competition winners	6
Silver medal in Car Painting	1	International competition prize recipients	28
		National competition winners	42
		National competition prize recipients	207

Data Related to the Advanced Technical Skills Training Course	
Cumulative Results since 1996	
Number of employees completing the course	129
Production Engineering Meisters	61
Hiroshima Prefecture award winning skilled workers	16
Contemporary Master Craftspeople	13
Medal with Yellow Ribbon recipients	15

Welding Competition Results	
Cumulative Results since 1982	
National competition winners	9
Prize recipients	34

TOPICS

1st Global Competition for Production Skills Held

The 1st Global Competition was held, at which employees of the entire Mazda Group competed in terms of their production skills. First held in FY March 2017, the Competition comprised the following four events: robot operation, engine assembly, painting, and vehicle assembly. Employees representing Japan, China, Thailand and Mexico, where major production sites are located, took part in the Competition. One of them commented, "I wish to contribute to the further growth of Mazda, making effective use of my experience in participating in this Competition for our everyday work."



EMPLOYEE'S VOICE

Pursuing the Manufacturing of High-Quality Products while Working together with the Mazda Head Office and Other Manufacturing Sites

I am in charge of the training and instruction of employees in the area of engine assembly at the manufacturing site in Mexico. In addition to just instructing skills, I make it a rule to carefully educate employees by delivering knowledge about each part and explaining the objective of each work process. In FY March 2017, I put my energies into training employees who would participate in the Global Competition for production skills held in August at the Mazda Head Office. Participating in this competition enhanced their motivation and improved work skills. I will continue to closely communicate and work together with Mazda Head Office and other manufacturing sites to learn each other, in pursuit of the manufacturing of high-quality products.

Brenda Sanchez Morado

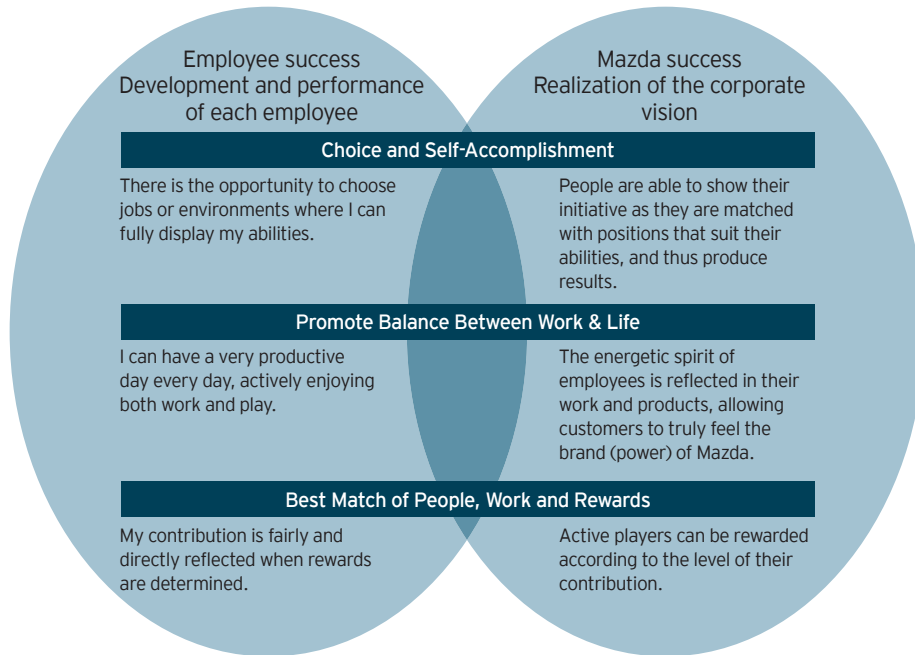
Person in charge of engine assembly
Mazda de Mexico Vehicle Operation (MMVO)

Human Resources System to Provide Appropriate Jobs and Environments*¹

Mazda uses the *Tobiuo**² Human Resources System to provide the appropriate jobs and environments where each employee can demonstrate their best performance and to support their development and success.

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

The Three Pillars of *Tobiuo*



*1 Initiatives at Mazda Motor Corporation
 *2 Tobiuo means flying fish in English

Career Meetings*¹

At Mazda, opportunities for formal communication are provided for all employees through one-on-one career meetings between supervisors and their staff, held four times a year. The things that employees should do, the specific targets and broad goals expected by supervisors are combined with the employees' personal goals as well as the things they hope to, and can achieve, enabling supervisors and their staff to understand each other and proceed to set common targets. Based on the Mazda Way, they reflect on their work accomplishments and personal initiatives and efforts in order to encourage personal development and successful performance. **g**

In addition, supervisors are required to take coaching training so that they can successfully motivate employees at these career meetings.

Competency Evaluation System

Mazda has established the Competency Evaluation System, in which the work attitude and behavior of administrative and engineering staff are evaluated once a year. Based on the seven principles of the Mazda Way, a subjective evaluation is carried out to assess the work attitude and behavior that individual employees are expected to improve (competency evaluation items), from the employees' own perspectives and from the perspectives of their supervisors and subordinates/colleagues/partner companies (multi-dimensional feedback). Feedback on the evaluation results is given to employees by supervisors at the career meetings, at which they discuss future issues to be addressed. The competency evaluation system is used as an effective tool for supporting employees' personal development and successful performance. The evaluation results are used as a reference for effective company-wide positioning of personnel.

OJT Coach System*¹

Mazda has introduced the OJT (on-the-job-training) coach system for all new employees in administrative and engineering positions since FY March 2012. Typically a senior employee who shares a workplace with the new hire is assigned as an OJT coach providing the job related advices to each new hire. The purposes of this system are to train new employees, foster the coach's growth, and energize the workplace.

Career Challenge (In-House Recruitment / FA) System*¹

In-house recruitment and the FA (free agent) system are available as a part of the career development assistance for employees. **h**

Mazda Technical College (Two-Year Course)*¹

Mazda Technical College, approved by the Ministry of Health, Labour and Welfare, is an in-house education institution offering courses to high school graduates and selected employees in order to cultivate human resources that can play a central role in manufacturing at Mazda. Those who complete the two-year program are assigned to production and manufacturing related divisions, and thrive at various manufacturing sites and in a range of situations.

- Number of present students: 100 (as of April 1, 2017)²
- Total number of graduates (among present employees): 1,424 (from April 1988 to March 2017)

Promotion of Work-Life Balance*¹

Mazda is working on a variety of programs to enable its employees – a diverse range of people with different values and lifestyles – to enjoy their work and find a healthy balance between their work and personal lives. To promote understanding of various measures to help employees achieve a better life-work balance (see p. 95), the Company provides explanations in management skills training programs, and in the section "Compass for Work and Rewards of Employees" on the Intranet about support measures designed for each life event. In FY March 2004, Mazda's variety and frequency of use of systems introduced to enable the balancing of work with child-rearing and/or nursing care was recognized, and the Company received commendation from the Minister of Health, Labour and Welfare as the most "Family-Friendly Company" in Japan. Also, in FY March 2008, Mazda was awarded the Kurumin*³ certification logo mark in affirmation of its action plan for child-rearing support initiatives, based upon the Ministry of Health, Labour and Welfare's Law to Support the Development of the Next Generation. **i**

g

Main Themes of Career Meetings

Discussions to encourage personal development:

Confirm vision of future upon accomplishment of goals, determine abilities to refine through work and activities to undertake, monitor rate of improvement

Discussions to encourage performance:

Determine work-related targets, confirm progress toward meeting targets, share present and future issues

Ratio of career meetings held

FY March 2017:
95.6% of all applicable employees

h

In-house recruitment

A system where the Company releases details on occupational experience and skill requirements for the specific assignments so that the appropriate employees are able to apply for a particular job

FA (Free Agent) System

A system where employees release their abilities and career history via the FA Declaration in order to challenge the job in a different field of work or department using their accumulated skills and experience

i Kurumin logo mark

*1 Initiatives at Mazda Motor Corporation

*2 Including five students from Group companies

*3 Kurumin logo certification status of domestic Group companies: Mazda Motor Corporation (2007), Mazda E&T (2009), Mazda Logistics (2011), Kurashiki Kako (2011), Mazda Ace (2012)

Major Measures to Promote Work-Life Balance and Diversity in the Workplace

(Non-Consolidated)

System	Description (as of March 31, 2017)	Started	FY March 2015	FY March 2016	FY March 2017
Maternal care paid leave	This system allows female employees who are pregnant and have difficulty performing their duties due to morning sickness or other feelings of discomfort to take paid leave for the necessary amount of time.	Aug. 2008	45 beneficiaries (886 days)	38 beneficiaries (1,081 days)	47 beneficiaries (845 days)
Child-rearing paid leave	This system allows employees to take up to five consecutive working days off, following childbirth or for child-rearing.	Aug. 2008* ¹	1,830 days (410 beneficiaries) Including 11 non-regular employees Male: 1,391 days (321 beneficiaries) Female: 439 days (189 beneficiaries)	2,189 days (491 beneficiaries) Including 17 non-regular employees Male: 1,684 days (389 beneficiaries) Female: 505 days (102 beneficiaries)	2,474 days (546 beneficiaries) Including 30 non-regular employees Male: 1,876 days (429 beneficiaries) Female: 598 days (117 beneficiaries)
Child-rearing leave	This system supports unpaid leave for child-rearing for children up to 3 years old. It is possible to take leave in installments. (Legal requirement: Up to one year old.)	Jan. 1991	231 beneficiaries (including 6 male) Rate of reinstatement after childrearing leave: 98% Rate of retention after childrearing leave: 100%	252 beneficiaries (including 11 male) Rate of reinstatement after childrearing leave: 99% Rate of retention after childrearing leave: 100%	300 beneficiaries (including 14 male) Rate of reinstatement after childrearing leave: 98% Rate of retention one-year after childrearing leave: 85%
Nursing care leave	This system allows employees with eligible family members requiring nursing care to take a leave of absence (maximum length of 1 year). (Legal requirement: up to total of 93 days per eligible family member.)	Jan. 1992	12 beneficiaries (including 6 male)	8 beneficiaries (including 4 male)	2 beneficiaries (including 1 male)
Special working arrangements for employees involved with child-rearing or nursing	This system allows employees involved with nursing or childrearing (until end of child's sixth year of primary school) to reduce work hours, be excused from overtime and holiday work, etc. (Legal requirement regarding work hour reduction: until the child reaches 3 years old.)	Apr. 1999	Employees with reduced working hours For child-rearing: 286 For nursing care: 3	Employees with reduced working hours For child-rearing: 325 For nursing care: 7	Employees with reduced working hours For child-rearing: 369 For nursing care: 6
Work-at-home system	This system enables employees to perform up to 25% of their work hours at home for the purpose of childrearing or nursing care, or when working at home will raise work efficiency.	Aug. 2008	85 beneficiaries	118 beneficiaries	149 beneficiaries
Special Warm Heart leave system	A paid-leave system covers nursing care for relatives, volunteer work, functions at one's child's school, and infertility treatment "Volunteer work" here refers to the following: • Social welfare (welfare services for children, for elderly people and for people with disabilities, etc.) • Environmental protection (forest preservation, recycling activities, etc.) • Interaction and cooperation with communities (participation in community events, support for activities of children's associations, crime prevention activities, etc.) • International friendship activities (welcoming home stay guests, interpretation service, etc.) • Health and medical volunteering (health care instructions, donor activities, etc.) • Disaster relief • Acquisition of qualifications, skills and knowledge that are useful in volunteer activities • Support for sports activities (sports coaching, organizing sports events, etc.) * Note that activities related to specific political and religious beliefs are not included in volunteer work.	Aug. 2008* ¹	503 beneficiaries (2,270 days) Male: 187 beneficiaries (865 days) Female: 316 (1,405 days) For nursing care for relatives 374 beneficiaries (1,813 days) Including 31 non-regular employees Male: 162 beneficiaries (805 days) Female: 212 (1,008 days)	404 beneficiaries (2,492 days) Male: 180 beneficiaries (963 days) Female: 224 (1,529 days) For nursing care for relatives 342 beneficiaries (1,692 days) Including 30 non-regular employees Male: 137 beneficiaries (675 days) Female: 205 (1,017 days)	503 beneficiaries (2,598 days) Male: 229 beneficiaries (1,593 days) Female: 274 (1,005 days) For nursing care for relatives 377 beneficiaries (1,786 days) Including 30 non-regular employees Male: 165 beneficiaries (780 days) Female: 212 (1,006 days)
Onsite daycare center: Mazda Waku Waku Kids En	This daycare center was established for employees' children who have not yet entered school. A permanently stationed nurse is available to look after children who become ill.	Apr. 2002	Preschoolers: 47	Preschoolers: 47	Preschoolers: 47
Challenging Career leave	In order to increase future career potential, employees can use this system to take leave for up to three years while attending a school or other training facilities.	Oct. 2003	2 beneficiaries	2 beneficiaries	2 beneficiaries
Leave for employees accompanying a transferred family member	This system allows employees to take a fixed-term leave in order to accompany a spouse who has been transferred, allowing the employee to resume their career at Mazda later on.	Oct. 2003	28 beneficiaries	24 beneficiaries	22 beneficiaries
Re-employment Systems	This system provides an opportunity for former Mazda employees who left the Company due to marriage, child-rearing, nursing care, or other reasons to return to work if they desire.	Aug. 2008	5 registrants	1 registrant	4 registrants
Expert Family System	This system enables interested individuals who meet a certain standard of abilities and experience to be rehired as engineers, advisors to younger engineers (to pass on their knowledge), specialists or in other positions following their retirement at the mandatory retirement age.	Apr. 2006	300 hires	250 hires	201 hires
Super-Flextime Working System (with no set core working hours)	This system was introduced to maximize results by supporting a balance between each employee's private life and working life. Under this flextime working system, the employees can setup days of not showing up to their workplace.	Oct. 2000	Used at 80% of administrative and engineering field workplaces	Used at 80% of administrative and engineering field workplaces	Used at 80% of administrative and engineering field workplaces
Go Home Early Campaign	By streamlining operations, the Company has reduced the long working hours for divisions not directly connected with production. Examples of this initiative include no-overtime days and setting mandatory lights-out times. (Information about the overtime hours is reported back to management of each division, once in three months to implement the PDCA cycle.)	Sep. 2007	Ongoing	Ongoing	Ongoing
Paid Leave for JICA Activities	Employees participating in Japan International Cooperation Agency (JICA) volunteer activities are entitled to take paid leave for these activities.	Apr. 2007	–	–	–
Mazda Flex Benefit System	This is a selective benefit system. Individual employees can seek the type of assistance that most suits them by choosing from a number of preset benefit options within the points they have. Livelihood support, capacity development, childrearing, nursing care, social contributions, hobbies, etc.	Oct. 2001	All employees	All employees	All employees
Benefit program to support employees' environmental protection and social contribution activities	As part of the Mazda Flex Benefit System, employees can apply their points toward compensation of the costs incurred during volunteer activities they perform. This system is also extended to employees who take a leave of absence to participate in JICA activities.	Oct. 2001	17 instances 209,600 yen	6 instances 115,000 yen	19 instances 415,800 yen
Promotion of planned use of paid leave	Labor and management cooperate to streamline and standardize work processes, helping to create an environment in which employees take the initiative in planning for and using their paid vacation days (vacation may be taken in 0.5 day increments).	Ongoing	Rate of vacation day use: 79% Average of vacation days taken: 15.1 days	Rate of vacation day use: 82% Average of vacation days taken: 15.6 days	Rate of vacation day use: 86% Average of vacation days taken: 16.5 days

*1 Operated under a different system before August 2008.

Mazda Mutual Aid Union*1

The Mazda Mutual Aid Union has its foundations in the spirit of mutual assistance for all members*2. Funded by mutual membership fees (from both members and the Company) as well as special contributions from the Company, this organization provides a range of assistance to its members and their families.

Marriage and Childbirth Support

- Payments of gift money for marriage and childbirth
¥15,000 is paid upon marriage, and ¥5,000 per child is paid upon childbirth

Long-Term Care Support

- Long-term care leave payments
¥30,000/month will be paid to members who take leave under the long-term care leave system
(If payment continues for more than three months, ¥100,000/month will be paid for the months after first three months)
- Family long-term care relief payments
¥50,000/year will be paid to members whose spouse is in a state requiring long-term care (as defined by the Ministry of Health, Labour and Welfare) for a continuous period of one year or more

Education Support

- Educational expenses loan
A loan of up to ¥1 million per child (deferred loan) will be offered when a member's child enters university graduate/undergraduate studies, junior college, or a vocational or technical school
- Payment of subsidies for raising disabled children
¥50,000/year will be paid in support of child development to members whose child possess a grade 2 disability or higher

Support During Disasters, etc.

- Payments of money as condolence following a disaster
Up to ¥160,000 will be paid in condolence if a member or his/her parents' home is adversely affected by a disaster
- Emergency loan
A loan of up to ¥500,000 (deferred loan) will be offered to members who are in mourning, hospitalized, on leave from work for injury/sickness, the victim of a disaster, caring for family members, under infertility treatment, etc.

Other Support

- Injury/sickness leave payments, long-term medical relief payments, and injury/sickness leave special payments
¥5,000 will be paid each time a member takes leave of one month or more for injury or sickness
¥30,000/month will be paid for a long-term (three months or more) period of leave (if long-term leave results in the member not receiving his/ her bonus the member will receive a special payment of up to ¥100,000)
- Financial aid for advanced medical treatment
- Monetary condolence gifts and farewell gifts, financial support for survivor's pensions funds and scholarship pension funds, etc.

*1 Initiatives at Mazda Motor Corporation

*2 Executives and regular employees, as well as those approved by the governing board

Occupational Safety and Health

Under its Safety and Health Creed, Mazda is proactively working to develop people, workplaces, and mechanisms that ensure the safety and health of the employees. In FY March 2017, Mazda launched a new three-year plan, and globally promoted all-participating-type activities under the three pillars that support the realization of a proactive and enjoyable workplace. The Company believes that it will help invigorate employees and improve their work performance, also leading to the fulfillment of Mazda's Corporate Vision.

General Safety and Health Committee

Mazda has established the General Safety and Health Committee, whose members include management (executive officer in charge of safety, general managers of each division and independent department) and labor representatives (Mazda Workers' Union*1 leaders). The committee members meet to discuss each year's action plan and priority measures concerning safety and health. Based on the decision made by the committee, division/independent department general managers take the lead in promoting occupational safety and health activities taking into account the work characteristics and risks of each workplace. For Group companies in Japan and overseas, the committee shares information on its activities, observes and provides guidance to each workplace, and supports education activities, etc.

Coordination with Overseas Group Companies

Mazda steadily promoted fostering people and improving workplace that emphasize safety and health across the Mazda Group through sharing safety and health management methods with overseas Group companies considering the laws and regulations as well as labor practices of the countries and regions. In FY March 2017, Mazda strengthened the support system for local activities, through periodic visits to overseas local sites by safety staff of Mazda Motor Corporation and Internet meetings. The Company will continue to provide global support and establish a system that enables mutual learning between its Group companies, while strengthening exchange among production sites and encouraging each local site to make self-reliant efforts to develop people and workplaces that focus on safety and health.

Safety and Health Management System (SMS)

Mazda implements voluntary and continuous safety and hygiene management through its Safety and Health Management System. This system reduces the potential risks for work-related accidents and enhances overall levels of safety and hygiene standards.

Contents of the Management System Initiative

Mazda performs risk assessments to prevent accidents before they happen. The Company also carries out internal audits for all applicable divisions and departments (28 organizations, 128 departments) to investigate and evaluate the management system, as part of the PDCA (plan-do-check-act) cycle.

Risk Assessments

Since FY March 2006, Mazda has conducted risk assessments at all facilities to determine potential dangers and risks in manufacturing, product development, administration, office operations and other processes, in order to determine suitable countermeasures. Through these efforts the Company reviews and identifies risks each year, improving the level of workplace safety.

Since FY March 2016, Mazda has been developing a mechanism for risk evaluation based on the status of use and harmful effects of chemical substances and the system to prevent diseases caused by chemical substances by introducing risk assessment of chemical substances.

Safety Record (Accident Frequency Rate)

In FY March 2017, Mazda reduced the number of accidents accompanying lost worktime, thanks to measures in terms of equipment and the environment, by reinforced risk assessment and patrol activities. On the other hand, Mazda faces the task of improving each and every employee's sensitivity toward risk, through experiencing many minor accidents resulting from unsafe human behavior. In FY March 2018, Mazda has been implementing more effective educational programs, by updating part of the equipment for risk simulation training.

Safety and Health Creed
 For workers, safety and health are essential assets.
 Our people are our most valuable resource, and we are committed to keeping them safe.

One Mazda Movement for an Enjoyable Workplace
The Three-Year Plan
 Policy: Realize a proactive and enjoyable workplace* by accomplishing safety and health activities initiated by individuals and divisions.
 Slogan: Safety and health first in One Mazda, 24 hours a day
 Three pillars of activities
 1) Development of human resources with heightened sensitivity
 2) Realization of a safe, secure and comfortable working environment
 3) Activities on a global basis

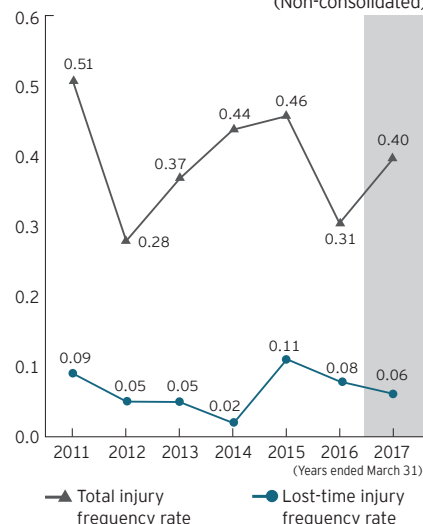
* Proactive and enjoyable workplace: A workplace where intensive problem-solving activities are implemented, taking into account the division's characteristics, and where individual employees work as a team harmoniously led by their manager, so that individual employees and the organization are both invigorated.

j Global lost-time accident frequency rate*

FY March 2017	0.28
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* Lost-time accident frequency rate: The number of lost-time accidents per million person-hours worked.
 Scope of data collection: Mazda Motor Corporation, eight Group companies in Japan, and five overseas production sites (Subsidiaries and equity-method Group companies that promote safety and health initiatives are included in the scope of data collection.)

k Injury Frequency Rate (see p. 140) (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.

Subject to independent third-party assurance
 *1 Membership is around 90% of Mazda employees.

Education and Training Concerning Occupational Safety and Health

Mazda provides education and training on safety and health across the Company, Group companies, and suppliers (Toyukai Cooperative Union*¹).

In FY March 2017, the Company reconsidered the ideal state of safety and health education and made improvements aimed at providing education that “touch participants heart” to improve participants’ motivation and practical abilities.

