2007

Mazda Social & Environmental Report

Vision

Corporate objectives

To create new value, excite and delight our customers through the best automotive products and services.

Mission

Roles and responsibilities

With passion, pride and speed, we actively communicate with our customers to deliver insightful automotive products and services that exceed their expectations.

Value

The values Mazda seeks to produce

We value integrity, customer focus, creativity, and efficient and nimble action, and respect highly motivated people and team spirit. We positively support environmental matters, safety and society. Guided by these values, we provide superior rewards to all people associated with Mazda.

In 1999, Mazda evolved its existing management philosophy into its current Corporate Vision. Comprising the three key elements of Vision (corporate objectives), Mission (corporate roles and responsibilities) and Value (the values Mazda seeks to produce), this Corporate Vision defines the goals of the company and its employees, their roles and responsibilities, and the sense of values we embrace in pursuit of our targets.

The Origin and Meaning of "Mazda"

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

Mazda Brand Symbol (Established in June 1997)

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

Mazda Corporate Mark (Established in 1975)

With the introduction of Corporate Identity (CI) in 1975, Mazda developed its corporate mark as a symbol for Mazda's communications. It was then positioned as an easy-to-read corporate mark in line with the establishment of the brand symbol in 1997.

Note

Mazda began publication of its *Environmental Report* in FY2001. This title was changed to the *Social & Environmental Report* in FY2004, since then Mazda has gradually expanded the social aspects of the report.

Following on from last year, in the section of this year's *Social & Environmental Report* which focuses on social aspects, entitled "Mazda and the Global Community," we have separate chapters in which we report on our responsibilities towards each of our stakeholders, including customers, business partners, stockholders and other investors, employees, and regions and communities.

Furthermore, this year for the first time we have established a section on our responsibility for safety in automobiles, entitled 'Toward a Safe-Car Society'.

In addition to further improving our disclosure of information, Mazda would like to promote communication with stakeholders. We would be grateful to receive your candid opinions via the attached survey or other means.

Specific data and information that could not be included in this *Social & Environmental Report*, and data that supplements this report, are available on the Mazda website. Data available on the Mazda website is indicated in this report with the symbol. Web
http://www.mazda.com/csr/

Organizations Covered
Mazda Motor Corporation, its domestic (Japan) affiliated companies and selected overseas affiliated companies are covered in this report.

Period Covered
The report primarily covers the period from April 2006 until March 2007, although some activities after April 2007 are included.

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

Referenced Guidelines
GRI Sustainability Reporting Guidelines 2002/2006
Ministry of the Environment's *Environmental Reporting Guidelines* (FY2003 Edition)
Environmental Reporting Guidelines (2007 Edition)
Environmental Accounting Guidelines (2005 Edition)

Date of Publication
September 2007 (the previous report was published in August 2006; the next report will be published in the summer of 2008)

Related Reports and Information
Detailed accounting and financial information is included in Mazda's *Annual Securities Report, Annual Report* and *Mazda in Brief*, all of which are available on the Mazda website.

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Mazda Group Profile (As of March 31, 2007)

Corporate Profile

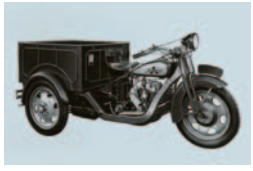
Company name:	Mazda Motor Corporation
Establishment:	1920
Representative:	Hisakazu Imaki, Representative Director, Chairman of the Board and President
Head Office:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, 730-8670 Japan
Main business lines:	Manufacture and sale of passenger cars and commercial vehicles
Principal products:	Four-wheeled vehicles, reciprocating engines, diesel engines, rotary engines, automatic and manual transmissions for vehicles
Employees:	20,395 (non-consolidated), 38,004 (consolidated) (As of April 1, 2007)
Research and development bases:	Head Office, Miyoshi Plant, Mazda R&D Center Yokohama, Mazda Motor of America (USA), Mazda Motor Europe (Germany), China Engineering Support Center (MCO)
Production bases in Japan:	Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant
Overseas production bases:	United States, China, Taiwan, Thailand, Malaysia, Philippines, Iran, Spain, Zimbabwe, South Africa, Ecuador, Colombia
Sales companies:	298 in Japan, 122 overseas
Major industry association memberships:	Japan Automobile Manufacturers Association, Inc.; Japan Mini Vehicles Association; Society of Automotive Engineers of Japan, Inc.; Automobile Business Association of Japan; Japan Auto Recycling Partnership

Main Subsidiaries and Affiliates

Domestic subsidiaries:	Mazda Autozam, Inc. / Kurashiki Kako Co., Ltd. / Toyo Advanced Technologies Co., Ltd. / Microtechno Corp. / Mazda Ace Co., Ltd. / Mazda Engineering & Technology Co., Ltd. / Mazda Chuhan Co., Ltd. / Malox Co., Ltd.
Domestic affiliates:	Japan Climate Systems Corporation / Yoshiwa Kogyo Co., Ltd. / Sanfrecce Hiroshima FC / Mazda Processing Chugoku Co., Ltd.
Overseas subsidiaries:	Mazda Motor of America, Inc. / Mazda Canada Inc. / Mazda Motor de Mexico, S. de R.L. de C.V. / Mazda Motor Europe GmbH. / Mazda Motors (Deutschland) GmbH. / Mazda Motor Logistics Europe N.V. / Mazda Motors UK Ltd. / Mazda Automobiles France S.A.S. / Mazda Automoviles Espana, S.A / Mazda Motor de Portugal Lda. / Mazda (Suisse) S.A. / Mazda Motor Italia S.p.A. / Mazda Motor Russia OOO / Mazda Sales (Thailand) Co., Ltd. / P.T. Mazda Motor Indonesia / Mazda Motor (China) Co., Ltd. / Mazda Australia Pty Ltd. / Mazda Motors of New Zealand Ltd. / Compania Colombiana Automotriz S.A.
Overseas affiliates:	AutoAlliance International, Inc. / AutoAlliance (Thailand) Company Limited/ FAW Mazda Motor Sales Co., Ltd. / Changan Ford Mazda Automobile Co., Ltd. / Changan Ford Mazda Engine Co., Ltd.

Mazda's History of Car *Monotsukuri*

1931



Start of three-wheel truck production

Mazda's first vehicle was the three-wheel truck, the Mazda-Go. The first year, 66 units were manufactured.

1958

Launch of the Romper compact four-wheel truck

This compact, three-seat, four-wheel truck was fitted with a newly developed 1105cc air-cooled 2-cylinder OHV engine (32.5 HP). The Romper was imbued with the concept of a "nimble vehicle."

1960

Mazda R360 Coupe introduced

This lightweight four-seater had a 356cc air-cooled 2-cylinder OHV engine (16 HP). Its lightweight design achieved 32 km/liter mileage.

1967

Launch of the Mazda Cosmo Sports, the world's first rotary engine vehicle

The Cosmo Sports was a two-seater with a newly-developed dual-rotor (491cc each) rotary engine (110 HP). It delivered a top speed of 185 km/h and a 0-400 meter acceleration of 16.3 seconds.

1978

Mazda Savanna RX-7 introduced

Developed under the basic theme of "pursuing the sheer joy of driving," the front-mid-mounted 12A-type dual-rotor rotary engine (130 HP) provided the Savanna RX-7 with excellent handling and stability.

The History and Spirit of Mazda

An Automobile Manufacturer Born from a Dedication to Technology and a Love for a Region

Mazda was born as Toyo Cork Kogyo Ltd. in Hiroshima in 1920. The company name was changed to Toyo Kogyo Ltd. in 1927, and with the mechanical expertise acquired since its foundation as a base, the Company began production of machine tools from 1929 and from 1930 started production of three-wheel trucks.

At that time, the engines in domestically produced three-wheel trucks were almost all imported. However, Mazda emphasized the development of an own-brand engine in its efforts to build a wholly Japan-manufactured vehicle, and this laid the foundation for the company to evolve into an all-round automobile manufacturer. This was made possible by the various accumulated steel processing and shipbuilding technologies, and the abundance of personnel skilled in these technologies, in the Hiroshima community.

The Role of Mazda in Recovery from Devastation and Post-War Motorization

An atomic bomb was dropped on Hiroshima on August 6, 1945. Mazda instantly ceased all production and, in addition to releasing all of its medical supplies to the public and making all of its facilities publicly available, we established four emergency stations within Hiroshima to provide aid and relief to victims, employees and their families.

In December of the same year, in order for Hiroshima and Japan to recover from the destruction, Mazda restarted production of three-wheel trucks. By 1949 we had sufficiently restored our productive ability to be able to export our trucks. Following this, with the launch of our compact four-wheel truck Romper in 1958, and the launch in 1960 of the micro-mini R360, we accelerated the motorization of Japan.

Sending Zoom-Zoom Cars Throughout the World as the Only Manufacturer of the Rotary Engine

From then on, Mazda grew steadily and in 1967 we launched the world's first dual-rotor rotary engine vehicle, the Mazda Cosmo Sports.

The strengths of the rotary engine invented by Felix Wankel of Germany in 1919 were its smooth rotation and low parts count. In contrast, there were problems associated with the practical application of the engine, such as the durability of the apex seal between the rotor and the cylinder. Mazda solved all of these problems. Even after this, many other automobile manufacturers struggled with the rotary engine only to end in failure. Today, Mazda is the only manufacturer in the world that mass-produces rotary engines.

After the release of the Mazda Cosmo Sport, we consistently launched revolutionary automobiles, such as the first-generation Mazda Savanna RX-7 that featured the 12A-model dual-rotor rotary engine, and the Eunos Roadster (Mazda MX-5) lightweight sports car, which has become an iconic vehicle embodying Japan. In 2002, we took the words 'Zoom-Zoom' — which express the emotion of motion first experienced during childhood — and we sent them around the world as our brand message. Contained within those words is the Mazda spirit: to continue to manufacture with the utmost skill, trusted by people around the globe, and deliver automobiles brimming with the joy of driving.

1980

Mazda Familia wins fifth Japan Car of the Year award

Overseas, this model won numerous awards as well, including fourth place in the European Car of the Year awards and 1980 Car of the Year from the Australian magazine *Wheels*.

1989

Eunos Roadster (Mazda MX-5) Released

The Eunos Roadster was released as an authentic lightweight sports car for the further pursuit of the joy of driving. This highly successful product proved to be extremely popular in North America prior to its release in Japan.

2004

Mazda6 (Atenza) wins Car of the Year in China

The Mazda6 was named "Car of the Year 2004 in China" by China's Auto Club-Motor Trend Magazine.

2006

Redesign of the Mazda MPV

The third-generation all-new MPV was launched as "a minivan with the soul of a sports car and innovative next-generation people mover."

2006

Launch of the new Mazda CX-7 crossover SUV

The Mazda CX-7 was released as a sports crossover SUV — fusing the characteristics of a sports car and an SUV into one.

Mazda Group Business Activities

Working together under the “One Mazda” concept, Mazda and its Group companies continually remain alert to customer input as they focus on the business of making and selling cars that are truly fun to drive and that go “Zoom-Zoom.”

Europe

Production facilities 1 [1]
Distributors 27
Dealerships* 2,369

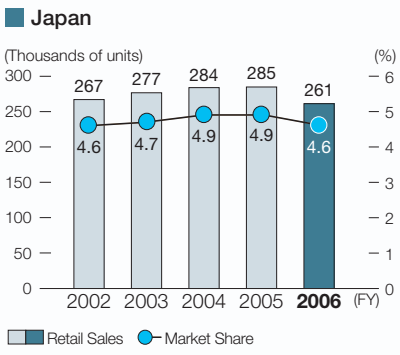
Middle East

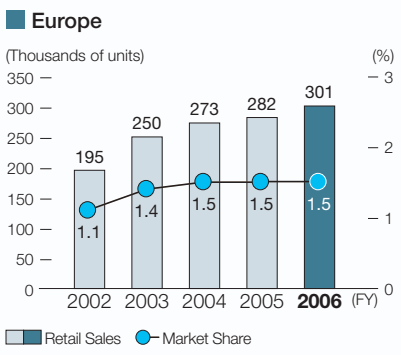
Production facilities [1]
Distributors 12
Dealerships 199

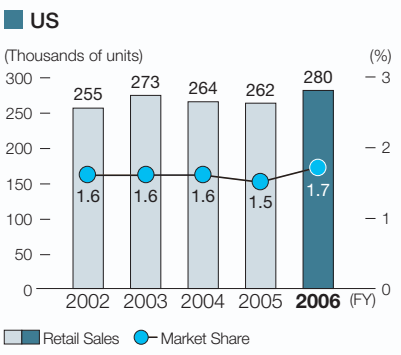
Africa

Production facilities [2]
Distributors 19
Dealerships 218

Unit Sales/Market Share by Region







Japan

Production facilities	3
Distributors	304
Dealerships	1,156

China

Production facilities	[3]
Distributors	2
Dealerships	168

Asia

Production facilities	1 [2]
Distributors	10
Dealerships	253

Oceania

Distributors	12
Dealerships	186

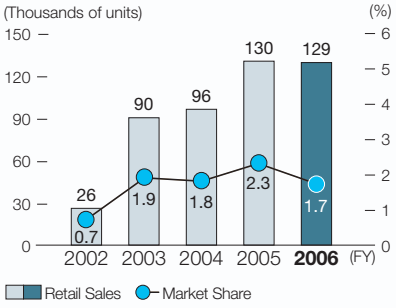
North America

Production facilities	1 [2]
Distributors	4
Dealerships	864

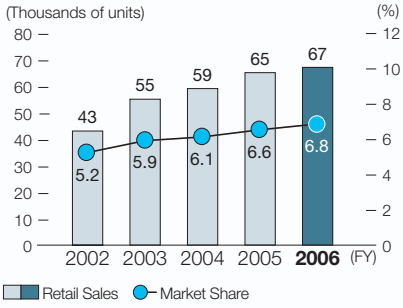
Central and South America

Production facilities	1 [1]
Distributors	36
Dealerships	280

China



Australia



As of March 31, 2007
[ ] Includes unconsolidated affiliates
* As of November 30, 2006

In Pursuit of a Sustainable Zoom-Zoom that Harmonizes Driving Performance with Safety and the Environment

In FY2006, the final year of the Mazda Momentum mid-term plan that began in November 2004, Mazda achieved record profits. We increased overseas sales and total revenue was the highest achieved to date. Mazda's overseas sales presently accounts for approximately 73% of total revenue and trust in the Mazda brand is growing worldwide.

To build on the growth achieved during Mazda Momentum and propel it forward, in March 2007 we announced the formulation of a new mid-term plan — the Mazda Advancement Plan — for FY2007 to FY2010. This plan is aimed at structural reforms focused on manufacturing innovation, the creation of products worthy of the Mazda name and enhancement of our brand value.

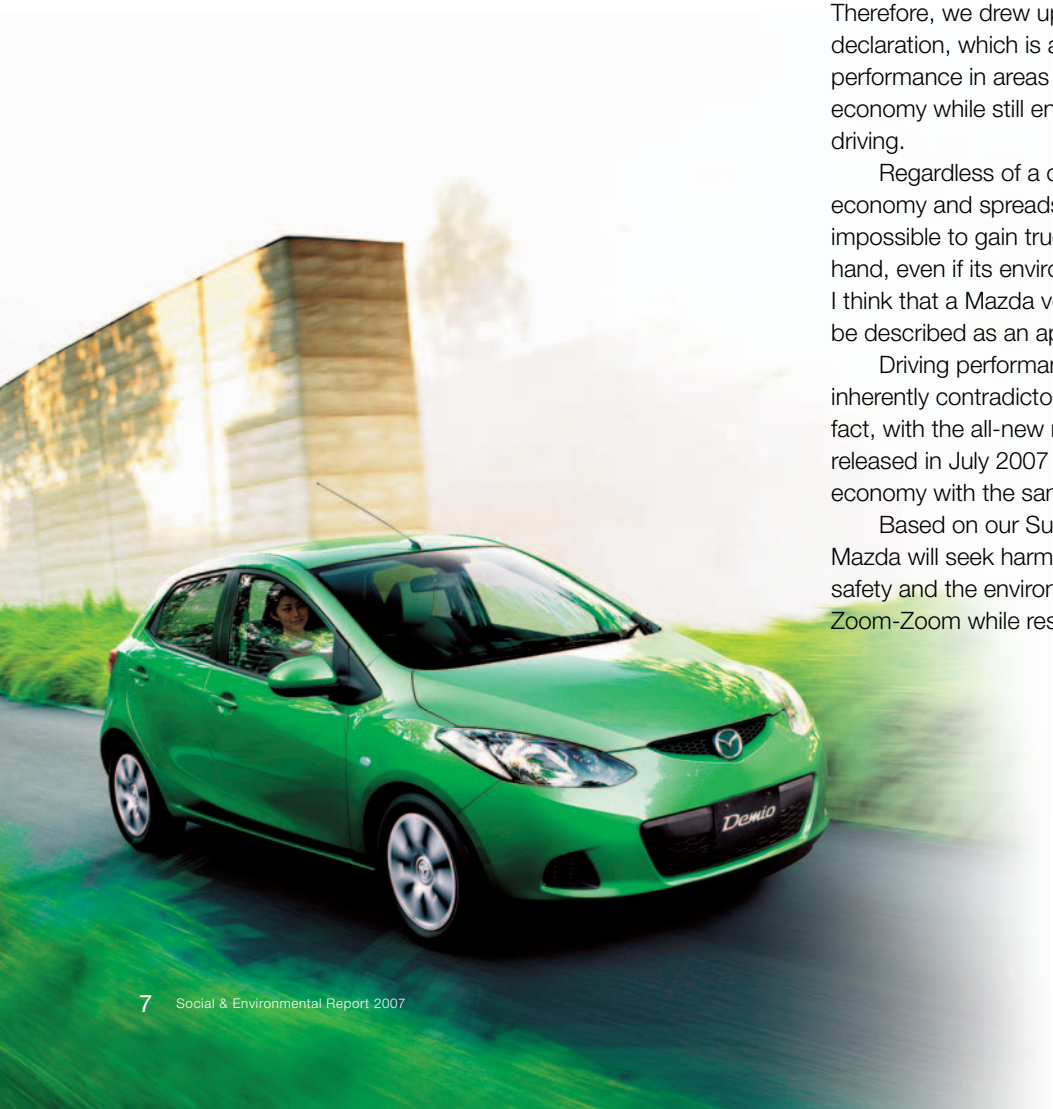
At the same time as our new mid-term plan, Mazda released the Sustainable Zoom-Zoom declaration outlining its long-term vision for technology development (please see pages 43–44).

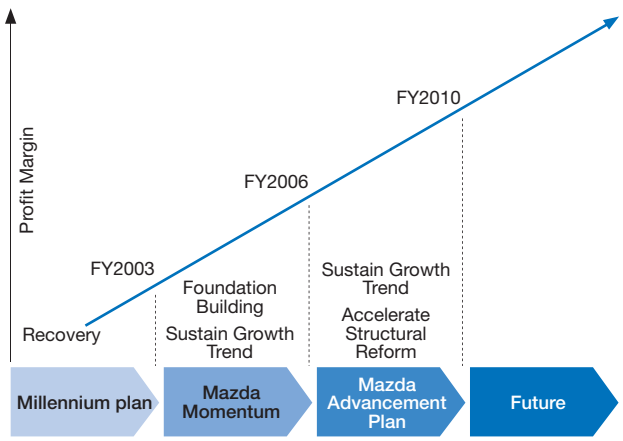
Mazda has traditionally created vehicles that "look inviting to drive, are fun to drive, and make you want to drive them again" To continue to grow, it is important to improve the sustainability of our society by enhancing the environmental and safety performance of our cars. Therefore, we drew up our Sustainable Zoom-Zoom declaration, which is aimed at compatibility between performance in areas such as exhaust emissions and fuel economy while still ensuring passenger safety and exciting driving.

Regardless of a car's drivability, if it has poor fuel economy and spreads harmful exhaust fumes it is impossible to gain true pleasure from driving. On the other hand, even if its environmental credentials are impeccable, I think that a Mazda vehicle that is not fun to drive cannot be described as an appealing car.

Driving performance and environmental safety are not inherently contradictory; they can be harmonized and, in fact, with the all-new model Demio (all-new Mazda 2) released in July 2007 we have achieved class-leading fuel economy with the same excellent drivability.

Based on our Sustainable Zoom-Zoom declaration, Mazda will seek harmony between the joy of driving and safety and the environment, and evolve the world of Zoom-Zoom while responding to future social changes.





Results of Mid-term Plan "Mazda Momentum" (FY2004–FY2006)

FY2006 Targets and Results	Target	Projection
Operating profit	¥100+ billion	¥158.5 billion
Net debt to equity	Less than 100%	Less than 49%
Consolidated wholesales (units)	1.25 million	1.18million

Overview of Mid-term Plan "Mazda Momentum" (FY2007–FY2010)

FY2010 Targets	
Global retail volume	1.6+ million units
Operating income	¥200+ billion
Operating return on sales	6%
Payout ratio	Improve steadily

Reducing the Impact on the Environment Throughout our Supply Chain—All of Our Measures Are Yielding Results

Mazda is working to reduce its impact on the environment in every aspect of its business. This is based on our environmental mid-term plan, Green Plan 2010, that was announced in the Social and Environmental Report 2006.

To give one example of our success, in FY2006, in the area of product development, our new-model MPV (fitted with a 2.3L DISI turbo-engine) was commended for its class-leading environmental performance and won the EcoProducts Awards Promotion Committee Chairperson's Prize for outstanding performance at the 2006 3rd EcoProducts Awards. In addition, in the area of recycling end-of-life vehicles, we raised our automobile shredder residue (ASR) recycling ratio from 63% in 2005 to 70%, thereby achieving the 2015 standard, prescribed by the automobile recycling law, nine years ahead of schedule.

Mazda is focusing additional efforts on reducing its environmental impact, not just in relation to the Company's activities but also throughout the supply chain, including dealerships and business partners. For example, in FY2006, Environmental Management Systems (EMS) were established at two of our subsidiary parts sales companies and these are steadily yielding results.

With a Unity of Purpose Throughout the Group, We Wish to Improve the Sustainability of Our Society

Mazda's aim is not to become a major, full-line automaker. Our aim is to continue to provide Mazda products and services worldwide and to be called on and trusted by our customers and all of our stakeholders.

To strengthen the foundations required to realize our goals, we established the CSR Promotion Department in June 2007 to ensure consistency and uniformity through consolidated management, focusing on activities such as corporate governance, compliance, human rights enlightenment, environmental protection and social contributions.

As of March 2007, the Mazda Group comprised approximately 38,000 employees in over 140 countries and regions. We respect these diverse cultures, values and identities. From now on, with the CSR Promotion Department as a hub, we will strive to respect human rights more and create a comfortable work environment. Furthermore, while we will contribute to the economy and industry of each region in which we operate overseas, we also want to work with local people as a corporation with local roots to overcome the various problems in the respective communities.

We will increase the sustainability of our society through the spirit of One Mazda, which transcends the barriers of national borders, companies, departments and individuals and unites every member of our Group in a single purpose.

This report has been produced so that we may introduce this aspect of our work to you. We welcome your candid comments or opinions.

井巻久一

Hisakazu IMAKI,

Representative Director, Chairman of the Board and President,
Mazda Motor Corporation

Corporate Social Responsibility (CSR) Efforts

For Mazda, fulfillment of social responsibilities means always playing a useful role in society through our corporate activities.In this endeavor, we will maintain management transparency by paying attention to the views of all our stakeholders, and, within the Company, will take measures to improve our record on corporate governance, internal controls, risk management, compliance and respect for human rights.

CSR at Mazda

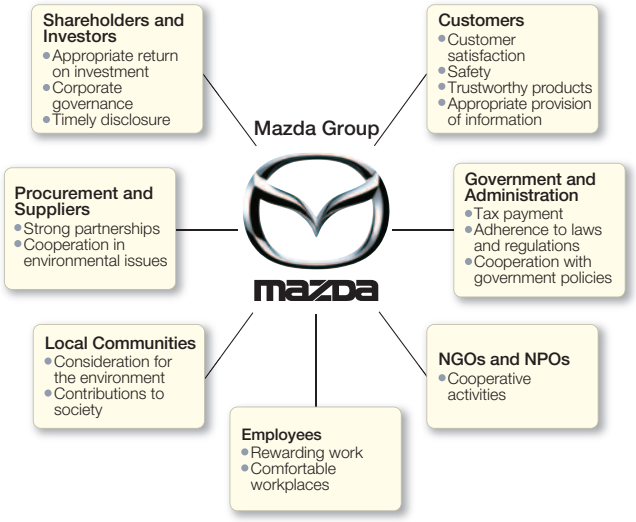
Always Playing a Useful Role in Society

For Mazda, fulfilling its social responsibility means continuing to market distinctive, high quality, eco-friendly and safe vehicles and services that assure customer satisfaction and always playing a useful role in society.

For this reason, Mazda is developing a sound, highly transparent management model and continues to build up its record in corporate governance, risk management, corporate ethics and compliance. At the same time, we take into account the interests of all our stakeholders — customers, shareholders and investors, business partners, employees, local communities and government and administrative bodies — as we pursue our corporate activities.

Through these activities, we aim to build up corporate value and ensure sustainable growth for Mazda, in step with society.

Stakeholder Expectations



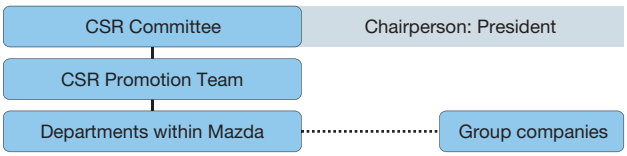
Promotion of CSR Activities: Organizations

Establishment of CSR Promotion Department to Oversee CSR Activities

To develop our CSR activities, we established a CSR Committee chaired by our president in December 2004. In cooperation with Group companies, this committee decides CSR policies and conducts reviews of CSR activities.

In April 2006, the CSR Promotion Team was established as a subcommittee under the CSR Committee. The subcommittee has representatives from 16 departments with important functions within Mazda. To ensure integrity and consistency in CSR activities throughout the Company, we established the CSR Promotion Department in June 2007 to coordinate all CSR activities previously carried out separately by each organization, in areas such as corporate governance, internal controls, risk management, environmental conservation, compliance, respect for human rights and social contribution activities.

CSR Committee Structure



CSR Activities: Six Domains

Taking Account of All Our Stakeholders

Mazda divides its CSR activities into six areas: compliance, respect for people, customer satisfaction, environmental conservation, contributions to society and information disclosure. We take full account of the interests of all our stakeholders, starting with the customer, as we pursue our commitments in each area.

Message from the Executive Officer in Charge of CSR

At the end of the regular General Meeting of Shareholders held in June 2007, my role changed. Shifting from my former position as a Standing Corporate Auditor, I was appointed Executive Officer in charge of CSR.

In order for Mazda to meet its CSR obligations, it is essential that every employee at the Company shows awareness and personal initiative in this area.

I believe we must establish and foster a corporate culture in which constant vigilance and the will to make improvements can flourish. I want our employees to be always asking themselves: “How does my daily conduct look to shareholders, customers, business partners, colleagues and other stakeholders? What kind of contribution can I make to society?”

While growing in harmony with society, Mazda is committed to the goal of sound, sustainable growth. Through a range of effective and efficient policies, we are expanding and strengthening our CSR activities, working through the newly established CSR Promotion Department, to deepen the trust of all our stakeholders.

Koji Kurosawa
Executive Officer
In Charge of Corporate Affairs,
Risk Management,
CSR and Mazda Hospital

Corporate Governance and Internal Controls

Mazda regards improvement of corporate governance and internal controls as one of the most important issues facing management and undertakes a wide range of measures in this regard.

Corporate Governance Organizations

Establishment of Various Advisory Bodies to Supplement Statutory Bodies

We have established statutory bodies and functions at Mazda such as the annual General Meeting of Shareholders, the Board of Directors and the Board of Corporate Auditors. We have also separated the executive and management functions through the introduction of the executive officer system. These measures are intended to enhance management efficiency by helping the Board of Directors to function more effectively as a supervisory body, expanding the agenda of the Board, and speeding up decision making by delegation of authority to executive officers. On June 30, 2007, this system is comprised of nine directors and 34 executive officers, some of whom hold concurrent posts as directors.

In addition, we have established an Executive Committee to discuss policies and measures of importance for all of the Company and to make reports when necessary to top management, as well as various other advisory bodies to assist in decision making by the president.

Auditing System

The Board of Corporate Auditors has five members, including three outside auditors. Each corporate auditor is responsible for auditing business execution by the directors in accordance with the Board of Corporate Auditors' annual audit plan. There are no business relationships or other conflicts of interest between Mazda and its outside corporate auditors.

Global Auditing Department contributes to sound and efficient management by checking the appropriateness of operations at Mazda and its affiliates with regard to management's targets, policies and plans and compliance with laws and regulations.

Auditing of accounts is carried out by an auditing corporation under contract with Mazda, with continuous participation restricted to less than seven years for all members. The corporate auditors, independently and collectively as the Board of Corporate Auditors, Global Auditing Department and the independent auditor cooperate through frequent meetings.

Management Advisory Committee

Mazda has established a Management Advisory Committee composed of leading figures from outside the Company and all Mazda directors. The committee meets four times a year.

Mazda receives managerial opinions and recommendations from these committee members, who offer their specialized knowledge and insight from a global perspective. Mazda reflects the committee's input in its management practices.

Internal Controls

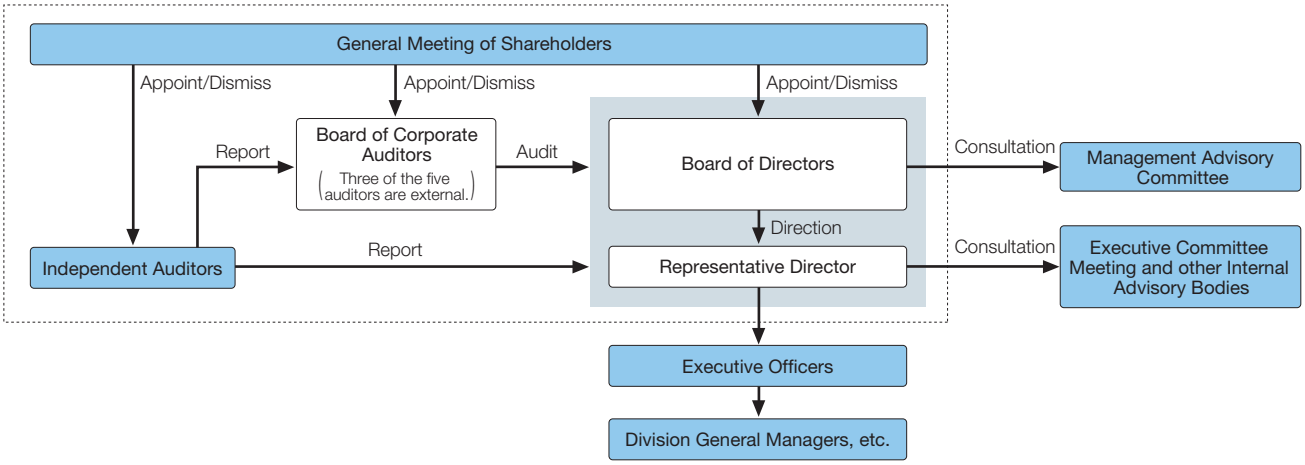
Strengthening Internal Controls Throughout the Group

Mazda has a long-established system of internal controls using measures such as a self-checking program in which individual employees refer to checklists, which is used by the parent Company and all its consolidated subsidiaries.

In FY2006, after the enactment of the Financial Products and Exchange Law in Japan, we began creating an internal control system based on global standards for financial reporting, and we are taking measures to ensure documentation of relevant operational processes and strengthen the self-check program.

In June 2007, we established within the CSR Promotion Department a special office for promotion of internal controls across the Group. Its goal is raising corporate value through achievement of four targets for internal controls: improvement of effectiveness and efficiency of day-to-day operations; consolidating trust in our financial reporting; observance of laws and regulations governing our business activities; and protection of assets.

Corporate Governance Organizational Structure



Risk Management

At Mazda, risk management is the responsibility of all officers and employees, who deal with this issue on a groupwide basis to ensure enduring and stable growth for the Company.

Mazda's Basic Risk Management Policy

Risk Management Philosophy

The environment surrounding our corporate activities includes swiftly developing progress in IT, increasing globalization, worsening environmental problems and increasing levels of awareness of legal compliance issues. Our operating environment is changing rapidly and is expected to continue to change and diversify. To work toward achieving our corporate vision, we need to respond appropriately to these environmental changes, while at the same time ensuring the sustainability and soundness of all our corporate activities so as to minimize latent risks. When irregularities and emergencies do occur, we need to have a system in place to ensure that recovery is as swift as possible, in order to maintain the trust of our customers, shareholders and society in general. The Mazda Group is involved in risk management, working to remain a truly trusted corporation.

Risk Management Objectives

In the following ways, Mazda will strive for the Enhancement of Corporate Value and Harmony with the Community, thereby realizing the Company's corporate vision:

1. Ensure the health and safety of all those who make up the Mazda Group as well as local citizens
2. Maintain and increase the trust of the community
3. Make appropriate use of the tangible and intangible corporate assets of the Mazda Group
4. Secure the interests of stakeholders, earn their trust and meet their expectations
5. Support the functions of the organization and seek a rapid restoration of business activities in the event of abnormal circumstances or emergencies

Action Guidelines

All officers and employees will be aware of potential risk in every phase of corporate activity and will thoroughly implement appropriate risk management.

Methods of Implementing Risk Management

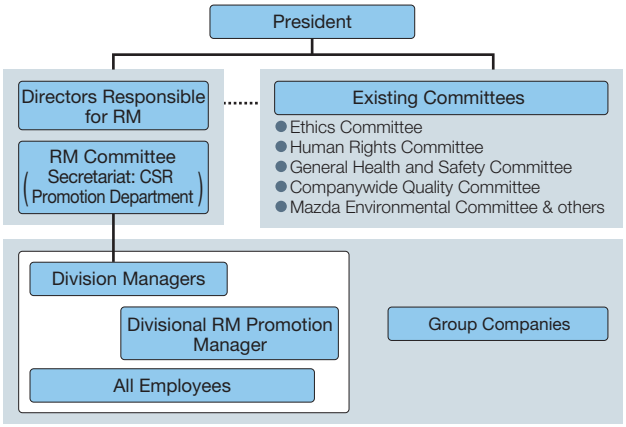
1. Employees should be engaged in constant prevention measures and reduction of risk in their day-to-day work, and in the promotion of risk prevention measures.
2. They should also be engaged in minimizing damage and speeding recovery if any crisis should occur. The necessary structures and rules must be in place to implement the two activities mentioned above.

