Note from the Editors

From this year, the Mazda Motor Corporation annual Environmental Report not only summarizes our activities in environmental protection, but also includes a variety of social information.

With the enhancement of our internal approach to this report, including the creation of the CSR Committee, this edition introduces the Mazda approach to environmental protection, workplace safety, and our responses to the plant fire that occurred in December 2004. We have also expanded the amount of material covering the people so important in advancing our corporate improvement efforts, in particular our personnel development system and programs to ensure that the skills of master technicians and other experts are successfully passed on to others.

We hope that this document will help you better understand Mazda’s corporate activities, and our objective of working together with society for sustainable development.

Scope of this Social & Environmental Report

[Organizations covered]
Mazda Motor Corporation, its domestic (Japan) Group companies, and selected overseas Group companies.

[Period covered]
In principle, the fiscal year from April 2004 to March 2005, but also including selected activities from fiscal 2005.

[Website]
A variety of information is available for viewing or download on our website, including financial information and annual reports.
http://www.mazda.com/

[Referenced guidelines]
This report was made with reference to the following guidelines.
mitters Sustainability Reporting Guidelines 2002
Ministry of the Environment Guidelines for Environmental Reporting 2003

[For additional information]
Global Communications Planning Department, Mazda Motor Corporation
Tel: +81 (82) 287-4676  Fax: +81 (82) 287-5225

[Major public information releases]
- Environmental report  Annual
- Environmental data for each model  Website
- Mazda in Brief  Annual
- Press releases  As required

The next Environmental Report is scheduled to be released in summer 2006.
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Message from the president

Mazda developed its Millennium Plan to achieve “Product-Driven Growth,” and the success of new-generation products starting with the Mazda6(Atenza) has fueled our growth in the global marketplace. In November 2004 we announced the outline of our long-term corporate vision for the coming decade, along with the “Mazda Momentum” mid-term management plan designed to lay the foundation for full-scale growth in the future. We have taken a large step toward the realization of our goals.

The outline of the long-term vision clearly positions corporate social responsibility (CSR) as a key foundation of the company. Mazda has always worked toward a sustainable society, taking a leading and strategic role in resolving a host of related issues as an automobile manufacturer, especially in environmental protection.

In December 2004 we established the CSR Committee at Mazda to better direct our efforts. The immediate tasks are to ensure a deeper, groupwide understanding of what CSR means to Mazda.

We believe that CSR demands a deep understanding of the demands of society and the current situation, and working to find solutions through innovation in technology and organization. We strive first to understand precisely what our stakeholders need, and then to explain ourselves completely and factually from that understanding. This report provides as much information as possible, in a readily understandable format, to our customers, the local community, employees, shareholders and other stakeholders.

One important part of this corporate activity is the revision of the Mazda Global Environmental Charter spelling out our environmental policy, in April 2005. The Charter now specifies that the entire Group will cooperate in achieving these goals. The older Mazda Global Environmental Conference was replaced in July 2005 by the Mazda Environment Committee to promote these activities while incorporating a global perspective.

We are committed to the “One Mazda” stance, with all employees in Japan and around the world working toward a common goal. We are advancing the Mazda Business Leader Development(MBLD) program in human development, helping all employees share a common understanding of company goals and work toward those goals in their jobs. As we enter our second period of corporate growth we are revolutionizing ourselves with a new sense of unity.

This report provides as much information as possible, in a readily understandable format, to our customers, local community, employees, shareholders and other stakeholders. In spite of reporting our fourth consecutive quarter of increased revenues and profits, we also experienced the Ujina No. 1 Plant fire, and the occurrence of and responses to that fire are also covered. We wish once again to express our sincere apologies to all those affected by the fire, and hope that through this report you will better understand our efforts in health and safety, the environment, products, service, contribution to society, compliance and other CSR-related issues.

Mazda Motor is determined to continue its commitment to these issues as a foundation for the future.

President and CEO  Hisakazu Imaki
Sincerity and the Concept of "One Mazda" as Guides for Mazda CSR Activities

Senior Researcher Eiichiro Adachi of The Japan Research Institute, Limited. and Senior Managing
Executive Officer in charge of CSR, Ryoichi Hasegawa, discussed what activities the Mazda Group
is engaged in to fulfill its corporate responsibility, and exactly what the company’s CSR is.

Adachi: The Social & Environmental Report for FY 2003 included a third-
party opinion from the viewpoint of a firm providing corporate information
on CSR for investment by financial institutions. The author praised the
report for breaking new ground in reporting on the company’s relations
with customers, dealers and employees. A special issue of Newsweek
magazine on CSR earlier this year placed Mazda as the company with the
4th-highest improvement in CSR rating. I feel that the Mazda approach to
corporate responsibility is gradually solidifying and CSR activities are
beginning to grow.

Hasegawa: Mazda has been involved in efforts called CSR for some time,
but we didn’t always publicize our activities sufficiently. From 2004, the
Environmental Report was issued as the Social & Environmental Report,
including social issues, and we continue to do our best to show Mazda as
it really is.

Adachi: The term CSR has had two major interpretations. The first is to
show what the corporation has accomplished, releasing more information
to the public. The second is to increase awareness of what social issues
affecting the industry remain to be resolved. Mazda has begun by
intensifying the information campaign.

Hasegawa: I think both are important, but we believe that keeping all our
stakeholders well informed on what we are and what we are doing is the
first step. We think that by starting with that, and then advancing
corporate activity to address emerging needs and wants will heighten
corporate value. At the same time, we established the CSR Committee last
December to define clearly what Mazda’s CSR is, and to guide continuing
CSR activity. We have defined six key criteria to evaluate and guide CSR
activity, namely compliance, environmental protection, customer
interaction, human development and support, contribution to society, and
information disclosure.

Strengthening activities as "One Mazda"

Adachi: What about the other point: social issues related to automobile
manufacturing, Mazda’s major line of business?

Hasegawa: With our CSR activity, along with information disclosure,
another crucially important project is environmental protection. First, the
Mazda Global Environmental Charter (page 34), which defines the basic
concepts of our environmental policy, was revised in April 2005. Second,
the older Mazda Global Environmental Conference was replaced in July
2005 by the Mazda Environment Committee (page 35) to promote these
activities. The Environment Committee has five sub-committees handling
key issues including suppliers and dealers, and is designed to promote
Groupwide environmental protection activity.

Adachi: You are strengthening efforts along the entire supply chain,
incorporating the entire Group.

Hasegawa: That’s right. We are stressing the "One Mazda" concept now,
eliminating barriers between departments and working as one to achieve
our goals. This applies to Mazda worldwide, not just in Japan.
The appointment of Executive Vice President John Parker from Ford was done to ensure that Mazda approached the global environmental protection in a unified manner.

Adachi: Of the individual environmental technologies, the progress made in hydrogen rotary engines is especially noteworthy. It was featured in last year’s report, too. When do you expect to release it?

Hasegawa: We hope to begin leasing in 2006. We are not only interested in it as a clean energy vehicle with minimal environmental impact, but also as an important step in fulfilling our “Zoom-Zoom” concept for fun driving (page 14). I tried it out myself, and it feels every bit as good as a gasoline design. Compared to fuel cell vehicles using hydrogen, it will be a lot easier to drop prices, and I really can’t wait to start selling it.

Fulfilling social responsibility: an opportunity for internal innovation

Adachi: In March I was invited to the 10th anniversary symposium of CSR Europe. One of the presentations was named “The European CSR Roadmap for Corporations,” and I was impressed that companies interpreted the ultimate significance of their CSR efforts as innovation, the entrepreneurial spirit, and personnel development. Europe has been working to define the term CSR for a decade now, and has apparently reached the conclusion that it is more than just an obligatory activity, but rather demands an aggressive, strategic stance to take advantage of the opportunity provided for corporate evolution in social issues. The development of a hydrogen rotary engine vehicle is one example of Mazda innovation. Our surveys indicate that Mazda has a number of superior characteristics when it comes in personnel development and support.

Hasegawa: Thank you. We have always believed that our people are important, and taken action to back it up. The Mazda Momentum mid-term management plan (page 77) has positioned personnel development as a key component. The company is based on its people. One of our unique educational programs is the MBLD (page 56), which was initiated by President Fields five years ago. MBLD is designed to ensure that each and every employee understands the position of Mazda, and exercises leadership as needed. Since the program was instituted for all employees, almost all of our people correctly understand the company situation, and are working together to achieve key goals.

And as employees rise to the challenge of corporate improvement, I think that innovation will blossom.

Adachi: Continually innovating your business process in accordance with expectations, while disclosing information to stakeholders and maintaining a balance between expectations of your company. To meet the challenge of issues such as environmental protection through innovation. And to innovate the organization and develop personnel in the pursuit of an established objective. When I hear these approaches, it seems clear that Mazda has defined a clear direction for CSR activity. I look forward to seeing the results!
The History and Spirit of Mazda

Ever since our foundation, we have carried forward our ideals: a zeal for technology and vehicles, as evidenced by our development of the rotary engine, and our determination to contribute locally as a good corporate citizen. Here are a few illustrations from our history that will help delineate the essence of Mazda.

A Love of Technology from Our Early Days

Mazda was established in 1920 as Toyo Cork Kogyo, Ltd. We leveraged the mechanical technology of those early years to change our name to Toyo Kogyo, and in March 1931 we manufactured our first three-wheel truck, laying the foundation for future growth to evolve into an automobile manufacturer.

In the three-wheel truck field, where almost all engines were imported at that time, we emphasized R&D with the goal of achieving a totally Japan-built product. Our recognition that technical capability was the driving force behind corporate growth continued after World War II, and R&D continued into basic technologies, especially materials. At the same time we introduced a range of new industrial technologies including shell casting, hailed as a revolution in casting, continuous gas immersion technology, Alfing technology and ductile casting manufacturing technology. The technological expertise and experience we gained laid the groundwork for the future development of the rotary engine.

The Region and Mazda – And August 6, 1945

Mazda enjoyed a wide range of benefits thanks to the geographical circumstances of Hiroshima. For example, the region already had considerable technical experience in steel product fabrication and shipbuilding, to name two, and as a result had an extensive number of highly-trained people with crucial knowledge and skills. Mazda also made good use of Hiroshima’s excellent transportation network and its position on Japan’s Inland Sea, becoming the first firm in the industry to utilize maritime transport for domestic shipments, such as to Hokkaido. Contribution to the local community where we work has always been a core part of Mazda, ever since our birth.

On August 6, 1945, the atomic bomb was dropped on Hiroshima, and Toyo Kogyo ceased all production activities. While damage to company facilities was minimal, because of our location 5.3 km from the center, employee morale was devastated. The company immediately opened all facilities and its stock of medical supplies to the public, and devoted all of its efforts to rescue activities. The following day, on the morning of August 7, we opened emergency contact centers in four locations throughout the city, working to facilitate communication between employees and their families, and provide assistance.

For about a year from August 20, 1945, we provided portions of our corporate facilities to the Hiroshima Prefectural government, the local court and NHK Hiroshima Broadcasting. For this unfortunate period, Mazda was the center of government in Hiroshima.

The origin and meaning of “Mazda”

The company’s name, “Mazda,” derives from Ahura Mazda, a god of the earliest civilizations of West Asia. We have interpreted Ahura Mazda, the god of wisdom, intelligence and harmony, as the symbol of the origins of both Eastern and Western civilization, and also the primitive symbol of the automobile 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.

Glossary 1

Glossary 2

Glossary 3

Shell molding
This method of fabrication allows casting with greater strength and better dimension precision than standard casting, and is suited to making small and thin products. The name “shell” molding comes from the fact that the molds used are quite thin and shell-like in appearance.

Continuous gas carburizing technology
Carburizing is a type of surface treatment, consisting of quenching and tempering, used to enhance the wear resistance of surface layers after highly workable low-carbon steel is fabricated.

Alfing technology
A general-purpose copy lathe developed by ALFING Kessler Maschinenfabrik GmbH of Germany. It is capable of preserving circularity while cutting a stepped shaft I.D.

Social & Environmental Report 2005
The Origin of the Zoom-Zoom Spirit: The Challenge of the Rotary Engine

The continuously-rotating internal combustion engine invented by Felix Wankel of Germany in 1919 was the first rotary engine. Compared to standard reciprocating engines it rotated smoothly, and the extremely simple structure meant a very low parts count. These features, along with very low noise and vibration, drew considerable attention years later, and over 100 firms around the world expressed interest in accessing the technology even as development proceeded toward a practical implementation. Mazda was also extremely interested in developing this new type of engine, recognizing in it a possible solution to the needs of the emerging motorized society.

In 1961 we entered into negotiations with NSU and Wankel GmbH concerning rotary engine technology. Mazda cleared a host of technical obstacles, and in May 1967 finally released the Cosmo Sports, mounting the world’s first 2-rotor rotary engine. This created the solid base behind Mazda’s technology, which has earned its reputation across the globe, and was also the starting point of the “Zoom-Zoom” spirit representing our love for machinery and vehicles.

From Post-War Recovery to the Present

On a local radio program broadcast on January 4, 1953, Chairman Koichi Tanaka of Sanyo Mokuzai Bofu K.K. (now Xyence Corp.) commented “The War ended seven years ago, and there is still no place for the people assemble. It’s a bit sad. I’d really like some sort of public auditorium.” Tsuneji Matsuda, then president of Mazda, responded by approaching eight key financial leaders in the region together with President Tanaka to raise funds. The ten firms contributed about 350 million yen, and with the cooperation of local industry the Hiroshima Public Auditorium (now the International Conference Center Hiroshima) was completed within the Peace Memorial Park in February 1955. The ten firms went on to create the Futaba Association, which led efforts to improve the city infrastructure, such as through the donation of the Hiroshima Prefectural Government offices (1956), the Hiroshima Municipal Baseball Stadium (1957) and the Hiroshima Bus Center (1957), as well as the Hiroshima Prefecture Gymnasium and Hiroshima Bus Center. Their selfless spirit continues to impact social contribution today, while Mazda itself provides financial support for local professional sports teams such as the Hiroshima Carp (baseball) and

References:
1. “Corporate History of Toyo Kogyo: The First 50 years” (1972),

Mazda RX-7 introduced.
Developed under the basic theme of "pursuing the sheer joy of driving," the 12A-type rotary engine (130 H.P.) was mounted front-mid, delivering superb handling and stability.

Mazda Familia wins "Japanese Car for the Year."

Eunos Roadster (Mazda MX-5) released.
Marketed to provide drivers with the thrill of driving as a lightweight sports car carrying on a proud tradition, the Roadster became extremely popular in North America before it was released in Japan, and went on to become a best-selling product.

Mazda RX-8 4-door, 4-seater sports car released.

Mazda RX-8 wins RJC 2004 Car of the Year. (Japan)

Mazda Atenza wins Car of the Year for 2004 in China.
Mazda’s mid-size Atenza saloon won the ‘2004 Chinese Car of the Year’ awarded by Motor Trend China magazine.

Glossary 4
Ductile cast iron
By making the crystals in cast iron spherical, it is possible to increase the strength and elongation of the material. Formal name is, this is called nodular graphite cast iron.

Felix Wankel
This inventor researched the rotary engine, wondering if it could be possible to make a completely-rotational engine, instead of a reciprocating one. His dream was finally realized in 1959 with German motorcycle manufacturer NSU (later merged with Audi).
In accordance with its "corporate vision" (corporate objectives), Mazda is constantly revolutionizing itself, working to create new value for its customers.

**Corporate Vision**

Mazda has developed its existing management philosophy into a newly-formulated corporate vision. Consisting of the three key elements of Vision (corporate goals), Mission (corporate role and responsibility) and Value (the value created by Mazda), our corporate vision defines the objectives of the company and its employees, their roles and responsibilities, and what sense of values guides us as we strive to achieve our tasks.

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

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

- **Value**
  - 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.

**CSR**

An abbreviation for Corporate Social Responsibility.
What "social responsibility" means to Mazda

At Mazda, fulfilling our social responsibility means remaining a corporation that is beneficial to society, by taking care with quality, safety and the environment, and delivering unique products and services to keep our customers satisfied. This is why we are making every effort to achieve and maintain sound and transparent management, expand our corporate governance program, promote improved risk management, and ensure compliance with industry ethics and applicable laws and regulations. At the same time, we are working to ensure that corporate activity takes the needs and wants of all our stakeholders – shareholders, customers, investors, employees, the local community and government agencies – into account. Through these activities we will further increase the value of the corporation to society, and grow together with it in a sustainable manner.

CSR Committee

In December 2004 the president created the CSR Committee to serve as a review board for Corporate and Social Responsibility (CSR) activities. Senior Managing Executive Officer in charge of CSR Ryoichi Hasegawa serves as vice-chair, and the membership consists of the company’s Executive Committee members. This Committee approves and promotes CSR activities for all Group companies. To provide a firm foundation for the Committee and ensure that future activities are effective, the CSR Promotion Project was launched in July 2007, making a complete review of Groupwide CSR activities and evaluating them as the working arm of the

Interaction with stakeholders

- Appropriate return on investment
- Corporate governance
- Timely disclosure
- Customer satisfaction
- Safe
- Trustworthy products
- Appropriate provision of information
- Tax payments, compliance with laws and regulations, cooperation with government policy
- Strong partnerships
- Cooperation in environmental issues
- Rewarding work
- Comfortable workplaces
- Consideration for the environment
- Contribution to society
- Cooperative activity
- Appropriate provision of information
The paint shop fire at the Ujina No. 1 Plant

At about 22:45 on Wednesday, December 15, 2004, a fire occurred on the paint shop at the Mazda head office Ujina No. 1 Plant (Minami-ku, Hiroshima). The Mazda plant fire brigade responded immediately, followed shortly by the local fire department, and the fire was completely extinguished at 6:05 on Thursday, December 16. Mazda expresses its most sincere apologies to the residents in the area of the fire, our customers and all other parties affected by this event. At the same time, we wish to express our gratitude for the words of encouragement and support we received in the days.

Response following fire

Report and apology

Employees visited residences in the local area to report on the accident and apologize for the difficulties it caused.

The "Safety first" policy

Mazda has always taken safety seriously, and has always worked to maintain an accident-free record, such as through plant inspections performed jointly by management and labor. Employees are trained in fire prevention, evacuation, and response procedures through training sessions, safety meetings and preparation of formal procedural manuals.

The following measures were implemented after the fire to further improve our safety performance.

- On the day following the fire, all employees of all plants were given a repeat course in safety education, and all plant locations were inspected. It was verified that all employees knew and followed safety rules.

- The most of the painting building was closed to provide safety during the investigation of damage caused by the fire, and placed off-limits to all but authorized personnel. In addition to these and other safety rules, every effort was made to prevent a second fire from occurring.

- All employees, not only plant personnel, were informed of the details of the accident, stressing the importance of preventing accidents before they occur, and received safety training. Based on thorough accident prevention education and a position placing priority on assurance of safety and quality, efforts were begun to restore the facility to full production as soon as possible.

Production recovery

The Ujina No. 2 Plant paint line was utilized for the painting process, and recovery production after that point was implemented through a bypass approach starting with the Demio on January 6, 2005, immediately after winter vacation. Integrated production will be gradually expanded to cover all models until the Ujina No. 1 Plant is restored to normal operation. The Ujina No. 2 Plant and facilities of other firms will handle about 34,000 vehicles, while an additional 6,000 vehicles will be handled by the Hofu Plant and other facilities.

Of the approximately 70,000 vehicles affected by the fire in fiscal 2004,
Under a policy of "safety first," a heavy-duty crane was transported onto the site on December 25, 2004 to begin the line repair process. Measures were taken to minimize noise and other effects on nearby residents, and the cooperation of involved parties was actively sought and gained. The following equipment and methods were used to achieve full restoration of plant operation as soon as possible.

Three Layer Wet Paint System
Because no equipment is required for the color base application process, process time is shortened and the process is considerably more environmentally friendly. This technology was developed by Mazda, and was awarded the Prize for Promoting Machine Industry/Ministry of Trade, Economy and Industry Award. See page 43 for more information.