Contents of Education and Training Programs Concerning Occupational Safety and Health (FY March 2017)

(Non-consolidated)

Contents	Number of training participants
Safety and health training prescribed by the Occupational Safety and Health Law	1,982 (including 727 from Group companies and suppliers)
Training for achieving zero accidents (prediction trainer training, etc.)	419
Capacity-building training for dangerous or hazardous work engaged persons (forklift operation, etc.)	246
Training for safety and health managerial and supervisory personnel (for newly appointed personnel)	125
Practical first aid training (including AED use)	1,200

TOPICS

Emotional Intelligence Quotient (EQ) Training to Value People-to-People Relationships

The Quality Division of Mazda Head Office has held an Emotional Intelligence Quotient (EQ)*¹ training program since FY March 2017. The EQ program is intended to improve management skills in the middle managers and above, enhancing personal magnetism that their staff consider them to be reliable persons with whom they wish to work. On the day of the training session, participants are to establish their action plans. Three months later, the participants are given the opportunity to reflect on the progress of the action plans, to ensure the practical implementation of these plans. Around 90% of participants have realized an improvement in the EQ of the Quality Division and their teams.



*1 The Emotional Intelligence Quotient (EQ) is an index measuring Emotional Intelligence (EI). EI refers to the ability to recognize and control our feelings and those of others.

*1 The Toyukai Cooperative Union consists of 62 vehicle parts and equipment companies that are direct or indirect trading partners with Mazda, and is a union organization that actively engages in initiatives with a constant awareness of the need to put “quality first.” It was founded in 1952 by Mazda and 20 collaborating companies that have trading relationships with the Company, with the aim of promoting friendly relations among members and improving welfare, as well as developing a system for cooperating with Mazda. The Company offers advice and support to this group from a safety viewpoint by introducing safety information and inviting safety training provided by Mazda.

Mental Health Measures*1

In 2003, Mazda declared its commitment to active cooperation between labor and management to promote employees' mental health in the Warm Heart Declaration, and formulated the Mazda Warm Heart Plan. In 2007, labor and management, including managements, respective divisions, Company doctors and occupational health nurses, and the Mazda Worker's Union, cooperated to establish the Mental Health Project and construct a Company-wide support system.

Consultation System

Mazda has established a system to provide consultations by Company doctors and health advisors. Not only for employees at Mazda Head Office, but also for employees dispatched to other companies in Japan and overseas, the Company offers on-site healthcare consultations, and consultations via video-conference system to support their health maintenance.

Education and Training

Mazda holds listening skills training and advanced training targeting newly appointed managers, and the self-care seminar targeting third-year employees, on a regular basis. The Company also offers training by division on demand of the workplace. In addition, information is periodically provided to managers regarding the important points of mental health measures.

System for Supporting Employees Returning to Work

The Company is also making efforts to support employees who have taken time off from work not to be absent again by improving measures to support them in getting back to work. The measures are such as the reduce work hour system, a system of allowing them to return to workplaces on a trial basis, and follow-up consultations after their reinstatement.

Vitality Checkups (Investigation of Occupational Stress and Diagnosis of the Organization's Comprehensive Health Degree)

Prior to the legislation requiring companies to implement the stress check system (that came into effect in December 2015), in 2008 Mazda introduced occupational stress diagnoses known as "vitality checkups" for employees to reveal individual and organization-level risks. Employees use the results of individual diagnoses to grasp and manage their own health conditions. The result for organization-level is shared with the respective divisions. Based on the results of these diagnoses, each division takes initiatives in promoting workplace improvements to prevent mental health problems. In FY March 2016, Mazda introduced the diagnosis of the organization's comprehensive health degree, aiming to assess the organizational productivity and human productivity based on the results of management and employees' engagement surveys.

Measures to Prevent Lifestyle-Related Diseases*1

To alleviate and prevent lifestyle-related diseases, including metabolic syndrome, Mazda carries out various activities, such as non-smoking measures, promotion of walking, and holding seminars on these themes.

Promotion of Non-Smoking Measures

Mazda has set a long-term target of reducing the percentage of smokers in the Company to 25%. To achieve this target, Mazda offers full individual support and promotes a nonsmoker-friendly environment. A Company-wide smoke-free day has been implemented once a month. In addition, the provision of outside smoking areas is promoted to prevent passive smoking.

Promotion of Walking

To help employees improve their health, Mazda promotes various measures to encourage walking. These include:

- Eco-Walk Commuting Program (with allowance payments)
- "10,000-step Challenge" (with the goal of walking 10,000 steps a day), which is held for indirect employees
- Mazda Active Walking, for which tools on the Company Intranet are provided to help employees record the distance they walk

Physical Management Seminars (Started in 2015)

Mazda holds seminars for employees of 31 years of age (in the year following the comprehensive medical checkups for those reaching the age of 30), aiming at "improving the practical skills to improve their lifestyles" and "preventing metabolic syndrome." Using external sports gyms, these seminars provide participants with opportunities to listen to lecture (about dietary habit) and to actually experience exercises and relaxation (these seminars are jointly held with the Mazda Health Insurance Society.)

Encouraging Healthy Eating

Starting in FY March 2010, a new type of healthy meal that is low calorie, low salt, and uses high-fiber ingredients, is being offered as a regular part of the Company lunch menu. It is also applied to dietary instruction of specific health guidance.

M Number of Participants in Mental Health Training

	(Non-consolidated)		
	FY March 2015	FY March 2016	FY March 2017
Training for newly appointed managers	152	171	190
Training for managers (advanced)	55	54	92
Training for third-year employees (Self-care seminar)	232	299	107
Training by division (at the division's request)	312	213	357

N Vitality Checkups (Investigation of Occupational Stress and Diagnosis of the Organization's Comprehensive Health Degree)

	(Non-consolidated)		
	FY March 2015	FY March 2016	FY March 2017
Comprehensive health risk*1	93	93	94
Comprehensive health degree of the organization*2	-	52.9	52.3

*1 An indicator of health effect (risk), based on workload/discretion/support conditions.

The above figures are calculated assuming the national average value (announced by the Ministry of Health, Labour and Welfare) to be 100. (A smaller value indicates a smaller risk.)

*2 An indicator of the organization's current health degree, based on the stress response and work engagement. Expressed as a deviation value.

O Data on Measures to Prevent Lifestyle-Related Diseases

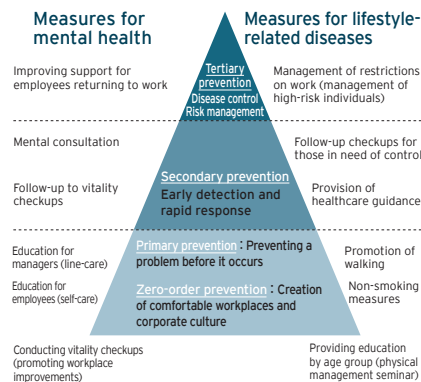
		(Non-consolidated)		
		FY March 2015	FY March 2016	FY March 2017
Non-smoking promotion activities	Percentage of employees who smoke	30.5%	30.6%	29.9%
	Number of employees receiving nicotine patches /guidance	13	25	18
Walking activities	Number of participants in the "10,000-steps Challenge" / Percentage of employees who achieved 10,000 steps per day	8,483 /46.8%	9,067 /45.8%	9,659 /42.6%
	Number of participants in Mazda Active Walking	4,939	5,709	5,709
	Number of employees who completed the Smile Course (2,000 km/year)	130	133	144
	Number of employees who completed the Steady Course (2,500 km/year)	633	574	606
	Number of employees who completed the Speedy Course (3,000 km/year)	126	138	119

*1 Initiatives at Mazda Motor Corporation

Health Maintenance and Improvement

To maintain and improve the health of its employees, Mazda conducts health checkups, and promotes measures to prevent and mitigate mental health problems and lifestyle-related diseases. Companywide health improvement activities are under way emphasizing the reduction of health risks, by providing guidance and education based on the results of health checkups, taking aging countermeasures, supporting related activities at domestic Group companies, and offering health maintenance support for employees dispatched to other companies overseas.

P Measures for Health Risk



Health Checkups*1

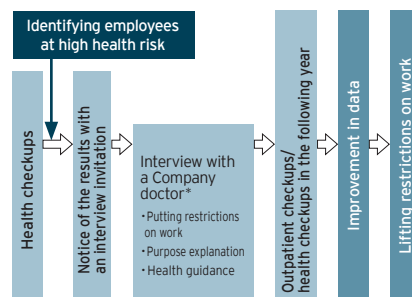
In addition to legally prescribed health checkups for all employees, Mazda carries out comprehensive medical checkups*2 covering a variety of areas for employees when they reach the ages of 25, 30, and 35, and when they pass the age of 40. Furthermore, the Company conducts complete physical checkups*3, including gastroscopy and abdominal ultrasonography, for employees when they reach the ages of 50, 54, and 58. Based on the results of these health checkups, Company doctors determine if employees can continue to work or not. Mazda also promotes employees' health by offering personal health guidance and education by Company doctors and health advisors.

Q Healthcare Guidance Data

	(Non-consolidated)		
	FY March 2015	FY March 2016	FY March 2017
Personal guidance on the basis of health checkup results (including specific health guidance)	840	1,467	1,393

Health Risk Measures*1

The business climate has undergone various changes, including the globalization of workplaces and an increase in the number of people who are continuously employed after retirement. Giving consideration to these changes, Mazda strives to establish a system to appropriately assess and deal with the health risk of employees, from the perspectives of risk prevention and management.



* After the interview results are confirmed by the employee, these results are also reported to the employee's manager.

Measures for Employees at High Health Risk

Mazda has established a system to take appropriate measures for employees at high health risk for heart diseases and cerebrovascular diseases. The Company also promotes activities to clarify the assessment indexes, such as the process of determining high-risk individuals by multiple Company doctors based on relevant data, and to establish a follow-up system to care for high-risk individuals after their health checkups, through collaboration among the person in question, the Company doctor and other members of the workplace.

TOPICS

Certified as an Excellent Enterprise of Health and Productivity Management—White 500

In February 2017, Mazda Motor Corporation was selected as one of the Excellent Enterprises of Health & Productivity Management in the large enterprise category (White 500),*1 under the Certified Health and Productivity Management Organization Recognition Program, which is jointly run by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. In keeping with the idea of “safety and health come first,” the Company endeavors to maintain and improve employees' health, by implementing health checkups, mental health measures and measures against lifestyle-related diseases, aiming at becoming a company where both employees and the organization are more invigorated than at any other companies.

*1 Under the Certified Health and Productivity Management Organization Program, launched this fiscal year, which commends enterprises engaging in initiatives for overcoming health-related challenges in regional communities or promoting health-conscious activities led by Nippon Kenko Kaigi, and practicing outstanding health-oriented management.

*1 Initiatives at Mazda Motor Corporation

*2 For employees who reach the age of 30, 35, and 40-and-above, breast cancer and uterine cancer examinations are available with comprehensive medical checkups upon request.

*3 Offerings checkups of the brain, the lungs, etc. as paid options.

Industrial Relations

Mazda has a standing labor agreement with the Mazda Workers' Union.*¹ The Company build relationships in which everyone thinks and works together with the Union to build environment contributing to all stakeholders. The Company and the Union held discussion on such themes as personnel affairs, production and sales once or twice a month.

A discussion with the Mazda Workers' Union is also held regarding operation changes which may have a significant impact. The information about operation changes should be shared with employees with sufficient lead time. Moreover, various measures for discussion with labor are ready in entire Mazda Group to maintain and develop positive labor relations.

- Group companies in Japan

Regularly exchanges information and engages in active discussions with the Federation of All Mazda Workers' Unions.

- Group companies oversea

Measures for discussion with labor are ready based on the labor practices in each country and region.

(There was no collective labor dispute in FY March 2017.)

Leaders Both from Management and Labor Shake Hands



TOPICS

Personnel Exchange between Labor Unions in the Mazda Group

To establish sound industrial relations on a global basis, the Mazda Workers' Union supports labor unions of overseas production sites through regularly providing information on how to consolidate employees' opinions and how to effectively organize labor-management meetings. The Mazda Workers' Union members also visit overseas production sites, where they attend local labor-management meetings and give advice for better meetings.

In September 2016, executives of Confederacion de Trabajadores de Mexico (CTM), which is an umbrella organization of the labor union of Mazda de Mexico Vehicle Operation (MMVO), the Company's production site in Mexico, were invited to participate in a regular convention of the Mazda Workers' Union to deepen mutual exchange.

*1 Membership is around 90% of Mazda employees.

HUMAN RIGHTS

Basic Approach

Mazda respects for human rights as fundamental to its corporate activities. Mazda believes that a friendly, productive workplace in which employees respect the dignity and individuality of their coworkers is essential. Such a workplace harnesses the capabilities of its employees and is a source of great strength for the organization. With this in mind, Mazda adopted the Human Rights Declaration in November 2000. The declaration states that Mazda must never tolerate human rights violations of any kind, including discrimination or bullying on the basis of race, nationality, faith, gender, social status, family origin, age, mental or physical disability, sexual orientation, or gender identity. It also sets forth that Mazda is determined to eliminate human rights violations from business activities both inside and outside the Company.

Based on the notion that there is no end to human rights efforts, the Company continues its initiatives with the ultimate goal of zero problems.

Mazda recognizes that, from the perspective of human rights due diligence*¹, a system and mechanism to grasp the activity status and to identify, report, correct and follow-up actual and potential negative impacts are required. The scope of human rights activities has been expanded to include domestic and overseas Group companies as well as suppliers, with the following efforts being conducted.

Rules / Guidelines

One of the five principles of behavior stipulated in the Mazda Corporate Ethics Code of Conduct is “to comply with laws and regulations, company rules, common sense and sound practice in international society.” Mazda has striven to increase employee awareness of its fundamental approach to respect for human rights, by further clarifying Company policies and standards of behavior among employees, in the light of the basic principles of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Specifically, Mazda established the Guidelines on Eliminating Sexual Harassment in 1999 and the Rules to Eliminate Human Rights Violations in 2000, prohibiting any activity that may infringe on an employee’s human rights, and created a list of rules and guidelines to ensure a good working environment. In general, these rules and guidelines will be reviewed, with consideration to internal and external circumstances at the time, and if necessary, will be revised accordingly. The most recent revisions were made in compliance with the revised Equal Employment Opportunity Law for Men and Women and the revised Child Care and Family Care Leave Act, both of which came into effect in January 2017. Specifically, in 2017, Mazda revised the Rules to Eliminate Human Rights Violations and formulated the Guidelines to Eliminate Human Rights Violations.*² In these rules and guidelines, the Company stipulates that inappropriate behavior regarding respect for the human rights of sexual minority or LGBT people, or pregnancy, childbirth, childcare or elderly care leave, constitutes harassment and violates Mazda working regulations. These revised rules and guidelines have been posted on the Company’s Intranet, to make them known to everyone in Mazda.

Systems for Promoting Human Rights

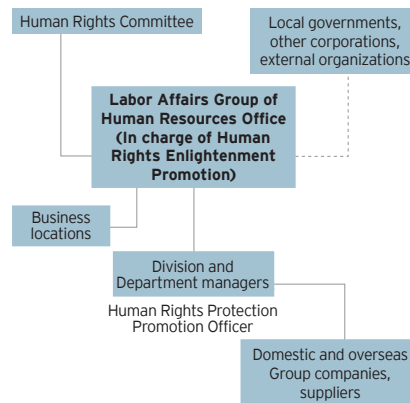
The Human Rights Committee, comprising executive officers and division general managers, deliberates on human rights activities, and based on their decisions the Human Resources Office promotes human rights education activities and resolves issues throughout the Group. Each division manager leads the division’s activities as the human rights promotion officer at Mazda Motor Corporation, while the person in charge of human rights leads activities at each Mazda business location as well as at Group companies in Japan and overseas. Exchanges of opinions among Group companies take place on a regular basis. Serious human rights violations within the Group are reported to Mazda Motor Corporation human resources officer or other senior executives, providing a framework that enables the implementation of Group-wide solutions. Once a year, the Global Employee Engagement survey is conducted to check the progress in human rights initiatives and confirm whether there is any problem to be addressed or not. The results of the survey are fed back to each management and improvement measures are taken as needed. As for suppliers, Mazda seeks to establish a supply chain in which suppliers are also required to fulfill their social responsibilities in the area of respect for human rights, based on the Mazda Supplier CSR Guidelines (see p. 121).

a

Human Rights Declaration (November 2000)

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

b Human Rights Promotion System



c Global Employee Engagement Survey (Positive Answer Percentage)

	(Consolidated)		
	FY March 2015	FY March 2016	FY March 2017
I understand the company's basic philosophy and policy for human rights.	66%	68%	72%
Company ensures human rights are properly protected.	63%	64%	66%

*¹ Due diligence is the comprehensive, proactive process to identify the actual and potential negative social, environmental and economic impacts of an organization's decisions and activities over the entire life cycle of a project or organizational activity, with the aim of avoiding or mitigating negative impacts (cited from ISO 26000).
 *² Renamed from the Guidelines on Eliminating Sexual Harassment established in 1999, after adding contents other than those regarding sexual harassment.

b c

Activities at Group Companies in Japan and Overseas

In line with its "ONE MAZDA" concept, Mazda is committed to promoting human rights activities in its Group companies. Based on the Mazda Human Rights Declaration's basic principles and with reference to the Rules to Eliminate Human Rights Violations, the Guidelines to Eliminate Human Rights Violations, Mazda Group companies are maintaining a set of rules and guidelines that take into account the conditions in each country where they are applied. Through these efforts, the Company strives to protect human rights at all companies throughout the Group. There is also regular information exchange between human rights officers at Mazda Motor Corporation and each Group company. Depending on the circumstances of the particular company, Mazda Motor Corporation may also take steps such as providing training/education tools or dispatching instructors.

During FY March 2017, Mazda supported Group companies in establishing a system for human rights training, and provided materials of Mazda's Human Rights Meetings to Group companies.

In case problems arising at Group companies, Mazda accepts reports through the pertinent superiors, but in cases where this is difficult, accepts direct reporting from employees via the Human Rights Counseling Desk, the Female Employee Counseling Desk, the Mazda Global Hotline (see p. 118).

Human Rights Counseling by Dedicated Counselors

Mazda has established a Human Rights Counseling Desk and a Female Employee Counseling Desk to appropriately respond human rights consultations from employees, through providing advices and, supporting early relief from human rights violations.

Mazda has set out regulations mandating strict confidentiality, guaranteeing immunity from reprisals, and ensuring that no disadvantage will accrue to employees who request consultations. Counseling is offered in various forms, such as face-to-face, by telephone, or by e-mail. Mazda promptly responds to consultations, with the goal of rapidly improving the work environment for the affected employee and offers necessary support in order to ensure respect for human rights in the entire workplace through the Counseling Desk. For further effective support for each case, Mazda also provide counseling for any trouble or worry regarding work and family life through the Counseling desk.

These counseling desks are managed by the Human Resources Office, and following set protocol, all received cases are followed up until they are resolved. To prevent similar cases from occurring, the counseling desks investigate all the facts through working in collaboration with related divisions/departments, in sufficient consideration to the intention of the employees who have requested consultations.

Initiatives to Eliminate Human Rights Violations

Mazda carries out various initiatives to eliminate human rights violations. In case a problem involving human rights violations occurs, the Company discloses the case on the intranet as an example of disciplinary action, and conducts educational and awareness raising activities in order to prevent a recurrence. Mazda records the results of handling these cases and manages in accordance with the stipulated procedure, and reports to the Human Rights Committee. These records are used to formulate more effective Companywide policies and to prevent the recurrence of similar problems.

Training and Educational Activities

To raise awareness of human rights, Mazda requires all executive officers and employees to consider human rights issues by participating in training programs and educational activities.

Mazda gauges the status of employees' human rights awareness based on the results of questions related to employee human rights included in the Global Employee Engagement Survey (see p. 91). These results are referred to during revisions of activities and improvement measures.

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

Human Rights Training*¹

■ Collective training

Mazda holds obligatory human rights training programs for employees when they newly join the Company and they are promoted in rank or position. The Company also holds event-based training such as human rights lectures for executive officers and senior managers. Moreover, The Company also holds training programs by department that are customized to each department in response to its specific needs.

In FY March 2017, Mazda started to organize training programs and lectures to promote understanding of sexual minority (LGBT) issues. (As of July 2017, executive officers, general managers of each division and independent department, as well as managers and supervisors of production sites, have taken these training programs.)

- #### ■ Human rights mini-lectures and other information offered via the in-house intranet
- Mazda conducted activities to raise human rights awareness by human rights mini-lectures through intranet, and e-learning programs and to ensure that all employees can share recognition regarding power harassment and sexual harassment.

President's Message During Human Rights Week*¹

The Company president delivers to all employees a message on the importance of respect for human rights every year during Human Rights Week, in connection with Human Rights Day on December 10.

Human Rights Meetings*¹

Mazda held regular meetings (four times a year for plant workers, twice a year for office workers) at each workplace themed on familiar topics, allowing employees to develop awareness for human rights on a daily basis.

Other Human Rights Education Activities*¹

Mazda distributes Human Rights Card upon hiring, and holding of Human Rights Slogan Competition, etc.

Collaborating with External Organizations and Contributing to Local Communities

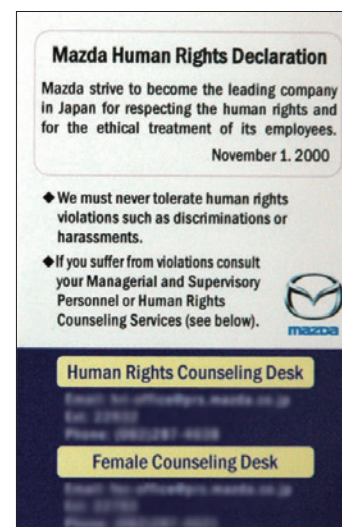
Mazda actively collaborates with local governments, companies and other external organizations to implement human rights protection activities for local communities.

Other efforts towards promoting respect for human rights include social contributions, such as participating to human rights events in regional communities, exchanging opinions with human rights organizations, adopting measures against poverty, supporting for an HIV/AIDS care facility, and supporting the education for ethnic minority groups. (Mazda Sustainability Report 2017 Social Contributions Version).^{*2}

d Themes of Human Rights Mini-Lectures (Examples)

- Sexual diversity (LGBT)
- Power harassment
- Sexual harassment
- Various issues and challenges (regarding women, people with special needs, nationality/race, the elderly, [HIV-] infected persons, etc.)

e Human Rights Card



*1 Initiatives at Mazda Motor Corporation
*2 <http://www.mazda.com/en/csr/download/>

SOCIAL CONTRIBUTIONS

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

Each social contribution activities are introduced in the Mazda Sustainability Report 2017 [Social Contribution Version].