Scope of Application

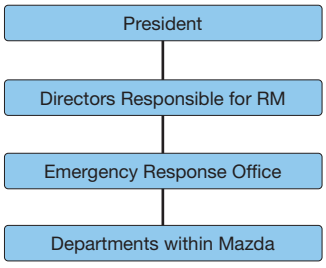
1. Applies to all business risks
2. Applies to the Mazda Group

Risk Management Structure

Standard Risk Management (RM) Structure



Emergency Risk Management (RM) Structure



In cases where an inter-departmental response is required and the existing crisis control organization cannot deal with the level of risk, the directors responsible for RM will work with the president to establish an emergency response office and appoint a general manager to such an office.

Promoting Large Earthquake Response Measures

Full-Fledged Commencement of Construction on Earthquake-Resistant Upgrades

In FY2006, Mazda began full-fledged construction in line with measures introduced in FY2003 to enhance the ability of its facilities to withstand large earthquakes. During the year, we commenced such upgrades on our factories, office wings, employee dormitories and other buildings. Plans call for this construction to be completed by the end of FY2009.

Earthquake-resistant construction upgrades

Emergency Response

Procedures for Emergency Situations and Emergency Drills

Based on our fire-prevention, crisis management and other internal regulations, Mazda holds regular evacuation and firefighting drills, along with training in selecting the right course of action when an emergency occurs.

In FY2006, 7,761 employees participated in 67 evacuation and firefighting drills.


Firefighting drills

Compliance

Mazda regards compliance as more than a matter of following the laws and rules. We believe compliance should incorporate corporate ethics in line with social norms, and we make every effort to ensure fair and honest business practices across the Group.

Five Key Items Defining Corporate Ethics as 'integrity'

1. Comply with the laws and regulations, corporate rules, common sense and sound practices of international society.
2. Be fair and even-handed.
3. Fulfill the Company's social responsibilities.
4. Fulfill your own duties faithfully.
5. Be honest.

Web Mazda Corporate Ethics Code of Conduct

Compliance Structure

Ethics Committee Activities

In line with the Corporate Ethics Code of Conduct, implemented mainly by the Ethics Committee formed in 1997, Mazda seeks to ensure complete compliance through measures such as the establishment of guidelines and through compliance training and development for employees.

Compliance training programs in FY2006 involved 1,800 employees, comprised of new recruits, mid-career recruits, newly promoted managers and newly promoted senior managers.

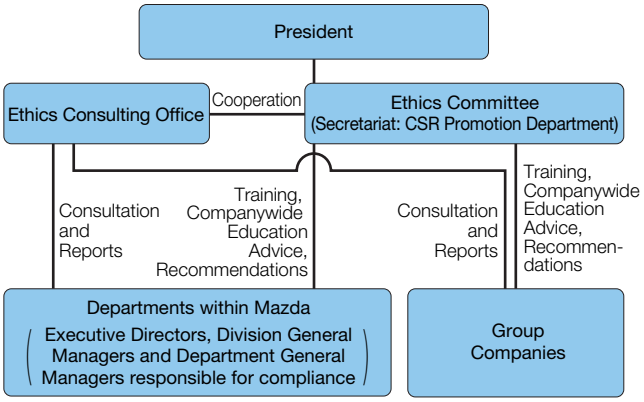
Compliance Guide ensures employees thoroughly understand this subject

Consultation Desk for Reports of Violations of Law or Regulations

Employees needing to make reports or receive advice regarding legal violations can turn to the Ethics Consulting Office, or in the case of human rights violations or sexual harassment, the Human Rights Counseling and Investigation Desk or the Female Employee Counseling Desk (page 13).

Anonymity is assured for reporting or consultation purposes to ensure that employees who have made reports or cooperated in investigations do not suffer adverse consequences or retaliatory measures.

Mazda Compliance Structure



Outline of the Ethics Committee's Activities

1997 • Ethics Committee established under direct jurisdiction of the president.

1998 • Produced Mazda's Corporate Ethics Code of Conduct, as well as the Guidelines on Receptions and Gifts.

2002 • Invited an external lecturer to address directors and senior management on compliance (implemented annually).

2004 • Produced a compliance manual, containing specific examples to promote awareness of compliance issues throughout the Company.

2005 • Distributed carry cards to all employees, containing the Five Principles of Ethical Behavior and the Action Guidelines.
• Began a compliance course via e-learning, which is compulsory for all indirectly related employees.
• Implemented an ethics survey for all directors and employees to measure how aware they are of compliance issues.

2006 • Discussions carried out on compliance in production and administrative departments with the aim of spreading and sharing compliance awareness.
• Completely revised the Guidelines on Receptions and Gifts.

Compliance in the Supply Chain

Ensuring Our Suppliers thoroughly Understand Compliance

Since 2005, we have sent to all our Japanese and overseas suppliers our Request for Total Compliance with Labor-Related Laws, a document requesting their observance of labor-related laws and their renunciation of forced and child labor, as well as abuse of authority or training.

Management of Intellectual Property

Intellectual Property Committee

Mazda has compiled guidelines committing it to "maintaining confidentiality and opposing infringement of its own and other parties' intellectual property rights," the text of which is included in our Corporate Ethics Code of Conduct.

Based on this pledge, we have established an Intellectual Property Committee chaired by an executive officer responsible for intellectual property issues and comprising Division General Managers from all our businesses. This committee discusses and decides important intellectual property issues. At the Intellectual Property Department, which is a dedicated office, we manage trademarks such as our Company name, logos and vehicle brands, and support consolidated companies and subsidiaries and overseas business bases in their compilation of basic policies for handling intellectual property issues.

Respect for Human Rights

**It is very important that people respect each other's human rights.
Based on a firm belief that all human rights are sacrosanct, we at Mazda are proactively and sincerely committed to human rights protection activities.**

Basic Approach to Human Rights

Our Human Rights Declaration (November 2000)

Mazda should strive to become the leading company in Japan for respecting human rights and for the ethical treatment of its employees.

Respect for Human Rights as the Basis of Our Corporate Activities

To harness the capabilities of our employees and bring fully to bear our great strength as an organization, it is important to create friendly, productive workplaces where employees respect their colleagues' human rights. In other words, we believe that respect for human rights is the basis for our corporate activities.

Based on this conviction, Mazda has established rules and guidelines relating to its human rights declaration and stance and is committed to human rights protection activities groupwide, while guiding and supporting Group companies as One Mazda.

Eliminating Human Rights Violations Rules (October 2000)

- All employees are forbidden from all violations of human rights when conducting corporate activities, whether at the workplace or elsewhere, including rights related to race, nationality, creed, gender, social standing, origin, age, physical disability or sexual preference; from sexual harassment; and from other inappropriate actions.
- Furthermore, employees are obligated to report any legal violations, maintain strict confidentiality and are immune from reprisal.

Guidelines for Eliminating Sexual Harassment

- Sexual harassment is never tolerated.
- Employees who breach the guidelines will be subject to disciplinary action in accordance with the Company's rules, those who report violations are immune from reprisal.

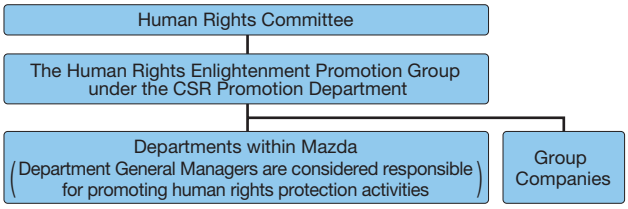
Respecting Human Rights: Organizations

Establishment of the Human Rights Committee and Human Rights Enlightening Promotion Group

Functioning as a review board for human rights protection activities, the Human Rights Committee, established in October 2000, decides policies and measures for the Group.

We have also established a Human Rights Enlightening Promotion Group to coordinate our human rights enlightenment activities. Under this group, we have set up a 24-hour Human Rights Counseling and Investigation Desk and Female Employee Counseling Desk, which promptly respond to and resolve human rights issues occurring within and outside the Company.

System for Promoting Respect for Human Rights



Human Rights Protection Activities

Human Rights Training

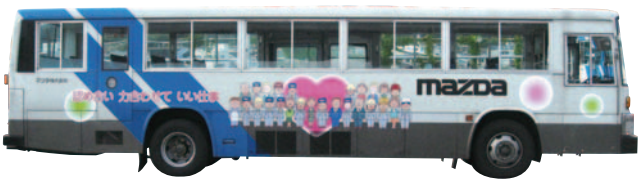
Mazda holds human rights training programs for all new recruits and for new leaders and employees being promoted in rank or general positions. Our event-based training includes human rights lectures and concerts and film screenings to promote human rights.

In FY2006, approximately 800 senior managers attended a human rights lecture given by Keiko Ochiai. Approximately 250 people attended a song recital and talk given by Junko Noda. With film screenings also arranged, Mazda makes every effort to raise awareness of employees of human rights issues at every possible opportunity.

Concert to promote human rights

Human Rights Enlightening Activities

Mazda undertakes a wide range of measures to raise awareness of human rights issues within the Company. Recent initiatives have included inviting employees to create a good human rights motto; a display of human rights posters; a human rights panel display; human rights focused meetings; distribution of human rights explanatory cards; broadcast of the president's message on human rights; lectures via e-learning and Human Rights Ad-wrapped bus.



A Mazda bus displaying human rights promotional slogans

Partnerships with Government and Other External Groups

Mindful of its role as a corporate citizen within society, Mazda also pursues human rights protection activities through partnerships with local government and other outside bodies.

In local communities, we demonstrate our commitment to respecting human rights by organizing festivals, participating in human rights symposiums and dispatching speakers to lecture and training events.

Mazda and the Global Society

Special Features

FY2006 Performance Report

AutoAlliance (Thailand) Company Limited (AAT) Profile

- Shareholders
  Ford 50%, Mazda 45%,
  Mazda Sales (Thailand) 5%
- Location
  Eastern Seaboard Industrial Estate, Rayong Province
- Annual Production Capacity
  173,000 units
- Production Models
  Ford Ranger, Mazda BT-50, Ford Everest SUV
- Export Destinations
  Asia and the Pacific, Europe, Australia, South America, Africa

Establishment of a Joint Venture with Ford in Thailand—the Detroit of the East

Automobile production is expanding in Thailand and the country stands out within ASEAN. In 2005, Thailand's production surpassed 1.1 million units, ranking it 14th in the world. In exports, Thailand ranks seventh, and among all of the country's exports automobiles (including automobile parts) ranked second. Furthermore, due to favorable tax treatment, pick-up trucks (compact pickups with one-ton payloads) have a domestic market share of approximately 60%.

Japanese automobile manufacturers account for an overwhelming share of the Thai automobile market. The Eastern Seaboard Industrial Estate in Rayong Province has become an automotive hub based on the concept of becoming the 'Detroit of the East' which was adopted by the Thai government.

It was in this environment that Mazda established the joint venture AutoAllliance Thailand (AAT) with Ford Motor Company in November 1995. AAT began operations

Mazda and the Global Society

Implementing Top-Quality Manufacturing with Local Suppliers
Fulfilling Our Responsibilities as a Corporation Rooted in the Region

with both companies having their respective responsibilities: Mazda controlled production, including construction of the factory, and Ford handled management, such as financial matters and personnel recruitment. There was an economic depression following the currency crisis, but after the recovery AAT steadily expanded production and increased domestic sales and exports. The new Mazda BT-50 pickup truck, which was launched in March 2006, won the "Best 2500cc Highlift Pickup Truck" award at the "2007 Thailand Car of the Year." In July 2007, we reached a combined total of 1 million vehicles produced since 1998.

Supporting the Enhancement of Local Suppliers' Technological Expertise with Fair and Impartial Selection

Quality, cost and R&D ability form the basis for AAT's selection of suppliers. From this perspective, we draw up a list of promising suppliers and solicit their proposals. After the proposals have been submitted, our purchasers negotiate with candidate suppliers and begin quality assessments in cooperation with the cost-analysis and quality departments.

The most difficult thing in choosing a local supplier is adapting their technical expertise to the level required by AAT, which currently deals with approximately 140 component manufacturers. AAT exports more than 70% of all of its vehicles and parts to the international market and therefore all suppliers must meet global standards. Consequently, AAT encourages suppliers to gain QS 9000 of the ISO 9000 Series Quality Management System, and has introduced Ford's Q1 System* as an evaluation tool for suppliers.

We are also working with suppliers to improve quality. Through technical instruction and support and the education of suppliers in order to eliminate hazardous chemical substances, our ratio of local suppliers that was initially less than 10% has gradually risen to 14%. Moreover, we apply Ford's basic labor standards to our suppliers, and pay attention to abolishing child labor and ensuring our employees' work safety and health management.

* Ford's quality assurance system, Q1 requires scores to be maintained for suppliers on such factors as product quality, acquisition of environmental and other certifications, and quality defects (recalls, suspension of shipments).

Contributing to the Advancement of Education and Technician Training as a Good Corporate Citizen

AAT is working to make social contributions as a good corporate citizen. For example, in our tuition assistance program, AAT provides university scholarships and supports the tuition fees of engineering students, and is a potential employer after they graduate.

In addition, we are introducing a skills-training program known as Vehicle Industry Certificate (VIC) that employs teachers from local engineering schools and in-house technicians as instructors. Currently, this is only open to AAT employees; however, in the future we would like to contribute to the training of technicians by extending this program to the community.

Moreover, as well as supplying tuition fees to enable employees to study at technical high schools, universities and graduate schools, we also make donations to elementary schools.

At AAT, we want to boost our community activities and social contributions and become a corporation called on and trusted by the local people.

Strengthening Brand Power and Increasing European Sales as "One Mazda"

In March 2007, Mazda drew up the Mazda Advancement Plan (FY2007–FY2010), a new mid-term plan based on its long-term vision, and we specified a global retail volume of more than 1.6 million units as one of our numerical targets. To achieve this goal, we need to spread our brand concept of developing vehicles that look inviting to drive, are fun to drive, and will keep people wanting to drive them again, throughout the world. In FY2006, Mazda's overseas sales ratio amounted to a sizable 73%. Coordination with the companies in Europe, the Americas, ASEAN and China is vital, but the dialogue with distributors and dealerships in these regions and countries is also extremely important.

For example, Mazda Motor Europe GmbH (MME) covers Europe, a single economic market with 27 member nations. Demand for new automobiles in this great economic bloc, including adjacent emerging markets such as Russia, Southeast Europe and the former Soviet Union members, is forecast to be 19 million units in 2007, which would overtake North America as the world's largest automobile market. In seeking customer satisfaction in a market with the diversity and complexity of 30 nations and 20 languages, we must be united as "One Mazda" with the distributors and dealerships in each country. Consequently, over the past few years we have redeveloped our sales system in each country with MME playing a key role.

Direct management of independent wholesalers in key countries is one example of this. In addition, we have newly established supply companies in new markets such as Eastern Europe and have opened National Sales Companies (NSCs) in 19 countries. A framework has been prepared that can fully implement MME's business strategy in each national market. The result of the gradual success of these reforms is that European sales have approximately doubled in six years. In particular, sales for calendar year 2006 exceeded 300,000 units for the first time in 15 years.

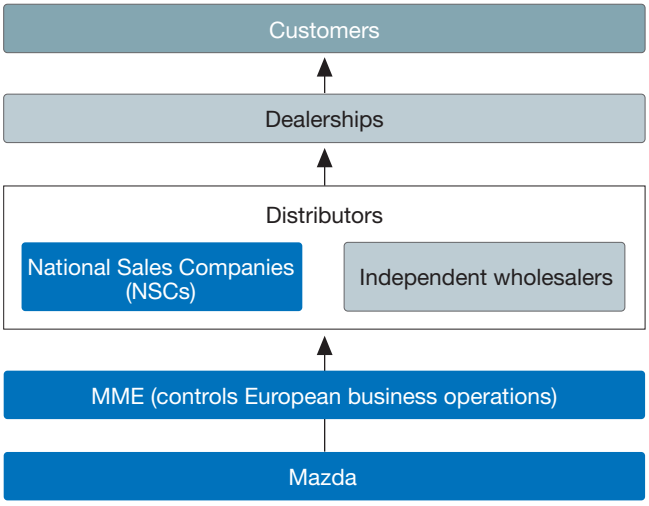
Continuing Dialogue with Distributors and Dealerships and Reflecting Customers' Demands in Product Development

Against a background of increasing sales in Europe, MME has shared information

Mazda and the Global Society

Deepening Dialogue with Distributors and Dealerships, and Aiming for Enhanced Customer Satisfaction and a Contribution to Local Society

European Sales Routes



and unified goals with distributors and dealerships in each country and region. Policies and strategies have been decided at a variety of meetings, such as the Managing Directors Conference, to which all NSC directors are invited; the European Marketing Forum, which is attended by the marketing representatives for each distributor, NSC and independent supplier; and the Product Executive Committee, attended by the managing directors of the eight nations with large-scale sales (nicknamed the G-8).

Furthermore, we undertake a satisfaction survey regarding the policies and responses of NSCs, and through this we collect numerous customer requests. For many years, the most common request regarding products was that we introduce a diesel engine vehicle. In response, we added well-received diesel models of the Mazda5 (Premacy in Japan) and Mazda6 (Atenza) to our lineup and mounted a 'green' diesel high-power engine in our Mazda3 (Axela).

We also considered our customers' comments concerning the diesel particulate filters (DPFs) that reduce particulates in the exhaust gases of diesel engines, and early on fitted this as standard in the Mazda5 and Mazda6, a move that was also highly commended. In addition, product development that reflects the needs of our highly environmentally conscious European customers — such as the local marketing of DPFs — is connected to the enhancement of brand value and customer satisfaction.

Building a Win–Win Relationship that Shares Targets and Results as True Partners

From May 14 to 25, 2007, MME invited approximately 5,000 people from dealers in 39 countries around Europe to a huge event, with the aim of strengthening the relationship between Mazda and its dealerships through dialogue. The participants were uniformly impressed by Mazda's attitude toward each dealership as a true and valued partner. They felt assured of their future with Mazda and their motivation was strengthened as a result.

In addition to valuing these dealerships that form the points of contact with our customers, and respecting their opinions, we also value our direct customers. Mazda will continue to cooperate closely with distributors and dealerships in each region while promoting local sales strategies. Moreover, we will continue to respect the law and make contributions to society, and strive to develop a corporate group that is an integral part of, and relied on, by the local community.

With Our Customers

To be a company that receives the highest praise from its customers worldwide and achieve better satisfaction levels, Mazda is attentive to our customers' increasingly diverse requests related to our products and servicing, and offers dependable quality and comprehensive support.

Increasing Customer Satisfaction

Four Initiatives to Increase Customer Satisfaction

Mazda considers increasing customer satisfaction levels to be an important corporate activity. Accordingly, we are undertaking the following four initiatives:

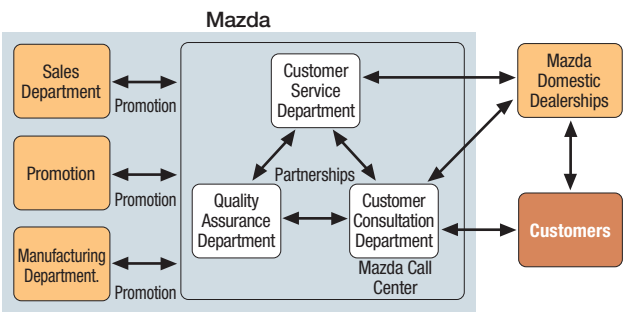
1. **Getting Repairs Right the First Time**
   If a fault occurs, we will fix the problem properly in a single visit to the shop.
2. **Improving Product Quality**
   We will make rapid improvements in the quality of our products by collecting, analyzing and reporting on quality issues in the market in a timely manner.
3. **Improving Overall Customer Satisfaction**
   We will achieve a top level of customer satisfaction in the automotive industry throughout the production, delivery and replacement cycle (sales, service, parts and distribution).
4. **Creating Appealing Products**
   We will build products under the "Zoom-Zoom" concept that enrich the lifestyles of our customers.

Attentive to What Our Customers Say

At Mazda, we listen closely to our customers because we believe this is the foundation for building better products. To this end, we opened the Mazda Call Center in February 1984 to provide a point of contact within Japan for inquiries, consultations, product and feature requests, complaints and other opinions. At present, a staff of 50 responds to customers via our toll-free number and website.

Customers submitted some 70,000 messages to the Mazda Call Center in fiscal 2006. These messages were delivered to the appropriate departments, whether product development, sales or service. In all cases, we put these messages to good use in finding ways to elevate customer satisfaction above current levels.

Organizational Structure for Improving Customer Service



Toward Improvements in Quality

Sustained Quality Improvements

In 1994, Mazda issued the following mission statement with regard to quality: "We will do our work faithfully and unceasingly, so that we may offer products and services that will please our customers."

Since 2005, Mazda has undertaken eight groupwide initiatives, including Mazda Quality activities and A Revolution in Product Development Quality, under the slogan of "Self-initiated change and dramatic quality improvement."

Our automobiles have received numerous awards worldwide, in recognition of their high quality. We will continue to make further improvements so our customers have no concerns or complaints and to make the Mazda brand even more appealing.

Web A Recent Mazda Web Award

Mazda Quality

In 1962, Mazda launched a Quality Control Circle Initiative, aimed at offering products that would satisfy its customers. In 1978, we expanded this initiative to encompass quality in products, service and work performance, when we implemented a groupwide effort to improve quality known as Mazda Quality.

In recent years, we have redefined Mazda Quality to mean "efforts to elevate quality in everything that we offer our customers." With this in mind, we have adopted quality engineering and Six Sigma*, which are globally recognized quality management philosophies and techniques. At Mazda, we consider the elevation of the quality of our management, our operating environments and the manner in which each and every one of us thinks and acts — in addition to the way we conduct our business — to be crucial if we are to elevate real quality in everything that we offer our customers.

* A set of techniques for improving processes and reducing deviations in quality, which are referred to as Sigma in statistics.

Web Quality Control Circle Performance

36th Annual All-Mazda QC Circle Competition

Quality Management Systems

In November 1994, Mazda received ISO 9002 certification for all its business areas except design and R&D. In June 1996, Mazda become the first Japanese automobile manufacturer to receive companywide ISO 9001 certification, which applies more broadly than ISO 9002 and extends from design and development to purchasing, production, sales and after-sales service in automotive manufacturing.

Mazda conducts some 180 annual internal quality audits to maintain and improve the quality management system that it has built on the ISO 9001 foundation.

Close-up No. 1 in German Quality Survey for Three Years

Auto Bild, a respected German automotive publication, has rated Mazda No. 1 in its 2007 Quality Survey, marking the third consecutive year that the Company has been so honored.

The survey, which began in 2001, evaluates automotive brands according to seven criteria: endurance testing, dealership surveys, a reader survey of 22,795 of its subscribers, a check of the number of product recalls a given brand has had, warranty terms, Technical Monitoring Association (Technischer Uberwachungs-Verein, TUV) reports and complaints about various automotive manufacturers that are submitted to the magazine.

In its 2007 survey, Auto Bild gave Mazda particularly high marks for mentioning the Company's TUV report relating to the Mazda brand's high quality over the long term (i.e., quality verified through safety tests two or three years after purchase, as well as the positive results of the magazine's 100,000-km endurance test).

Responding to Product Defects

Procedures for Recalls and Other Countermeasures

As an automaker, Mazda considers it a responsibility to build products as close to perfection as possible. Accordingly, we do everything in our power to bring this about. Despite our best efforts, however, unforeseen defects do arise.

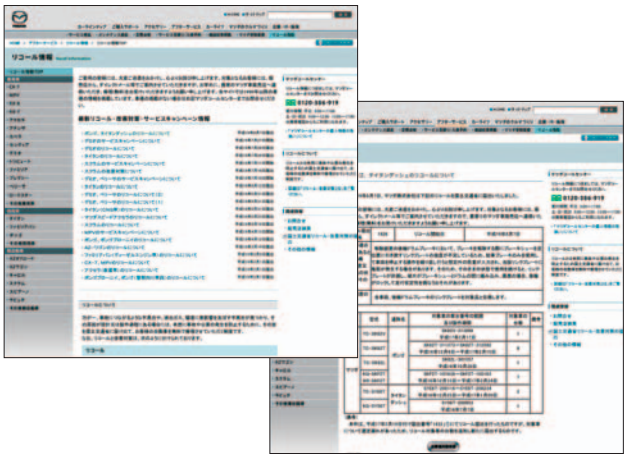
At Mazda, we continually collect quality information about defects, primarily from our dealers, and then make sustained quality improvement efforts to prevent accidents and keep drivers and passengers in our vehicles safe. When a product is recalled — owing to a real or possible failure — to comply with safety regulations, we deal with our customers and relevant governmental regulatory agencies as follows:

- Issue notifications to the relevant authorities, according to the regulations and procedures of each country
- Notify customers via mass mailings and newspaper advertisements, as well as providing explanations at dealerships
- Post recall information on our website

Recalls and Other Measures in Fiscal 2006

Mazda experienced increased product recalls in Japan from fiscal 2002 through fiscal 2004, with seven recalls in fiscal 2002, 11 in fiscal 2003 and 14 in fiscal 2004. In fiscal 2005 and 2006, however, we reduced the number of recalls to 11 and 10, respectively, as a result of our sustained quality control efforts in all operations, aimed at avoiding recurrences of defects, as well as preventing them from occurring. Details of our recalls and corrective steps can be found on our website.

Web Recalls and Corrective Steps



Toward Better After-Sales Service

Getting Behind the Wheel with Peace of Mind

At Mazda, we offer comprehensive after-sales services to our customers, from purchase to demolition, so they can enjoy the experience of driving their cars with peace of mind, while also maintaining performance in safety and environmental terms, the latter including fuel consumption and exhaust emissions.

We offer proprietary services, starting with high-quality maintenance provided by nationally certified mechanics using genuine, original parts, and a legally mandated package of periodic tune-ups at affordable prices. We also offer useful information to our customers on our after-sales service information website.

Mazda is also carrying out initiatives to improve its after-sales service offerings, as follows:

- Building cars with easy after-sales service, as well as minimizing costs for maintenance and repairs
- Offering the latest diagnostic hardware, specialist tools, service manuals and other relevant information in a timely manner to facilitate reliable maintenance and repair work at our service centers by providing consultations by service staff
- Leveraging quality market data from our after-sales service channels to improve our repair technologies and build better cars, and the data from our worldwide service centers as technical information
- Offering training and education for our service staff to improve their skills in maintenance and dealing with customers

At Mazda, we have rededicated ourselves to offering a full range of after-sales services, so every customer who buys a Mazda automobile will have a highly satisfactory experience.

Technical Training for Service Staff

We hold training seminars for the service staff at Mazda dealerships whenever a new model goes on sale, dealing mainly with new features and technologies.

Beginning in fiscal 2005, we added safety training to our standard training course to improve the information pertaining to safety devices as part of the new model training. This additional training session gives our mechanics a greater understanding of the features, operations and maintenance aspects of these safety devices. In fiscal 2006, Mazda conducted six new model training seminars and three safety training seminars.

Also in fiscal 2006, Mazda conducted a top-to-bottom review of its standard training seminar curriculum to ensure that service personnel learn the advanced maintenance technologies that are increasingly essential to the excellent performance of our products, which have become ever-more sophisticated.

Mazda Training Centers

Mazda has built training centers for service personnel in Taibi, Hiroshima Prefecture, and in the city of Yokohama. These centers have extensive facilities and diverse programs tailored to different degrees of skill development to inspire service personnel to improve their knowledge and technical skills.

Mazda's Training Center Taibi conducts new technology training for public service organizations (independent mechanics).

Mazda Training Center Taibi

Offering Service Manuals for Tune-Ups and Maintenance

Since April 2005, Mazda has been distributing its service manuals in digital form under Mazda Electronic Service Information (MESI) to facilitate prompt, reliable delivery of maintenance information to Mazda dealerships. The information is provided online to dealers in Japan and Europe and on CD elsewhere.

Mazda will extend MESI in response to feedback from dealerships to provide improved services to its customers.

Developing Service Diagnostic Devices for Mazda Automobiles

Mazda has developed proprietary service diagnostic devices for dealerships so they can provide proper maintenance of the complex, sophisticated electronic control systems used throughout the Company's automobiles.

We rolled out the Mazda Modular Diagnostic System (M-MDS) in December 2005 to replace the Worldwide Diagnostic System (WDS) that had been the standard. The M-MDS development effort involved examining feedback from dealerships around the world, and included features that would allow efficient diagnoses of the overall primary electronic control systems used in customers' vehicles. M-MDS was the most strongly demanded new feature requested. We supplied M-MDS to all dealerships in Japan in fiscal 2006, and to almost all of our dealers outside Japan.

We will continue extending the M-MDS feature in response to dealer feedback to enable our customers to receive better service.

Web Specialized Tools Aimed at Ensuring Quality of Service

Service Skills Competition

Since 1963, Mazda has hosted an annual All-Japan Service Skills Competition, aimed at improving the customer service and mechanic skills of the personnel who work in our dealerships in Japan, as well as instilling a sense of professionalism. In recent years, we have extended the competitions to encompass competitors from around the world.

Mazda hosted its second Global Service Engineering Contest on August 2, 2006, at which representatives from 13 countries came to Hiroshima.

43rd Annual Mazda All-Japan Service Skills Competition

Providing Accurate, Easy to Understand Information

Visual IT Presentations Using Video and Computer Graphics to Describe Product Features

Mazda's adoption of Visual IT Presentation (VIPs) software, which uses personal computers to deliver information at our dealerships, is proving popular with customers.

First adopted on a trial basis in July 2005, VIP involves video, animated computer graphics and 3-D CAD data, similar to that which Mazda uses in actual product development, to clarify safety performance and other characteristics that dealers have had a hard time describing to customers. A full-scale rollout began in October 2005, with the system being adopted by 45 independent dealers and 724 dealerships across Japan as of March 31, 2007. For fiscal 2006, we added the new CX-7, and for fiscal 2007, we added the all-new Demio/Mazda2. Plans call for the VIP system to be expanded to 51 independent dealers and 760 dealerships across Japan by March 31, 2008.

A screenshot from the Visual IT Presentation (VIP)

Protecting Customers' Personal Information

Drafting a Personal Information Protection Policy

Mazda has always taken great care in its handling of personal information received from customers. With the Personal Information Protection Law taking effect in Japan as of April 1, 2005, we drafted a Personal Information Protection Policy for Mazda, which we published on our website on March 9, 2005.

The Mazda Call Center is fielding inquiries regarding how we handle personal information, as well as requests for disclosure of personal information by concerned parties.

Web Personal Information Protection Policy

Responding to Diversification in our Customer Base

Taking Customer Requests from All Over the World into Account in Our Products

Customers living in different countries and regions demand different automobiles to fit their particular situations. At Mazda, we promote interchanges between our Japan Development Division and such Group members as Mazda Motors of America, and dealers in Europe, China, Southeast Asia and Australia, with our Global Marketing Division serving as the hub. This division works to improve customer satisfaction around the world by continuously seeking feedback as to what kinds of cars customers in different markets wish to own.

In 2007, we rolled out the CX-9 in the North American market. This seven-passenger SUV was designed and developed to meet the needs of the US market. The CX-9 has plenty of power, an impressive appearance, is fun to drive, solidly built and fulfills a variety of applications. Our goal in building the CX-9 was to create a unique vehicle capable of satisfying both the driver and the family sitting in the back seats, perhaps owned by a young, active family that seeks lively outdoor leisure activities, new and different experiences and enjoys meeting new people, or empty nesters enjoying the good life.

Universal Design

As part of its initiative to build people-friendly cars, Mazda pursues a universal design — devising concepts such as a driver position that will not be affected by the driver's physique and controls that can be easily used by anyone, regardless of physical strength — and developing and marketing cars with features that implement these ideas, all based on the fundamental principles of ease of posture and movement, simple and easy to understand controls, optimal physical and functional sensibility and safety.

Mazda is also engaging in basic research with the objective of achieving universal design. In fiscal 2006, we verified the applicability of techniques for quantitatively measuring and assessing the load on a person's upper body when getting out of an automobile as an index of torque on the neck and lower back. Further research will perform similar load assessments for persons who are small or lack physical strength.

Automatically Opening and Closing the Rear Hatch with One Touch

Mazda is offering a power rear hatch as an option on the MPV, which went on sale in 2006, and the CX-9, which went on sale in North America in 2007.

The system involves building a motor in the rear hatch that automatically opens and closes with one touch, making it useful when holding an infant or caring for persons with limited mobility. The system also detects limbs or objects getting caught between the hatch and the frame, and retracts automatically. Another safety feature is touch sensors where people are likely to get caught, and these sensors retract the hatch when activated.

The MPV Power Rear Hatch

CX-9

With Our Customers

Developing Vehicles for People with Special Needs

In 1995, Mazda led Japanese automotive manufacturers when it developed and marketed the Carol-i, a version of its Carol micro-mini car that featured a ramp to let people in wheelchairs get in and out of the car while remaining in their wheelchairs. Mazda has been engaged in developing and promoting vehicles for people with special needs ever since, with the aim of making vehicles that are kind to all, safe and pleasant to drive.

The i Series of vehicles for people with special needs consists of models that take into account the needs of the elderly and physically challenged, as well as ease of use for caregivers and drivers, such as models with lift-up seats that automatically elevate and rotate, allowing passengers to get in and out with ease. The series also includes models whose chassis are low to the ground, allowing persons in wheelchairs to get in and out without having to leave their wheelchairs by using a ramp with a gradual slope, thus reducing demands on caregivers and patients.

The MPV, which went on sale in February 2006, comes equipped with a model that offers a passenger side lift-up seat and another model that offers a second row lift-up seat, wherein the left-hand seat in the second row of seats automatically elevates and rotates. Based on data from the Japanese Ministry of Health, Labour and Welfare that indicates that in recent years more than 70% of caregivers are women aged 50 and over, Mazda is building cars that concentrate on ease of use on the part of caregivers and comfort for passengers, including minimizing energy requirements for getting into and out of vehicles, simplicity of operation, safety and ease of handling.

MPV with Passenger Side Lift-up Seat

MPV with Second Row Lift-up Seat

Meeting the Diverse Needs of Our Customers

Web Tuning Factory: Customize Your Car

The Mazda Web Tuning Factory, which went live in February 2001, was the first website in the automotive industry to allow customers to purchase a car online that meets their personal specifications, with whatever combination of options they may desire. The site also allows customers to examine calculated cost estimates and make appointments for consultations at Mazda dealerships.

In fiscal 2006, Mazda unified the display specifications of this website with those of the car lineup pages of its official website, making it easier for our customers to use. We also added 18 new models to the site, including special editions and compact cars, bringing the total number of models available to 30, as of July 30, 2007.

We have also made improvements to the dealership consultation version of this site, wherein customers can call up data at a Mazda dealership on customizations that they have decided online and discuss them in person. In fiscal 2006, it is now possible to get printouts of cost estimates onsite at our dealerships, allowing consultations to be conducted more smoothly and faster than before.

