

Corporate Governance Report

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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 **[Updated]**

While working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community and its employees, the Company shall 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 shall ensure that the rights of shareholders are effectively secured, create an environment in which their rights can be properly exercised and ensure shareholders' equality.

ii. The Company shall foster a corporate culture and climate that respect stakeholders' rights and status and sound business ethics and have a dialogue and collaborate with stakeholders appropriately.

iii. 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.

iv. Based on its fiduciary responsibility and accountability to shareholders, the Company's board of directors shall lay out a broad direction for corporate strategy, establish an environment that will support appropriate risk-taking and exercise highly effective supervision over the management team from their independent and objective stance.

v. The Company shall engage in constructive dialogue with shareholders and take a proper interest in their interests and concerns while endeavoring to explain the Company's management policies in a clear manner and 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 shall implement its principles.

Principle 1-3 Basic Strategy for Capital Policy

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

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

With regard to shareholder return, the Company shall endeavor to strengthen its financial foundation for 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 business strategy, the necessity to business activities such as maintaining and strengthening business dealings, and the economic rationality of cross-shareholdings, the Company shall 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 shall 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, the Company shall individually verify the appropriateness of its cross-shareholdings according to the above-mentioned policy.

Stocks held as of the end of March 2020 were verified at a board of directors meeting and the rationality of said holdings were confirmed.

iii. Basic policy on exercise of voting rights

When exercising its right to vote for cross-shareholdings, the Company shall 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 of which the Company holds shares over the medium and long terms; the Company shall then determine to vote for or against proposals.

Principle 1-7 Related Party Transactions

Based on the Companies Act, the Company shall 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 so that no such concerns are raised. Based on internal regulations, the same shall be done in the case of executive officers as well.

The Company shall 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. At present, however, there are no principal shareholders holding 10 percent or more of the Company's voting rights.

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 shall 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, shall 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

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

We love cars and want people to enjoy fulfilling lives through cars.

We envision cars existing sustainably with the earth and society, and we will continue to tackle challenges with creative ideas.

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

In January 2020, the Company celebrated the 100th anniversary of its founding. As a milestone marking the next 100 years, the Company described its ideal vision for 2030 to 2040 and presented the Medium-Term Management Policy and Medium-Term Management Plan, which include principal measures and financial targets, as well as the management policy for the period from the fiscal year ending in March 2020 to the fiscal year ending in March 2025.

For details on this policy, refer to the investor relations materials on the Company's website.

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

Additionally, as it is difficult to predict how global automobile demand will recover from the novel coronavirus, it may be difficult to achieve the original sales and sales volume targets indicated in the first year or two of the Medium-Term Management Plan. Under these circumstances, while continuing to follow the Medium-Term Management Policy, the Company will maximize efficiency in all fields, as well as revise scope and timing.

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 shall consider whether they have the proper attitude to fulfill the mandate of shareholders, customers and other stakeholders, high ethical standards, the ability to take action, leadership qualities and the experience and ability to carry out their duties as well as their professional and personal achievements. 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 Member, in addition to the above the Company shall ensure that at least one of them has thorough knowledge of finances and accounting.

The Company shall 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 properly fulfill their roles and responsibilities.

In order to enhance the transparency, fairness and objectivity of the process for nominating and appointing executive officers and candidates for director, as well as 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 function for 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) shall be submitted to the board.

(Dismissal Policies and Procedures)

Regarding the dismissal or other measures taken against a director, in cases where a director (directors and executive officers) was found to have violated the rules, regulations, or company statutes regarding their duties; in cases where a director took an inappropriate action, thereby making them unqualified to serve as a director; or in cases where circumstances emerged that made the appropriate execution of their duties difficult, a proposal to dismiss the director in question shall 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 the 154th Ordinary General Meeting of Shareholders for the reasons for the nomination of the candidates of directors (excluding directors who are members of the Audit & Supervisory Committee). Refer to the Notice of the 153rd Ordinary General Meeting of Shareholders for the reasons for the nomination of the candidates of directors who are members of the Audit & Supervisory Committee.