Modular construction
Buildings are often made using modular construction, where prefabricated steel-beam structures are assembled in a planned sequence to make the building. Our production facilities also used this approach, such as assembling the stands for painting robots before transporting them into the plant. The result was a much shorter construction period.

Leveraging MDI
We utilize Mazda Digital Innovation (MDI) technology to share digital data between all processes, from car concept design to detail design, testing and production ramp-up. Painting robots were taught offline and paint coat thickness simulations run to minimize the time needed for trial production runs when restoring the paint line to normal operation. As a result of these measures we were able to significantly reduce the amount of time needed for restoration. Instead of the usual six months, production was started again only about four months later, on April 27, 2005.

As a result of these measures we were able to significantly reduce the amount of time needed for restoration. Instead of the usual six months, production was started again only about four months later, on April 27, 2005.

Complaints received during restoration
We notified approximately 2,500 local residents that construction would be starting shortly and established a dedicated hotline to provide them with immediate access. Our efforts to work closely with the local community resulted in zero complaints received during the period, although a number of requests for information were received via the
Environmental report for the paint shop fire at the Ujina No. 1 Plant

Water, atmosphere and soil
To minimize the environmental effects of the fire on water quality, an oil fence was set up on the drainage gutter as soon as possible, along with other measures. Water used to extinguish the fire was recovered, tested for water quality, and confirmed as being safe before being processed. Rainfall during the restoration construction process was recovered and stored until the completion of the precipitation processing facility for the paint shop, on March 13, 2005. None of the paints or other materials used in the painting line contains heavy metals or other hazardous substances, so there was no danger of atmospheric pollution by chemical substances due to the fire. No chemical agents were used in firefighting activities, so there was no danger of soil pollution.

Processing of waste materials
A total of 8838.2 tons of structural waste was generated by the fire, such as ALC sheet. The restoration project itself generated another 126.9 tons. These wastes were appropriately processed under guidance from Hiroshima City. Every effort was made to keep the amount of waste generated to the minimum, and some 58% was recycled.

Effect on corporate performance
Direct losses of about 2.7 billion yen were absorbed for damage to structures, equipment and semi-finished products, but this total does not include costs incurred in clean-up or restoration operations. The recovery production efforts described on page 10 helped minimize the effects on the performance for the FY 2004. The fire had no effect on production of the new Mazda5 (Premacy).

Sales activities
The fire occurring at the end of 2004 affected deliveries of about 1,500 cars to customers in Japan, and about half of these customers either settled for an in-stock model or selected a different model or color. The management of Mazda wishes to thank all its customers and sales people for their understanding and cooperation.
### The fire at the Ujina No. 1 Plant and following events

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 Wednesday, Dec. 15</td>
<td>22:45</td>
<td>Fire breaks out in the passageway between the top coat painting booths on the Ujina No. 1 Plant painting line. Plant fire brigade arrives onsite. Local fire department equipment arrives onsite.</td>
</tr>
<tr>
<td>Thursday, Dec. 16</td>
<td>Predawn</td>
<td>President Imaki contacts management and other key personnel from overseas.</td>
</tr>
<tr>
<td></td>
<td>04:00</td>
<td>Emergency response team formed under Yasuto Tatsuta, general manager of Production Engineering Div.</td>
</tr>
<tr>
<td></td>
<td>06:05</td>
<td>Fire completely extinguished. Personnel forbidden from entering site. Hiroshima City Fire Department begins scene investigation.</td>
</tr>
<tr>
<td>Friday, Dec. 17</td>
<td></td>
<td>Notice concerning fire posted on Mazda official web site (English and Japanese). Hiroshima City Fire Department begins scene investigation.</td>
</tr>
<tr>
<td>Friday, Dec. 24</td>
<td></td>
<td>Press conference held at Head Office by President Imaki, Senior Managing Executive Officer Hasegawa, Managing Executive Officer Wakayama and Executive Officer, Hiroshima Plant General Manager Kamiya. Announcement made that the Ujina No. 2 Plant paint line would be used to restart production for the No. 1 Plant.</td>
</tr>
<tr>
<td>Saturday, Dec. 25</td>
<td></td>
<td>Large crane erected at site; removal of damaged equipment and materials begun.</td>
</tr>
<tr>
<td>2005 Saturday, Feb. 19</td>
<td></td>
<td>Construction of the Ujina No. 1 Plant building begun.</td>
</tr>
<tr>
<td>Tuesday, Mar. 8</td>
<td></td>
<td>Installation of painting equipment begun.</td>
</tr>
<tr>
<td>Wednesday, Apr. 20</td>
<td></td>
<td>Final inspection by Hiroshima City Fire Department.</td>
</tr>
<tr>
<td>Friday, Apr. 22</td>
<td></td>
<td>Joint fire control practice with Hiroshima City Minami Fire Department. Certification of compliance issued by Hiroshima City Fire Department.</td>
</tr>
<tr>
<td>Monday, Apr. 25</td>
<td></td>
<td>Religious ceremony for safe operation held.</td>
</tr>
<tr>
<td>Wednesday, Apr. 27</td>
<td></td>
<td>Production restarted.</td>
</tr>
</tbody>
</table>
The Challenges Facing Automobile Manufacturers

Meeting our Responsibilities, while Creating Cars People Want to Drive

- Ensuring that Mazda’s Image, and our Vehicles, are Highly Valued throughout the World
- Developing Cars with a View to our Future Responsibilities
- Responding to the Diversity of our Customers
- Towards a Safer Automotive Society
- Developing and Popularizing Vehicles that Contribute to Cleaner Air and the Prevention of Global Warming
- Creating Easy to Recycle Cars
- Reduction in Environmental Substances of Concern
- Noise Reduction
- Raising Levels of Customer Satisfaction and Quality
- Helping Customers to Use their Cars Longer, and with more Peace of Mind
- Recycling End-of-Life Vehicles
Mazda has established its own unique values, by distilling the brand's DNA down to two attributes, "personality" and "products", which we are communicating to markets worldwide. The brand message "Zoom - Zoom" expresses the Mazda DNA perfectly, as it speaks not only of our unique values and great products, but also of the excitement we all felt as children when we realized the power of movement.
**New model Premacy – full of Mazda insight**

The new model Premacy (export name: Mazda5) was released in February 2005.

For the first time, we have put families in the spotlight and entered the minivan market with the Premacy, which is part of our lineup of new-generation vehicles.

The Premacy takes the concept of Zoom-Zoom even deeper, allowing us to realize the concept of ‘insightful’ vehicle manufacture.

**Development concept: Communicative and Dynamic**

We aimed for a new standard in C-class minivan design, focusing on balancing a use of space and functions that facilitate ease of communication between all passengers, drive quality that exceeds expectations for a minivan, and stylish design.

**Sliding doors on both sides, and a stylish design**

The Premacy (Mazda5) features sliding doors that open to 700mm on both sides, facilitating entry to and exit from the car even in the tightest of spaces. Most people assume that a minivan with sliding doors will have to be a box-type car that looks somehow like a commercial vehicle, but our stylish design disproves that. By tightening up the slide rails, as well as focusing on sharpening the overall design, we have created a car with excellent aerodynamic performance, which also provides enough room for passengers up to 185 cm in height to sit comfortably, even in the third row of seats.

**Unique package offering**

**Six + One seating**

The Premacy’s seats are arranged in three rows of two, allowing enough space for six adults to sit comfortably within the available space, with a walk-through open-plan design throughout.

A foldaway seventh (+ One) seat, hidden inside the passenger-side seat in the 2nd row, allows the car to be used as a six-seater or as a seven-seater, depending on requirements.

**High-level speed safety for high quality driving**

‘Comfortable speed’ is the speed at which a car can be driven without compromising safety. Your comfort and enjoyment while driving increases in proportion to the level of speed safety the car offers. The Premacy (Mazda5) has excellent chassis functionality and a highly rigid body, as well as handling accuracy that allows the driver to follow the exact course he or she determines, and operating stability that does not waver, even during overtaking on the expressway. At the same time, it is also quiet enough that passengers can enjoy conversation while the car is moving.

The Premacy also features a MZR engine (see pages 23 and 24) with excellent environmental performance, including linear acceleration, active responses and powerful torque during acceleration, giving a sense of luxury alongside superlative aerodynamic performance.
### The process of creating new-generation products and a global reputation for Zoom-Zoom

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Award</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 8, 2002</td>
<td>Unveiling of brand message ‘Zoom-Zoom’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 20, 2002</td>
<td>First stage of Mazda’s new-generation vehicle lineup, Atenza</td>
<td>2003 European Car of the Year (2nd place)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(export name: Mazda6), goes on sale, winning awards that included:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2003 FJC Car of the Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2004 China Car of the Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August 7, 2002</td>
<td>Demio (export name: Mazda2) goes on sale, providing a new standard</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>for the compact car.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 9, 2003</td>
<td>RX-8 (export name: Mazda RX-8) goes on sale, fitted with a new-</td>
<td>2003 Australian Car of the Year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>generation rotary engine, winning awards that included:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2004 FJC Car of the Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2003 – 2004 Japan Automobile Hall of Fame: Grand Prize for</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Automotive Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2003 Car of the Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October 15, 2003</td>
<td>Axela (export name: Mazda3), a new-generation sports compact, goes</td>
<td>2004 European car of the year (2nd place)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>on sale, winning awards that included:</td>
<td>2003 Canadian Car of the Year</td>
<td></td>
</tr>
<tr>
<td>June 28, 2004</td>
<td>Verisa, the quality compact car, goes on sale, winning awards that</td>
<td>2005 Special Award</td>
<td></td>
</tr>
<tr>
<td></td>
<td>included:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Japan Car of the Year 2004</td>
<td></td>
</tr>
<tr>
<td>February 7, 2005</td>
<td>Premacy (export name: Mazda5), a minivan incorporating Zoom-Zoom,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>goes on sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 18, 2005</td>
<td>All-new Roadster (export name: MazdaMX-5) begins production, aiming</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>for the purest level of Zoom-Zoom</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Zoom-Zoom in car creation – the example of noise

Creating automobiles that embody the spirit of Zoom-Zoom involves more than just the conventional areas of design, functionality and drive performance of the vehicle. We look at the most detailed aspects of car design, one of which is the issue of ‘noise’. At Mazda’s Technical Research Center, we carry out a wide range of tests to determine the relationship between automobiles and noise, and analyze the resulting data with the aim of reducing vibration-related noise. In the course of our research, we realized that not everyone sees all types of noise as disruptive, and that drivers in fact enjoy the experience of hearing a car accelerate, and other noises that add to the ‘feel’ of the drive. So we asked ourselves what elements make up the type of sound that makes people feel as though they are ‘driving’. The results of our research into this were published as a report entitled “Sensory Evaluation of the ‘Feel’ of Acceleration using a Driving Simulator – Quantification of the Interaction in evaluating the ‘Feel’ of Acceleration during Slow Acceleration and Overtaking’, which won the Society of Automotive Engineers of Japan’s Asahara Academic Award. This takes the concept of Zoom-Zoom and creates a practical expression of our excitement at the power of movement, as well as new Mazda values. Our work in this vein continues, including our research on noise.

**Won the Asahara Award for research into the feel of acceleration**

**Technical Research Center**

**Chie Fukuhara**

The sense of acceleration felt by a driver comprises a combination of the increase in speed, engine noise and the weight of the accelerator pedal. These elements are not independent of one another, but work together to create the effect. Our research showed the interaction between these elements, and allowed us to predict the ‘feel’ of acceleration. As a result, we have become able to incorporate the accurate development of an improved acceleration ‘feel’ to automobile parts and units, and the results of this research have already been applied to the RX-8 ii and the Premacy.

Different people sense sound in different ways, and can often find themselves confused by hearing a sound that is different to what they expected. Solving this problem, and understanding how it is connected to creating a pleasant sensory experience, was the most interesting, as well as the most difficult aspect of this research.
Developing Cars with a View to our Future Responsibilities

It is the responsibility of all automobile manufacturers to keep an eye on the future of both car-based societies and energy issues when developing new vehicles. At Mazda, we are committed to thinking through 'Mazda Values' in this arena too, and as a result, we have begun development work on hydrogen rotary engine vehicles. We are currently testing these engines with a view to putting them to practical use.

Hydrogen is in the spotlight at the moment as a particularly environment-friendly potential source of clean energy for the future. Mazda developed the RX-8 Hydrogen RE by creating a fusion of its existing hydrogen technology with the new-generation rotary engine RENESIS, enabling the natural driving feel of an internal combustion engine to be combined with excellent environmental performance. The RX-8 Hydrogen RE was unveiled at the 37th Tokyo Motor Show in October 2003, and 12 months later, the Vehicle was given approval by the Minister for Land, Infrastructure and Transport to begin road tests, and received a number plate. The RX-8 hydrogen rotary engine car features a dual fuel system, which allows it to run on either gasoline or hydrogen, and it is the first example in the world of a Vehicle running on two fuels being allowed to undergo road testing.

The Hydrogen Rotary Engine emits no CO₂ and almost no NOx, making its environmental performance quite superb. In addition to this, because it uses conventional engine parts and manufacturing processes, it can be manufactured at low cost, and has high levels of built-in reliability. Mazda is collecting data relating to the public-road testing program, and analyzing the car's performance, and is aiming to have the RX-8 ready for leasing to public offices and corporations within two years, through continuing development on the internal combustion performance of the engine, with the intention of contributing to the creation of a
The history of developing Mazda’s hydrogen-powered vehicles

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>Developed Hydrogen rotary engine Vehicle “HR-X”</td>
</tr>
<tr>
<td>1992</td>
<td>Tested fuel cell powered golf cart</td>
</tr>
</tbody>
</table>
| 1993 | Developed Hydrogen rotary engine Vehicle “HR-X2”  
Developed experimental Roadster model featuring hydrogen rotary engine |
| 1995 | First public road testing of hydrogen vehicle in Japan, the hydrogen rotary engine-powered Capella Cargo. |
| 1997 | Developed Demio FC-EV |
| 2001 | Developed Premacy FC-EV, and began first public road testing (using reformed methanol) |
| 2003 | Unveiled RX-8 Hydrogen rotary engine development vehicle |
| 2004 | Public road testing of RX-8 hydrogen RE (dual-fuel hydrogen rotary engine-powered vehicle) |

Installation of first Hydrogen Station in the Chugoku region of Japan

As part of our commitment to rolling out the use of the hydrogen rotary engine, Mazda received permission from the Hiroshima Prefectural authorities to develop the first hydrogen station in the Chugoku region of Japan on February 3, 2005. The station has begun operating in the Ujina section of our Hiroshima Head Office plant. This facility supplies hydrogen for hydrogen rotary engine vehicles and hydrogen engine testing facilities, and has the capacity to fill up to approximately ten hydrogen-powered cars per day.

Developing hybrid Vehicles

Mazda has also been working on the development of hybrid cars, which combine gasoline engines with electric motors. In 2001 we exhibited a hybrid 4WD “MX Sport Tourer” at the 71st Geneva Motor Show. At present, we are working with Ford on creating a hybrid version of the Tribute and bringing it to market in the near future.
Responding to the Diversity of our Customers

Mazda is committed, through its development work, to seeing that many more people are able to use and enjoy automobiles. We work at incorporating the viewpoints of women, people with special needs and other customers into our development, in order to create products that meet the diverse needs of drivers.

Reflecting the views of women in development

Currently around half of all car users are women, and women’s opinions and instincts carry a significant amount of weight in purchasing decisions. In order to respond to the diverse needs of our customers, Mazda incorporates the views of women both in development and product planning. This began with specific measures in 2002.

In August of that year, the MPV Sports F was released. A minivan developed from a woman point of view with the aim of being enjoyed by every member of the family, the MPV Sports F came into being with the assistance of the five-member Women’s Development Project Team, who worked on every stage right through from planning to mass production. The Verisa, which was released for sale in June 2004, was another of the projects for which a Women’s Development Project Team was formed, and included as a result several new developments such as a makeup mirror, and various other new aspects that make the car easier to use.

Recognizing that the mini-van is most commonly used on a daily basis by women, the Premacy (Mazda5), released in February 2005, was planned, designed and test-driven by teams including women. The opinions of these women were taken into consideration throughout the entire process, from concept design to final evaluation. These efforts resulted in a range of thoughtful details that make the Premacy a truly easy-to-use car, such as a low step height, a wide sliding door that allows a mother carrying a baby to easily get in and out, a center walkthrough some 420 mm wide and free of projections to catch on skirts or stockings, and a seat design that flexes to make it easy even for short women to get in and out.

Agreement signed with Hiroshima University Graduate School of Engineering for cooperative research into advanced automotive technologies

Mazda has engaged in cooperative research with Hiroshima University for many years in a variety of individual projects, including engine combustion ergonomics. Now that Hiroshima University has been established as an independent legal entity, marking a major change from its prior status as a national university, Mazda signed a formal comprehensive research agreement with it to advance the industry-academia cooperative project more effectively and strategically, and make it possible to more fully contribute to the development of local industry and progress in science and technology.

Seven concrete research sectors have been defined for the first 3-year term of the new agreement: chassis structural technology, control technology, material’s technology, new-generation energy, powertrains, information technology, and ergonomics. In April 2005 the Cooperative Research Committee was formed with members drawn from both organizations, handling information exchange, formulation and implementation of concrete measures, management and evaluation of research progress, promotion of personnel exchange between industry and academia, and management of intellectual property.
Mazda’s work on the development and promotion of special needs vehicles is based on the concept of producing cars that are kind to everyone, and can be used safely by everyone. During fiscal 2004, we took orders for 1,017 special needs vehicles, up 30% from the previous year.

Mazda began offering the first special needs vehicle with a ramp, for wheelchair users, based on its compact Carol cars, in 1995, taking the lead over higher-ranking domestic automobile manufacturers.

At present, we are working on building up our i-Series lineup of special needs cars, incorporating lift-up passenger seats, second lift-up seats, side seat-lifter cars, cars for transporting wheelchairs, cars with rotating passenger seats, and various other functions that make using a car an easier and more pleasant experience for both the elderly and disabled, and also for their drivers or caregivers.

Our development of special needs vehicles is based on the Health and Welfare Ministry data which suggests that ‘more than 70% of caregivers are women over the age of 50’. As such, we have focused on issues such as reducing the energy required when entering or leaving a vehicle, simplifying vehicle operation, and increasing comfort and safety, when manufacturing these vehicles.

In order to meet the needs of our customers, too, we have begun working on offering specially-modified accessible versions of our new model cars as soon as possible, and began offering a retractable-lift passenger seat version of the new Premacy in May of this year.

The Challenge of Universal Design

Mazda is taking up the challenge of universal design, with the aim of making its cars easy to use for all. As a basis to this, we are working on creating driving positions that do not depend on a particular passenger or driver physique, as well as seat arrangements that can be changed by anyone, regardless of how much strength they have in their arms or legs. We also give high priority to easy operation and positioning, simple-to-understand controls, organizational and functional comfort, and safety issues. We are engaged in development of functional and attractive controls, based on ergonomic principles, which can be used in comfort by all. The Verisa’s central console, for example, features controls that have been designed using a process that quantifies the extent to which they are turned and strength with which they are operated, so as to provide ease and comfort of operation for any user.
Mazda believes it is only possible to deliver the enjoyment of its cars and of driving, embodied in our 'Zoom-Zoom' concept, by also offering extremely high levels of safety. Our safety technology is being developed and evolved continuously in order to make greater contributions to a safe automotive society.

**Performance safety at the heart of automobile manufacture**

Mazda places safety at the heart of its automobile manufacturing, as the most important aspect of performance. For this reason, we are constantly developing and evolving our safety technology and equipment. Mazda aims for the highest levels of safety in its products, and in order to do this, we not only meet all safety regulations set by different countries, but we have established our own, higher standards of safety, and are constantly engaged in research and development in order to attain these high standards.