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

CONTENTS

106 Social Contributions

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Corporate citizenship activities	6.8 Community involvement and development	① Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy. ② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).	① Continued or newly launched more than 500 activities. ② Continued to implement the PDCA (plan-do-check-act) cycle.	○	① Implement programs based on Mazda's basic policy on initiatives and each region's local community contribution policy. ② Continue to implement the PDCA cycle (to make efforts to resolve social issues) based on the program effect evaluation index (the Mazda Social Contribution Prize).
Disclosure of results regarding community involvement and development	6.8 Community involvement and development	Continue active disclosure of social contribution activities.	Presented around 100 activities in the Sustainability Report and 26 items in the Social Contribution Report, and posted relevant information on SNS sites, etc.	○	Continue active disclosure of social contribution activities.

SOCIAL CONTRIBUTIONS

Basic Policy on Initiatives

Basic Principles

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

Plans for Future Activities

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

Three Pillars

Mazda promotes activities that are strongly rooted in local communities. Its social contribution activities are underpinned by the three pillars of environmental and safety performance, human resources development, and community contributions (see p. 107).

a Three Pillars in Basic Policy on Social Contribution Initiatives



Promotion Framework

In May 2010, Mazda established the Social Contribution Committee. The role of this committee, which meets regularly (twice a year), is to discuss issues facing the entire Mazda Group and share information, in line with the social contribution policy and the CSR targets (see pp. 22-23) decided by the CSR Management Strategy Committee (see p. 19).

The details of the actual activities are considered by a Working Group comprised of related divisions. Through the activities of the committee undertaken since 2010, Mazda continues to enhance information collection and utilization from a global and Group standpoint. Individual activities are carried out based on the budget plan in each region or department.*¹

FY March 2017 Major Results:

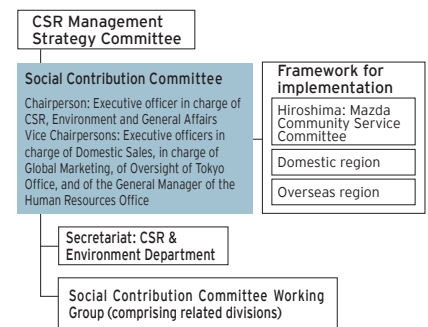
- Set the CSR targets and the Mazda Green Plan 2020 (social contribution) (see pp. 57-60) and took actions.
- Carried out over 500 activities*² in Japan and overseas (Cost of social contribution activities: Around 1.9 billion yen in FY March 2017). Around 100 activities are summarized in Mazda Sustainability Report 2017 [Social Contribution Version].
- Established the Mazda Social Contribution Prize, selected based on evaluation indexes for social contribution programs, and continued implementing the PDCA (plan-do-check-act) cycle process (see p.108).

Evaluation Indexes for Social Contribution Programs

In FY 2015, Mazda established the evaluation indexes for social contribution programs. These indexes are used to evaluate and promote programs which resolve social issues and improve corporate values and created the PDCA (plan-do-check-act) process.

They are designed to evaluate these social contribution programs from three perspectives: effect on society; effect on the Company; and Mazda uniqueness. (To be more specific, the indexes comprise eight categories such as "the number of beneficiaries," "the number of participating employees," "conformity with the Three Pillars in Basic Policy on Social Contribution Initiatives," etc.) In 2016, the social return on investment (SROI) was evaluated in some programs, aiming at the effective use of resources.

b Promotion Framework



c Mazda Sustainability Report 2017 [Social Contribution Version]

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



*1 In Japan, the United States, Australia, and New Zealand, the Mazda Foundation in each country separately undertakes various activities.

*2 Social contribution activities: Monetary donation, goods donation, facility sharing, employee participation and dispatch, voluntary programs, and support for disaster stricken areas.

Initiatives Based on the Three Pillars

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

Environmental and Safety Performance

Mazda's business activities have a relationship with, and impact social issues, such as global warming, energy and resource shortages, and traffic accidents. To resolve these issues, the Company attaches importance to the environmental and safety perspectives, not only in conducting its main business, but also when making social contributions.

d e

- Hosting environmental awareness-raising programs at various events, dispatching lecturers to environmental education programs, and carrying out volunteer activities for biodiversity conservation and various other environmental protection initiatives
- Offering lectures on traffic accident issues at various events, and holding safe-driving seminars

Human Resource Development

Mazda emphasizes the perspective of human resources development, based on the idea that fostering people who will be future leaders in the foundation of society and in business is important.

f

- Holding seminars and lectures by employees with specialized knowledge and skilled techniques such as manufacturing.
- Accepting students for internship programs, supporting to learn about vehicles using facilities in the Company, etc.

Community Contributions

Mazda promotes community contribution activities to cope with specific issues of each local community, in the countries/regions where the Company conducts its business operations.

g

- Making monetary/vehicle donations to charities and participating in various charitable activities
- Promoting sports and culture

Volunteering by Employees

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

- Providing volunteer opportunities (Specialist Bank, Volunteer Center, etc.)
- Subsidizing part of the cost of activities (Mazda Flex Benefits (see p. 95), etc.)
- Enabling employees to take leave for activities (volunteer leave such as the Special Warm Heart leave system, etc.)
- Providing volunteer training opportunities

Support for Disaster-Affected Areas

The Mazda Group provides various supports for the early recovery and restoration of areas affected by natural disasters. Mazda Head Office coordinates with its production/business sites in the affected area to provide appropriate support in case of natural disasters such as an earthquake and abnormal weather.

Recent support cases: Great East Japan Earthquake / Kumamoto Earthquake (Japan).

Support by Mazda Foundations

Mazda and its Group companies have established Mazda Foundations in four countries, to promote support activities tailored to each region.

Country	Name	Support activities/objectives	Year of establishment	Amount of grants (donations) in FY March 2017
Japan	Mazda Foundation	Support activities to promote science and technology and the sound development of youth.	1984	¥53.55 million
US	Mazda Foundation USA (MFUS)	Provide funds to various initiatives for education, environmental conservation, social welfare, cross-cultural understanding, etc.	1990	Around US\$800,000
Australia	Mazda Foundation Australia (MFA)	Provide funds to various initiatives, including education, environmental conservation, technology promotion, and welfare.	1990	Around A\$800,000
New Zealand	Mazda Foundation New Zealand (MFNZ)	Provide funds to various initiatives, including education, environmental conservation, and culture.	2005	Around NZ\$ 200,000

d [Environment] Raising environmental awareness among children

Environmental events and on-site lectures are held to raise environmental awareness among elementary and junior high school students. In these programs, Mazda introduces its efforts to reduce CO₂ emissions and ways that vehicle users can easily cooperate in addressing this theme. The Company also presents a quiz show providing all participants with an opportunity to think about environmental issues.



e [Safety] Raising traffic safety awareness (cleaning of convex traffic mirrors)

Traffic safety awareness-raising activities in Okayama Prefecture, Japan. Employees of local dealers participate in the cleaning of road signs and convex traffic mirrors near their dealership, in conjunction with the prefectural residents' campaign to raise traffic safety awareness every spring.



f [Human Resources Development] "Racing Accelerates Creative Education" (R.A.C.E.) program

An interactive learning forum designed to motivate and engage the next generation of STEM*1 superstars. With the vehicles specified for motor racing, Mazda educates the importance of STEM to students of elementary, middle and high schools.

*1 Science, technology, engineering, and mathematics.



g [Community Contributions] Working with SOS Children's Villages

Activities to support children who are unable to live with their parents or caregivers in Europe. Mazda's many national sales companies in Europe have been working with SOS Children's Villages, a worldwide organization. At each of the participating national sales companies, one "ambassador" (local project coordinator) is chosen from the employees to lead charitable activities in each country.



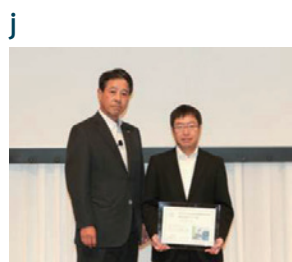
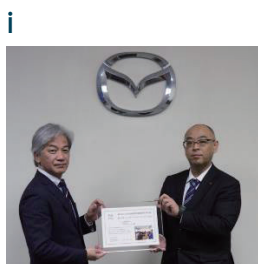
Establishment of the Mazda Social Contribution Prize

In January 2015, Mazda established the Mazda Social Contribution Prize as a commendation system to recognize outstanding social contribution activities. The objective of the prize is to raise in/external recognition of the outstanding social contribution activities and support for increasing excellent social contribution activities. Based on the evaluation indexes for social contribution programs, members of the Social Contribution Committee Working Group, the Mazda Workers' Union and the Federation of All Mazda Workers' Unions collaborate to evaluate candidate activities. The Social Contribution Committee then selects prizewinning activities, each of which will be presented with a certificate of recognition in the name of the Company President on the anniversary of Mazda's foundation in January every year.

■ Mazda Social Contribution Prize 2016

The 2016 prizewinning activities were selected from the social contribution activities introduced in the Mazda Sustainability Report 2016 [Social Contribution Version]*¹ (which covered the period April 2015 through March 2016).

	Activity name	
Grand Prize	Social Contribution Activities at Mazda Stadium - Mazda welfare vehicles donation to social welfare organizations - (Hiroshima Prefecture, Japan) (See p. 6 of Mazda Sustainability Report 2016 [Social Contribution Version]* ¹)	h
Special Prize	Support for Roadster Charity Flea Markets (Tokyo Metropolitan Area and Kanagawa Prefecture, Japan)(See p. 19 of Mazda Sustainability Report 2016 [Social Contribution Version]* ¹)	i
Special Prize	Raising Traffic Safety Awareness - Cleaning convex traffic mirrors - (Okayama Prefecture, Japan) (See p. 24 of Mazda Sustainability Report 2016 [Social Contribution Version]* ¹)	j
Special Prize	Racing Accelerates Creative Education Program (United States of America) (See p. 28 of Mazda Sustainability Report 2016 [Social Contribution Version]* ¹)	k
Prize for Encouragement	Taiwan and Japan's High School Baseball Exchange Project (Taiwan) (See p. 38 of Mazda Sustainability Report 2016 [Social Contribution Version]* ¹)	l



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



EMPLOYEE'S VOICE

Contributing to Hiroshima, our Local Community, through Support for the Hiroshima Municipal Baseball Stadium

I am in charge of local community contribution activities, being involved in the donation of welfare vehicles and organizing the donation ceremonies, making use of the Hiroshima Municipal Baseball Stadium (Mazda Zoom-Zoom Stadium Hiroshima).*¹ For each one million stadium visitors, Mazda donates one Mazda welfare vehicle to a social welfare organization recommended by the Hiroshima City Social Welfare Council. In March 2017, the cumulative number of visitors reached 14 million, and accordingly, the 14th vehicle was donated to one of these organizations. In organizing the donation ceremony, we strive to create an enjoyable atmosphere, with the participation of the relevant social welfare organization, representatives of spectators, baseball players from Hiroshima Toyo Carp, and Mazda President Kogai.

I am committed to ensure that these activities will help the welfare organizations support the independence of people with disabilities.

*1 A baseball stadium newly constructed in 2009, for which Mazda acquired the naming rights.

Shizuko Yamada

Brand Promotion Department, Domestic Business Division

MANAGEMENT

Mazda has established management systems to fulfill its social responsibility throughout the Mazda Group and the entire supply chain.

CONTENTS

110 Management (Corporate Governance/Internal Control/Risk Management/Compliance)

121 Implementing CSR in the Supply Chain

124 For Shareholders and Investors

CSR Targets for FY March 2018

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

Items	ISO 26000 core subjects	FY March 2017 targets	FY March 2017 results	Self-assessment	FY March 2018 targets
Corporate governance	6.2 Organizational governance	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code.*1	<ul style="list-style-type: none"> Enhanced transparency, fairness and objectivity of the process for appointing officers (candidates for director or Audit & Supervisory Board Member, executive officers) directors, Audit & Supervisory Board member and determining the remuneration of directors and executive officers, through discussions at advisory committees. Introduced compensation in the form of stock options, in order to enhance the internal directors and executive officers' desire to contribute to enhancing corporate value over the medium and long term. Enhanced the effectiveness of the Board of Directors by further improving provision of information to outside directors, based on the FY March 2017 evaluation results of the board's effectiveness. Further improved provision of information through general meeting of shareholders. 	○	Continuously improve and strengthen corporate governance measures, in light of the purport and spirit of the Corporate Governance Code.*1
Risk management	6.2 Organizational governance	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Continue risk management activities based on the action plans in preparation for earthquakes and tsunami. ③ Hold discussions on suppliers' risk countermeasures (and develop a BCP framework in preparation for the expected Nankai Trough Earthquake, etc.).	<ul style="list-style-type: none"> Visualized the progress made in the development of the risk management systems of Mazda and its Group companies. A mid-term action plan for the next three years (FY March 2018-2020) was formulated by the Risk Compliance Committee. ("Hardware" aspect) Completed the preparation of disaster prevention materials and determined the specifications for the safety confirmation system. ("Software" aspect) Held disaster drills both jointly with fire authorities and solely by Mazda's self-disaster-defense teams, in preparation for earthquakes and tsunami. Started to operate the SCR keeper, a supply chain risk management system, after completing the registration of information on domestic suppliers into the system. Established the means of production and procurement of alternatives for high-risk parts and materials, in preparation for the expected Nankai Trough Earthquake. 	○	Identify various internal and external risks and continue activities to minimize such risks. ① Improve the level of development of the risk management systems of Mazda and its Group companies, and have these systems checked and evaluated by the Risk Compliance Committee. ② Continue risk management activities based on the action plans in preparation for earthquakes and tsunami. ③ Update and enrich data for the supply chain management system.
Information management	6.6 Fair operating practices	① Ensure information management through continuous awareness-raising activities. ② Promote and strengthen information security measures.*2	<ul style="list-style-type: none"> Implemented e-learning programs (practical version) regarding security control. Promoted the appropriate use of file-sharing websites. Established work procedures at Mazda for responding to the enforcement of the Social Security and Tax Number System, and provided guidance and support to Group companies in Japan in establishing these procedures. 	○	① Ensure information management through continuous awareness-raising activities. ② Promote and strengthen information security measures.*2
Protection of intellectual property	6.6 Fair operating practices	Promote activities to protect and make effective use of intellectual properties. ① For protection of Mazda' intellectual properties: - Continue strengthening the management system, and promote rights acquisition activities on a global basis (so as to maintain the number of patent applications at around 1,000 in Japan, and increase the number overseas to 650, up 40% from the previous year). ② For the protection of the intellectual properties of other parties: - Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties. - Promote the appropriate use of works belonging to other parties, in conducting communication activities.	<ul style="list-style-type: none"> For the protection of Mazda' intellectual properties: - In Japan: Completed around 1,000 patent applications. - Overseas: Completed around 550 patent applications. For the protection of the intellectual properties of other parties: - Patent training: Held a total of five programs, with around 130 participants. - Promotion of the appropriate use of trademarks: Added about 650 new images to the Mazda-Shared-Image-Collection. 	①△ ②○	Promote activities to protect and make effective use of intellectual properties. ① For the protection of Mazda' intellectual properties: - Continue strengthening the management system, and promote rights acquisition activities on a global basis. ② For the protection of the intellectual properties of other parties: - Continue to strengthen awareness-raising activities aimed at protecting the intellectual properties of Mazda and other parties. - Promote the appropriate use of works belonging to other parties, in conducting communication activities.
Compliance	6.6 Fair operating practices	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc.*2 ② Continue and strengthen support for Group companies through the provision of education materials, timely information, etc.	<ul style="list-style-type: none"> Ensured the implementation of the existing awareness-raising activities. Around 1,150 employees participated in the compliance seminar organized by the Human Resources Office as part of management skill training. Established a new portal site that is easily accessible for compliance-related information and that can be used for business operations and training. Released an e-learning program entitled "Security Export Control (Case Studies)." Conducted a survey of division/department managers and above regarding their compliance awareness and initiatives. Held management training for executives of Group companies in Japan. Started to hold regular meetings among departments concerned, in order to share information on the administration of overseas affiliates and to secure the consistency thereof. 	○	① Ensure compliance and improve the level of compliance awareness through continuous awareness-raising activities, etc.*2 ② Continue and strengthen support for Group companies through the provision of timely information, etc.
Fair transactions	6.6 Fair operating practices	① Continue and strengthen activities to request that suppliers comply with Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives. ② Promote supply chain management at overseas production sites.	<ul style="list-style-type: none"> Continued to request and instruct suppliers to fully comply with the Mazda Supplier CSR Guidelines. Started to review the items and methods of the supplier CSR questionnaire survey conducted since FY March 2014, in light of past survey results and changes in matters of public concern. Applied the Mazda Supplier CSR Guidelines to suppliers of MMVO, the major production site in Mexico. 	○	① Continue and strengthen activities to request that suppliers comply with the Mazda Supplier CSR Guidelines and to conduct surveys on their operation status of CSR initiatives. ② Gradually promote the establishment of the supply chain management system at individual overseas production sites.

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

*2 Initiatives at Mazda Motor Corporation

MANAGEMENT

Mazda is working to enhance corporate governance and strengthen internal control in order to improve the transparency of management and expedite decision-making.

Corporate Governance

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

a b

Corporate Governance Framework

The Board of Directors is made up of ten directors, two of whom are highly independent outside directors. The outside directors are expected to help strengthen oversight of the Board of Directors and further boost the transparency of management by offering advice on Mazda's management activities based on their knowledge, experience, and insights, and by taking part in the decision-making process. The Audit & Supervisory Board is made up of five members, including two full-time corporate auditors and three highly independent outside corporate auditors. The Audit & Supervisory Board members audit the directors in the execution of their duties in accordance with an annual audit plan formulated by the Audit & Supervisory Board. Accounting audits are conducted by KPMG AZSA LLC.

In addition to the general meeting of shareholders and meetings of the Board of Directors, Audit & Supervisory Board and other bodies designated by law, Mazda holds executive committee meetings to convey information necessary for debate on important company-wide policies and initiatives and business management as well as advisory bodies that contribute to decision-making by the president. The Company has also introduced an executive officer system. By separating execution and management, the effectiveness of the oversight of the Board of Directors is enhanced, and decision-making is speeded up through expanded debate by the Board of Directors and by delegating authority to executive officers. In this way, the Company is working to further managerial efficiency.

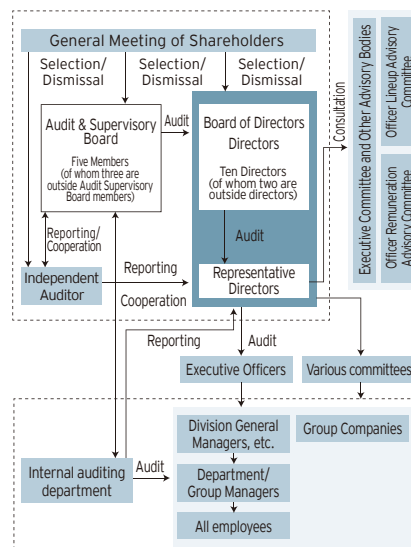
Enhancing Transparency and Fairness in the Nomination and Appointment of Officers and Determination of their Remuneration

Mazda has established an Officer Lineup Advisory Committee to discuss the make-up of the officer lineup and policies for the development and selection of candidates for nominating and appointing directors, Audit & Supervisory Board Members and executive officers.

The Company has established an Officer Remuneration Advisory Committee to discuss remuneration policy and a structure and process based on the policy to enable its continued growth and to enhance its corporate value over the medium and long terms. The Officer Lineup Advisory Committee is composed of eight internal directors and two outside directors, while the Officer Remuneration Advisory Committee is composed of three internal directors and two outside directors. Both committees are advisory bodies to the president and are chaired by an outside director.

The policies for the nomination and appointment of officers and the policies for determining remuneration are disclosed in the Corporate Governance Report.

a Corporate Governance Framework



*Company-wide Safety and Health Committee, Quality Committee, Risk Compliance Committee, Human Rights Committee, Security and Export Control Committee, etc.

b For detailed information, please see the following.

- Corporate Governance Report
<http://www.mazda.com/en/investors/library/governance/>
- Annual Report 2017
<http://www.mazda.com/en/investors/library/annual/>
 - Officers' areas of responsibility, profiles, etc. (pp. 40-41)
 - Officers' compensation/Audit fees (p. 36)
- Company Outline
<http://www.mazda.com/en/about/profile/executive/>
 - Officers' areas of responsibility
- Securities Report (Japanese only)
http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f_repo170629.pdf
 - Corporate governance, etc. (pp. 35-44)

Support for Outside Directors and Outside Audit & Supervisory Board Members

The Company provides explanations of matters to be brought before the Board of Directors as necessary so that outside officers can freely state their opinions at board meetings. The Company also arranges for outside officers to interview executive officers and provides opportunities for them to inspect facilities and participate in events both inside and outside the Company.

Analysis and Evaluation of the Effectiveness of the Board of Directors

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

In FY March 2017, 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.

It was found that the annual schedule of matters to be brought before the board was formulated based on the previous survey (2015) and that as a result of greater efforts to explain important matters such as the business strategy to outside directors in advance, the outside directors have a better understanding of operations.

On the other hand, it was found that there is a need to prepare more thorough reports on progress after deliberations and to provide outside directors with more multifaceted information, and improvements were discussed. The Company will analyze and evaluate the board's effectiveness annually and continue to make improvements in order to enhance corporate value over the medium and long term.

Cooperation among Parties Responsible for Auditing

Audit & Supervisory Board members (full time), the auditing company, and the Mazda's auditing department holds the meetings below on a regular basis to improve the quality of auditing and to deepen the mutual understanding between each other by exchanging information on audit plans and results.

- Meeting between Audit & Supervisory Board members (full time) and the auditing company
- Meeting between Audit & Supervisory Board members (full time) and the Mazda's auditing department
- Three-party meeting among Audit & Supervisory Board members (full time), the auditing company, and the Mazda's auditing department

Auditing for Group Companies

In the Mazda Group, each Group company has established a corporate governance framework with the aim of enhancing cooperation between Mazda and the Group companies.

Japan

Group companies in Japan set the corporate auditors. Through the Group Audit & Supervisory Board Members' Meetings attended by the Audit & Supervisory Board members (full time) of the Group's large companies and appointed part-time corporate auditors from among the Mazda employees, Mazda aims to strengthen ties between Mazda and its Group companies.

Overseas

Major overseas Group companies hold meetings of the Audit Committee.*¹ Members participating in these meetings are executives and internal auditing-related departments of each overseas Group company, Mazda's executives, Audit & Supervisory Board members (full time) and internal auditing-related department, and the department in charge of each group company. They enhance each Group company's internal control by discussing and exchanging opinions on activities related to internal control. Mazda further provides guidance and support to other overseas Group companies, to improve their internal control-related initiatives.

In April 2017, the Global Internal Audit Summit was held, bringing together the parties responsible for auditing at Mazda Group's major operation bases. At the Summit, which was in its eighth round, participants shared their auditing policies and plans as well as related risks and issues. They also presented best practices at each base and discussed the promotion of the "global audit alliance", in which an auditor of an overseas Group company conducts auditing of another operation base working together with Mazda's internal auditing-related department.