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

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, in order to facilitate quick and flexible decision-making, a substantial part of decision-making regarding the execution of important business will be delegated to management, based on the Articles of Incorporation, 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 Company holds executive committee meetings to report information necessary for debate on important company-wide policies and initiatives, as well as advisory bodies to contribute to decisions by the president. Matters deliberated at these meetings are reported to the board of directors, and the board supervises management's execution of business.

Principle 4-9 Independence Standards and Qualification for Independence

Refer to "Independence of Officers" 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

Refer to Principle 3-1-iv.

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

The company shall 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/>

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

In order 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 2019.

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 ideal 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, after the transition to a company with an audit & supervisory committee, results were inspected regarding the objectives of the transition, namely improved management decision-making speed, enhanced deliberation among the Board of Directors, and strengthened the supervisory function of the Board of Directors.

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.

Additionally, it was confirmed that the business strategy and other matters were thoroughly discussed by securing ample time, and that decision-making speed had been improved by delegating the Board of Directors' authorities to representative directors within an appropriate scope based on the Company's Articles of Incorporation. However, it was confirmed that initiatives are necessary to further improve and strengthen areas such as strengthening monitoring of important matters such as the business strategy, and thorough discussion of risks and profitability.

The Company will analyze and evaluate the effectiveness of the Board of Directors every year and continue initiatives for constant improvement in order 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 shall hold training for them to ensure that they can fulfill their respective roles and responsibilities. Even after they assume their posts, the Company shall 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 shall 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 shall 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 shall have overall responsibility for dialogue with shareholders, and the officer in charge of finance and the financial planning department (investor relations department) shall be in charge. In order to enhance dialogue, they shall cooperate with departments in charge, including the Corporate Planning & Development Division and the Corporate Services Division, and create a framework for the proper provision of information.

iii. Methods of dialogue

Apart from dialogue conducted in private meetings, the Company shall hold quarterly briefings on financial results and other briefings, including those for individual shareholders, and shall conduct plant tours. The company shall also endeavor to disclose information impartially and with a high degree of transparency through the issuance of its securities reports and explanations of the Company's operating policies and the Mazda brand on the Company's website.

iv. Relaying information on dialogue

Opinions from customers will be relayed to the board of directors or the management team as necessary by the officer in charge of finances.

v. Management of insider information

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

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

In January 2020, the Company celebrated the 100th anniversary of its founding. As a milestone marking the next 100 years, the Company described its ideal vision for 2030 to 2040 and presented the Medium-Term Management Policy and Medium-Term Management Plan, which include principal measures and financial targets, as well as the management policy for the period from the fiscal year ending in March 2020 to the fiscal year ending in March 2025. For details on this policy, refer to the investor relations materials on the Company's website.

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

Additionally, as it is difficult to predict how global automobile demand will recover from the novel coronavirus, it may be difficult to achieve the original sales and sales volume targets indicated in the first year or two of the Medium-Term Management Plan. Under these circumstances, while continuing to follow the Medium-Term Management Policy, the Company will maximize efficiency in all fields, as well as revise scope and timing.

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

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)	39,825,200	6.32
Toyota Motor Corporation	31,928,500	5.07
Japan Trustee Services Bank, Ltd. (Trust Account)	30,219,800	4.80
Japan Trustee Services Bank, Ltd. (Trust Account 9)	15,699,900	2.49
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	12,389,000	1.97
Japan Trustee Services Bank, Ltd. (Trust Account 5)	12,002,000	1.91
Sumitomo Mitsui Banking Corporation	10,191,500	1.62
JP MORGAN CHASE BANK 385151	10,094,120	1.60
Japan Trustee Services Bank, Ltd. (Trust Account 7)	9,523,600	1.51
THE BANK OF NEW YORK MELLON 140051	9,067,000	1.44

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

Supplementary Explanation [Updated]

Status of major shareholders above is as of March 31, 2020.

