

# Corporate Governance Report

Last Update: December 27, 2023

## Mazda Motor Corporation

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The corporate governance of Mazda Motor Corporation (hereinafter “the Company”) is as follows:

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

While working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community and its employees, the Company will strive 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 in line with the following basic philosophy.

- i. The Company will ensure that the rights of shareholders are effectively secured, create an environment in which their rights can be properly exercised, and ensure shareholder equality.
- ii. The Company will foster a corporate culture and climate that respect stakeholders’ rights and status and sound business ethics, and engage in dialogue and collaborate with stakeholders appropriately.
- iii. The Company will disclose information appropriately based on laws and regulations, and will also take initiative to provide information other than disclosure mandated by laws and regulations.
- iv. Based on its fiduciary responsibility and accountability to shareholders, the Company’s board of directors will lay out a broad direction for corporate strategy, establish an environment that will support appropriate risk-taking, and exercise highly effective supervision over management from an independent and objective stance.
- v. The Company will engage in constructive dialogue with shareholders, take a reasonable interest in their interests and concerns, and endeavor to explain the Company’s management policies in a clear manner to gain shareholders’ understanding.

#### **Reasons for Non-compliance with the Principles of the Corporate Governance Code**

The Company respects the intent and spirit of the Corporate Governance Code and will implement its principles.

**Principle 1-3 Basic Strategy for Capital Policy**

To enhance corporate value over the medium and long terms and build a solid financial foundation for stable, continued growth, the Company will endeavor to reduce its interest-bearing debt and increase its equity capital.

The Company will also endeavor to use its management resources effectively and enhance its capital efficiency.

With regard to shareholder return, the Company will endeavor to strengthen its financial foundation to provide a higher dividend payout ratio, with the payment of dividends based on performance as its basis.

**Principle 1-4 Cross-Shareholdings**

i. Policy on cross-shareholdings

Taking into overall consideration the business strategy, the necessity of business activities such as maintaining and strengthening business dealings, and the comparison of benefits and risks of cross-shareholding with the cost of capital, the Company will have cross-shareholdings when it will lead to the enhancement of corporate value over the medium and long terms. If the purpose of cross-shareholdings is judged to have diminished, the Company will aim to reduce cross-shareholdings, including the selling of shares based on the relevant company's circumstances, etc.

ii. Verification by the board of directors

Every year at a board of directors meeting, the Company will individually verify the appropriateness of its cross-shareholdings according to the above policy.

Stocks held as of the end of March 2023 were verified at a board of directors meeting, and the rationality of those holdings was confirmed.

iii. Basic policy on exercise of voting rights

When exercising its right to vote for cross-shareholdings, the Company will comprehensively evaluate whether or not matters that have come up for a vote will contribute to enhancing the corporate value, etc., of the Company and companies in which the Company holds shares over the medium and long terms; the Company will then decide whether to vote for or against any proposals.

**Principle 1-7 Related Party Transactions**

Based on the Companies Act, the Company will require the advance approval of and after-the-fact reports to the board of directors on conflict-of-interest transactions by directors to ensure that there is no harm to the interests of the Company or its shareholders and that no such concerns are raised. Based on internal regulations, the same will apply to conflict-of-interest transactions by executive officers as well.

The Company will also ensure proper oversight by the board of directors as to whether or not there have been transactions with principal shareholders and the nature of such transactions.

**Supplementary Principle 2-4-1 Ensuring Diversity in the Appointment of Core Human Resources**

i. View on ensuring diversity, human resource development policy, policy on improving internal environment, etc.

Mazda believes that people are its most valuable management resource and aims to be a company where all employees can play active roles as individuals and demonstrate their full potential. Recognizing the value of "co-creating with others," Mazda respects the diversity of its employees. This includes diversity in race, nationality, ethnicity, creed, gender, socioeconomic status, family origin, age, mental or physical abilities, sexual orientation, and gender identity. Mazda is committed to promoting initiatives to improve the work styles, workplace environment and treatment of employees, and to enhance employee motivation and operational efficiency from the viewpoint of total optimization.

To encourage a virtuous cycle of growth, employment, and distribution, Mazda will maintain employment while returning the results of growth to stakeholders including ongoing benefits to employees. Specifically, from the perspective of stabilizing employment, improving the quality of life, and developing human resources, we will flexibly provide benefits to employees, including wage increases in consideration of the current situation of the company.

In addition to improving benefits, Mazda will continue to invest in people through education and other means as a way of returning results of growth to employees. One example of this is investment in the development of "digital human resources," which will not only enhance business efficiency but also enable employees to demonstrate their abilities and achieve a sense of accomplishment and purpose.

For the status of implementation of human resource development systems and improvement in the internal environment for these purposes, refer to the Mazda Sustainability Report.

[\(https://www.mazda.com/en/sustainability/report/\)](https://www.mazda.com/en/sustainability/report/)

ii. Targets for ensuring diversity and their status

As mentioned above, Mazda's policy is to appoint personnel based on their individual abilities and achievements regardless of employee attributes. Therefore, Mazda has set no voluntary and measurable targets other than targets for the appointment of females to management, where there is a significant gender disparity in the ratio of male and female managers, and the number of men taking childcare leave, which facilitates women's participation in the workplace.

<Women>

Mazda is working to create a workplace that is a comfortable working environment for women to work by improving work-life balance measures.

In 2023, in accordance with the Act on Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children, Mazda renewed an employers action plan with numerical targets for increasing the number of female managers to 100 by FY March 2026 (approximately four times the number in FY March 2015) and increasing the number of men taking childcare leave\* to 80 per year by FY March 2026 (approximately twice the number in FY March 2021).

Steady progress is being achieved in realizing these targets. As of March 31, 2023, there were 65 female employees in managerial positions and 117 male employees taking childcare leave.\* In addition to formulating and promoting individual development plans for female employees who are candidates for promotion, Mazda will continue its efforts to further accelerate women's participation in the workplace by launching company-wide activities to ensure all employees are aware of and have a sound understanding of Mazda's childcare leave system for both female and male employees and to review operation of the system.

\*These figures do not include the number of employees who took childcare leave under Mazda's own system and the number of employees who took "Childcare Leave at Birth" effective October 2022 under the amended Childcare and Family Care Leave Act .

<Foreign nationals>

As a company operating in various parts of the world, Mazda hires human resources regardless of nationality. In addition, Mazda's overseas group companies have established systems that contribute to local communities through active efforts to appoint local hires as managers. As of March 31, 2023, the ratio of locally hired managers (executive/general manager level) at overseas locations was 71.7% on a consolidated basis. Mazda will continue its efforts to secure excellent human resources and promote them to managerial positions regardless of nationality.

<Career hires (mid-career hires)>

Bearing in mind the declining work population and the need to acquire knowledge and technology in response to the current period of transformation in the automobile industry, characterized by a growing trend toward CASE and carbon neutrality, Mazda hires mid-career personnel for stable, long-term employment. Approximately 30% of new hires (technical and clerical) in FY2022 (April 2022 to March 2023) were mid-career hires. As of the end of March 2023, there were 179 career hires in management, accounting for 13.0% of all managers. Mazda will continue to actively employ mid-career job seekers, secure human resources with a wide range of work experience, and strive to appoint them to managerial positions.

**Principle 2-6 Roles of Corporate Pension Funds as Asset Owners**

The Mazda Pension Fund manages the Company's corporate pension fund and consigns the investment management of the fund to multiple asset management institutions. The selection of management institutions is done prudently from the standpoint of securing long-term earnings, through consultation with external experts, such as management consultant companies, and through examining quantitative aspects such as past management results.