In this manner, efforts are under way to improve the quality of the entire Mazda Group's auditing and foster its greater efficiency.

Internal Auditing

Internal audits are conducted in Mazda and its Group companies in Japan and overseas, for the purpose of ensuring sound and efficient management. **C**

The Mazda's auditing department is staffed with those qualified as Certified Internal Auditor (CIA), Certified Information System Auditor (CISA), etc. Members of the department are continuously encouraged to improve their auditing skills, acquire specialized qualifications, and participate in outside training programs and internal workshops.

System Auditing

The Mazda's auditing department and the internal auditing departments of overseas Group companies conduct audits on overall IT control concerning financial reports and IT security for individual operations and systems, with the aim of reducing IT-related risks.

VOICE



Guillermo Alvarez

Senior Manager, Audit
Mazda North American Operations

I am responsible for directing the audit activities for Mazda North American Operations. In order to be "Trusted Advisors" to the operations, our auditors continue to enhance their skills through continuing education, understanding operational processes as well as sharing best practices by participating in the "Global Internal Audit Summit" and "Global Audit Alliance" activities. Additionally, I continue to maintain a close relationship with our Mazda Head Office and other audit members in Mazda groups via regularly scheduled conference calls. My desire is to continue to minimize risk to Mazda by working in close partnership with Mazda Global Audit, overseas group companies and by sharing of best practices.

C Internal auditing in Group companies

- Major Group companies (North America, Europe, China, Thailand, Australia, etc.): The internal auditing department of each company conducts audits and reports the results to Mazda. To ensure high auditing quality, Mazda's auditing department conducts audits, advises on annual audit plans and audit results, and provides information related to auditing, and various other supports.
- Other Group companies in Japan and overseas, and Mazda: Mazda's auditing department conducts audits.

*1 Committees are set and operated independently for each overseas group company for the purpose of gathering information and exchanging opinions on internal control

Internal controls

Mazda has established the Mazda Corporate Ethics Code of Conduct (see p.118), which states action guidelines for employees, the Finance Control Guideline for global financial control, and other guidelines. Based on these guidelines, each department develops rules, procedures, manuals, etc. to promote establishment of internal control.

For Group companies, cooperative systems have been established, in accordance with the Domestic Affiliates Administration Rules and the Overseas Affiliates Administration Rules. The responsible department at Mazda supports training and system improvement for each Group company.

Internal Control Self-Diagnosis

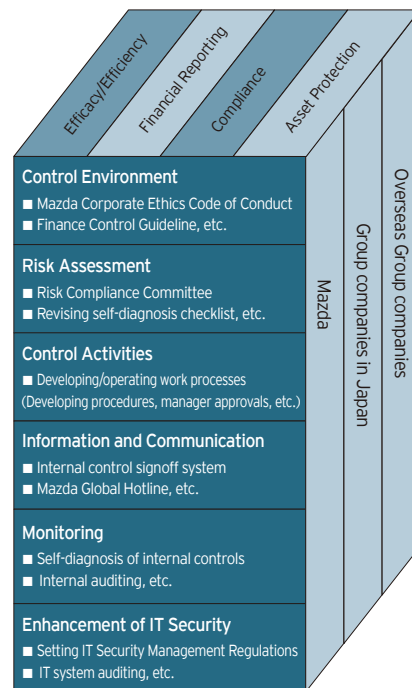
In 1998 Mazda initiated a system of self-diagnosis of internal controls for the purpose of disseminating awareness concerning internal controls. Currently, self-diagnosis is carried out at almost all Mazda Group companies in Japan and overseas. This system enables the supervisors in charge of actually developing and operating the processes and mechanisms, not third parties such as internal auditing departments or auditing companies, to evaluate internal controls using the checklist. Through this system, Mazda's departments and Mazda Group companies have proactively found inadequacies in internal controls and taken action to improve them.

Mazda's internal auditing department reviews the procedure for self-diagnosis and provides advices for necessary improvements while ensuring that any newly found risks would be reflected in the checklist, so as to always ensure proper and effective diagnosis.

Implementation of Internal Controls Signoff System

From FY March 2007 Mazda has introduced the signoff system, in which top management of Mazda's each department and each Group company ensure internal controls by "signing off" after identifying inadequacies in controls and confirming the status of correction thereof through auditing and self-diagnosis. The Mazda Internal Controls Report is prepared based on the contents of these signoffs. From FY March 2010, for the purpose of early discovery of inadequacies at each department or Group company, a new system of quarterly reporting has been implemented whereby inadequacies found are reported to the Mazda's auditing department on a quarterly basis. For each inadequacy reported, the deadline and responsible person for improvement are determined to facilitate speedy improvement.

d Mazda Internal Controls



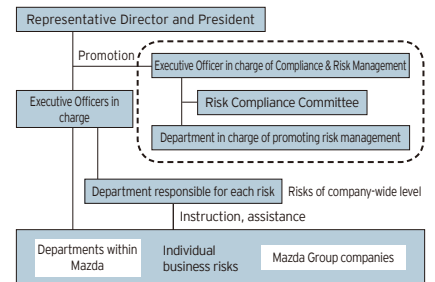
Risk Management

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.

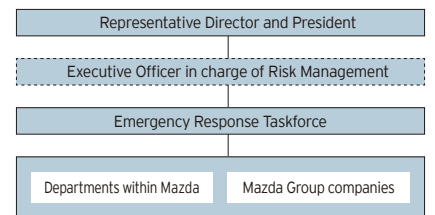
e In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response taskforce when necessary. **f** In FY March 2017, to further clarify risks in the company and its subsidiaries and to strengthen the risk management, the Risk & Compliance Committee ascertained and evaluated the function of risk management and compliance. Based on these results, the committee has established a medium-term action plan for the next three years. The committee also periodically reports its initiatives to the Board of Directors.

Moreover, to prevent suspension of its businesses from causing a serious impact on society, Mazda has been developing measures to be prepared for possible future large-scale earthquakes, such as the expected Nankai Trough earthquake.

e Risk Management Structure in Normal Times



f Emergency Risk Management Structure



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

■ Annual Report 2017
<http://www.mazda.com/en/investors/library/annual/>
 • Business risk (pp.47-49)

Basic Policies of Risk Management

Concept

With the advance of IT and globalization and the growing awareness of environmental issues and compliance with the law, the environment surrounding the company's activities is rapidly changing, and it can be expected to change even further in the future. In order to realize this "Corporate Vision," it is necessary to specifically address these changes in the environment and minimize the potential risks that threaten to interfere with the continuous, safe furtherance of our business activities. The company must also create a system that will allow a rapid recovery when abnormal or emergency circumstances occur and gain the strong trust from our customers, shareholders and the community. The entire Mazda Group shall address risk management and work toward becoming a company that can truly be trusted.

Goals

In the following ways, Mazda shall strive for Enhancement of Corporate Value and Harmony with the Community thereby realizing the company's "Corporate Vision."

1. Ensure the health and safety of all those who make up the Mazda Group as well as local citizens
2. Maintain and increase the trust from the community
3. Make appropriate use of the tangible and intangible corporate assets of the Mazda Group
4. Secure interests of the stakeholders, earn their trust and meet their expectations
5. Support the functions of the organization and seek a rapid restoration of business activities at the time of abnormal circumstances or emergencies

Action Plan

All corporate officers and all employees shall have responsibility for carrying out risk management based on the awareness that risk exists in every facet of business activities. Risk management shall be addressed from all angles at every stage of operations.

Methods

Risk management activities shall be divided into two types:

1. Continuous efforts to prevent and mitigate potential risks existing in everyday duties and the promotion of the proactive use of these activities (risk management)
2. Minimization of damage resulting from crisis and rapid recovery (crisis management)

Scope of Application

1. Shall include the control of all types of business risk.
2. Shall apply to the entire Mazda Group including subsidiaries and related companies.

Response to Accidents and Other Emergencies

Mazda has been systematically undertaking preparatory measures for major earthquakes since FY March 2004. Examples of such “hardware” and “software” measures include quake-proofing buildings and facilities, and raising embankments, as well as maintaining emergency-contact networks, organizing self-disaster-defense teams, developing response manuals, selecting tsunami evacuation areas, and carrying out evacuation drills. Moreover, disaster drills are held annually both jointly with the fire authorities and solely by Mazda’s self-disaster-defense teams to confirm initial response to an emergency, based on lessons learned from the Great East Japan Earthquake and the earthquakes that occurred in Kumamoto and Tottori Prefectures.

In FY March 2017, Mazda deployed disaster-prevention equipment and facilities, including rescue tools and emergency toilets systems, across the Company to strengthen its preparation for large disasters. Also, starting in FY March 2018, Mazda is scheduled to introduce a system to automatically confirm employees’ safety in the event of a large-scale disaster.

Steady efforts to enhance both the “hardware” and “software” aspects of emergency readiness will continue in preparation for the expected Nankai Trough Earthquake or other large earthquakes and tsunami associated therewith. Mazda also supports local communities’ disaster prevention activities through the dispatching of fire engines and other means.

Information Security

Personal information and other important information are appropriately managed and protected based on the established information management policies and internal regulations, so as to ensure information security.

To raise employees’ awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security. When newly joining the Company, management of confidential information is covered in the introduction program, while e-learning is used for personal information protection and IT security training. Other continuous education efforts are also available, including an Intranet site dedicated to information and knowledge on information security.

For companies in the Mazda Group, Mazda provides guidelines and educational tools regarding information security, realizing a group-wide effort to ensure information security.

IT Security Management Rules

The IT security policy based on the BS 7799*¹ framework has been established as IT security management rules, under which the mechanisms for security control and monitoring that should be incorporated into IT systems are determined. Whether such mechanisms are properly installed and operated is confirmed on both a regular and random basis.

9 Number of participants in drills at Mazda Head Office

Drill for disaster response, firefighting and first aid (using AED) in preparation for an earthquake, tidal wave, etc.

	FY March 2015	FY March 2016	FY March 2017
Participants	18,700	19,100	19,021

*1 Standards on information security management established by the British Standards Institution (BSI), on which ISO/IEC27001 & 27002, the current international standards for information security management, are based.

Protection of Personal Information

Mazda rigorously protects personal information in line with its own Personal Information Protection Policy.

Handling rules are set out in order to ensure appropriate management of personal information, regular examination of management records for retained personal data is taken, and management statuses are checked once a year. In cases in which the handling of personal information is entrusted to outside parties, such contractors are carefully selected based on a checklist which determined the necessary items including security management. The Mazda Call Center responds to customers who wish to inquire about the Company's handling of personal information and those who request disclosure regarding privacy issues.

Mazda and its Group companies appropriately comply with the revised Act on the Protection of Personal Information that came into effect in 2017.

Personal Information Protection Policy

The Company endeavors to adequately protect the personal information of its customers, business partners, employees and other parties in accordance with laws and regulations on the protection of personal information and the basic guidelines described below.

1. Mazda shall establish Regulations for the Protection of Personal Information, to be adhered to by all parties that handle personal information.
2. Mazda shall put in place a presiding supervisor for the management of personal information, and provide corresponding educational activities for its employees (directors, employees, part-time workers, temporary agency workers, etc.) and other related persons.
3. Mazda shall acquire personal information through appropriate means. When collecting personal information, Mazda shall either inform that person of the purposes of use and its contact address, or announce such information by a well-recognized method or methods (such as through a website).
4. At Mazda, personal information shall only be utilized by those who have been authorized to manage such data, to the extent disclosed to the parties concerned or publicly announced, and within the scope necessary.
5. Mazda shall take all necessary measures required by law, including obtaining consent from the relevant party, for the provision of such personal information to a third party.
6. If Mazda assigns a third party to any business relating to personal information, the Company shall make an appropriate selection of the assignee for such business, and take all necessary measures required by law, such as conducting necessary and adequate supervision.
7. If Mazda receives any claim for disclosure, correction, suspension, or elimination of all or any part of the personal information retained by the Company, Mazda shall react appropriately in accordance with laws after the Company confirms that said claim was made by the relevant party.
8. Mazda shall ensure reasonable security measures, and continuously improve such measures to prevent illegal access, loss, destruction, falsification, and/or leakage of personal information.

Basic Policy on Intellectual Property

Mazda's overall vision for intellectual property is to use intellectual property as a management resource in support of its business management and enterprise activities, based on respect for its own and others' intellectual property. Based on this vision, Mazda has established an Intellectual Property Committee to discuss and decide key items regarding intellectual property. The committee is comprised of division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues. Also, the invention incentive system increases motivation for inventions among employees working at the forefront of research and development. **h**

For its Group companies in Japan and overseas, Mazda supports them in developing/ implementing policies and establishing systems for handling intellectual property, with the aim of enhancing the intellectual property management functions of the entire Mazda Group.

h

Invention and device awards

Once a year on Mazda's foundation day, certificates of commendation, commemorative medals, prize money, etc. are presented to the selected recipients through the manager of their department. No limit is set for the amount of prize money, so that inventors are fully rewarded for their contribution.

Protection of Intellectual Property and Intellectual Property Risk Management

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

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

To avoid patent litigation driven by patent trolls*¹, which has been increasing mainly in the United States, Mazda joined the License on Transfer Network*² in March 2015.

Awareness-Raising Activities

The Mazda Corporate Ethics Code of Conduct (see p.118) stipulates "Protect confidential information. Never infringe on any intellectual property rights, whether belonging to Mazda or another party," so as to clearly convey a relevant code of conduct to all employees and guide their behavior. The Intellectual Property Department is responsible for the overall management of intellectual property, and also regularly conducts awareness-raising activities to instill respect for intellectual property law. Based on periodic review of risks according to changes in the external environment, the Department offers awareness-raising programs tailored to the management level and position of each employee and executive in Mazda and each Mazda Group company at home and overseas, and to the type of intellectual property in question.

In FY March 2017, to prevent intellectual property-related problems, intellectual education was provided with particular focus on problems of copyright that can arise from the use of the Internet and potential violation of the Unfair Competition Prevention Act, thereby promoting information-sharing and awareness-raising.

Examples of awareness-raising activities

- Preparing manuals for creating and publishing materials
- Developing Mazda-Shared Image-Collection, which collects communication materials that involve no risks of intellectual property infringements

Brand Protection (Measures against Imitation Products)

To protect the customers, the Intellectual Property Department makes a sustained effort in collaboration with related departments to eliminate the risk posed to customers by the purchase of imitation products. This effort is aimed at supporting and improving the strength of the Mazda brand and its trustworthiness, as a brand that continues to be relied on by customers.

- 1.Mazda develops and implements its own measures against the sale of imitation products.
- 2.Mazda actively participates in programs organized by the private and public sectors against imitations.
- 3.Mazda appoints permanent staff from among the members most knowledgeable in intellectual property issues to liaise with countries and regions that are major sources of imitation products. Working with government and other agencies tasked with exposing imitation products, these staff members work to devise measures to stem the flow of such products.

*1 A patent troll is an organization or group that is not engaged in technology development itself but acquires patents for technologies developed by others, for the purpose of demanding unreasonably high patent royalties or settlement money from third parties that use the relevant technologies.

*2 A patent association established in July 2014 by Canon Inc., Google Inc. and some other companies. If a member company sells a patent it owns to an external organization, group, or individual, the license for the patent will be automatically granted to other member companies. (If a patent troll obtains a patent of a member company, Mazda cannot be charged a patent royalty by the patent troll.)



EMPLOYEE'S VOICE

Developing Cars Existing Sustainably with the Earth and Society through Collaboration between the Research & Development and Intellectual Property Divisions

We are in charge of the development of low-compression clean diesel engines and the acquisition of patents. When we applied for the patent for SKYACTIV-D, which was released in 2012, the research & development (R&D) and intellectual property divisions worked together to prepare documents that would allow patent examiners to visualize the images of the elaborately optimized piston shape, so that we could explain to them in an easy-to-understand manner where Mazda's unique technology lies.

In FY March 2017, this patented engine received the Imperial Invention Prize, which is awarded to inventions that have made a significant contribution to the promotion of Japanese technology and the development of the country's industrial economy. The R&D and intellectual property divisions will continue to collaborate in developing of cars existing sustainably with the earth and society.

Toru Niitani (Right)

Intellectual Property Department, R&D Technical Administration Division

Daisuke Shimo (Center) and Sangkyu Kim (Left)

Engine Performance Development Department, Powertrain Development Division

Compliance

At Mazda the concept of compliance applies not only to laws and regulations, but also includes adherence to other rules such as internal guidelines and societal norms and expectations. Business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practice. This also applies overseas; Mazda not only complies with international regulations and the laws of each country and region, but also respects local history, culture, and customs. The Mazda Corporate Ethics Code of Conduct is revised as needed to cope with changes in the social environment, social needs, etc. The Global Employee Engagement Survey, which includes a questionnaire concerning compliance, is conducted to check the employees' degree of understanding of compliance.

Outline of the Mazda Corporate Ethics Code of Conduct

Five principles of "faithful" behavior

1. To comply with laws and regulations, company rules, common sense and sound practice in international society.
2. To be fair and even-handed.
3. To fulfill the company's social responsibilities.
4. To fulfill your own duties truthfully.
5. To be honest.

Guidelines

1. Comply with laws and regulations and the company rules. In a situation where such rules are not clearly defined, make a judgment considering their spirit.
2. Treat employees, customers and clients fairly and justly. Do not obtain from or give anybody an unjust benefit and/or favor taking advantage of your business position.
3. Make distinctions between public and private affairs, and never pocket or abuse the company assets.
4. Keep confidential information. Never infringe on any intellectual property rights, whether it belongs to Mazda or another party.
5. Seek to develop, manufacture and sell products taking human safety and the environment into consideration.
6. Act with a view to seeking sound profit.
7. Respect human rights and human dignity.
8. State the truth honestly and timely in reporting internally and/or to the public.

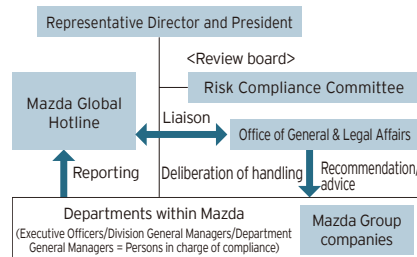
Mazda Global Hotline

In 1999, Mazda established the Ethics Advisory Office to handle employee inquiries about compliance and conduct investigations on ethical matters. In September 2007, the office was renamed the Mazda Global Hotline and the scope was expanded to include domestic and overseas Mazda Group companies and contact points were established both inside the Company and outside (attorney's office). To ensure that all employees are aware of this hotline, Mazda has distributed the Compliance Card with the contact information to all employees at Mazda Motor Corporation, and ensures awareness of this hotline at every opportunity through compliance education. Mazda has also introduced the hotline to Mazda Group companies in Japan and overseas via each company's Intranet. This hotline is also introduced to suppliers so that they can report the questions arose from any transaction.

The Mazda Corporate Ethics Code of Conduct states that "Persons who report incidences of violation of the law and persons who cooperate in investigations of alleged violations shall not be subjected to retribution or disadvantageous treatment." In addition, Mazda has set up several contact points to provide various consultations for employees.

These contact points aid in the early detection and appropriate handling of important compliance-related information. The critical cases are reported to the management.

i Compliance Promotion System



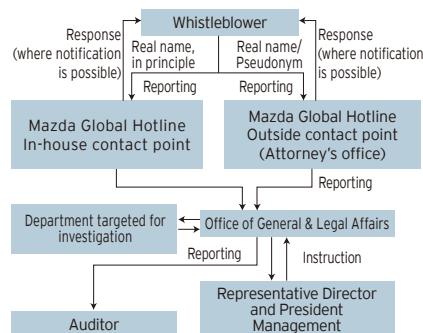
Global Employee Engagement Survey Percentage of positive responses (Consolidated)

	FY March 2015	FY March 2016	FY March 2017
Legal and company policy compliance is strictly observed in this company.	73%	73%	75%
This company deals properly with violations of compliance.	70%	71%	73%

Overview of Compliance Activities

- 1997 Ethics Committee established under the direct supervision of the president
- 1998 Mazda Corporate Ethics Code of Conduct established. Guidelines on Entertainment and Gifts established
- 1999 Ethics Advisory Office established
- 2002 Compliance Seminar held for executives and middle managers (once a year in principle)
- 2005 A mandatory e-learning course held for all indirect employees Ethics Questionnaire conducted targeting executives and employees A wallet-size "Compliance Card" is distributed to every employees in the Mazda Group.
- 2007 The Mazda Global Hotline established
- 2008 Distribution of "Learning from Other Companies" and "Compliance Communications" started on the Company Intranet The Ethics Committee reorganized to Risk Compliance Committee
- 2013 Compliance Card revised and disseminated through the Mazda Global Hotline
- 2017 Distribution of "Let's Learn Together about Compliance!" started on the Company Intranet

j Mazda Global Hotline Outside contact point



k Various Contact Points



Compliance Education

Mazda believes that mere adherence to laws and regulations is not enough; it is important to have each and every employee understand the essence of such laws and regulations and to practice integrity. Various compliance education activities are organized in line with the changes in the social environment and social needs. In FY March 2017, around 1,150 employees took part in these activities. The content of voluntary learning opportunities using e-learning is also being enhanced. Moreover, the Company also uses its Intranet to raise employee awareness of compliance issues. For example, Mazda distributes a case study series entitled "Learning from Other Companies," which highlights problems and best practices at other companies in terms of compliance and risk management. Another Intranet-based study tool is a monthly series entitled "Compliance Communications," which draws on familiar situations to prompt better understanding of compliance. Every month around 4,000 employees read these materials. In February 2017, the Company renewed its "Compliance Communications" and started "Let's Learn Together about Compliance!" on the Company Intranet, presenting case studies on themes closely related to daily operations in a conversational form. |

This information is also shared with Mazda Group companies, who apply it in their own compliance education activities. There are also department-specific compliance efforts, such as the arrangement of regular meetings using the Compliance Communications. Continued initiatives targeting executives and middle managers are also taking place to reemphasize the importance of compliance through compliance seminars and timely provision of information.

Enhancing Global Tax Compliance

The Mazda Group handles tax affairs with integrity, in keeping with the Mazda Corporate Ethics Code of Conduct and other relevant rules and regulations.

It is an important duty as a good cooperate citizen to pay taxes in an appropriate and timely manner, in accordance with followings: international rules, each country's laws and regulations, and the Company's Finance Control Guidelines. With this in mind, Mazda contributes to social development in each country, by voluntarily fulfilling its tax obligations.

The Mazda Group understands the purport of the Base Erosion and Profit Shifting (BEPS) projects, which are promoted by the OECD and the G20 countries. The Group will not engage in tax-evasion behaviors through the abuse of tax havens, but will sincerely cooperate in implementing information disclosure in response to requests from the tax authorities of each country, to ensure tax transparency. Particularly in its global business operations, Mazda is well aware of the importance of transfer pricing taxation as a means of determining proper profit-sharing among Group companies in the respective countries. By promoting active dialogue with tax authorities through effective use of Advance Pricing Arrangement, the Mazda Group is committed to transparent and fair transfer pricing.