- (1) Although it was recorded in statements of large-volume holdings offered for public inspection on Sept. 20, 2019 that Sumitomo Mitsui Trust Bank, Limited and its two joint holders held 40,361,500 shares as of Sept. 13, 2019, 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 fiscal year end. The statements of large-volume holdings were as follows.

Sumitomo Mitsui Trust Bank, Limited	2,000,000 shares
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Sumitomo Mitsui Trust Asset Management Co., Ltd.	24,611,300 shares
Nikko Asset Management Co., Ltd.	13,750,200 shares
(2) Although it was recorded in statements of large-volume holdings offered for public inspection on Oct. 4, 2019 that BlackRock Japan Co., Ltd. and its eight joint holders held 38,493,300 shares as of Sept. 30, 2019, 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 fiscal year end. The statements of large-volume holdings were as follows.	
BlackRock Japan Co., Ltd.	9,629,100 shares
BlackRock Financial Management, Inc.	775,700 shares
BlackRock Fund Managers Limited	826,011 shares
BlackRock Life Limited	920,400 shares
BlackRock Asset Management Canada Limited	674,500 shares
BlackRock Asset Management Ireland Limited	2,493,498 shares
BlackRock Fund Advisors	8,873,200 shares
BlackRock Institutional Trust Company, N.A.	11,278,386 shares
BlackRock Investment Management (UK) Limited	3,022,505 shares
(3) Although it was recorded in statements of large-volume holdings offered for public inspection on Oct. 7, 2019 that Nomura Securities Co., Ltd. and its two joint holders held 31,843,907 shares as of Sept. 30, 2019, 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 fiscal year end. The statements of large-volume holdings were as follows.	
Nomura Securities Co., Ltd.	2,003,008 shares
NOMURA INTERNATIONAL PLC	5,363,699 shares
Nomura Asset Management Co., Ltd.	24,477,200 shares

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
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

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								○			
Ichiro Sakai	Lawyer											
Kunihiko Tamano	From another company								Δ			
Akira Kitamura	From another company					Δ						
Hiroko Shibasaki	From another company								Δ			

***Categories**

- The director presently falls or has recently fallen under the category.
- Δ 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) [Updated]

Name	Audit & Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
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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 rich experience and insight in corporate management. Based on these qualities and experiences, he has been contributing to strengthening the Board's supervisory function through offering beneficial advice and recommendations, and we expect further guidance and supervision of the Company's management from an outside perspective. Thus the Company requests his election as an outside director.</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 Corporation. The transaction between Panasonic Corporation and the Company was a very small amount, under 1% of the Company's consolidated sales. No business is transacted between the Company and Persol AVC Technology Co., Ltd, and between the Company and Japan Audio Society.</p>	<p>Ms. Ogawa has many years of experience working in audio technology development at an electronics manufacturer and has detailed 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 and insight into corporate management. Based on these qualities and experiences, she has been contributing to strengthening the Board's supervisory function through offering beneficial advice and recommendations, and we expect further guidance and supervision of the Company's management from an outside perspective. Thus the Company requests her election as an outside director.</p> <p>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>