Furthermore, so that the Fund may fulfill its function, in addition to dispatching specialists from the Finance Division, a full-time manager will be appointed to the Pension Fund to promote and train employees with the relevant administrative abilities. Additionally, members of the Investment Management Committee, who are

experts in human resources and finance, will confirm the sound administration of the Fund, in addition to making decisions regarding important matters.

The selection of individual companies to invest in and the exercising of voting rights are consigned to the asset management institutions so that there are no conflicts of interest between corporate pension beneficiaries and the Company.

### **Principle 3-1 Full Disclosure**

#### **i. Company objectives, business strategies and business plans**

The Company has established the following corporate vision in an effort to earn the trust of customers and other stakeholders and to be a brand that they will continue to choose, and also to pursue business activities in a unified manner:

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.

Focusing on its management policy of "uniqueness of co-creating with others," the Company is moving ahead with its medium-term management plan (FY March 2020 through FY March 2026) announced in November 2020 (updated November 2022).

In November 2022, the Company also announced its management policy in the lead up to the year 2030 and main initiatives for electrification and carbon neutrality based on global trends, and has been working to achieve these.

For details on our business plans, please visit our website at the link below.

<https://www.mazda.com/en/investors/policy/mid-term/>

#### **ii. Basic views and guidelines on corporate governance based on the principles of the Code**

Refer to "I. 1 Basic Views."

#### **iii. Board policies and procedures in determining the remuneration of the senior management and directors**

Refer to "Directors' Remuneration" in Section II. 1.

#### **iv. Board policies and procedures in the appointment and dismissal of the senior management and the nomination of director candidates**

(Nomination, Appointment Policies and Procedures)

When nominating and appointing candidates for director or executive officers under the basic premise that they are healthy both physically and mentally, the Company will consider their professional and personal achievements, whether they have an appropriate attitude in regard to fulfilling the mandate of shareholders, customers and other stakeholders, high ethical standards, leadership qualities, the ability to take action, and the experience and ability to carry out their duties. Candidates for director must have exceptional character, insight, ability and a wealth of experience. The overall structure and balance of the board must also be considered.

With regard to candidates for Audit & Supervisory Committee members, in addition to the above criteria, the Company will ensure that at least one candidate has thorough knowledge of finances and accounting.

The Company will confirm that, in addition to the above, candidates for outside director meet the Company's requirements for independence and have the time and energy necessary to fulfill their roles and responsibilities adequately. The Company will also take into consideration that at least one candidate has management experience in another company.

To enhance the transparency, fairness and objectivity of the process for nominating and appointing executive officers and candidates for director, as well as transparency of their remuneration, the Company established an Officer Lineup & Remuneration Advisory Committee comprised of three representative directors and six outside directors and chaired by a representative director and chairman of the board, as an advisory arm of the board of directors. The committee reports to the board of directors the results of its deliberation on matters such as officer lineup and policies regarding the selection and training of directors as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the

Company's sustainable growth and raising of corporate value in the medium and long term. Based on the committee's advice, proposals on the nomination, appointment and remuneration of officers (excluding the separate remuneration of directors who are members of the Audit & Supervisory Committee) will be submitted to the board.

(Dismissal Policies and Procedures)

Regarding the dismissal or other measures taken against a director, in cases where a director (director or executive officer) is found to have violated the rules, regulations, or company statutes regarding their duties; in cases where a director engages in an inappropriate action, thereby making the director unqualified to serve as a director; or in cases where circumstances make the appropriate execution of a director's duties difficult, a proposal to dismiss the director in question will be introduced to the board based on the advice of the Officer Lineup & Remuneration Advisory Committee.

#### **v. Explanations with respect to the individual appointments and nominations based on iv.**

Refer to the Notice of Ordinary General Meeting of Shareholders for reasons for the nomination of the candidates of directors.

<https://www.mazda.com/en/investors/stockinfo/meeting/>

#### **Supplementary Principle 3-1-3 Initiatives in sustainability**

##### **i. Initiatives in sustainability**

Refer to "Measures to Ensure Due Respect for Stakeholders." in Section III. 3.

##### **ii. Information on investments in human capital and intellectual properties**

Mazda believes that people are its "greatest management resource," and aims to be a company where the "people" at Mazda are more enthusiastic than people anywhere else. To achieve this, Mazda promotes human resource development centered on the "Mazda Way," which is shared by all Mazda Group employees in Japan and overseas, builds systems for promoting personnel measures across the Mazda Group and puts into action various initiatives.

Mazda intends to continue to build Mazda-unique cars that fascinate people with the joy of driving, brighten people's lives through car ownership, and provide cars that will coexist sustainably with earth and society. To that end, Mazda is making efforts not only to develop its own proprietary technology but also to strengthen cooperation with business partners, universities, research institutes, and government agencies.

The Company's main efforts in investment in human capital and intellectual property are disclosed in the Company's securities report and the Mazda Sustainability Report.

<https://www.mazda.com/ja/investors/library/s-report/>

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

#### **Supplementary Principle 4-1-1 Scope of matters delegated to management**

The Company's board of directors, alongside deliberation and making decisions on items related to the execution of important business, such as management strategy and basic management policies, supervises the execution of individual directors' duties. In addition, to facilitate rapid, flexible decision-making, a substantial part of decision-making in the execution of important business will be delegated to management, based on the Company's Articles of Incorporation, and executive directors including the president to whom authority has been delegated based on the Company's rules of administrative authority will make decisions regarding these matters.

The Company holds executive committee meetings to report information necessary for debate on important company-wide policies and initiatives. Matters deliberated at executive committee meetings are reported to the board of directors, and the board supervises management's execution of duties.

#### **Principle 4-9 Independence Standards and Qualification for Independence**

Refer to "Independence of Officers" in Section II. 1.

#### **Supplementary Principle 4-10-1 Scope of matters delegated to management**

Refer to "[Voluntary Establishment of Committee(s)] Supplementary Explanation" in Section II. 1.

### **Supplementary Principles 4-11-1 View on appropriate balance between knowledge, experience and skills of the board and on diversity and appropriate board size**

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

Furthermore, in regard to the size of the board of directors, the Articles of Incorporation stipulate that the number of directors (excluding directors who are Audit and Supervisory Committee members) will be 12 or less and the number of directors who are Audit and Supervisory Committee members will be eight or less as the number of directors who can effectively fulfill the roles and responsibilities of the Board of Directors.

The policy and procedures for nominating candidates for the board of directors of the Company are stated in Principle 3-1 (4) above.

Refer to the Notice of the Ordinary General Meeting of Shareholders for the skills matrix of directors.

[\(https://www.mazda.com/en/investors/stockinfo/meeting/\)](https://www.mazda.com/en/investors/stockinfo/meeting/)

### **Supplementary Principles 4-11-2 Directors who serve as management of other companies**

The company will confirm that outside directors who serve as management of other companies can devote sufficient time and energy to properly fulfill their roles and responsibilities.

Refer to the Notice of the Ordinary General Meeting of Shareholders for the status of those who hold important posts concurrently:

[\(https://www.mazda.com/en/investors/stockinfo/meeting/\)](https://www.mazda.com/en/investors/stockinfo/meeting/)

### **Supplementary Principles 4-11-3 Analysis and evaluation of the board's effectiveness**

To steadily advance measures for the further enhancement of its efficiency, the Company's board of directors analyzed and evaluated the meetings conducted in fiscal 2022.

The method and results are outlined below.

#### **i. Method of analysis and evaluation**

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

The survey primarily covered the constitution of Board of Directors, debate on the business strategy, debate on compliance and internal control, provision of information (the amount of information, materials, explanations and support for outside directors) and involvement in the debate.