**Mazda’s policy on safety development**

In order to strengthen its research and development in the area of safety, Mazda established a Safety Development Promotion Committee in 1990, and has implemented the following safety policies:

- Based on an awareness that safe cars are one of the foundations of a worry-free life, Mazda is committed to:
  - Researching the ways in which customers use our cars, and the traffic environment in which they are being used
  - 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.

These safety policies give Mazda the basis for our research programs, which include the development in the areas of 'Active Safety Technology', which is allowing us to actively predict the occurrence of traffic accidents, and 'Passive Safety Technology', which allows us to reduce injury to persons involved in any accident that does happen.

**Safety Technology as featured in our products**

**Active Safety Technology**

We have incorporated 4Wheel-ABS, EBD and braking assistance to our cars, to support improved braking, as well as Dynamic Stability Control (DSC), which prevents the car from skidding sideways, with the aim of both facilitating safe driving, and also increasing drivers’ abilities to avoid danger. We also use water-repelling glass and door mirrors, and self-leveling discharge headlights, to increase visibility for the driver.

**Glossary: 1**

**EBD**

( Electronic Brake-force Distribution)

Increases the braking force on the rear wheels when a car is full and significant weight is being born at the rear of the vehicle.

**Glossary: 2**

**Braking assistance**

Allows a shorter stopping distance to be achieved when the driver brakes suddenly, by adding power to the force with which the brake pedal is pushed to stop in an emergency.

The results of the FY 2003 Automobile Assessment, issued by the Ministry of Land, Infrastructure and Transport on 27th April 2004 showed that the RX-8 achieved the shortest stopping distance to date on a dry road in brake performance tests. The stopping distance achieved was 38.6m, a significant improvement over previous records. The Axela also achieved the top results within the compact car class, giving a stopping distance on a dry road of 41.1m. Mazda has achieved the ultimate balance between response, linearity and stopping power within the braking system, and these results show just how effective our 'Active Safety' policy, which has been incorporated into the spirit of 'Zoom-Zoom' that goes into all our cars, can be.
Passive Safety Technology
We have developed and are consistently evolving a highly rigid, safe body for our cars known as Mazda Advanced Impact-energy Distribution and Absorption System, which incorporates both a ‘crushable zone’, which absorbs impact during a collision, and an extremely strong triple-H structure, in order to offer passengers safety at all times. Inside the car, we have incorporated a ‘horizontally-moving impact absorption steering system’, which effectively reduces the impact on the head and chest during collision, by moving horizontally if an impact occurs from the front, and a ‘crushable brake pedal’, which reduces the risk of injury to the lower legs of the driver. We have also developed front seats that reduce head and neck injury, and impact-absorbing interiors. In addition to this, Mazda is also committed to pedestrian safety, and is developing front body structure for its cars that reduces injury and impact to pedestrians in the event that they are hit by a car.

Verification of Safety
Mazda implements a variety of verification tests on its cars during development, to ensure that safety levels are being achieved. We implement the newest crash-test technologies using a supercomputer, and utilize both crash simulators and actual vehicle-based crash tests in order to achieve the highest levels of verification and ensure that we are supplying cars that are truly safe to drive.

Progress on the development of ASVs (Advanced Safety Vehicles)
Mazda is committed to utilizing progressive technologies and safety measures wherever possible to ensure increased general safety for the traffic environment, as well as for the movement of people in other circumstances. We are taking part in the Ministry of Land, Infrastructure and Transport’s ASV Development Promotion Project, with a view to developing safety technologies for the future, and we are currently in the process of developing and road testing a trial vehicle based on the MPV. We hope to be able to develop the car into a viable product in the near future. We are also committed to the creation of a traffic environment that is accident- and congestion-free, and are participating in the ITS project, which is aiming to create a next-generation Intelligent Transport System.

Premacy’s body – highly rigid and extremely safe
The H-type structure has been strengthened further in line with the introduction of the wide-opening sliding doors, in order to distribute impact safety throughout the whole body in the event of collision from the side. In addition to this, the high level of cabin strength and excellent impact absorption make the car extremely safe when subject to impact from the front or rear.

Impact-absorbing steering system: operating image
Crushable brake pedal: operating image
Cross-car beam
Brake pedal
Side airbags for the driver and front seat passenger

Glossary:
ASV
Advanced Safety Vehicle
ITS
Intelligent Transport Systems
Mazda is committed to realistic, effective measures to ensure that the environmental burden resulting from the use of cars is reduced. To this end, we have incorporated many environmental technologies in our cars, and have set objectives, which we are on target to meet, to further promote environmental automobiles.

Reducing exhaust emissions

Promoting the wider use of SU-LEV

Mazda is engaged in constant research and development on the combustion, control and catalyzing technologies that go to reduce exhaust emissions, and is proactively increasing the number of cars it produces that comply with the Ministry of Land, Infrastructure and Transport’s Emissions Gas Approval System. FY 2004 was a particularly good year, in that we introduced an increasing number of SU-LEV cars (75% lower than 2005 exhaust emissions standards). SU-LEV is currently the most stringent emissions level operated in Japan. The Verisa, which was released in June 2004, and the Premacy, which was released in February 2005, both achieved SU-LEV approval for all model types. With this, Mazda raised the percentage of its cars attaining SU-LEV status to 49.2% of all cars produced for the domestic market, a significant step in standardizing the use of such vehicles.

New cars introduced in FY 2004, which meet SU-LEV requirements in all model types

<table>
<thead>
<tr>
<th>No. of low-polluting cars sold during FY 2004</th>
<th>Passenger Cars</th>
<th>Trucks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standard / Compact</td>
<td>micro-mini</td>
<td>Standard / Compact</td>
</tr>
<tr>
<td>Low-polluting vehicles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric vehicles</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hybrid vehicles</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CNG vehicles</td>
<td>0</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td>Methanol vehicles</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vehicles approved for high fuel efficiency and low emissions*1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SU-LEV: 75% lower than 2005 exhaust emissions standards</td>
<td>112,925</td>
<td>4,222</td>
<td>0</td>
</tr>
<tr>
<td>U-LEV: 50% lower than 2005 exhaust emissions standards</td>
<td>31,208</td>
<td>32,232</td>
<td>3,415</td>
</tr>
<tr>
<td>U-LEV: 75% lower than 2000 exhaust emissions standards</td>
<td>4,061</td>
<td>4</td>
<td>150</td>
</tr>
<tr>
<td>E-LEV: 50% lower than 2000 exhaust emissions standards</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>T-LEV: 25% lower than 2000 exhaust emissions standards</td>
<td>0</td>
<td>142</td>
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<tr>
<td>Diesel alternative LPG vehicles</td>
<td>—</td>
<td>—</td>
<td>124</td>
</tr>
<tr>
<td>Total</td>
<td>148,194</td>
<td>36,600</td>
<td>3,707</td>
</tr>
</tbody>
</table>

*1: Cars which achieved fuel efficiency standards, according to the Energy Saving Act, at an early stage, and which are approved as low-emissions vehicles based on the low-emissions vehicle approval guidelines.

NOTE: Axela and Atenza both also have models that are not SU-LEV compliant.
Development targets and attainment status for products that reduce air pollution and help prevent global warming

<table>
<thead>
<tr>
<th>Category</th>
<th>Objective</th>
<th>Results for FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention of atmospheric pollution</td>
<td>Reducing exhaust emissions</td>
<td>• Demio, Verisa, Premacy and Axela (1.5-liter) models approved as SU-LEV&lt;br&gt;• 87.3% of passenger vehicles approved as SU-LEV (49.2%) or U-LEV (38.1%)</td>
</tr>
<tr>
<td>Prevention of global warming</td>
<td>Improved fuel efficiency (reduced CO2 emissions)</td>
<td>• All Verisa models and Premacy (2-liter models) achieved 2010 standards for fuel efficiency&lt;br&gt;• 5 vehicle weight classes (out of 7) achieved 2010 fuel efficiency standards</td>
</tr>
<tr>
<td>Prevention of atmospheric pollution and global warming</td>
<td>Research and development of clean energy vehicles</td>
<td>• Promote the development of Hydrogen Rotary Engine vehicles in preparation for leasing&lt;br&gt;• RX-8 hydrogen rotary engine vehicle received approval from Ministry of Land, Infrastructure and Transport and began public road testing&lt;br&gt;• Hydrogen fuel station opened</td>
</tr>
</tbody>
</table>

Improved fuel efficiency (reduction in CO2 emissions)

2010 fuel efficiency standards cleared in five weight classes
Mazda aims to achieve fuel efficiency standards set for 2010 in all passenger vehicle weight classes during FY 2005, in order to reduce CO2 emissions. During 2004, five weight classes achieved this objective.

Improving fuel efficiency technology of MZR engine
The MZR engine, with its new-generation design and components, is playing a significant role in contributing to Mazda’s fuel efficiency improvements. The MZR engine utilizes various technologies such as S-VT, as well as measures to reduce engine weight, and offers a specific example of Zoom-Zoom output performance and smooth engine sound, along with excellent fuel efficiency technology and low emissions.

Improving fuel efficiency of Automatic transmission
The new Premacy’s improves fuel efficiency at high speeds with its high gear-ratio fourth gear and slip control technology. The fuel cutoff area has been expanded into the low speeds, with cutoff control, also contributing to improved fuel efficiency. The electronically-controlled Mazda’s automatic four-speed transmission in the new Premacy and Axela provides slope control, ensuring the driver of smooth shifting that perfectly fits his or her sensitivity.

Reduction of vehicle weight
Weight reduction is effective for fuel efficiency. Mazda has adopted mojuole technology to door and front body parts for a long time.

The new model Premacy (Mazda5) employs a resin lift gate as new generation multi functional unification module that contributes to weight reduction.

Combining Zoom-Zoom high performance with environmental capabilities
At Mazda, we have achieved a combination of cleaner emissions and better fuel efficiency that mean that almost all our cars now qualify for reductions in automobile tax and purchase tax under the Automobile Green Tax system. The Mazdaspeed Atenza, which is due to go on sale in August 2005, features our newest 2.3L direct injection gasoline turbo engine MZR 2.3 DISI Turbo. Using a direct injection engine means that emissions gases are released at a lower temperature, and allows the car to meet standards for approval under both SU-LEV Through achieving an extremely high compression ratio, fuel efficiency is also within the category of +5% on fuel efficiency standards for 2010. Its high output 200kW (272PS) and Zoom-Zoom high performance means that the model offers not only the comfort and economy required for day-to-day life, but also the tax reductions available under the Automobile Green Tax system.

Glossary: 1
S-VT Sequential valve timing
When driving at low or medium load, the intake valve opening timing is brought forward to allow a larger overlap between valves, thereby increasing the amount of residual gas and reducing pumping loss. This improves fuel efficiency while at the same time reducing CO2 emissions, and also reduces output of NOx.

Glossary: 2
New Slope Control
Reduces unnecessary upwards gear changes on uphill slopes, and allows an appropriate level of engine braking to be implemented on downhill slopes. This allows increased safety on expressways and when cornering downhill.

Glossary: 3
DISI Direct Injection Spark ignition
Injects high-pressure fuel into the combustion chamber, achieving a cooling effect within the chamber.
Creating Easy to Recycle Cars

The concept of recycling resources in manufacturing cars is important in meeting our responsibilities to the environment. Mazda is pressing ahead with adopting more and more recyclable elements at the design and development stages, as well as researching recyclable materials and structures.

**Promotion of recycling at the development stages**

- **Attainment of over 90% recyclability ratio in new models**
  Currently about 80% by weight of end-of-life vehicles (ELVs) can be recycled, mostly steel, aluminum and other metals. Plastic, glass and other materials making up the remaining 20% are generally shredded and landfilled. In order to better utilize this shredded material, Mazda is pressing ahead with the following research and development projects.

  - Research into automobile design that takes into consideration ease of dismantling, and research into dismantling technology, to simplify the recovery of parts and materials that can be reused.
  - Research into use of resins, which make up a significant proportion of shredder residue, so as to reduce the number of different materials used in parts, making them easier to recycle.

We have achieved a recyclability ratio of 90% or better for new model cars sold from FY 2002.

- **Surveys / research into ELV recycling technologies**
  In addition to the reduction in quantity of shredder residue produced, mentioned above, Mazda is also involved in surveying and researching recycling technologies for end-of-life vehicles (ELVs). We are also working towards carbon neutralization (bringing the quantity of CO2 emitted when a substance is burned in line with the quantity consumed by photosynthesis as it is developed) through developing natural materials that can be made into eco-plastics.

**Example of improved recyclability in Premacy**

- **Instrument panel**
  Use of vibration adhesion to make air duct dismantling easier

- **Door module**
  Modularization allows simplification to use of PP

- **Door trim**
  Changes to adhesion method allows simple separation of PP and PUR

- **Dash insulator**
  Simplification of noise insulation and noise absorbing materials

- **A pillar trim**
  Changes to adhesion method allow simple separation of PP and PUR

- **Trunk side trim**
  Changes to adhesion method allows simple separation of PP and felt

**Glossary:**

1. **Automobile Shredder Residue (ASR)**
   The residue remaining when metals have been removed from the product of shredding car bodies. Comprised of plastics, glass, rubber, etc.
The Challenges Facing Automobile Manufacturers
Meeting our responsibilities, while creating cars people want to drive

Development targets, and attainment status, for promotion of recycling and reduction in use of resources

<table>
<thead>
<tr>
<th>Objective</th>
<th>Results for FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raise the recyclability ratio for new cars to 90% or higher from 2002</td>
<td>Attained in Verisa, Premacy</td>
</tr>
<tr>
<td>Actively promote the use of recycled bumper material in components for new models</td>
<td>47,300 damaged bumpers collected from the marketplace and utilized in components for new cars. Proprietary paint stripping technology used to establish bumper-to-bumper recycling for use in new cars.</td>
</tr>
</tbody>
</table>

Recycling damaged bumpers into bumpers for new cars

Mazda is working hard on developing techniques for recycling resins, which it believes should be completely recyclable in the future. We have achieved significant results in the area of recycling bumpers, which are particularly large-scale resin parts.

**Bumper recycling promotion**

Since 1992, Mazda has been collecting damaged bumpers from dealerships (see page 50 for details) and reusing the resin materials from them in undercover and other automobile component materials. Since 2001, we have been able to remove between 98% and 99% of the paint from such bumpers, allowing us to create components from the recycled materials that are at least as strong as those made from new materials, and use the recycled material as bumper reinforcement parts and grain surfaced bumpers. Removing 99% of the paint from the bumpers, however, meant that it was still not possible to create the smooth surfaces required for bumpers on new cars, which require especially clean lines for painting.

**Achieving bumper-to-bumper recycling**

Mazda joined forces with the grain processing company Satake Inc. in 2003 to develop an optical selection technology that allows the removal of paint membrane from recycled bumpers (patent pending). We have achieved a highly pure material recovery process that allows the removal of 99.9% of paint membrane, and subsequently have been able to develop components from this material that have the same level of strength as bumpers made from entirely new materials. The bumpers made in this way can also be painted to the high quality standards required in new cars. This ‘bumper to bumper recycling’ process was put into practice creating the rear bumpers for RX-8 models manufactured from the end of March 2005. Mazda intends to introduce recycled bumpers made from this recovered material with the paint removed into other models, as well as pressing ahead with other aspects of automobile recycling.

**Close up**

Achieving bumper-to-bumper recycling

A new sense of meaning for recycling in the future

Kazuhisa To, Technical Research Center

Bumpers are large plastic components, and as such, it is obviously more effective to be able to reuse bumper material not in tiny car components but in larger parts, in order to be truly effective at recycling. Being able to remove 99.9% of the paint from used bumpers, as opposed to only 99%, made a huge difference in our ability to do this, and it was a change in our way of thinking that brought this about. We had to think of a way not just to raise the 99% achievement even higher, but to create a whole new technique, and for this we looked to the optical selection techniques used for cereals and other materials. We worked on evolving and applying these techniques to create a highly pure product that could be used in component production. In the process of evolving car recycling techniques, bumper-to-bumper recycling is an extremely large step forward. Having crossed this line makes me feel that we have given the concept of recycling a whole new meaning for the future.
Mazda is pressing ahead with the development of technologies that will allow us to use less lead, hexavalent chromium, cadmium or mercury in our automobiles. We have already eliminated the use of lead in fuel tanks, wheel balancers and electrocoat, establishing alternative technologies to replace the substance.

**Reduction in use of lead, hexavalent chromium, cadmium and mercury**

Hexavalent chrome has already been eliminated from a number of components, and we are developing alternative technologies for remaining uses in critical safety components and torqued nuts and bolts. We are steadily reducing the amounts of cadmium used in electrical and electronic components, while mercury has been eliminated from everything except LCD panels and discharge headlights.

**Reduced use of air conditioner refrigerant**

As part of our program to help prevent global warming we began using air conditioners with CFC alternatives in the early 1990s, free of any ozone depletion agents. It was discovered that these gases still have a greenhouse gas effect, however, for which reason we are working to minimize our amount of these substances. We are also developing technology for new refrigerants to allow us to stop using these CFC alternatives entirely.

**Reductions in cabin VOCs**

We are reviewing the materials, adhesives and other items used in the cabin to minimize VOCs such as aldehydes, which can irritate nose and throat. We have developed an odor removal filter with an extremely effective aldehyde removal function, and began mounting it in our vehicles in 1999. In addition, we have been switching to alternative materials and adhesives in the cabin to minimize the amount of VOCs generated.

### Objective Category Results for FY 2004

<table>
<thead>
<tr>
<th>Reductions of environmental substances of concern</th>
<th>Category</th>
<th>Objective</th>
<th>Results for FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote reduced use of four substances (lead, mercury, hexavalent chromium, cadmium)</td>
<td>Promote reduced use of four substances (lead, mercury, hexavalent chromium, cadmium)</td>
<td>Lead, mercury, hexavalent chrommate, cadmium: Eliminated in some part through use of alternates. Mercury: Eliminated except for uses in LCD panels, discharge head lights and a few other parts.</td>
<td></td>
</tr>
<tr>
<td>Promote reduced VOCs in cabin</td>
<td>VOC levels reduced through change in cabin components</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Noise reduction**

Vehicle noise is generated primarily by the engine, the exhaust system, the air intake system and the drive train system. All of our passenger and commercial vehicles meet noise regulations. The new FY 2004 Verisa and Premacy comply with the latest noise regulations.

### Objective Category Results for FY 2004

<table>
<thead>
<tr>
<th>Reductions in vehicle noise</th>
<th>Category</th>
<th>Objective</th>
<th>Results for FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noise</td>
<td>Comply with external noise regulations in all new cars</td>
<td>All new models comply with new standards</td>
<td></td>
</tr>
</tbody>
</table>
Raising Levels of Customer Satisfaction and Quality

In the end, our products are only as good as our customers think they are. Mazda is committed to hearing the views of our customers, and reflecting these in better products and services, in order to improve customer satisfaction.

Listening and responding seriously to our customers’ views

At Mazda, we consider improving our levels of customer satisfaction (CS) to be one of the most important challenges of our corporate activities. For this reason, we implement customer satisfaction surveys of our products and services, and have established a call center that allows us to hear the opinions of a wide range of our customers.

The Mazda Call Center

Being able to hear what our customers say and require is the basis of any improvements we make to our manufacturing work. Mazda established the Mazda Call Center in February 1984 in order to be able to gather enquiries, advice, requests and complaints from throughout Japan.

The call center currently operates with a staff of 50, and offers a service that takes all enquiries from customers, either by telephone or by Internet, extremely seriously. Since October 2004, we have extended the call center opening hours to include Saturdays, Sundays and national holidays, in addition to weekdays, and begun to accept calls on a toll-free line, in order to make it even easier for our customers to speak to us. In line with the Data Protection Act enacted in April 2005, we have also reorganized our system for the handling of personal information (see page 68) and respond to all requests for disclosure.

During 2004, we handled around 74,000 calls at the call center. The opinions expressed and requests made during these calls are extremely important to us as in-house feedback, and play a vital role in improving customer satisfaction as they are reflected in product development, sales and services.