Ichiro Sakai	○	○	—	<p>Having served as a prosecutor and attorney for many years, Mr. Sakai has extensive experience in and knowledge of the legal profession. He has contributed to further strengthening the Board's supervisory function by offering valuable advice and suggestions based on this experience and knowledge. The Company requests his election as an outside director, Audit & Supervisory Committee Member so that he can contribute to strengthening audit and supervisory functions of the Company's management from an outside perspective.</p> <p>Based on its criteria for independence, the Company has determined that Mr. Sakai has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Sakai an independent officer.</p>
Kunihiko Tamano	○	○	<p>Mr. Tamano served as a managing executive officer at Itochu Corp., but he has since stepped down from all posts at Itochu. As of the convening of this General Meeting of Shareholders, six years will have passed since he resigned as managing executive officer in March 2014. In the fiscal year ending March 2020 Mazda paid Itochu for services in its capacity as a trading company, but the amount was very small, less than one percent of the Company's consolidated sales. No business is transacted between the Company and Nippon Access, Inc.</p>	<p>Mr. Tamano worked in finance with a trading company for many years and served as managing executive officer and assistant to the chief financial officer. He has great knowledge of finance and accounting as well as extensive experience and insight into corporate management. As an outside member of the Audit & Supervisory Board, he played an important role in the Company's audits. In light of this, the Company believes he will contribute to strengthening audit and supervisory functions of the Company's management from an outside perspective and therefore requests his election as an Outside Director, Audit & Supervisory Committee Member.</p> <p>Based on its criteria for independence, the Company has determined that Mr. Tamano has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Tamano an independent officer.</p>

Akira Kitamura	○	○	<p>Mr. Kitamura served as representative director & 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, eleven years will have passed since he resigned as an executive in March 2009. As of March 31, 2020, the bank owned 1.6 percent of the Company's stock, and the balance of the Mazda group borrowings from the bank was 98,372 million yen (approximately 3.5 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 Banking Corporation, but he resigned as chairman of the board & CEO at the bank in June 2016. And he resigned as advisor in March 2019. As of March 31, 2020, the balance of the Mazda Group borrowings from the bank was 4,000 million yen, but the amount was very small, less than 0.1 percent of the Company's consolidated assets. No business is transacted between the Company and ARK Real Estate Co., Ltd.</p> <p>Mr. Kitamura currently serves as outside director at Toyo Aluminium K.K. The transaction between Toyo Aluminium K.K. and the Company was a very small amount, under 1% of the Company's consolidated sales.</p>	<p>Mr. Kitamura has held key posts at a financial institution, including representative director & senior managing executive officer as well as chairman of the board and chief executive officer (representative director), and has great knowledge of finance and accounting. He has rich experience and knowledge of corporate management, and as an outside member of the Audit & Supervisory Board he played an important role in the Company's audits. In light of this, the Company believes he will contribute to strengthening audit and supervisory functions of the Company's management from an outside perspective and has nominated him as a candidate for outside director, Audit & Supervisory Committee member.</p> <p>Based on its criteria for independence, the Company has determined that Mr. Kitamura has sufficient independence such that no risk of conflict of interest with general shareholders will result and has designated Mr. Kitamura an independent officer.</p>
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Hiroko Shibasaki	○	○	Ms. Shibasaki served as managing executive officer at Tokio Marine & Nichido Fire Insurance Co., Ltd., but she has since stepped down from all posts at Tokio Marine & Nichido Fire Insurance. As of the convening of this General Meeting of Shareholders, two years will have passed since she resigned as managing executive officer in March 2018. The amount of transaction between Tokio Marine & Nichido Fire Insurance in the fiscal year ending March 2020 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 damage 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 and insight into corporate management. Therefore, the Company believes she will contribute to audit and supervisory functions for the Company's management from an independent perspective and has nominated her as a candidate for outside director, Audit & Supervisory Committee member. 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.
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[Audit & Supervisory Committee]

Committee's Composition, and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	6	2	2	4	Inside Directors

Existence of directors and employees who shall 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 department 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. They also get 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 their audits or convey 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 **[Updated]**

In order to further enhance the transparency, fairness and objectivity of the process for nominating and appointing executive officers and candidates for director, as well as 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, was established as an advisory function for 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 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) shall be submitted to 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 [Updated]
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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

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration
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Selected Director

Supplementary Explanation [Updated]
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The total remuneration paid to directors in Fiscal Year 2020 (April 2019 through March 2020) are described below.

- Compensation before the transition to a company with audit and supervisory committee

Ten Directors received 169 million yen and five Corporate Auditors received 27 million yen, for a total of 196 million yen (among which five Outside Directors received 16 million yen).