The Group will continue to establish trusted relationships with the tax authorities in each country and enhance tax compliance from a global standpoint, while taking into account changes in the social environment and needs regarding tax affairs.

| Themes of "Compliance Communications," "Learning from Other Companies' Case Examples," "Let's Learn Together about Compliance!" and "e-Learning" (Example)

- Agreement
- Insider Stock Trading
- Act on Subcontracting
- Act against Unjustifiable Premiums and Misleading Representations
- Anti-Monopoly Act
- Security Export Control
- Non-Disclosure Agreement
- Copyright
- Personal Information
- Security Control
- Ordinances on Exclusion of Violence Group
- Unfair Competition Prevention Act
(including bribery of national civil servants)
- Outsourcing Agreement
- And others

Supporting Enhancement of Compliance at Dealerships in Japan

To support transparent management throughout all Mazda Group companies, Mazda systematically promotes the strengthening of compliance among its dealers in Japan based on the principle as compliance being the base for building the brand.

Specific initiatives:

1. CSR Committee meetings are convened in conjunction with the Mazda Dealership Association in order to discuss basic policies and measures related to compliance and internal controls, and request the promotion of compliance to all Mazda dealerships at every opportunity such as during the conferences for dealership representatives.
2. Know-how sharing including examples of practical and effective activities is promoted. The Internal Controls Conference with persons in charge from dealerships has been held twice a year since FY March 2012. The conference was reorganized in FY March 2016 as Internal Controls Head Conference with additional participation of responsible persons to strengthen the promotion of compliance.
3. Questions encompassing risks concerning standard business process and laws particular to dealerships in Japan as well as internal control were added to the Self-Diagnosis Checklist on Internal Controls, which is deployed throughout the Mazda Group. It supports the promotion of dealership management in compliance with related laws and improvement of work efficiency.
Starting in FY March 2017, the Self-Diagnosis Checklist began to reflect examples of dealerships' activities. It is to promptly share best practices with related parties and to promote more practical self-diagnosis.
4. Education tools, such as one-point lessons on compliance about near-at-hand case studies and specialized e-learning programs, are introduced on the compliance site on the Intranet used by all dealerships in order to promote understanding of compliance and internal controls among dealership employees.
5. For immediate reporting of problems related to compliance, internal controls, and other issues, an in-house consultation contact point has been set up at each dealership, and the effective use of Mazda Global Hotline reporting system has been reminded.

IMPLEMENTING CSR IN THE SUPPLY CHAIN

Working with Mazda's Suppliers

Mazda carries out a wide variety of activities in order to achieve mutual growth and prosperity with suppliers and dealerships, both in Japan and overseas. In line with its basic purchasing policy, Mazda is taking its efforts to build open business relationships and ensure fair and even-handed dealings with its suppliers both in Japan and overseas. In addition, Mazda is committed to promoting CSR initiatives and enhancing BCP aimed at building a sustainable society in full partnership with its suppliers. The Company bases its assessments of business dealings with its suppliers on a comprehensive evaluation that covers not only quality, technical strengths, pricing, delivery time and management approach, but also the corporate compliance structure and initiatives for environmental protection.

Measures Based on the Basic Purchasing Policy

- Mazda extends opportunities to businesses throughout the world, regardless of nationality, scale or history of transactions with the Company.
- Upon receiving a request to start business with Mazda, Mazda assesses the company in question in a fair and even-handed manner according to its in-house criteria for evaluation of suppliers, and determines the feasibility of a business partnership.
- Mazda requests that suppliers comply with Mazda Supplier CSR Guidelines and Mazda Green Purchasing Guidelines (see p. 61).

<Examples of Specific Measures>

- After holding briefing sessions for employees and suppliers based on the "Guidelines for Appropriate Transactions in the Automobile Industry" formulated by the Ministry of Economy, Trade and Industry (2008), continuous communication is held with related parties inside and outside the Company on every subsequent revision of the Guidelines.
- Clarification of the behavioral guidelines for appropriate transactions by formulating the "Promotion Manual for Appropriate Purchasing" (2008)
- Posted relative materials to exclusive access site for suppliers in order to continue supplier education (August 2011 -).
- Briefing sessions were held primarily for local suppliers to explain Mazda's future activities/action plan in line with the Voluntary Action Plan to Promote Appropriate Transactions and to Improve Productivity and Added Value prepared by the Japan Automobile Manufacturers Association (March 2017). In July 2017, briefing sessions were held to explain the specific activities/action plan to employees in purchasing division. In August and September, the sessions were subsequently held for employees in related divisions and consolidated subsidiaries.
- In the Mazda Supplier CSR Guidelines, the Company provided its clear policy toward its non-use of conflict materials*¹ and other raw materials that are the cause of serious social issues, and requested suppliers to comply with it.

Mazda Supplier CSR Guidelines

To promote CSR activities among Mazda suppliers, in July 2010 Mazda created the Mazda Supplier CSR Guidelines with reference to the CSR Guidelines of the Japan Automobile Manufacturers Association. In addition to requesting total compliance with the laws and regulations of all countries and regions, the Guidelines outline six areas such as respect for people including the prohibition of child labor and forced labor, environmental protection and information disclosure, and request that all Mazda suppliers comply with the guidelines in these areas.

The Mazda Green Purchasing Guidelines, which indicate the details of the environmental protection area, are separately created, and Mazda requests that suppliers comply with these guidelines.

Basic Purchasing Policy

Mazda will, in the fullest sense of coexistence and mutual prosperity, engage in research and production for improved competitiveness. The Company will build open and fair business relationships to ensure sustainable growth and raise its level of contributions for social and economic development. (1994)

Number of Suppliers (As of March 31, 2017)

Automotive parts	527
Materials, etc.	152
Equipment and tools	392
Total	1,071

Purchasing Cooperative Organizations* (As of March 31, 2017)

Parts suppliers	Yokokai	171
Materials suppliers (Raw materials, equipment, molds, etc.)	Yoshinkai	80

* An autonomous management organization, comprising suppliers that have a certain degree of transaction with Mazda, with the purpose of strengthening relationships between Mazda and its suppliers as well as promoting mutual growth and prosperity.

a Mazda Supplier CSR Guidelines

Japanese
http://www.mazda.com/globalassets/ja/assets/csr/csr_vision/distributor/supplier_csr_guideline_j.pdf

English
http://www.mazda.com/globalassets/en/assets/csr/csr_vision/distributor/supplier_csr_guideline_e.pdf

b Mazda Green Purchasing Guidelines

Japanese
http://www.mazda.com/globalassets/ja/assets/csr/csr_vision/distributor/greenpurchasing_guideline_j.pdf

English
http://www.mazda.com/globalassets/en/assets/csr/csr_vision/distributor/greenpurchasing_guideline_e.pdf

*1 Conflict minerals: Minerals and their derivative metals designated by Financial Regulatory Reform Article 1502 that are sourced from and used as financial sources for armed groups in conflict-affected regions in the Democratic Republic of Congo or adjoining countries (Regulated minerals: tantalum, tin, tungsten, gold). Under this act, listed US companies are obliged to report that no conflict materials are used in their products.

Activities to Address Problems regarding Conflict Minerals

Mazda considers that among crucial social problems in the supply chain are human rights violations and illegal extraction in disputed regions and issues regarding conflict minerals*1, which may be used as financial sources by armed groups. To ensure that conflict minerals and other materials that may cause social problems are not used, the Mazda Supplier CSR Guidelines clearly state Mazda's policy, and the Company requires all suppliers to comply with it. In FY March 2017, Mazda conducted a survey on conflict minerals, targeting about 300 suppliers of the parts and materials of vehicles to be supplied to companies to which Mazda vehicles are delivered, in response to the request.

Questionnaire Survey for Suppliers

Mazda has conducted questionnaire surveys of its suppliers since FY March 2014, aiming to understand and evaluate the status of their CSR implementation. The survey results confirm that these suppliers have appropriately implemented CSR initiatives and established their own CSR promotion systems. In FY March 2017, the Company analyzed the results of the surveys conducted over the past three years, and reviewed and revised the questionnaire items and methods, taking into account the changes in society's interest in CSR.

The Supplier Evaluation System

When starting business with a new supplier, related departments coordinate together to confirm the supplier's quality control system, research & development system, technological capabilities, financial conditions, and CSR initiatives, in order to evaluate whether or not the supplier is compliant with the procurement/selection policies of the Mazda Group.

For each long-term supplier, Mazda conducts not only an evaluation based on the quality, cost and delivery time of the procured goods or services, but also a comprehensive evaluation of the entire business including the quality control system, research & development system, technological capabilities, and the status of its CSR initiatives. For the supplier quality control system, Mazda employs a system that enables continuous grasping of issues, evaluation of the situation, and provision of guidance for improvement by receiving daily reports on product quality as well as voluntary audit results, and when a supplier is in need of quality improvement, conducts quality auditing that involves on-site confirmation of actual products at both domestic and overseas sites.

Also, Mazda comprehensively evaluates its suppliers every year (274 suppliers in 2016) from the perspectives of quality, pricing, delivery time, etc., in order to build more positive business relationships with them, and passes the results of these evaluations back to the suppliers.

Outstanding suppliers are recognized with awards. The Company has also introduced CSR-based evaluation, giving special awards to suppliers that have made outstanding proposals on weight trimming, which greatly affects environmental performance such as fuel efficiency.

Handling of Business Continuity (BCP) in the Supply Chain

Mazda is presently upgrading and expanding its business continuity plan (BCP) to prepare for risks and avoid long-term suspension of business that would extensively impact society.

For procedures when suppliers are affected by disasters, the Company has compiled the Risk Management Procedures for Affected Suppliers. Assuming a large-scale disaster, risks for each supplier were identified in terms of substitutability, location, and business continuity. By sharing the identified risks, measures against them will be developed. To enable early recovery while placing the highest priority on human life, the Company has introduced the "SCRkeeper,"*2 a supply chain risk management system, with the aim of enhancing its initial response and risk management. In FY March 2017, Mazda started operation of the system following the completion of the registration of data on suppliers in Japan, and worked with suppliers to establish alternative means for the production and procurement of high-risk parts and materials in preparation for the expected Nankai Trough Earthquake. The Company will continue to enhance its BCP in cooperation with its suppliers.

C

Evaluation items when starting business with a new supplier

Quality management system, research & development system, technological capacity, production and delivery capacity, financial conditions, CSR initiatives, etc.

Evaluation items for long-term suppliers

Quality management system, research & development system, technological capacity, production and delivery capacity, financial conditions; quality, pricing, delivery time of goods or services procured, and other items in the Supplier CSR Guidelines (see p.121)

*1 Conflict minerals: Minerals and their derivative metals designated by Financial Regulatory Reform Article 1502 that are sourced from and used as financial sources for armed groups in conflict-affected regions in the Democratic Republic of Congo or adjoining countries (Regulated minerals: tantalum, tin, tungsten, gold). Under this act, listed US companies are obliged to report that no conflict materials are used in their products.

*2 Supply Chain Resiliency system
This is a system combining map data with the earthquakes information by the Meteorological Agency, with which the seismic intensity of the registered production sites can be found quickly in the event of an earthquake.

Communicating with Suppliers

To enable coexistence mutual growth and prosperity for all parties, along with the overarching goal of building high-quality vehicles, Mazda Group, seeing all the suppliers as its important business partners, takes steps to promptly brief suppliers on medium to long-term business strategies and on matters related to sales and production, and arranges opportunities for the exchange of information on a regular basis.

The Company also maintains close liaisons with supplier-managed purchasing cooperative organizations*¹. (see p. 121)

For example, staffs from member companies visit each other's offices in order to exchange examples of successful approaches and practices through subcommittee activities. In FY March 2017, 128 companies conducted a total of 90 activities.

d Lecture at Supplier Communication Meeting "Mazda's CSR initiatives" (September 2016)



Major Channels of Communication with Supplier

Target participants		Frequency	Aims/content
Roundtable Conference with Supplier Management	Executive-level management at major suppliers	Once a year	<ul style="list-style-type: none"> Mazda's president and CEO explains Mazda's current status, the problems the Company faces and its policies, after which the general manager of the Purchasing Division explains Mazda's purchasing policies in order to heighten participants' understanding of Mazda and gain their cooperation. This conference also deepens friendly ties between Mazda and its suppliers.
Supplier Meeting	Representatives of frontline business divisions and departments at major suppliers	Once a year	<ul style="list-style-type: none"> Mazda's specific purchasing policies are explained to representatives of frontline business divisions at suppliers, based on the explanation given at the roundtable conference by the general manager of the Purchasing Division. This helps to promote a better understanding of Mazda and provides useful input for the work that suppliers do.
Supplier Communication Meeting	Representatives of frontline business divisions and departments at major suppliers	Once a month	<ul style="list-style-type: none"> To facilitate smoother collaboration with its suppliers, Mazda provides them with information such as topics concerning daily operations between Mazda and its suppliers (including CSR), production/sales status, quality status of purchased materials, pilot construction schedules for newly developed models, and mass-production implementation schedules for new models.
Other	—	As needed	<ul style="list-style-type: none"> Mazda also employs a range of other communication channels, by using the in-house "Mazda Technical Review", highlighting new technologies and research.

Other Measures for Supplier Support

1. Change to the Milk-Run system: Mazda has shifted from the conventional system, with delivery of parts by each supplier, to the Milk-Run system (MRS) (see p. 75), in which Mazda trucks stop at multiple suppliers to collect parts.
This system reduces workload in logistical operations and contributes to reduced environmental impact.
2. Mazda provides advice on joint subscription systems for product liability insurance, which reduces manufacturers' liability risks for parts.
3. Mazda provides information on third-party exhibitions and conventions to showcase the latest technologies and manufacturing methods.
4. Mazda ensures the proper return of logistic pallets/containers at suppliers, based on collaboration between the purchasing and logistics related departments.

In-House Education to Ensure Fair Transactions

The following educational initiatives are conducted for those engaging in procurement operations in order to realize fair and equal transactions.

- Administering comprehension tests on fair transactions (including Subcontractors Act)
- Education on financial control
- Posting of guides and process rules regarding appropriate transactions and compliance on the Purchasing Division website on the Intranet
- Participation in the fair trade promotion seminar hosted by the Small and Medium Enterprise Agency

*¹ Yokokai member companies: 170 parts suppliers, Yoshinkai member companies: 81 material suppliers
The procurement amount from member companies of Yokokai and Yoshinkai accounts for about 90% of the whole.

WITH SHAREHOLDERS AND INVESTORS

Dialogue with Shareholders and Investors

For continued growth and enhancement of corporate value over the medium and long terms, Mazda engages in a variety of investor relations initiatives in keeping with its policy of timely and appropriate disclosure of information and with constructive dialogue. In addition to general shareholders' meetings, the Company holds frequent meetings with its shareholders and investors, providing quarterly announcements to explain its business results and other activities. The Company is working to increase opportunities for dialogue in such ways as holding business briefings for institutional investors, individual investors, and domestic and overseas securities analysts.

Mazda's official website provides information such as the schedule for general shareholders' meetings and financial results announcements, performance/financial data, notices of the general meetings of shareholders (business reports), shareholders reports (Japanese only), summary of financial results, briefing materials for the financial results, Securities Report (Japanese only), annual report, Cooperate Governance Report. Mazda strives for highly transparent and fair disclosure.

Mazda is planning to voluntarily apply International Financial Reporting Standards (IFRS), in order to enhance the international comparability of its financial information, quality of Group management and corporate governance. Mazda will consider its concrete timing of IFRS application, observing the trend of the adoption among Japanese companies as well as the domestic and overseas economic situations.

Management Conditions and Dividends for FY March 2017

With regard to the business environment surrounding the Mazda Group for the fiscal year ended March 31, 2017, because the global economy, primarily led by developed nations, continued to recover, and there was moderate improvement overall. However, the outlook remains uncertain due to exchange rate fluctuation and the economic conditions in each country. Amid these circumstances, under its Structural Reform Stage 2, a medium-term business plan launched in FY March 2017, the Mazda Group has worked to offer appealing products that provide both driving pleasure and outstanding environmental and safety performance, to achieve qualitative growth in all areas of the business and to further enhance its brand value.

In terms of products, Mazda's lineup was expanded with the addition of the CX-9, the CX-4 and the Roadster RF/MX-5 RF. In February 2017, the Company launched the fully redesigned Mazda CX-5 in Japan, followed by its gradual introduction into overseas markets. The new CX-5 features G-Vectoring Control, a part of Mazda's new range of vehicle motion control technologies, which give drivers the feeling of unprecedented command over the vehicle, offering a new dimension of driving pleasure in various realms.

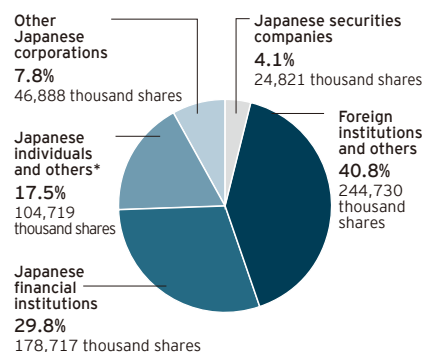
In the production area, to meet globally increasing demand for crossover models, the Company started production of the CX-3 in December 2016 at the Hofu Plant, which is also due to begin to produce the new CX-5 in November 2017.

As for financial performance in FY March 2017, along with the full-year contribution from sales of the CX-3 and the CX-9 in global markets, sales of crossover models, including the CX-4 which was launched in China, grew. As a result, global sales volume was up 1.6% year on year at 1,559,000 units, setting a new sales record. Net sales were 3,214.4 billion yen, down 192.2 billion yen year on year, owing to the strong yen. Operating income amounted to 125.7 billion yen, down 101.1 billion yen over the previous fiscal year. Net income attributable to owners of the parent company declined by 40.6 billion yen to 93.8 billion yen.

The Company's policy on determining its dividend takes into account the results for the fiscal year, the operating environment, and its financial position. Mazda is striving to maintain a stable dividend with a steady increase. The Company paid a dividend of 35 yen per share (comprising an interim dividend of 15 yen and a year-end dividend of 20 yen) for FY March 2017.

a Breakdown of Shareholders by Type

(as of March 31, 2017)



* Treasury stock is included in Japanese individuals and others

b Management Conditions

(consolidated /billion yen)

	FY March 2015	FY March 2016	FY March 2017
Net sales	3,033.9	3,406.6	3,214.4
Operating income	202.9	226.8	125.7
Net income attributable to owners of the parent company	158.8	134.4	93.8
Capital investment	131.0	89.2	94.4
R & D costs	108.4	116.6	126.9
Total assets	2,473.3	2,548.4	2,524.6
Equity	869.6	954.0	1,039.4

(Consolidated; thousand units)

	FY March 2015	FY March 2016	FY March 2017
Total	1,397	1,534	1,559
Japan	225	232	203
North America	425	438	429
Europe	229	257	262
China	215	235	292
Others	303	372	373

Investor Relations
<http://www.mazda.com/en/investors/>

Financial Results / Presentation Documents
<http://www.mazda.com/en/investors/library/presentation/>

Business Report
http://www.mazda.com/globalassets/en/assets/investors/stockinfo/meeting/files/151shoshu_e.pdf

Security Report (Japanese Only)
http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f_repo170629.pdf

Progress in Key Initiatives of the Structural Reform Stage 2

Product and R&D

【Expand the line-up of SKYACTIV products】

- Globally roll out the new CX-5, featuring a refined design and technologies that offer a new dimension of driving pleasure in every element. Launch clean diesel engine-equipped models in North America in the latter half of 2017
- Add a gasoline engine model to the CX-3 lineup (in Japan)
- Make i-ACTIVSENSE advanced safety technologies standard equipment, and continuously evolving them (in Japan)
- Increase the number of models equipped with SKYACTIV G 2.5T—a 2.5-liter direct-injection turbocharged gasoline engine
- Launch the new Mazda CX-8, a three-row crossover SUV in Japan

Global sales and network reinforcement

- Sustain annual sales growth of 50 thousand units by launching new and updated products
- Promote sales of products at the right price by appealing their value, in order to improve the transaction price and residual value, thereby enhancing trade cycle management
- Reform the sales network to enhance the brand value

Global production and cost improvement

- Make the Company's production system for crossover vehicles more flexible
- Improve production flexibility at overseas plants on a medium and long term basis, and establish a global swing production system between production sites in Japan and overseas
- Start investment in production facilities for models featuring Mazda's next-generation technologies from FY March 2018
- Promote the development of next-generation technologies for further cost improvement, such as the manufacture of parts that serve multiple functions to reduce the total number of vehicle parts

Financial structure reinforcement and shareholder return

- Enhance the Company's earning capacity and ability to generate cash flow through steady volume growth and brand value improvement
- Improve the Company's balance sheet, especially its equity ratio and net interest-bearing debt
- Accelerate investment for future growth, such as R&D and capital expenditure, while strengthening the Company's financial foundation
- Continue to pay stable dividends and steadily improving the dividend payout ratio, to realize sustainable growth

FY March 2019 Financial Targets

Global sales volume	Operating income ratio	Equity ratio	Dividend payout ratio
1.65 million units	5% or more (Exchange Rates: US Dollar 108 yen / Euro 118 yen)	45% or more	20% or more

Although steady progress has been made on the key initiatives of Structural Reform Stage 2, the operating income ratio has been changed to 5% or more, in light of changes in the Mazda Group's business environment, including foreign exchange rate assumptions, raw material market conditions, and declining demand in the U.S. passenger car market.

New CX-5



Newly designed sales outlet in the United States



First CX-3 vehicle produced at the Hofu Plant



INNOVATION

Through all processes of the value chain, Mazda pursues innovation that leads to the resolution of social challenges. To achieve maximum effects in implementing innovation initiatives, such as next-generation product technology development and production technology development for *Monotsukuri* Innovation, Mazda has been enhancing collaboration with business partners, universities/research institutions, and administrative organs.

Mazda-unique Innovation

With the aim of developing innovative vehicles that exceed the expectations of its stakeholders, Mazda has promoted company-wide efforts to review the vehicle-manufacturing processes from scratch. In FY March 2017, these efforts were highly appreciated both inside and outside Japan (see p. 135).

Innovation in Base Technologies “SKYACTIV TECHNOLOGY”

In March 2007, Mazda announced its long-term vision for technology development “Sustainable Zoom-Zoom”. The basic policy of this vision is to “provide all customers who purchase Mazda vehicles with driving pleasure as well as outstanding environmental and safety performance.” In August 2017, a decade after the original and in light of the rapid changes taking place in the automotive industry, Mazda announced “Sustainable Zoom-Zoom 2030.” This new vision for technology development takes a longer-term perspective and sets out how Mazda will use driving pleasure, the fundamental appeal of the automobile, to help solve issues facing people, the earth and society(see p.4-6). To achieve this vision, Mazda engages in research and development with the aim of creating the most functional products with the maximum efficiency. SKYACTIV TECHNOLOGY*¹, which the Company began introducing in models in 2011, achieved comprehensive improvements in base technologies, such as improving efficiency of powertrain components including the engine and transmission, reducing vehicle body weight, and improving aerodynamics. Set to become the world’s first compression-ignition gasoline engine,*² SKYACTIV-X will be introduced in 2019.