Additionally, the effects of accelerating management's decision-making, further enhancing deliberation of the board of directors, and strengthening the supervisory function of the Board of Directors, which were the objectives of the transition to a company with an audit & supervisory committee, were confirmed.

#### **ii. Overview of results**

It was found that members of the board of directors are properly involved in determining the Company's business strategy and share an understanding of its content, that the outside directors express their opinions from an independent perspective after gaining an understanding of the Company's situation by receiving explanations of resolutions in advance and other forms of support, and that the oversight function of the execution of operations has been ensured.

Furthermore, as there has been progress in delegation of the Board of Directors' authorities to representative directors within the appropriate scope under the Company's Articles of Incorporation, improvement in the speed of decision-making and improvement in the productivity of discussions resulting from securing ample discussion time were confirmed. At the same time, for the Company to achieve full-scale growth steadily in the future as the surrounding business environment grows more severe and remains uncertain, all directors confirmed that it is necessary to continue to strengthen the monitoring of key business areas including the management strategy, identify changes as early as possible, and discuss risks and profitability from a wide range of perspectives.

The Company will analyze and evaluate the effectiveness of the Board of Directors every year and continue initiatives for constant improvement to raise corporate value in the medium to long term.



### **Supplementary Principles 4-14-2 Policy on the training of directors**

When directors assume their posts, the Company will hold training for them to ensure that they can fulfill their respective roles and responsibilities. Even after they assume their posts, the Company will provide them with opportunities to undergo training in corporate governance, internal control, compliance and other areas, as necessary.

In addition to the above, outside directors will be given opportunities to learn more about the nature and status of the Company's business, such as tours of dealerships and plants, participation in events and meetings with executive officers.

### **Supplementary Principle 5-1 Policy for Constructive Dialogue with Shareholders**

#### **i. Basic Policy**

For continued growth and enhancement of corporate value over the medium and long terms, the Company will promote investor relations through the timely and appropriate disclosure of information to shareholders and investors and through constructive dialogue.

#### **ii. Investor Relations**

The officer who oversees finance will have overall responsibility for dialogue with shareholders under CEO and CFO's leadership, and the officer in charge of finance and the financial planning department (investor relations department) will be in charge. To enhance dialogue, they will cooperate with departments in charge, including the Corporate Planning & Development Division, the Corporate Communications Division and the Corporate Services Division, and create a framework for the proper provision of information.

#### **iii. Methods of dialogue**

The Company holds quarterly briefings on financial results including at general meetings of shareholders to explain business conditions and business activities. In addition, the Company holds business briefings for securities analysts, institutional investors and individual investors. The Company endeavors to disclose information in a timely manner by posting notices of the convocation of general meetings of shareholders, financial results information, the Medium-Term Management Plan, securities reports and other company information of interest on the Company website.

#### **iv. Information about dialogue with shareholders**

Please visit our website at the link below.

<https://www.mazda.com/en/investors/policy/cg/>

#### **v. Relaying information on dialogue**

Opinions from shareholders will be relayed to the board of directors or the management team as necessary by the officer who oversees finances.

#### **vi. Management of insider information**

In dialogues with shareholders, insider information (undisclosed material facts) will be handled appropriately in accordance with laws and regulations and internal regulations.

### **Principle 5-2 Basic Guidelines for Earnings Plans and Capital Policy**

Focusing on its management policy of "uniqueness of co-creating with others," the Company is moving ahead with its medium-term management plan (FY March 2020 through FY March 2026) announced in November 2020 (updated November 2022). Under this plan, the Company has set an ROS of 5% or higher, ROE of 10% or higher, and a sustainable payout ratio of 30% or higher as targets for the fiscal year ending in March 2026 and has been promoting initiatives to achieve these.

In November 2022, the Company also announced its management policy in the lead up to the year 2030 and main initiatives for electrification and carbon neutrality based on global trends, and has been working to achieve these.

For details on our business plans, please visit our website at the link below.

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

Refer to Principle 1-3 above for basic guidelines on capital policy.

[Measures for Achieving Management that is Conscious of Cost of Capital and Stock Price (under consideration)]:

The Company recognizes the importance of management that is conscious of cost of capital and stock price and has set targets in the Medium-term Management Plan as stated above. In addition to providing updates to

the Medium-term Management Plan, the Company is also considering providing broader disclosure that would include, for example, analysis and evaluation of profitability and market assessments, as well as improvement plans and specific targets for these.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders] [Updated]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	96,630,100	15.34
Custody Bank of Japan, Ltd. (Trust Account)	42,431,000	6.73
Toyota Motor Corporation	31,928,500	5.07
STATE STREET BANK WEST CLIENT - TREATY 505234	11,382,298	1.81
SSBTC CLIENT OMNIBUS ACCOUNT	11,005,244	1.75
Sumitomo Mitsui Banking Corporation	10,191,500	1.62
JP MORGAN CHASE BANK 385781	7,774,958	1.23
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7,404,100	1.18
BNYM AS AGT/CLTS NON TREATY JASDEC	6,617,715	1.05
THE BANK OF NEW YORK MELLON 140044	6,196,408	0.98

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

### Supplementary Explanation [Updated]

Status of major shareholders above is as of September 30, 2023.

- (1) Although it was recorded in statements of large-volume holdings offered for public inspection on July 21, 2023 that Sumitomo Mitsui Trust Bank, Limited and its two joint holders held 43,329,100 shares as of July 14, 2023, they are not included in the above status of major shareholders as the Company cannot confirm the actual number of shares held as of the end of the second quarter fiscal year. The statements of large-volume holdings were as follows.

Sumitomo Mitsui Trust Bank, Limited	2,000,000 shares
Sumitomo Mitsui Trust Asset Management Co., Ltd.	23,111,800 shares
Nikko Asset Management Americas, Inc.	18,217,300 shares

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Transportation Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000



Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

#### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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#### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 years
Chairperson of the Board	Company Chairperson
Number of Directors	15
Election status of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kiyoshi Sato	From another company												
Michiko Ogawa	From another company								○				
Akira Kitamura	From another company					△							
Hiroko Shibasaki	From another company								△				
Masato Sugimori	From another company								△				
Hiroshi Inoue	Lawyer												

#### \*Categories

- The director presently falls or has recently fallen under the category.
- △ The director fell under the category in the past.
- A close relative of the director presently falls or has recently fallen under the category.
- ▲ A close relative of the director fell under the category in the past.

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof

- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/ Audit & Supervisory Board Member
- g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company between which the Company outside directors/ Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)
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Name	Audit & Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kiyoshi Sato		○	---	<p>Mr. Sato has rich expertise in the areas of sales and marketing gained through many years working in sales, including overseas business, at an electronics manufacturer. He has served in senior roles such as representative director, president and CEO, and director and vice chairman of the board, and has extensive experience in and a deep understanding of corporate management. Therefore, we propose his election as an outside director to make use of his expertise and experience in the Company's management. We expect him to make efforts to enhance the supervisory function of the board of directors through his advice and recommendations from an international perspective and a broad management viewpoint in particular.</p> <p>Based on its criteria for independence, the Company has determined that Mr. Sato has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Sato an independent officer.</p>