Meeting the diversifying needs of a lifestyle including cars

As cars have become more and more part of our day-to-day lives, the need for their functions and forms to fit our personal tastes and lifestyles has become greater. Mazda’s group-wide customization project allows customers to freely choose their own style of car, thereby meeting a wide range of lifestyle needs and improving customer satisfaction at a detailed level.

Web Tune Factory

The Web Tune Factory, which opened in February 2001, was the Japanese automobile industry’s first Internet site to sell order-made production cars. Customers using the site can choose their own combination of finishing options, view a range of exteriors and interiors, see estimates for the features they would like to have done, and apply to purchase a car. The simulation function of the site was used in FY 2004 by around 1.13 million customers, up around 345% from the previous year.

WEB TUNE FACTORY http://www.w-tune.com/
Customization projects

Our Group company, Mazda E&T Inc., is involved in the manufacture of a wide range of vehicles through its “Special needs Customization Project”, for special needs vehicles, its “Pleasure Customization Project” for a wide range of individualized and hobby-type cars, and its “Business Customization Project” for the design, development and fitting of refrigerated and other special-order commercial vehicles. Orders for such vehicles may be for extremely small quantities, but the vehicles themselves are playing vital roles in the lives of many.

Global Customer Satisfaction

Alongside individual customer needs, the different countries to which Mazda ships its cars also have extremely differing cultural factors and preferences relating to cars. Mazda ensures communication between its development divisions and its sales companies such as MNAO in America and those in Europe, China, Southeast Asia, and Australia, and is constantly coordinating and studying the types of car required in different cities around the world, so as to improve customer satisfaction on a global basis. Marketing staff in each country are required to have a thorough knowledge of the product development and introduction process, and personnel are frequently sent to different countries from the Head Office Global Marketing Division in order to increase communication with development staff.

Overseas assignment provides an improved understanding of the product development

Global Product Marketing Division,
Global Marketing Head Office

Tetsu Nakazawa

My current assignment involves working with R&D on the development of the European version of the just launched MX-5. Specifically, I communicate daily with Mazda Motors Europe and discuss their various equipment requirements as well as determining pricing and expected volumes for all of Europe. Additionally, I release order guides for the individual markets which contain product specifications, color combinations and a detailed equipment and model variation list. While at MNAO I was also involved working on the MX-5, however I would make proposals to Mazda’s GPMD as to the market requirements for North America. In Japan I am using my previous overseas market experience to try to work closely with development and explain the market needs. I have gained a much better understanding of the development process and challenges at Mazda in bringing a product to market. Having direct communication with R&D is a valuable experience and I hope to keep my contacts when I return to the US.

Mazda Momentum released to help dealers worldwide

As part of the mid-term management plan known as Mazda Momentum, Mazda invited dealers and distributors from all over the world to a Momentum Event in May 2005. The purpose of the event was to deepen our understanding of the “One Mazda” operating globally, and thereby to improve customer satisfaction with our products. From the points of view of participating numbers, products exhibited, and scale, it was the biggest event we have hosted to date in Hiroshima, and we received excellent feedback in relation to the future products and cycle plans announced at the Event. It was felt that the event served to confirm our confidence in our future and in one

MNAO

Mazda North American Operations
The business name under which Mazda Motors of America Inc. operates.
Mazda took ‘Dramatic Improvements in Quality’ as its company-wide theme for the year 2004 onwards. We are aiming not only to improve our products, but also our overall quality of work, including work processes, in order to create even more impressive products for our customers.

Mazda Quality activities
Mazda introduced QC circle activities to its work in 1962, in order to supply products that satisfied our customers. Subsequently, we increased the scope of our quality work to cover not only products but also services and work process, and rolled out a program of quality improvement activities known as Mazda Quality Activities. This principle continues today, and in more recent times we have added Quality Engineering and Six Sigma principles, as well as other methods considered effective throughout the world, to our conventional Japanese QC activities, in order to give quality management an international validity. This has allowed us to recreate the concepts of Mazda Quality further, and increase the quality of everything we offer to our customers. The standard of our activities has been recognized with several awards at national QC Circle competitions, as well as within quality engineering research presentations, and we are extremely proud of our current high levels of quality.

The challenge of TPM
Within the Mazda Group, we are committed to increasing the efficiency of our production systems to the maximum, in order to root out defective products and prevent losses through breakdown and disaster. Our TPM activities have been in place since the late 1980s to assist with this. At present, Mazda implements TPM activities in 11 of its operations centers, of which 10 have won awards for TPM.

Improving ‘attractive quality’
In addition to improving our products through Mazda Quality and TPM activities, allowing our customers to feel safe when driving our cars, and trust Mazda, we also work on ‘attractive quality’, which allows customers to feel satisfied with, and enjoy, owning and using a car. Our attention to detail knows no bounds, and allows us to communicate the sure quality of a Mazda car. This is an important element of the Zoom-Zoom concept behind all Mazda products.

Our recall system and response
We operate a full disclosure policy in regard to faulty products and the measures we take to handle them, which are explained fully to all related divisions including top management, and we aim to implement any necessary measures swiftly and appropriately. Quality information gathered from the marketplace is all stored for reference, and internal auditing checks are carried out to ensure that any recall response measures taken are implemented in a way that leaves no room for error.

| Documents submitted to relevant authorities in line with applicable laws for each country |
| Notifications to customers by direct mail and in newspapers, and explanations given to dealerships |
| Disclosure of recall information on website |
| Recovery and free repairs to affected products |

Our Quality Division, implements a full disclosure policy in regard to faulty products and the measures we take to handle them, which are explained fully to all related divisions including top management, and we aim to implement any necessary measures swiftly and appropriately. Quality information gathered from the marketplace is all stored for reference, and ‘recall auditing’ checks are carried out to ensure that any recall response measures taken are implemented in a way that leaves no room for error.

Glossary:

QC Circle Activities
QC stands for Quality Control. The circle refers to the group of line workers and other personnel who work continually to manage and improve quality in products, service and work tasks.

TPM Activities
Stands for Total Productive Maintenance. Activities that aim to reduce loss to zero through creating preventative systems working towards “zero accident, zero defect, zero breakdown”, among other targets, within the production system’s overall life cycle.
Helping Customers to Use their Cars Longer, and with more Peace of Mind

Appropriate maintenance of a vehicle is vital, since use wears many of its component parts down. Mazda is committed to after-sales servicing, so as to ensure that our customers can continue to feel confident in using their cars.

Developing easy-to-use, convenient services

Mazda works to develop products for use in car maintenance that reduce both the pay on the customer and the load on the environment, in order not only to enable customers to drive their cars in safety and comfort from purchase to end-of-life, but also maintain environmental performance through improved fuel consumption and emissions. We are committed to all aspects of after-sales service. Our nationally qualified mechanics use only genuine Mazda parts for servicing, and we supply discounted package rates for periodic servicing as required by law, as well as other unique service packages. During 2004 we extended our service program, which is designed to give our customers peace of mind, and also extended our general warranty and special warranty packages. We developed and introduced new services that offer high-quality repairs for small scratches and dents to cars, as well as easy maintenance options, in order to improve our overall levels of service.

Improving service skills

In order to train service staff who can provide the highest possible levels of service, we operate training facilities and research programs, as well as qualification and accreditation systems, and the Mazda Excellent awards system for dealerships. Dealership sales and service staff are trained using the Mazda Excellent Navigator behavior manual, and we also issue publications dealing with the promotion of environmentally friendly behavior and adherence to environmental regulations, which include examples of good practice. In this way, we aim to ensure that our dealerships are meeting customer expectations, as well as the expectations of the regions in which they are located.

Mazda Training Center Taibi (located in Aki-gun, Hiroshima Pref.)

The Training Center operates a wide range of research and training programs for dealership staff from Japan and overseas, enabling them to improve their skills. The center opened in October 1972, and receives around 1,600 visitors from Japan and overseas per year. In November 2002, a second training center was opened in Yokohama for domestic dealership service staff. After requests from local authorities, we have also begun automobile maintenance demonstrations for the general public, as well as various other activities that contribute to the life of the communities in which we operate, and we also offer research opportunities for car maintenance engineering companies who are members of a public foundation, at which staff can learn about new maintenance techniques.

Hosting of All-Japan Service Engineering Contest

Since 1963, Mazda has hosted a nationwide contest for excellent, professional regional service staff, in order to encourage the training of such staff, and ensure that our customer service potential and engineering skills are constantly kept up to date. Similar events are held worldwide, and on June 17, 2004, we hosted the first Global Service Engineering Contest, in Cologne, Germany, involving representatives from 9 countries.

Sharing engineering information and quality information with the world

In addition to using quality information collected from the market in after-sales service activities in improving our cars and our service engineering, we also feed back such information regarding improvements and engineering to our service bases worldwide. Since April 2005, we have increased the speed at which information is communicated to our dealerships, and are working in improving the speed at which after-sales service quality is updated both in Japan and overseas.
Recycling End-of-Life Vehicles

In response to the Automobile Recycling Act that was enacted on January 1, 2005, Mazda established a mechanism for the smooth recycling of CFCs, airbags and ASRs. Post-law enactment recycling results (from Jan-Mar 2005) are reported below.

### Automobile Recycling Act

The Automobile Recycling Act requires compliance in the areas of CFCs, which are coolants used in air conditioning units that damage the ozone layer when released into the environment, and contribute to global warming, airbags, which are considered difficult to process because of their explosive properties, and automobile shredder residue (ASR), which is left after metals have been collected from end-of-life vehicles (ELVs).

According to the Act, automobile manufacturers are required to recover these three items and take full responsibility for their appropriate disposal. Mazda is working to ensure that its integrated recycling system is constantly running smoothly, and works closely in partnership with the industry and related agencies. Our preparations for compliance with the Act were in place by January 1, 2005, when the Act took effect.

### Collection and disposal of CFCs, airbag recycling

The Japanese automobile manufacturers along with other related organization, cooperatively formed the Automobile Recycling Cooperative Organization to handle processing and recycling. Since 1999, Mazda has promoted the use of its all-in-one operating and processing connector for airbags in all new model cars.

The connector allows the airbag to be operated and then disposed of without removing it from the car, and therefore allows airbags to be dealt with simply while still on board the ELV. We also published and distributed a manual of appropriate disposal methods for airbags, in order to maintain the safety of people involved in dismantling work.

### ASR recycling

Mazda has teamed up with Nissan and eight other manufacturers to establish ART, which is working on the collection and recycling of shredder residue. The required recyclability ratio of ASR, which is being raised in law by stages (30% in 2005, 50% in 2010, 75% in 2015), and we are committed to adherence to the regulations as well as early attainment of future targets.

### Other activities

Mazda is collecting information regarding the recyclability and servicing of each of the roughly 4.7 million cars it has sold in Japan, and maintains a vehicle database and in-house IT system to monitor such information. We have also been involved in various activities as part of the Ford Group, ensuring that all Ford Group companies are in line with the regulations of the Automobile Recycling Act. Our in-house IT system is being further developed so as to be able to handle information relating to imported cars from other companies in the Group.

### Recycling achievements during FY 2004

Mazda published its results in relation to recycling and compliance with the three aspects of the Automobile Recycling Act (ASR, airbags and CFCs) for the relevant period during FY 2004 (January 1 – March 31, 2005) on June 22, 2005. Our results for ASR and airbags exceeded regulated targets by a significant amount, and CFCs were dealt with appropriately. Mazda is working to ensure even better results in the future.

#### Status of compliance with regulations

<table>
<thead>
<tr>
<th>Category</th>
<th>Result</th>
<th>Regulation standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASR recycling</td>
<td>56%</td>
<td>Min. 30% (for FY 2005 – FY 2009)</td>
</tr>
<tr>
<td>Airbag recycling</td>
<td>95%</td>
<td>Min. 85%</td>
</tr>
</tbody>
</table>

#### Outline of recycling ratios achieved during FY 2004 (January — March 2005)

<table>
<thead>
<tr>
<th>Category</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFCs</td>
<td>Total quantity collected</td>
</tr>
<tr>
<td></td>
<td>Total value of costs expended in recycling</td>
</tr>
<tr>
<td>Airbags</td>
<td>Total quantity collected</td>
</tr>
<tr>
<td></td>
<td>Total no. operated and processed</td>
</tr>
<tr>
<td>Shredder residue (ASR)</td>
<td>Total quantity ASR collected</td>
</tr>
<tr>
<td></td>
<td>Total dust emission after recyclable materials collected</td>
</tr>
<tr>
<td></td>
<td>Total value of repaid deposits</td>
</tr>
</tbody>
</table>

### Glossary:

| ASR | Automotive Shredder Residue |
| ART | Automotive Shredder Residue Recycling Promotion Team |

### Reuse and recycling of parts

Since 1996, Mazda has been collecting engines and automatic transmissions from cars that have been repaired, and selling them as rebuilt components. This reuse program is expanding, and our component parts sales companies have been increasingly forming partnerships with related companies for the sale of second hand components.
# Activities as an Automobile Manufacturer

## Environmental Management/Environmental Protection Activities

- Building a Groupwide Management Stance for a New Environmental Policy
- Environmental Education and Communication
- Environmental Activities Promotion Plans and Results of Activities during Fiscal 2004
- Lower Environmental Impact in Every Phase of Company Operations
- LCA Implementation
- Environmental Accounting
- A State-of-the-Art Clean Factory, through our Unique Technology and Knowledge
- Efforts to Help Prevent Global Warming
- Reducing Wastes
- Reducing Chemical Substance Emissions and Clean Production Activities
- Green Purchasing
- Cooperation with Suppliers
- The "Green" Office
Building a Groupwide Management Stance for a New Environmental Policy

On April 1, 2005, Mazda reviewed the Mazda Global Environmental Charter defining basic corporate environmental policy from the viewpoint of Corporate Social Responsibility (CSR). The scope of the new Mazda Global Environmental Charter has been expanded from merely Mazda to cover the entire Mazda Group, and to include Groupwide efforts into vehicle recycling and other environmental issues. This revision, the first in the 13 years since the Charter was established in 1992, brings it in line with our current corporate stance.

Mazda Global Environmental Charter (established 1992, revised April 2005)

Environmental Principles

Mazda Group aims to promote environmental protection and contribute to a better society, while maintaining harmony with nature in our business activities all over the world.

Basic Policy

- 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 play our part in improving the environment, hand in hand with local communities and society at large.

Guidelines for Action

1. Creation of environmentally sound technologies and products
   - We are committed to the challenge of creating clean technologies, including those facilitating cleaner exhaust emissions, a reduction in CO₂, the development of clean-energy vehicles.
   - We will encourage the creation of products that are environmentally sound throughout their lifespan, from the planning and development stages through to manufacturing, use, and recycling/disposal.

2. Corporate activities for conserving resources and energy
   - In order to conserve limited resources, we will actively promote resource-conservation and recycling activities.
   - We will strive to achieve diversified and efficient use of energy.

3. Corporate activities in pursuit of a clean environment
   - We will not merely comply with environmental laws and regulations, but will also impose voluntary controls for higher standards and implement self-regulated control.
   - In our pursuit for a clean environment, we will promote the development of new technologies and the introduction of new systems which 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 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 other social activities for the conservation of the environment with society.
Building a new environmental management stance

To accelerate Group environmental efforts, Mazda recently completed its review and modification of the environmental promotion system. The former Mazda Global Environmental Conference has been replaced by the Mazda Environmental Committee under the president as chair, and five subsidiary committees have been created to handle environmental action in specific areas. To provide support to our dealers and suppliers, for example, the Sales and Service Environmental Committee and the Purchasing Environmental Committee have been formed. Executive Vice President John Parker has been appointed as officer in charge of environmental issues, providing a global perspective.
Environmental management system

As part of its commitment to environmental management, Mazda is actively building and improving its environmental management system. In FY 2000 all major production points both in Japan and overseas were certified under ISO14001, followed by nine of our major affiliates in FY 2002.

In FY 2003 the Head Office R&D Divisions were certified, and in FY 2004 the Mazda Parts Center and Mazda Training Center were added to the scope of certification for the Hiroshima area. We are assisting our parts and materials suppliers in acquiring ISO14001 certification, and as of the end of FY 2004 95% of our suppliers have been successful in their efforts. We are now investigating the possibility of implementing our unique management system in uncertified small-scale enterprises, Group companies and suppliers.

ISO14001 certification by domestic production and business sites

<table>
<thead>
<tr>
<th>Area</th>
<th>Site</th>
<th>Certification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiroshima area</td>
<td>Head Office Plant</td>
<td>June, 2000</td>
</tr>
<tr>
<td></td>
<td>Miyoshi Office</td>
<td></td>
</tr>
<tr>
<td>Hofu area</td>
<td>Nishinoura district</td>
<td>Sept., 1998</td>
</tr>
<tr>
<td></td>
<td>Nakanoseki district</td>
<td>Sept., 1999</td>
</tr>
</tbody>
</table>

ISO14001 certification in the product development sector

<table>
<thead>
<tr>
<th>Division</th>
<th>Certification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D</td>
<td>Aug., 2003</td>
</tr>
</tbody>
</table>

ISO14001 certification by overseas production points

<table>
<thead>
<tr>
<th>Company</th>
<th>Certification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AutoAlliance (Thailand) Company Limited (Thailand)</td>
<td>May, 2000</td>
</tr>
<tr>
<td>Auto Alliance International, Inc. (U.S.)</td>
<td>June, 2000</td>
</tr>
</tbody>
</table>

ISO14001 certification by affiliates and suppliers

<table>
<thead>
<tr>
<th>Company</th>
<th>Certification Date</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mazda Engineering &amp; Technology Co., Ltd.</td>
<td>June, 2000</td>
<td>Manufacture and sale of parts and specially-equipped automobiles / automobile design / development and implementation of testing</td>
</tr>
<tr>
<td>Toyo Advanced Technologies Co. Ltd.</td>
<td>June, 2000</td>
<td>Design, manufacture and sale of production machinery / automotive components</td>
</tr>
<tr>
<td>Mazda Ace Co., Ltd.</td>
<td>June, 2000</td>
<td>Security, insurance, rebuilding, maintenance, etc.</td>
</tr>
<tr>
<td>Malox Co., Ltd.</td>
<td>June 2000</td>
<td>Sea shipping of automobiles, port and harbor management, land transportation, warehousing, packaging etc.</td>
</tr>
<tr>
<td>Microtechno Corp.</td>
<td>Oct., 2001</td>
<td>Manufacture of AT components, air conditioning unit components etc.</td>
</tr>
<tr>
<td>Kurashiki Kako Co., Ltd.</td>
<td>Dec., 2001</td>
<td>Development, manufacture and sale of vibration-preventing rubber, hoses, window frame rubber, etc.</td>
</tr>
</tbody>
</table>

*were certified in conjunction with Mazda’s Hiroshima Plant.

Communication with group companies

Representative directors from dealerships meet regularly with Mazda officers in charge of sales. At the meeting in May 2005, Mazda requested dealership cooperation in the following four points related to CSR.

1. Establishment of a CSR stance
   - Designation of a manager for compliance activities
   - Regular internal audits

2. Establishment of an organizational approach stressing CSR
   - Regular employee awareness activities

3. Thorough risk management
   - Rapid provision of information to Mazda
   - Rapid and legal responses

4. Observance of environmental laws and regulations
   - Enhanced promotion of MECA21
     (Mazda’s Environment Care Approach21:
      an environmental action or guideline established by the Mazda Dealership Association in Japan)
Mazda deals with a wide range of environmental risks, from production processes and development of production equipment to products themselves. Mazda is committed to minimizing these risks, through implementing environmental risk assessments and taking preventative measures to protect against pollution and environmental incidents. In addition to this, we implement training for accident and emergency situations to maintain our response capacity in regard to environmental risks. Mazda implements periodic monitoring in regard to air pollution, water quality deterioration and pollution related to waste product processing. Each of our plants and business premises implements appropriate countermeasures and working hard towards prevention.

Again in FY 2004, Mazda experienced no environmental accidents or incidents that could lead to environmental pollution, and recorded no incidents of legal or regulatory contravention. We received a total of one complaint regarding environmental matters (for dust), which was addressed promptly. The related equipment was immediately inspected and operational stance evaluated, showing no abnormalities, but we tightened operational management policies.