- Compensation after the transition to a company with an audit and supervisory committee

Nine Directors (excluding Directors who are Audit & Supervisory Committee members) received 405 million yen and six Directors who are Audit & Supervisory Committee members received 109 million yen, for a total of 514 million yen (among which six Outside Directors received 72 million yen).

For individual remuneration paid to some directors, refer to the Securities Report:

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

Policy on Determining Remuneration Amounts and Calculation Methods
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Exist

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods **[Updated]**

The policy for remuneration for the Company's officers is 1) connected to the Company's sustainable growth and raising 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 officers, 4) the officers' remuneration standard, set in comparison with other automobile manufacturers, is to be determined based on the position of employee salary, bearing in mind that officers work alongside employees.

In order to ensure transparency of the process for setting remuneration, as well as fairness and objectivity for how decisions are made and remuneration is allocated, the Officer Lineup and 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 decision-making process.

The remuneration of directors (excluding directors who are Audit & Supervisory Committee Members) consists of 1) a fixed amount of basic remuneration commensurate with their responsibilities, 2) performance-based remuneration determined at the end of the fiscal year after evaluating how much has been achieved toward goals set at the fiscal year beginning based on the business plan, and 3) compensation in the form of stock options under a system introduced to enhance the desire to contribute to enhancing corporate value over the medium and long term and to share the benefits with shareholders. Considering their status independent from the execution of operations, Outside Directors and Directors who are Audit & Supervisory Committee members shall receive a fixed amount of basic remuneration only. Additionally, the remuneration of Directors who are Audit & Supervisory Committee members shall be determined following discussion by Audit & Supervisory Committee members.

• General Meeting of Shareholders resolution on officers' remuneration

At the 153rd General Meeting of Shareholders held on June 26, 2019, the upper limit on remuneration for Directors (excluding Directors who are Audit & Supervisory Committee members) was set at 1,000 million yen per year (not including employee salary portion), and the upper limit on remuneration for Directors who are Audit & Supervisory Committee members was set at 300 million yen per year. Additionally, at the same General Meeting of Shareholders, it was decided that Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) would be assigned share acquisition rights as "remuneration in the form of stock options" within the upper limit of their remuneration.

• Performance-based remuneration

Performance-based remuneration is set using indicators with which the Company's business results and achievement of its business plan can be checked objectively. Primary indicators are global sales volume and consolidated net income that are attributable to shareholders of the parent company (hereinafter "consolidated net income").

Consolidated net income and global sales volume set in the business results outlook announced at the beginning of the fiscal year are used as target values; an amount of performance-based remuneration is set based on the target values for that fiscal year. The amount is also set based on position and duties.

Performance-based remuneration for the past fiscal year was determined based on the following targets and business results, which were used as indicators.

	Target	Business result
Consolidated net income	¥80 billion	¥121 billion
Global sales volume	1,618,000 units	1,419,000 units

Consolidated net income is set as an indicator for performance-based remuneration because it is the final profit that management is responsible for, and global sales volume is set because profit is supported by global sales volume. Both targets have been judged as suitable indicators as they can be quantified as objective figures.

Additionally, with the formulation of the Medium-Term Management Plan (announced in Nov. 2019), as a result of a review of indicators for performance-based remuneration by the Officer Lineup and Remuneration Advisory Committee, from the next fiscal year consolidated sales will be used as an indicator instead of global

sales volume in order to confirm both qualitative improvement in sales and increased sales volume.

In addition, part of performance-based remuneration is individual achievement. In the beginning of the term each director sets personal targets, and at the end of the term individual results are evaluated as to what extent they were achieved.

- Remuneration in the form of stock options

Regarding remuneration in the form of stock options given as stock acquisition rights, the number of acquisition rights allotted for each fiscal year is set in accordance with directors' position and duties and is approved by a board of directors' resolution.