Innovation in Vehicle-Manufacturing Processes through “*Monotsukuri* Innovation”

In line with its efforts to manufacture attractive vehicles that go beyond diversifying customer expectations, Mazda is working to significantly improve its business efficiency by increasing product development/manufacturing efficiency.

Upholding the objective of realizing both “diversity that enhances product competitiveness” and “commonality that improves manufacturing economies of scale” at a high level, Mazda launched “*Monotsukuri* Innovation,” an initiative to review all vehicle-manufacturing processes from scratch, and is promoting it on a global scale.

The integrated planning initiative of the *Monotsukuri* Innovation involves close collaboration among several departments, such as product development, manufacturing, purchasing, logistics and quality, as well as suppliers. They plan together the models to be introduced in the future across the vehicle classes/ranks and segments from a five or ten-year perspective. This initiative has resulted in improved quality, brand strength and profit margins, while enabling flexible response to requirements for manufacturing several models with different production scales and changes in production volume.

Mazda Digital Innovation (MDI)

Mazda has been pushing ahead with the Mazda Digital Innovation (MDI), an initiative aimed at reforming work processes by introducing the latest IT technologies. In MDI Phase 1 (1996-2008), the Company promoted innovations in product development and manufacturing processes by employing CAD/CAM technologies, contributing to the efficient development and production of new-generation models with SKYACTIV TECHNOLOGY. MDI Phase 2 began in April 2016, in response to the advancement of IT technologies and the diversification of customer needs. In this phase, the Company has expanded the target of the initiative from the product development and manufacturing fields to the entire value chain, including the fields of sales, service, purchasing and logistics, and is promoting innovations in these fields to address business challenges in the mid- to long-term.

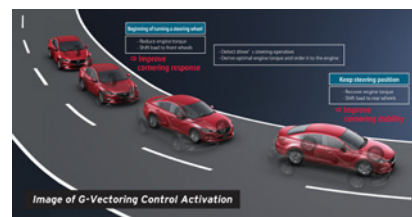
*1 It covers all Mazda’s base technologies such as engine, transmission, chassis, body.

*2 As of August 2017, according to Mazda data

G-Vectoring Control Improves Comfort, Handling, and Stability

Mazda has been pushing ahead with the development of SKYACTIV-VEHICLE DYNAMICS, a series of new-generation vehicle motion control technologies. These technologies provide integrated control of the engine, transmission, chassis and body to enhance the car's Jinba-ittai*¹ driving feel—a sense of connectedness between car and driver that distinguishes Mazda vehicles. The first in the series, G-Vectoring Control (GVC), was released in July 2016. GVC is the world's first control system to vary engine torque in response to steering inputs in order to provide integrated control of lateral and longitudinal acceleration forces and optimize the vertical load on each wheel for smooth and efficient vehicle motion.*² Optimizing the load on each tire brings the movements of the car more in line with the driver's intentions, reducing the need for steering corrections, including many that are made unconsciously. This helps reduce driver fatigue on long drives and makes changes in the acceleration forces acting upon vehicle occupants smoother, reducing torso sway and making for a more comfortable ride. In addition, GVC significantly improves handling and stability on wet, snowy and unpaved roads.

a



a

TOPICS

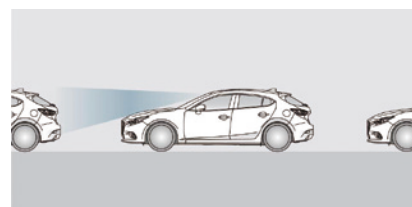
Mazda Won the 10th Kids Design Award*¹

(Design that Contributes to the Safety and Security of Children)

In August 2016, Mazda received the 10th Kids Design Award*¹ (Design that Contributes to the Safety and Security of Children) for its two technologies: G-Vectoring Control (GVC*²) new-generation vehicle motion control technology and Advanced Smart City Brake Support (Advanced SCBS*³) collision avoidance/damage reduction support technology. This was the third consecutive time for Mazda's vehicle technology to receive this award since 2014, when MAZDA TECHNOLOGY FOR KIDS developed from the viewpoint of children won the Prime Minister's Award.



GVC



Advanced SCBS

*¹ The Kids Design Award is a commendation system to select and make widely known excellent products, spaces, and services that help realize three design missions: "security and safety for kids' lives", "the development of sensitivity and creativity in kids", and "secure environment for having and raising kids."

*² GVC: Technology to vary engine torque in response to steering inputs to optimize the vertical load on each of the four wheels of a vehicle, thereby enhancing responsiveness and stability. It enables stable driving with little body sway, and is expected to reduce motion sickness.

*³ Advanced SCBS: An automatic braking system that detects, with a camera installed on the windshield, vehicles or pedestrians in front and automatically applies the brake to help prevent collision or reduce damage of collision. The main purpose is to be prepared for children running out into the street.

*¹ Mazda's unique driving philosophy, literally, "rider and horse, are one." Mazda aims to create oneness between the car and the driver, just as a horse and rider communicate through feeling, thereby realizing the very best driving experience.

*² As of June 2016, according to Mazda data

Design Theme, KODO - Soul of Motion

Mazda sees a car not as an object, but a living entity.










The Company wants to make the relationship between driver and car one based on emotion, like that of rider and horse. Therefore, a car cannot be a simple tool; it must have the vitality, expressiveness and power of a living creature. In order to realize this ideal, the Company announced the KODO-Soul of Motion design theme in 2010. This was followed by the ideal of "Car as Art," aiming to sublimate the KODO design to a level that makes customers feel a car is like art. The Company also focuses on Japanese aesthetics, which have been passed down in Japanese traditional manufacturing, and pursues the essence and depth of beauty.

This design philosophy has been applied to all new-generation models globally since the Mazda CX-5 launched in 2012, and has been highly acclaimed around the world. (see p. 135)

b Mazda RX-VISION, representing the future of Mazda design (unveiled at the Tokyo Motor Show in the fall of 2015)



b

		Small		Mid-size		
Sedan, hatchback, wagon, etc.	Demio/Mazda2 (From September 2014)	Axela/Mazda3 (From September 2013)	Atenza/Mazda6 (From November 2012)			
						
SUV/crossover	CX-3 (From February 2015)	CX-4 (From June 2016)	CX-5 (From February 2012)	New CX-8 (From December 2017)	CX-9 (From May 2016)	
						
Sports car	Roadster/MX-5 (From May 2015)					
						

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

Establishing a Global Production Framework

To enable each production site both in Japan and overseas to carry out high-quality and highly efficient production activities that encourages mutual learning and improve the Mazda brand value and, Mazda has promoted the Global Manufacturing Network since 2013. Production sites in Japan (the Hiroshima and Hofu Plants) take the initiative in fostering skills in process management and improvement (“workplace capabilities”) to enable overseas sites that differ in maturity to conduct production activities at the same levels of quality and efficiency. Activities are promoted at each site facilitate simultaneous, even, and high-quality production during the preparation phase of mass production of new models, in addition to daily production activities. **c** In promoting this initiative, Mazda has held Global Manufacturing Forum annually since 2014 to share its medium to long-term goals, as well as successful examples and problems of each of its sites. In February 2017, the fourth Global Manufacturing Forum was held in Thailand.*¹ To support overseas sites in improving their workplace capabilities in daily practices, the Company actively hosts various forms of personnel exchange, such as accepting trainees in Japan from overseas sites and dispatching skilled personnel to overseas sites. **d**

Establishing Global Logistics Framework

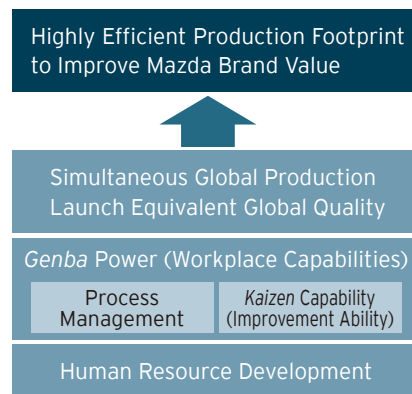
To deliver products that exceed customer expectations in a highly efficient and flexible manner and provide the best services in all stages including after sales, Mazda has been establishing a logistics framework in which all its logistics sites in Japan and overseas collaborate to enable globally optimal transportation within the entire Mazda Group.

To establish an optimal framework in terms of the quality, cost, and delivery time, the Company pursues best practices through encouraging the logistics sites to share problems and successful cases of improvement.

The Company has held the Global Logistics Meeting annually since 2014, for the purpose of enhancing ties within the entire Mazda Group.

The Meeting in 2017 was held in Belgium, at which logistics representatives from eight countries gathered and discussed on the theme “what a global supply chain should aim at to deepen ties with customers.” **e f**

c Global plant vision



d Global Manufacturing Forum



e Comments of Participants at the Global Logistics Meeting (excerpt)

- It is necessary to further enhance information sharing within the entire Mazda Group.
- We must establish a framework in which not only production and logistics related organizations, but sales and other organizations are also involved.

f Global Logistics Meeting



*1 Held jointly by AutoAlliance (Thailand) Co., Ltd. (AAT), the vehicle production site, and Mazda Powertrain Manufacturing (Thailand) Co., Ltd., the powertrain production site.

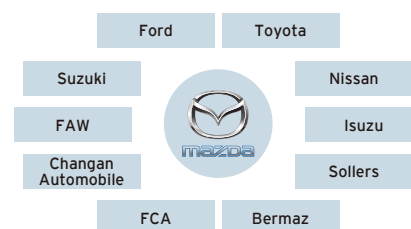
Collaboration with Automobile Manufacturers

Promoting Global Alliance

In order to strengthen the Mazda brand, Mazda is actively pursuing an alliance strategy that will mutually complement our products, technologies, and regions.

In August 2017, for the purpose of further enhancing the continuing partnership with Toyota Motor Corporation, Mazda entered into an agreement on business capital tie-up (see p. 6). g

g Partnership Strategies to Complement the Brand



Basic and Applied Research on Technologies for Internal Combustion Engines and Cleaner Exhaust Emissions

Mazda participates in the Research Association of Automobile Internal Combustion Engines (AICE*¹), a new joint research organization in the Japanese automobile industry. AICE was established on April 1, 2014, to enable automobile manufacturers to conduct basic and applied studies jointly with universities and research institutions on themes common to automobile manufacturers, and to use the research results to accelerate their in-house development activities. Taking advantage of its participation in AICE, Mazda is promoting its development of technologies for internal combustion engines and cleaner exhaust gases, with a view to achieving improved fuel economy and reduced exhaust emissions.

TOPICS

Business Capital Tie-up with Toyota Motor Corporation

In August 2017, Mazda entered into an agreement on a business and capital tie-up with Toyota Motor Corporation. By further enhancing each other's excellent technologies and business foundations and deepening their cooperative relationship, the two companies will take on and overcome challenges together to realize sustainable growth in this period of drastic change. Establishing an equal and amicable long-term relationship that respects the independence of both parties, the two companies will advance efforts toward the agreed joint projects. Working together to "create new value in cars" as long-term partners, Toyota and Mazda will accelerate and expand mutual cooperation to satisfy customers and contribute to the development of a sustainable society.



<Matters agreed in relation to the business tie-up>

- Establishing a joint venture production company for complete vehicles in the U.S.
- Jointly develop technology for electric vehicles
- Collaborate on next-generation technologies, including connected car and advanced safety features
- Seek further opportunities to complement each other's product lineups

Details <http://www2.mazda.com/en/publicity/release/2017/201708/170804c.pdf>

*1 Research Association of Automobile Internal Combustion Engines, participated by nine Japanese auto manufacturers and two organizations (as of April 2015).

Collaboration with Suppliers

Technology Development in Collaboration with Suppliers

Mazda collaborates with suppliers from the early stage of product/technology development. To make this collaboration successful, the Company takes steps to promptly brief suppliers on medium to long-term business strategies and on matters related to sales and production, and arranges opportunities for the exchange of information closely. As the functions expected of a vehicle are becoming increasingly advanced and diversified, vehicle structures and control systems are becoming increasingly complex. To enable the speedy development of such complex systems with limited resources, Mazda promotes Model Based Development, an approach to conducting development efficiently on a desktop, using the technologies of suppliers.

Improving the Efficiency of Development and Operation of Systems

Mazda promotes the development of globally applicable systems, with the aim of improving the efficiency of development and operation. To enable itself to quickly respond to changes in business trends, the Company is renewing its development program. This initiative is promoted jointly with IBM, Oracle and other suppliers possessing leading-edge IT technologies.

TOPICS

Mazda Logistics Co., Ltd. Adopts a Cloud-Based Transportation/Delivery Progress Management Service

Mazda Logistics Co., Ltd. introduced the Cloud-based Transportation/Delivery Progress Management Service for Logistics Operators developed by DoCoMo Systems, Inc.. This system is expected to help reduce delivery time and costs and improve the quality of transportation, as well as to mitigate burden on drivers, ease traffic congestion, and reduce CO₂ emissions through efficient transportation.

Prior to the launch of this service, starting in 2014, Mazda Logistics Co., Ltd. provided DoCoMo Systems, Inc. with the know-how of auto parts transportation and delivery operation to help improve the services of the system.



Screen to check the progress of vehicle delivery

Activities to Improve Manufacturing Capabilities in Collaboration with Local Suppliers

Mazda is rolling out its J-ABC (Jiba ["local"] Achieve Best Cost) program for local suppliers in and around Hiroshima Prefecture starting in 2004. Under this program, Mazda staff visit suppliers' plants and use the approach employed in Mazda production systems as a basis for identifying wasteful, unnatural or problematic manufacturing processes. The Company then works cooperatively with the suppliers to formulate and implement countermeasures. This program is also expected to enhance potential for improvement at manufacturing sites in connection with Mazda's *Monotsukuri* Innovation activities (see p. 126). It has helped increase productivity and reduced production costs by around 3 billion yen per year.

Results of J-ABC activities for FY March 2017

Case Example	Objective	Initiative	Results for FY March 2017
Cooperative Improvement Efforts	Improving operation rates, shortening cycle times, improving logistics operations (started in 2004)	A total of around 2,000 visits to 51 plants at 24 companies were carried out to implement cooperative improvement activities	Held 59 results-reporting meetings Promoted a shift from site-based activities to company-wide activities
J-ABC Karakuri [®] *1 Kaizen Dojo	Fostering high levels of creativity and making work more fun without incurring additional costs (launched in 2006)	Offered practical programs such as lectures and on-site guidance meetings to improve the ability to devise mechanisms for increased productivity	Six participants from five companies successfully completed the program. The Master Trainer qualification system introduced in 2016, to qualify leaders within local suppliers. Outstanding works are proactively submitted to the Mazda Hiroshima Plant Karakuri Exhibition and Karakuri Kaizen [®] Mechanism Exhibition
J-ABC Maintenance Workshop	Preventing facility stoppages and drops in production capability (launched in 2010)	Practical programs such as lectures and on-site guidance meetings were offered to improve the ability to both detect and properly respond to irregularities	Held twice a year in the Hiroshima and Hofu districts, with a total of eight members from eight companies successfully completing the program in FY March 2017. Under the leadership those who have completed the program with the help by their plant managers, self-motivating maintenance initiatives took place at 14 plants
J-ABC Conference	To encourage study through the sharing of J-ABC activity policy and outstanding activity examples (started in 2005)	Held for all participating companies, providing a venue for presentations, awards, and other events.	The 2016 conference was attended by a total of 536 participants, with 480 participants from 50 local suppliers and 56 participants from Mazda

*1 Karakuri Kaizen[®] is a registered trademark of the Japan Institute of Plant Maintenance.

Activities to Improve Manufacturing Capabilities in Collaboration with Overseas Production Sites and their Local Suppliers

As the importance of overseas production sites increases along with its attempt to establish a global production footprint, Mazda is promoting activities to improve manufacturing capabilities, with a view to improving quality and productivity jointly with local suppliers. While paying respect to the differences in national characters and cultures and understanding the key points necessary to promote continuous improvement activities at worksites, the Company employs the know-how obtained through the J-ABC activities. The Company has also established a system to develop leaders at both local production sites and suppliers in promoting activities to support improvement of suppliers. Mazda will continue to expand the activities in cooperation with its suppliers.

A-ABC activities in Thailand

In 2013, Mazda launched the A-ABC (ASEAN Achieve Best Cost) program at AutoAlliance (Thailand) Co., Ltd. (AAT), starting with five local suppliers. As the contribution of the activities under this program to improving quality, productivity and cost performance has been gradually gaining recognition among other suppliers, the number of participating suppliers has reached 10 as of June 2017. Three Mazda representatives in charge of the A-ABC program and three AAT promotion representatives serve as facilitators in conducting activities. This program is designed to have each supplier envision an ideal, understand and analyze the present situation, develop and implement measures for improvement toward realizing said ideal, and finally report the results. It is carried out twice a year. The A-ABC conference is held annually, to encourage communications and information exchange among participants. In FY March 2017, the fourth year of this program, past activities were thoroughly reviewed and expanded to promote both structural reform and fundamental improvement, which are the two wheels of the program, so as to enable AAT/suppliers to conduct autonomous activities. **h**

h A-ABC activity in Thailand



M-ABC activities in Mexico

Mazda de Mexico Vehicle Operation (MMVO) launched the M-ABC (Mexico Achieve Best Cost) program in 2015, starting with two local suppliers. The number of participating companies has reached six as of June 2017. One Mazda representative in charge of the M-ABC program and six MMVO promotion representatives serve as facilitators in promoting activities in cooperation with local suppliers. Similar to the A-ABC program, the program is designed to have each supplier envision an ideal, and activities are carried out twice a year. The members first address themes related to stable quality and stable supply of production lines, and gradually move to issues related to productivity and quality improvement. Local promotion members are called national staff. National staff members are encouraged to autonomously and independently operate the program. To this end, Japanese management of MMVO and its suppliers are making joint efforts to facilitate autonomous operation. **i**

i M-ABC results reporting meeting in Mexico



Industry-Academia-Government Collaboration Initiatives

Mazda, establishing the Industry-Academia-Government Collaboration Secretariat, has promoted collaboration with government authorities and universities, aiming to resolve business issues by obtaining new knowledge and viewpoints from outside the Company, and thereby broadly contributing to society. By visualizing such collaborative activities and sharing relevant information with government authorities and universities, the Company aims to achieve the maximum outcomes from its daily efforts. Moreover, Mazda, through collaboration with government, academia and industry, has contributed to the local community in terms of recruitment of local people, human resources development, and the production of human resources.

Participating in World-Leading National Projects and Joint Studies

Mazda participates in world-leading national projects and joint studies with external research institutions, with the aim of solving social problems facing the automobile industry.

Relevant government institutions/organizations	Project name	Outline
Ministry of Economy, Trade and Industry / New Energy and Industrial Technology Development Organization / Innovative Structural Materials Association	Development of Innovative New Structural Materials Technology http://isma.jp/en/index.html	Research and development on structural materials, bonding technology, etc., to fundamentally reduce the weight of automobiles and other transportation equipment, for the purpose of reducing CO ₂ emissions
Ministry of Economy, Trade and Industry / New Energy and Industrial Technology Development Organization / Thermal Management Materials and Technology Research Association	Research and development on innovative technology to utilize unused thermal energy http://www.thermat.jp/english/	Research on technology to make use unused energy* ¹ released as thermal energy into the atmosphere

*¹ In Japan, refers to the energy consumed in the living environment, industry, and transportation fields and released as unused heat energy into the atmosphere.

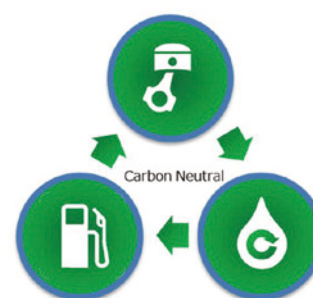
Hiroshima Council for the Promotion of Collaboration between Government, Academia and the Automobile Industry

As a company which has its research & development and production facilities mainly in Hiroshima Prefecture, Mazda believes that cooperation with local business and industry is very important. Under this belief, Mazda is collaborating with the Chugoku Bureau of Economy, Trade and Industry, Hiroshima Prefecture, Hiroshima City, Hiroshima Industrial Promotion Organization, and Hiroshima University to support local automobile-related companies and promote innovation and the vitalization of the region. Toward achieving the 2030 Industry-Academia-Government Collaboration Vision established in 2015, various initiatives are implemented, such as creating new frameworks to support local businesses, investigating next-generation automotive societies, and raising awareness in society.

The 2030 Industry-Academia-Government Collaboration Vision

- Transform Hiroshima into a hub that attracts people seeking innovative automotive technologies and dynamic car culture, and a place that continually produces technologies that amaze the world.
- Industry, government and education sectors work together to nurture human resources capable of innovation across all generations, and enliven the region through *Monotsukuri* (product development and manufacturing).
- Develop Hiroshima's unique Industry-Academia-Government Collaboration into a leading model for "regional empowerment" in Japan, serving also as a benchmark for the rest of the world.

j Activity image of Energy Work Group



Major initiatives

	Initiative	Details and results
Supporting suppliers' personnel recruitment	Exhibiting vehicles and parts at career seminars, and proposing/implementing booth layout according to the vehicle supply chain (March 2017)	To help suppliers solve problems in recruitment, displayed Mazda vehicles and parts at career seminars, and proposed and demonstrated a booth layout that can effectively show how suppliers are connected to mass produced vehicles (highly appreciated by the participating suppliers).
Co-creation and technology exchange with suppliers	(1) Co-creation activities between Mazda and suppliers (2) Technology exchange among Mazda suppliers	(1) Established a mechanism to properly communicate the needs of the automobile manufacturer to suppliers (2) Established a mechanism to enable suppliers to propose their unique advanced technologies to the automobile manufacturer in a timely manner
Studies on future energies	The Energy Work Group held "Symposium on Next-Generation Liquid Fuel for Automobiles 2017" (June 2017)	Focusing on biomass-derived, carbon-neutral liquid fuel, known as a future energy source for automobiles, experts in each of the industry, government, and academia sectors explained its potentials and practical applications, to think about energy in the future.
Research and development of internal combustion engines	Promoting research & development of base technologies for internal combustion engines	Under the theme of abrasion/friction control technologies, working to solve the mechanisms in cooperation with local companies.
Research and development in KANSEI (sensibility) field	(1) Holding KANSEI Innovation courses (2) KANSEI joint research with local suppliers	(1) Set up courses for ergonomics, sensibility engineering, and evaluation/measurement analysis technologies to provide companies engaging in businesses related to food, clothing and housing with opportunities to learn the concept of and gain knowledge about KANSEI (sensibility). (2) Conducted joint research on texture evaluation method from the perspective of sensibility about interior parts, to improve the research & development capabilities of each company. A roadmap for 2030 was prepared.
Human resources development in Model Based Development (MBD)* ¹ field	Aiming to enhance the research & development capabilities of local companies, opening basic courses for the development of human resources with MBD abilities	Training started for Mazda employees in FY March 2017. From FY March 2018, training target will be expanded to all manufacturing companies, including both auto suppliers and non-automobile industries.