Satisfying the Needs of Our Customers

At Mazda Engineering & Technology Co., Ltd., a Mazda subsidiary, we make extra efforts to satisfy the needs of a wide variety of customers, because we believe that fulfilling the needs of even a few people will enrich the automotive environment. Hence, we are operating in a variety of sectors, including our Special Needs Customization Project, which develops vehicles for people with special needs; our Pleasure Customization Project, which responds to demand for cars that express individuality or are suited to particular interests; and our Business Customization Project, which designs, develops and outfits special purpose vehicles, such as refrigerated trucks.

Wheelchair Transport Vehicle with Ramp

Titan Refrigerated Truck

With Our Business Partners

Mazda procures parts and equipment from suppliers around the world, and provides products and services in partnership with sales companies in Japan and overseas distributors. Based on fair and impartial business dealings, Mazda supports environmental conservation and compliance initiatives.

With Our Suppliers

Toward a Basic Policy of Procurement through Open and Fair Business Dealings

In 1994, Mazda set the following basic purchasing policy: "Mazda will, in the fullest sense of coexistence and mutual prosperity, engage in research and production and seek to raise competitiveness. We will build open and fair business relationships to ensure sustainable growth and raise our level of contribution toward social and economic development." Based on this policy, we take every measure to ensure fair and even-handed dealings with our suppliers around the world.

We base our assessments of business dealings with our suppliers on a comprehensive evaluation which covers not only quality, technical strength, pricing, delivery time observance and management approach, but also our corporate compliance structure and initiatives to preserve the environment.

Suppliers (As of March 31, 2007) (Companies)

Automotive parts	410
Materials, etc.	186
Equipment and tools	416
Total	1,012

Note: Includes overseas suppliers

Purchasing Cooperative Organizations (As of March 31, 2007) (Companies)

Parts manufacturers	Kanto Yokokai (Located in the Kanto region—around Tokyo)	64
	Kansai Yokokai (Located in the Kansai and Tokai regions—central Japan)	51
	Nishi Nihon Yokokai (Located in the Chugoku, Shikoku and Kyushu regions—southwest Japan)	63
Providers of materials (raw materials, equipment, molds, etc.)	Yoshinkai	80

Communicating With Our Suppliers

To enable Mazda to build better cars, we believe in the importance of building long-term, stable relationships with suppliers and growing with them. To this end, Mazda arranges a wide range of opportunities to establish contact and takes steps to brief suppliers promptly on medium- to long-term business strategy and marketing and production matters, as well as to actively exchange information with them.

We organize roundtable conferences with supplier executives once a year to explain our purchasing approach, annual liaison meetings with representatives of front-line business divisions and departments, and a monthly Supplier Communication Meeting. Through these meetings, we explain our priority measures and make requests relating to environmental protection and compliance matters. At the Supplier Communication Meetings, we also distribute special forms on which suppliers express their opinions, which we use to improve the way liaison meetings are managed.

Roundtable conference with supplier executives

Evaluating and Recognizing Suppliers

Every year, surveys from various perspectives are conducted to clarify Mazda's business status with each of our suppliers. These studies assess whether we can continue the business relationship as is or if remedial guidance is needed. Results of these evaluations are passed on to the suppliers.

Based on these evaluations, we give awards to suppliers showing comprehensive excellence in areas such as quality, technological prowess and performance in business dealings. During FY2006, we gave awards to 65 parts suppliers and 11 materials suppliers. Two of these companies were recommended for the World Excellence Award, bestowed on Ford Motor Company's top business partners.

Expanding the Scope of Supply Chain Management

Total supply chain management is necessary not only in terms of stable procurement with high quality levels. In recent years, compliance and respect for human rights have also become important elements.

Mazda strongly urges its suppliers to prioritize compliance and corporate ethics in their supply chain activities, and distributes its "Request for Total Compliance with Labor Related Laws."

We also value environmental performance in supply chain management and take measures to encourage green procurement activities. We have drafted guidelines for green procurement activities and urge our suppliers to create environmental management systems. For further details on green procurement activities, please see page 62.

Supporting Business and Quality Enhancement Activities

To ensure mutual prosperity with its suppliers, Mazda believes it is important not only to make requests, but also to offer support.

An example of what we mean by giving guidance on business and quality enhancement is our J-ABC activity set (J (*jiba*) refers to local community, A to "achieve," B to "best" and C to "cost") for suppliers that handle particularly large volumes. Mazda employees visit supplier factories to pinpoint waste and problems in their manufacturing processes and discuss remedial measures.

We also carry out the following support measures aimed at helping suppliers outside the Hiroshima area.

Supplier Support Measures

- To reduce back-office work and the environmental impact of logistics operations, we are shifting from delivery of parts by each supplier to the milk-run system (MRS), in which a Mazda truck calls at multiple suppliers when collecting freight. This system contributes toward a reduced environmental impact. Please see page 63 for more details. Mazda also:
- Provides advice on settlement methods that enable prompt cash conversion
- Provides advice on joining product liability insurance plans to reduce parts manufacturers' liability risk
- Provides information on exhibitions and conferences organized by entities other than Mazda to showcase the latest technologies and manufacturing methods

Close-up

Support for Suppliers' Human Resources Development

Through its quality assurance and improvement guidance for local suppliers, Mazda supports human resource development at suppliers by organizing "Mazda Quality Classes" for their younger and mid-career employees who head quality and manufacturing divisions and departments.

These classes were held 9 times during FY2006, attended by 95 employees from 52 supplier companies. Through examination of quality request documents and study of actual cases of defects, as well as exchange of opinions with attendees, Mazda was able to deepen their understanding of its approaches to quality and hone their perceptiveness in overall quality management. Responses in questionnaires filled in by participants indicated a generally positive evaluation of the classes, which enabled exchanges of opinion with staff from other companies and actual defect case studies. Mazda plans to hold similar classes in FY2007 with approximately the same number of participants, but with improved course content and an increase in the number of classes to 11.

Mazda Quality Classes
The classes feature the following:

- Read-through and explanation of quality request documents
- Explanation of quality assurance verification systems
- Management points (management of transition, and day-to-day management)
- Defect case studies: explanation and discussion
- Quality control: perspectives and approaches
- Exchanges of opinion, announcements, etc.

Personal Message

When I was invited to attend these classes, I thought, "I'm lucky!" because at that time I was taking a trial-and-error approach to quality improvement.

At the quality classes, we studied approaches to improvement from various perspectives in terms of five "Mazda Quality" elements, along with improvement pathways and techniques. Exchanging opinions with quality control staff from other companies provided an opportunity for reassessing my own company's weaknesses and strengths.

I will further develop my approach to quality to ensure that the many seeds sown at these quality control classes flourish and grow, and that the lessons are incorporated into the operations of our company.

Ms. Yukiko Kawano
Nanjo Sobi Kogyo Co., Ltd.

Mazda Quality School

With Dealerships in Japan

Cooperating with 298 Dealerships throughout Japan

As of March 31, 2007, Mazda operated 298 dealerships in Japan, with a network of 1,148 outlets. Of these companies, 18 are Mazda's consolidated subsidiaries or affiliated companies.

Ensuring customer satisfaction from numerous angles requires the dealerships that sell Mazda cars to work in unison to operate the shops that customers visit. To ensure this uniformity, Mazda cooperates with dealerships in various ways and cultivates human resources by helping conduct training programs.

Web Sales Development Training System

Key Components of the Domestic Sales Network (As of March 31, 2007)

	Dealerships	Outlets
Mazda-affiliated dealerships	39	804
Mazda Anfini-affiliated dealerships	18	79
Mazda Autozam-affiliated dealerships	241	265
Total	298	1,148

Communication with Sales Companies

Twice a year, Mazda organizes conferences for representatives of dealerships that are attended by Mazda executives. Whenever the need arises, we also hold conferences for divisional and departmental heads of sales companies, attended by representatives of managing divisions and departments.

At a FY2006 conference for representatives of dealerships that focused on reconciling the needs for sustaining momentum and creating a basis for longer-term growth — the goal for the final year of the Mazda Momentum mid-term management plan — we asked for greater efforts to strengthen the brand and increase customer satisfaction, while strengthening compliance measures.

Mazda also maintains an ongoing dialogue on various themes through working meetings at all levels with the Mazda Dealership Association in Japan, comprising all 57 dealerships affiliated with Mazda or Mazda Anfini, as well as parts dealers, transportation companies, Mazda Chuhan Co., Ltd., and Mazda Car Rental Corp.

Conference of representatives of dealerships

Web Conference of Representatives of Sales Companies

Web Governing Board of the Mazda Dealership Association in Japan

Support for Strengthening Compliance at Dealerships

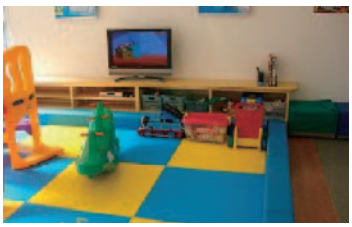
In FY2006, Mazda provided tools to support dealerships in their measures to strengthen compliance. The Domestic Business Division at Mazda's headquarters coordinates sales activities throughout Japan and has put together project teams consisting of personnel from the legal, auditing and general affairs departments. This organization has compiled training manuals, a collection of case studies and an e-learning package for specific operational areas of dealerships — new vehicles, used vehicles, servicing, labor affairs, computer systems and accounting.

We also held briefings to strengthen compliance at the eight branches of the Mazda Dealership Association in Japan.

Support for Dealerships in Creating Customer Management Systems

All dealerships are currently engaged in strengthening their customer relationship management (CRM) at dealerships. To raise customer satisfaction, Mazda supports the streamlining of dealership administration through customer relationship management systems (used by dealership sales staff) and the provision of systems for automatic direct mailing.

Cleanliness activities have been undertaken at each outlet since FY2005. These activities are meant to ensure the best demonstration of products, effective information displays and the creation of an inviting sales environment. In FY2006, Mazda advised participating outlets on areas needing improvement and suggested remedial measures, after carrying out a 20-point dealership survey covering topics such as welcoming children and senior citizens, and enforcing no-smoking rules.



Kids' Corner, where safety and cleanliness are priorities

Awards for Dealerships

Mazda gives annual and semi-annual awards to dealerships in recognition of outstanding performance during a given period of time.

Awards are based on a comprehensive appraisal of company sales performance, customer satisfaction and other metrics. In FY2006, five dealerships received awards for management excellence.

The FY2006 award ceremony for excellent performance by dealerships

With Our Business Partners

With Our Overseas Distributors

Cooperating with 122 Distributors in 132 Overseas Markets

As of March 31, 2007, Mazda had 122 distributors in 132 overseas markets, with a total of 4,537 dealerships.

Mazda pays careful attention to the opinions of local distributors and supports them in various ways to ensure the provision of products and services tailored to different customer groups in markets around the world.

Major Overseas Sales Networks (As of March 31, 2007)

	Distributors	Dealerships
China	2	168
Asia	10	253
Europe*	27	2,369
North America	4	864
Oceania	12	186
Central and South America	36	280
Near and Middle East	12	199
Africa	19	218
Total	122	4,537

* Number of dealerships for Europe as of November 2006

Communication with Distributors

Exchange of information with local distributors is a necessity if Mazda is to develop and supply cars tailored to each market based on the aggregateected feedback from its customers in all areas of the world.

To this end, Mazda creates opportunities for a wide range of dialogue, for example by sending employees to overseas bases, inviting distributors' employees, and organizing daily teleconferences and distributor meetings.

On such occasions, we also pass on information relating to brand strategy and progress in new-vehicle launches, as well as corporate social responsibility measures.

Distributor meeting (Caribbean, Central and South America)

Providing the Opportunity for Other Distributors to Study Success Stories

By providing opportunities to learn from success stories in other regions, Mazda supports its distributors in markets around the world in their efforts to improve customer satisfaction. For example, the Overseas Sales Division, in charge of marketing in Asia, Africa, the Middle East, the Caribbean area and Central and South America, has recently undertaken measures to strengthen customer relationship management in each of these regions.

In FY2006, we invited other distributors to Australia to study what mechanisms and processes were used by that country's distributors, which had achieved high levels of customer satisfaction by tailoring services closely to customer needs and using a wide range of marketing tools.

By implementing measures to recreate the Australian success story in other regions, we changed the photographs and designs used on the covers of direct mail items to match particular country requirements, and used mobile phone short message services for countries where computer-based e-mail is not widely used. These measures are an expression of our commitment to respecting local conditions and cultural differences.

Distributors from around the world were invited to Australia to study the successful example of their counterparts in that country

Awards for Distributors

Mazda gives awards in recognition of excellent performance by distributors in various countries around the world.

For example, the Overseas Sales Division presents awards to distributors that increased units sold and market share year-on-year, or that ranked first in customer satisfaction surveys.

With Shareholders and Other Investors

Mazda seeks to maximize its corporate value for shareholders and other investors by ensuring high levels of profits and their equitable allocation, as well as the disclosure of information in a fair and timely manner.

Basic Investor Relations and Profit Allocation Policies

Fair and Timely Disclosure

Mazda conducts investor relations in line with its policy to disclose information to stakeholders fairly and in a timely manner.

Our goals regarding dividends are to ensure a stable dividend payment and steadily raise our payout ratio. At the same time, we aim to retain sufficient internal reserves to fund the reinforcement of environmental and safety technologies, as well as investment in capital and research and development.

FY2006 Operating Performance and Dividends

Achieving Record Net Sales and Profits

FY2006 saw the launch of new models into the market. Improved sales and a better product mix, combined with the effects of yen depreciation, caused a reduction in costs that more than offset the rise in materials prices, thus delivering our highest revenues and profits to date. Consolidated net sales increased 11.2% from the preceding fiscal year, to ¥3,247.5 billion. Consolidated operating income rose 28.4%, to ¥158.5 billion, and consolidated net income grew 10.5%, to ¥73.7 billion.

Such results meant we were able to increase our cash dividend from an intended ¥5 per share to ¥6 per share. Furthermore, in the September 2007 mid-term period, we plan to reinstate interim dividends for the first time in 15 years.

New Medium-Term Plan

Mazda Advancement Plan Established

In Mazda Momentum, the medium-term plan that covered the three years from 2004 to 2006, we aimed for product-led growth and the development of infrastructure for full-scale future growth. This plan focused on the steadily implementation of measures such as reinforcing research and development, strengthening key markets, enhancing global efficiencies and synergies and leveraging human resources. As a result, we were able to achieve our numerical targets of consolidated operating income of at least ¥100 billion and a net debt-to-equity ratio of 100% or less one year early. However, our consolidated wholesales target of 1.25 million units was affected by a drop in internal demand, an increasingly competitive market, as well as our focus on brand building, meaning we only achieved sales of 1.177 million units.

In March 2007, we announced our new mid-term plan, the Mazda Advancement Plan, covering the four fiscal years from 2007 to 2010. This period will be one of accelerating structural reforms centered on manufacturing innovation built upon our long-established foundations, and a planning period for advancement into the future. The plan targets 1.6 million units in global retail sales, a consolidated operating income of over ¥200 billion, consolidated operating income ratio of 6% and a stable payout of dividends by FY2010.

Web The Mazda Advancement Plan

Communication with Shareholders and Other Investors

Openly Accessible General Shareholders Meetings

Mazda hopes to enable as many shareholders as possible to attend its annual General Shareholders Meeting, which is an excellent opportunity to learn about Mazda policies. For this reason, Mazda schedules its general shareholders meeting on a different day than the majority of other companies.

We also make a conscientious effort to answer shareholders' questions—not just to the extent required under corporate law but as fully as possible without violating corporate secrecy agreements.

Taking Advantage of Communication Opportunities and Enhancing Disclosure

Mazda publishes annual reports in English, Japanese and Chinese, has an extensive official IR website, and conducts quarterly financial results announcements. These are all part of our commitment towards the prompt disclosure of information. Additionally, we held a factory tour of our Hiroshima Plant for shareholders in February 2007, which was very popular with participants. In the future, we plan to continue holding events for our shareholders.

Shareholder factory tour

Web Investor relations information

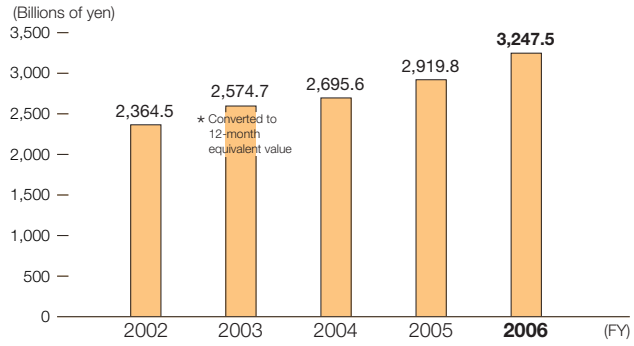
Socially Responsible Investing (SRI) Initiatives

Selected for FTSE4Good

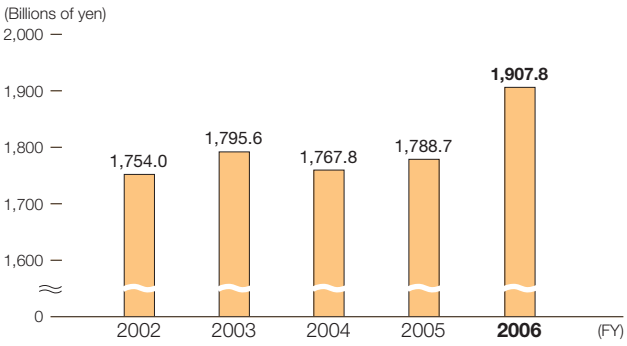
In FY2006, continuing from the previous year, Mazda was selected for inclusion in the FTSE4Good index, based the FTSE Group's recommendation of Mazda as an appropriate brand for socially responsible investment.

FTSE4Good is an index created in July 2001 by FTSE International, a company jointly owned by the Financial Times, a U.K. newspaper, and the London Stock Exchange. The index assesses environmental sustainability, social issues and stakeholder and human rights. Selection and incorporation into this index requires a brand to meet specified criteria.

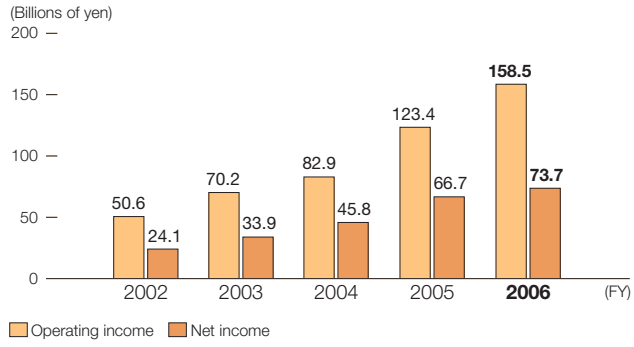
Net Sales (Consolidated)



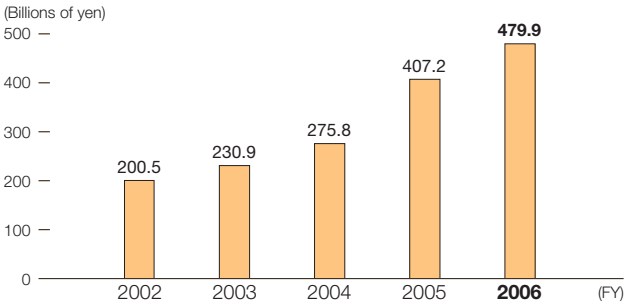
Total Assets



Operating Income, Net Income (Consolidated)

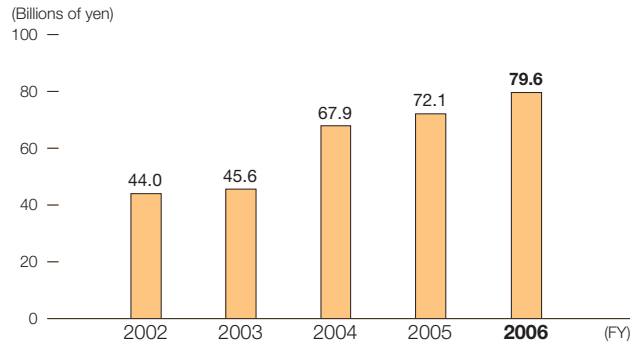


Net Assets*

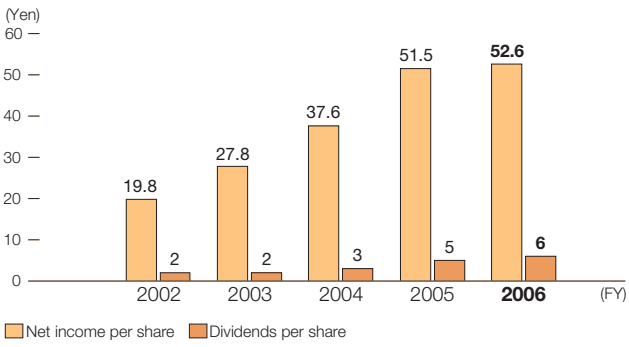


* Figures for past fiscal years have been converted retroactively to the current presentation method, including minority interests.

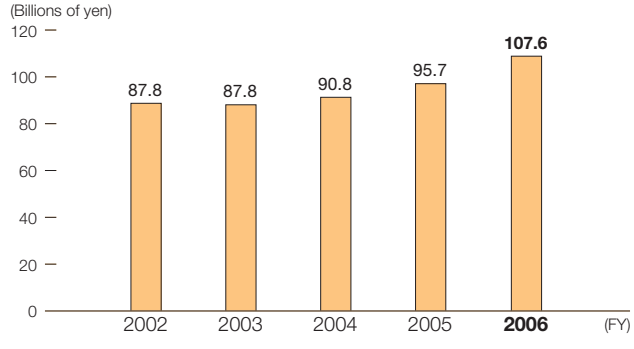
Capital Investment



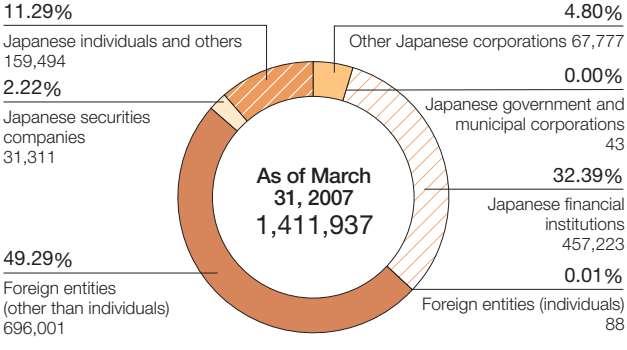
Net Income and Dividends per Share



Research and Development Costs



Breakdown of Shareholders (Thousands of Shares)



With Our Employees

Mazda provides employee training and development as well as benefit programs, and pays close attention to workplace safety to provide an atmosphere in which employees can feel enthusiastic about their work. Additionally, we have established and are utilizing specific numerical targets as business performance indexes to ensure diversity.

Fundamental Human Resources Concepts

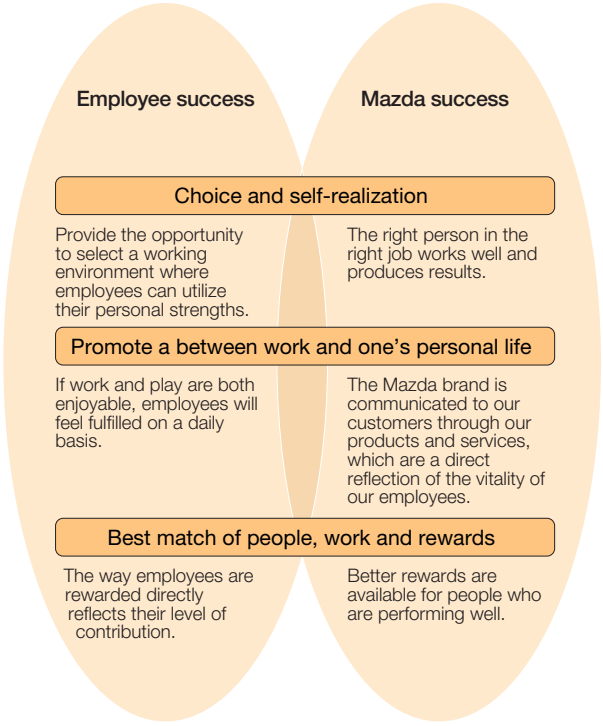
Being a Company Where People Love Their Work

First and foremost, Mazda aims to be a company staffed by people who love their work.

Based upon this idea, the "Tobiuo (Flying Fish) Human Resources Management System" that was established in April 2003 had three main foci: "choice and self-accomplishment"; "to promote a balance between work and one's personal life"; and "optimal matching of people, work and rewards." We believe that providing individuals the opportunity to demonstrate their full potential leads to their growth and success, which is inextricably linked to realizing our corporate vision. Therefore, we will continue to develop various systems to support our employees. We are also actively working at ensuring safety and health, a workplace that respects diversity and the maintenance of a healthy work environment as a foundation upon which employees can flourish.

Web Basic Personnel Data

***Tobiuo* HR Management System**



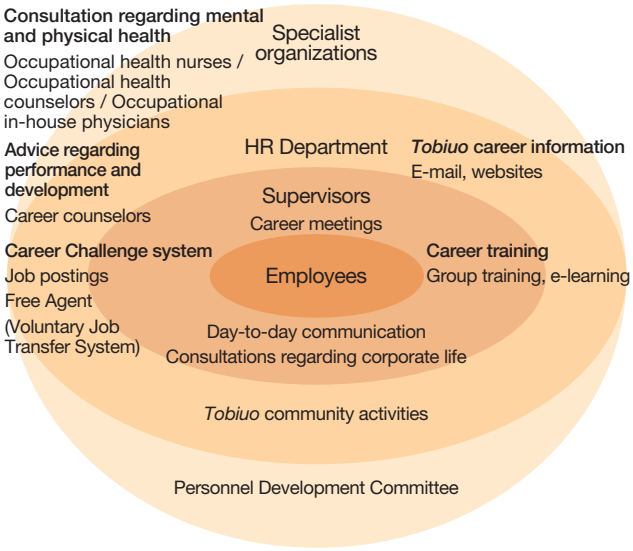
Matching People, Work and Rewards

Career Meetings

To encourage regular and formal communication between employees and their supervisors, Mazda has introduced quarterly career meetings.

The Tobiuo HR Management System is based on the idea that people will work hard and maximize their potential when they agree with the roles and responsibilities they have been given. Career meetings are a way for employees and their supervisors to set individual work goals and review achievements, as well as to communicate personal ambitions. Results of employee opinion polls taken yearly show that these measures are successful and lead to increased employee motivation.

Web Major topics in career meetings



Career Challenge System (In-House Announcement & FA)

In January 2004, Mazda established the Career Challenge System (in-house job postings & the 'free agent' voluntary job transfer system) as a part of our employees' career development assistance. In-house job postings publicize the work experience and skills required by the company for a position, whereupon the systemand then recruits personnel to take on these challenges. Free agents (FA) are Mazda employees that use a "FA declaration" to publicize their capabilities and work experience within the company. This enables them to seek additional challenges in new work occupations or divisions based on their career experience. Together with the career meetings mentioned above, this system broadens the possibilities and options for employees to further develop their careers.

Full Career Development Support System

Mazda has in place a full career development support system to assist the growth of each and every employee.

Companywide Competency Development System

Overview of Representative Education and Training Systems

Program	Objectives and outcomes
Optional training (group training, e-learning)	This program enables all employees to gain key business skills. Employees may elect to undergo training during working hours. (16 courses)
Leading Mazda 21	This elective program is designed to mold middle managers into next-generation leaders by training them in strategic decision-making from a global point of view.
Mazda Business Leader Development (MBLD)	Mandatory for all employees, the course aims to develop leaders who have a comprehensive understanding of the whole company.

Mazda Technical College

A training institution recognized by Japan's Ministry of Health, Labor and Welfare, the Mazda Technical College offers two-year courses to high school graduates and selected employees. The college aims to provide students with the basic skills and techniques that are needed in a manufacturing workplace. The college runs a comprehensive curriculum of basic and applied skills and trains students to take responsibility for their own actions as members of a corporate culture.

Skill Olympics Training Program

Training for the WorldSkills competition, which is held at regional, national and international levels, involves a two-year specialist program for employees under 21. This training helps technicians improve both their skills and mindset and raises Mazda's overall technical level.

Since 1962, we have sent 390 competitors to the national and international competitions. At the national level, 29 have won and 154 have been prize winners. We have had four winners and 12 prize winners at the international competitions.

Advanced Technical Skills Training Course

Welding Skills Training Program

Promoting a Balance between Work and Personal Life

Well-Developed Programs as an Advanced Company Providing a Balance between Work and One's Personal Life

Mazda has put in place a number of programs to "promote a balance between work and one's personal life."

In 2003, Mazda was awarded the "Family Friendly Company—Health, Labour and Welfare Ministry Excellence Award" by the Minister of Health, Labour and Welfare.

Systems for a Balance Between Work and Personal Life (Detailed)

Mazda Mutual Aid Union Activities

- Onsite Daycare Center "Mazda Waku Waku-Kids-En"
- Super-Flextime
- Nursing Leave
- Half-Day Paid Leave System
- Special Working Arrangements for Employees Involved with Childcare or Nursing
- Promotion of Planned Use of Paid Leave

Close-up

Acquisition of the Next Generation Development Support Law "Kurumin" Certification Mark

In May 2007, Mazda was awarded the "Kurumin" certification mark, based upon the Law to Promote Measures to Support the Development of the Next Generation.

In addition to the various measures to balance employees'one's work and personal lives above, the last two years have seen the approval of the "introduction of support measures to provide opportunities for skill development and a smooth return to the workplace for employees on childrearing leave (e-learning)"; "promotion of understanding of a support system to combine both work and childrearing (distribution of a special pamphlet companywide)," and a "further enhanced work environment conducive to childrearing (introduction of half-day nursing leave system)."

While placing great importance on employees' individual lifestyles, Mazda will in the future continue to provide an environment in which it is easy to work, and hopes to be a company that will grow along with its employees.

Children at the Onsite Daycare Center "Mazda Waku Waku-Kids-En"

Best Match of People, Work and Rewards

Compensation and Grading System

For employee compensation, Mazda has decided upon a “compensation and grading system" that does not have age or years of service as its criteria.

Personnel are graded according to “ability levels (technicians and medical)” and “work levels (clerical and engineering),” and their base salary and bonuses directly reflect their actual performance.

Personnel Development Committee

We systematically train personnel, and for each field of business or headquarters, periodically hold a Personnel Development Committee with management level employees as members.

The Personnel Development Committee discusses evaluations of personnel and their future functions based upon the results of career meetings (see page 31). Furthermore, the committee carries out personnel reassignments based upon their influence on individuals’ training plans, and upon the idea of appointing the right person to the right position.

Ensuring Workplace Diversity

Specifying Numerical Targets as a Business Performance Index

To ensure workplace diversity, from April 2005 Mazda has had in place specific numerical targets for the number of new female recruits, the number of female managers, and the percentage of employees with special needs, and is using these as a business performance index.

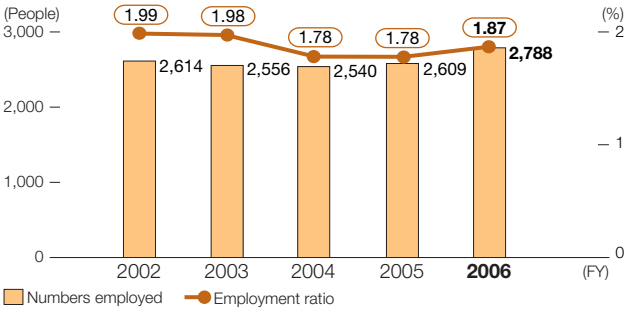
In FY2006, all these targets were met. Given these results, we will raise the target levels in FY2007, and add “years of service for females” as a new numerical target.

Providing a Comfortable Work Environment for Employees with Special Needs

Mazda strives towards maintaining a stable 1.8% ratio of employees who have special needs, as is stipulated by law. As of the end of FY2006, the ratio of employees who had special needs was 1.87%.

In FY2006, Mazda continued with our improvements to the working environment. These included the installation of toilets for people with physical disabilities and the widening of passageways.

Employment of People with Special Needs

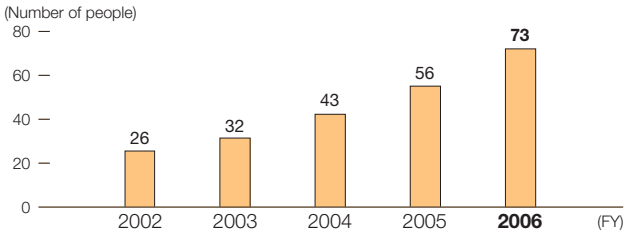


Increasing the Number of Female Employees and Positions for Women

Since 1998, Mazda has run the Women’s Counseling Desk and reviewed its treatment of female workers; abolished the practice of hiring women merely for general-purpose jobs; began employing women for engineering and other technical positions; increased the number of mid-career recruits; and promoted a forward-looking approach toward hiring women. Additionally, Mazda is striving to provide a comfortable working environment for both men and women in order to promote a balance between work and personal life for its employees regardless of gender.

In FY2006, the “Active Life Project” was launched within the Human Resources Department. This project implements activities aimed at increasing motivation in order to provide a working environment in which female employees can enjoy their work and where they can perform to the best of their ability.

Number of Female Recruits (Assistant Manager or Above, Non-Consolidated Basis)



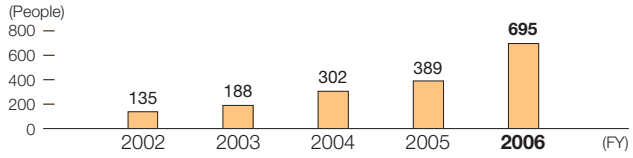
Promoting Employment of Seniors, and Passing on Skills

Mazda is promoting the employment of seniors and facilitates the transmission of their skills and know-how. In February 1991, we established the Senior Family system, starting the rehiring of technical employees engaged in automobile manufacture, and who had reached the mandatory retirement age. Furthermore, in April 2006, we established the “Family of Experts System” which redefines the above. This system has been expanded to over 300 job types, and we have put in place a mechanism by which the know-how of a range of experts can be passed on to their successors.

Additionally, this system has been adopted not only at Mazda, but also at affiliated companies, and promotes the transmission of skills and techniques.

With Our Employees

Employment of Personnel over 60 (unconsolidated)



Work Safety and Health

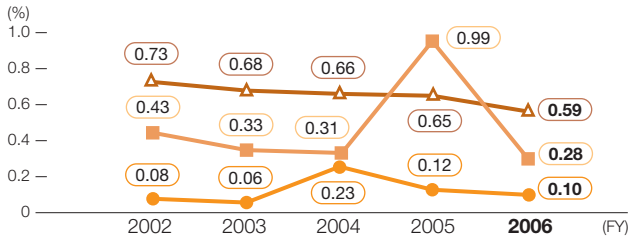
Safety and Health for Workers

In light of a serious accident in 2004, Mazda has formulated its Safety and Health Creed, and created a Safety Resolution for all employees to declare. Furthermore, we have conducted educational activities and training such as education aimed at enhancing safety awareness, and are improving equipment safety. As a result, in FY2006 we had no serious accidents, and downtime due to other accidents was also reduced.