Environmental Auditing

To verify that our environmental management system is functioning effectively, two annual audits are held each for the Hiroshima area, the Hofu Plant and the R&D Division; one internal and one by a third-party organization. Internal auditors are selected primarily from among middle management, who have received training from external auditing organizations and been certified as having achieved the necessary level of qualification.

The FY 2004 internal audit resulted in 62 citations for minor problems and 112 observations. The external audit, by an external ISO 14001 accreditation organization, resulted in no major or minor citations and only seven observations. All citations and observations were reported to management and dealt with promptly.

Environmental Risk Management

Mazda deals with a wide range of environmental risks, from production processes and development of production equipment to products themselves. Mazda is committed to minimizing these risks, through implementing environmental risk assessments and taking preventative measures to protect against pollution and environmental incidents. In addition to this, we implement training for accident and emergency situations to maintain our response capacity in regard to environmental risks. Mazda implements periodic monitoring in regard to air pollution, water quality deterioration and pollution related to waste product processing. Each of our plants and business premises implements appropriate countermeasures and working hard towards prevention.

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Mazda proactively promotes environmental education and awareness activities in an effort to enhance employee awareness of the environment, as we believe this is key to the implementation of any environmental measure.

### Environmental Education

Environmental education is an important part of new employee training, and managers, team leaders, foremen and other managers are given structured training based on the environmental management system. Each project division implements ongoing environmental training, to ensure thorough environmental awareness and the capacity to operate the environmental management system. Staff are also encouraged and supported in the gaining of public qualifications related to the environment. We also invite employees to make suggestions regarding environment-related issues and improvement strategies, supported by a rewards system for new discoveries that promotes improvement in employee awareness and active participation.

#### Environmental Education System

<table>
<thead>
<tr>
<th>Education at each level</th>
<th>Department managers</th>
<th>Section managers</th>
<th>Group managers</th>
<th>New employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>General employee education</td>
<td>Research education</td>
<td>Senior leaders course</td>
<td>Mazda Junior College course</td>
<td></td>
</tr>
<tr>
<td>Education for employees in designated occupations</td>
<td>Departmental education</td>
<td>Operations manuals course</td>
<td>Accident response course</td>
<td></td>
</tr>
<tr>
<td>Course for Environmental Auditors</td>
<td>Course for Internal Environmental Auditors</td>
<td></td>
<td>Course for environment-related qualifications</td>
<td></td>
</tr>
</tbody>
</table>

#### Awareness and Communication

Mazda promotes awareness among all employees, including those of our affiliate companies, through the use of reports and awareness raising activities using our intranet, and also information printed in the in-house magazine, 'My Mazda'. As part of the 'Environment Month', held every year in June, the company president broadcasts a message to the whole company, and environmental exhibitions are held throughout Mazda. In addition, employees take part in regional clean-up operations, and environmental events, which promote awareness among employees and also among their families. Mazda publishes environmental data relating to each of our models on our official website and in product catalogues, and publish an environmental report, as well as participating in a variety of environmental events, so as to communicate effectively to our customers and society at large.

We take a leading role in regional environment activities, as well as participating in the Hiroshima Eco-Forum covering ISO 14001 seminars, international cooperation and support for regional environmental education. The Hofu Plant is also a member of the Environmental ISO Yamaguchi Club.

#### Glossary 1

- **Hiroshima Eco-Forum**
  Established in March 1993 by cooperating corporations and groups in Hiroshima Prefecture to contribute to the creation of a society committed to protecting the global environment through a harmony of the global environment and economy.

#### Glossary 2

- **Environmental ISO Yamaguchi Club**
  Promotes deeper understanding of the introduction of the environmental ISO standard among companies in Yamaguchi Prefecture, through seminars and a newsletter, and works to heighten awareness of related issues.

#### Examples of models exhibited at environmental events in FY 2004

<table>
<thead>
<tr>
<th>Event</th>
<th>Term</th>
<th>Models(exhibited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiroshima River Festival</td>
<td>May 3-May 5</td>
<td>RX-8 Hydrogen RE</td>
</tr>
<tr>
<td>People and Cars Technology Exhibition</td>
<td>May 19-May 21</td>
<td>Hydrogen RE unit</td>
</tr>
<tr>
<td>Eco-Car World 2004</td>
<td>June 5-June 8</td>
<td>Demio and Axela (SU-LEV)</td>
</tr>
<tr>
<td>Tokyo Motor Show</td>
<td>Nov. 2-Nov. 7</td>
<td>Hydrogen RE unit</td>
</tr>
<tr>
<td>Eco-Products 2004</td>
<td>Dec. 9-Dec. 11</td>
<td>RX-8 Hydrogen RE</td>
</tr>
</tbody>
</table>

*In addition to the above, Mazda also exhibited the RX-8 Hydrogen RE numerous times, and participated in lectures, seminars and other events both in Japan and overseas.*
Environmental Activities Promotion Plans and Results of Activities during Fiscal 2004

Mazda is working towards reducing the burden it places on the environment through its corporate activities and products. We have established activities promotion plans for each area and category of our work, and are committed to attaining the objectives set in these plans.

<table>
<thead>
<tr>
<th>Environmental activities promotion plans</th>
<th>Results for FY 2004</th>
<th>Related pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Objective</td>
<td></td>
</tr>
<tr>
<td>Environmental management</td>
<td>Improved management stance</td>
<td>Promotion and support for acquisition of ISO 14001 certification by suppliers</td>
</tr>
<tr>
<td>Exhaust emissions</td>
<td>Ensure that 90% or more passenger cars are SU-LEV or U-LEV standard by end of 2005</td>
<td>- SU-LEV approval received for Demio, Verisa, Premacy and Axela (1.5-liter)</td>
</tr>
<tr>
<td>Fuel efficiency (CO₂ reduction)</td>
<td>Attain 2010 fuel efficiency standards for all passenger car weight classes by fiscal 2005</td>
<td>2010 standards achieved for all Verisa models and Premacy (2.0-liter)</td>
</tr>
<tr>
<td>Noise</td>
<td>Comply with external noise regulations in all new cars</td>
<td>All new models comply with new standards</td>
</tr>
<tr>
<td>Clean energy vehicles</td>
<td>Promote the development of hydrogen rotary engine vehicles in preparation for leasing</td>
<td>RX-8 Hydrogen RE licensed by Minister of Land, Infrastructure and Transport; testing on public roads</td>
</tr>
<tr>
<td>Promotion of recycling</td>
<td>Raise the recyclability ratio for new cars to 90% or higher from 2002</td>
<td>Achieved in Verisa, Premacy</td>
</tr>
<tr>
<td>Environmental Substances of concern</td>
<td>Actively promote the use of recycled bumper material in components for new models</td>
<td>47,300 damaged bumpers collected from the marketplace and utilized in components for new cars. Proprietary paint stripping technology used to establish bumper-to-bumper recycling for use in new cars.</td>
</tr>
<tr>
<td>Reduction in landfill waste</td>
<td>Promote reduced use of four substances (lead, mercury, hexavalent chrome, cadmium)</td>
<td>Promote reduced use of four substances (lead, mercury, hexavalent chromium, cadmium)</td>
</tr>
<tr>
<td>Recycling</td>
<td>Promote reduced VOCs in cabin</td>
<td>VOC levels reduced through change in cabin components</td>
</tr>
<tr>
<td>Reduction in CO₂ emissions</td>
<td>Achieve 1% or less of FY 1990 levels by end of FY 2004</td>
<td>Achieved in Jan. 2005 and maintained since</td>
</tr>
<tr>
<td>Energy savings</td>
<td>Reduce CO₂ emissions from production processes by 5% from FY 1990 levels by end of 2005, and by 10% by end of FY 2010</td>
<td>33% reduction against FY 1990 level</td>
</tr>
<tr>
<td>Logistics</td>
<td>Reduce CO₂ emissions by improving distribution system efficiency</td>
<td>Achieved a further reduction of 5,631 tons</td>
</tr>
<tr>
<td>Efficient use of resources</td>
<td>Reduce use of resources by simplifying packaging and wrapping</td>
<td>Achieved a further reduction of 1,275 tons</td>
</tr>
<tr>
<td>ELVs (End-of-Life Vehicles)</td>
<td>Comply with the domestic Automobile Recycling Act</td>
<td>Recycling and other activities begun from Jan. 2005</td>
</tr>
</tbody>
</table>
Lower Environmental Impact in Every Phase of Company Operations

Mazda is collecting data to provide a baseline for the effective reduction of environmental impact of our production and logistics operations.

**Invested resources, and output to the environment**

Efficient use of resources and reductions in emissions of environmentally damaging substances, such as CO₂, are important in reducing environmental risk, and contributing to the formation of a recycling society. Mazda monitors the amount of resources input into our production processes, and emissions produced, working to maintain an effective balance. Results for fiscal 2004 are shown below.

Mazda's relationship to the environment

<table>
<thead>
<tr>
<th>Quantity of electricity, water and raw materials used</th>
<th>MAZDA</th>
<th>Quantity of emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy, calculated as crude oil 311,000 M/Year</td>
<td></td>
<td>Direct landfill waste 1,140 T/year</td>
</tr>
<tr>
<td>Water 15,980,000 m³/year</td>
<td></td>
<td>Wastewater 820,000 million m³/year</td>
</tr>
<tr>
<td>Raw materials 270,000 t/year (Steel, aluminum, etc.)</td>
<td></td>
<td>Gas emissions 140,000 million Nm³/hour</td>
</tr>
<tr>
<td>Paper</td>
<td></td>
<td>CO₂ (production processes) 374,000 million t/year</td>
</tr>
</tbody>
</table>

*Values are FY 2004 (April 2004-March 2005) results

LCA Implementation

Life Cycle Assessment, or LCA, makes it possible to evaluate the total environmental impact of every stage of production and use, from materials procurement and component production to vehicle manufacture, product use, maintenance and disposal. Mazda is engaged in research into the databases needed to develop appropriate application and evaluation techniques, and implementation methods, to utilize LCA as a tool to further reduce environmental impact.
Mazda has implemented an environmental accounting system in order to more accurately grasp the costs and benefits of our environmental protection activities, and uses this understanding to make corporate activities more efficient. From FY 2004, Groupwide environmental accounts are included in the report.

### The cost of environmental protection

The cost of environmental protection is calculated as the cost of reducing the burden placed on the environment, the cost of investing in environmental protection benefits for the future, and includes management costs for projects and product lifecycles in all our areas of business. In comparison with the previous year, the cost of our environmental protection work in FY 2004 showed an increase in research and development costs, including prototyping (an increase of 3,510 million yen), an increase in global environment protection cost, including switching to alternate fuels and energy-saving measures (890 million yen), increase in social activities costs (610 million yen) and an increase in environmental recycling costs, such as constructing a new stockyard for industrial waste (400 million yen). Mazda’s calculations are compatible with the environmental accounting guidelines and guidebook published by the Ministry of the Environment, but are collated using our own standards.

#### Environmental protection costs (including domestic Group companies)

<table>
<thead>
<tr>
<th>Category</th>
<th>Capital investment</th>
<th>Expenditure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost by business area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of preventing pollution</td>
<td>24.8</td>
<td>21.6</td>
<td>46.4</td>
</tr>
<tr>
<td>Cost of protecting the global environment</td>
<td>10.5</td>
<td>20.4</td>
<td>30.9</td>
</tr>
<tr>
<td>Cost of recycling resources</td>
<td>1.7</td>
<td>18.6</td>
<td>20.3</td>
</tr>
<tr>
<td>Upstream/downstream costs</td>
<td>3.4</td>
<td>2.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Management activity costs</td>
<td>0.1</td>
<td>10.6</td>
<td>10.7</td>
</tr>
<tr>
<td>R&amp;D costs</td>
<td>10.8</td>
<td>353.2</td>
<td>363.9</td>
</tr>
<tr>
<td>Cost of social activities</td>
<td>0.0</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td>Cost of environmental damage</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total environmental cost</td>
<td>51.3</td>
<td>437.1</td>
<td>488.4</td>
</tr>
</tbody>
</table>

**Scope of consolidated environmental accounting**

45 firms included in consolidated financial report

1. Scope of consolidated environmental accounting
2. Includes Mazda and 45 subsidiary companies

#### Environmental protection cost (Mazda, unconsolidated)

<table>
<thead>
<tr>
<th>Ministry of the Environment guideline category</th>
<th>Major activities</th>
<th>Environmental cost (100 million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of preventing pollution</td>
<td>Prevention of air, water and soil pollution Eg. Measures dealing with VOCs, dust, and paint drying ovens</td>
<td>24.6 20.5</td>
</tr>
<tr>
<td>Cost of protecting the global environment</td>
<td>Activities to help prevent global warming and destruction of the ozone layer Eg. Line integration, switch to alternate energy sources, etc.</td>
<td>10.2 19.3</td>
</tr>
<tr>
<td>Cost of recycling resources</td>
<td>Effective utilization, recycling, waste processing and disposal Eg. New recovery system for casting sand, new waste stockyard</td>
<td>1.7 15.8</td>
</tr>
<tr>
<td>Upstream/downstream costs</td>
<td>Green procurement (price difference), product recovery and recycling, reduced environmental impact from packaging and wrapping</td>
<td>3.4 2.4</td>
</tr>
<tr>
<td>Management activity costs</td>
<td>Environmental training for employees, construction and operation of an environmental management system, monitoring and measurement of environmental impact, information disclosure, nature protection and beautification around company facilities</td>
<td>0.1 8.7</td>
</tr>
<tr>
<td>Research and development costs</td>
<td>R&amp;D into products, production methods and logistics contributing to reduced environmental impact</td>
<td>10.2 350.1</td>
</tr>
<tr>
<td>Cost of social activities</td>
<td>Nature protection, greenery and scenic improvement, financial and other support for local residents and groups, information provision</td>
<td>0 9.9</td>
</tr>
<tr>
<td>Cost of environmental damage</td>
<td>Remediation expenses, compensation for environmental damage, insurance, etc.</td>
<td>0 0</td>
</tr>
<tr>
<td>Total environmental cost</td>
<td></td>
<td>50.2 426.7</td>
</tr>
</tbody>
</table>

**Criteria for calculation of environmental accounts**

1. Scope of data collection: Scope covered by Mazda Motor Corporation
2. Facilities investment: Cash flow managed base, with depreciation not included. Categories that do not fall naturally into fiscal year accounting are included for the current period only.
3. R&D into products, production methods and logistics contributing to reduced environmental impact: New recovery system for casting sand, new waste stockyard
4. Remediation expenses: Compensation for environmental damage, insurance, etc.

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Benefits of Environmental Protection

The following is an account of the direct and indirect benefits seen as a result of the investment in, and costs of, environmental protection. During fiscal 2004, the production, logistics, and management divisions achieved the following.

Benefits of environmental protection (Mazda, unconsolidated)

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>FY 2003</th>
<th>FY 2004</th>
<th>Improvement ratio</th>
<th>Details</th>
<th>Economic benefit (unit: 100 million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC emission reductions</td>
<td>g/m²</td>
<td>8.0</td>
<td>5.0</td>
<td>11.0% improvement</td>
<td>Energy saving measures</td>
<td>16.2</td>
</tr>
<tr>
<td>CO₂ emission (annual)</td>
<td>thousand tons CO₂/year</td>
<td>370.6</td>
<td>373.6</td>
<td>0.8% increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO₂ emission per unit sales</td>
<td>ton-CO₂/100 million yen</td>
<td>22.3</td>
<td>20.2</td>
<td>9.4% improvement</td>
<td>Efficiency resource usage</td>
<td>2.0</td>
</tr>
<tr>
<td>Direct landfill waste</td>
<td>thousand tons/year</td>
<td>2.0</td>
<td>1.1</td>
<td>45.0% improvement</td>
<td>Steam recovery</td>
<td>0.4</td>
</tr>
<tr>
<td>Incinerated waste</td>
<td>thousand tons/year</td>
<td>10.0</td>
<td>8.2</td>
<td>18.8% improvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste output per sales revenue</td>
<td>tons/year</td>
<td>84.8</td>
<td>90.9</td>
<td>7.2% increase</td>
<td>Reduction in packaging</td>
<td>0.1</td>
</tr>
<tr>
<td>Recycling ratio</td>
<td>%</td>
<td>99.1</td>
<td>99.2</td>
<td>0.1% improvement</td>
<td>Recycling, income from sale of marketable substances</td>
<td>60.3</td>
</tr>
<tr>
<td>No. of damaged bumpers recovered</td>
<td>thousand units/year</td>
<td>45.3</td>
<td>47.3</td>
<td>4.4% improvement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Criteria for calculating economic benefit:
- ☐ energy saving measures
- ☐ reduction in processing costs for waste product
- ☐ in-house recycling, income from sale of marketable substances, throughout manufacturing / logistics sectors

Trends in environmental costs

Waste products from automobile manufacturing

Environmental investment / facilities investment

Quantity of CO₂ output by automobile manufacturing process

Environmental investment / facilities investment
Mazda brought together production technology developed in-house and the knowledge gained through decades of experience in manufacturing, and the result was this advanced, ultra-clean factory. It has earned its high reputation.

The first simultaneous reduction in VOC and CO₂ in the world

Three-Layer Wet Paint System technology

Intermediate coat, color base and clear top coat are applied in sequence, and then all three baked together in this newly-developed method... the first in the world to simultaneously slash both CO₂ and volatile organic compounds (VOC), which have considerable environmental impact. This technology made it possible to reduce VOC usage by 45%, and reduce energy consumption (CO₂ equivalent) by 15%, as well as reducing cost. The technology was adopted in all domestic production lines by April 2004.

- Received Environment Minister’s 2004 Global Warming Prevention Award (November, 2004)
- Received 2004 METI Minister’s Prize in the Superior Energy-Saving Application Example category from the Energy Conservation Center (February 9, 2005)

99% reduction in energy consumption

World’s first friction heat aluminum joining technology

In 2003, Mazda was the first in the world to develop a new aluminum joining technology based on friction heat, slashing electricity consumption by about 99% from conventional resistance welding. The new technology eliminates the massive electricity consumption, huge equipment, cooling water and compressed air systems required for resistance welding, providing significant energy-saving benefits and lower cost. The technology was used in vehicles starting with the RX-8 announced in 2003.

Significant contribution to lighter vehicles

World’s first friction heat aluminum-steel joining technology

In June 2005, Mazda extended its aluminum joining technology based on friction heat, and developed the first application capable of joining aluminum and steel. Conventional welding of different metals, such as steel and aluminum, has been extremely complex, but this new Mazda technology makes it simple while at the same time ensuring a join free of contact corrosion. The new technology is being used in the new Mazda Roadster scheduled to be released in August 2005, to join the aluminum trunk lid and the steel bolt retainers. We will adopt the technology in other places to join steel and aluminum, making it possible to assemble even lighter cars for improved fuel efficiency.
Ordering one at a time, when it’s needed

**Integrated scheduled production**

The basic Mazda production method is mixed manufacturing. This approach makes it possible for us to handle a wide range of product lines and models, meeting changing market needs with efficiency, high quality and fast delivery.

Mazda is now further enhancing mixed manufacturing to implement “Integrated scheduled production” at all our facilities, so that manufacturing will proceed in accordance with advance planning. Planned sequential production means that every step of the process from materials receiving to manufacturing and shipping can be handled with reduced lead time, on a multi-model production line, in accordance with customer specifications. Because the components required for each manufacturing step are provided when required, this approach eliminates losses due to warehousing and redundant transportation.

**Clean, energy-efficient manufacturing**

**Semi-Dry Machining**

Mazda began utilizing semi-dry machining in 2002 with the objectives of reducing electricity consumption and machining waste. The technology was first put into use on the MZR engine production line.

Compared to conventional “wet” machining, semi-dry machining reduces power consumption by 75% and the volume of waste cutting fluid by 80%. Mazda is now implementing semi-dry machining in a wide range of components besides engines.