*¹ Model Based Development: development process employing simulation technologies.

Business Matching Meetings for Suppliers and Universities (Collaboration with Administrative Organs)

Mazda organizes business-matching meetings in collaboration with the local administrative organs, in which information on technological needs and seeds was exchanged between suppliers, universities and public research institutes.

FY March 2017 activities

1. Chugoku Bureau of Economy, Trade and Industry held the Next-Generation Technological Seeds Presentation Meeting, inviting companies and universities in the Chugoku region to present their technologies.
2. Osaka Prefectural Manufacturing & Industrial Association held meetings to explain the needs of Mazda to companies in the Osaka area.

Collaboration with Universities

Through enhancing collaboration with universities in various fields, Mazda aims to solve a broader range of issues from a wider perspective, thereby contributing to society.

University	Collaboration outline	Measures and activities
Hiroshima University	<p>Next-generation automotive technology joint study course (since April 2015) Set up jointly with the university as a forum to find solutions to long-term technological issues and to develop human resources to implement the solutions. In April 2017, the Algae Energy Creation Lab, the fourth lab under this course, was established (see p. 69).</p> <p>Comprehensive collaboration agreement (since February 2011) Through collaboration in broad areas, from technologies related to research & development and production to social science fields such as planning, management, and marketing, proactively conducting joint research from exploring research themes to finding solutions. Also cooperating in examining the ideal form of internship, and deciding the method of accepting interns and setting themes for human resources development.</p>	<p>Opened next-generation automotive technology joint-study course (in FY March 2016)</p> <ul style="list-style-type: none"> • Internal combustion engine lab (opened in April 2015) • Aerodynamics lab (opened in July 2016) • Advanced materials lab (opened in October 2016) • Algae energy creation Lab (opened in April 2017)(see p. 69)
Hiroshima City University	<p>Mazda and Hiroshima City University Faculty of Arts Co-Creation Seminar (since May 2017) Set up a co-creation seminar with the university, aiming to develop human resources who are capable of creating new manufacturing for a new era, and make Hiroshima a place to generate human resources for manufacturing that Hiroshima can boast to the world</p>	<p>Co-creation Seminar (opened in May 2017)</p>
Kyushu University	<p>Inter-organizational collaboration regarding next-generation automotive technologies (since May 2011) Working together to reinforce research and development projects and to encourage academic research and education activities.</p>	<ul style="list-style-type: none"> • Held study and research meetings in preparation for a broad range of joint research projects, mainly in engineering and science.
Kindai University	<p>Agreement concerning comprehensive research collaboration (since December 2012) Cooperating in bolstering cutting-edge research development and in strengthening the technological capabilities of local industries.</p>	<p>Research Collaboration Promotion Committee</p> <ul style="list-style-type: none"> • Held meetings to discuss the progress of joint research projects and specific measures to strengthen cooperation.
University of Hyogo	<p>Concluded an agreement on joint research using Spring-8, a large synchrotron radiation facility (May 2016) Cooperating in the development of innovative materials and product development technologies using radiation analysis techniques.</p>	<p>—</p>
Tokyo Institute of Technology	<p>Industry Liaison Member (since August 2013) Technology transfer through joint research, for the purpose of improving the quality of research and education and promoting application of research and education results. Contributing to the creation of new industries and promotion of innovation.</p>	<ul style="list-style-type: none"> • Searched for research seeds and arranged matching them with the development needs. • Participated in technology exchange seminars and hosted in-house seminars by faculty members.

TOPICS

Mazda and Hiroshima City University Faculty of Arts Co-Creation Seminar opened








In April 2017, Mazda and Hiroshima City University opened the Mazda and Hiroshima City University Faculty of Arts Co-Creation Seminar (joint operation for 3 years). The purpose of this seminar is to develop human resources equipped with creativity, knowledge and technologies to provide society with new value (things) from Hiroshima, paying serious attention to the spirit of manufacturing. Instructors dispatched from the Mazda design division, together with the professors/instructors of the Faculty of Arts, teach students in hands-on practice classes under the theme KODO design. The 18 students for the first year create artworks based on their own image of KODO design in around five months.



Collaboration through the International Organization for Standardization (ISO)

As a member of the Japan Automobile Manufacturers Association, Inc., Mazda has joined the ITS (Intelligent Transport Systems) promotion activities. In the ISO Technical Committee 204, the Society of Automotive Engineers of Japan (JSAE) serves as the secretariat for the working group (WG14) in charge of the field of Vehicle/Roadway Warning and Control Systems. In this working group, Mazda has undertaken the post of convener (Chair of the WG International Conference) since 2013, promoting the establishment of international standards for various safety drive assist systems, such as damage mitigation brake.

Major External Evaluations/Awards for FY March 2017*

Category	Time	Evaluated/Awarded by	Evaluated/Award name	Evaluated/Award target	Country
Mazda CSR	(See p. 24)	      			
			(See p. 42)		
Customer Satisfaction (Quality)	April 2017	Ministry of Education, Culture, Sports, Science and Technology	Commendation for Science and Technology 2017 by the Minister of Education, Culture, Sports, Science and Technology: Prize for Creativity	Invention of a system that simplifies the body sealant application process	Japan
	May 2017	Japan Society of Corrosion Engineering	2017 Japan Society of Corrosion Engineering Technology Award	Development of a corrosion resistance quick evaluation method that innovates anti-corrosion technologies for vehicles, and putting the method into practical use	Japan
Customer Satisfaction (Products)	April 2016	Japan Society of Mechanical Engineers (JSME)	JSME Medal for New Technology for 2015 JSME Young Engineers Awards for 2015	New-generation 4WD system "i-ACTIV AWD" Research on steering wheel characteristics suited to human sensibility	Japan
	May 2016	Hosted by the Japan Marketing Association and supported by the Ministry of Economy, Trade and Industry	The 8th Japan Marketing Awards: Grand Prize	Marketing Activities of Mazda Motor Corporation	Japan
	June 2016	Society of Automotive Engineers of Japan (JSAE)	The 66th JSAE Awards: Technological Development Award The 66th JSAE Awards: Asahara Award of Merit in Technology	New-generation 4WD system "i-ACTIV AWD" Long-Term Achievements in Research and Development on Vehicle Interior Design Based on Vehicle Aerodynamic Technology and Sensibility Engineering	Japan
	November 2016	Chinese Automotive Media Chief Editors' Club (C-Club) and PRIME Research & Consulting (Shanghai) Ltd.	2017 China Car Design of the Year	CX-4	China
	December 2016	Japan Fashion Color Association (JAFCA)	Auto Color Awards 2016: Grand Prize	Machine Gray Premium Metallic, and the interior color "Auburn (reddish brown)"	Japan
	December 2016	Japan Society for the Promotion of Machine Industry	Minister's Prize, from the Ministry of Economy, Trade and Industry of the 14th New JSPMI Prizes	Natural Sound Smoother	Japan
	March 2017	iF International Forum Design GmbH	Gold Award in the packaging category of the iF Design Award 2017	SOUL of MOTION perfume that symbolizes the KODO Design (a perfume developed by Shiseido Company, Limited (Shiseido) to express Mazda's design concept)	Germany
	March 2017	Thai Automotive Journalists Association (TAJA)	Thailand Car of the Year 2016	CX-3	Thailand
	April 2017	Design Zentrum Nordrhein Westfalen	2017 Red Dot product design award "Red Dot: Best of the Best"	MX-5 RF (Roadster RF)	Germany
	April 2017	Ministry of Education, Culture, Sports, Science and Technology	Commendation for Science and Technology 2017 by the Minister of Education, Culture, Sports, Science and Technology: Prizes for Science and Technology (Development Category)	New-generation 4WD system "i-ACTIV AWD"	Japan
May 2017	Society of Automotive Engineers of Japan (JSAE)	The 67th JSAE Awards: Technological Development Award	New-generation highly efficient clean diesel engine SKYACTIV-D 1.5	Japan	
		The 67th JSAE Awards: Outstanding Technical Paper Award	Natural Sound Smoother		
April 2016	Japan Society of Mechanical Engineers (JSME)	JSME Young Engineers Awards for 2015	Emergency steering assist technology	Japan	
June 2016	Society of Automotive Engineers of Japan (JSAE)	The 66th JSAE Awards: Technological Development Award	Lightweight body with high rigidity SKYACTIV-BODY	Japan	
August 2016	Kids Design Association	The 10th Kids Design Award (Category of Designs to Contribute to the Safety and Security from Children's Viewpoints)	New-generation vehicle motion control technology "G-Vectoring Control (GVC)" and collision avoidance and damage reduction support technology "Advanced Smart City Brake Support (SCBS)"	Japan	
—	JNCAP	(see p. 46)	—	Japan	
—	US-NCAP	(see p. 46)	—	U.S.	
—	IIHS	(see p. 46)	—	U.S.	
—	Euro-NCAP	(see p. 46)	—	Europe	
Environment	April 2016	Ministry of Education, Culture, Sports, Science and Technology	Commendation for Science and Technology 2016 by the Minister of Education, Culture, Sports, Science and Technology: Prizes for Science and Technology (development team)	Brake Energy Regeneration System "i-ELOOP"	Japan
	May 2016	Japan Institute of Invention and Innovation	2016 Imperial Invention Prize	New-generation highly efficient clean diesel engine SKYACTIV-D	Japan
	November 2016	United States Environmental Protection Agency	Light Duty Fuel Economy Trends Report: Manufacture Adjusted Fuel Economy (First place ranking)	Manufacturer Adjusted Fuel Economy for the 2015 model year	U.S.
	November 2016	Eco-products Awards Steering Committee	Chairperson's Award from the Eco-products Awards Steering Committee	Aqua-Tech Paint System	Japan
Respect for People	—	Skills	(see p. 92)		
	February 2017	Ministry of Economy, Trade and Industry, and Nippon Kenko Kaigi (Japan Health Council)	(see p. 100)	Mazda Motor Corporation	Japan

*Including some evaluations/awards after April 2017

1920

HISTORY OF MAZDA

Corporate

Product*

1930

- 1920.1 Toyo Cork Kogyo Co., Ltd is founded
- 1921.3 Jujiro Matsuda becomes president
- 1927.9 Company becomes Toyo Kogyo Co., Ltd
- 1928.7 New logo is introduced



1928.7-



1931.10
Production of 3-wheel truck "Mazda-go DA model," Mazda's first automobile, begins

1940

- 1930.9 New plant is constructed in Hiroshima (Aki-gun, Fuchu-cho)
- 1932 Export of 3-wheel trucks begins
- 1936.4 Caravan of 3-wheeled trucks from Kagoshima to Tokyo (advertising campaign)
- 1936.4 New logo is introduced



1936.4-

1950

- 1945.8 Mazda loans part of Head Office building to Hiroshima prefectural government, court, news media, etc. Regarding the Hiroshima prefectural government all functions are temporarily transferred there (until July 1946)
- 1945.12 Production of 3-wheel trucks suspended since August 1945 resumes
- 1949.8 3-wheeled truck exports restart

- 1951 New logo is introduced
- 1951.12 Tsuneji Matsuda becomes president



1951-

1950.6
4-wheel light truck "CA model" is launched



- 1959.7 New logo is introduced



1959.7-

1960

- 1961.7 Mazda enters into technical cooperation with NSU/Wankel on rotary engines

1960.5
"R360 Coupe," Mazda's first passenger car is launched



1962.2
The first "Carol" is launched



- 1963.3 Cumulative domestic production reaches 1 million vehicles

1963.10
The first "Familia" is launched



1966.5
The first "Bongo" is launched



- 1965.5 Miyoshi Proving Ground is completed
- 1966.11 Operations at new passenger car plant (Ujina) in Hiroshima begin



1967.5
"Cosmo Sport (110s)" Mazda's first rotary engine vehicle is launched



1966.8
The first "Luce" is launched



- 1967.3 Full-scale exports to the European market begin

1970

- 1970.4 Exports to the U.S. begin
- 1970.11 Kouhei Matsuda becomes president

1970.5
The first "Capella (RX-2)" is launched



1971.8
The first "Titan" is launched



1971.9
The first "Savanna (RX-3)" is launched



- 1975.1 New logo is introduced

MAZDA

1975.1-

- 1977.12 Yoshiki Yamasaki becomes president

1975.10
The first "Cosmo" is launched



1978.3
The first "Savanna RX-7 (RX-7)" is launched



- 1979.6 Cumulative domestic production reaches 10 million vehicles

- 1979.11 Ford Motor Company and Mazda enter into a capital tie-up

1980

- 1981.12 Operations at Hofu Transmission Plant (Nakanoseki district) begin

- 1982.9 Operations at Hofu plant (Nishinoura district) begin

- 1984.5 Company is renamed as Mazda Motor Corporation

- 1984.10 Mazda Foundation is established

- 1984.11 Kenichi Yamamoto becomes president

- 1985.1 Mazda Motor Manufacturing (USA) Corporation (MMUC), now AutoAlliance International (AAI), is established

- 1987.4 Cumulative domestic production reaches 20 million vehicles

- 1987.6 New research center is opened in Yokohama, Japan (the current Mazda R&D Center Yokohama)

- 1987.12 Norimasa Furuta becomes president

- 1988.4 Mazda Technical College is established

- 1988.5 Mazda Research and Development Center is established in Irvine, CA (U.S.)



1980.6
"Familia (GLC/323)" is fully redesigned (Receives the "1980-1981 Car of the Year Japan")



1982.9
"Capella (Telstar)" is fully redesigned (Receives the "1982-1983 Car of the Year Japan")

1989.9
The first "Roadster (MX-5)" is launched



* Launching date is based on Japanese market

1990

Corporate

- 1990.1** Hokkaido Kenbuchi Proving Ground for cold-weather testing is completed
- 1990.5** European R&D Representative Office (MRE) is completed
- 1991.12** Yoshihiro Wada becomes president
- 1995.4** Cumulative domestic production reaches 30 million vehicles
- 1995.11** Mazda and Ford jointly establish Auto Alliance (Thailand) Company Limited (AAT), a joint venture production company
- 1996.3** Mazda website is opened
- 1996.6** Henry D.G. Wallace becomes president
- 1997.6** New logo is introduced
- 1997.11** James E. Miller becomes president
- 1999.12** Mark Fields becomes president



1997.6-

Product*

- 1991.6** Mazda 787B wins the 59th Le Mans 24-Hour Endurance Race, claiming the first ever victory for a Japanese automobile



- 1996.8** The first "Demio (Mazda2)" is launched (Receives the "1996-1997 RJC New Car of the Year")



- 1990.1** The first "MPV" is launched



- 1991.12** "RX-7" is fully redesigned (Receives the "1991-1992 RJC New Car of the Year")



- 1999.4** The first "Premacy (Mazda5)" is launched



2000

- 2000.11** Mid-term plan "Millennium Plan" is announced
- 2002.1** Nakasatsunai Proving Ground is completed
- 2002.4** New brand statement "Zoom-Zoom" is introduced
- 2002.6** Lewis Booth becomes president and CEO
- 2003.1** Production of "Mazda6" commences at FAW Car Company in China
- 2003.8** Hisakazu Imaki becomes president and CEO
- 2004.11** Mid-term plan "Mazda Momentum" is announced
- 2005.8** China Engineering Support Center is opened
- 2006.5** Mine Proving Ground is completed
- 2007.3** Mid-term plan "Mazda Advancement Plan" is announced
- 2007.3** Long-term vision for technology development: "Sustainable Zoom-Zoom" is announced
- 2007.4** Changan Ford Mazda Engine Co., Ltd. (CFME) in China commences operation
- 2007.7** Cumulative domestic production reaches 40 million vehicles
- 2007.10** Changan Ford Mazda Automobile Nanjin Co., Ltd. (CFMA, now CMA) commences operation
- 2008.11** Takashi Yamanouchi becomes president and CEO

- 2000.7** "Roadster (MX-5)" is recognized by the Guinness Book of Records as the world's largest production of lightweight open two-seater sports car



- 2003.4** "RX-8" is launched (Receives the "2004 RJC Car of the Year")

- 2006.2** Leasing of hydrogen vehicle, "RX-8 Hydrogen RE", is started

- 2006.3** Global presentation of the first "BT-50" at Bangkok International Motor Show



- 2006.12** "CX-7" is launched



- 2008.3** "Mazda2" receives the "2008 World Car of the Year Award"

- 2009.3** Leasing of hydrogen vehicle, "Premacy Hydrogen RE Hybrid", is started

- 2002.5** The first "Atenza (Mazda6)" is launched (Receives the "2003 RJC Car of the Year")



- 2003.10** The first "Axela (Mazda3)" is launched

- 2005.8** "Roadster (MX-5)" is fully redesigned (Receives the "2005-2006 Car of the Year Japan")

- 2006.10** Production of the first "CX-9" commences



- 2007.7** "Demio (Mazda2)" is fully redesigned (Receives the "2008 RJC Car of the Year")

- 2008.7** "Bianche" is launched



2010

- 2010.4** "Framework for Medium- and Long-term Initiatives" is announced
- 2012.2** "Structural Reform Plan" is announced
- 2012.9** Mazda and Sollers establish Mazda Sollers, a joint venture production company in Russia
- 2012.9** Mazda and Bermaz establish Mazda Malaysia, a joint venture company
- 2012.11** Agreement is reached with Toyota on Toyota vehicle production at Mazda's new plant in Mexico
- 2013.1** Business agreement is concluded for the development and production of Fiat brand two-seater convertible sports car
- 2013.6** Masamichi Kogai becomes president and CEO
- 2014.1** Operations at the production facility "MMVO" a joint venture with Sumitomo Corporation in Mexico are started
- 2015.1** Operations at transmission plant in Thailand (MPMT) are started
- 2015.4** "Structural Reform Stage 2" is announced
- 2015.4** New Corporate Vision is established
- 2015.5** Basic agreement is reached with Toyota on a mutually beneficial long-term partnership
- 2017.8** Agreement is entered into with Toyota on business and capital tie-up
- 2017.8** Long-term vision for technology development "Sustainable Zoom-Zoom 2030" is announced



- 2010.10** Next-generation SKYACTIV TECHNOLOGY is announced

- 2012.11** "Atenza (Mazda6)" featuring a series of the advanced safety technologies i-ACTIVSENSE is fully redesigned (Receives the "2014 RJC Car of the Year")

- 2013.6** Commenced public road test of leased hydrogen vehicles, "Premacy Hydrogen RE Range Extender EV"

- 2013.11** "Axela (Mazda3)" is fully redesigned



- 2015.2** "CX-3" is launched



- 2015.5** "Roadster (MX-5)" is fully redesigned (Receives the "2015-2016 Car of the Year Japan," the "2016 World Car of the Year," and the "2016 World Car Design of the Year")



- 2015.7** "Mazda BT-50" is fully redesigned and production commences in Thailand



- 2016.4** "CX-4" makes its world debut



- 2016.11** Retractable hardtop model "Roadster (MX-5) RF" is unveiled

- 2017.8** Next-generation engine "SKYACTIV-X" is announced

- 2012.2** "CX-5" is launched (Receives the "2012-2013 Car of the Year Japan")



- 2014.9** "Demio (Mazda2)" is fully redesigned (Receives the "2014-2015 Car of the Year Japan")



- 2016.2** "CX-9" is fully redesigned and production commences



- 2016.7** A series of Mazda's next-generation vehicle motion control technologies "SKYACTIV-VEHICLE DYNAMICS" is announced

- 2016.12** New "CX-5" is unveiled



- 2017.12** New "CX-8" is launched



* Launching date is based on Japanese market

2017

Third-Party Opinion

Sachiko Kishimoto shares her opinion on the CSR activities of Mazda Motor Corporation and its Group companies in Japan and other countries, as well as information disclosure regarding their CSR activities, in view of the Mazda Sustainability Report 2017 and the exchange of opinions with members of Mazda Head Office.

Sachiko Kishimoto
Executive Director
Public Resources Foundation



In the Top Message at the beginning of this Sustainability Report and Feature Story 1, Mazda introduces its new long-term vision for technology development that looks ahead to the year 2030 "Sustainable Zoom-Zoom 2030," and its specific numerical targets for reducing CO₂ emissions. The Company also describes the improvements in internal combustion engines that represent Mazda's strength and the development of a next-generation gasoline engine called SKYACTIV-X, as measures to achieve these targets. These statements clearly demonstrate the value of Mazda's presence in the automotive industry as well as the Company's social value. In particular, I highly evaluate Feature Story 1, which explains why Mazda is strongly committed to pursuing the ideal internal combustion engine looking ahead to the future of vehicles, despite various other technological options such as electricity and hydrogen. The article reports the way the Company sincerely considers and addresses global environmental challenges to fulfill its social responsibility regarding these problems, taking advantage of its strengths and unique commitment.

Notably, Mazda focuses on the concept of "Well-to-Wheel," which encompasses CO₂ emissions not only at the driving stage but also from the stages of oil extraction and even power generation. The Company also promotes the Building Block Strategy, which aims to reduce CO₂ emissions, taking into account diverse energy resources as well as power generation and infrastructure development conditions in various parts of the world. It can be said that the Company's concepts and strategy are realistic and practical based on a global perspective, given increasing demand for vehicles in emerging countries in the future. While highly evaluating this point, I look forward to the next long-term vision that Mazda will adopt.

Regarding CSR management, in 2008 Mazda started to integrate CSR with management and strengthened its initiatives from a global perspective. In FY March 2014, the Company began to review and identify its key CSR issues (materiality), which were approved by the CSR Management Strategy Committee in 2016. This Sustainability Report discloses information in accordance with the G4 guidelines. The Report provides easy-to-understand information on the targets, results and evaluation for each item of the CSR initiatives for the previous year, as well as the targets for the ongoing year. I think that this indicates that the Company is implementing the PDCA (plan-do-check-act) process in a reliable manner. For the items that could not be achieved, the Company gave explanations of the reasons. Regarding the values that Mazda offers to society, it is commendable that the Report provides specific explanations on page 13, taking the new CX-5 as an example from SDGs perspective.

I also have a good impression of Mazda's approach to human resources, in that the Company advocates respect for people and the realization of

diversity. Both the numbers of employees who take child-rearing leave and those who use the work-at-home system have been on the rise. In addition, Mazda strives to cultivate human resources at Mazda Technical College, and implements a system to enable limited-term employees who have worked at Mazda for one year or more to become full-time employees, and a system under which limited-term employees who have worked for a given term can become members of the Mazda Workers' Union. These initiatives are highly regarded as a company based in Hiroshima. Although the Company meets the legally required percentage of employees with special needs, I hope that Mazda will further strive to create a working environment that is comfortable for intellectually and mentally challenged people.