Additionally, in FY2006 we emphasized "Safety & Health Activities" which includes our group companies, and are implementing support for training with the aim of raising awareness amongst both managers and supervisors, and employees.

Web Education and training concerning workplace safety and health
Web General Health and Safety Committee
Web Formal agreements with the Mazda Workers' Union on safety and health
Web Mazda Work Safety and Health Management System

Lost Time Work Incident Ratio*



* Frequency of industrial accidents, measured in number of accidents per million person-hours worked.

Health Maintenance and Improvement

Strengthened Mental Health Measures and Promoting Lifestyle Improvements

Mazda's companywide health promotion activities place their emphases upon "strengthened mental health measures" and "promoting lifestyle improvements."

Our mental health measures include the development of a consulting system that utilizes specialists, and we are carrying out ongoing seminars both for managers and supervisors, and for employees (autogenic training, etc.). These seminars have raised employee awareness of mental health issues and enabled them to quickly seek help if required. We have put together a team comprising five full time occupational physicians, one part-time mental health occupational physician, and 27 occupational health nurses. The team offers detailed support, ranging from consultations through to follow-up. For employees who have lost time at work due to mental health issues, we have established a "trial work system" and a "shortened work hour resumption system" to assist them in making a smooth return to the workplace.

As a part of our lifestyle improvements, we have implemented a companywide smoke-free day. FY2006 saw our smoking rate drop to 38.4%, with our final target companywide smoker ratio being 27%. Mazda has also set "70% or more 10,000-step days" as a companywide goal, and is promoting walking through measures such as the distribution of pedometers; carrying out events such as the "10,000-step challenge," which aims at the target of 10,000 steps every day; the "Eco-Walk Commuting Program" (with allowance payment);" and the establishment of an internal walking course.

2006 Mental health rally convention

Web Preventing Ill Health and Accidents Due to Overwork
Web Health Maintenance and Improvement Measures
Web Health Checkups and Mental Health Care Results

Superb Labor-Management Relations

The Mazda 21st Century Labor-Management Joint Declaration

Mazda has a standing labor agreement with the Mazda Workers' Union. Through collective bargaining and the Labor-Management Council, we cooperate on issues including employment stability, the maintenance and improvement of working conditions, and health and safety. Additionally, while we have a shared outlook as regards the orientation of our business operations, our objective is to create a company that can contribute to all stakeholders in the company, including employees, customers, and shareholders. Thus, we are building a relationship of "thinking together, working as one."

On September 30, 2001, we adopted the Mazda 21st Century Labor-Management Joint Declaration, which states that within a climate of increasing global competition and faced with social demand for ever higher safety and environmental standards, Mazda is committed to achieving its corporate vision and fulfilling its role as a member of society, through respecting all people and understanding that each and every one of them is key to the changes required to become a "strong and vibrant group organization."

Web Details of the Mazda 21st Century Labor-Management Joint Declaration

With Communities and Societies

Deepening its involvement with local people as a part of the communities that host its plants and facilities, Mazda brings vitality to communities and societies as a good corporate citizen. Mazda also makes wide-ranging contributions to science, education, cultural and environmental protection, and international exchanges.

The Mazda Group's Contributions to the Community

A Good Corporate Citizen with Its Roots in the Community

Since its establishment, Mazda has sought to establish its business operations firmly in the local community. On the basis of the philosophy and policies outlined below, the Mazda Group is strengthening its activities to invigorate local communities, not only at its Head Office in Hiroshima and at the Miyoshi Plant, but also in Hofu, Tokyo, Yokohama, Osaka and throughout its branches and facilities in neighboring areas.

The Mazda Group extends its activities to contribute beyond the areas surrounding its plants and facilities in order to meet local needs in Japan and around the world.

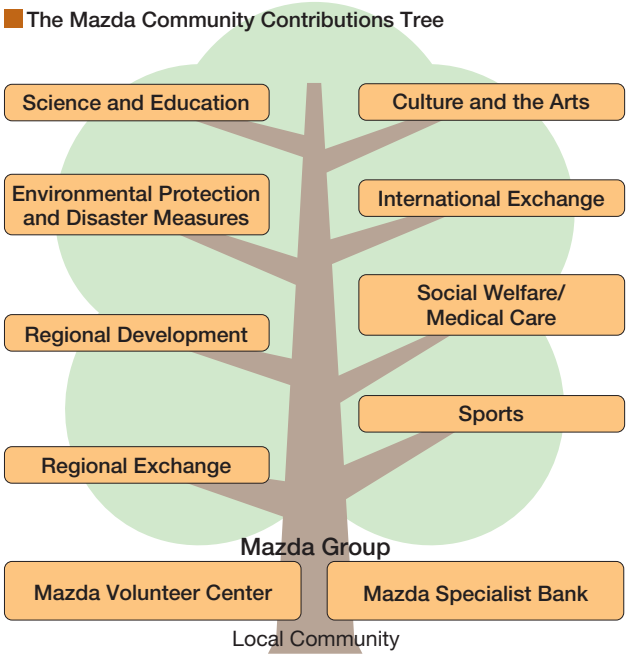
Basic Philosophy for Mazda's Activities

As a good corporate citizen, Mazda seeks to bring vitality to the local economy and industries through its corporate activities and works for cooperation and mutual growth with all regions and contributes to local prosperity.

Activity Policies:

- Activities attuned to local needs
- Emphasis on, and support for, volunteer activities by employees
- Alliances with other companies in the Mazda Group
- Expansion of opportunities for interaction with the local community
- Emphasis on continuity

The Mazda Community Contributions Tree



Central Role of the Mazda Community Services Committee

In its social contribution activities, Mazda places particular emphasis on actively pursuing activities tailored to local communities. This emphasis arises from its belief that local communities are the foundation for the Mazda Group's operations. We have an important role as a responsible corporate citizen to conduct activities that bring pleasure to local citizens-activities that match local sentiment and that enable us to proceed in accordance with the communities in which we operate.

Based on this policy, in 1993 we established the Mazda Community Services Committee, consisting of representatives from all the Group companies and departments and presided over by the head of the Corporate Affairs Division. Mazda's community services are guided by this committee and its delegates.

Web Mazda Community Services Committee Organization

Employees' Voluntary Activities

Visits to Care Centers

Every June and July, starting approximately 20 years ago, Mazda Group employees, their families and former employees visit social welfare centers and enjoy time with residents.

During FY2006, employees visited six facilities, including the *Wako-en* home for the elderly in Hiroshima City and the *Himawari* social welfare home in Kure City. These activities involved 148 people.

Volunteers took residents of *Wako-en* on a visit to the Peace Park and the Atomic Bomb Memorial in Hiroshima.

An outing at the Peace Park, Hiroshima

Clean-Up Volunteers

Throughout the country, current and former employees of Mazda participate in voluntary clean-up activities around their branches and facilities and river clean-up campaigns, strengthening awareness of environmental conservation in their local communities.

In FY2006, 4,189 current and former employees took part in clean-up campaigns and in Mazda's clean-up activities.

Hiroshima Otagawa Riverbank Clean Campaign

Collecting Postcards and Telephone Cards as Wheelchair Donations

Mazda Group employees collected unsent and unwanted postcards and used and unused telephone cards. They converted these to cash, which was added to funds from a charity bingo event at the Flower Festival. These donations are used to purchase wheelchairs for the Hiroshima Prefecture and Hofu City social welfare associations. The campaign has been conducted since 1996, and in FY2006 it supplied 19 wheelchairs to 10 establishments.

Mazda Volunteer Center Activities

The Mazda Volunteer Center was established in 1996. Mazda and Group employees who wish to become involved in volunteer activities register with the center and then can respond to requests from local groups for volunteer assistance.

At present, 401 employees are registered. During FY2006, target initiatives spanned community clean-up campaigns and other environmental enhancement initiatives, support for disaster relief, assistance with social welfare events, care assistance, support for international exchange programs such as homestays and help with regional festivals and other events. A total of 94 employees participated in 26 voluntary activities.

Mazda Specialist Bank Activities

When local communities organize events, they sometimes lack manpower. The Mazda Specialist Bank was established in 1994 to fill this gap and enables Mazda to make contributions to local communities. Employees of Mazda and its Group companies with specialist knowledge, abilities and skills, as well as talents or interests developed over the years, are registered at the bank and serve as a resource to meet requests from local communities.

During FY2006, bank-supported activities increased to 216, including lectures, sports and recreation instruction and volunteers at 85 events.

Mazda employees giving a rakugo performance

Social Activities

Participation in Local Events

We participate each year in the Hiroshima Flower Festival (near the Head Office), the Hofu *Tenmangu Tenjin Matsuri* (near the Hofu Plant) and the Miyoshi *Kinsai Matsuri* (near the Miyoshi Office), among other festivals. This involvement helps us to deepen our commitment with the local communities.

Web The community magazine Mazda Tanshin appeals to the local community

The Hiroshima Flower Festival

Participation in the ‘Love Hofu Campaign’

This program grew from an idea about cooperating with local businesses and stores to stimulate and develop Hofu City. Under the slogan “Companies are Citizens Too,” 35 companies with factories in Hofu commenced activities from April 1993 to contribute to the revitalization of the city. We maintain the campaign office at the General Affairs Department at the Hofu Plant.

Support for Sports and Cultural Activities

We support local and professional sporting and cultural activities by hosting the Mazda Community Ekiden (long-distance relay race), sponsoring the Hiroshima Toyo Carp pro baseball and Sanfrecce Hiroshima pro soccer teams and by supporting the Hiroshima Symphony Orchestra. Mazda also jointly hosts the Mazda Invitational Youth Soccer Competition in the Hofu Plant district.

The Mazda Community Ekiden

Plant Tours

We Welcome 78,000 Visitors Every Year

As a forum for communicating with local communities and an opportunity for schools' social-study classes, we welcome plant tours at the Hiroshima Head Office, Hofu Plant and Miyoshi office. During FY2006, approximately 78,000 people visited these three facilities.

Close-up

Redesigned Plant Tour Course Opened at the Hofu Plant

In March 2007, Mazda opened a new plant tour course at the Hofu Plant.

Tours of the plant have become more interesting and enjoyable with a screen and musical hands-on experience of the Zoom-Zoom brand message and the installation of monitors so visitors can see the operations of the production lines in real-time. A wide range of installations has made plant tours more stimulating and easy to understand.

Particularly popular is the mechanical improvement system that offers various devices to improve the production processes in automobile manufacturing. Visitors can also operate waste separation equipment that easily separates plastic from other waste materials or removes small parts from the insides of cartons and shows how effective the equipment is.

The newly redesigned Plant Tour Course at the Hofu Plant

Personal Message

The newly redesigned plant tour route has been well received and we get a tremendous number of repeat visitors. The children in particular say how much they enjoyed it and that they want to work at Mazda when they grow up. We hear a lot of happy and excited voices and we also receive a lot of thank-you letters.

We are always thinking about how to make the plant tour even easier to see and understand and a more enjoyable experience for visitors. We look forward to welcoming you to our plant.

Naomi Detani
General Affairs Group
Hofu Plant General Affairs Dept.

Activities at All Branches and Facilities

Social Service Activities and Technology Exhibitions at the Mazda R&D Center Yokohama

Our R&D base in the Tokyo area, the Mazda R&D Center Yokohama, organizes technology exhibitions and welcomes visitors. It also performs social service activities that include holding charity flea markets in association with the Mazda Vehicle Owners Club, and it supports the activities of a nonprofit organization whose volunteers dress as Santa Claus to visit children in a special needs facility. In FY2006, we provided a Demio soft top as a sleigh.

Exhibition of environmental technology

Mazda Museum and Social Studies

As of March 31, 2007 the Mazda Museum at the Hiroshima Head Office had welcomed 884,726 visitors since it opened. In FY2006, it started to focus on elementary schools by holding research sessions in social studies for teachers and by organizing field trips for children to Mazda's car-loading wharf at the port, where they could see the cars being loaded onto the Company's ships. The Museum then held classes where children were taught to make clay models.

The Mazda Museum is the only automobile museum in the Chugoku and Shikoku regions of Japan, and we will continue to utilize it actively as a hub for social studies classes and local exchange activities.

Web The Mazda Museum

The area showing the history of the Mazda Museum

Activities to Diversify Donations

Promoting Science and Education, Culture and the Arts, International Exchange and Sports

To create a vibrant community, Mazda disperses contributions widely for the promotion of science and education, culture and the arts, international exchange and sports.

In FY2006, we donated approximately ¥125 million to the Mazda Foundation, which promotes science and technology and the development of young people, and to local communities.

Overseas Social Services Activities

Donation of Tribute Hybrids to Fire Departments in Southern California

In February 2006, Mazda Motor of America, Inc., donated 36 Tribute Hybrid vehicles to firefighting units throughout Southern California. The Tribute is a hybrid, clean emissions and fuel-efficient vehicle.

The units that received the donated vehicles were the City of Los Angeles Fire Department, the San Bernadino County Fire Department, the Corona City Fire Department, the Orange County Central Fire Authority, the San Diego City Volunteer Fire Department, the City of Riverside Fire Department and the Salinas Rural Fire District. The vehicles will be used for two years.

Web Other contributions overseas

The Tribute Hybrids donated to the Orange County Central Fire Authority

Preservation of the Natural Environment in South Africa and Support for Regional Development

Since it was founded in 1990, the Mazda Wildlife Fund has worked closely with the Wildlife and Environment Society NGO and the Endangered Species Trust NPO. The fund supports activities in environmental education on the protection of rivers, forests and wildlife, technical empowerment, regional development and employment generation activities throughout the Republic of South Africa.

Through these activities, the fund disperses approximately 150 million Rand annually, or ¥26 million.

Mazda Foundation Activities

Promotion of Science and Technology and Young People Development

The Mazda Foundation was founded in 1984 to foster the education of youth by promoting science and technology. The foundation aims to contribute to the creation of a society where global citizens share their prosperity and live an abundant and fulfilling life.

During FY2006, its activities spanned supporting research and sponsoring community activities, dispatching visiting lecturers to universities and hosting a symposium by the essayist and mathematician Masahiko Fujiwara. As of March 31, 2007, the Mazda Foundation had supported a cumulative total of 1,243 research projects, dispensing donations totaling ¥1,122.91 million.

Masahiko Fujiwara giving a lecture on the theme of "Children and the 21st Century."

Web Mazda Foundation Business Report

Major Activities of the Mazda Foundation in FY2006

Domain	Description
Promotion of Science and Technology	● The foundation supported basic and applied research in current and future issues at universities and research institutes throughout the country, donating ¥32 million to 27 projects in FY2006 ● The foundation supported academic societies and research institutes in the Chugoku region in establishing an "Experience Science" project aimed at junior and senior high-school children, dispensing ¥1,100,000 to 11 projects.
Young People Development	● At universities and research institutes throughout the country, the foundation donated ¥5 million to six projects engaged in practical research into community activities to promote the well-being of young people, who will shoulder the burden of the next generation. ● The foundation donated ¥7 million to 26 community youth development projects in Hiroshima and Yamaguchi prefectures.
Sponsoring Community Activities	● The foundation also dispatched external lecturers to five universities focusing on the Hiroshima area, lecturing on such themes as new technologies, new ways of looking at value and volunteer activities.
Lectures	● Mathematician and essayist Masahiko Fujiwara was invited to address the Hiroshima lecture.

Close-up The Science Is Fun Project for Young People

The Mazda Foundation runs the Science Is Fun project with Hiroshima University. The project aims to foster children's passion for science at a young age and prevent them losing interest in science when they reach adolescence.

Among the science classes held in fiscal 2006 were: a look at the mysteries of space aimed at middle-school children and a class for high-school students on measuring, weighing and quantifying in which the students were asked to assess the volume of their drinking water.

A class member observing Venus at Hiroshima University's Astrophysical Science Center.

Mazda Foundation USA Activities

Promotion of the Development of Young People and Educational Opportunities for Minorities

As we have expanded our business in the United States, we have always been conscious of the need to give something back to American society. This was the thinking behind the establishment of the Mazda Foundation USA in 1990.

To date, the Mazda Foundation USA has dispersed approximately $5.5 million, mostly to provide educational opportunities for minorities and to support young people's development.

Supporting Student Activities in Nature Conservation

The Student Conservation Association (SCA) is an NPO working to promote students' activities in nature conservation. The association provides opportunities for young people to become involved in environmental preservation activities, outdoor skills and leadership training. SCA has worked in cooperation with the Mazda Save Our American Resources program for 10 years. Together, the programs contribute to the conservation of natural resources by providing yearly economic support to conservation interns in state and national parks in all 50 U.S. states.

A dedicated student volunteer in the nature conservation program

Support for Hispanic American Students

The Mazda Foundation USA cooperates with the Hispanic Scholarship Fund to promote higher education for Hispanic American citizens and to date has funded scholarships for Hispanic students at two universities.

The fund is being expanded to community colleges in the 2007–2008 academic year and students at four schools have become eligible to receive a scholarship.

Scholarship recipients meeting with the president of Mazda Motor of America, Inc.

Close-up

The Mazda YFU Scholarship Program

Since 1984, the Mazda Foundation USA has been offering the Mazda-YFU Scholarship program jointly with Youth For Understanding (YFU), a U.S.-based organization for high-school students, as part of its international cultural exchange activities.

During the 23 years that the program has been in operation, more than 200 U.S. high-school students have been able to experience cultural differences through home-stays in Japan. A highlight is a visit to the Hiroshima Head Office, which includes meeting Mazda's president and an explanation of the automobile manufacturing industry through a plant tour and other activities.

American high-school students at the Mazda Museum tour

Personal Message

Kazuko Morishita
YFU Japan/Youth For Understanding International Exchange Japan

My involvement with the program began 10 years ago, when my child went to study overseas through this program. The really enthusiastic children steadily learn Japanese through their month-and-a-half stay and become close to the people around them. It's wonderful to see how well they adapt.

We visited the Mazda Museum again this year, and the students greatly enjoyed it. I am looking forward to working with Mazda so we can go on to make the program even better.

Mazda Foundation Australia Activities

Support for Mental Health

The Mazda Foundation Australia began operations in 1990 and provides support for the wide-ranging charitable activities of organizations engaged in one of Australia's most pressing social issues. Since its establishment, the foundation has been strongly involved in various projects and campaigns throughout Australia, and in 2006 it provided substantial support for local mental-health support groups.

An example of the foundation's activities is its financial donation to the Supportive Friends for Primary School program run by the Stride Foundation, which supports young people in their struggles. This program is designed to prevent the onset of depression and other mental ailments by having older pupils, who have been trained, work with younger pupils, so that they provide mutual support for their development and enhance their self-esteem.

Mazda and the Global Environment

Special Features

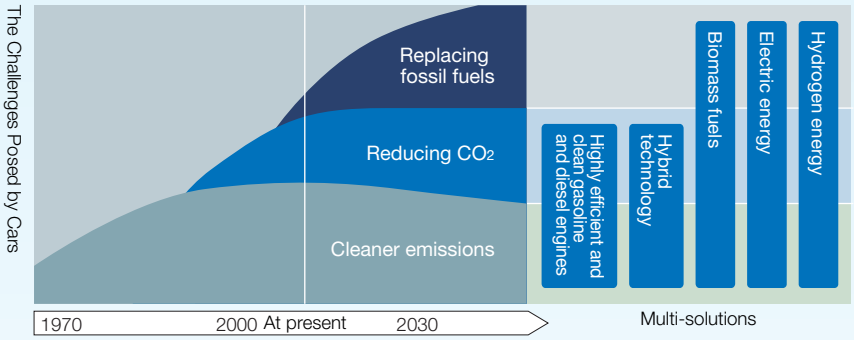
FY2006 Performance Report

Meeting the Challenges of Automotive Manufacturing

In March 2007, Mazda issued its 'Sustainable Zoom-Zoom' long-term vision for technology development. Sustainable Zoom-Zoom is our commitment to clear policies and objectives for technological development in powertrain, design and vehicle assembly, toward achieving a sustainable future for the global and transportation environments.

There is a vital need to respond to global warming and other environmental issues that affect the planet. As global car ownership continues to expand, automakers such as Mazda must redouble their efforts to achieve cleaner exhaust emissions and to reduce CO_2 emissions through improvements in fuel economy. We must also reduce our dependence on fossil fuels, which are in danger of depletion.

What Mazda Is Doing to Meet the Challenges



Mazda and the Global Environment

Working toward a Sustainable Future with Cars, People and a Global Society that Brings Continued Happiness and Excitement

Hydrogen Energy a Multi-Solution

Cars affect the environment in various ways according to such factors as geographic area, vehicle characteristics and type of fuel. For this reason, Mazda considered it necessary to develop an approach using multiple solutions.

Within this approach, Mazda is forging ahead with research into such fields as the development of highly efficient clean engine and hybrid technologies, and the use of biomass and hydrogen fuels. Through these efforts, Mazda is the world's only manufacturer to mass produce vehicles equipped with rotary engines and to utilize the characteristics of the rotary engine to lead new initiatives in developing the hydrogen rotary engine. The construction of the rotary engine is well suited to hydrogen fuel and, compared with reciprocating engines, it ignites faster and eliminates abnormal combustion (backfiring), which helps maintain efficient combustion.

Mazda introduced the world's first practical hydrogen rotary engine in February 2006 when it began commercial leasing of the RX-8 Hydrogen RE. When using hydrogen as its combustion fuel, the RX-8 Hydrogen RE achieves zero emissions of CO_2 — the ultimate environmental performance.

Because the RX-8 Hydrogen RE uses a dual-fuel system, it can also run on gasoline and is therefore highly practical even though there are currently only 10 hydrogen refueling stations in Japan.

We are not resting on our laurels, however, with the hydrogen rotary engine, nor do we see it as just a temporary stop gap measure during the transition to a hydrogen energy society. Hydrogen and fuel cell vehicles will surely be a part of the automotive future, and no matter which vehicle consumers choose, we can say this is a 'Zoom-Zoom' eco-car.

Mazda exhibited the RX-8 Hydrogen RE at the ONS 2006 energy exhibition in Norway in August 2006, where it performed its first overseas demonstration drive. Domestically, seven RX-8 Hydrogen RE vehicles were in use in business or research institutes at the end of FY2006.

New Premacy Hydrogen RE Hybrid in Development

Mazda is developing new variants of vehicles that use the hydrogen rotary engine, such as the Premacy Hydrogen RE Hybrid, based on the practical development of the RX-8 Hydrogen RE's hydrogen rotary engine. The Premacy Hydrogen RE Hybrid concept vehicle was exhibited at the Tokyo Motor Show in 2005. It combines a dual-fuel system that could run on either gasoline or hydrogen with a hybrid system.

Mazda is currently progressing with the development of this concept car as the new Premacy Hydrogen RE Hybrid and is planning to start commercial leasing in FY2008. The new model uses a new hybrid system, offering greatly enhanced performance and driving range and — as a hybrid vehicle — the stronger torque feel adds to the Zoom-Zoom driving experience.

Implementing Technologies to Reduce Environmental Impact

The new Premacy Hydrogen RE Hybrid employs the results of the latest wide-ranging R&D in an effort to achieve superior environmental performance. For example, plant-derived plastics are used in injection-molded parts of the cabin, such as the gearshift panel and front console, and we are considering the use of a new material derived from 100% plant matter in the seat fabric and door trim. (Please see page 58 for details.) Also, car parts made from resin — such as the vehicle bumpers — are made from recycled plastics collected from damaged bumpers. Across the board, Mazda has made a considerable effort to reduce the use of oil resources.

Mazda is committed to the future development of the hydrogen rotary engine as a key fuel and technology, and accepts the challenge of aiming for a balance between motoring pleasure and environmental and safety imperatives as we drive toward attaining sustainable Zoom-Zoom.

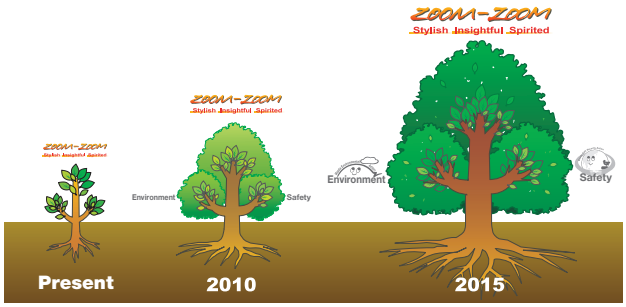
The Sustainable Zoom-Zoom Long-Term Vision of Technology Development

Mazda makes cars that always excite, cars "that look inviting to drive, are fun to drive, and make you want to drive them again." We are committed to achieving an exciting, sustainable future — for cars, for people and for the Earth.

Addressing the Challenges of Environmental Conservation and Traffic Safety

Looking toward achieving a society capable of sustainability, automotive manufacturers must commit to raising the environmental performance of their cars and improve automobile safety technologies to guard against the global trend of rising traffic accidents.

Since launching the Atenza (Mazda6) in 2002, Mazda has been carefully nurturing the Zoom-Zoom Tree. The tree is growing upwards like the progress made toward a sustainable society, and its two branches representing the environment and safety; the branches that are being nurtured by the Zoom-Zoom spirit and are growing bigger and stronger.

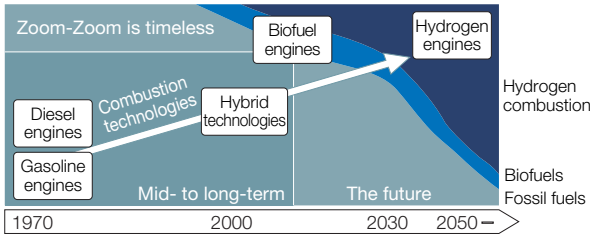


Major Initiatives in Mazda's Plan for Technology Development

1. Powertrain

- In our quest for the establishment of a sustainable future for the global environment, we are seeking a powertrain that achieves a balance between a lively driving performance and environmental friendliness, powertrains which provide a fun-to-drive experience that will make people want to drive them again.
- To achieve the Zoom-Zoom spirit in the future, the requirements of the internal combustion engine are such that additional hydrogen combustion technologies are necessary for the coming hydrogen society. Through the innovation process, consideration has been given to introducing realistic technologies that meet the infrastructure needs of contemporary society.

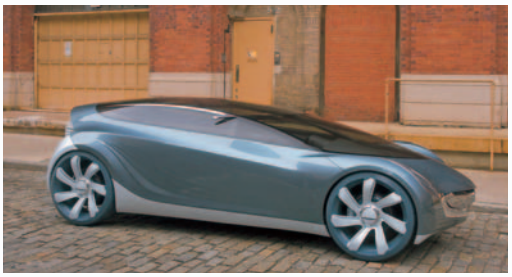
Energy and Mazda's Powertrains



	Technical Initiatives	Achievements
Gasoline engines	**New gasoline engine (I-4)** Most gasoline engines will be substantially reengineered for improved performance and fuel economy in the early 2010s.	• 15%–25% improvement in driving performance • 20% improvement in fuel economy
	Flexible Fuel Engine A flexible fuel engine compatible with E85 is to be introduced to the Northern Europe market in FY2009.	• E85 compatible
	The Smart Idling Stop System Mazda's proprietary Smart Idling Stop System is to be introduced to the Japanese market in FY2009.	• 10% improvement in fuel efficiency (in Japan) • DISI + re-ignition system
Diesel engine	**New clean diesel engines** Already introduced in Europe, a further refinement of the highly acclaimed clean diesel engine — which meets the long-term emission regulations for North America and Japan — is to be launched in the early 2010s.	• 10% improvement in fuel efficiency • Emissions that meet Euro6/US Tier2 BIN5 and Japan's Heisei 21 emission standards
Transmission	**New automatic transmissions** The new transmissions that will be introduced in the early 2010s will provide the driving sensation you would expect from a manual transmission while also improving fuel efficiency.	• Achieves a direct feel driving performance similar to that of manual transmissions • Achieves fuel economy that is comparable to manual transmissions
Rotary Engine	**New rotary engine** A new gasoline-fueled rotary engine which will be introduced in the early 2010s will provide a substantial improvement in driving performance and fuel efficiency.	• Dramatic improvement in driving performance and fuel efficiency
Future Technologies	**Premacy Hydrogen RE Hybrid** The Premacy Hydrogen RE Hybrid, to be launched to market in FY2008, will deliver a 40% improvement in driving performance and increases the cruising distance to 200 km.	• Drive performance increased 40% • Cruising distance of 200 km • Proprietary hybrid system
	Highly Efficient Hybrid System The product makes use of the Hydrogen RE Hybrid's HEV System and will be introduced to the market in the early 2010s.	• 100% improvement in fuel efficiency
	New Hydrogen Rotary Engine Development of a all-new Hydrogen RE that has the drive performance of a 3.0L gasoline reciprocating engine and will increase the cruising range to 400 km.	• Drive performance is on a par with current V6 3.0L gasoline engine • Cruising range of 400 km

2. Design

- A design that appeals to a typical family and that at a glance is recognizable as a Mazda
- Newly proposed design cues
- Platform development and related areas realize new proportions

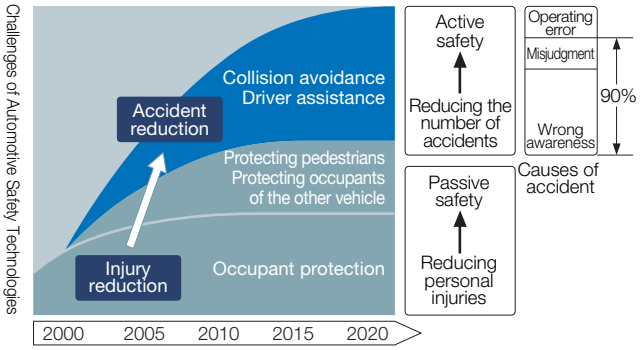


Design and Platforms	**New Design and Platforms** ● With a prominent design and superior dynamic performance, lighter and safer platforms will be progressively developed during the decade starting in 2010. ● The all-new Mazda2 (all-new Demio) achieves a weight reduction of approximately 100 kg when compared to the current model.	• Prominent design (new proportions) • Superior dynamic performance • Safer and lighter

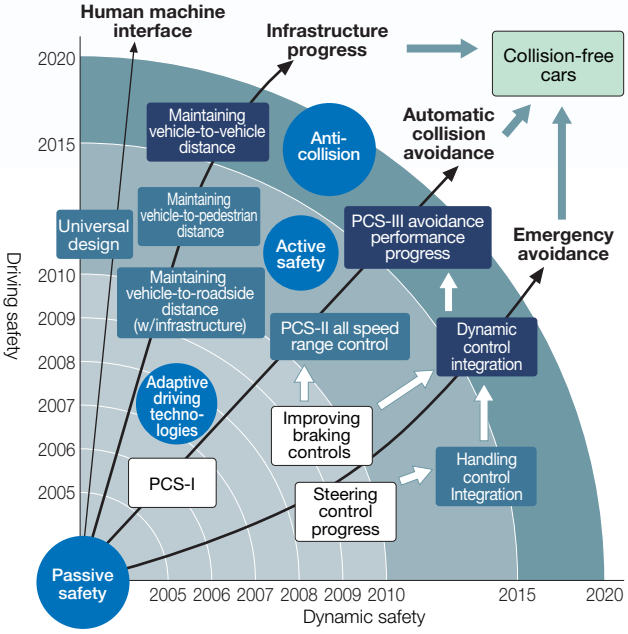
3. Vehicle Technology

- Attractive styling to please the customer, whose demands are for enjoyable and safe driving.
- On the path toward a sustainable future for the transportation environment, Mazda cars achieve the appropriate level of comfort and driver support, and provide superior collision-avoidance functions
- Reducing the weight of the car has not only improved the drive performance but also achieves a reduction of CO_2.

The Challenges of Automotive Safety Technologies



Mazda's Initiatives



Safty	**Human Machine Interface (HMI) / Dynamic Safety** Mazda is introducing the Zoom-Zoom spirit to safety technology by developing HMI functions that support driver perception and judgment, and with dynamic safety features that allow for the easy operation of hazard avoidance functions.	• HMI supports correct awareness and judgment when driving • Dynamic safety features will provide e asy-to-operate hazard-avoidance functions
	Preventing Congestion and Accidents with ITS In cooperation with government and civic organizations working on safety initiatives, Mazda will take part in intelligent transport system (ITS) road trials in the Hiroshima area.	• Road trial validation in the Hiroshima area • A driving-support system compatible with infrastructure
Material Technologies and Manufacturing Technologies	**Bioplastics and biofabric for vehicle seats** Carbon neutral bioplastics derived from plants are being developed in cooperation with industry, government and academia and are to be used in the Premacy Hydrogen RE Hybrid, which should be available for lease in FY2008.	• Carbon neutral plant-derived materials
	Proprietary water-based painting technology Through further refinement of Mazda's Three-Layer Wet Paint System, the proprietary water-based painting technology is creating a particularly clean environment in the paint shop.	• Reduces VOC emissions

Environmental Management

To ensure appropriate and effective environmental management as One Mazda, including our Group companies, Mazda is reinforcing its measures and systems as well as formulating various countermeasures to pre-empt anticipated risks.

Mazda Global Environmental Charter

Environmental Principles

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

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

Guidelines for Action

1. Creation of Environmentally Sound Technologies and Products

- We are committed to the challenge of creating clean technologies, including ways to achieve cleaner exhaust emissions and reductions in CO_2 and the development of clean-energy vehicles.
- We will encourage the creation of products that are environmentally friendly from the planning and development stages through manufacturing, use, and recycling/disposal.

2. Corporate Activities for Conserving Resources and Energy

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

3. Corporate Activities in Pursuit of a Clean Environment

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

4. Working with Others in Our Business Activities to Create a Better Environment

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

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

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

Established in 1992; revised in 2005

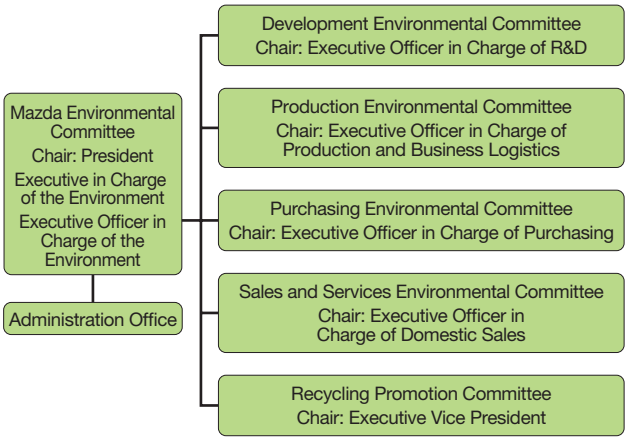
Environmental Management System

Reinforcing Our System While Taking our Entire Supply Chain into Account

With our focus on the entire supply chain, Mazda strengthened its efforts in FY2005 to not only reduce our environmental impact but to concentrate on reducing the risk of an environmental accident occurring.