*Mazda began utilizing semi-dry machining in 2002 with the objectives of reducing electricity consumption and machining waste. The technology was first put into use on the MZR engine production line.

Compared to conventional “wet” machining, semi-dry machining reduces power consumption by 75% and the volume of waste cutting fluid by 80%. Mazda is now implementing semi-dry machining in a wide range of components besides engines.*

Matching production lines to our people

**"Just-Fit Conveyor" System**

Mazda is working to minimize environmental impact and at the same time making every effort to improve the working environment in our production facilities. The “Just-fit conveyor” system used at the Ujina Plant No. 2 improves on the traditional approach of asking people to bend or stretch to use the equipment, and instead raises or lowers the chassis (line) as needed to fit the workers. This approach significantly reduces physical fatigue, and has also boosted productivity by eliminating wasted time.

Needed components arrive when needed during assembly

**"Kit supply" method**

Mazda is involved in a range of activities to improve the working environment on the shop floor, one of which is the “kit supply” method. Instead of having workers select the needed parts for each vehicle as it comes down the production line, all the parts required for a given vehicle are collected in advance, and accompany it on the conveyor. This reduces the number of things the worker has to think about, making it possible for them to quickly and accurately select the correct components, improving task efficiency.
Efforts to Help Prevent Global Warming

To help protect the global environment, Mazda is working to minimize CO₂ emissions and reduce energy consumption in every phase of our activities, from production to distribution.

**Saving energy in production**

Mazda is reducing energy consumption, working to achieve self-imposed CO₂ emission reduction targets for production (non-consolidated) of 5% from FY1990 levels by the end of FY 2005, and 10% by the end of FY 2010. In FY 2004 we adopted new production technologies (see pages 43-44), integrated production lines, reviewed losses through TPM activities, and reduced line operating times through improvement activities, to name a few. We are also converting to natural gas fuel, which is expected to significantly reduce CO₂ emissions.

**Conversion to LNG fuel**

Natural gas has the lowest CO₂ emissions per thermal unit of any of the fossil fuels, and Mazda is aggressively switching from existing heavy oil and LPG fuels to liquid natural gas (LNG). The Head Office plant completed the changeover in December 2000, followed by the Hofu Plant in 2004. Mazda will continue to expand its use of LNG to further reduce CO₂ emissions.

Hofu Plant Nakanoseki Area receives the Director-General of the Agency of Natural Resources and Energy Award for excellence in factory energy management. In February 2005 The Energy Conservation Center of Japan presented the Nakanoseki Area of the Hofu Plant with the Director-General of the Agency of Natural Resources and Energy Award for excellence in factory energy management, in the thermal energy category. The award recognized a 1 percent year-on-year reduction in the basic energy consumption unit for the last three years. Employees in the Nakanoseki Area participate in TPM activities to improve the workplace, and actively participate in lectures, training sessions and certification programs related to energy management.

**Utilization of energy, by category**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004 (Fiscal year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>4,342</td>
<td>4,970</td>
<td>5,178</td>
<td>5,344</td>
</tr>
<tr>
<td>Coke</td>
<td>397</td>
<td>341</td>
<td>386</td>
<td>369</td>
</tr>
<tr>
<td>Heavy oil</td>
<td>1,247</td>
<td>1,252</td>
<td>1,181</td>
<td>1,026</td>
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<tr>
<td>Diesel</td>
<td>9</td>
<td>10</td>
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<td>10</td>
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<tr>
<td>Gasoline</td>
<td>14</td>
<td>22</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>LPG</td>
<td>174</td>
<td>88</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>LNG</td>
<td>441</td>
<td>728</td>
<td>821</td>
<td>976</td>
</tr>
<tr>
<td>Total</td>
<td>6,687</td>
<td>7,438</td>
<td>7,670</td>
<td>7,818</td>
</tr>
</tbody>
</table>

**Trends in CO₂ emissions per turnover unit**

**CO₂ emissions from vehicle manufacturing**

**Utilization of energy, by category**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004 (Fiscal year)</th>
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<td>Electricity</td>
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<td>Coke</td>
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<td>341</td>
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</tr>
<tr>
<td>Heavy oil</td>
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</tr>
</tbody>
</table>

**Glossary 1**

**Basic energy consumption unit**

A basic unit used for calculating energy efficiency. At Mazda it is equivalent to the amount of energy required to produce one vehicle.

**Glossary 2**

**GJ (gigaJoule)**

A joule is an international unit of heat. One gigajoule is equivalent to 4,186,050 kcal.
Saving energy in logistics

Mazda is working to accurately monitor CO₂ emissions in logistics and distribution, and reducing them by improved efficiencies, switching to alternate transport modes and other measures. Total CO₂ emissions in the logistics sector reached 5,631 tons in fiscal 2004.

Reduced in-house deliveries

Mazda began full-fledged introduction of the Mazda Milk-Run System (MRS) in fiscal 2003, and has been steadily decreasing the number of trucks used for parts transport. Improvements to the MRS system reduced CO₂ emissions in fiscal 2004 by 2,681 tons. Additional improvements in loading efficiency and shared transport of finished vehicles reduced emissions by an additional 143 tons.

Utilization of sea transport

Taking advantage of its location on the Seto Inland Sea, Mazda began its modal shift toward sea transport quite some time ago. Today about 80% of all vehicles are transported by sea, and 92% of all vehicles bound for the domestic market. In fiscal 2004 we expanded the feeder routes throughout Asia and took other measures to shorten transport distances for export parts, as well as minimizing truck use to ports, reducing CO₂ emissions by 2,807 tons.

Improved efficiency and management in parts transport

Mazda is steadily switching to electric forklifts for parts procurement and in-plant transport. At the end of FY 2004 we operated 166 electric forklifts, representing 24% of the total. From FY 2003 we have also begun introducing towing tractors instead of forklifts at parts centers handling customer parts and other distribution operations, further slashing CO₂ emissions.
Reducing Wastes

To most effectively utilize resources and contribute to the realization of a recycling society, Mazda is working to minimize waste generation in all our activities and to recycle as much as possible.

Second stage of zero-emissions goal achieved

Mazda has been steadily advancing its plan to achieve zero emissions - the elimination of the direct landfill wastes - for some time. The original target was to reduce the direct landfill wastes from all domestic production points, including development, administrative and technical sectors, to under 5% of the fiscal 1990 level. This goal was achieved during FY 2002, one year ahead of schedule. From FY 2003 we began work toward our second-stage goal: reducing the direct landfill waste to under 1% by the end of FY 2004, and we were successful in January.

Byproduct and waste reduction and recycling

The key areas of improvement in the attainment of the second-stage zero emission goal were reducing the tonnage of waste generated, and recycling more waste. In FY 2004 we slashed the tonnage of metal scrap generated, and promoted in-plant recycling by melting and returning refined metal to the feed supply for new parts. We also made progress in recycling slag and cupola dust, and reducing the tonnage of chemical sludge generated. As a result of these efforts our recycling efficiency did not drop under 90%, and the direct landfill waste tonnage was 1,140 tons (a reduction of 887 tons from last year).

Reducing emissions and general waste

Expanded use of semi-dry machining (see page 44) resulted in a reduction in cutting fluid consumption, and a resulting reduction in emissions of sludge and other waste. General office waste like paper, empty cans and plastic containers were thoroughly sorted and recycled, providing a further reduction in emissions. These efforts reduced the tonnage of waste processed by direct landfill to 1% or less of FY 1990 levels, achieving our second-stage zero-emission target. Mazda will continue its activities to maintain zero emission performance, and expand the program to the entire Group.
Mazda believes that the irreplaceable natural resources of the region around our Head Office in Hiroshima, including the Seto Inland Sea National Park, are part of humanity’s common heritage, and is committed to “clean production” with minimal impact on the environment.

**Advance inspection system for chemical substances**

Before purchasing a new type of oil, chemical, paint or other such raw material or secondary material, an advance evaluation of labor safety and environmental impact is carried out, based on the material safety data sheet (MSDS). Mazda is committed to the elimination or reduction in use of dangerous chemicals, and to finding alternatives where possible.

**PRTR (Pollutant Release and Transfer Register)**

During FY 2004, Mazda used a total of 23 substances requiring reporting under the terms of the PRTR. Production totals increased by around 0.2% during this fiscal year, but Mazda was able to reduce the quantities of pollutants emitted into the air and water systems by around 15% (see pages 81-84 for details).

**Preventing wastewater pollution**

Mazda draws no subsurface water for industrial usage, recognizing that this can lead to subsidence problems, and instead receives a regular volume of industrial water. The Miyoshi Proving Grounds collects rainwater for a variety of uses, along with other measures designed to improve utilization efficiency of water resources. Mazda has defined its own standards, which are stricter than the legal regulations in regard to wastewater pollution, and clears these standards by an ample margin. Mazda also processes its wastewater appropriately according to origin, by separating wastewater from processing systems, domestic-hygiene systems, etc., as shown below.

**Outline of wastewater processing (Hiroshima Plant)**

**Prevention of atmospheric pollution**

Mazda has defined its own standards for regulating emissions of SOx (sulfur oxide), NOx (nitrogen oxides), dust, ground waste and mist, as well as hydrocarbons and VOCs (volatile organic compounds) which are stricter than the legal regulations in regard to atmospheric pollution, and is clearing these standards through the installation of removal equipment, low-impact facilities, and strict day-to-day controls. (For detailed emissions data, see pages 81-84.)

**Prevention of sensory pollution**

Noise, vibration, odors and other aspects that affect the senses can upset people’s sense of wellbeing even if falling within the boundaries of legal requirements. Mazda is well aware of this fact, and in order to live in cooperation with the local community, is committed to cleaning up the sources of pollution, and implementing plans to take measures against noise and odors.

**Other environmental measures**

Mazda is in the process of eliminating all chlorine-based substances from the cutting oils used in the machining process plants. In addition, Mazda abides strictly by the legal regulations relating to waste processing and cleaning, and currently stores PCB (polychlorinated biphenyl) for use as insulation oil for its condensers. As of the end of FY 2004, Mazda stored 439 units of PCB.

**Helping preserve the natural environment**

The Miyoshi Proving Ground is involved in a plan to restore the scenic beauty and riverhead functions of an extensive region of mountains and forest damaged by pine weevils. 22 hectares of land will be covered through FY 2007, and some 15 hectares have been completed as of the end of FY 2004. Our Hokkaido Kenbuchi Proving Ground, which handles R&D into technology and safety for frigid climates, operates under self-imposed regulations limiting development and use to about 50 days in the winter, to minimize impact on the natural environment.
Green Purchasing

Mazda recognizes the need to work with suppliers to further reduce the burden placed on the environment, and are engaged in a wide range of activities under the Green Procurement Guidelines.

Promoting ISO 14001 accreditation among suppliers

As part of its Environmental Management System, Mazda requires its suppliers of automobile parts and materials, as well as suppliers of manufacturing facilities and equipment, to attain ISO14001 accreditation, and Mazda works with suppliers to share information and best practices to raise environmental awareness. In FY 2004, Mazda held training sessions on ‘Environmental Issues in Product Development’, and cooperated in promoting recycling, reducing use of substances with environmental impact, and reducing in-cabin VOCs in cars. As a result of these efforts, 95% of our suppliers had attained ISO14001 accreditation by the end of FY 2004. We will continue this work in FY 2005 and beyond, helping even small-scale suppliers construct effective environmental management systems.

Purchasing in accordance with Green Procurement Guidelines

Mazda has worked with suppliers for some time in environmental protection issues, and is committed to expanding purchasing in accordance with our Green Procurement Guidelines. As of May 2005, the Guidelines request suppliers to

- Construct environmental management systems (ISO 14001 accreditation),
- Manage substances with environmental impact (IMDS entry, observance of MES for management of substances with environmental impact), and
- Designate a person responsible for environmental issues.

Mazda will give purchasing priority to suppliers that have an environmental management system in place, observe applicable laws and regulations, and manage substances with environmental impact.

Assessing environmentally damaging substances by using IMDS

As we work with our suppliers to improve green purchasing, we also are steadily improving our environmental system. We collected data indicating content by weight of EU-regulated substances such as lead, mercury, cadmium and hexavalent chrome in vehicle parts, and after evaluation and a number of measures, met regulatory requirements in July 2003. As part of efforts to better manage substances with environmental impact, and reduce quantities used, Mazda utilizes the IMDS (International Material Data System) to investigate harmful substances. IMDS data entry guidelines were published at the start of this fiscal year, with components and materials containing monitored substances listed, so that data can be maintained.
Cooperation with Suppliers

To further expand the range of environmental initiatives and ensure the greatest possible effect, Mazda is also cooperating with suppliers in indirect sectors such as distribution and sales.

**Guidance for distribution-sector firms**

Mazda began providing guidance to and making inspections of distribution points operated by related companies from 2002, checking on environmental issues. Guidance covered both facilities and operation, including equipment management, daily and monthly management, and checks of various logs. Together, Group firms are working to achieve effective, environmentally-friendly distribution.

**Recycling via dealerships**

Mazda collects damaged bumpers from throughout Japan, recycling them for use in plastic components and bumpers in new cars (see page 26). We are working to make sure that our employees fully understand the benefits of bumper recycling, such as exhibitions at the Mazda Service Skill Competition, and are steadily improving the quality of collected bumpers and the recycling ratio. We have drawn up the MECA21 (Mazda’s Environment Care Approach 21) environmental guidelines for dealerships, jointly with the Mazda Dealership Association, as well as making participation in environmental efforts mandatory for consideration for dealership awards, and provide full support to ensure that all dealerships take part.

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The "Green" Office

Mazda is advancing a range of environmental management activities in its offices, working to further reduce environmental impact.

**Participation in “Team Minus 6%” and reducing environmental burden in the office**

In July 2005, Mazda announced its participation in “Team Minus 6%.” Team minus 6% was established as a government-supported effort under Prime Minister Koizumi to reduce emissions of greenhouse gases by 6%, as called for by the Kyoto Protocol. Japanese citizens are working together to help prevent global warming, doing what they can in their own lives. There are six action plans, covering a variety of points such as adjusting room air conditioner and heater settings, using water and vehicles, and selecting products.

As an automobile manufacturer, Mazda has been working for over 30 years to reduce emissions of global warming gases. With participation in Team Minus 6% we have reviewed our environmental activities, and have prepared a pamphlet listing 55 action plans (28 office items and 27 home items) for distribution to all of our employees (about 25,000, including non-Mazda employees working at our facilities and employees dispatched elsewhere), to promote awareness of the issue.

Paper represents one item of considerable environment impact generated in the office, and Mazda is working to minimize the use of paper by distributing corporate information via the intranet, and using electronic forms for various paperwork and financial records, for example. We shred used paper for use as cushioning packing material for parts, and sort wastepaper carefully to recycle as much as possible. Other measures to minimize environmental effects including using energy-efficient office equipment, turning off computers and lights when not in use, turning off vehicle engines instead of idling, and of course making sure that each and every employee remains aware of the importance of reducing environmental impact in everything we do.
Activities as a Corporate Citizen

Respecting and Energizing People

- Our Vision for People
- Respect for Human Rights
- Specific Policies for Human Resources Training
- Building Creative People
- Promoting the Work-Life Balance
- Safety and Health for Workers
- Excellence in Staff Relations
Our Vision for People

Mazda could not function without the people who make up its staff. We are in the process of implementing a unique company-wide human resources system that allows us to express our commitment to the development and activities of our employees.

'Tobiuo' ('Flying Fish') Human Resources System

Mazda wants to be first and foremost a company filled with people who love their work, rather than a company that is known only for its products and services. In a strong team, each member should be able to develop an environment in which he or she can shine, and work to his or her own strengths. We want to create that sort of teamwork. Our 'Tobiuo' ('Flying Fish') Human Resources System focuses on the elements that are required to raise the levels of power among each employee, based on a system of career development support. We are creating an environment in which each of our employees can develop his or her own careers, and we have prepared a range of options for them. Employees can take the initiative in utilizing this system, and the company offers support for their growth in various ways. We believe that this will lead to more energetic employees, and help us realize our corporate vision.

The 'Tobiuo' ('Flying Fish') Concept

Mazda will provide the right jobs and the appropriate environments where each of our employee can demonstrate their abilities to the fullest, and support 'individual growth' and 'outstanding performance'.

Individual employee success

Corporate (Mazda) success

Choice and Self-Accomplishment

An opportunity to select a working environment where employees can utilize their personal strengths

The right person in the right job gets work done well, and produces results.

Promote Balance Between Work & Life

If both work and play are enjoyable, employees will feel fulfilled on a day-to-day basis.

The vitality of the employees is reflected in their work and products, and communicated to our customers as the Mazda Brand

Best match of people, work and rewards

An employee's level of commitment is reflected directly in the way they are rewarded.

Better rewards can be offered to people who are doing the work now

Specific examples

Improved career development support system

See pages 55 – 56 for details

Improvements in shorter working hours packages for people looking after children or relatives

See page 59 for details

Pay systems that include equal pay for equal work, evaluations, and rewards that are not dependent on length of service or age.

Glossary: 1

Reason for the name 'Tobiuo'

The flying fish image expresses the concept of fearlessly heading towards one's own future and objectives. The logo mark design expresses a sense of speed and continuity, and also our intention to boost these things in the future.

Glossary: 2

Work-life balance

The concept of feeling that one's work is worthwhile, and that it gives the opportunity to also enjoy one's personal life. The idea that a company needs to ensure and support a balance between work and personal life is now gaining popularity even in Japan.
Mazda starts from the position of wanting to help employees who want to grow and want to work. All employees have regular meetings with their supervisor four times a year, which are known as "Career Meetings". The Tobiuo human resources system is based on the idea that people will work hard and test their abilities to the limit if they agree with the role and responsibilities they have been given. These meetings, therefore, are not simply an opportunity for people to exchange opinions; they are a forum for employees to discuss their career development and their activities (setting and attaining objectives) with their supervisors.

The main themes of Career Meetings

**Career development discussions – facilitating growth**
- Assessment of future objectives and the level to which abilities are being improved through work
- Review of responsibilities and any requests regarding transfer or change of work detail

**Goal setting discussions – facilitating activity**
- Setting work objectives and reviewing level to which these have been achieved, as well as sharing challenges for work ahead

The above discussions are carried out four times per year.

The Mazda systems that support career development

### Specialist organizations
- Discussion regarding mental and physical health
  - Health advisor / work counselor / company doctor
- Advice regarding activities and development
  - Career counselor
- Challenging Career System
  - Job postings (recruitment)
  - Job entry (FA)

### Human Resources Department
- Mentor (advisor)
  - Company-approved mentors
- Tobiuo career information
  - Email / website
- Career training
  - Group training / e-learning

### Supervisors
- Career Meetings

### Employees
- Day-to-day communication
- Advice regarding corporate life
- Tobiuo community activities

### Human Resources Development Committee

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**Career training (group training / e-learning)**
A training system that focuses on the needs of administrative and technical staff for attainment of, and improvements in, their business skills. Employees can opt to take such courses during working hours. During FY 2004, the subjects on offer included training in "problem-solving and overview building skills", such as logical communications and innovative thinking, alongside negotiation skills training and presentation skills "for improved interpersonal relations", "work skills improvement training" in areas such as English and finance, and "training in broader outlooks and thinking", such as understanding other cultures. In total, 28 topics were offered within these four categories (of which 18 were group training and the other 10 were e-learning courses). A total of 2,211 people took part in our courses (1,066 in group training, and 1,145 in e-learning).
All employees are forbidden from all violations of human rights in corporate activity, 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.

All violations of these regulations, violations of human rights, or retaliatory actions shall be reported to Mazda.

All retaliatory action in response to reports of human rights violations, or to cooperation with investigations, is forbidden.