- Remuneration composition ratio

Basic remuneration : performance-based remuneration : remuneration in the form of stock options – 10 : 0-9 : 1

- Outline of process to determine the amount of officers' remuneration

The Officer Lineup & Remuneration Advisory Committee discusses and confirms the validity of officers' remuneration structure such as standards, composition, and indicators for performance-based remuneration. The president determines the amount of the individual achievement portion within the range obtained by multiplying by a coefficient of 1 to 2.5 by the individual achievement base amount (5% of basic remuneration commensurate with their responsibilities), and submits it for approval by a Board of Directors resolution.

In May 2019, the Officer Lineup & Remuneration Advisory Committee discussed and confirmed the fiscal year's remuneration amount by position based on the previous fiscal year's business performance as well as indicators for performance-based remuneration for the next fiscal year. Based on the report submitted by the committee, the Board of Directors approved the decision on remuneration by resolution in June. The resolution excluded the individual achievement portion of the performance-based remuneration other than that of the chairman and the president as the president was to evaluate and determine the amount of individual achievement portion. The Board of Directors also approved by resolution on the allotment of stock acquisition rights as remuneration in the form of stock options in July. In February 2020, the Officer Lineup & Remuneration Advisory Committee confirmed the future remuneration structure from the following fiscal year and discussed the revision of indicators for performance-based remuneration.

[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 [Updated]

Former Representative Director/Presidents Serving as Senior Adviser or Executive Adviser

Name	Post	Nature of Work	Working Conditions (full/part-time, whether compensated)	Date of Retirement	Term
Hisakazu Imaki	Senior Adviser	Community service, etc. (unrelated to management)	Part-time, compensated	June 24, 2010	One-year renewable contract
Takashi Yamanouchi	Senior Adviser	Sustaining ties with suppliers, etc. (unrelated to management)	Part-time, compensated	June 24, 2014	One-year renewable contract

Number of former Representative Director/Presidents Serving as Senior Adviser or Executive Adviser[Updated]	2
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Other

The work of senior advisers 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) [Updated]

i. Overview of current system

The Company's surrounding business environment is undergoing rapid changes. In order to enable faster business decision-making, further enhance discussion of management strategies and strengthen supervisory functions of board of directors 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 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 board of directors or the president.

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, in order to 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 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 six members, four of whom are highly independent outside directors. In order to ensure the smooth operation of the Audit & Supervisory Committee's audits, two of its members are 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, etc.

The Company established executive committee meetings to report information necessary for debate on important company-wide policies and initiatives, and advisory bodies to contribute to decisions by the president.

Internal Audits

The Global Audit Department (27 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 Satoshi Yokosawa, Atsushi Nagata and Takuya Morishima who are employed by KPMG Azsa. They have been working on the Company's audits for less than seven years. Those assisting with the Company's accounting audits include 15 certified public accountants, two public accountants with U.S. certification, and seventeen others, four 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 six 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. Kunihiko Tamano and Mr. Akira Kitamura have extensive knowledge of finance and accounting, as described as follows.

- Mr. Kunihiko Tamano was formerly Managing Executive Officer, Assistant to the Chief Financial Officer of Itochu Corp., as well as Representative Director and Vice President of Nippon Access, Inc.
- 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.

The Company established the Audit & Supervisory Committee Dept. 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 department 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

In order 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 [Updated]

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

[Updated]

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of the ordinary general meeting of shareholders to be held on June 24, 2020 was sent out on June 2. Prior to this, on May 26, the notice was posted on the Company's home page and on the website of the Tokyo Stock Exchange. https://www.mazda.com/en/investors/stockinfo/meeting/
Scheduling AGMs Avoiding the Peak Day	The Company has heretofore avoided scheduling shareholders' meetings on peak days.
Allowing Electronic Exercise of Voting Rights	In order 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. https://www.mazda.com/en/investors/stockinfo/meeting/
Other	Before being mailed out, the Notice of the Ordinary General Meeting of Shareholders is posted on the Company's website. https://www.mazda.com/en/investors/stockinfo/meeting/