Under the management system shown on the right, Mazda, together with our Group companies, is actively working to protect the environment as One Mazda in each area of our business: from R&D, production, purchasing, sales and servicing, through to recycling.

Mazda Environmental Promotion System (as of July 2007)



Environmental Management System

To boost the environmental protection efforts of our Group and reduce our impact on the environment, we are actively promoting acquisition of the Environmental Management System (EMS) ISO14001 international certification at our factories, facilities and subsidiaries. In FY2000, we acquired ISO14001 certification at our six major domestic and international production sites. In FY2001, six of our domestic production and business logistics consolidated subsidiaries also acquired certification. Our Head Office R&D department was certified in FY2003. In FY2004, the Mazda Parts Center and the Mazda Education Center were added to the scope of certification in the Hiroshima district. In FY2006, we added the Mazda Taibi Training Center. Mazda is also encouraging the introduction of EMS into its offices and dealerships (page 67).

Mazda has traditionally encouraged our components and resources suppliers to acquire the ISO14001 certification and by the end of FY2006 our major long-term suppliers had become certified. From now on, we will also support EMS introduction at our established local small-scale suppliers.

Web Progress of Mazda Group ISO14001 certification

Environmental Auditing

Implementing Annual Internal and External Audits

To confirm that the Environmental Management System is operating effectively, regular or updated annual audits are carried out internally and externally by an ISO14001 accreditation organization of the Hiroshima district, Hofu Plant and R&D Department.

To increase the validity and objectivity of internal audits, we do not perform them on a departmental basis but rather audit a cross-section of the Company. Senior staff uniformly accredited as internal auditors visit each department and audit it as required.

The internal audit for FY2006 revealed no serious problems, 20 minor problems and 142 observations (problems where the degree of noncompliance was minimal). The external audit only reported two minor problems and five observations. These results were reported to management and swiftly rectified.

Web Checklist for internal audits
Web Status of implementation of internal audits
Web Changes in number of internal auditors

Environmental Incidents and Complaints and Compliance with Environmental Laws

Zero Incidents and an Appropriate Response to Complaints

In FY2006, there were no accidents or incidents that could have lead to environmental pollution. We received one notification from the authorities with regard to neutralizing odors, but we identified the source and took measures.

Regarding environmental complaints, there were five occasions of odor problems at our main factory; however, through thorough operational management, we are implementing well-planned odor countermeasures.

One noise complaint was received by our Hofu factory, and this has already been resolved.

Environmental Risk Management

Introducing Countermeasures and Conducting Training

Mazda's environmental risks arise from the diverse aspects of its operations — in manufacturing areas such as production processes and facilities through to products. We conduct environmental risk assessments to minimize risks and to prevent pollution and other incidents. While strengthening preventative strategies, we also conduct periodic emergency response training at our factories and offices to promote action against environmental risks.

Each plant and facility carries out its own monitoring and strategies for prevention of air pollution, water quality deterioration and pollution related to waste product processing.

Web Environmental monitoring checklist

Environmental Education

Companywide education and at each department

As part of Mazda's Environmental Management System, we are implementing companywide environmental education, from new employees to management. We are providing continuing environmental education to employees in every operational department and striving to be thoroughly aware of the environment and cultivate a understanding of the Environmental Management System.

Moreover, we encourage and support our employees in acquiring public qualifications related to the environment, and we invite suggestions internally to improve our protection of the environment.

Web Environmental education system
Web Environmental education participants
Web e-i Proposal (system for suggesting ideas to improve the environment)

Environmental Accounting

To understand the costs and benefits of its environmental protection activities, Mazda has implemented an environmental accounting system, which also aims to raise the efficiency of these activities. In FY2006 we expanded the scope of accounting to include overseas production subsidiaries and began compiling more detailed information.

Environmental Protection Costs (Unconsolidated)

(Millions of yen)

Category		Major activities	Investment	Cost	Total
Business area	Preventing pollution	Environmental legislative measures Examples: Smoke and soot collection device improvements, new cupola collection equipment, new equipment for deodorization of chemical cleaning, sand recovery equipment, new fluidized-bed roasting furnace, roadway repair to prevent soil contamination and ground subsidence, etc.	1,833	3,030	4,863
	Protecting the global environment	Measures to prevent global warming Examples: Increased use of machining centers, use of high cube containers, acquisition of returnable containers, revision of tractor routes and methods to eliminate the need for tractors driven by humans, etc.	1,799	2,402	4,201
	Recycling resources	Effective resource use, recycling Examples: Acquisition of sand recovery equipment, environmental equipment for fluidized bed roasting furnace, oil-water separators, etc.	647	1,417	2,064
Upstream/downstream		Collection of end-of-life vehicle bumpers and reduction of environmental impact of container packaging	0	362	362
Management activity		Environmental management, environmental education, monitoring of environmental impact, information disclosure	5	990	995
Research and development		R&D into products, production methods and logistics, contribution to reduced environmental impact	1,279	38,895	40,174
Social activities		Scenery and greenery improvements, support of community inhabitants and organizations	0	113	113
Environmental damage		–	0	0	0
Total			5,563	47,209	52,772

Notes:

1. Data collection period: April 1, 2006, through March 31, 2007
2. Scope of Data Collection: All areas of Mazda
3. Basis of Data Collection: Data for Mazda on an unconsolidated basis is calculated according to *Environmental Accounting Guidelines* (2005 Edition). Information is collected in line with cash flow management; depreciation and amortization costs are not recorded. Environmental protection costs (investment and management costs) are calculated as 10% of selling, general and administrative expenses.
4. Other: Data collection is limited to items for which environmental protection is the express purpose. Furthermore, collection is limited to areas in which quantitative evaluation is possible.

Environmental protection costs are calculated as expenses for reducing environmental impact, for investment to ensure environmental protection benefits for the future, and management and other costs. These costs are computed for projects and product lifecycles throughout all areas of our business.

During FY2006, Mazda's unconsolidated environmental protection costs rose ¥4,925 million. The principal reason for this increase was a ¥5,458 million increase in R&D costs, owing primarily to higher personnel costs. The ¥0.9 billion increase in global environmental protection costs stemmed from the acquisition of machining centers and other investments designed to save energy. Pollution prevention costs decreased ¥968 million, mainly because of a decline following the completion of investment related to our Three-Layer Wet Paint system.

In addition, global environmental protection costs associated with overseas production companies fell ¥2,643 million. This substantial decrease reflects the absence of extraordinary investments during FY2006, following facility investments at overseas subsidiaries in FY2005.

Overall Environmental Protection Effects (Unconsolidated)

Category			Environmental protective effect		Economic effect (Millions of yen)
Protecting the global environment	Global warming prevention	Production	CO_2 emission volume (on unit sales basis)	4.8 tons	735
		Logistics	–	–	292
Recycling resources	Effective use of resources		Elimination of packaging materials, efficient use of product volumes	3,215 tons	1,772
			Paint, aluminum dust, ash, plastics, etc.	964 tons	111
	Recycling		Shell sand	41,325 tons	24
			Steel materials	160,143 tons	7,059
Upstream/ downstream	Product recycling		Number of pulverized bumpers collected	58,651	23
Other	Sale of items for valuable consideration		Metals	99,334 tons	6,097
			Thinner, effluent	711 tons	36
			Empty drums, wheels, pulverized tires	20,234	
			Recovered sand, plastics, cardboard scraps	8,419	
			Pallets	194	
Total					16,149

Notes:
1. Data collection period: April 1, 2006, through March 31, 2007
2. Scope of Data Collection: All areas of Mazda
3. Basis of Data Collection: Data for Mazda on an unconsolidated basis is computed according to Mazda's internal guidelines, with reference to *Environmental Accounting Guidelines* (2005 Edition).
4. Other: The environmental protection effect is calculated according to the impact during FY2006. Calculations of the environmental effects resulting from capital investments are performed on an annual basis, in line with the number of days in which such effect was present. (Calculated only for the fiscal year under review.)

The environmental protection effect includes the direct and indirect effects of environmental protection costs (investment and management expenses). During FY2006, the environmental protection effect (by weight or number of units) and the economic effects for all areas are as described above.

Environmental Protection Costs (Mazda Group)

(Millions of yen)

Category		Investment	Cost	Total
Business area	Preventing pollution	1,956	3,428	5,384
	Protecting the global environment	1,822	2,476	4,298
	Recycling resources	670	2,058	2,728
Upstream/downstream		0	386	386
Management activity		10	1,211	1,221
Research and development		1,380	39,420	40,800
Social activities		0	114	114
Environmental damage		0	2	2
Total		5,838	49,095	54,933

Overall Environmental Protection Effects (Mazda Group)

(Millions of yen)

Category		Economic impact
Protecting the global environment	Global warming prevention	1,050
Recycling resources	Effective use of resources	9,137
Upstream/ downstream	Product recycling	30
Other	Sale of items for valuable consideration	6,680
Total		16,897

Notes:
1. Data collection period: April 1, 2006, through March 31, 2007
2. Scope of Data Collection: Mazda Motor Corporation, six domestic consolidated subsidiaries (manufacturing: Kurashiki Kako Co., Ltd., Microtechno Corp., Mazda Engineering & Technology Co., Ltd., Toyo Advanced Technologies Co., Ltd.; Logistics: Malox Co., Ltd.; other: Mazda Ace Co., Ltd.), four domestic affiliates (manufacturing: Yoshiwa Kogyo Co., Ltd., Japan Climate Systems Corporation; Logistics: Mazda Processing Chugoku Co., Ltd., Other: Sanfrecce Hiroshima FC), one overseas consolidated subsidiary (manufacturing: Compania Colombiana Automotriz S.A.) and two overseas equity-method affiliates; Manufacturing: AutoAlliance International, Inc.; AutoAlliance (Thailand) Company Limited)

Mazda's Corporate Activities and Impact on the Environment

Mazda collects and uses ecological data to help reduce the environmental impact of its corporate activities in all areas. In FY2006, Mazda expanded the scope of data collection to all Group companies in order to provide more detailed information.

Figures are based on the 2006 financial year (April 1, 2006 to March 31, 2007) and are collected from the performance results of manufacturing and administrative activities of Mazda Motor Corporation and 35 domestic consolidated subsidiaries. These companies include:

(Manufacturing): Kurashiki Kako Co., Ltd.; Microtechno Corporation; Mazda Engineering & Technology Co., Ltd.; Toyo Advanced Technologies Co., Ltd.; (Dealers and Parts Sales): Hakodate Mazda Co., Ltd.; Mazda Infini Hokkaido Co., Ltd.; Tohoku Mazda Co., Ltd.; Fukushima Mazda Co., Ltd.; Kitakanto Mazda Co., Ltd.; Mazda Motor Niigata Co. Ltd.; Koushin Mazda Co. Ltd.; Kanto Mazda Co., Ltd.; Shizuoka Mazda Co., Ltd; Shin Gifu Mazda Sales Co., Ltd.; Tokai Mazda Sales Co., Ltd.; Hokuriku Mazda Co., Ltd.; Keiji Mazda Co., Ltd.; Kansai Mazda Co., Ltd.; Nishi Shikoku Mazda Co., Ltd.; Kyushu Mazda Co., Ltd.; Minami Kyushu Mazda Co., Ltd.; Okinawa Mazda Sales Co., Ltd.; Mazda Autozam Co., Ltd.; Mazda Chuhan Co., Ltd.; Mazda Hokkaido Parts Sales Co., Ltd.; Mazda Tohoku Parts Sales Co., Ltd.; Mazda Kanto Parts Sales Co., Ltd.; Mazda Niigata Parts Sales Co., Ltd.; Mazda Nagano Parts Sales Co., Ltd.; Mazda Kinki Parts Sales Co., Ltd.; Mazda Higashi Chikoku Parts Sales Co., Ltd.; Mazda Nishi Shikoku Parts Sales Co., Ltd.; Mazda Parts Kyushu Co., Ltd.; (Logistics): MALOX, Co., Ltd.; and (Others): Mazda Ace Co., Ltd.; and seven domestic equity-method affiliates. These companies are (Manufacturing)Yoshiwa Kogyo Co., Ltd.; Japan Climate Systems Corporation; (Parts sales): Mazda Parts Sales Hiroshima Co., Ltd.; Mazda Parts Sales Yamaguchi Co., Ltd.; Mazda Nishikyushu Parts Sales Co., Ltd.; (Logistics): Mazda Processing Chugoku Co., Ltd.; (Others) San Frecce Hiroshima FC.

The scope of data collected on energy use and greenhouse gas emissions include, in addition to the above, one overseas consolidated subsidiary (the manufacturing facility Compania Columbiana Automotriz S.A) and two equity-method overseas affiliates (the manufacturing facilities AutoAlliance International, Inc., and AutoAlliance (Thailand) Company Limited). Differences in the scope of data collected are indicated with the symbol [ ].

Energy consumption*1

[Including one overseas consolidated subsidiary and two equity-method affiliates]*3

$20{,}273\times10^3$GJ

Paper (such as for OA equipment)

989 tons

Water consumption

28.8 million m^3

Energy consumed by logistics in Japan*2

[Mazda, four domestic consolidated subsidiaries and two domestic equity-method affiliates]*3

$1{,}369\times10^3$GJ

Raw materials (steel, aluminum, etc)

[Mazda unconsolidated]

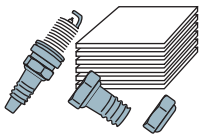
263,000 tons

Chemical substances purchased

[Excluding dealerships]

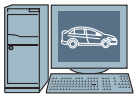
10,094 tons

Purchasing



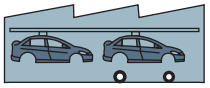
- Encouraging business partners to gain ISO14001 certification
- Promoting green procurement

Research and development



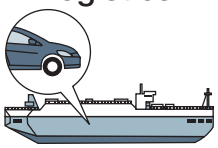
- Increasing fuel efficiency
- Cleaner exhaust emissions
- Reducing vehicle noise
- Developing clean-energy vehicles
- Promoting recycling, etc.

Production



- Saving energy
- Reducing direct landfill waste
- Controlling chemical substances
- Promoting clean production

Logistics



- Reducing CO_2 emissions through efficient logistics
- Decreased use and recycling of wrapping and packaging materials

Emissions of greenhouse gases*1

[Including CO_2 emissions but excluding five gases emitted by one overseas consolidated subsidiary and two equity-method affiliates]*3

1,474,000 tons-CO_2

Waste-water

20.6 million m^3

Chemical substance discharge or transfer

[Excluding dealerships]

Discharge
1,599 tons

Transfer
96 tons

Results for production operations, compared with preceding year

[Mazda, unconsolidated]

- CO_2 emissions reduced 4.8 tons (per ¥100 million in sales)*1
- Direct landfill waste reduced 33.7%

Emissions of greenhouse gases through domestic logistics operations*2

[Mazda, four domestic consolidated subsidiaries and two domestic equity-method affiliates]*3

95,415 tons-CO_2

SOx emissions

485 tons

NOx emissions

1,016 tons

Direct landfill waste

3,657 tons

*1 Energy consumption and greenhouse gas emissions are calculated based on the Law Concerning the Promotion of Measures to Cope with Global Warming (revised FY2006) and the Act Concerning the Rational Use of Energy (revised FY2005).

*2 Energy consumption and greenhouse gas emissions through logistics operations are calculated based on the Act Concerning the Rational Use of Energy (revised FY2005).

*3 All consolidated subsidiaries and equity-method affiliates are production companies.

LCA Measures

Whether dealing with cars in production, on the road or at the end of their life, Mazda constantly monitors the environmental impact of each facet of its operations. We aim to reduce the environmental impact of the vehicle lifecycle.

Life Cycle Assessment (LCA) is a system for evaluating environmental impact (such as CO_2 emissions) throughout a vehicle's lifecycle. This assessment spans sourcing materials, manufacturing parts, vehicle and parts use, maintenance and disposal. To ensure a reduction of the environmental load, Mazda has built a database for LCA evaluation and implementation techniques and is furthering research into various LCA methodologies.

Bumpers Collected and Recycled

58,651 units

End-of-life vehicles recycled

(figures based on results in accordance with the End-of-Life Vehicle Recycling Law)

Automobile shredder residue (ASR)

Total weight collected
33,637 tons

Weight of recycled materials
23,575 tons

Number of vehicles collected
195,673

Airbags

Weight of recycled materials
9,446 kg

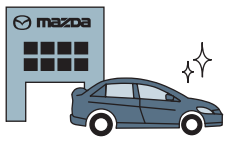
Quantity collected
78,496 units

Number of vehicles collected
47,239

Fluorocarbons

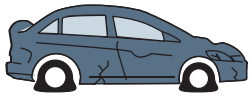
	Total weight collected	Total number of vehicles collected
Total	**43,581 kg**	**137,894**
CFC	Weight collected 11,813 kg	Number of vehicles collected 42,237
HFC	Weight collected 31,768 kg	Number of vehicles collected 95,657

Sales and After-Sales Service



- Edifying customers
- Promoting compliance with environmental laws and environmental beautification
- Collecting damaged bumpers

Recycling end-of-life vehicles



- Appropriate collection and recycling
- Study and research into end-of-life vehicle recycling technologies
- Use of recycled parts

Wholesale Volumes

(Including completed vehicles, parts for overseas production and OEM vehicles)

1,176,673 units

Domestic: 263,673 units

Overseas: 913,000 units

Shipments of low-pollution and other vehicles (domestic):	189,058
Hydrogen vehicles:	5
Natural gas vehicles:	18
LPG-fueled diesel replacement vehicles:	319
Vehicles certified for low fuel consumption and low exhaust emissions (vehicles attaining fuel consumption standards based on the Law Concerning the Rational Use of Energy and emissions standards based on the Low-Emission Vehicle (LEV) certification requirements)	
SU-LEV (75% lower than 2005 exhaust emissions standards):	172,616
U-LEV (50% lower than 2005 exhaust emissions standards):	16,100

"Mazda Green Plan 2010" Environmental Mid-Term Plan

The Company launched the Mazda Green Plan 2010, its environmental mid-term plan, during FY2006 to advance its Environmental Action Promotion Plan, which aims to reduce the environmental impact of various corporate activities. This plan outlines five target categories and objectives and paves the way toward attaining these goals.

FY2010 Targets	FY2006 Targets	FY2006 Results	FY2007 Targets
1. Creation of environmentally sound technologies and products			
Scope/Initiative 1: Cleaner exhaust emissions			
Japan—Achieve the SU-LEV (★★★★) standard in most of its passenger vehicles.	Expand launch of SU-LEVs (★★★★)	Achieved SU-LEVs (★★★★) in 90.5% of passenger vehicles.	Expand launch of SU-LEVs. (★★★★)
United States—Promote introduction of low-emission vehicles that meet Tier2/LEV2 regulations.	All vehicles to conform to Tier2/LEV2 regulations.	All vehicles conformed to Tier2/LEV2 regulations.	Continue conforming to Tier2/LEV2 regulations.
Europe—Develop and launch next-generation clean diesel vehicles.	Promote development of diesel vehicles with enhanced clean functions.	New diesel engines under development.	Promote development of diesel vehicles with enhanced clean functions.
Scope/Initiative 2: Improved fuel economy			
Japan—Continue to meet the fuel efficiency standards for 2010 for all weight classes of passenger vehicles and promote further improvements in fuel economy for the Japanese market.	Achieve the 2010 fuel efficiency standards for all weight classes of passenger vehicles.	The 2010 fuel efficiency standards were achieved for all passenger vehicles except for the 1.5-ton passenger vehicle class.	Achieve the 2010 fuel efficiency standards for all weight classes of passenger vehicles.
United States—Continue to meet the Corporate Average Fuel Economy (CAFE) regulations, which are expected to become stricter in the future.	Continue to meet CAFE regulations	CAFE regulations achieved.	Continue to meet CAFE regulations.
Europe—Promote reduction of the corporate average CO_2 emissions.	Reduce corporate average generation.	Reduced CO_2 emissions through such methods as introducing minor changes on the Mazda3.	Further reduction of corporate average CO_2 emissions.
Scope/Initiative 3: Vehicle weight reduction			
Achieve Mazda's target vehicle weight.	Promote vehicle weight reduction.	By optimizing the body structure of the new Demio and using high tensile steel, among other measures, achieved average 100kg weight reduction from previous models.	Further promote vehicle weight reduction.
Scope/Initiative 4: Vehicle noise reduction			
Meet Mazda's voluntary standards for noise reduction, which are stricter than the latest noise regulations.	Continue to promote Mazda's voluntary standards on all vehicles.	The vehicle noise reduction level for all vehicles, such as the new CX-7, met Mazda's voluntary standard figures.	Continue to meet the voluntary standards for all vehicles.
Scope/Initiative 5: Development of alternative fuel vehicles			
Develop and introduce more vehicles equipped with the hydrogen rotary engine.	Expand the launch of hydrogen rotary engine vehicles on the market.	Leased 5 of the RX-8 Hydrogen RE cars (total 7 vehicles leased)	Continue development of the Premacy Hydrogen RE Hybrid
Continued hybrid vehicle development.	Continued hybrid vehicle development.	• Provided 26 Tribute Hybrid vehicles to firefighting organizations in the United States (cumulative total: 36 vehicles). • Displayed the new Tribute Hybrid as a reference exhibit in the January 2007 North American International Auto Show.	Continue hybrid vehicle development
Promote development of alternative fuel technologies for biomass fuels and synthetic fuels.	Promote development of alternative fuel technologies.	Launched vehicles compatible with B5 and E10 fuels	Continue development of E85.
Scope/Initiative 6: Reduce the use of environmental substances of concern			
Eliminate hexavalent chromium.	Eliminate at 2006 year-end.	Eliminated in February 2007	Maintain complete elimination.
Eliminate lead, mercury and cadmium, except for exempt parts*1	Eliminated, except for exempt parts.	Eliminated, except for exempt parts.	Maintain elimination, except for exempt parts.
Reduce the amount of refrigerants used in car air conditioners: reduce the use of hydro fluorocarbons (HFCs) by 20% or more from the FY1995 level.	Reduce the amount of HFCs by 10% or more, compared with the FY1995 level.	Achieved reductions in the new Demio and other models.	Reduce the amount of HFCs by 10% or more compared with the FY1995 level.
CFC alternatives: Promote development and application of new alternative air-conditioner refrigerants less harmful than CFCs, such as HFC134a.	Promote development of new environmentally friendly air-conditioner refrigerants.	Promoting development of new environmentally friendly air-conditioner refrigerants.	Further promote development of new environmentally friendly air-conditioner refrigerants.
Scope/Initiative 7: Reduce amount of volatile organic compounds (VOCs) in vehicle cabin space			
Conform with the indoor aerial concentration guideline values stipulated by the Japan Ministry of Health, Labour and Welfare in all all-new models.	Establish VOC reduction technologies that meet the indoor aerial concentration guideline values stipulated by the Japan Ministry of Health, Labour and Welfare (voluntary targets by the Japan Automobile Manufacturers Association, Inc.).	Developed VOC reduction technologies in the new Demio that meet the stipulated values.	Expand VOC reduction technologies to other vehicles.
Scope/Initiative 8: End-of-life vehicle recycling (at the development stage)			
Promote the development of bioplastics that have sufficient quality, strength and heat resistance to be used for interior parts.	Develop basic technologies for bioplastic materials.	Developed technologies for use in the Premacy Hydrogen RE Hybrid.	Promote the application of the technologies of the Premacy Hydrogen RE Hybrid.
Develop state-of-the-art bumper recycling technology and to use recycled materials for new vehicle parts.	Expand application of proprietary bumper-to-bumper recycling technology.	Greatly expanded use of recycled materials on new models.	Further promote the development of bumper-to-bumper recycling technology.
Create new vehicles that are easy to disassemble and recycle.	Promote the development of plastic and other parts that are easy to disassemble and recycle.	New CX-7 and other models achieved a recyclability ratio of 90% or more.*2	Further promote the development of plastic and other parts easy to disassemble and recycle.

*1 Exempt parts: Lead solder, batteries and other parts using reduced quantities of lead; liquid-crystal displays, discharge headlamps and other parts that use mercury

*2 Calculated based on the Japan Automobile Manufacturers Association's Guidelines on the Definition and Calculation of Recyclability Ratios in New Models (1998)

FY2010 Targets	FY2006 Targets	FY2006 Results	FY2007 Targets
2. Corporate activities to conserving resources and energy			
Scope/Initiative 9: Reduction of waste substances			
Eradicate all landfill waste from domestic production operations.	Reduce direct landfill waste to 0.4% or less (300 tons/year) of FY1990's figure.	Direct landfill waste was reduced to less than 0.3% (232 tons/year) of FY1990's figure.	Reduce direct landfill waste to 0.3% or less (200 tons/year) of FY1990's figure.
Reduce the consumption of packaging and wrapping materials by 30% from the FY1999 level.	Reduce the consumption of packaging and wrapping materials by 23.3% from the FY1999 level.	Reduced the consumption of packaging and wrapping materials by 26.2.% from the FY1999 level.	Reduce the consumption of packaging and wrapping materials by 27.9% from the FY1999 level.
Scope/Initiative 10: Prevention of global warming			
Cut domestic production operations' CO_2 emissions by 10% compared with FY1990.	Cut domestic production operations' CO_2 emissions by 8% compared to FY1990.	Achieved 21.6% CO_2 emissions cut compared to FY1990.	Reduce emissions 9%, compared to 1990 levels.
Cut logistics operations' CO_2 emissions by 15% compared with FY1999.	Cut logistics operations' CO_2 emissions by 14% compared with FY1999.	Achieved 14% CO_2 emissions cut from logistics operations compared to FY1999.	Cut logistics operations' CO_2 emissions by 15% compared with FY1999.
Scope/Initiative 11: Vehicle recycling promotion			
Achieve 2015 regulation values ahead of time. Promote further increases in the ASR recycling ratio (the total vehicle recycling ratio	ASR recycling ratio: 70%; Total vehicle recycling ratio: 95%.	ASR recycling ratio of 70%; total vehicle recycling ratio of 95% achieved.	Maintain vigorous efforts to achieve stable ratios of 70% and 95% respectively in ASR and total vehicle recycling.
Collect more waste bumpers from Mazda dealerships in Japan.	Collect 60,000 or more.	Collected 56,851.	Collect 66,000 or more
3. Corporate activities in pursuit of a clean environment			
Scope/Initiative 12: Reduce VOC emissions			
Reduce VOC emissions to 30 g/m^2 of coated surfaces.	Reduce VOC emissions to 34.0 g/m^2 of coated surfaces.	VOC emissions were reduced to 32.7 g/m^2 of coated surfaces.	Reduced VOC emissions to 32.7 g/m^2 of coated surfaces.
4. Working with others in our business activities to create a better environment			
Scope/Initiative 13: Promotion of cooperative activities with suppliers			
Promote the creation of environmental management systems (EMS) at suppliers; maintain and improve EMS for suppliers.	• Encourage major suppliers to construct environmental management systems (target 100%). • Expand these efforts to include local secondary suppliers.	• 100% establishment of EMS at suppliers • 71% of local automotive-related suppliers who are members of business associations have established EMS.	• Encourage major suppliers to construct environmental management systems (target 100%). • Expand these efforts to include local secondary suppliers.
Scope/Initiative 14: Promotion of environmental protection activities by dealerships			
Create EMS in consolidated dealers (18 companies) from 2007; progressively extend to other Mazda and Mazda Infiniti dealerships.	Expand MECA21 to all dealerships; start test introduction targeting EMS construction at Mazda and Mazda Infiniti dealers.	Completed expansion of MECA21 to all dealerships.	Continue voluntary improvement measures in accordance with MECA21. Establish EMS in dealerships.
Scope/Initiative 15: Promotion of environmental protection activities with parts dealers			
Introduce Mazda EMS at Mazda parts dealers (13 companies).	Draft EMS manuals at the five pilot companies; aim for one EMS model parts dealer to gain certification.	Started drafting EMS manuals at 2 pilot companies	Obtain initial certification at two pilot companies; begin drafting and implementing EMS manual in three pilot companies.
Scope/Initiative 16: Promotion of environmental education activities			
• Vigorously disseminate environmental information to raise employees' environmental awareness. • Host and positively participate in environmental events. • Hold environmental events involving other Group companies	• Promote Team Minus 6% activities. • President's Message at environment month • Produce and distribute Stop Idling sticker.	• Thorough "Cool-Biz" Policy • President's Message • In-house campaign to design and distribute "Idling Stop" sticker • Stop Idling' publicity boards placed at car parks(Yokohama)	• President's Message • Environmental lectures • Announce conference on environmental case-studies. • Eco Ekiden (race to prevent global warming).
5. Creating a better environment in cooperation with local communities and society			
Scope/Initiative 17: Promotion of communications with society as a whole			
Host and positively participate in environmental events.	Host and positively participate in environmental events.	• Held environmental exhibition at Mazda Museum • Established permanent environmental exhibit corner • Exhibited at the EcoCar World and the Hiroshima 'Stop Global Warming Fair'. • Renewed official WEB site	• Display panels on environmental initiatives at major facilities in Japan. • Host and positively participate in environmental events.
Scope/Initiative 18: Promotion of social contribution activities			
• Participate actively in voluntary neighborhood clean-up activities. • Dispatch lecturers for environmental education.	• Participate actively in voluntary neighborhood clean-up activities. • Dispatch lecturers for environmental education.	• A total of 3,141 volunteers took part in neighborhood clean-up activities. • Dispatched lecturers for environmental education.	• Participate actively in voluntary neighborhood clean-up activities. • Dispatch lecturers for environmental education.

Development

Mazda is committed to developing and launching more environmentally friendly vehicles. In addition to reducing exhaust emissions and raising fuel economy, we are accelerating R&D on new energy sources, materials and recycling methods.

Cleaner Exhaust Emissions

Over 90% SU-LEVs

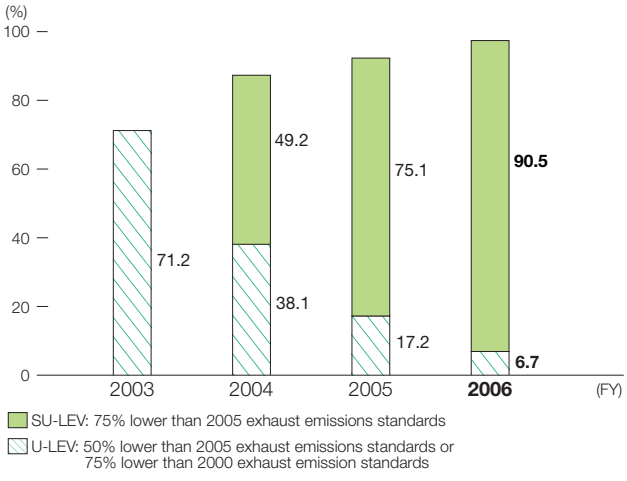
Mazda is launching car models that meet the standards set under the Japan Ministry of Land, Infrastructure and Transport's Emissions Gas Approval System. We are working to extend our adherence to the Super Ultra Low Emission Vehicle (SU-LEV) emissions level (vehicles with at least 75% lower emissions than the 2005 Automotive Exhaust Gas Regulations standard level), which is currently the most stringent exhaust emissions standard in Japan.

Excluding vehicles sourced from other original equipment manufacturers (OEMs), SU-LEVs comprised 90.5% of the passenger vehicles Mazda produced in FY2006 for sale in Japan. This figure is among the highest of any automobile manufacturer in Japan.

Mazda has also developed the DISI* turbo engine, which boasts high environmental performance despite being turbocharged. The Mazdaspeed Atenza (Mazdaspeed6) — launched in 2005 — was the first DISI turbocharged vehicle to receive SU-LEV certification.

* DISI: Direct Injection Spark Ignition

Proportion of Vehicles Achieving Low-Emission Vehicle Status, Excluding OEM Vehicles (SU-LEVs and U-LEVs)



Meeting Exhaust Gas Regulations in Europe and the United States

Mazda has developed and launched a clean diesel engine in Europe. Although diesel engines have previously been plagued by nitrous oxide (NOx) and particulate matter emissions, the new engine has reduced such emissions and passed the Euro 4 automotive exhaust gas regulations — which went into effect in Europe in 2005 — by a wide margin.

In the United States, all Mazda models introduced in FY2006 meet the nation's stringent Tier2/LEV2 exhaust gas regulations.

Close-up Winning the Asahara Science Promotion Award for Research Contributing to Reducing Noxious Emissions from Diesel Engines

In May 2007, staff at Mazda's Technical Research Center received the Asahara Science Promotion Award from the Society of Automotive Engineers of Japan, Inc. (JSAE). This award is given to JSAE members under the age of 37 to promote the improvement and advancement of automotive engineering and technology.

Diesel engines tend to emit more NOx and particulate matter than gasoline engines. To reduce these emissions, research up to now has focused on how to reduce particulate matter emissions during combustion. However, this method results in incomplete combustion, which lowers fuel economy. The diesel engine combustion efficiency enhancement research for which the above award was granted approaches the problem from a different vantage point. The new research succeeds in limiting incomplete combustion, increasing fuel economy and significantly reducing NOx and particulate matter emissions, by completely burning all particulate matter emitted during the initial combustion process. This research shows promise as a leading technology for tomorrow's clean-diesel passenger vehicles.

Mazda also received JSAE's Technology Development Award for developing and commercializing environmentally friendly paints.

Asahara Science Promotion Award plaque

Web Recent Society of Automotive Engineers of Japan Award Recipients at Mazda

Personal Message

Daisuke Shimo
Senior Technical Specialist
Technical Research Center

Diesel engines emit less CO_2 than gasoline engines and will substantially curtail global warming if they become more pervasive. I hope this research is used to develop cleaner diesel vehicles and propel them to popularity.

Since joining Mazda in 1999, I have devoted my energies to developing diesel engines, and I intend to continue my research to develop even cleaner versions.

Developing Clean Diesel Vehicles

Although diesel engines consume less fuel and emit less CO_2 than gasoline engines, the tradeoff has been higher nitrous oxide (NOx) and particulate matter emissions. However, new emissions reduction technologies have led to increased use of diesel engines in environmentally friendly vehicles in recent years, particularly in Europe.

Mazda has commercialized clean diesel vehicles that handily pass Europe's Euro 4 automotive exhaust gas regulations by employing common-rail direct-injection turbo diesel engines (MZR-CD) that burn fuel efficiently, in addition to diesel particulate filters (DPF) — which trap particulate matter — and other exhaust treatment technologies. Such engines are used in the Mazda3 (Japanese name: Axela), Mazda5 (Japanese name: Premacy) and the Mazda6 (Japanese name: Atenza). Our domestic commercial vehicles — Bongo, Bongo Brawny — also have these engines.