The Human Rights Committee and the Eliminating Human Rights Violations Rules

Mazda established its rules and regulations relating to the prevention of human rights infringements on October 25, 2000 with the enactment of Eliminating Human Rights Violations Rules, and conducts monitoring of the status of adherence to these rules, along with promoting human rights in a wide variety of policies, which are decided by the Human Rights Committee. Through these measures, we aim to achieve and strengthen a spirit of respect for human rights throughout the company. Where cases of human rights infringement are acknowledged, we have a Human Rights Counseling Desk and a Female Employee Counseling Desk, which act as a window for initial claims and complaints, and we have a system in place that aims to take appropriate measures without infringing human rights. We also implement a wide range of training and educational programs relating to human rights.
Mazda strongly believes that a company is only as good as its people. We are committed to developing and improving the skills and careers of each of our employees, and are constantly rolling out new human resources training programs at all levels and in all areas.

Company-wide skills development program during FY2004

Administrative / technical staff
- Role training
- Optional training
- Basic training for first four years after entering Mazda
- Training for newly-appointed section managers
- Training for newly-appointed senior managers
- Training for staff newly appointed to assistant manager

Administrative, technical and production staff
- Required training
- Elective training and training for selected individuals
- Optional training

Production staff
- Required training
- Elective training and training for selected individuals
- Optional training

Glossary:
- Administrative / technical staff
- Production staff
- Social & Environmental Report 2005
Our company-wide training and education program, MBLD, began in July 2000, based on an understanding that if our employees are able to excel at what they are good at, Mazda will be able to overcome any difficulties it might face. “Change or Die was the first theme of MBLD”, and MBLD has the following three objectives:

**MBLD Objectives**
- To develop business leaders at each level of seniority
- To reform corporate culture and traditions
- To ensure that top management policies permeate through to all employees

MBLD #5 began in December 2004, taking ‘One Mazda’ as its keyword, with the purpose of ensuring that our long term strategies and the Mazda Momentum business strategy (the two-year mid-term plan – see page 77 for details) permeate the whole company, and that our employees are motivated to see the attainment of these objectives. MBLD is distinguished by its philosophy that excellent leaders are also excellent teachers, and we therefore ask people recognized as good leaders to communicate to their subordinates in their own words. This process allows the next generation of teachers to come up through the ranks, and develops leaders at every level who have a bigger picture of the whole company. This system allows participants to also begin to see themselves as leaders in the situations within which they find themselves, and facilitates employees beginning to understand their own situations in the light of the company as a whole, and therefore beginning to develop solutions.

**Progressing in reforming our corporate culture:**
numbers of people answering ‘yes’ to our survey questions

- Do you understand how the company is doing at the moment, and the direction in which it is trying to go?
- Do you think Mazda is working towards change?
- Do you feel you can work towards changing yourself?
- Do you feel the people around you are working towards change?
- Do you think that Mazda employees have high levels of morale and motivation?
- Do you think that walls between departments are being lowered?

MBLD #5 middle cascade

**Implementation schedule and themes for MBLD**

<table>
<thead>
<tr>
<th>Implementation schedule</th>
<th>Theme</th>
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</thead>
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<tr>
<td>MBLD #1 (2000)</td>
<td>Change or die. Drive for results</td>
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<tr>
<td>MBLD #2 (2001)</td>
<td>Rekindle the Spark, Mastering Execution</td>
</tr>
<tr>
<td>MBLD #3 (2002)</td>
<td>New Products Success and Business Growth</td>
</tr>
<tr>
<td>MBLD #5 (2004)</td>
<td>Proceed to Second Phase of Revival and to One Mazda</td>
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</tbody>
</table>

**The views of an MBLD Leader / Teacher**

**A good opportunity to review identity of one’s own division within the company**

**Production Control & Logistics Division**

**Tatsuyuki Masuda**

At MBLD #5, I participated in the Middle Cascade, and was able to learn about the long-term strategies of Mazda and about Mazda Momentum (see page 77), as well as hearing directly from the company president. I was then given the opportunity to become a leader / teacher for the Second and Third Cascades, and communicate that information to my own division members. When communicating with them, I was aware that it is not enough to merely repeat what you have been told as though it’s some sort of message-relaying game, but to consider carefully how those long term strategies and the Mazda Momentum relates to each of the jobs done by members of this department, and to communicate it in such a way that they understand. In order to do this, I had to understand the company-wide policies much more deeply, and consider how they relate to the issues our division is facing. Time is limited, so it was difficult to do this properly, but it gave me the opportunity to review the identity of the Production Control & Logistics Division, and I think it helped me to grow personally.

**Glossary: 3**

**Glossary: 4**

**Glossary: 5**

**Leading Mazda 21**

In the human resources development program designed for senior management, we aim to develop next-generation leaders who are able to take a global view of the future and make strategic decisions. During 2004, we implemented a program of three such courses in which 60 people

**Self-improvement support**

We have several systems in place, including the Mazda Rex Benefit system and some scholarships, to support employees who wish to further their own training through taking qualifications and becoming accredited for their

**Creation of information site ‘Manaboard’**

We have put up an intranet site known as Manaboard, which provides comprehensive information regarding the education and training programs available within the company, and allows employees to apply for such programs. It is also the portal for our e-learning programs, and we are working to ensure in-company awareness is raised so that employees find it an easy environment to utilize.

**Social & Environmental Report 2005**
Building Creative People

At Mazda, we think hard about how to protect our spirit of creativity, of which we are rightly proud, as well as the technical knowledge we have gained, and how to communicate these to future generations. We are doing this through a wide range of technical training programs offered within our production divisions.

Advanced Technical Skills Training Course

Whatever the developments in production engineering, there will never be a mechanical replacement for refined technical ability and good basic skills. Mazda takes seriously the importance of these basic principles in the creative process, and began a course that aims to develop excellent production engineering skills in July 1996, in order to counter the increasing age of our skilled production staff and the shortage of skills among younger workers. This course last for two years, and involves one experienced member of staff training two younger employees on a man-to-man basis, in order to develop both their skills and their instincts. This system is dedicated to communication, and those teaching the course are, on completion, given the title of “production engineering meister”, as well as receiving the benefits accorded a highest-level technician. The system is in operation company-wide, and at present, there are 24 subject courses in operation, giving employees vital knowledge about building automobiles. The courses have been completed by 83 employees, and 39 production engineering meisters have been named. The engineers trained in this way have played important roles in the manufacture of the rotary engine as well as other revolutionary technologies and products.

Building creative people: 1

Training excellent production engineers, and their results

- 24 different courses relating to knowledge vital for building automobiles, including cast metal and cast iron, die casting, foundry, powder alloys, heat processing, mechanical processing, engine assembly, axle assembly, gear box assembly, pressing, vehicle body, painting and body assembly.
- Between July 1996 and March 2005, the courses were completed by 83 people, with 39 production engineering meisters being named. A further eight people qualified as High-proficiency skilled workers and three as contemporary master craftsmen, with one winning the Medal with Yellow Ribbon.

Meister Badge

After completing the training courses, employees who have served as masters receive a “Production Engineering Meister” title, and are given a pure silver Production Engineering Meister badge.

Building creative people: 2

Glossary: 1

High-proficiency skilled workers

The Japan Vocational Ability Development Association has been commissioned by the Ministry of Health, Labor and Welfare to work with vocational development associations in each prefecture of Japan to offer accreditation to employees with valuable skills. Such employees are designated High-proficiency skilled workers.

Glossary: 2

Contemporary Master craftsman

From traditional arts to cutting edge technology, this title is awarded to people who achieve the highest standards in their field of expertise nationwide. Awards are made by the Minister for Health, Labor and Welfare, who receives nominations from corporations nationwide, and selects the most highly qualified.
Building creative people: 2

Advanced Technical Skills Training Course
Machine processing (lathes and milling machines) course

Master
Hiroshima Plant Skill Training Team
Junichi Ueno

Apprentice
Hiroshima Plant Skill Training Team
Toshinobu Kaji / Shinsei Kuniyasu

Lathing and other high-level machine processing skills are the foundations of manufacturing. Take the RENESIS engine rotors prototypes, for example—they could not have been made without the refined skills of a human being. In order to be able to process to within a micrometer’s accuracy, you need to be using all five senses at once. You need to take in the color, shape, sound and smell of the shavings, and to be able to make very fine adjustments where necessary. I spent a lot of time thinking about how to communicate the feeling of changing the amount of pressure you apply when turning the handle and moving the blade. As a teacher, you need to be improving your own communication skills at all times, too.

National and World Skills Competition Training Program

We also train employees for the Worldskills Competition, which is held at prefectural, national and international levels, and involves a two-year specialist training program for employees under 21. As well as training our staff in individual skills required for work as production engineers, we are also raising the standards we apply within the company for engineering. We have sent 322 entrants to the national and international competitions since 1962, and 23 of our engineers have won the national competition (a total of 80 have been awarded some type of prize). We have also had 4 winners of the international competition (and 10 overall prize winners).

Welding Skill Training Program

Welding is one of the principle techniques for automobile body manufacturing, as well as for improving our facilities. We run a training course in welding that lasts around 4 months. We also train employees to enter the prefectural and national welding contests. Since 1984, we have sent a total of 29 entrants to the national contest. 7 have won it outright, and 15 others have received prizes.

Mazda Technical College

The College, which is approved as a two-year training program by the Ministry of Health, Labor and Welfare, takes new high-school graduates and others selected from within the company on training programs. The students learn the necessary basic skills for working on a manufacturing line, as well as basic engineering. The College is committed to thorough basic skill training, the development of their application, and to training students who are able to take responsibility for their own behavior within the rules applying to them as members of the company.

Improvements to our training facilities

In order to implement training programs that are appropriate to our staff both in Japan and overseas, we have located training facilities in various different areas, and are committed to efficient provision wherever possible. Each of our educational facilities has all the equipment and resources required for the program it is implementing, and promotes career improvement for all employees, including those of our affiliates.

(See page 80 for further details)
Promoting a Work–Life Balance

At Mazda, we seek to provide choices for our employees that allow them to balance their work with their personal lives. We believe that this is the best way to ensure that our employees are committed to achieving results for the company, and we are constantly updating our system that promotes a work – life balance.

Various systems that help promote a work – life balance

- **Super-Flextime**
  Almost all our workplaces have adopted a flextime working system for administrative and technical staff, which features no defined core time, so as to allow each employee to plan and manage their own work time under their own initiative.

- **Half-day paid leave system**
  Employees are allowed to take paid half-days of leave, in order to balance their work with childrearing, caring for relatives, or the need to carry out personal business at government offices.

- **Special working arrangements for employees with childcare or caring for relatives**
  Staff with responsibilities for childrearing or caring for other members of their families are able to work shorter hours or at hours to suit themselves subject to special work arrangements being put in place. Once in place, such arrangements last until the youngest child is in second year at primary school (for childcare arrangements) or for as long as required (when caring for relatives). We also work in partnership with afterschool care program for lower-grade primary school children in the areas where our business is located.

- **On-site Daycare Center ‘Mazda Waku Waku-Kids-En’**
  We provide facilities for pre-school children within the company, with dedicated childcare staff. The children are fed food cooked on the premises and basic medical care is also available, allowing staff to rest assured that their children are in good hands. The nursery also provides after-school and emergency childcare where required.

Hearing from someone who use ‘Waku Waku-Kids-En’

- **No-overtime day and lights-out policy**
  In order to ensure that staff maintain a healthy home life as well as enjoying their work and improving efficiency, we have a no-overtime day once a week, and have a regular lights-out time (10p.m.) throughout all offices and technical divisions.

- **Leave for employees following a family member due to a transfer posting**
  Where an employee chooses to follow his or her spouse to a transfer posting, we allow them to take leave for a fixed period, and to resume their career at the point where they left on return to Mazda.

- **Nursing leave**
  If a family member is injured or ill, we have a system that allows employees to take leave without using their annual paid leave. This system does not apply only when the injured or sick party is a pre-school child of an employee, but for any member of the family who is living in the employee’s home. Up to 10 days per year of leave may be taken in this way, at the rate of 70% of the paid leave wage.

- **Career development leave**
  Employees are granted leave to attend college or other training courses that contribute to improvements in their career.

- **Promotion of planned use of paid leave**
  We promote the planned use of paid leave by both lower-level and management staff, and during FY 2004, the members of our union took an average of 17.5 days of leave (90% of their entitlement).

Glossary: 1

- **Core time and Flextime**
  Most flextime systems involve a core time in which all employees must be at work (for example, between 10am and 3pm). Mazda has no core time, thereby enabling our employees to be as flexible as possible about their working hours.

Glossary: 2

- **After-school care program**
  Childcare mainly for children in the lower stages of elementary education, provided after school hours. The fact that such care is usually provided only until 5 or 6pm, and situated close to local elementary schools, makes it difficult for employees to pick up their children and maintain normal working hours.

Vehicle Engineering Division
Yoriaki Kondo

It’s a great childcare environment that lets you go to work with peace of mind

While I feel a bit bad for my children when it happens, occasionally end up working till 8 or 9 o’clock at night because I’m concentrating so hard on a project. But at the nursery, they offer childcare in line with your working hours, so I can achieve a balance between childcare and my work, which would be extremely difficult, if I was using a childcare facility of town.

I’m very grateful for that. There’s always a nurse available, too, so if my children suddenly develop a fever or something, they deal with it. The environment they provide for the children is excellent, and I feel very happy going to work knowing my kids are there.
Creating a safe, healthy working environment is a fundamental part of ensuring our staff are able to work effectively. It is also vital in ensuring that the regions in which we are located are happy with our presence. Mazda is working with all its group companies to ensure safety and health at work, and to improve and strengthen our strategies relating to this.

**Our work and results during FY 2004**

### Safety

Tragically, one of our employees died during FY 2004, when he was trapped in some working machinery in Hiroshima head office plant. We are attempting to ensure that nothing like this ever happens again by a thorough review and re-implementation of our training and workplace organization that ensures our safety rules (ensure that equipment is stopped before inspecting or repair, and only implement checks in a stationary position, and after short pose) is adhered to at all times. In our group companies, the number of accidents and incidents leading to stoppage time was reduced.

### Fire prevention

During the period under review, one large-scale fire incident occurred that required the assistance of public fire services. (Please see pages 9 - 10 for details and information regarding subsequent preventative measures taken).

### Traffic safety

We are working to improve the level of traffic safety awareness among our staff, and reduced the number of commuting and in-company accidents during FY 2004. Following a similar excellent record in 2003, no serious accidents were recorded in FY 2004 involving any of our employees.

### Hygiene

We have continued to introduce improved operations through the application of ergonomics, as well as improving the working environment through reducing harmful substances such as dust. In these areas, we have exceeded all our targets by significant amounts. We also reviewed our company-wide policies on smoking, and completed the measures to ensure that all office environments are divided into smoking and non-smoking areas. We plan to remove all tobacco vending machines from all our premises by the end of September 2005.

### Health

During 2004, we put considerable energy into improving lifestyles and promoting mental health activities. For lifestyle improvement, we promoted objectives like lowering the rate of smoking and walking more than 10,000 steps per day. We offered individual support through the use of nicotine patches, and planned walking events to raise the effectiveness of our campaign. In regard to mental health issues, we strengthened the ‘Mazda Heartful Plan’ through the use of specific programs for shop floor units, and self-care programs. New employees are also educated in contagious diseases during new employee training.

#### Mental health measures (implemented between April and December 2004)

<table>
<thead>
<tr>
<th>Training program</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace stress diagnosis</td>
<td>730</td>
</tr>
<tr>
<td>Mental training for newly appointed assistant managers</td>
<td>63</td>
</tr>
<tr>
<td>Self-care seminar (self-training methods)</td>
<td>197</td>
</tr>
<tr>
<td>Mental health delivery consultations</td>
<td>936</td>
</tr>
<tr>
<td>Mental health delivery training on demand</td>
<td>315</td>
</tr>
</tbody>
</table>

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**Glossary:**

**Ergonomics**

A combination of the Greek words for ‘work’ and ‘rules’, ergonomics is the study of applying scientific rules with the objective of facilitating work in comfort and without becoming too tired.

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**Activities as a corporate citizen**

Respecting and energizing people
New challenges for safety and health in the workplace

Mazda has developed a three-year plan for Health and Safety Activities, in combination with its group companies, and is pressing ahead with implementation. FY 2005 saw the start of the third phase of these plans.

Moving from prevention of re-occurrence to outright prevention through health and safety measures.

At the start of FY 2005, Mazda began the implementation of the new ‘All-Mazda Zero Accident 3-Year Plan’, and is continuing to work towards a safe, healthy, and comfortable working environment that is also friendly to people.

The new three-year plan involves the introduction of the ‘Mazda Safety and Health Management System’, which aims to change health and safety operations from a viewpoint of preventing re-occurrence of accidents to a truly ‘Zero Accident Zero Danger’ operation in which incidences of all types are prevented before they happen.

The objectives of Mazda's Safety and Health Management System

At Mazda, we are introducing a management system that allows continuous, sustainable safety and health management to be implemented on a voluntary basis, through specifying a full range of PDCA processes. This system allows us to both reduce the latent dangers in the workplace, and at the same time further raise the standards of health and safety we impose.

PDCA cycles and internal audits
- Ensure that workplace health and safety activities are self-governed and self-contained
- Ensure that weaknesses in health and safety activities are identified and management levels improved
- Reform activities that concentrate on results into activities that focus on process

Risk assessment activities
- Raise awareness of danger, and share risk information
- Clarify residual risks, and ensure training can focus efficiently on these risks
- Clarify priorities for countermeasures, and ensure that budgets and other aspects are in place for these to be implemented smoothly
- Change over from activities that prevent re-occurrence to activities that prevent occurrence in the first place

Promoting documentation
- Clarify what needs to be done, and how it is to be done
- Ensure that the same level of activities are maintained even if staff changes
- Improve levels of health and safety through storing up knowledge
Excellence in Staff Relations

Mazda takes mutual trust and mutual understanding as the basis for its worker / management relations, and believes that these are vital elements in building its corporate vision.

Keys to Labor-Management relations

Mazda has a labor agreement with the Mazda Worker’s Union, which guarantees employment stability and maintenance / improvement of working conditions, as well as health and safety. We provide opportunities for further discussion such as group negotiation and worker and management conferences, so as to ensure that communication is always maintained, whatever the business environment may become, and to assist in building mutual trust and understanding.

The Mazda 21st Century Labor-Management Joint Declaration

At the meeting of the Mazda Worker’s Union on September 30, 2001, which was the first such meeting of the 21st century, the Union adopted the Mazda 21st Century Labor-Management Joint Declaration, which stated that within a climate of increasing global competition, and society’s need for ever higher safety and environmental standards, Mazda is committed to achieving its corporate vision, and to fulfilling its role as a member of society, through respecting people and understanding that each and every one of them is key to the changes required to become a “strong and vibrant group organization”. This understanding was adopted by workers and management alike.

The 21st Century Labor-Management Vision

As partners, the Company and the Union need to achieve “To excite and delight our customers through the best automotive products and services,” acting cooperatively and in harmony for Mazda to become the company with a distinctive presence, competitiveness, and social value.

Labor-Management Mutual Commitment

(1) Emphasizing labor-management relations to work toward prosperity

The Company and the Union will recognize that labor-management relations is the most important basis for Mazda’s existence, with the keynote of mutual understanding and trust, and will continue to make strong efforts for further prosperity.

(2) Executing roles of labor-management for change

The Company and the Union will aim to change arduously, understanding and respecting each other. As a good partner, the Union will provide constructive proposals for the Company. The Company will listen to the Union’s proposals with sincerity, as well as promote initiatives for achieving targets in cooperation with the Union.

(3) Making efforts to establish attractive and advanced labor conditions

The Company and the Unions will make efforts to establish attractive and advanced labor conditions equivalent to a company that adopts the 21st Century Labor-Management Vision as a slogan.

(4) Maximum support for achieving employee success

The Company and the Union will provide full support for employees so that each employee can achieve their own success, as well as fully display their ability in the global business environment.