Michiko Ogawa		○	<p>Ms. Ogawa currently serves as Director in charge of Technics Brand at Panasonic Holdings Corporation. The transactions between Panasonic Holdings Corporation and the Company in the year ended March 31, 2023 were minimal, comprising less than 2% of the Company's consolidated sales.</p>	<p>Ms. Ogawa has many years of experience working in audio technology development at an electronics manufacturer and has in-depth knowledge as an audio technology researcher. As an officer in charge of premium audio equipment, she engaged in brand re-establishment efforts, and she has rich experience in and insight into corporate management. Therefore, we propose her election as an outside director to make use of her expertise and experience in the Company's management. We expect her to make efforts to enhance the supervisory function of the board of directors through her advice and recommendations from a brand marketing perspective and a professional viewpoint as an engineer in particular. Based on its criteria for independence, the Company has determined that Ms. Ogawa has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Ms. Ogawa an independent officer.</p>
Akira Kitamura	○	○	<p>Mr. Kitamura served as representative director &amp; senior managing executive officer at Sumitomo Mitsui Banking Corp., but he has since stepped down from all posts at the bank. As of the convening of this General Meeting of Shareholders, 14 years will have passed since he resigned as an executive in March 2009. As of March 31, 2023, the bank owned 1.6 percent of the Company's stock, and the balance of the Mazda group borrowings from the bank was 139,500 million yen (approximately 4.3 percent of the Company's consolidated assets). The Mazda Group has dealings with several financial institutions, and the ratio of its borrowings from the bank is not particularly high when compared to that of other institutions. Mr. Kitamura serves as advisor at Kansai Urban</p>	<p>Mr. Kitamura has held key posts at a financial institution, including representative director &amp; senior managing executive officer as well as chairman of the board and chief executive officer (representative director), and has considerable knowledge of finance and accounting. He also has rich experience in and knowledge of corporate management. The Company therefore requests his election as an outside director, Audit &amp; Supervisory Committee member so that he can apply this experience and knowledge in audits and supervision of the Company's management. We expect Mr. Kitamura to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the broad viewpoint of corporate management and from his expert understanding of finance and accounting in particular. Based on its criteria for independence, the Company has determined that Mr. Kitamura has</p>

			Banking Corporation, but he has stepped down from all posts at the bank in March 2019 and four years have passed since then. As of March 31, 2023, the balance of the Mazda Group borrowings from the bank was 2,000 million yen, but the amount was very small, less than 0.1 percent of the Company's consolidated assets.	sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Kitamura an independent officer.
Hiroko Shibasaki	○	○	Ms. Shibasaki served as managing executive officer at Tokio Marine & Nichido Fire Insurance Co., Ltd., but she has stepped down from all posts at Tokio Marine & Nichido Fire Insurance and four years have passed since then. The amount of transaction between Tokio Marine & Nichido Fire Insurance in the fiscal year ending March 2023 was very small, less than one percent of the Company's consolidated sales.	Ms. Shibasaki has many years of experience in the field of sales at a casualty insurance company and gained extensive knowledge of sales through serving as branch president and branch manager. In roles such as managing executive officer, she oversaw sales in Kyushu and Okinawa and gained rich experience in and insight into corporate management. Ms. Shibasaki also has extensive experience in and knowledge of corporate management. The Company therefore requests her election as an outside director, Audit & Supervisory Committee member so that she can apply this experience and knowledge in audits and supervision of the Company's management. We expect Ms. Shibasaki to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the standpoint of customer satisfaction and from her expert knowledge of sales in particular. Based on its criteria for independence, the Company has determined that Ms. Shibasaki has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Ms. Shibasaki an independent officer.

Masato Sugimori	○	○	<p>Mr. Sugimori served as a senior managing executive officer at Sumitomo Corporation, but he stepped down from his all posts at Sumitomo Corporation and an year has passed since then. In the fiscal year ending March 2023, Mazda paid Sumitomo Corporation for services in its capacity as a trading company, but the amount was very small, less than 1 percent of the Company's consolidated sales.</p>	<p>Mr. Sugimori has worked in administration for many years at a trading company and has considerable knowledge of risk management, finance and accounting. He has also served as a senior managing executive officer and has extensive experience in and insight into corporate management. The Company therefore requests his election as an outside director, Audit &amp; Supervisory Committee member so that he can apply this experience and knowledge in audits and supervision of the Company's management. We expect Mr. Sugimori to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the broad viewpoint of risk management and from his expert understanding of finance and accounting in particular. Based on its criteria for independence, the Company has determined that Mr. Sugimori has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Sugimori an independent officer.</p>
Hiroshi Inoue	○	○	—	<p>Having served as a prosecutor and attorney for many years, Mr. Inoue has extensive experience in and knowledge of the legal profession. The Company therefore requests his election as an outside director, Audit &amp; Supervisory Committee member so that he can apply this experience and knowledge in audits and supervision of the Company's management. We expect Mr. Inoue to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the viewpoint of compliance and from his expert standpoint as a legal professional in particular. Based on its criteria for independence, the Company has determined that Mr. Inoue has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Inoue an independent officer.</p>

**[Audit & Supervisory Committee]**

Committee's Composition, and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	5	1	1	4	Inside Directors

Existence of directors and employees who will assist the duties of the Audit & Supervisory Committee	Exist
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Items related to the independence of Audit & Supervisory Committee directors and employees from executive directors

The Company established an Audit & Supervisory Committee Department as an organization that assists the duties of the Audit & Supervisory Committee and assigned full-time staff to it. Full-time staff members do not receive instructions from directors (excluding directors who are members of the Audit & Supervisory Committee) but work according to instructions from the Audit & Supervisory Committee and do not hold additional posts. The Human Resources Division conducts personnel changes and evaluations of full-time staff members following consultation with full-time Audit & Supervisory Committee Members.

Cooperation among Audit & Supervisory Committee Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Committee, accounting auditors and Internal Audit Department regularly hold joint meetings and cooperate with each other.

The Audit & Supervisory Committee regularly meets with the accounting auditors and hears explanations of their audit plan, audit issues and results. The Audit & Supervisory Committee also provides necessary information on its audit plan and the status and results of audits. In this way, information is exchanged in both directions, and the Company is working to strengthen this close cooperation. Also, some audits, such as physical inspections of inventories and securities, are conducted jointly by the Audit & Supervisory Committee and the accounting auditors.

The Audit & Supervisory Committee regularly meets with the internal audit department and the departments in charge of promoting internal and financial control. The Audit & Supervisory Committee receives reports from the internal audit department on the plans for and results of internal audits of the Company and its group companies. It also receives reports from the departments in charge of promoting internal and financial control on plans for efforts to enhance internal and financial control in the Company and its group companies and the status of these efforts. In addition, the Audit & Supervisory Committee provides information acquired in the process of conducting its audits or conveys requests from its perspective as the Audit & Supervisory Committee, making for a two-way exchange of information. The internal audit department also attends meetings attended by the full-time Audit & Supervisory Committee Members and full-time auditors from large Mazda Group companies.



**[Voluntary Establishment of Committee(s)]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Exist
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**Committee’s Name, Composition, and Attributes of Chairperson**

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Officer Lineup & Remuneration Advisory Committee	Officer Lineup & Remuneration Advisory Committee
All Committee Members	9	9
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	6	6
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

**Supplementary Explanation**

To further enhance the transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors, as well as their remuneration, the Company established an Officer Lineup & Remuneration Advisory Committee, comprised of three (3) representative directors and six (6) outside directors, nine (9) directors in total.

As an advisory board to the board of directors, the committee reports to the board of directors the results of its deliberation on matters such as officer lineup, policies regarding the selection and training of candidates as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company’s sustainable growth and increase in corporate value in the medium and long term.

The chairperson of the committee is the chairman of the board.

## [Independent Directors]

Number of Independent Directors	6
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### Matters Relating to Independent Directors

The Company defines the criteria for determining the independence of outside officers as follows. All outside officers who fulfill the criteria are deemed to be independent.

#### **Criteria for determining the independence of outside officers**

Outside directors are deemed to be independent if they fulfill the requirements outlined below.