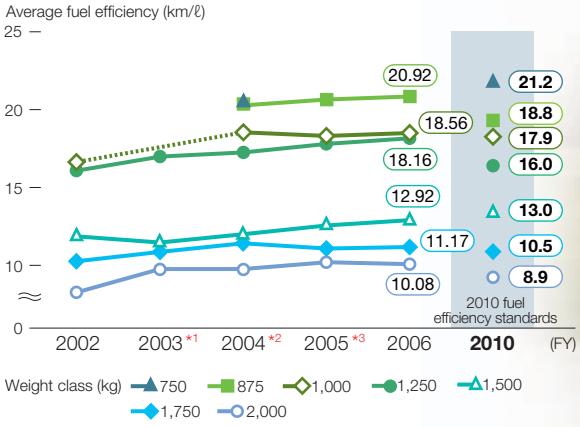
We plan to further develop these clean diesel engines to meet the Tier2/Bin5 regulations coming into effect at the beginning of the 2010s in North America and the Exhaust Gas Regulations taking effect in 2009 in Japan.

Improving Fuel Economy

Toward Achieving the 2010 Fuel Efficiency Standards in Japan

To reduce vehicle CO_2 emissions, Mazda has worked to enhance fuel economy to meet the fuel efficiency standards for 2010 for all weight classes of passenger vehicles in Japan in FY2006. We reached this goal for all passenger vehicles except those in the 1.5-ton class.

Average Fuel Efficiency of Passenger Cars, by Weight Class



*1 The 1,000 kg weight class was removed in FY2003.
*2 Includes micro-minis from FY2004.
*3 No vehicles were in the 750 kg weight class from FY2005.

Introducing Fuel-Efficient Vehicles throughout the World

Mazda intends to promote fuel-efficient vehicles throughout the world, as it has already done in Japan. By employing fuel-efficient technologies on new vehicles and those that undergo minor changes, as well as by introducing highly fuel-efficient diesels, we are working to reduce corporate average CO_2 emissions in Europe and meet Corporate Average Fuel Economy (CAFE) regulations in the United States.

Worldwide Launch of Updated Axela Featuring Enhanced Environmental Performance

In 2006, Mazda launched an updated model of the globally praised Axela (known as the Mazda3 in Europe and the United States) compact sports car in Japan, Europe and North America.

For models with MZR 2.0L gasoline engines with a maximum output of 110kW/150PS, we integrated a new sequential valve timing mechanism. The mechanism raises load packing efficiency and cuts fuel consumption by optimally regulating air intake valve timing in response to driving conditions.

We also added to the lineup the high-performance Mazdaspeed Axela (known as the Mazda3 MPS in Europe and the Mazdaspeed3 in the United States), equipped with a 2.3L DISI turbo engine. This model achieves top-class handling for a front wheel drive vehicle, while delivering excellent environmental performance, meeting the SU-LEV (75% lower than the 2005 exhaust emissions standards) standards in Japan with low fuel consumption.

Mazda3 (European specifications)

DISI Engine Boasts High Fuel Economy with Outstanding Environmental Efficiency and Fun-to-Drive Performance

The DISI turbo engine developed by Mazda in 2005 excels in both environmental efficiency and fun-to-drive performance. DISI stands for Direct Injection Spark Ignition, a method of directly injecting gasoline into the cylinders instead of the normal method of mixing gasoline with air prior to intake.

The MPV, CX-7 and Mazdaspeed Axela — launched in 2006 — come equipped with the revolutionary DISI turbo reciprocating engine. By uniting this direct injection system with a turbocharger to deliver air into the combustion chamber, this engine realizes sharp acceleration, high torque at low and medium revs, superb responsiveness, clean exhaust emissions and low fuel consumption.

Of these models, the MPV has been certified as a SU-LEV vehicle (75% lower than the 2005 exhaust emissions standards) and achieved fuel efficiency +10% on fuel standards for 2010. As a result, the model is covered by the Green Tax system.* Furthermore, the MPV received the Eco Product Award Promotion Council Presidential Award (Award for Excellence). The award was presented at the 3rd Eco Product Awards held in FY2006 by the Eco Product Award Promotion Council, consisting of the Global Environmental Forum, the Japan Environmental Management Association for Industry, the EcoMo Foundation and the Japan Organics Recycling Association.

The freshened Premacy (Mazda5) — released in 2007 — comes equipped with the DISI engine. This model also is covered by the Green Tax system, as it attains fuel efficiency +10% against fuel efficiency standards for 2010 and has received SU-LEV certification.

* The Green Tax system reduces automotive tax rates for environmentally friendly new vehicles — limited to the first year after initial registration — and raises taxes on new vehicles having a high environmental impact beginning at a certain point after initial registration.

Premacy (Mazda5)

MPV

Naturally-Aspirated MZR 1.3L Miller-Cycle Engine Released

Mazda has developed the naturally-aspirated MZR 1.3L Miller-cycle engine and used it in the all-new Demio, which debuted in Japan in July 2007. Coupled with Mazda's first use of a continuously variable transmission (CVT) in a registered vehicle, the engine achieves 23.0 km/liter fuel efficiency in 10-15 mode. This represents an improvement of approximately 20% over the Demio's previous 19.2 km/liter fuel efficiency in 10-15 mode.

The models that integrate the naturally-aspirated MZR 1.3L Miller-cycle engine and the CVT meet fuel efficiency +20% on fuel efficiency standards for 2010. As these models have also received SU-LEV (75% lower than the 2005 exhaust emissions standards) certification, they are eligible for coverage under the Green Tax system.

Naturally-Aspirated MZR 1.3L Miller-Cycle Engine

Development of the Smart Idling Stop System

Mazda is promoting research on a Smart Idling Stop System based on direct fuel injection. An idling-stop system saves fuel by automatically shutting down the engine when the vehicle is stationary (waiting at a traffic light, for example) and restarting it when the driver wishes to pull away.

The Smart Idling Stop System injects fuel directly into the engine cylinders while they are at rest, igniting the fuel and using the resulting energy to depress the pistons and restart the engine. This enables quieter and faster restarts than conventional idle-stop systems, which employ a motor for restarting.

We plan to introduce this proprietary Smart Idling Stop System onto the Japanese market in 2009.

Web Details on the Smart Idling Stop System

Development

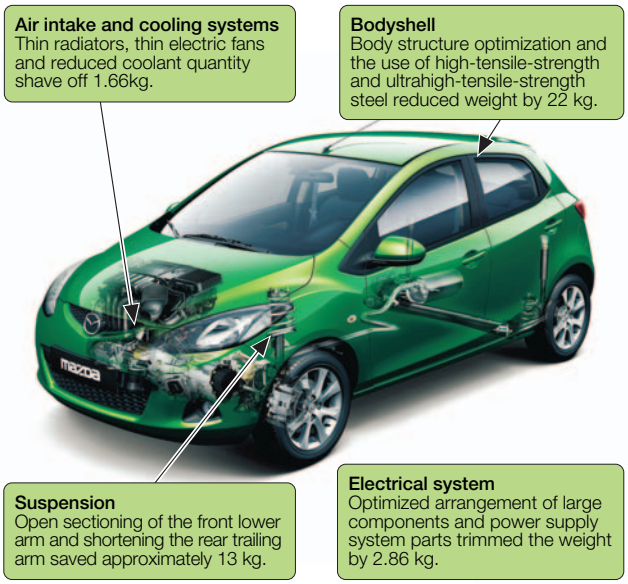
Minimizing Vehicle Weight

New Demio Sheds 100 Kilograms

Efforts to meet consumer needs — such as passenger safety features, enhanced clean functions and reduced environmental impact — tend to increase vehicle weight. This extra weight negatively affects a vehicle's basic functions of driving, cornering and braking, and is incompatible with Mazda's commitment to building Zoom-Zoom cars that emphasize "the emotion of motion." Mazda therefore works to reduce vehicle weight in a variety of car development areas.

For the release of the all-new Demio in July 2007, we made every effort to reduce weight in all components. By employing advanced weight-reduction technologies and optimizing each section of the vehicle, we succeeded in reducing the weight of the Demio approximately 100 kilograms, compared with previous models, while at the same time enhancing safety performance.

Major Weight Reductions on the All-New Demio



Vehicle Noise Reduction

All Passenger and Commercial Vehicle Models Meet Stringent Voluntary Standards

Most vehicle noise originates from the engine, exhaust system, air intake system, drivetrain and tires.

Mazda has set voluntary standards for noise reduction that are stricter than the latest noise regulations. While we will continue efforts to reduce noise in the above components, all Mazda passenger and commercial vehicle models already pass our voluntary standards.

Web Measures to Prevent Vehicle Noise

Developing Alternative-Fuel Vehicles

Hydrogen Rotary Engine Vehicle Development

Mazda is working to develop hydrogen rotary vehicles that combine the natural driving feel of internal combustion engines with favorable environmental performance. Such vehicles integrate the hydrogen utilization technologies we have cultivated into the latest generation RENESIS rotary engine, which features reduced size, improved performance and enhanced environmental efficiency.

In August 2006, Mazda introduced its RX-8 Hydrogen RE at the Norwegian ONS2006 energy exhibition and conducted the car's first overseas demonstration run. At the opening ceremony of a Norwegian hydrogen fueling station during the exhibition, the memorable scene of the RX-8 Hydrogen RE's first fueling made the front page of local newspapers.

We began commercial leasing of the vehicle in March 2006 and had delivered a total of seven Mazda RX-8 Hydrogen RE models to energy-related organizations and public agencies by the end of FY2006.

Web Details on the RX-8 Hydrogen RE

Close-up Cooperating with Cold Climate Tests for Hydrogen Vehicles in Hokkaido

In February 2007, Mazda participated in tests in cooperation with the Hokkaido Regional Development Bureau to determine the utility of hydrogen vehicles in cold climates, using the RX-8 Hydrogen RE.

At a symposium on "the environment and transportation using hydrogen energy" held to coincide with the tests, we administered test rides in the RX-8 Hydrogen RE and gave talks for members of the general public.

RX-8 Hydrogen RE

Hybrid Car Development—Tribute Hybrid

Mazda is working to develop hybrid cars that combine gasoline motors and electric motors.

In 2007, we introduced the Tribute Hybrid — a hybrid version of the reciprocating gasoline engine-based Tribute, created in collaboration with Ford — as a reference exhibit vehicle at the North American International Auto Show in January, and launched the SUV in the United States in the summer.

The Tribute Hybrid features clean exhaust emissions, superior fuel economy and the powerful and smooth acceleration of a 3.0-liter vehicle, thanks the MZR 2.3L engine with integrated hybrid system.

Tribute Hybrid

Support for Biomass Fuels and Ethanol Mixtures

Biomass fuels (energy sources using plants and animal matter) are gaining attention as an alternative to gasoline, since they are a nondepletable, sustainable resource. Mazda has been advancing R&D on such fuels and has already released vehicles in Europe that accept B5 fuel — a mixture of 95% diesel and 5% biomass. We have also commenced sales in Europe and the United States of vehicles that run on E10 — a fuel mixture that includes 10% ethanol.

As we continue developing technologies to support alternative fuels, we plan to release a flex-fuel engine capable of using mixtures with ethanol content as high as 85% (known as E85) in Northern Europe in 2009. We will also promote the development of alternative-fuel vehicles that employ gas-to-liquid fuel made from natural gas and biomass-to-liquid fuel made from biomass gases emitted from plant and animal matter.

Reducing the Use of Environmental Substances of Concern

Zero Use of Lead, Mercury, Hexavalent Chromium and Cadmium

Mazda has actively sought to eliminate the use of lead, mercury, hexavalent chromium and cadmium, all of which were generally prohibited for use in new cars after July 1, 2003, under the European Union End-of-Life Vehicle Directive.

With the exception of exempt parts, we have already completely eliminated lead and mercury usage. We attained zero use of hexavalent chromium in February 2007 by developing substitution techniques for important safety parts and the tie bolts and nuts that secure them. We have also achieved zero use of cadmium.

Reducing Refrigerant Usage in Air Conditioners

Mazda is working to reduce the use of CFC alternatives — greenhouse gases used as refrigerants for car air conditioners.

We are also working on new air conditioners that use alternative refrigerants.

Reducing Volatile Organic Compounds (VOC) in Vehicle Cabins

Reducing Cabin VOCs by Reconsidering the Materials Used

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

In 1999, a deodorizing filter with an aldehyde removal feature was offered as an option on core models. We have gone on to further reduce VOCs in the cabins of new cars by using alternative materials for interior parts and adhesives, to stop VOCs from being emitted in the first place.

For the CX-7, released in 2006, we reduced VOCs by eliminating the need for adhesives in the instrument panel through new production techniques that construct the components and covering as a unit. In the all-new Demio (Mazda2) launched in 2007, we reduced VOCs in the main materials used in the cabin, such as resins, paints and adhesives, thereby meeting the guidance values for cabin temperature offered by the Ministry of Health, Labor and Welfare.

Adhesive-free instrument panel achieved through integrated construction of components and covering

Promoting Vehicle Recycling (Development Stage)

Achievement of Over 90% New Car Recyclability Ratio*

In general, approximately 80% (by weight) of end-of-life vehicles can be recycled, particularly parts made of steel, aluminum and other metals. The remaining 20% is mostly plastics and glass, which is shredded and sent to landfills.

Through the initiatives outlined below, Mazda has achieved recyclability ratios of over 90% for new cars launched after 2002.

* Calculated based on the Japan Automobile Manufacturers Association's *Guidelines on the Definition and Calculation of Recyclability Ratios in New Models* (1998).

1. Research into automobile design oriented toward dismantling and research into dismantling technologies to simplify the recovery of parts and materials for reuse.
2. Research to reduce the number of different resins used, which make up a significant proportion of automobile shredder residue, to make recycling easier.

Developing Bumper-to-Bumper Recycling Technology

Mazda is actively engaged in recycling resin-based automotive parts. We have especially focused on recycling bumpers and have created bumper-to-bumper recycling technology for these large resin-based parts. This technology recycles material from damaged bumpers back into usable material for new bumpers. We have begun using recycled bumpers through this new technology, starting with bumpers taken from RX-8 models produced in or after March 2005 and using the recycled bumpers. We used recycled bumpers in the MPV and in an expanding succession of other models. (Please refer to page 66 for details on damaged bumper recovery.)

Web Details on Bumper-to-Bumper Recycling Technology

Web Material Recycling Using Thermoplastic Elastomers (TPO)

Close-up

Development of Bioplastics and Biofabrics

In a FY2006, in collaboration with industry, academia and government organizations in Hiroshima Prefecture, Mazda succeeded in developing injection-moldable, carbon-neutral*, plant-derived, resin-based bioplastics that have sufficient surface quality, strength and heat resistance to be used for interior parts.

On the Premacy Hydrogen RE Hybrid, which is under development, we plan to use injection-molded bioplastics on the gearshift panel and front console. In addition, the model will employ newly developed biofabrics — which are highly durable and of 100% plant-derived — on the seats and door trim.

Web Details on Bioplastics

* Upon decomposition or combustion, plant-derived resin materials release quantities of CO_2 in balance with the amount the constituent plants absorbed in the growth process. Such substances are called "carbon neutral" because they have no net effect on atmospheric CO_2 levels.

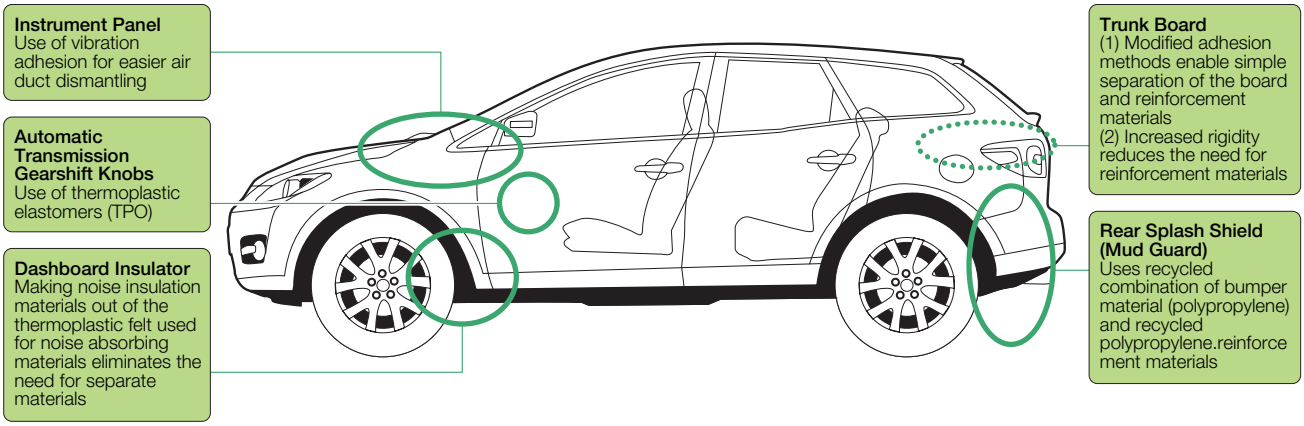
Personal Message

Takahiro Tochioka
Senior Research Engineer
Technical Research Center

These injection-moldable materials were emerged through a joint project in Hiroshima involving industry, government and academia. I am very happy that the project has contributed to revitalizing the local community. The proven technologies of many companies in the area were a tremendous help in the development process. I would like to do more R&D projects that combine regional efforts to steadily advance bioplastics and expand their application.

We will continue working with our regional partners to develop bioplastics as an effective way to reduce the environmental impact of automobiles.

Recyclability Improvements on the CX-7



Production

For manufacturers, production clearly has the greatest environmental impact. In addition to conserving energy, Mazda is minimizing its chemical emissions and waste, eradicating air pollution and employing environmentally friendly measures in a number of areas.

Prevention of Global Warming (Energy Conservation)

Achieving a 21.6% Reduction in CO_2 Emissions from the FY1990 level

Mazda is reducing energy consumption and is working to achieve self-imposed CO_2 emission reduction targets for production (non-consolidated) of 5% from FY1990 levels by the end of FY2005 and 10% by the end of FY2010.

In FY2006, we increased our conversion to liquid natural gas (LNG) fuel and essentially completed the conversion to this fuel of all of our melting furnaces for aluminum, which is a metal used in the majority of our engines. As a result, our CO_2 emissions from production in FY2006 were 439,000 tons, or 21.6% less than the FY1990 level.

Close-up — Mazda Receives the Chairman Prize of the Energy Conservation Center, Japan

Painting Group No.1 of the Vehicle Production Department No.1 at Mazda received the Chairman's Prize from the Energy Conservation Center Japan (ECCJ) for its Reuse of Air Supply for Air Conditioning in the *Top Coat Final Polish Stage*, submitted to the 2006 National Competition for Superior Energy-Saving Applications (held by the ECCJ, with sponsorship by the Japanese Ministry of Economy, Trade and Industry).

This application improved the polishing process, which is intended to improve painting quality by recirculating and reusing (returning) the air from the top coat final polish stage used to remove the waste dispersed in the polishing process, instead of expelling all the used air outside. This enhancement saved on energy used in air conditioning.

Personal Message

Katsuhiro Maki
Assistant Manager, Painting Group No. 1, Vehicle Production Department No. 1 Hiroshima Plant

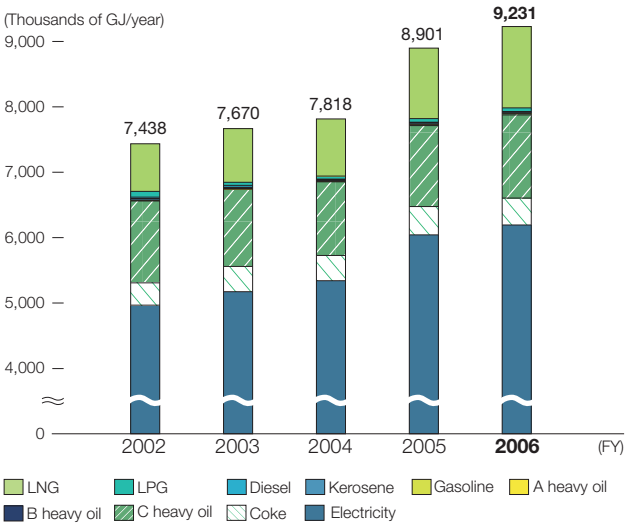
Coating processes are some of the most energy-intensive of all automotive production processes. Increased energy usage means not only higher production costs but also greater CO_2 emissions. This department therefore considers lowering energy consumption to be a top priority and makes concerted efforts in this direction.

With this award, I think the ECCJ recognized our achievement of the two apparently conflicting goals of reducing unneeded energy consumption and improving painting quality by minimizing dispersed waste. We would like to redouble our efforts and see Mazda become a leading company in energy efficiency.

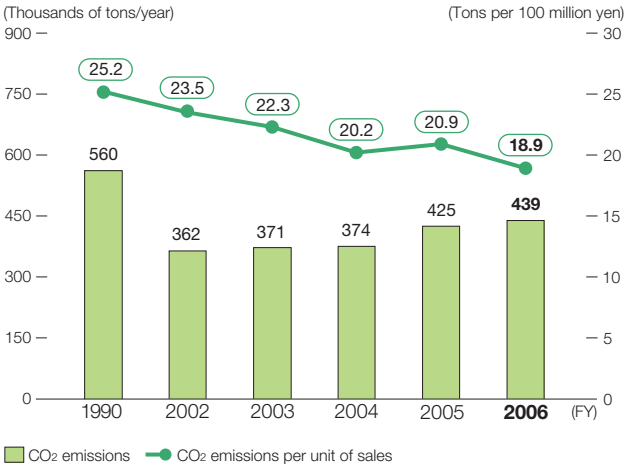
Energy Consumption by Type

(Thousands of GJ/year)

	2002	2003	2004	2005	**2006** (FY)
Electricity	4,970	5,176	5,344	6,045	**6,196**
Coke	341	386	386	433	**412**
C heavy oil	1,252	1,181	1,126	1,238	**1,271**
B heavy oil	0	0	0	0	**0**
A heavy oil	6	6	6	12	**13**
Gasoline	10	8	10	10	**8**
Kerosene	22	16	16	19	**19**
Diesel	21	29	10	11	**12**
LPG	88	47	46	55	**56**
LNG	728	821	874	1,078	**1,244**
Total	7,438	7,670	7,818	8,901	**9,231**



Unconsolidated CO_2 Emissions from Production/ CO_2 Emissions per Billion Yen of Sales Revenue



* The principal coefficients used to compute CO_2 emission volumes for production processes are as follows. Electricity: 0.3813 kg of CO_2/kWh; C heavy oil: 2.9393 kg of CO_2/L; LNG (13A city gas): 1.9914 kg of CO_2/Nm^3. Other coefficients are based on the Implementation Plan Countermeasures Manual, published in 1999 in accordance with Section 1, Provision 8, of the Law concerning the Promotion of the Measures to Cope with Global Warming, and Voluntary Activity Plan Follow-up Methods, FY1999 edition.

Reducing Waste

Working toward Zero Direct Landfill Waste

Mazda has gradually proceeded with zero emissions initiatives to reduce landfill waste to zero.

By the end of FY2003, we intended to reduce direct landfill waste from all production facilities in Japan — including our development, administrative and technical locations — to less than 5% of the FY1990 level. We achieved this goal one year ahead of the plan in FY2002.

In FY2003, we began working toward a second-stage goal: reducing landfill waste to 1% or less against the same target by the end of FY2004. This objective was achieved in January 2005.

Working toward Zero Total Landfill Waste

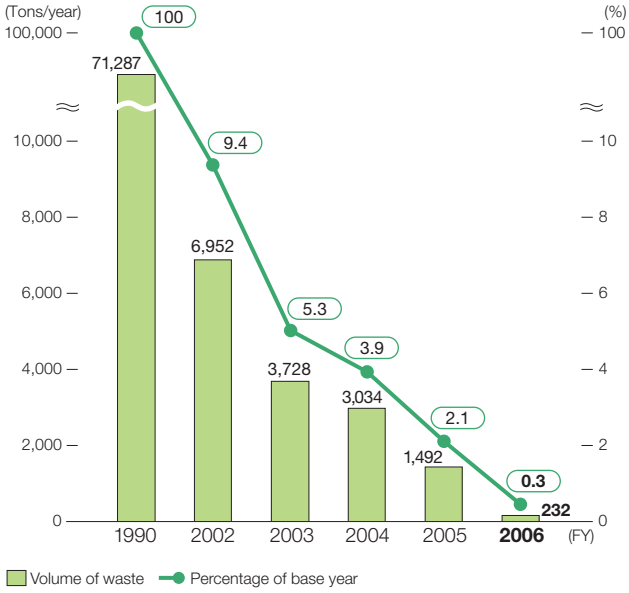
Since FY2005, Mazda has been reducing waste production and promoting recycling with the goal of eliminating total landfill waste — not only direct landfill waste but also post-intermediate-treatment waste — from production sites in Japan by 2010, under the newly formulated Green Plan 2010.

In FY2006, we revised our waste emission rules and increased waste separation efforts to advance the recycling of casting sand and plastics. We also stopped incineration at the Company and eliminated incinerated ash by recycling waste we had previously been burning in our incinerators. As a result, total landfill waste from production sites decreased 1,260 tons compared with the preceding fiscal year, reaching 232 tons or 0.3% of the amount produced in 1990. With this, we have achieved our target of 0.4% of the 1990 amount or less (300 tons or less).

For FY2007, we have set a goal of 200 tons or less of total landfill waste.

Mazda will advance these activities and expand their scope to include Group companies.

Total Landfill Waste Volumes

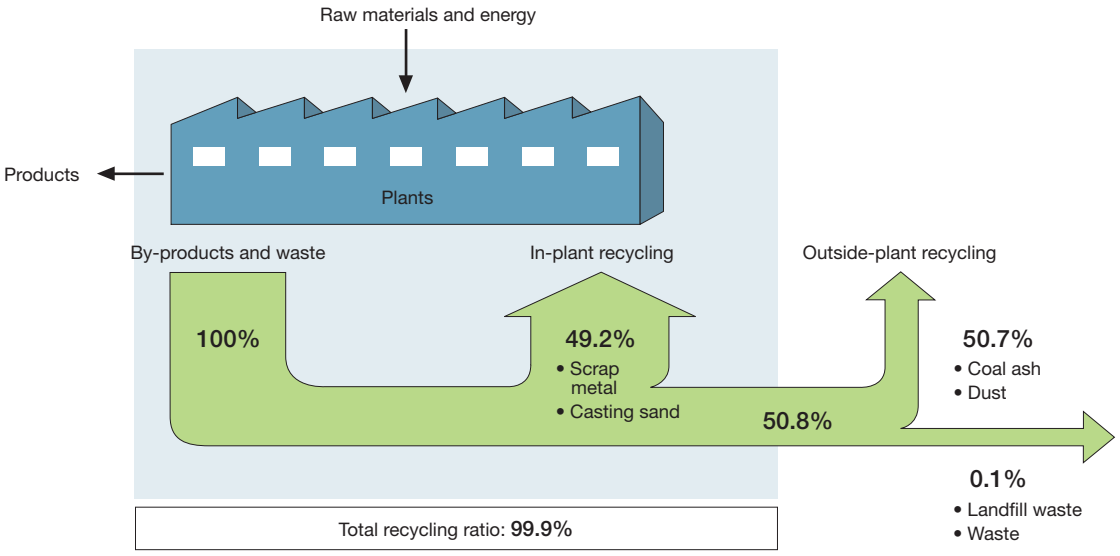


Reducing General Waste

Mazda is working not only to reduce industrial waste but also general waste originating from its offices.

We are also promoting careful sorting and collection of paper waste, empty cans, plastic containers and other recyclables.

FY2006 Recycling of Manufacturing Byproducts and Waste



Control and Reduction of Chemical Substances

Advance Inspection System for Chemical Substances

Prior to purchasing new raw materials for the manufacture of oils, chemicals, paints and other types of secondary materials for use in production processes, we evaluate their potential impact on worker safety and the environment, based on the Material Safety Data Sheet (MSDS).

If this screening uncovers any nonconformity of the material with the standards, we eliminate or minimize use and search for an alternative.

Pollutant Release and Transfer Register (PRTR) Efforts

In FY2006, Mazda used a total of 21 substances that require reporting under the Pollutant Release and Transfer Register (PRTR) law, which promotes improved disclosure and management of quantities of designated chemical substances released into the environment. As a result of our efforts to improve the rate of recovery for thinners and enhance coating efficiency, releases of PRTR-designated materials into the atmosphere and water system decreased 47% compared with FY1998, amounting to 1,463 tons.

We will continue working to reduce emissions of PRTR-designated materials.

Web Site Report (Environmental Data)

Reducing VOC Emissions through Mazda's Proprietary Three-Layer Wet Paint System Technology

Mazda is taking steps to reduce emissions of volatile organic compounds (VOCs) in coating processes.

For our e-coating process, we developed a new electrodeposition coating that cuts VOCs in the paint by half and uses less paint overall. We have implemented this new paint in all Mazda plants in Japan, thereby reducing VOC emissions.

We have also developed the Three-Layer Wet Paint System technology, which integrates primer coating and top coating (base coating and clear coating processes). Deploying this technology in all our domestic plants has greatly reduced VOC and CO_2 emissions.

As a result of such efforts, VOC emissions per unit painting area in FY2006 were down by 1.6 grams per square meter from the previous fiscal year, to 32.7 grams per square meter. Mazda strives to decrease the environmental impact of its coating processes.

Three-Layer Wet Paint System

Web Environmentally Friendly Painting Technology

Preventing Air and Water Pollution

Establishment of Voluntary Air Pollution Prevention Standards

Mazda has defined its own standards for the emission of sulfur oxides (SOx), nitrous oxides (NOx), particulate matter, finely ground waste, and vapors, as well as hydrocarbons (HCs) and VOCs. Our standards, which are stricter than legally stipulated values, have prompted us to introduce special removal and reduction equipment and implement stringent daily controls. As a result, we are meeting our voluntary standards.

Web Site Report (Environmental Data)

Ensuring Wastewater Cleanliness and Effective Use of Water

When discharging wastewater to public waterworks, Mazda easily meets legally mandated emission quantities by establishing voluntary standards stricter than the legal requirements and attending to them on a daily basis. We also ensure wastewater cleanliness by properly treating water used for industrial processes, human hygiene and other purposes

Nearly all the water Mazda uses in production processes is water for industrial use. We do not use subsurface water, as this could cause ground subsidence. We also make effective use of water by collecting and storing rainwater for use in our Miyoshi Plant (including the office).

Web Overview of Wastewater Processing System (Hiroshima Plant)

Eliminating Sensory Pollution

Reinforcing Measures to Clean up Pollution Sources and Prevent Noises and Odors

Despite meeting government standards, sensory pollutants such as noises, vibrations and odors still have the potential to cause discomfort for nearby residents. To prevent this, Mazda systematically cleans up pollution sources and strengthens measures against noises, odors and other irritants.

Please refer to page 46 for information on noise-, vibration- and odor-related complaints.

Other Environmental Measures

Storage and Disposal of Polychlorinated Biphenyl (PCB)

Mazda stores condensers and transformers containing polychlorinated biphenyl (PCB) in strict accordance with the Law on Waste Processing and Cleaning.

As of March 31, 2007, Mazda held 535 such devices in storage.

Promoting Green Procurement

Establishing Guidelines for Green Procurement

In May 2005, Mazda established Green Procurement Guidelines as part of its efforts to reduce the environmental impact of its supply chain.

These guidelines stipulate that we will preferentially purchase from suppliers that properly create and operate environmental management systems, observe legal statutes and control environmental substances of concern.

In its purchasing activities, Mazda emphasizes compliance in addition to environmental aspects. In FY2006, we supported five affiliated companies under the authority of the Purchasing Division and 63 members of local cooperative associations in both environmental preservation efforts and compliance enhancement.

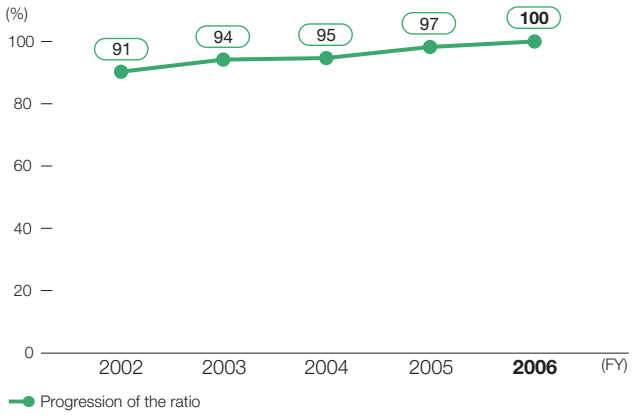
Helping Suppliers to Create Environmental Management Systems

Mazda has been requiring suppliers of parts, materials and industrial equipment and tools to obtain ISO 14001 certification, and has supported their certification by providing information and other assistance. Consequently, as of March 31, 2007 all major suppliers Mazda does business with on a continuing basis have been ISO 14001 certified.

In FY2006, we requested small suppliers belonging to local cooperative associations to set up environmental management systems (ISO 14001 or EcoAction 21*), and we held explanatory meetings to provide suppliers with useful certification information. We remain committed to helping small suppliers build environmental management systems.

* Certification and registration system based on the EcoAction 21 guidelines formulated by the Japanese Ministry of the Environment, designed to enable small and medium-sized businesses to more easily construct environmental management systems.

Supplier Accreditation of ISO 14001



Close-up

Holding Explanatory Meetings on Environmental Issues

Mazda holds explanatory meetings for suppliers twice a year to provide information on and to raise awareness of environmental protection issues.

Around 400 suppliers took part in FY2006, wherein we presented Mazda's environmental conservation activities, raised understanding of the Green Procurement Guidelines and encouraged input into the International Material Data System (IMDS: a standardized international database system for collecting and managing information on materials for automotive parts).

Personal Message

I consider the explanatory meetings a venue for expressing Mazda's commitment to environmental preservation, conveying our expectations to suppliers and sharing our ideals for the future of automotive society.

Automobiles are products with heavy environmental impact. We are in a position to improve this situation, and we would like to do this through partnerships with our suppliers.

Masatomo Watanabe
Electrical Parts Group Manager Parts Purchasing Department No. 1, Purchasing Division

Investigating Environmental Substances Using IMDS, a Standardized International System for Collecting and Managing Information on Materials for Automotive Parts

The European Union ELV Directive, which prohibits in principle the inclusion of lead, mercury, cadmium and hexavalent chromium in automotive parts, went into effect in July 2003. Prior to this, Mazda began collecting data from its suppliers to ascertain the content of regulated substances in procured materials and parts and take appropriate measures.

At that time, we strove to meet the voluntary standards set by the Japan Automobile Manufacturers Association (JAMA) rather than the regulations of the ELV Directive, and to properly manage classes of environmental substances of concern in accordance with the International Global Automotive Declarable Substance List (GADSL). As of June 30, 2007, there are 94 classes of such substances.

Starting in November 2002, we have published guidelines annually to prompt suppliers to properly enter data into the IMDS and keep them informed on regulatory trends and items requiring updated data entry.