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	Briefings on the business for individual investors are held as appropriate and cover the Company's sales, finances, outlook for the future, technology and development.
Regular Investor Briefings for Analysts and Institutional Investors	Briefings on business performance are held on the days when quarterly financial results are announced. Briefings on technology and plant tours are also held.
Regular Investor Briefings for Overseas Investors	The Company holds briefings on the business for overseas institutional investors in Europe, the U.S., Asia and other principal markets.
Posting of IR Materials on Website	Financial results, the securities report, quarterly reports and annual report are posted as IR materials on the Company's website. https://www.mazda.com/en/investors/
Establishment of Department and/or Manager in Charge of IR	IR Group, Financial Planning Dept.

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 have a dialogue and collaborate with stakeholders appropriately. Refer to I. 1 Basic Views.
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way. While striving to meet the requests and expectations of all of Mazda's stakeholders, employees pursue CSR initiatives in the course of their daily business activities. In this way, the Company contributes to the development of a sustainable society.</p> <p>For details on environmental conservation and CSR activities, refer to the Company's website.</p> <p>https://www.mazda.com/en/csr/download/</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."
Other	<p>To further the promotion of women to management positions, the Company has set a target of increasing the number of female middle managers to three times the figure as of March 31, 2014 by 2020. The Human Resources Development Committee is also formulating individual training programs for female candidates for middle manager. Mazda also supports the "Action Plans on Promotion of Women to Managerial and Board Position" by the Japan Business Federation (Nippon Keidanren), and participates in it.</p> <p>For details on Mazda's efforts with regard to respect and diversity, refer to the Company's website.</p> <p>https://www2.mazda.com/en/csr/csr_vision/employee/pdf/diversity.pdf</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development **[Updated]**

<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 shall 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 shall be allowed to review this information upon request.

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

- (i) Individual business risks shall be managed by the relevant divisions, and company-level risks shall 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 shall 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 shall be stipulated, and risk management shall 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) In order to meet business plan targets, activities shall 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 shall be submitted at a board of directors meeting.
- (iii) Daily operations shall 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) In order to further strengthen the oversight function of the board of directors and achieve greater management transparency, independent outside directors shall be appointed.
- (ii) The execution of duties by directors and other corporate officers and employees shall 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 shall be appointed and a division in charge of compliance shall be set up, and each divisional manager shall be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.
- (iii) The promotion of compliance shall 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") shall 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 shall accept anonymous reports, and a channel for receiving reports shall 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 shall 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 shall 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 shall be given guidance in support so as 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 shall also be given guidance and support as needed to resolve important business issues that arise.
- (iv) The Mazda Corporate Ethics Code of Conduct shall be introduced to subsidiaries, and they shall be given guidance and support in order to carry out their business in accordance with the code. The Audit & Supervisory Committee and the internal auditing department shall, 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 shall 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) shall 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 shall be carried out by the Human Resources department after prior discussion with the full-time Audit & Supervisory Committee Members.
- (ii) Audit & Supervisory Committee staff shall 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 shall 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 shall report such facts to the Audit & Supervisory Committee immediately.
- (ii) Directors and executive officers shall 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 shall 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 shall 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 shall be received and the status of such reports shall be regularly reported to the Audit & Supervisory Committee.
- (vi) It shall 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 shall not be subject to retaliation or unfavorable treatment.