1. The person is not an executive or former employee of the Company's group (\*1) and no close family member (\*2) is currently an executive of the Company's group or has been an executive of the Company's group within the past three years.
2. The person is not now nor has been within the last three years any of the following:
  - (i) An executive at a major shareholder (\*3) of the Company
  - (ii) An executive at a company for whom the Company is a major business partner (\*4) or a major business partner of the Company (\*5)
  - (iii) A person affiliated with the auditing firm that serves as the Company's accounting auditor
  - (iv) A lawyer, certified public accountant, tax accountant or other consultant who receives a large sum of money from the Company for something other than director remuneration (\*6) (if the person receiving the money is a corporation or other organization, a person affiliated with the organization)
  - (v) A director, Audit & Supervisory Board Member or executive officer at a company with a director from the Company
  - (vi) An executive of an organization receiving large donations or aid from the Company (\*7)
3. None of 2.(i) through (vi) above (important posts only) apply to any close family member of the person

\*1 The Company or its subsidiaries

\*2 Spouse or a family member within the second degree of kinship

\*3 A shareholder holding 10 percent or more of the Company's voting rights at the end of the fiscal year

\*4 A business partner to whom 2 percent or more of consolidated net sales in recent fiscal years has been paid by the Company

\*5 A business partner by whom 2 percent or more of the Company's consolidated net sales in recent fiscal years have been paid or a financial institution that has provided loans for 2 percent or more of the Company's consolidated assets

\*6 Money other than officer remuneration received from the Company or property benefits that exceed 10 million yen a year

\*7 An organization that received donations or aid exceeding 10 million yen per year

## [Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options
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### Supplementary Explanation

The remuneration of directors (excluding directors who are Audit & Supervisory Committee Members) and executive officers consists of 1) a fixed amount of basic remuneration commensurate with their responsibilities, 2) performance-based remuneration, and 3) compensation in the form of stock options. Refer to "[Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

Recipients of Stock Options	Inside Directors (Excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers
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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Selected Director
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Supplementary Explanation
<p>The total remuneration paid to directors in Fiscal Year 2023 (April 2022 through March 2023) are described below.</p> <p>Eleven Directors (excluding Directors who are Audit &amp; Supervisory Committee members) received 628 million yen (among which two Outside Directors received 29 million yen) and six Directors who are Audit &amp; Supervisory Committee members received 145 million yen (among which four Outside Directors received 67 million yen), for a total of 772 million yen (among which six Outside Directors received 96 million yen).</p> <p>For the total remuneration paid to directors, refer to the Notice of Ordinary General Meeting of Shareholders and the Securities Report: For individual remuneration paid to some directors, refer to the Securities Report:</p> <p><a href="https://www.mazda.com/en/investors/stockinfo/meeting/">https://www.mazda.com/en/investors/stockinfo/meeting/</a> <a href="https://www.mazda.com/ja/investors/library/s-report/">https://www.mazda.com/ja/investors/library/s-report/</a></p>

Policy on Determining Remuneration Amounts and Calculation Methods	Exist
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
<p><b><u>Policy on setting individual remuneration amounts for directors and calculation methods (basic policy)</u></b></p> <p>The basic policy on remuneration for the Company's directors is: 1) linked to the Company's sustainable growth and increase in corporate value in the medium to long term, 2) used to acquire and maintain capable personnel, 3) understandable and easy to explain to stakeholders and directors, and 4) set after the consideration of remuneration standards of other automobile manufacturers and the position of salaries of Mazda employees, with the understanding that directors work alongside employees.</p> <p>To ensure transparency of the decision-making process for determining remuneration as well as fairness and objectivity on how decisions are made and remuneration is allocated, the Officer Lineup &amp; Remuneration Advisory Committee comprised of Representative Directors and Outside Directors has been established as an advisory organ to the Board of Directors. The Committee discusses and confirms the basic policy, remuneration system based on it, and the decision-making process.</p> <p>The remuneration of a director (excluding a director who is an Audit &amp; Supervisory Committee member or outside director) consists of 1) a fixed amount of basic remuneration commensurate with the director's position and responsibilities, and level of remuneration in the director's country/location of ordinary residence, 2) performance-based remuneration determined at the end of the fiscal year based on the achievement of goals set at the beginning of the fiscal year in accordance with the business plan, and 3) compensation in the form of stock options aimed at increasing motivation to contribute to enhancing corporate value over the medium and long term and sharing the benefits with shareholders.</p> <p>Directors of foreign nationality (non-Japanese nationality) may receive phantom stock (stock price-linked monetary compensation) instead of "remuneration in the form of stock options." In addition, fringe benefits, etc. may be provided within an appropriate range commensurate with remuneration practices, etc. in the director's country/location of ordinary residence.</p> <p>Outside directors (excluding directors who are Audit &amp; Supervisory Committee members) receive a fixed amount of basic remuneration only, considering their independence from the execution of operations.</p> <p><b><u>Policy on setting performance indicators for performance-based remuneration and method of calculation of the performance-based remuneration amount or quantity</u></b></p>

Indicators that can objectively confirm the Company's performance are used for performance-based remuneration. The primary indicators used consolidated net income attributable to owners of the parent and consolidated sales.

The target values are the values announced in the business results outlook at the beginning of each fiscal year, and the amount of performance-based remuneration for a given fiscal year is based on the level of achievement of the target values for that fiscal year. The amount of performance-based remuneration is also set based on position and duties.

In addition, at the beginning of the fiscal year each director sets personal targets, and at the end of the fiscal year a "personal performance payment" that recognizes the level of achievement of those targets is set.

**Policy on content of non-monetary remuneration, setting the amount or quantity, and the calculation thereof**

Stock acquisition rights as remuneration in the form of stock options are allotted as non-monetary compensation. The number of stock acquisition rights to be allotted is set in accordance with a director's position and duties.

In the allotment of stock acquisition rights, rather than payment of an amount determined on the basis of fair value, payment is made by offsetting monetary compensation based on compensation for stock acquisition rights as stock options.

Directors of foreign nationality (non-Japanese nationality) may receive phantom stock (stock price-linked monetary compensation), and at the time of their retirement receive monetary compensation linked to the stock price.

**Policy on setting the ratio of basic remuneration, performance-based remuneration, and non-monetary remuneration for individual remuneration**

The ratio of each type of remuneration for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) is set in the following way so that the total of performance-based remuneration and non-monetary remuneration is approximately equal to the basic remuneration when the medium-term management plan is achieved.

Basic remuneration: performance-based remuneration: non-monetary remuneration (remuneration in the form of stock options) = 10 : 0-9 : 1

**Policy on determining the time and conditions for granting remuneration to directors**

Basic remuneration and performance-based remuneration are paid monthly by dividing the total annual amount of remuneration determined at a Board of Directors meeting into 12 payments. Stock acquisition rights, as non-monetary remuneration in the form of stock options, are allotted at a set time after the Ordinary General Meeting of Shareholders.

**Matters concerning the methods of determining individual remuneration for directors**

The Officer Lineup & Remuneration Advisory Committee discusses and confirms the validity of the remuneration structure for directors (excluding directors who are Audit & Supervisory Committee members) such as standards, composition, and indicators for performance-based remuneration. The Representative Director, President & CEO calculates the specific amount of the personal performance payment of the performance-based remuneration for each director (excluding the Chairman, President and outside directors) within a range obtained by multiplying the personal performance payment base amount (5% of basic remuneration commensurate with position and responsibilities) by a coefficient of 1 to 2.5, and submits it for approval by a resolution of the Board of Directors.