To control and reduce environmental substances of concern, Mazda intends to continue promoting noxious substance management using the IMDS.

Logistics

In procuring materials and parts, and supplying finished products and components, Mazda collaborates with distributors, dealerships and other automakers to minimize the environmental impact of distribution by lowering CO_2 emissions and reducing packaging and wrapping materials.

Saving Energy and Resources in Logistics Activities

To Reduce CO_2 Emissions and Use of Packaging and Wrapping Materials

Mazda's total domestic transportation volume for FY2006 amounted to 494 million ton-kilograms*1. This figure includes procurement of materials and parts, as well as supply of finished vehicles and customer service (CS) parts*2. Overseas transportation figures also include exports of knockdown (KD) parts*3.

To decrease the environmental impact of transporting this variety of freight, Mazda sets goals for reducing CO_2 emissions and the use of packaging and wrapping materials and advances improvement activities to attain these goals.

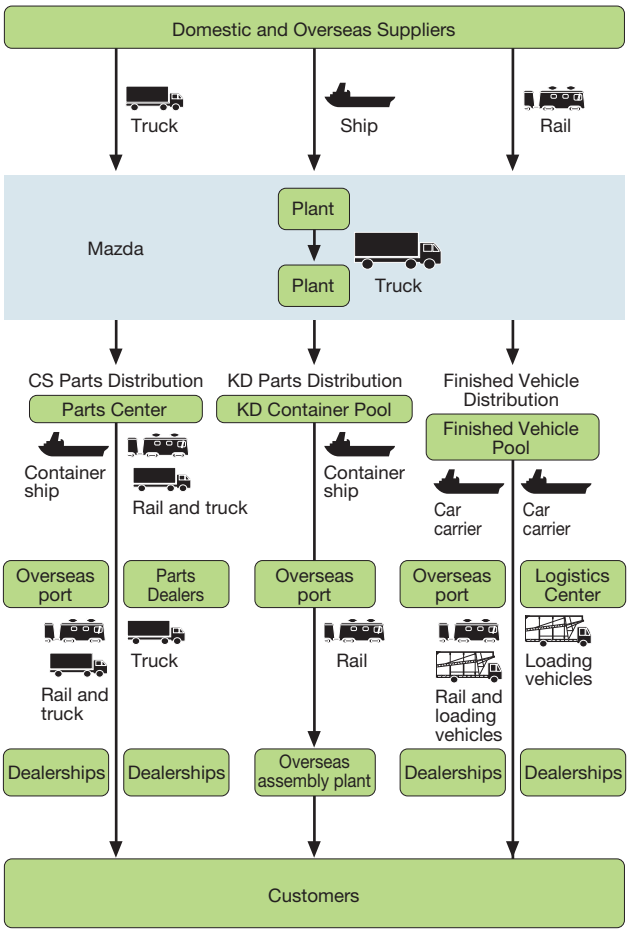
*1 Calculated by multiplying the volume of transported freight in tons by the distance transported in kilometers.

*2 Replacement parts for repairs after customers have purchased a vehicle.

*3 Parts for knockdown production, wherein products are shipped to overseas plants in pieces and assembled there.

Web Reducing the Environmental Impact of Distribution within the Company Premises

Distribution Routes by Product

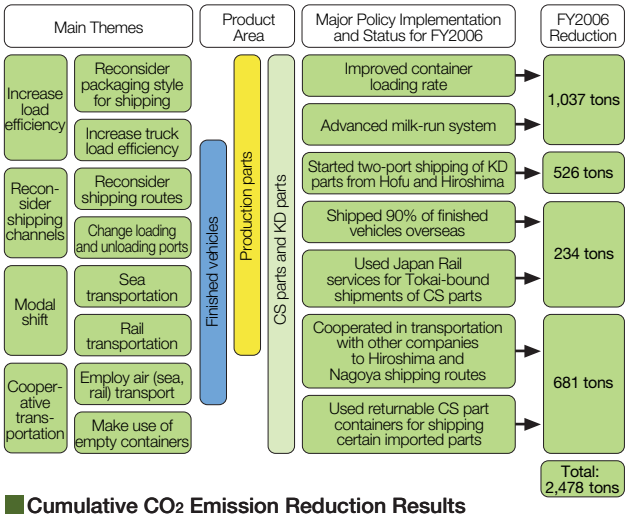


Promoting Energy Saving

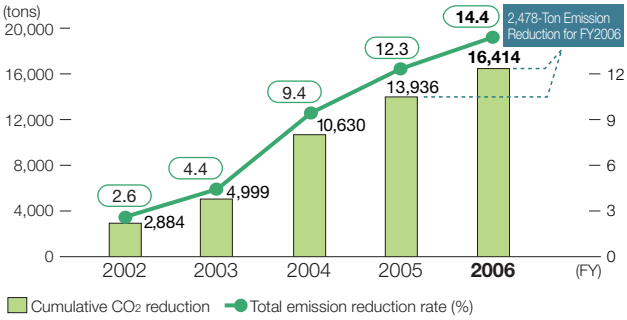
FY2006 CO_2 Emission Reduction Goals Achieved

In the Mazda Green Plan 2010, we set a goal for FY2010 to achieve CO_2 emissions 15% less than in FY1999.

In FY2006, Mazda pursued activities under the themes below, aiming for a 14% emission reduction compared with FY1999. As a result, total emissions declined 2,478 tons, to 91,144 tons compared with the preceding fiscal year. The cumulative reduction amount since FY1999 was 16,414 tons—a 14.4% reduction, surpassing our goal.



Cumulative CO_2 Emission Reduction Results



Improving Load efficiency for Truck Runs, Rail and Ship Containers

In FY2003, Mazda implemented the "milk-run" system for truck runs procuring production parts. This shipping method can enhance single-truck load efficiency by having each truck collect freight from several suppliers during the same run. After adopting this method in Kyushu, the area around Hiroshima Prefecture, and Yamaguchi Prefecture, we expanded it to Okayama Prefecture and the Tokai region in FY2006. Furthermore, we also increased load efficiency for containers for rail and sea transport by rethinking packaging styles for freight.

As a result of these activities, CO_2 emissions were reduced by 1,037 tons from the previous fiscal year.

Rearranging Routes for Container Ships and Reducing Truck Runs

In FY2006, container ships that had previously only called at the Port of Hiroshima also landed at the Port of Hofu. This change allowed KD parts produced at Mazda's Hofu Plant to be loaded from the Port of Hofu, cutting down on truck runs between Hofu and Hiroshima and lowering CO_2 emissions by 526 tons.

Advancing Modal Shifts (Switching over to Sea and Rail Shipping) and Cooperative Transportation

Mazda has long promoted the switchover to sea-based shipping, given that its plants are located on the coast. We currently ship 90% of finished vehicles for the domestic market by sea. We are also cooperating with other automotive manufacturers on sea transportation. Mazda has long used rail containers to ship CS parts to Sendai and Sapporo. Later, we shifted from truck runs to rail containers for shipments to Chiba and Nagoya, and we currently use railways to ship 22% of domestic CS parts by volume.

In FY2006, modal shifts and cooperative transportation reduced CO_2 emissions by 234 tons and 681 tons, respectively, over the prior fiscal year.

Delivery by ship from a dock neighboring the plant.

Saving Resources in Packaging and Wrapping Materials

FY2006 Goals for Reduction of Packaging and Wrapping Materials Achieved

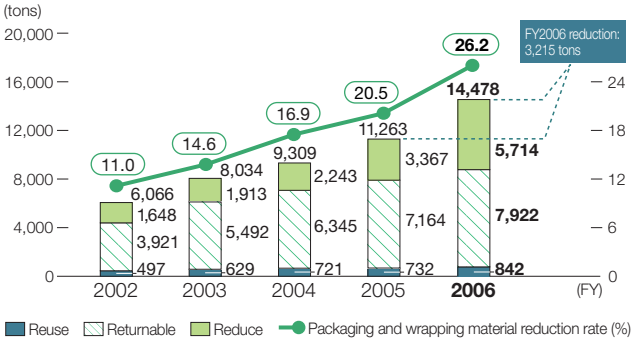
In Green Plan 2010, Mazda set a goal for FY2010 to reduce the use of packaging and wrapping materials 30% compared with FY1999. We are advancing 3R (Returnable, Reuse, Reduce) activities by adopting returnable steel and plastic containers, reusing cardboard resources and implementing other measures to reduce resource usage.

In FY2006, Mazda pursued activities under the themes below, aiming for a cumulative usage reduction of 23.2% compared with FY1999. As a result, total usage was reduced 3,215 tons in FY2006, for a 26.2% cumulative reduction from FY1999—well over our goal.

	Major Policy Implementation and Status for FY2006	FY2006 Reduction
Reduce	For KD parts bound for the Middle East, switched over shipping from sealed pallets to containers	2,347 tons
	Expanded simplified packing* for CS bumper parts bound for Europe	
Returnable	Adopted returnable steel containers for KD parts bound for East Asia	758 tons
	Adopted returnable steel containers for CS parts to be sold in Japan	
Reuse	Continued reuse of cardboard materials as cushioning in packages	110 tons
		Total: 3,215 tons

* Packing method wherein individual items are packaged with craft paper, resulting in smaller gaps than when using cardboard and saving space in the outer container by allowing packages to be stacked within it.

Cumulative Packaging and Wrapping Material Reduction



Reducing Packaging and Wrapping Materials by Using Containers and Changing Wrapping Specifications

In shipping knock down (KD) parts to the Middle East, Mazda substantially reduced its use of outer packing material — mainly wood — by switching from shipping with sealed pallets to shipping with steel containers in FY2006.

In shipping CS parts to Europe, we had previously shifted from packaging individual bumpers in cardboard boxes to packaging them in craft paper. This results in smaller gaps than with cardboard, increasing the loading capacity of each outer container so that fewer outer containers may be used. In FY2006, we expanded this "simplified packing" method to new model bumpers.

As a result, usage of materials for FY 2006 was reduced 2,347 tons.

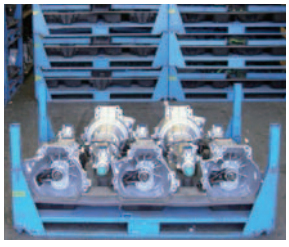
Shipping by container

Returnable Containers and Reuse of Cardboard Materials

In FY2006, Mazda switched from using disposable one-way racks to using returnable steel containers for shipping KD parts to overseas assembly plants and CS parts to areas within Japan.

This change saved 612 tons of packaging and wrapping materials for KD parts and 146 tons for CS parts, for a total reduction of 758 tons.

Reuse of cardboard materials saved an additional 110 tons.



Returnable steel racks

Recycling End-of-Life Vehicles

To promote the emergence of a recycling-oriented society, Mazda has established recycling processes for end-of-life vehicles and rigidly adheres to the End-of-Life Vehicle Recycling Law. We also carry out surveys and conduct research to further improve our recycling ratios.

Recycling Based on the End-of-Life Vehicle Recycling Law

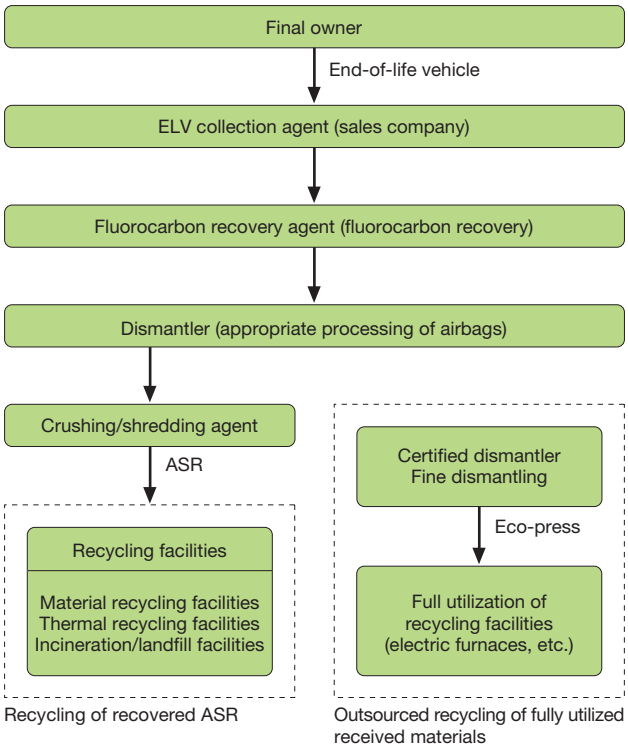
Achieving a Recycling Ratio of 95%

Mazda is committed to the creation of a recycling-oriented society through the efficient use of resources that are limited in supply. Under Japan's End-of-Life Vehicle Recycling Law, three designated items — fluorocarbons, airbags, and automobile shredder residue (ASR)* — are appropriately processed and recycled by Mazda. In FY2006, our recycling ratio for end-of-life vehicles rose 1 percentage point, from 94% in FY2005, to 95%, enabling us to achieve our initial target four years ahead of schedule.

As and when appropriate, recycling fees are paid to dealerships, and we collect end-of-life vehicles for transfer from their final owners to dismantlers. Please see our website for details of recycling fees and recycling performance in FY2006.

* Automobile shredder residue (ASR) is the residue that remains after the crushing/shredding of batteries, tires, fluids and other components needing processing; engines, bumpers and other items after the removal of valuable parts; and their separation and recovery as different metals.

End-of-Life Vehicle Recycling Process



Recovery and Destruction of Fluorocarbons, Recycling of Airbags

Mazda ensures the appropriate processing and recycling of fluorocarbons and airbags through the Japan Auto Recycling Partnership (JARP), an umbrella organization established jointly by automakers in Japan to enable appropriate, failure-free and efficient recovery and recycling of fluorocarbons and airbags.

In FY2006, Mazda recovered approximately 44,000 kg of fluorocarbons from some 138,000 vehicles, and approximately 78,000 airbags from some 47,000 vehicles. We increased our recycling ratio for airbags by 1 percentage point from 93% in FY2005, to 94% (compared with the legal minimum of 85%).

Recycling of ASR: Surpassing the 70% Legal Minimum Recycling Ratio for 2015

Mazda ensures rigid legal compliance in recycling, and improvement of recycling ratios, by working through the Automobile Shredder Residue Promotion Team, set up by a group of 12 automotive companies including Group members Ford Japan Limited and PAG Import, Inc.*, as well as Nissan Motor Co., Ltd., Mitsubishi Motors Corporation and others. This grouping has the task of designating points for residue recovery and recycling facilities.

ASR recovery at Mazda totaled approximately 34,000 tons in FY2006, from some 196,000 vehicles. Of this total, 24,000 tons were recycled, enabling us to increase our recycling ratio by 7 percentage points from FY2005 to 70% (compared with the legal minimum of 30%). As a result of steady improvement of our annual recycling record following enactment of recycling legislation in 2005, we have achieved the 70% legal minimum for 2015 under the End-of-Life Vehicle Recycling Law nine years early.

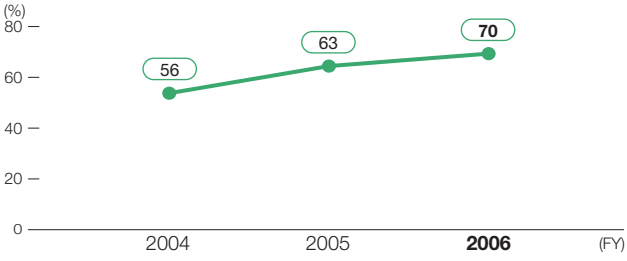
* PAG Import, Inc., is the Japanese arm of the Premium Automotive Group (PAG), a general sales organization for brands under the Ford umbrella.1

FY2006 Recovery of Three Designated Items

Vehicles from which fluorocarbons were recovered		137,894
Vehicles from which airbags were recovered		47,239
Vehicles contributing to ASR gross recovery volume		195,673
Recycling ratio	Airbags	94% (legal minimum: 85%)
	ASR	70% (legal minimum: 70% by 2015)

Total value of repaid deposits	¥1,469,818,411
Total costs of recycling, etc	¥1,495,690,511

ASR Recycling Record



Studies and Research into Recycling Technologies for End-of-Life Vehicles

On-Site Research Activities at Dismantlers

Mazda researches ways of making its cars easier to recycle from a wide range of perspectives.

One research area is car dismantling in partnership with recycling companies. Mazda experts conduct on-site investigations into processing at dismantlers, and use their findings on how Mazda-brand vehicles are processed to research and develop ways of facilitating disassembly and use of materials that are easy to recycle.

On-site research at dismantlers

Development of Technology for Recycling Materials from End-of-Life Vehicles

Mazda is committed to recycling materials from end-of-life vehicles. For example, in partnership with 3 glass and 8 automotive manufacturers*, we conduct practical research into recycling technologies in such areas as recycling waste glass from end-of-life vehicles into raw materials for new automotive glass.

We are likewise considering measures for recycling of used plastic parts into raw materials for new vehicle parts.

* Isuzu Motors Ltd., Suzuki Motor Corporation, Nissan Motor Co., Ltd., Nissan Diesel Motor Co., Ltd., Fuji Heavy Industries Ltd., Mitsubishi Motors Corporation, Mitsubishi Fuso Truck and Bus Corporation

Recovery of Bumpers and Use of Valuable Oil Resources

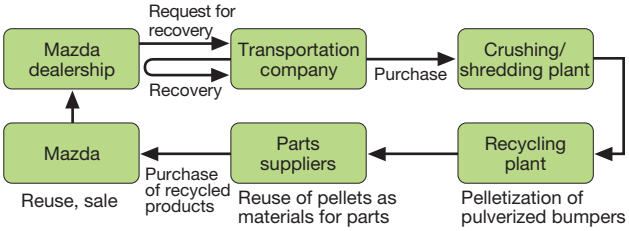
Full Cooperation with Mazda Sales Companies and Parts Dealers

Mazda collects bumpers removed from vehicles for repair or replacement from its dealerships all around Japan, and recycles them into bumpers for new vehicles and other items.

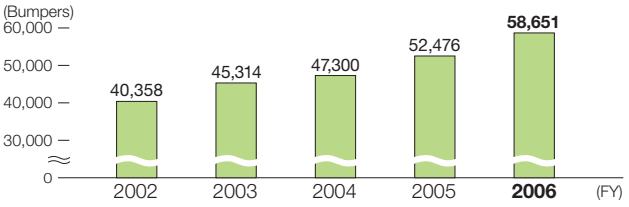
This initiative involves full cooperation with Mazda Group dealerships and parts dealers. In FY2006, 58,651 bumpers were recovered, yielding 210 tons of recycled plastic materials for recycling. Please see page 58 for more details on recycling technologies.

Web Use of Recycled Parts

Bumper Recovery and Recycling



Bumpers Recovered in Japan



FY2006 Performance Report

Offices and Dealerships

Offices and dealerships have a smaller environmental impact than production facilities. Nevertheless, Mazda works to raise awareness and disclose information as part of its efforts to encourage a proactive approach to environmental preservation. We are introducing specific distributor-oriented guidance and management systems to achieve this goal.

Environmental Protection Activities at Our Offices

Promoting Reduced Paper Use, Recycling and Energy Conservation

Mazda strives to reduce the amount of paper it uses in its offices by encouraging the use of electronic — rather than paper-based — documents and financial ledgers.

We are also expanding recycling through measures such as turning used paper (paper shredder dust) into cushioning materials for parts transportation, and recycling as much as is feasible through the strict separation of waste paper.

Offices also strive to reduce their energy consumption. For example, we purchase energy-efficient office equipment and fixtures, turn off lights and personal computers when not needed and work continuously to reduce idle time.

Osaka Branch, Where Each Employee Actively Recycles

Since 2005, the Osaka Branch has been separating waste, and what started out as a 70% recycling ratio was increased to 84.3% in FY2006.

Waste separation information is displayed on waste bins, as well as being posted on the Intranet, so employees can correctly separate and dispose of waste. In addition, the monthly gross weights of waste and recycling ratios are also posted on the Intranet so employees can get a more tangible feeling of their achievements in recycling.

Careful separation and disposal of waste

Promotion of Environmental Conservation Activities at Dealerships

Revised Implementation of MECA21 at All Dealerships

In 2000, we launched Mazda's Environment Care Approach 21 (MECA21) embracing actions and guidelines for autonomous environmental activities to be carried out by dealerships. This includes putting forth the objectives of "reducing to the minimum the environmental impact of sales and after-sales activities, being appreciated by customers and the community, and activities contributing toward protection of the global environment," as well as specifying environmental-related items for compliance such as the management of industrial waste and the issuance of manifests.

In FY2006, we implemented the revised MECA21 in all dealerships. Each dealership has examined its activities, decided on plans for improvement and implemented activities to this end.

Classroom training

On-site training

Support Tools for Environmental Measures by Dealerships

As measures to provide active support for MECA21 activities, Mazda is distributing an action manual to sales and service staff at dealers, and a compilation of case studies aimed at promoting adherence to environmental laws and beautification of the environment.

The manual uses photographs to introduce good and bad case studies, and features a sample collection that summarizes ledgers and other forms required in business.

MECA21 Case Studies

Promotion of Environmental Conservation Activities at Parts Dealers

Support in Constructing Environmental Management Systems at Parts Dealers

Parts dealers have a lower impact on the environment than manufacturing companies, but care is still required to lessen the risk of oil leakages and in the handling of various chemical products.

Consequently, Mazda has independently devised environmental management systems to assist parts companies in their environmental conservation activities. The systems' coverage includes the appropriate handling of oils and chemicals, and we are moving forward with the introduction of these systems at 13 parts companies. We are also carrying out full checks at all parts companies regarding the observance of environmental laws and regulations and the status of their responses to environmental risks, and are implementing follow-ups aimed at ensuring improvements in these areas.

Close-up

Completion of EMS Construction at Two Parts Dealers

In FY2006, two model parts companies completed construction of EMS, and started operations. Environmental awareness has increased at parts companies that have introduced EMS. They have put in place systems that include those for the proper treatment of industrial waste and the appropriate storage of oils and chemicals, and that are required for compliance with international environmental laws and have organized responses to environmental risks.

Furthermore, we are utilizing know-how gained in the introduction of EMS to these two companies in assisting in the construction of EMS in three parts companies scheduled to start operations in FY2007.

Personal Message

Tadashi Sakuraba
Mazda Parts Touhoku Sales Co.,Ltd.
Director
General Manager
Administration Planning Dept.

We are a parts dealer with locations in six prefectures in the Tohoku region. We were the first parts company to embark upon the construction of Mazda's EMS.

First, when asking our busy offices to construct an EMS and undertake environmental conservation measures, it is very important to ensure their full awareness of environmental conservation issues.

Accordingly, we repeat explanations of the importance of EMS at monthly executive committees and at branch visits, and have introduced training. This has resulted in increased awareness among employees, and they are now voluntarily taking part in environmental conservation activities.

In the future, while continuing to improve employees' environmental awareness, we hope to appropriately operate EMS, and thus contribute to the protection of the environment.

Environmental Communications

**Mazda is striving to improve the environmental awareness of its employees, so they can work together in implementing the Company's environmental conservation activities.
As well as disclosing information to stakeholders and fulfilling our responsibilities regarding accountability, we are using environmental events to forge closer ties.**

Raising Employee Environmental Awareness

Education to Raise Environmental Awareness among Employees

Mazda posts educational notices via its Intranet and issues reports in the in-house magazine My Mazda to foster environmental awareness among all Group employees.

As part of Environment Month held every year in June, we broadcast the president's environmental message internally and implement regional environmental improvement activities.

Participation in Team Minus 6%

As a part of the Kyoto Protocol, Japan pledged to make a 6% reduction in its emissions of greenhouse gases. Mazda is participating in the national Team Minus 6% campaign, with the objective of making this a reality. Team Minus 6% proposes six action plans such as "air-conditioner usage" and "water usage," featuring a total target of 55 items, for implementation in the office (28 Items) and in the home (27 items).

A pamphlet outlining concrete examples of applications for these directives has been distributed to all employees, and this includes raising awareness of global warming in the workplace and at home, as well as everyday energy-saving measures. Posters about the implementation of Cool Biz are embossed with the Team Minus 6% logo mark are placed in the reception areas of all branches and facilities, and this promotes customer awareness of these activities.

To promote Cool Biz, in FY2006, we posted guidelines on the Intranet about dressing for meetings with people from outside the Company.

Information Disclosure and Communication

Information Disclosure in Reports and the Website

From 2001, Mazda has published an annual *Environmental Report.*

Reports about social and economic facets of our operations were added to the report in 2003. This was renamed the *Social and Environmental Report* in 2004 and has disclosed enhanced information about Mazda's wide-ranging social responsibilities, including in the field of environmental conservation.

In addition to hosting information from the *Social and Environmental Report*, the Mazda website provides customers with up-to-date information that we would like to communicate to them on ELVs (end-of-life vehicles). This is updated as necessary.

Web Second Environment Exhibition at the Mazda Museum

Participation in Environmental Events

In FY2006, we participated in the Eco Car World 2006 (jointly hosted by the Ministry of the Environment, the Environmental Restoration and Conservation Agency, and Yokohama City), where we introduced the results of Mazda's environmental conservation activities, as well as the RX-8 Hydrogen RE hydrogen rotary engine car. In addition, we have participated in other environmental-related events such as the Hiroshima Stop Global Warming Fair (organized by Hiroshima City and the Hiroshima City Global Warming Regional Committee).

The "Hiroshima Eco-Forum" holds lectures on compliance with environmental laws, as well as ISO14001 seminars, thus supporting environmental conservation activities. Our participation in this, as well as activities carried out by the Hofu Plant as a part of the Environmental ISO Yamaguchi Club provides a range of support to environmental conservation activities in each region.

Display at the Hiroshima Stop Global Warming Fair

Test drives of the RX-8 Hydrogen RE at Eco Car World 2006

2006 Participation in Major Yearly Environmental Events

Event name	Host	Date
Hiroshima Flower Festival	Hiroshima City	May 3–5
Automotive Engineering Exposition 2006	Society of Automotive Engineers of Japan, Inc.	May 24–26
Eco Car World 2006	The Ministry of the Environment, Environmental Restoration and Conservation Agency, Yokohama City	June 3–4
Yamaguchi Iki-Iki Eco-Fair	Yamaguchi Rich Lifestyle Promotion Council	October 14–15
FISITA 2006	Society of Automotive Engineers of Japan, Inc.	October 23–26
EVS-22	Japan Automobile Research Institute	October 23–28
3rd Hiroshima Stop Global Warming Fair	City of Hiroshima, Hiroshima City Global Warming Regional Committee	February 24
New Energy EXPO	Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy, Chugoku Bureau of Economy, Trade and Industry	January 19–20

Toward a Safe Automotive Society

Mazda prioritizes safety as a very important aspect of vehicle performance and develops all manner of t echnologies and equipment for the production of safe automobiles. We also cooperate with the government and other automotive manufacturers in a variety of projects to help ensure the safety of our vehicles.

Basic Stance on Safety

Effort to Ensure Car Safety, a Cornerstone of Automotive Manufacturing

Mazda considers the effort to ensure car safety a cornerstone of automotive manufacturing and works to develop and improve its technologies and equipment. With our unique safety policy, we proceed with R&D toward levels of car safety that surpass global safety standards. We develop safety technologies from multiple viewpoints, including passive and active safety technologies. Passive safety technologies mitigate harm to occupants in accidents, and active safety technologies — such as the prototype Mazda Pre-Crash Safety System — seek to prevent traffic accidents.

Furthermore, Mazda has participated in many projects launched in recent years to ensure the overall safety of automotive society, including human actions and the traffic environment. Such projects involve collaboration with a diverse range of manufacturers and public organizations to incorporate information technologies.

Web Latest Safety Technologies

Mazda Safety Policies

Based on an awareness that striving for safe cars is one of the foundations of a worry-free life, Mazda is committed to:

1. Researching the ways in which customers use our cars and the traffic environment in which they are being used
2. Deepening research into safety technology and reflecting the results of this research in our products in a way that offers our customers the best available appropriate technology
3. Contributing to the creation of safe societies through safety communication (products, technologies and safety education)

Passive Safety Technologies

Attempting to Ensure Occupant Safety in the Event of an Accident

Passive safety is concerned with helping protect occupants in accidents. Technologies to help ensure passive safety include seatbelts, airbags and crumple zones.

In 1997, Mazda developed the omnidirectional collision absorption body structure, Mazda Advanced Impact Distribution and Absorption System, which helps protect occupants while resisting cabin deformation by absorbing the force of collision impact over the entire vehicle. Since then, we have continued to evolve this proprietary technology. We currently perform a wide variety of crash tests in addition to those required by law, to achieve excellent results in JNCAP* crashworthiness tests.

* JNCAP stands for Japan New Car Assessment Program.

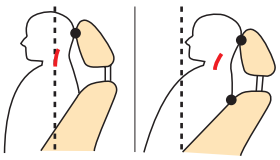
Advanced MAIDAS Body for CX-7

Mazda uses the highly rigid MAIDAS bodies for the CX-7, released in 2006. The new CX-7 was awarded the highest rating of five stars in the frontal and lateral crash tests administered by the U.S. National Highway Traffic Safety Administration (NHTSA). Moreover, in the NHTSA dynamic rollover test the CX-7 achieved a four-star rating — the highest of any SUV currently on the market. In addition to MAIDAS, passive safety equipment in the CX-7 includes standard neck impact mitigating front seats, a crushable brake pedal, seatbelts with pretensioners and load limiters and optional supplemental restraint system (SRS) curtain and front side airbags.

The CX-7's MAIDAS body

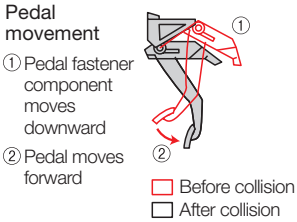
The CX-7's SRS Curtain and Front Side Airbags

Neck Impact Mitigating Front Seats



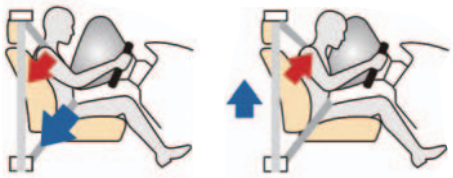
Start of collision After collision

Crushable Brake Pedal



Seatbelt with Pretensioner and Load Limiter

Front seat



Pretensioner action Load limiter action

Active Safety Technologies

Active Safety Technologies Help Prevent Accidents

Active safety is about helping prevent accidents. Systems that help maintain proper visibility and driving posture, antilock braking systems (ABS) and other technologies help achieve this objective.

In addition to developing and adopting ABS technologies, in many of its vehicles Mazda has supported braking through systems that combine Four-Wheel Antilock Braking (4W-ABS) with Electronic Brake Force Distribution (EBD), which distributes and regulates braking force over the four wheels in response to driving conditions. We have also introduced other braking assistance features, adopted dynamic stability control (DSC) systems to limit side skids and advanced roll stability control (RSC) systems.

Moreover, for the new Japan version MPV and CX-7 released in 2006, we developed an optional radar cruise control system with an adaptive cruise control function that regulates the distance from the car ahead by means of a milliwave radar sensor. As experience is developed in the home market we will expand it to other markets.

DSC System Controls Side Skids

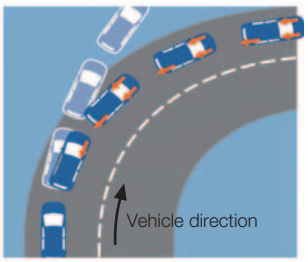
The DSC system works to maintain vehicle direction and limits side skids by detecting a variety of data on vehicle status with an array of sensors and applying the brakes or decreasing engine torque automatically under computer control.

Within the capabilities of the tires, this system helps prevent over-steering and understeering — in which the vehicle does not turn in the direction the driver intends. Such phenomena occur when the driver turns the steering wheel sharply and the tires are unable to sufficiently grip the road surface due to rain, snow or other adverse conditions.

Sensors in the DSC System

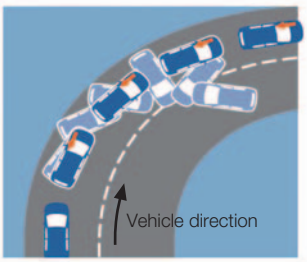
The system includes wheel speed sensor/acceleration rate sensor/yaw rate (rate at which the vehicle is attempting to turn) sensor/throttle sensor/steering angle sensor/brake oil pressure sensor

Understeering Control



During understeering, DSC reduces engine torque and applies the brakes to the inner wheels to limit front tire sideskid.

Oversteering Control



During over-steering, sideskid of the back tires is reduced by applying the brakes to the outer wheels.

Roll Stability Control (RSC) System Helps Maintain Vehicle Stability in a Wide Range of Customer Usage Situations

Mazda launched the CX-9, an SUV for the North American market, at the beginning of 2007. The new CX-9 comes equipped with an RSC system, a cutting-edge safety feature.

The RSC system coordinates with the DSC system, which reduces side skids, and the traction control system (TCS), which prevents tire slip when the vehicle pulls away or accelerates. The RSC system intervenes when it detects roll direction and other aspects of vehicle movement and applies the brakes appropriately in response. The system adapts to various customer usage situations, such as driving with cargo loaded on the roof rack.

The new CX-9 equipped with this system has achieved a four-star rating — the highest of any SUV currently on the market — in the NHTSA's dynamic rollover test, which seeks to verify stability when the vehicle is subjected to roll forces.

The CX-9 during a dynamic rollover test

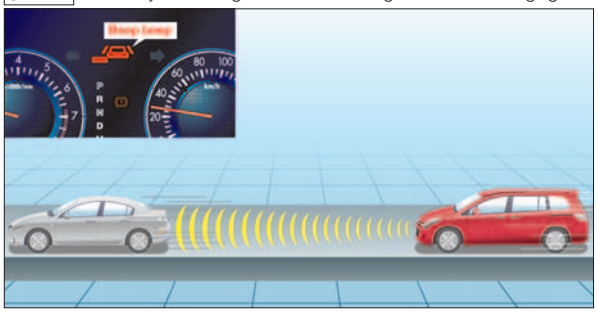
Mazda Pre-Crash Safety System Anticipates, Helps Avoid and Mitigates Damage from Collisions

The Mazda Pre-Crash Safety System introduced in Japan is an advanced active safety system implementing Advanced Safety Vehicle (ASV) radar technology.

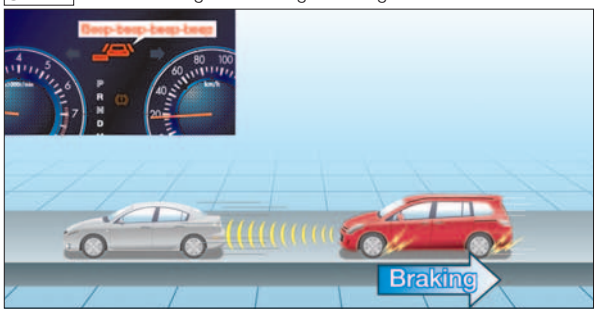
A milliwave radar detector behind the bumper recognizes the vehicle ahead, oncoming vehicles and obstacles. When the system determines that a collision may occur, it first activates a buzzer and warning light. If the driver fails to press the brake pedal after the warning, light braking will be activated automatically to alert the driver. Finally, if the driver's evasive actions are delayed to the point where a collision becomes inevitable, the system engages the brakes automatically to reduce speed. The seatbelts simultaneously wind tighter in advance of the collision to increase the restraining force on the occupants and help lessen the injuries. This system has been adopted in the new Japanese MPV and CX-7 released in 2006.