To address environmental issues, various activities are under way throughout the value chain. Mazda continues its tireless efforts to reduce energy use through "Monotsukuri Innovation," reduce CO₂ emissions in the field of logistics, and make effective use of water resources. As part of such efforts, the Company has introduced the Aqua-Tech Paint System. Mazda also requires its suppliers to reduce the amount of greenhouse gas emissions generated through their corporate activities by 1% annually, and supports them by providing information and other assistance. I evaluate these initiatives highly. At the same time, I expect that in the future Mazda will further promote the introduction of renewable energies in its manufacturing sites, and reinforce activities to preserve ecosystems at the Miyoshi Plant.

With regard to safety initiatives, based on the human-centered concept, the Company has proposed the ideal driving position, and is working to develop autonomous driving technologies in line with the Mazda Co-Pilot Concept, aiming to make them standard on all models by 2025. While valuing these initiatives, I also hope the Company will intensify its efforts for the development of these technologies, in view of the future possibility that these technologies can be instrumental in resolving social problems such as the disappearance of rural communities due to depopulation and aging.

In terms of social contributions, Mazda is contributing to local communities through its business activities. For example, the Company rolls out its J-ABC (Jiba ["local"] Achieve Best Cost) program under which the Company imparts Mazda production systems to local suppliers, and promotes industry-academia-government collaboration. In addition, Mazda carries out social contribution activities tailored to the needs of communities in various parts of Japan and overseas countries/regions. Mazda has its own evaluation indexes for social contribution programs, in order to implement the PDCA (plan-do-check-act) process. This Report states that the social return on investment (SROI) was evaluated in 2016. I recommend that Mazda should disclose the results of the evaluation.

Third-Party Verification

The Mazda Sustainability Report 2017 [In-Depth Version] was assured by third parties to improve the reliability of the data disclosed in the report. The amounts of GHG emissions, water use and waste emissions disclosed in the Mazda Sustainability Report 2017 [In-Depth Version] are those verified in “FY2016 Scope 1 & 2 GHG emissions Calculation Report”, “FY2016 Scope 3 GHG emissions Calculation Report”, “FY2016 Water Use Report” and “FY2016 Waste Emissions Report”.



No.1811002913

Independent Verification Report

To: Mazda Motor Corporation

1. Objective and Scope

Japan Quality Assurance Organization (hereafter JQA) was engaged by Mazda Motor Corporation (hereafter Mazda) to provide an independent verification on “FY2016 Scope 1 & 2 GHG emissions Calculation Report”, “FY2016 Scope 3 GHG emissions Calculation Report”, “FY2016 Water Use Report” and “FY2016 Waste Emissions Report” (hereafter the Reports). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding GHG emissions, water use and waste emissions in the Reports were correctly measured and calculated, in accordance with the “Scope 1 & 2 GHG Emissions Calculation Manual (MBSAZ-ND00014, dated April 10, 2017)”, “Scope 3 GHG Emissions Calculation Manual (MBSAZ-ND00017, dated April 20, 2017)”, “Water Use Calculation Manual (MBSAZ-ND00015, dated April 10, 2017)” and “Waste Emissions Calculation Manual (MBSAZ-ND00016, dated April 10, 2017)” (hereafter the Rules). The purpose of the verification is to evaluate the Reports objectively and to enhance the credibility of the Reports.

*The fiscal year 2016 of Mazda Motor Corporation ended on March 31, 2017.

2. Procedures Performed

JQA conducted verification in accordance with “ISO 14064-3” for GHG emissions and with “ISAE3000” for water use and waste emissions, respectively. The scope of this verification assignment covers energy-derived CO₂ emissions from Scope 1, 2 and three categories of Scope 3 (Category 3, 6 and 7) as GHG emissions, water use and waste emissions. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent each of the total emissions and total amount of water use in the Reports. The organizational boundaries of this verification include following four domestic production sites of Mazda Motor Corporation: Hiroshima Plant, Miyoshi Plant, Nishinoura district and Nakanoseki district of Hofu Plant, and following five overseas production sites: AutoAlliance (Thailand) Co., Ltd., Changan Ford Mazda Engine Co., Ltd., Changan Mazda Automobile Co., Ltd., Mazda Powertrain Manufacturing (Thailand) Co., Ltd. and Mazda Motor Manufacturing de Mexico, S.A. de C.V.

Our verification procedures included:

- Visiting two domestic sites of Hiroshima Plant and Miyoshi Plant for on-site verification except for Scope 3
- On-site assessment to check the report scope and boundaries; monitoring points of energy use, water use and waste discharge; monitoring and calculation system; and activity data. The number and location of sampling sites for on-site assessment were selected by the Company.
- Visiting Matsuda Head Office for validation of the Rules and verification of Scope 3. Checking calculation scenario and allocation method for Scope 3; monitoring and calculation system; and emission data.

3. Conclusion

Based on the procedures described above, nothing has come to our attention that caused us to believe that the statement of the information regarding the Company’s FY2016 GHG emissions, water use and waste emissions in the Report is not materially correct, or has not been prepared in accordance with the Rules.

4. Consideration

The Company was responsible for preparing the Reports, and JQA’s responsibility was to conduct verification of GHG emissions, water use and waste emissions in the Reports only. There is no conflict of interest between the Company and JQA.

Tadayuki Yano, Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
June 21, 2017

Third-Party Assurance

The Mazda Sustainability Report 2017 [In-Depth Version] was assured by third parties to improve the reliability of the data disclosed in the report.



Independent Assurance Report

To the Representative Director, President and CEO of Mazda Motor Corporation

We were engaged by Mazda Motor Corporation (the "Company") to undertake a limited assurance engagement of the social performance indicators marked with "☑" for the period from April 1, 2016 to March 31, 2017 (the "Indicators") included in its SUSTAINABILITY REPORT 2017 (IN-DEPTH VERSION) (the "Report") for the fiscal year ended March 31, 2017.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's headquarter selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

November 2, 2017

Table of Comparisons with Guidelines

The table below shows the pages in this report containing the information relevant to each of the required disclosures under the GRI Sustainability Reporting Guidelines Version 4 and ISO 26000.

Category (G4)	Aspect (G4)	Core option requirement	Indicator	G4	ISO26000	Relevant pages
General Standard Disclosures		✓	Disclosures required for the Core "in accordance" option			
Strategy and Analysis		✓	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	G4-1	4.7 6.2 7.4.2	4-6
			a. Provide a description of key impacts, risks, and opportunities.	G4-2		7-9,13,19-20
	✓	a. Report the name of the organization.	G4-3		16	
	✓	a. Report the primary brands, products, and services.	G4-4		15	
	✓	a. Report the location of the organization's headquarters.	G4-5		16	
	✓	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	G4-6		14,16	
	✓	a. Report the nature of ownership and legal form.	G4-7		16	
	✓	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	G4-8		14-15	
	✓	a. Report the scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	G4-9		14	
Organizational Profile		✓	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	G4-10	6.3.10 6.4.1-6.4.2 6.4.3 6.4.4 6.4.5 6.8.5 7.8	90
		✓	a. Report the percentage of total employees covered by collective bargaining agreements.	G4-11		101
	✓	a. Describe the organization's supply chain.	G4-12		121	
	✓	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	G4-13		N/A	
	✓	a. Report whether and how the precautionary approach or principle is addressed by the organization.	G4-14		114-117	
	✓	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	G4-15		18-23	
	✓	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic This refers primarily to memberships maintained at the organizational level.	G4-16		84,133-134	
	✓	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	G4-17		Securities Report* ¹	
	✓	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	G4-18		2,18-21, 26-27	
	✓	a. List all the material Aspects identified in the process for defining report content.	G4-19		20	
Identified Material Aspects and Boundaries		✓	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization. • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: –The list of entities or groups of entities included in G4-17 for which the Aspect is not material or; –The list of entities or groups of entities included in G4-17 for which the Aspect is material. • Report any specific limitation regarding the Aspect Boundary within the organization.	G4-20	5.2 7.3.2 7.3.3 7.3.4	2
		✓	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: • Report whether the Aspect is material outside of the organization. • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified. • Report any specific limitation regarding the Aspect Boundary outside the organization.	G4-21		2
	✓	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	G4-22		N/A	
	✓	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	G4-23		64,86	
	✓	a. Provide a list of stakeholder groups engaged by the organization.	G4-24		26-27	
Stakeholder Engagement		✓	a. Report the basis for identification and selection of stakeholders with whom to engage.	G4-25		26-27
		✓	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	G4-26	5.3	26-27,35-36, 84-85,91, 123,124
	✓	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	G4-27		27,30,35-36, 40,62,91, 94,103, 121-124	

*1 Securities Report (Japanese only)
<http://www.mazda.com/ja/investors/library/s-report/>

Category (G4)	Aspect (G4)	Core option requirement	Indicator	G4	ISO26000	Relevant pages
General Standard Disclosures		✓	Disclosures required for the Core "in accordance" option			
	Report Profile	✓	a. Reporting period (such as fiscal or calendar year) for information provided.	G4-28		2
✓		a. Date of most recent previous report (if any).	G4-29		2	
		a. Reporting cycle (such as annual, biennial).	G4-30		2	
✓		a. Provide the contact point for questions regarding the report or its contents.	G4-31		2	
✓		a. Report the "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be "in accordance" with the Guidelines.)	G4-32	7.5.3 7.6.2	141-146	
✓		a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	G4-33		139-140	
✓		a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	G4-34		19, 110-111	
		a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	G4-35		19, 110-111	
		a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	G4-36		19, 110-111	
		a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	G4-37		19, 110-111	
Governance			Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	G4-38		Securities Report*1
			a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	G4-39		Corporate Governance Report*2
			Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved	G4-40		Corporate Governance Report*2
			a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	G4-41	6.2 7.4.3 7.7.5	Corporate Governance Report*2
			a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	G4-42		Corporate Governance Report*2
			a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	G4-43		19,21
			a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	G4-44		Corporate Governance Report*2
			a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	G4-45		Corporate Governance Report*2
			a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	G4-46		18-21,114
			a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	G4-47		18-21,114
		a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	G4-48		18-21	
		a. Report the process for communicating critical concerns to the highest governance body.	G4-49		Corporate Governance Report*2	
		a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	G4-50		Corporate Governance Report*2	

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*2 Corporate Governance Report
<http://www.mazda.com/en/investors/library/governance/>

Category (G4)	Aspect (G4)	Core option requirement	Indicator	G4	ISO26000	Relevant pages
General Standard Disclosures		✓ Disclosures required for the Core "in accordance" option				
Governance			a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: -Performance-based pay -Equity-based pay -Bonuses -Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	G4-51	6.2, 7.4.3 7.7.5	Corporate Governance Report*2
			a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	G4-52		Corporate Governance Report*2
			a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	G4-53		110
			a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	G4-54		Corporate Governance Report*2
			a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	G4-55		Corporate Governance Report*2
			✓	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	G4-56	
Ethics and Integrity			a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	G4-57	4.4, 6.6.3	118
			a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	G4-58		118
Specific Standard Disclosures		● : Important issues specified by Mazda				
Economic	Economic Performance	●	DMA			4-6
			Direct economic value generated and distributed	G4-EC1	6.8.1-6.8.2 6.8.3, 6.8.7 6.8.9	91,107,124
			Financial implications and other risks and opportunities for the organization's activities due to climate change	G4-EC2	6.5.5	Securities Report*1
			Coverage of the organization's defined benefit plan obligations	G4-EC3	6.8.7	Securities Report*1
			Financial assistance received from government	G4-EC4	—	Securities Report*1
	Market Presence	●	DMA			22-23
			Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	G4-EC5	6.3.7, 6.3.10 6.4.3, 6.4.4 6.8.1-6.8.2	—
			Proportion of senior management hired from the local community at significant locations of operation	G4-EC6	6.4.3 6.8.1-6.8.2 6.8.5, 6.8.7	89
	Indirect Economic Impacts	●	DMA			23,44
			Development and impact of infrastructure investments and services supported	G4-EC7	6.3.9 6.8.1-6.8.2 6.8.7, 6.8.9	52
Procurement Practices	●	DMA			121	
		Proportion of spending on local suppliers at significant locations of operation	G4-EC9	6.4.3, 6.6.6 6.8.1-6.8.2 6.8.7	121	
Environmental	Materials	●	DMA			59-60
			Materials used by weight or volume	G4-EN1	6.5.4	86
	Energy	●	DMA			7-9, 59-60
			Energy consumption within the organization	G4-EN3	6.5.4	63,65, 73,74,86
			Energy consumption outside of the organization	G4-EN4	6.5.4	65
			Energy intensity	G4-EN5	6.5.4	—
			Reduction of energy consumption	G4-EN6	6.5.4, 6.5.5	73
	Water	●	DMA			59-60
			Total water withdrawal by source	G4-EN8	6.5.4	77,86

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Category (G4)	Aspect	Core option requirement	Indicator	G4	ISO26000	Relevant pages	
Specific Standard Disclosures		● : Important issues specified by Mazda					
Environmental	Water	●	Water sources significantly affected by withdrawal of water	G4-EN9	6.5.4	77	
			Percentage and total volume of water recycled and reused	G4-EN10	6.5.4	—	
		DMA				59-60	
	Biodiversity			Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	G4-EN11	6.5.6	—
				Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	G4-EN12	6.5.6	83
				Habitats protected or restored	G4-EN13	6.5.6	—
				Total Number of IUCN Red List species and national conservation list species with habitat in areas affected by operations, by level of extinction risk	G4-EN14	6.5.6	—
		DMA				7-9,59-60	
	Emissions			Direct greenhouse gas (GHG) emissions (Scope 1)	G4-EN15	6.5.5	73,86
				Indirect greenhouse gas (GHG) emissions (Scope 2)	G4-EN16	6.5.5	73,86
				Other indirect greenhouse gas (GHG) emissions (Scope 3)	G4-EN17	6.5.5	86
		●		Greenhouse gas (GHG) emissions intensity	G4-EN18	6.5.5	73
				Reduction of greenhouse gas (GHG) emissions	G4-EN19	6.5.5	73
				Emissions of ozone-depleting substances (ODS)	G4-EN20	6.5.3, 6.5.5	86
				NOX, SOX, and other significant air emissions	G4-EN21	6.5.3	79,86
		DMA				59-60	
	Effluents and Waste			Total water discharge by quality and destination	G4-EN22	6.5.3, 6.5.4	79,86
				Total weight of waste by type and disposal method	G4-EN23	6.5.3	86
		●		Total number and volume of significant spills	G4-EN24	6.5.3	N/A
				Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 ANNEX I, II, III, and VIII, and percentage of transported waste shipped internationally	G4-EN25	6.5.3	—
				Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	G4-EN26	6.5.3, 6.5.4 6.5.6	—
		DMA				59-60	
	Products and Services	●		Extent of impact mitigation of environmental impacts of products and services	G4-EN27	6.5.3, 6.5.4 6.5.5, 6.7.5	59-60
				Percentage of products sold and their packaging materials that are reclaimed by category	G4-EN28	6.5.3, 6.5.4 6.7.5	81-82
		DMA				59-60	
	Compliance	●		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	G4-EN29	4.6	62
		DMA				59-60	
Transport	●		Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	G4-EN30	6.5.4, 6.6.6	74-75	
	DMA				55-56		
Overall			Total environmental protection expenditures and investments by type	G4-EN31	6.5.1-6.5.2	64	
	DMA				121		
Supplier Environmental Assessment	●		Percentage of new suppliers that were screened using environmental criteria	G4-EN32	6.3.5, 6.6.6 7.3.1	—	
			Significant actual and potential negative environmental impacts in the supply chain and actions taken	G4-EN33	6.3.5, 6.6.6 7.3.1	122	
Environmental Grievance Mechanisms		DMA			55-56		
			Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	G4-EN34	6.3.6	62	
	DMA				22		
Labor Practices and Decent Work	Employment	●	Total number and rates of new employee hires and employee turnover by age group, gender and region	G4-LA1	6.4.3	90	
			Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	G4-LA2	6.4.4, 6.8.7	95-96	
			Return to work and retention rates after parental leave, by gender	G4-LA3	6.4.4	95	
	DMA				22		
Labor/Management Relations	●		Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	G4-LA4	6.4.3, 6.4.5	101	

Category (G4)	Aspect	Core option requirement	Indicator	G4	ISO26000	Relevant pages	
General Standard Disclosures							
		● : Important issues specified by Mazda					
Labor Practices and Decent Work	Occupational Health and Safety	DMA				22	
		●	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	G4-LA5	6.4.6	97	
			Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	G4-LA6	6.4.6, 6.8.8	97	
			Workers with high incidence or high risk of diseases related to their occupation	G4-LA7	6.4.6, 6.8.8	—	
			Health and safety topics covered in formal agreements with trade unions	G4-LA8	6.4.6	97	
	Training and Education	DMA					22
		●	Average hours of training per year per employee by gender, and by employee category	G4-LA9	6.4.7	91	
			Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	G4-LA10	6.4.7, 6.8.5	90,95	
		Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	G4-LA11	6.4.7	94		
	Diversity and Equal Opportunity	DMA					22
	●	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	G4-LA12	6.2.3, 6.3.7, 6.3.10, 6.4.3	90		
	Equal Remuneration for Women and Men	DMA					102
	●	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	G4-LA13	6.3.7, 6.3.10, 6.4.3, 6.4.4	91		
	Supplier Assessment for Labor Practices	DMA					121
		●	Percentage of new suppliers that were screened using labor practices criteria	G4-LA14	6.3.5, 6.4.3, 6.6.6, 7.3.1	—	
			Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	G4-LA15	6.3.5, 6.4.3, 6.6.6, 7.3.1	122	
Labor Practices Grievance Mechanisms	DMA					118	
		Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	G4-LA16	6.3.6	103,118		
Human Rights	Investment	DMA				23	
		●	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	G4-HR1	6.3.3, 6.3.5, 6.6.6	—	
	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		G4-HR2	6.3.5	102-104		
	Non-discrimination	DMA					102
		●	Total number of incidents of discrimination and corrective actions taken	G4-HR3	6.3.6, 6.3.7, 6.3.10, 6.4.3	—	
	Freedom of Association and Collective Bargaining	DMA					102
		●	Operations and suppliers identified in which the right to exercise freedom of association or collective bargaining may be violated or at significant risk, and measures taken to support these rights	G4-HR4	6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.5, 6.6.6	—	
	Child Labor	DMA					102
		●	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	G4-HR5	6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6, 6.8.4	102-104, 121-122	
	Forced or Compulsory Labor	DMA					102
		●	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	G4-HR6	6.3.3, 6.3.4, 6.3.5, 6.3.10, 6.6.6	102-104, 121-122	
	Security Practices	DMA					102
		●	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	G4-HR7	6.3.4, 6.3.5, 6.6.6	—	
	Indigenous Rights	DMA					102
		●	Total number of incidents of violations involving rights of indigenous peoples and actions taken	G4-HR8	6.3.4, 6.3.6, 6.3.7, 6.3.8, 6.6.7, 6.8.3	—	
	Assessment	DMA					23
●		Total number and percentage of operations that have been subject to human rights reviews or impact assessments	G4-HR9	6.3.3, 6.3.4, 6.3.5	102-104		
Supplier Human Rights Assessment	DMA					23,121	
	●	Percentage of new suppliers that were screened using human rights criteria	G4-HR10	6.3.3, 6.3.4, 6.3.5, 6.6.6	—		
		Significant actual and potential negative human rights impacts in the supply chain and actions taken	G4-HR11	6.3.3, 6.3.4, 6.3.5, 6.6.6	122		
Human Rights Grievance Mechanisms	DMA					118	
		Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	G4-HR12	6.3.6	103,118		

Category (G4)	Aspect	Core option requirement	Indicator	G4	ISO26000	Relevant pages
General Standard Disclosures		● : Important issues specified by Mazda				
Society		DMA				23
	Local Communities	●	Percentage of operations with implemented local community engagement, impact assessments, and development programs	G4-SO1	6.3.9 6.5.1-6.5.2 6.5.3, 6.8	106
			Operations with significant actual and potential negative impacts on local communities	G4-SO2	6.3.9, 6.5.3 6.8	—
		DMA				23,118
	Anti-corruption	●	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	G4-SO3	6.6.1-6.6.2 6.6.3	—
			Communication and training on anti-corruption policies and procedures	G4-SO4	6.6.1-6.6.2 6.6.3, 6.6.6	119
			Confirmed incidents of corruption and actions taken	G4-SO5	6.6.1-6.6.2 6.6.3	N/A
		DMA				—
	Public Policy		Total value of political contributions by country and recipient/beneficiary	G4-SO6	6.6.1-6.6.2 6.6.4	—
	Society		DMA			
Anti-competitive Behavior			Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	G4-SO7	6.6.1-6.6.2 6.6.5, 6.6.7	N/A
		DMA				23,118
Compliance		●	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	G4-SO8	4.6	N/A
		DMA				121
Supplier Assessment for Impacts on Society		●	Percentage of new suppliers that were screened using criteria for impacts on society	G4-SO9	6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1	—
			Significant actual and potential negative impacts on society in the supply chain and actions taken	G4-SO10	6.3.5 6.6.1-6.6.2 6.6.6 6.8.1-6.8.2 7.3.1	122
		DMA				118
Grievance Mechanisms for Impacts on Society			Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	G4-SO11	6.3.6 6.6.1-6.6.2 6.8.1-6.8.2	118
Product Responsibility			DMA			
	Customer Health and Safety	●	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	G4-PR1	6.7.1-6.7.2 6.7.4, 6.7.5 6.8.8	46
			Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	G4-PR2	4.6 6.7.1-6.7.2 6.7.4, 6.7.5 6.8.8	40-41
		DMA				22
	Product and Service Labeling	●	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to information requirements	G4-PR3	6.7.1-6.7.2 6.7.3, 6.7.4 6.7.5, 6.7.9	—
			Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	G4-PR4	4.6 6.7.1-6.7.2 6.7.3, 6.7.4 6.7.5, 6.7.9	N/A
			Results of surveys measuring customer satisfaction	G4-PR5	6.7.1-6.7.2 6.7.6	26,35
		DMA				31
	Marketing Communications	●	Sale of banned or disputed products	G4-PR6	—	41
			Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	G4-PR7	4.6 6.7.1-6.7.2 6.7.3	N/A
	DMA				22-23, 115-116	
Customer Privacy	●	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	G4-PR8	6.7.1-6.7.2 6.7.7	N/A	
	DMA				22-23,118	
Compliance	●	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	G4-PR9	4.6 6.7.1-6.7.2 6.7.6	N/A	

Mazda Motor Corporation

Issuing Department: CSR & Environment Department

Head office: 3-1 Shinchu, Fuchu-cho, Aki-gun, Hiroshima, Japan 730-8670
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