### [Support System for Outside Directors]

The company provides explanations of matters to be brought before the board of directors as necessary so that outside directors can freely state their opinions at board meetings and so that outside directors can easily participate in decision-making. 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.

Audit & Supervisory Committee Members (Full-time) offer observations based on information they have acquired or opinions they have formed through their attendance at important internal meetings or through their audit activities. The departments concerned work together to provide information based on the opinions of the outside directors and to support them.

### Status of Retired Representative Director/Presidents

#### Former Representative Director/Presidents Serving as Senior Advisor or Executive Advisor

Name	Post	Nature of Work	Working Conditions (full/part-time, whether compensated)	Date of Retirement	Term
Hisakazu Imaki	Honorary Senior Advisor	Community service, etc. (unrelated to management)	Part-time, compensated	June 24, 2010	One-year renewable contract
Takashi Yamanouchi	Senior Advisor	Community service, etc. (unrelated to management)	Part-time, compensated	June 24, 2014	One-year renewable contract
Masamichi Kogai	Senior Advisor	Community service, etc. (unrelated to management)	Part-time, compensated	June 24, 2021	One-year renewable contract
Akira Marumoto	Senior Advisor	Community service, etc. (unrelated to management)	Part-time, compensated	June 27, 2023	One-year renewable contract

Number of former Representative Director/Presidents Serving as Senior Advisor or Executive Advisor	4
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#### Other

The work of senior advisors is limited to community service and sustaining ties with suppliers. They do not attend meetings, such as those of the board of directors or executive committee, and are not involved in the Company's operations or decision-making in any way.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

### i. Overview of current system

The Company's surrounding business environment is undergoing rapid changes. To enable faster business decision-making, further enhance discussion of management strategies and strengthen supervisory functions of board of directors meetings, the Company transitioned to a company with an audit and supervisory committee.

In addition to bodies designated by law such as the General Meeting of Shareholders, board of directors, and the Audit & Supervisory Committee, the Company established the Officer Lineup & Remuneration Advisory Committee as an advisory body to the board of directors and the Executive Committee Meetings to deliberate important company-wide policies and initiatives and to report on information needed for corporate management.

### Board of Directors

The Company's board of directors deliberates and makes decisions on items related to the execution of important business, such as management strategy and basic management policies, and supervises the execution of individual directors' duties. In addition, facilitate quick and flexible decision-making, based on the Articles of Incorporation a substantial part of decision-making regarding the execution of important business will be delegated to management, and executive directors including and below the president to whom authority has been delegated based on the Company's rules of administrative authority will make decisions regarding these matters. The board is made up of 15 directors, six of whom are highly independent outside directors. The board of directors generally meets once per month.

### Audit & Supervisory Committee

The Company's Audit & Supervisory Committee audits and supervises the board of directors' decision-making process and business execution through the execution of voting rights at board of directors meetings and the execution of its right to state opinions on the personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee Members) at the General Meeting of Shareholders. The Audit & Supervisory Committee is made up of five members, four of whom are highly independent outside directors. To ensure the smooth operation of the Audit & Supervisory Committee's audits, one of its members is full-time.

### Executive Officer System

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.

### Officer Lineup & Remuneration Advisory Committee

The Company established the Officer Lineup & Remuneration Advisory Committee, made up of three representative directors and six outside directors and chaired by a representative director, as an advisory body to the board of directors. The committee reports to the board of directors the results of its deliberation on matters such as officer lineup and policies regarding the selection and training of directors, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term.

### Executive Committee Meetings

The Company established Executive Committee Meetings to deliberate important company-wide policies and initiatives and to report on information needed for corporate management.

### Internal Audits

The Global Audit Department (26 full-time staff) conducts audit functioning as the Company's internal Audit Department in an effort to contribute to sound and efficient management, and it audits the appropriateness of the business activities of the Company and its affiliated companies with regard to managerial targets, policies and plans as well as laws and regulations. It also audits the appropriateness and effectiveness of internal control.



## Accounting Audits

Accounting audits are conducted by KPMG AZSA LLC, with whom the Company has concluded an audit contract. The certified public accounts who conducted the Company's accounting audits are Hiroshi Tawara, Koji Yoshida and Takuya Morishima who are employed by KPMG AZSA. Those assisting with the Company's accounting audits include 13 certified public accountants, one public accountant with U.S. certification, and 18 others, eight of whom have passed the certified public account examination.

### ii. Efforts related to strengthening the audit function

The Company's Audit & Supervisory Committee is made up of five members, including four outside directors. Each member of the Audit & Supervisory Committee audits directors' (excluding directors who are Audit & Supervisory Committee Members) execution of their duties in accordance with the annual plan set forth by the Audit & Supervisory Committee. The appointment of outside directors who are Audit & Supervisory Committee Members is described in the preceding "Relationship with the Company (1)" and "Relationship with the Company (2)." Mr. Nobuhiko Watabe, Mr. Akira Kitamura and Mr. Masato Sugimori have extensive knowledge of finance and accounting, as described as follows.

- Mr. Nobuhiko Watabe has experience serving as Deputy General Manager of the Corporate Planning Division of the Company.
- Mr. Akira Kitamura was formerly Representative Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation, as well as Chairman of the Board and CEO (Representative Director) of Kansai Urban Banking Corporation.
- Mr. Masato Sugimori was formerly Senior Managing Executive Officer, Assistant CFO, Risk Management of Sumitomo Corporation, as well as Director, Executive Vice President, General Manager, Corporate Unit, Jupiter Telecommunications Co., Ltd.

The Company established the Audit & Supervisory Committee Department as an organization to assist with the work of the Audit & Supervisory Committee and assigned it full-time staff. Full-time staff members do not receive instructions from directors (excluding directors who are members of the Audit & Supervisory Committee) but work according to instructions from the Audit & Supervisory Committee and do not hold additional posts. The Human Resources Division conducts personnel changes and evaluations of full-time staff members following consultation with full-time Audit & Supervisory Committee Members.

If directors (excluding directors who are Audit & Supervisory Committee Members) or executive officers discover facts that pose a risk of considerable harm to the Company, they immediately report it to the Audit & Supervisory Committee. With regard to major lawsuits or trials, changes to the accounting plan, major accidents, administrative disciplinary action by the authorities or other matters to be determined by the Audit & Supervisory Committee after consultation with directors or executive officers, even if the facts do not pose a risk of considerable harm to the Company, they are reported to the Audit & Supervisory Committee.

The provision of information to outside directors who are Audit & Supervisory Committee Members is described in "Support System for Outside Directors." Cooperation among the Audit & Supervisory Committee, accounting auditors and the Internal Audit Departments is outlined in "Cooperation among Audit & Supervisory Committee Members, Accounting Auditors and Internal Audit Departments."

### iii. Efforts related to the election of officers and the determination of their remuneration

To enhance the transparency, fairness and objectivity of the process for nominating and appointing executive officers and candidates for director, as well as for determining their remuneration, the Company established an Officer Lineup & Remuneration Advisory Committee.