The System in operation

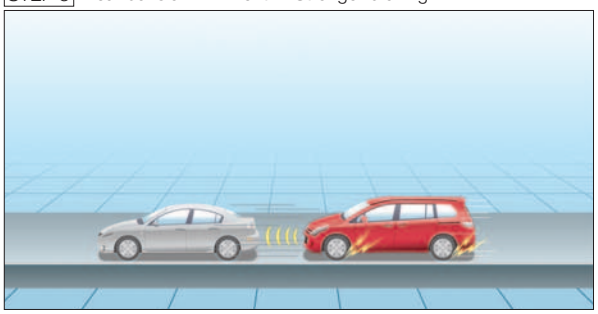
STEP 1 Proximity to moving vehicle → Warning alarm → Warning light



STEP 2 Vehicle moving closer → Light braking



STEP 3 Rear collision imminent → Stronger braking



Intelligent Transport System (ITS)

A System that Achieves Road Traffic Safety

The Intelligent Transport System (ITS) aims to offer a solution to traffic accidents, congestion and other road transportation problems by using the latest information and communication technology to unite drivers, roads and vehicles in a data network. In Japan, a collaborative organization among industry, academia and government — spearheaded by the Japanese Ministry of Land, Infrastructure and Transport and the National Police Agency — is carrying out R&D activities to make this system a reality.

In September 2006, the Hiroshima Area ITS Public Road Proving Test Association was established through a cooperative industry-academia-government effort involving Mazda; the Chugoku Regional Development Bureau of the Ministry of Land, Infrastructure and Transport; the Hiroshima Prefectural Police Headquarters; Hiroshima University and other organizations. The association was formed to promote empirical tests on vehicle safety technology using cutting-edge ITS.

Close-up Presenting the Results of ITS Development at the Automotive Engineering Exposition

On May 23, 2007, Mazda presented the research results*1 of the Driving Safety Support System at the Automotive Engineering Exposition, an automotive technology event held at the Pacifico Yokohama. The system has a "probing function"*2 that uses the Internet to gather information on vehicle speed, position and other data.

With the system, data on road locations where sudden braking has occurred is collected through the probing function and compiled at a dedicated center. The resulting geographic data is being used to create a "near-accident map" by analyzing likely danger areas. The effect of changes in weather, time of day and other factors will also be analyzed and reflected in the map. The data will be transmitted to car navigation and other onboard systems, where voice and other guidance will alert the driver to these potential dangers.

*1 Conducted as a joint research project of the Internet ITS Consortium, headed up by Mazda and involving DENSO Corporation, NEC Corporation, Nippon Seiki Co., Ltd. and the Japan Weather Association.

*2 A function that considers each vehicle as a probe and transmits the vehicle's array of sensor data outside the vehicle for collection in real time.

Automotive Engineering Exposition

Toward a Safe Automotive Society

Personal Message

In dangerous spots where many drivers have suddenly hit the brakes, a little inattention can lead to a serious accident. Using the probing function, we can identify these danger areas and call them to the driver's attention.

The probing function is a way to create a safer and more secure automotive society by bringing together information from all drivers. I am very excited about putting this technology to practical use.

Shinya Yamasaki
Technical Research Center

Participating in the Advanced Safety Vehicle (ASV) Project

Mazda is taking part in the ASV Development Promotion Project, sponsored by the Japanese Ministry of Land, Infrastructure and Transport. All domestic automotive manufacturers (four-wheel vehicles, two-wheel vehicles, trucks and buses) are participating in this project to research and develop driving safety support systems using vehicle-to-vehicle communication.

Mazda developed a test vehicle based on the Atenza and in FY2005 conducted joint proving tests at the Tomakomai Winter Test Track of the Civil Engineering Research Institute for Cold Region. The tests investigated the driving safety support system's ability to prevent head-on, right-turn and other types of collisions on roads with poor visibility by using vehicle-to-vehicle data exchange.

Example of a System Using Vehicle-to-Vehicle Communication: Danger Avoidance and Collision Prevention during Right Turns

The system receives information on the proximity of oncoming vehicles through vehicle-to-vehicle communication. When danger is detected, the system alerts the driver with voice guidance and a visual display reading "Oncoming vehicle approaching."

STEP 1 An oncoming vehicle approaches from behind a truck

STEP 2
System receives information on oncoming vehicle via vehicle-to-vehicle communication

STEP 3 Driver is alerted with voice guidance and visual display

Participating in the Universal Traffic Management System (UTMS*) Development Project

Mazda is participating in the Driving Safety Support Systems (DSSS) development project being promoted by the National Police Agency and the Universal Traffic Management Society of Japan.

This project conducts R&D on DSSS that employ optical beacons and other means of road-to-vehicle communication.

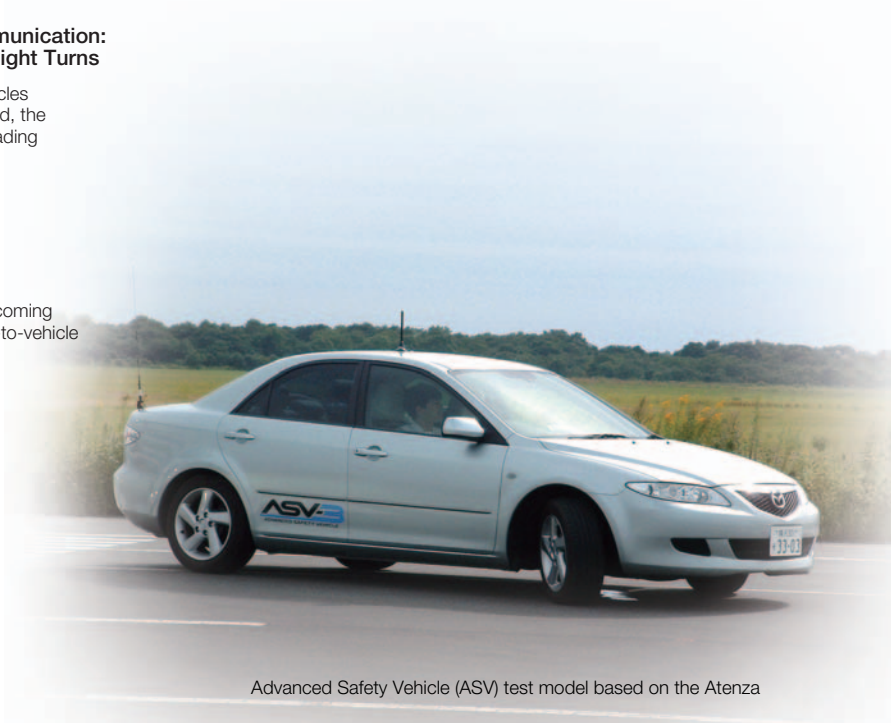
* The Universal Traffic Management System (UTMS) aims to build a transportation society that is safe, pleasant and environmentally friendly, through sophisticated information and communication technology, such as two-way communication between the traffic control system and individual vehicles.

Participating in the Smart Way Project

Smart Way is a system also known as the Advanced Cruise-Assist Highway System (AHS) that aims to reduce traffic accidents and ease traffic jams by linking roads and vehicles using roadside sensors, road-to-vehicle communication and other cutting-edge ITS technologies.

The Smart Way Project to develop and bring this system into practice is currently being spearheaded by the Road Bureau of the Ministry of Land, Infrastructure and Transport. The project researches and develops driving support systems, employing radio beacons for road-to-vehicle communication mainly on national highways and expressways.

In May 2007, proving tests were begun on national highways around Tokyo, with participation by automobile manufacturers, car navigation system makers and other relevant organizations. The tests seek to verify the effectiveness of safety systems linked with road infrastructure in preventing such accidents as rear-end collisions when approaching traffic congestion.



Advanced Safety Vehicle (ASV) test model based on the Atenza

Site data: Hiroshima Region

Hiroshima Plant

Address: 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan
Operations started: March 1931
Major products: Passenger cars, trucks, engines, automobile manual transmissions
ISO14001 certification: June 2000
Site area (floorspace): 2,247,000 square meters (1,796,000 square meters)

Hiroshima Plant

Miyoshi Office (including plant)

Address: 551-1 Higashi-sakaya-cho, Miyoshi-shi, Hiroshima, Japan
Operations started: May, 1974
Major products: Engines
ISO14001 certification: June 2000
Site area (floorspace): 1,667,000 square meters (64,000 square meters)

Miyoshi Office (including plant)

Hiroshima Plant

Atmospheric pollutants

Atmospheric pollutants		Units	Regulation	Actual (max.)
NOx	Boilers	ppm	300	210
			230	210
			180	97
			150	68
	Drying ovens	ppm	250	140
			230	56
	Melting furnaces	ppm	180	140
	Diesel engines	ppm	950	710
	Heating furnaces	ppm	200	61
			180	36
			150	84
			130	73
	Roasting furnaces	ppm	220	47
Ash	Boilers	g/m^{3}N	0.30	0.04
			0.25	0.14
			0.20	0.01
			0.10	0.0034
	Drying ovens	g/m^{3}N	0.40	0.0013
			0.35	0.0014
			0.20	0.0022
			0.15	0.0027
	Melting furnaces	g/m^{3}N	0.40	0.1
			0.20	0.1
			0.10	0.0085
	Diesel engines	g/m^{3}N	0.10	0.018
	Heating furnaces	g/m^{3}N	0.40	0.039
			0.25	0.095
			0.20	0.043
	Roasting furnaces	g/m^{3}N	0.10	<0.001
SOx	K-value regulation	–	7	2.3
VOC	Painting facilities	ppm	700	465
	Washing facilities	ppm	400	184

Water pollutants

Wastewater drainage to Enko River and Kaita Bay

Water pollutants	Units	Regulation	Actual		
			Max.	Min.	Avg.
pH (freshwater)	–	5.8–8.6	7.4	6.5	7
pH (seawater)	–	5.5–9.0	7.6	6.7	7
BOD	mg/ℓ	120	4.4	ND	<1.9
COD	mg/ℓ	15	11.2	1	4.3
SS	mg/ℓ	150	7	ND	<2.9
Oil	mg/ℓ	5	0.9	ND	<0.5
Copper	mg/ℓ	3	0.03	ND	<0.01
Fluorine (freshwater)	mg/ℓ	8	0.2	ND	<0.1
Fluorine (seawater)	mg/ℓ	15	4.3	0.3	1.9
Zinc	mg/ℓ	5	1.9	0.01	0.43
Soluble iron	mg/ℓ	10	0.1	ND	<0.1
Soluble manganese	mg/ℓ	10	0.9	ND	<0.2
Total nitrogen	mg/ℓ	60	16	1.7	6.2
Total phosphorus	mg/ℓ	8	2.6	ND	<0.34
Coliform groups	colonies/cm^3	3,000	1,600	ND	<108
Phenol	mg/ℓ	5	0.4	ND	<0.03
Chromium	mg/ℓ	2	0.02	ND	<0.01
Boric acid (freshwater)	mg/ℓ	10	0.43	0.22	0.33
Boric acid (seawater)	mg/ℓ	230	1.7	0.13	1.05
Ammonia, ammonium, nitrous acid and nitrous acid compounds	mg/ℓ	100	10	0.4	3.12

The following substances were not detected: cadmium, cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, PCB, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1.2-dichloroethane, 1.1-dichloroethylene, cis 1.2-dichloroethylene, 1.1.1-trichloroethane, 1.1.2-trichloroethane, 1.3-dichloropropene, thiuram, simazine, thiobencarb, benzene, and selenium.

(* indicates Class 1 Designated Chemical Substance of which 500 kg/year or more are handled)
(Other indications are of Class 1 Designated Chemical Substances of which 1000 kg/year or more are handled)

PRTR (Pollution Release and Transfer Register)

(Unit: kg/year)

Substance No.	Substance group	Amount handled	Air	Water	Soil	Volume emitted	Amount consumed	Amount disposed	Amount transferred: Waste product	Recycled
1	Water-soluble zinc compounds	19,809	0	274	0	274	15,958	0	3,577	0
29	4,4'-isopropylidenediphenol	3,200	0	0	0	0	0	3,200	0	0
30	Polymer of 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxypropane (in liquid state only)	5,015	0	0	0	0	5,015	0	0	0
40	Ethyl benzene	192,188	106,784	0	0	106,784	43,201	40,110	0	2,093
43	Ethylene glycol	1,628,586	10	0	0	10	1,628,576	0	0	0
63	Xylene	834,816	350,264	0	0	350,264	198,556	179,610	0	106,386
68	Chromium and trivalent chromium compounds	75,694	0	0	0	0	72,852	0	2,830	12
69*	Hexavalent chromium compounds	6,917	0	0	0	0	4,087	2,830	0	0
198	1,3,5,7-tetraazetoricyclo [3.3.1.1^{3,7}] decane	129,223	0	0	0	0	0	129,223	0	0
224	1,3,5-trimethylbenzene	65,997	25,948	0	0	25,948	13,061	14,409	0	12,579
227	Toluene	1,205,107	326,673	0	0	326,673	467,439	393,592	0	17,403
231	Nickel	6,039	0	0	0	0	6,030	0	0	9
232*	Nickel compounds	3,049	0	369	0	369	1,048	0	1,632	0
253	Hydrazine	1,066	0	0	0	0	0	1,066	0	0
266	Phenol	717,979	17	21	0	38	0	717,941	0	0
272	Bis (2-ethylhexyl) phthalate	8,032	0	0	0	0	7,791	241	0	0
283	Hydrogen fluoride and its water-soluble salts	4,489	0	718	0	718	0	0	3,771	0
299*	Benzene	30,048	38	0	0	38	18,404	11,606	0	0
310	Formaldehyde	270,142	2,749	0	0	2,749	0	267,393	0	0
311	Manganese and its compounds	393,057	0	281	0	281	391,183	0	1,557	36
346	Molybdenum and its compounds	5,088	0	0	0	0	2,874	0	109	2,105
Total		5,605,541	812,483	1,663	0	814,146	2,876,075	1,761,221	13,476	140,623

Miyoshi Office (including plant)

Atmospheric pollutants

Atmospheric pollutants		Units	Regulation	Actual (max.)
NOx	Boilers	ppm	250	180
	Diesel engines	ppm	950	640
Ash	Boilers	g/m^{3}N	0.30	0.11
	Diesel engines	g/m^{3}N	0.10	0.06
SOx	K-value regulation	–	17.5	1.5

Water pollutants

Wastewater drainage to Basen River

Water pollutants	Units	Regulation	Actual: Max.	Actual: Min.	Actual: Avg.
pH	–	5.8–8.6	7.7	7	7.4
BOD	mg/ℓ	70	6	1	2.6
SS	mg/ℓ	70	4.5	0.6	2.4
Oil	mg/ℓ	5	ND	ND	ND
Fluorin	mg/ℓ	8	0.3	0.3	0.3
Soluble manganese	mg/ℓ	10	0.3	ND	<0.2
Total nitrogen	mg/ℓ	60	0.4	0.4	0.4
Total phosphorus	mg/ℓ	8	0.01	0.01	0.01
Coliform groups	colonies/cm^3	3,000	142	ND	29
Boric acid	mg/ℓ	10	0.03	0.03	0.03
Ammonia, ammonium, nitrous acid and nitrous acid compounds	mg/ℓ	100	0.9	0.9	0.9
Lead	mg/ℓ	0.1	0.02	ND	<0.01

The following substances were not detected: cadmium, cyanogen, organic phosphorus, hexavalent chromium, arsenic, mercury, alkyl mercury, PCB, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1.2-dichloroethane, 1.1-dichloroethylene, cis 1.2-dichloroethylene, 1.1.1-trichloroethane, 1.1.2-trichloroethane, 1.3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, phenol, zinc, soluble iron, copper and chromium.

(* indicates Class 1 Designated Chemical Substance of which 500 kg/year or more are handled)
(Other indications are of Class 1 Designated Chemical Substances of which 1000 kg/year or more are handled)

PRTR (Pollution Release and Transfer Register)

(Unit: kg/year)

Substance No.	Substance group	Amount handled	Air	Water	Soil	Volume emitted	Amount consumed	Amount disposed	Amount transferred: Waste product	Recycled
40	Ethyl benzene	8,257	0.96	0	0	0.96	0	8,256	0	0
63	Xylene	37,870	3.9	0	0	3.9	0	37,866	0	0
224	1,3,5-trimethylbenzene	3,178	0.11	0	0	0.11	0	3,178	0	0
227	Toluene	97,196	35	0	0	35	0	97,161	0	0
299*	Benzene	3,262	4.1	0	0	4.1	0	3,258	0	0
Total		149,763	44	0	0	44	0	149,719	0	0

Site data: Hofu District

Nishinoura District

Address: 888-1 Nishinoura, Hofu-shi, Yamaguchi, Japan
Operations started: September 1982
Major products: Passenger cars
ISO14001 certification: September 1998
Site area (floorspace): 792,000 square meters (297,000 square meters)

Hofu Plant, Nishinoura District

Nakanoseki District

Address: 415-8 Hamakata, Hofu-shi, Yamaguchi, Japan
Operations started: December 1981
Major products: Transmissions
ISO14001 certification: September 1999
Site area (floorspace): 537,000 square meters (100,000 square meters)

Hofu Plant, Nakanoseki District

Nishinoura District

Atmospheric pollutants

Atmospheric pollutants		Units	Regulation	Actual (max.)
NOx	Boilers	ppm	250	48
			150	50
			130	70
	Drying ovens	ppm	230	180
Ash	Boilers	g/m^{3}N	0.20	0.034
			0.10	0.002
	Drying ovens	g/m^{3}N	0.35	0.006
			0.30	0.015
			0.20	0.008
SOx	K-value regulation	–	4.5	1.54
	Total Pollutant Load Control	m^{3}N/h	47.78	10.03
VOC	Painting facilities	ppm	700	370

Water pollutants

Wastewater drainage to Oumi Bay

Water pollutants	Units	Regulation	Actual		
			Max.	Min.	Avg.
pH	–	5.0–9.0	7.3	7.1	7.2
COD	mg/ℓ	40	12	6.7	9.4
SS	mg/ℓ	30	4.7	1.6	3.2
Oil	mg/ℓ	2	ND	ND	ND
Zinc	mg/ℓ	5	0.29	0.09	0.2
Total nitrogen	mg/ℓ	60	3.3	2.1	2.7
Total phosphorus	mg/ℓ	8	1.5	1.2	1.4
Coliform groups	colonies/cm^3	3,000	210	70	140
Fluorin	mg/ℓ	15	0.97	0.59	0.78
Ammonia, ammonium, nitrous acid and nitrous acid compounds	mg/ℓ	100	3.2	1	2.1

The following substances were not detected: cadmium, cyanogen, organic phosphorus, hexavalent chromium, arsenic, mercury, alkyl mercury, PCB, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1.2-dichloroethane, 1.1-dichloroethylene, cis 1.2-dichloroethylene, 1.1.1-trichloroethane, 1.1.2-trichloroethane, 1.3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, boric acid, phenol, copper, soluble iron, soluble manganese and chromium.

(* indicates Class 1 Designated Chemical Substance of which 500 kg/year or more are handled)
(Other indications are of Class 1 Designated Chemical Substances of which 1000 kg/year or more are handled)

PRTR (Pollution Release and Transfer Register)

(Unit: kg/year)

Substance No.	Substance group	Amount handled	Air	Water	Soil	Volume emitted	Amount consumed	Amount disposed	Amount transferred Waste product	Recycled
1	Water-soluble zinc compounds	15,204	0	239	0	239	13,326	0	1,639	0
30	Polymer of 4,4'-isopropylidenediphenol and 1-chloro-2,3-epoxypropane (in liquid state only)	2,226	0	0	0	0	2,226	0	0	0
40	Ethyl benzene	136,762	68,999	0	0	68,999	57,872	9,891	0	0
43	Ethylene glycol	1,833,786	11	0	0	11	1,833,775	0	0	0
63	Xylene	600,235	277,456	0	0	277,456	265,956	40,016	0	16,807
224	1,3,5-trimethylbenzene	56,880	15,582	0	0	15,582	18,573	2,125	0	20,600
227	Toluene	1,008,541	286,278	0	0	286,278	638,420	42,692	0	41,151
232*	Nickel compounds	2,983	0	361	0	361	1,027	0	1,595	0
272	Bis (2-ethylhexyl) phthalate	18,957	0	0	0	0	18,389	568	0	0
299*	Benzene	24,519	31	0	0	31	24,247	241	0	0
311	Manganese and its compounds	4,882	0	224	0	224	3,229	0	1,273	156
Total		3,704,975	648,357	824	0	649,181	2,877,040	95,533	4,507	78,714

Nakanoseki District

Atmospheric pollutants

Atmospheric pollutants		Units	Regulation	Actual (max.)
NOx	Melting furnaces	ppm	180	50
Ash	Heating furnaces	g/m^{3}N	0.25	0.006
			0.20	0.008
	Melting furnaces	g/m^{3}N	0.20	0.015
SOx	K-value regulation	K-value	4.5	0.20
	Total Pollutant Load Control	m^{3}N/h	17.54	0.046

Water pollutants

Wastewater drainage to Oumi Bay

Water pollutants	Units	Regulation	Actual Max.	Actual Min.	Actual Avg.
pH	–	5.0–9.0	7.9	7.3	7.6
COD	mg/ℓ	40	16	3.3	8.1
SS	mg/ℓ	30	14	ND	<0.5
Oil	mg/ℓ	2	0.8	ND	<0.5
Zinc	mg/ℓ	5	0.1	0.08	0.09
Total nitrogen	mg/ℓ	60	13	2.5	6.3
Total phosphorus	mg/ℓ	8	0.64	0.31	0.48
Coliform groups	colonies/cm^3	3,000	1,600	28	814
Boric acid	mg/ℓ	230	0.5	0.4	0.5
Fluorin	mg/ℓ	15	0.1	ND	<0.1
Ammonia, ammonium, nitrous acid and nitrous acid compounds	mg/ℓ	100	6.3	5.7	6

The following substances were not detected: cadmium, cyanogen, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1.2-dichloroethane, 1.1-dichloroethylene, cis 1.2-dichloroethylene, 1.1.1-trichloroethane, 1.1.2-trichloroethane, 1.3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, phenol, copper, soluble iron, soluble manganese, chromium.

PRTR (Pollution Release and Transfer Register)

None (amounts of Designated Chemical Substances defined under the PRTR Law were all below levels requiring reporting).

Environmental Data for FY2006 New Models and Updated Models (Passenger Cars in Japan)

The table below lists models that are representative of their vehicle type. Neither the Premacy nor the Mazdaspeed Axela are new models or models that have undergone a model change, but new environmental data is listed for newly added models.

Name			CX-7	Premacy	Mazdaspeed Axela
Specifications	Vehicle type		CBA-ER3P	DBA-CREW	DBA-BK3P
	Engine	Model	L3	LF	L3
		Type	In-line 4 cylinder DOHC 16V	In-line 4 cylinder DOHC 16V	In-line 4 cylinder DOHC 16V
		Displacement (cc)	2,260	1,998	2,260
		Fuel	Unleaded premium gasoline	Unleaded regular gasoline	Unleaded premium gasoline
		Fuel supply system	Direct injection	Direct injection	Direct injection
	Drive		FF	FF	FF
	Transmission		6AT	5AT	6MT
Fuel economy	Fuel efficiency at 10-15 mode (km/liter)		9.1	15.0	11.2
	Compliance with the Japanese 2010 fuel efficiency standardsrds		–	+10%	–
Exhaust emissions	Regulations complied with		2005	2005	2005
	Low Emission Vehicle level		U-LEV	SU-LEV	SU-LEV
	CO (g/km)		1.15	1.15	1.15
	NMHC (g/km)		0.025	0.013	0.013
	NOx (g/km)		0.025	0.013	0.013
	Low pollution vehicle (local governments)*1		Yes	Yes	Yes
External noise	Regulation complied with		1998 regulation	1999 regulation	1998 regulation
	Regulation value complied with (dB-(A))		76	76	76
Greenhouse gases	Air conditioner refrigerant		HFC-134a	HFC-134a	HFC-134a
	Amount of air conditioner refrigerant used (g)		525	500	500
	CO_2 emissions (g/km)		255.1	154.8	207.3
Use of substances with an environmental impact	Lead usage compared to 1996		1/10 or less	1/3 or less	1/3 or less
	Mercury		Extremely small quantity*2	Extremely small quantity*2	Extremely small quantity*2
	Hexavalent chromium		Not used	Not used	Not used
	Cadmium		Not used	Not used	Not used
Recycling	Parts using easily-recycled materials		Easily-recycled thermosetting plastics are used for the bumpers and interior parts	Easily-recycled thermosetting plastics are used for the bumpers and interior parts	Easily-recycled thermosetting plastics are used for the bumpers and interior parts
	Parts made from recycled bumpers		Splash shield, etc.	Mudguard	Rear under-cover, etc.
	Material identification on plastic parts		Yes	Yes	Yes

*1 8 metropolitan prefectures and cities around Tokyo, and 6 prefectures and cities in the Kyoto/Osaka/Kobe region

*2 The absolute minimum amounts are used to enable vehicle functions and ensure traffic safety.

Information on other models is contained on Mazda's website

Number of Low-polluting Vehicles Sold during FY2005

		Passenger Cars		Tracks		Total
		Standard/ Compact	Micro-mini	Standard/ Compact	Micro-mini	
Low-polluting vehicles	Electric vehicles	0	0	0	0	0
	Hybrid vehicles	0	0	0	0	0
	CNG vehicles	0	0	18	0	18
	Methanol vehicles	0	0	0	0	0
Vehicles approved for high fuel efficiency and low emissions status*	SU-LEV: 75% lower than 2005 exhaust emissions standards	143,157	28,712	747	0	172,616
	U-LEV: 50% lower than 2005 exhaust emissions standards	2,729	10,191	2,753	427	16,100
	U-LEV: 75% lower than 2000 exhaust emissions standards	0	0	0	0	0
	T-LEV: 25% lower than 2000 exhaust emissions standards	0	0	0	0	0
Diesel alternative LPG vehicles		–	–	319	–	319
Hydrogen vehicles		5	–	–	–	5
Total		145,891	38,903	3,837	427	189,058

* Cars which achieved fuel efficiency standards set by the Energy Saving Act, and which are designated low-emissions vehicles based on the low-emissions vehicle approval guidelines.

Third-Party Opinion

Eiichiro Adachi
Senior Producer
Japan Research Institute, Limited

The following third-party opinion concerns the disclosure by the Mazda Group of social and environmental information and its various activities in these areas, as understood through this report, from the standpoint of providing corporate data for socially responsible investment to financial institutions.

- An awareness of environmental and social governance (ESG) factors among all parties with a connection to socially responsible investment has been established throughout the supply chain. On this point, I appreciate the progress made by Mazda in its efforts to emphasize the reduction of its environmental impact, including among dealerships and business partners. Regarding relationships with business partners, I note the clearly stated message, “supporting, not simply requesting, is important” and the examples cited of support given to suppliers in the construction of environmental management systems.
- On the other hand, Mazda is at the center of a corporate group that has approximately 38,000 employees worldwide and for which overseas sales account for roughly 73% of total revenue. Examples given, such as the contributions made by a production facility in Thailand to the local community, appears to be topical coverage. I expect the organizations covered in this report to be expanded in the near future to include overseas subsidiaries and affiliated companies.
- Without a doubt, environmental aspects are crucial to the sustainability of automobile manufacturers. On this point, the message that “driving performance and environmental safety are not inherently contradictory, but can be harmonized” is clear. I would also like to commend the sections that have shown a broader picture that addresses multiple solutions. Improvement of diesel engines continues to be a focus and I understand the results of this research are highly valued. I am focusing particular attention on hydrogen-fueled rotary engine vehicles. Going forward, I ask that Mazda’s environmental features be clarified, for example, by using the LCA evaluation standard.
- I commend the fact that a target for the reduction of CO_2 emissions in production areas has been established as an absolute quantity, and that the reduction of emissions is being realized. However, I would like to see the establishment of a global target standard rather than a purely domestic one. Furthermore, I ask that a specific target be established for the reduction of CO_2 emissions when products are in use. Investors are greatly concerned about the anticipated strengthening of regulations related to the volume of corporate average CO_2 emissions in Europe. I expect to see a reference pertaining to the outlook for complying with these regulations.
- Regarding after-sales service and automobile recycling, a large number of used cars are distributed in developing countries and problems are emerging, such as air pollution caused by poor maintenance and inappropriate disposal of scrapped cars. I request improvements to overseas operating standards that will include dealing with used cars.

These comments do not constitute a judgment on whether this report presents accurate measurements and calculations, has any major omissions, or was prepared in accordance with generally recognized fair and appropriate production standards for environmental and other reports.

Topics Referenced in GRI Guidelines

Item	Definition	Corresponding report page	Websites
1. Vision and Strategy			
1.1	Statement of the organization's vision and strategy regarding its contribution to sustainable development.	1, 9	
1.2	Statement from the CEO (or equivalent senior manager) describing key elements of the report.	7–8	
2. Profile			
Organizational Profile			
2.1	Name of reporting organization.	1	
2.2	Major products and/or services, including brands if appropriate.	1, 3	
2.3	Operational structure of the organization.	5–6	
2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures.	3	
2.5	Countries in which the organization's operations are located.	5–6	
2.6	Nature of ownership; legal form.	3	
2.8	Scale of the reporting organization.	3	
2.9	List of stakeholders, key attributes of each, and relationship to the reporting organization.	9	
Report scope			
2.10	Contact person(s) for the report, including e-mail and web addresses.	2	
2.11	Reporting period (e.g., fiscal/calendar year) for information provided.	2	
2.12	Date of most recent previous report (if any).	2	
2.13	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries)	2	
Report Profile			
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	29–30, 47–48	
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	47–48	
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	2	
2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organization's activities, including facility-specific information (if available).	2	
3. Governance Structure and Management Systems			
Structure and Governance			
3.1	Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organization.	10	
3.4	Board-level processes for overseeing the organization's identification and management of economic, environmental, and social risks and opportunities.	11	
3.6	Organizational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	9	
3.7	Mission and values statements, internally developed codes of conduct or principles, and polices relevant to economic, environmental, and social performance and the status of implementation.	9	
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors.	10	
Stakeholder Engagement			
3.9	Basis for identification and selection of major stakeholders.	9	
3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	19–38	
3.11	Type of information generated by stakeholder consultations.	19–38	
3.12	Use of information resulting from stakeholder engagements.	19–38	
Overarching Policies and Management Systems			
3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	11	
3.15	Principal memberships in industry and business associations, and/or national/international advocacy organizations.	3, 68, 71–72	
3.16	Policies and/or systems for managing upstream and downstream impacts.	25–28, 62, 66–67	
3.17	Reporting organization's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	47–49	
3.19	Programs and procedures pertaining to economic, environmental, social performance and its details.	9–13, 45–52	
3.20	Status of certification pertaining to economic, environmental, and social management systems.	45	
4. GRI Content Index			
4.1	A table identifying location of each element of the GRI Report Content, by section and indicator.	79–80	
5. Performance Indicators			
Economic Performance Indicators			
Customers			
EC1	Net sales.	30	
EC2	Geographic breakdown of markets.	30	
Providers of Capital			
EC7	Increase/decrease in retained earnings at end of period.	29–30	
Environmental Performance Indicators			
Materials			
EN1	Total materials use other than water, by type.	49	
Energy			
EN3	Direct energy use segmented by primary source.	49, 59	
EN17	Initiatives to use renewable energy sources and to increase energy efficiency.	59, 68	
Water			
EN5	Total water use.	49	
EN21	Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.	61	
Emissions, Effluents, and Waste			
EN8	Greenhouse gas emissions (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6).	49, 59	
EN10	NOx, SOx, and other significant air emissions by type.	49, 73–76	
EN11	Total amount of waste by type and destination.	60	
EN13	Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	46	
Products and Services			
EN14	Significant environmental impacts of principal products and services.	53–58, 77	
EN15	Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	50, 66	
Compliance with Declarations, Conventions, Treaties			
EN16	Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	65	
Suppliers			
EN33	Performance of suppliers relative to environmental components of programs and procedures described in response to Governance Structure and Management Systems section (Section 3.16)	62	
Transport			
EN34	Significant environmental impacts of transportation used for logistical purposes.	49, 63–64	
Overall			
EN35	Total environmental expenditures by type.	47–48, 65	

Item	Definition	Corresponding report page	Websites
Social Performance			
Labor Practices and Decent Work			
Employment			
LA1	Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.	–	●
LA2	Net employment creation and average turnover segmented by region/country.	–	●
LA4	Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organization's operations (e.g., restructuring).	34	
LA12	Employee benefits beyond those legally mandated.	32–33	●
Health and Safety			
LA5	Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	34	
LA6	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	–	●
LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	34	
LA15	Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.	–	●
Training and Education			
LA16	Description of programs to support the continued employability of employees and to manage career endings.	31–34	●
LA17	Specific policies and programs for skills management or for lifelong learning.	31–34	●
Diversity and Opportunity			
LA10	Description of equal opportunity policies or programs, as well as monitoring systems to ensure compliance and results of monitoring.	31–34	
LA11	Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate	33	
Human Rights			
Strategy and Management			
HR1	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	13	
HR2	Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.	25	
HR3	Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.	25	
HR8	Employee training on policies and practices concerning all aspects of human rights relevant to operations.	13	
Non-discrimination			
HR4	Description of global policy and procedures/programs preventing all forms of discrimination in operations.	13	
Disciplinary Practices			
HR9	Description of appeal practices, including but not limited to human rights issues.	12, 13	
HR10	Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights)	12, 13	
Society			
Community			
SO1	Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring.	35–39	
SO4	Awards received relevant to social, ethical, and environmental performance.	20, 25, 27, 28, 32, 53, 55, 59	●
Bribery and Corruption			
SO2	Description of the policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption.	12	
SO7	Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behavior.	12	
Product Responsibility			
Customer Health and Safety			
PR1	Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programs to address this issue, including monitoring systems and results of monitoring.	19–24, 57, 69–72	
PR4	Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.	20	
PR5	Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.	19–20	
PR6	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received.	53–55	
Products and Services			
PR8	Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys.	19	
Respect for Privacy			
PR3	Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.	22	●

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September 2007

PRINTED WITH SOY INK
Trademark of American Soybean Association

Printing Naturally

• Printed on non-wood fiber Kenaf paper.