9. Matters related 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 shall 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 shall 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 shall attend important meetings such as meetings of the Executive Committee.
- (iii) Close cooperation shall 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 shall communicate with the directors, executive officers and the general managers of major departments through meetings and hearings on the execution of duties.
- (v) Cooperation shall 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 shall 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 shall be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

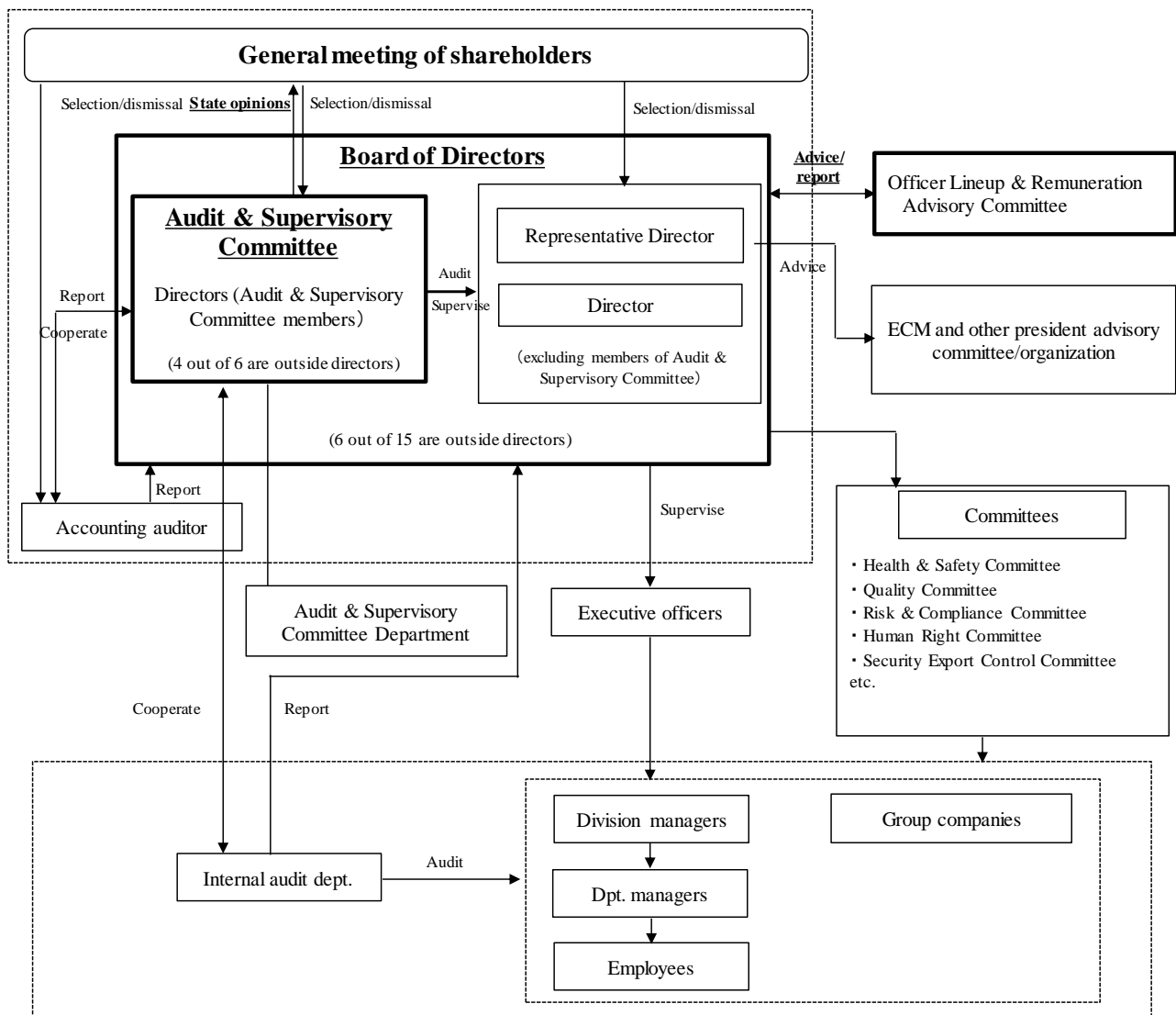
V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

2. Other Matters Concerning to Corporate Governance System



Timely Disclosure System

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