## Outline of Liability Limitation Agreements

The Company has concluded a Liability Limitation Agreement with outside directors as stipulated in Article 423, Paragraph 1 of the Companies Act, with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

### **3. Reasons for Adoption of Current Corporate Governance System**

The Company has adopted its current corporate governance system in the belief that it makes possible an appropriate corporate governance structure by enhancing the transparency of management through debate at meetings of the board of directors (including the outside directors) and of other advisory bodies and through the enhancement of the audit and supervisory functions through the appointment of highly independent expert outside directors and by providing strong support for Audit & Supervisory Committee.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of the Ordinary General Meeting of Shareholders to be held on June 27, 2023 was sent out on June 5. Prior to this, on May 29, the notice was posted on the Company's website and on the website of the Tokyo Stock Exchange. <a href="https://www.mazda.com/en/investors/stockinfo/meeting/">https://www.mazda.com/en/investors/stockinfo/meeting/</a>
Scheduling AGMs Avoiding the Peak Day	The Company has heretofore avoided scheduling shareholders' meetings on peak days.
Allowing Electronic Exercise of Voting Rights	To make it easier for shareholders to exercise their right to vote, electronic voting has been allowed since the shareholders' meeting in June 2004.
Participation in Electronic Voting Platform	The Company has participated in the electronic voting platform for institutional investors run by ICJ Inc. since the shareholders' meeting in June 2008.
Providing Convocation Notice in English	The Company prepares English-language materials for reference when exercising voting rights. <a href="https://www.mazda.com/en/investors/stockinfo/meeting/">https://www.mazda.com/en/investors/stockinfo/meeting/</a>
Other	In efforts to enhance the provision of information, the Company uses video and slide presentations to explain matters that are to be reported at the General Meetings of Shareholders. In consideration of shareholders who are unable to attend, since June 2021 the Company has been accepting questions beforehand and delivering on-demand reports after the General Meeting of Shareholders and since June 2022 provided live streaming of the General Meeting of Shareholders via the internet.

#### 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company will disclose information appropriately based on laws and regulations and take the initiative to provide other information as well based on laws and regulations (as stated in I.1 Basic Views).
Regular Investor Briefings for Individual Investors	Business briefings for individual investors are held.
Regular Investor Briefings for Analysts and Institutional Investors	Briefings are held on the days when quarterly financial results are announced. Business briefings such as technology briefings and factory tours are also held.
Regular Investor Briefings for Overseas Investors	The Company holds individual briefings with overseas institutional investors in Europe, the U.S., Asia and other principal markets. Additionally, we attend conferences sponsored by securities companies.
Posting of IR Materials on Website	Financial results, the securities report, corporate governance report, notice of the General Meeting of Shareholders and integrated report are posted on the Company's website. <a href="https://www.mazda.com/en/investors/">https://www.mazda.com/en/investors/</a>
Establishment of Department and/or Manager in Charge of IR	IR Group, Financial Planning Department

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has stipulated that it will foster a corporate culture and climate that respect stakeholders' rights and status and sound business ethics and hold dialogue and collaborate with stakeholders appropriately. Refer to I. 1 Basic Views.
Implementation of Environmental Activities, CSR Activities etc.	<p>Initiatives in sustainability</p> <p>Mazda has formulated the Basic Policy on Sustainability, and makes sincere efforts to meet the needs and expectations of all stakeholders based on its corporate vision while achieving sustainable growth as a company through its global business activities. Mazda also declares its commitment to contribute to the sustainable development of society by making the best use of its strengths and working to solve various social issues.</p> <p>In addition, Mazda has established a CSR Management Strategy Committee chaired by the president to discuss sustainability initiatives expected of the Company from a global perspective in light of changes in the social environment.</p> <p>Mazda's Basic Policy on Sustainability and main sustainability initiatives are disclosed in the Mazda Sustainability Report.  <a href="https://www.mazda.com/en/sustainability/report/">https://www.mazda.com/en/sustainability/report/</a></p> <p>In May 2019, the Company expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) and participated in the TCFD Consortium. At present, the Company is preparing to enhance disclosure regarding the impact of climate change risks and profit opportunities on the Group's business activities and profits based on the TCFD framework.</p> <p>The Company's initiatives under the TCFD framework are disclosed on the Company's website.  <a href="https://www.mazda.com/en/sustainability/">https://www.mazda.com/en/sustainability/</a></p>
Development of Policies on Information Provision to Stakeholders	The Company has stipulated that it will disclose information appropriately based on laws and regulations and take the initiative to provide other information as well based on laws and regulations. Refer to I. 1 Basic Views. The Mazda Corporate Ethics Code of Conduct also states: "You should always state the truth honestly and timely in reporting internally and/or to the public."

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

#### <Outline of board resolutions related to the creation of the system>

#### **1. System for the preservation and management of information related to directors' execution of duties**

Minutes for the meetings of shareholders, the board of directors and other information related to the execution of directors' duties will be properly stored and managed in accordance with laws and regulations, the Articles of Incorporation and all other related internal regulations, and the Audit & Supervisory Committee Members will be allowed to review this information upon request.

#### **2. Regulations and other systems related to the risk of loss**

- (i) Individual business risks will be managed by the relevant divisions, and company-level risks will be managed by the divisions in charge in accordance with basic risk management policy and other related internal regulations.
- (ii) In the event of serious management situations or emergencies such as disasters, appropriate measures such as establishing an emergency headquarters will be taken in accordance with internal regulations as necessary.
- (iii) The officer and department in charge of the promotion of risk management throughout the Company will be stipulated, and risk management will be further strengthened and enhanced by activities such as setting an agenda of priority issues for the Risk & Compliance Committee and checking and evaluating the risk management in each department.
- (iv) The Internal Auditing Department will check and evaluate risk management in all departments through conducting internal audits, and it will regularly report to the board of directors and Audit & Supervisory Committee.

#### **3. System to ensure that directors execute their duties efficiently**

- (i) To meet business plan targets, activities will be carried out in each area of operations in accordance with the medium- and long-term management plan and the annual fiscal year business plan.
- (ii) All items related to operations that must be submitted to the board as set forth in the Board of Directors Regulations will be submitted at a board of directors meeting.
- (iii) Daily operations will be carried out efficiently in accordance with the division of duties among executive officers based on the Administrative Authority Regulations, Work Allocation Regulations and any other related internal regulations or by delegating authority to the executive officers.

#### **4. System to ensure that directors and employees execute their duties in conformance with laws and regulations and the Articles of Incorporation**

- (i) To further strengthen the oversight function of the board of directors and achieve greater management transparency, independent outside directors will be appointed.
- (ii) The execution of duties by directors and other corporate officers and employees will be carried out so as to ensure compliance with laws and regulations and the Articles of Incorporation in accordance with the compliance system in which an officer in charge of compliance will be appointed and a division in charge of compliance will be set up, and each divisional manager will be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.
- (iii) The promotion of compliance will be based on company-wide promotion policies deliberated on by the Risk & Compliance Committee and administered by the division that administers compliance throughout the company.
- (iv) The Mazda Global Hotline (hereinafter "hotline") will be set up to receive reports when there has been improper behavior in the context of laws and regulations or of the Mazda Corporate Ethics Code of Conduct or when such behavior is suspected. The hotline will accept anonymous reports, and a channel for receiving reports will be set up at an independent organization (a lawyer).

**5. System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries**

- (i) Subsidiaries will be requested to make advance reports to the Company on specific matters and on the resolution of important operational issues in accordance with relevant internal regulations or to seek the Company's approval of them.
- (ii) Subsidiaries will be given guidance and support so as to carry out appropriate risk management in accordance with basic risk management policies and relevant internal regulations.
- (iii) Subsidiaries will be given guidance and support so as to introduce the corporate group's medium-, long-term and annual business plans and other initiatives and policies of the Company and to conduct their business in accordance with them. Subsidiaries will also be given guidance and support as needed to resolve important business issues that arise.
- (iv) The Mazda Corporate Ethics Code of Conduct will be introduced to subsidiaries, and they will be given guidance and support in carrying out their business in accordance with the code. The Audit & Supervisory Committee and the internal auditing department will, as proper, conduct audits of group companies' compliance with laws, regulations and the Articles of Incorporation and the status of their risk management.

**6. Items related to the directors and employees to assist the Audit & Supervisory Committee in its work**

An organization to assist the Audit & Supervisory Committee with its work will be set up, and employees (hereafter referred to as "Audit & Supervisory Committee staff") who are not subject to the guidance or directives of directors (excluding directors who are Audit & Supervisory Committee Members) will be assigned to the organization.

**7. Items related to the independence of the aforementioned employees from directors and director-employees (excluding directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of instructions to these director-employees**

- (i) The transfer and evaluation of Audit & Supervisory Committee staff will be carried out by the Human Resources Division after prior discussion with the full-time Audit & Supervisory Committee Members.
- (ii) Audit & Supervisory Committee staff will not be concurrently employed by any other department and must report solely to the Audit & Supervisory Committee.

**8. Systems for reports to the Audit & Supervisory Committee by directors (excluding directors who are Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries, for other reports to the Audit & Supervisory Committee and to ensure that those who make reports will not be subject to unfavorable treatment on account of making the report**

- (i) When directors (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) or executive officers discover facts that may result in significant harm to the Company, they will report such facts to the Audit & Supervisory Committee immediately.
- (ii) Directors and executive officers will report to the Audit & Supervisory Committee on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Committee with the directors or executive officers even if they are not facts that may result in significant harm to the Company.
- (iii) Directors and executive officers will seek reports from subsidiaries' directors, executive officers, auditors or employees engaged in internal audits of subsidiaries on facts that may lead to a significant loss to the Company or its subsidiaries and on other matters that the Audit & Supervisory Committee will decide on after discussions with the directors or executive officers. These reports will be reported to the Audit & Supervisory Committee.
- (iv) The Internal Auditing Department will make regular reports to the Audit & Supervisory Committee on the results of its internal audits of the corporate group.
- (v) Reports from employees of the Company or its major subsidiaries via the hotline will be received and the status of such reports will be regularly reported to the Audit & Supervisory Committee.
- (vi) It will be made clear to the officers and employees of the corporate group that those who make reports to the hotline or who cooperate in an investigation or who make reports to the Audit & Supervisory Committee under the provisions of the preceding paragraph will not be subject to retaliation or unfavorable treatment.



**9. Matters related to procedures for the advance payment or reimbursement of costs incurred in conjunction with the execution of their duties by Audit & Supervisory Committee Members and policies concerning the handling of other costs or claims incurred in the execution of their duties**

The Audit & Supervisory Committee will prepare a budget in advance for costs deemed to be necessary to the execution of duties. Requests for reimbursement for costs incurred in an emergency or on an impromptu basis may be made after the fact.

**10. Other systems to ensure that Audit & Supervisory Committee can conduct its audits effectively**

- (i) The Audit & Supervisory Committee will audit directors' (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) execution of duties in accordance with its annual plan.
- (ii) The full-time Audit & Supervisory Committee Members will attend important meetings such as meetings of the Executive Committee.
- (iii) Close cooperation will be maintained between the Audit & Supervisory Committee and the Internal Auditing Department and the accounting auditors, such as by holding regular meetings, etc.
- (iv) The Audit & Supervisory Committee will communicate with the directors, executive officers and the general managers of major departments through meetings and hearings on the execution of duties.
- (v) Cooperation will be maintained by holding meetings regularly with the full-time Audit & Supervisory Committee Members and full-time corporate auditors of the major companies in the Mazda Group and by sharing information with them.

**2. Basic Views on Eliminating Anti-Social Forces**

The Mazda Group will have no connection with anti-social forces or groups nor carry out any acts to facilitate the activities of such forces or groups. In the event of unreasonable demands from anti-social forces or groups, these will be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

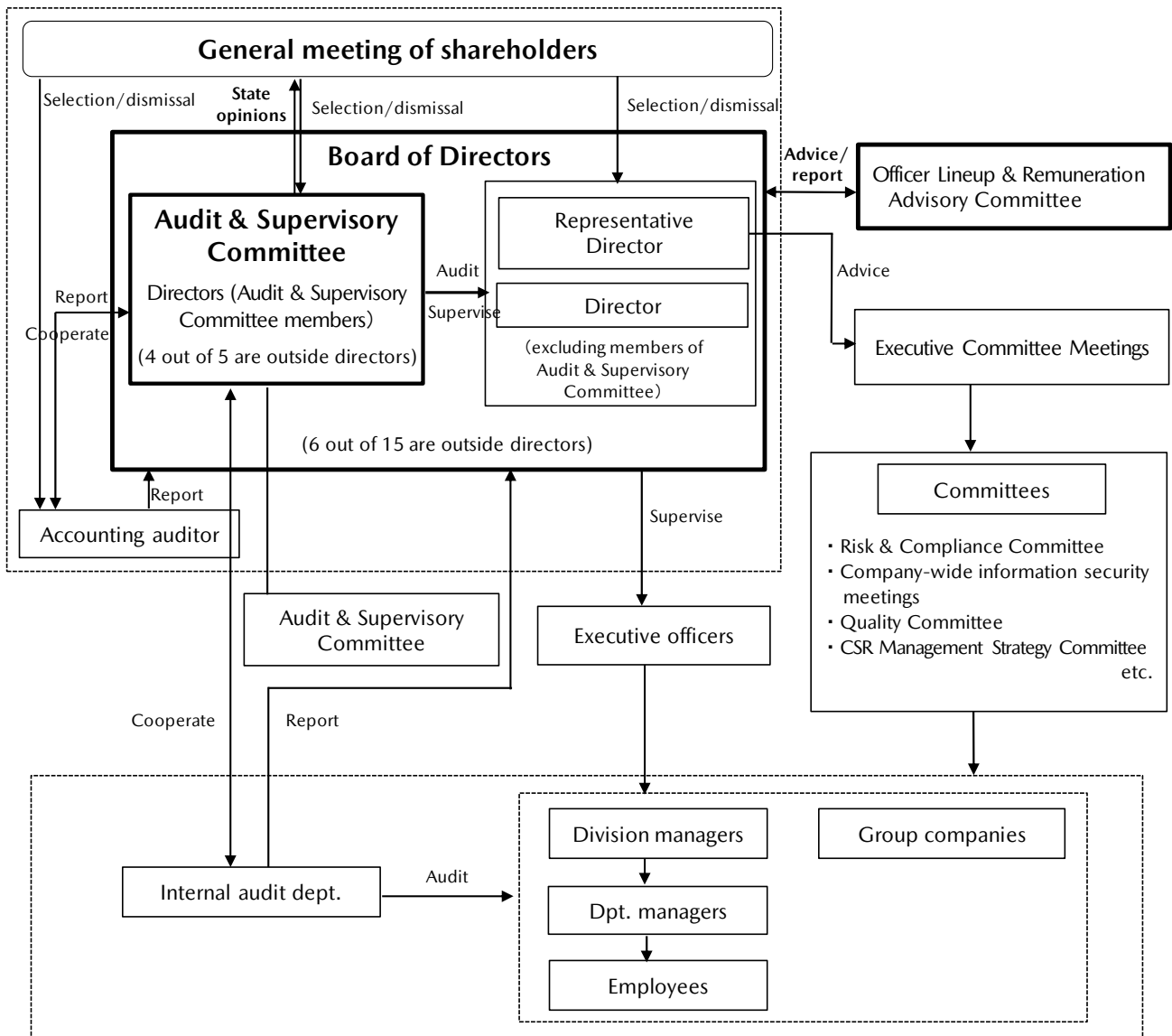
**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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## 2. Other Matters Concerning Corporate Governance System



### Timely Disclosure System

The company's internal system pertaining to the timely disclosure of information is as shown below.