(5) Deepening and enhancing communications with society

The Company and the Union will take positive action to have society understand Mazda’s heart and attitude.
Activities as a Corporate Citizen

Partnering with Society, Contributing to Society

- Mazda’s Role as a Corporate Citizen
- The Mazda Foundation and Its Activities
- Communicating with Society
Mazda's Role as a Corporate Citizen

In aiming to be an enterprise trusted and loved by the community in its role as a good corporate citizen, Mazda is engaged in a wide array of activities that contribute to the community. We are particularly committed to activities that meet specified needs of the communities in which we are operating, and promote the contribution of human resources through encouraging our staff to volunteer in their local areas.

The Mazda Group’s policies regarding activities contributing to the community

〈Basic Philosophy for Activities〉

As a good corporate citizen, Mazda seeks to bring vitality to the local economy and industry through corporate activities, and to work for cooperation and mutual growth with the region and to contribute to the creation of 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

Based on the policies listed above, Mazda is rolling out a series of regional contribution activities programs not only in the area of its head office and in Hofu, but also in Tokyo, Yokohama and Osaka, as well as other places where it has business bases.

The Mazda Community Contributions Tree

- Science and Education
  - Scientific and technological research support (Mazda Foundation)
  - Youth For Understanding (YFU) Program (Mazda Foundation)
  - University Lectures (Mazda Foundation)
  - Loaning of lecturers to Junior and Senior High Schools, etc.

- Environmental Protection and Disaster measures
  - Community clean-ups / cleaning area around company facilities
  - Participation in government-organized clean-up campaigns
  - Environmental protection campaigns
  - Dispatching in-house fire engines / ambulances to the community for assistance where necessary

- Regional Development
  - Investment / personnel placement in community economics foundations
  - Cooperation and contributions to technology exhibitions
  - Publication of patents and technical support
  - The ‘Love Hofu Movement’ (in Hofu)
  - Support for youth and civic activities (Mazda Foundation), etc.

- Regional Exchange
  - Organization and participation in the Hiroshima Flower Festival
  - Operation of Mazda Museum, open to the public
  - Publication of ‘Letter from Mazda

- Science and Education
  - Lecture meetings (Mazda Foundation)
  - Support for Hiroshima Symphony Orchestra
  - Support for International Animation Festival

- International Exchange
  - The Mazda / YFU Scholarship Program
  - Investment / personnel placement in international exchange organizations
  - Scholarship support for overseas students
  - Hosting homestay candidates through volunteer programs

- Social Welfare / Medical Care
  - Donation of special needs vehicles (Mazda Worker’s Union)
  - Wheelchair donation campaign
  - Opening up the Mazda Hospital to the local community

- Culture and the Arts
  - Support for Hiroshima Symphony Orchestra
  - Support for International Animation Festival
  - The Mazda / YFU Scholarship Program
  - Investment / personnel placement in international exchange organizations
  - Scholarship support for overseas students
  - Hosting homestay candidates through volunteer programs

- Sports
  - Sponsorship of Hiroshima Toyo Carp Baseball Team
  - Sponsorship and personnel placement for Sanfrecce Hiroshima Soccer Team
  - Hosting of community Ekiden (long distance relay race)
  - Cooperation with Hiroshima International Peace Marathon, and prefectural Ekiden Race
  - Hosting of Mazda Invitational Youth Soccer Competition (in Hofu), etc.
Mazda’s Community Services Committee and its activities

In 1993 Mazda formed the Mazda Community Services Committee, composed of representatives from the whole Mazda Group, with the aim of promoting community contribution activities. The Committee implements the following activities:

- **Volunteer visits**

  Volunteers visit local social welfare homes and homes for the elderly every year in June, and enjoy spending time with residents. This has been going on for around 20 years. In 2004, volunteers visited six facilities, including the Nishi Shiwa Farm (in Higashi Hiroshima City) and Sanogawa Gakuen (in Hiroshima City).

- **Collecting postcards and telephone cards towards wheelchair donation**

  Mazda Group company employees collect damaged unmailed postcards and unused or used telephone cards and exchange them for cash, as well as holding local events and charity bingo competitions, to raise money to buy wheelchairs. During FY 2004, the Group bought and donated 21 wheelchairs for Social Welfare Committees in 10 different regions of Hiroshima and Hofu. This work has been taking place since 1996, and the cumulative total number of wheelchairs donated during that time is 165.

- **Community Clean-Up Volunteers**

  In addition to cleaning up areas surrounding our plants and offices nationwide, company volunteers also work on local community cleanup campaigns, in order to promote local conservation as members of the community.

Mazda Specialist Bank

Employees of Mazda or our group companies with particular knowledge, skills or abilities as well as talents or interests that they have developed over the years, are registered at the Mazda Specialist Bank, and are dispatched in response to requests for help from community members. Since its instigation in 1994, people registered with the bank have given lectures, trained sports and recreation personnel, and contributed to the lives of local people in a wide variety of ways. During FY 2004, 167 specialists contributed to various projects.

### Mazda Specialist Bank activities

<table>
<thead>
<tr>
<th>Financial year</th>
<th>No. of members of staff given placements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>329</td>
</tr>
<tr>
<td>2000</td>
<td>238</td>
</tr>
<tr>
<td>2001</td>
<td>196</td>
</tr>
<tr>
<td>2002</td>
<td>263</td>
</tr>
<tr>
<td>2003</td>
<td>225</td>
</tr>
<tr>
<td>2004</td>
<td>167</td>
</tr>
</tbody>
</table>

- **Type of placements made by Specialist Bank**
  - Social / business
  - Artistic performance
  - Environment / technical
  - Health / medical
  - Sports
  - International relations / overseas project lectures
  - Other / lectures / guidance

- Cumulative total for placements made between September 1994 and March 2005: 1,679

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**Structural diagram for Mazda Community Services Committee**
11 members of senior technical staff give lectures at Hiroshima University

In September 2004, Mazda responded to a request from the Social Studies Department of the graduate school at Hiroshima University to send lecturers from the Specialist Bank. A total of 11 specialists, including senior development staff, were dispatched to the university. The lectures were aimed not only at graduate students but also at members of the public, and were part of the training offered in the currently popular MOT (Management of Technology) curriculum. The theme the group was given was Special Management Lecture ‘Innovations in Product Development at Mazda’. The lectures addressed the subjects of MDI (Mazda Digital Innovation), as well as the whole product development process, from the planning stage through to the design, prototype research and production preparation stages of product development, and discussed the innovations in Mazda’s processes. On 25th September, the students visited Mazda’s Design Division and Prototype Division, so as to experience first hand the world of Mazda.

The Mazda Volunteer Center was established in 1996. Mazda and Mazda Group employees who wish to become involved in volunteer activities register with the Center, and are able then to respond to requests from local groups for volunteer assistance. Volunteers are involved in activities such as environmental cleanup campaigns, social welfare events, care assistance, and homestays each year, allowing them to be involved in both international exchange and regional event and festival assistance, and giving various opportunities for members to be involved in events. In addition, volunteers are provided with training and guidance for volunteer activities.

Renewal of the space filled with the Zoom-Zoom spirit

Mazda has carried out a complete renovation of the Mazda Museum, which reopened to the public on 5th February 2005. The Mazda Museum was open until May 1994, and received around 60,000 visitors per year, but the renovation was decided on as part of the celebrations for the 85th anniversary of the foundation of Mazda, with the aim of creating a space filled with the Zoom-Zoom spirit. The Mazda Museum is the only automobile museum in the Chugoku and Shikoku regions of Japan, and is active in both education through school visits etc., and in local and regional communication. Its role in community service is expected to increase even further in the future.

All six areas made barrier-free

The renovation of the museum, not only the exhibition space and special exhibition room, in which the most cutting-edge cars and technology are displayed, have been made barrier free, the 1st floor entrance hall and the second-floor historic display, which features 18 classic cars built since the opening of Mazda in 1920, along with the RE exhibition, which explains the rotary engine in detail, the Technical Display, which explains the process of building cars, the U1 Assembly Line display, in which the process of assembling a car can be viewed in detail, and the Future Display, which proposes ideas for the next generation of automobiles in society. In addition to barrier-free buildings and facilities, we have also included a museum shop, at the request of many of our visitors, and have started selling Mazda exclusive goods there.

Please refer to the following website for details of the Mazda Museum:
http://www.mazda.com/museum/
Examples of Mazda’s service in the community

- **Showing visitors around plants** (Hiroshima head office, Hofu Plant, Miyoshi office)
  As a way of communicating with the local community, as well as offering opportunities for schools to learn about our work, the Hiroshima head office, as well as Hofu Plant, offers opportunities for people to visit their plants, while visits to the Miyoshi Proving Ground and Miyoshi Engine Plant are also possible.

- **Support for sports / cultural activities** (Hiroshima head office, Hofu Plant)
  As well as organizing the Mazda Community Ekiden (long-distance relay race), we also sponsor the Hiroshima Toyo Carp baseball team and the Sanfrecce Hiroshima soccer team, as well as offering support to people involved in both local sports activities and professional sports. Mazda also organizes the Mazda Invitation Youth Soccer Tournament in the Hofu Plant area.

- **Supporting high school students’ international exchange activities**
  In 1984, Mazda established the Mazda / YFU Scholarship Program, in conjunction with Youth For Understanding (an international exchange foundation that allows exchange between high school students, with its head office in America), as part of its program of activities supporting international exchange. On 30th July 2004, a Mazda / YFU Scholarship Summer Activity program was held at Mazda’s head office, and during FY 2004, a total of 10 scholarship students and 13 homestay families took part in these activities. Participants visited the Mazda Museum, as well as taking part in a ‘dream car’ drawing competition, and meeting the president of Mazda.

- **Participation in regional events** (Hiroshima Head Office, Hofu Plant, Miyoshi Office)
  We participate each year in the Hiroshima Rower Festival (near head office), the Hofu Tenmangu ‘Tenshinsai’ Festival (near the Hofu Plant) and the Miyoshi Kinsai Matsuri festival (near the Miyoshi Office), among other festivals. This involvement helps us to deepen our commitment to interface with the local communities.

- **Participation in the Love Hofu Campaign** (Hofu Plant)
  The 35 companies who have plants in Hofu began the Love Hofu Campaign in April 1993, with the intention of reviving the city, and offering service as good corporate citizens. The Love Hofu Campaign now has its office within the Administrative Division of the Hofu Plant.

- **Cooperation with regional disaster prevention and response measures** (Hiroshima head office)
  Mazda has a disaster prevention and response agreement with the community in which it is situated, so that in the event of a disaster, the company becomes involved in fire extinguishing activities, with Mazda’s Safety group fire and emergency brigades being dispatched. We also take part in regional disaster response training activities.

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Examples of Community Service activities overseas

Community service activities in the USA

- **Community Service Program**
  At MNAO, which is Mazda’s North American sales and research base, we are implementing a community service program that supports various organizations in the Irvine area of California, where our head office is located. This program is funded by donations, and supports various aspects of citizens’ lives, including the arts, culture, nature conservation, the environment, welfare and education, as well as supplying volunteers where needed. Mazda encourages its employees to become involved in volunteer activities through its MOVE (Mazda’s Outreach Volunteer Effort) program, and staff members are allocated up to 16 hours each of paid leave for taking part in volunteer activities.

Glossary: 1

Love Hofu Campaign

The campaign originated from a group of companies and businesses in the city who wanted to cooperate to revitalize the city. One aspect of this involves the organization of a flea market which has now become the largest such event in Western Japan.
Support for children with diabetes

More than 13,000 children are diagnosed each year with the most severe form of diabetes, insulin dependency. Research into these children’s illnesses, along with various other forms of support, is funded by the JDRF (Juvenile Diabetes Research Foundation). Mazda supports this foundation through cooperation with employees, family and friends, and encourages volunteer activities and donations through events such as the Walk to Cure Diabetes, a charity walk in which we have been taking part since 2000. Mazda cooperates by not only collecting funds through creative means for the months leading up to the Walk, but also supports the donation activities implemented each year for charity walks in Irvine, California, Somerset, New Jersey and Sugarland, Texas.

Donation of writing materials to Thai children

In May 2005 our Thai manufacturing subsidiary (AAT), in cooperation with the Mazda Worker’s Union, donated writing implements and other supplies to two elementary schools in northeastern Thailand. Many AAT employees attended these schools, and the donation was made thanks to monetary donations at the end of the year by employees. The “One Mazda” is active at the global level in social contribution, too.

Support for scientific research into multiple sclerosis

Mazda Motor Italia, our sales company headquartered in Rome, became an official partner of AISM (Multiple Sclerosis Italian Association) in 2002. AISM, a non-profit organization, has supported research into multiple sclerosis (MS) for over 30 years, and provided aid and support for victims of the disease. At AISM events every year, Mazda offers test drives to visitors, contributing 8 Euros to AISM for every test drive. In the first year after becoming an official partner, Mazda donated over 200,000 Euros to AISM, the foundation and to support research. In 2004, AISM booths were erected at every stage of the “Giro d’Italia” bicycle race, and also held a charity auction of uniforms signed by players of the AS Roma professional soccer team, including Totti, Montella and Cassano.

Support for the “Neutral Ground” child contact center

Mazda Motors UK Ltd and its employees contribute to help support Neutral Ground, a child contact center based in Abbey Wood, Near London. Child contact centers provide a safe, neutral place for children from broken homes to meet their parents. The money raised by Mazda Motor UK and its employees has enabled the center to buy specialist toys for disabled children and also contribute significantly to the running costs. The last contribution came at a time when the future of the center was uncertain due to lack of funds and allowed the centre to remain open and continue to be a huge service to the local community.

Medical Support

We hold a casual day every 2nd Friday, when employees can come to work in casual clothes, in return for a donation to charity. The money collected in this way is donated to the Royal Children’s Hospital in Melbourne for cancer research, and to other charities. Employees are also involved in supporting research into cancer prevention in various ways.

Education / cultural activities

Mazda offers opportunities to junior and senior high school students who would like short-term work experience (one or two weeks) as well as to university students who take internships for a year, and gives training relevant to the subjects that these students are taking. We also sponsor the arts, performing arts and sports.

Community service activities in Australia

Mazda Australia Pty., Ltd. is also involved in a wide range of community service activities in medical, educational and cultural fields.

Charity Walk “Walk to Cure Diabetes”

Ms. = Multiple Sclerosis

A destructive inflammation of brain and spinal cord white matter. The cause is yet unknown, but it occurs in multiple sites in the central nervous system. With each attack the damage to the nervous system grows progressively worse, interfering seriously with motor function.

AISM

Associazione Italiana Sclerosi Multipla

Mazda has established foundations in Japan, America and Australia, which support the progress of science and technology, as well as health training among young people, education, nature and environmental conservation, and other activities.

## The Mazda Foundation and its Activities

The Mazda Foundation was formed in 1984 to offer support for progress in science and technology as well as health training for young people, with the objective of enabling people throughout the world to share benefits and gain a richer understanding and way of living as they create society together. To March 31, 2005, the foundation had made 1,099 research grants, totaling 1.02 billion yen. During FY 2004, we were engaged in the following projects.

### Support for civilian activities
The Foundation offers support in the form of money, human resources and know-how to activities taking place rooted in the communities of Hiroshima and Yamaguchi prefectures, with the aim of creating a better future for the youth who will make up the next generation.

### Research support
The Mazda Foundation supports basic and applied research in science and technology where it is being used to find solutions that are considered necessary for both contemporary and future life. During FY 2004, 30 research projects were sponsored, at a cost of 30 million yen.

<table>
<thead>
<tr>
<th>Sponsorship given, by research area</th>
<th>FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
<td>179 projects</td>
</tr>
<tr>
<td>Electronics / information</td>
<td>60 projects</td>
</tr>
<tr>
<td>Precision / mechanics</td>
<td>62 projects</td>
</tr>
<tr>
<td>Total</td>
<td>301 projects</td>
</tr>
</tbody>
</table>

(Left column shows the no. of applications. Right column shows no. of projects sponsored. Categorization done during decision-making process.)

### Support for research meetings and workshops
The Foundation assists research meetings such as 'Experience Science' events held by academic and research organizations in elementary, junior high and senior high schools in the Chugoku region, and other projects that are considered meaningful for promoting science and technology. The Foundation sponsors either some or all of the costs involved in such projects. During 2004, 9 projects were sponsored for a total of 900,000 yen.

### Health training for young people
The Foundation supports research that is dedicated to providing health training for the young people who will go to make up the next generation in universities and research institutes around the country. We are building partnerships with local civilian action groups, as well as researching opportunities to contribute in a practical way to civilian activities, and during FY 2004, we contributed 4 million yen for five research projects.

### Research assistance
The Foundation supports research that is dedicated to providing health training for the young people who will go to make up the next generation in universities and research institutes around the country. We are building partnerships with local civilian action groups, as well as researching opportunities to contribute in a practical way to civilian activities, and during FY 2004, we contributed 4 million yen for five research projects.

### The start of the Science is Fun project
The Mazda Foundation has begun to implement the Science is Fun project in partnership with Hiroshima University, in which elementary, junior high and senior high school students are encouraged to develop an aspiration for science through having the opportunity to enjoy science, a subject which young people are tending to move away from at the moment. During the last fiscal year we worked on preparing the project, and on trials, and during FY 2004, we implemented the following types of programs.

### Lectures given in universities
The Foundation took part in a lecture series given in five universities in and around Hiroshima, entitled 'New Perspectives on Technology', 'The Theory of New Value Systems', and 'Volunteer Activities'. The series was given by Chubu Electric Power Co., Ltd., Japan IBM, Recruit, Chugoku Hakuhodo Foundation, the Hiroshima City People / Town Network Foundation, the Career Design Office, Mazda, and other organizations.

### Public lectures
The Foundation gives public lectures in order to raise people's awareness of our work, and to assist people in understanding and sharing our vision. During FY 2004, we celebrated the 20th year since our inception, and to commemorate this, we invited the singer, essayist and educationalist Agnes Chen to speak.

### Foundation activities overseas

#### Mazda Foundation USA
The Foundation was established in 1990 as one way of contributing to American society as a good corporate citizen. The Foundation offers support for educational activities (support with tuition costs, literacy programs and outdoor activities), and since 1998 has also been supporting volunteer programs for environmental conservation.

#### Mazda Foundation Australia
The Foundation was established in Australia in 1990, with the objectives of contributing to a richer life for the peoples of Australia, through supporting youth education, progress in science and technology, and the conservation of nature and the environment. Mazda Australia and Mazda dealerships support various projects throughout the country based on donations.

### Science Lectures
Lectures for junior high school students, designed to make science fun, included topics such as Absolute Zero and superconductivity.

### Science Classes, Junior Science Classes
Science specialists in different fields give four-part training courses in science to senior high school and junior high school students.

### Science education information network for elementary schools
We have built an information network that supplies science training and know-how regarding experiments etc. to teachers at elementary schools.

### Support for science experience projects
We support private groups implementing scientific experience projects through joint research and other methods.
Communicating with Society

As well as being committed to notifying people of our corporate activities and our community and environmental service activities across as wide a spectrum as possible, we at Mazda also take seriously the concepts of communication with our customers and other stakeholders.

Making progress in disclosure of a wide range of information

Mazda aims for sustainable development alongside society, and works to be a company that benefits society. In implementing corporate activities, we are committed to spreading knowledge of Mazda among our stakeholders, in order to become a company that is trusted by society, and to this end, we publish a wide range of information.

Our Corporate Communications Division and IR Divisions (see page 78) act as contact points for media and analysts, and introduce business, new products and technologies from an independent standpoint. Our newsletter ‘Letter from Mazda’ is published in order to communicate with local residents, and our in-house magazine facilitates communication between employees, while at the same time allowing increased understanding of business information and corporate information, and promoting environmental awareness and employee health issues through proactively including them in articles.

In addition to this, our participation in international motor shows allows us to communicate Mazda’s new technologies and environmental and safety measures to customers, and our products, environmental activities and safety information are all disclosed, along with corporate and financial information, on our website, which is widely used by many people.

Mazda’s principal information disclosure activities

Letter from Mazda

Magazine for Communicating with the local community. Founded in 1985. Circulation; 120,000 / year

Website information

Company information, annual reports, accounting summaries, news releases, corporate / environmental information, Letter from Mazda, environmental information relating to various models (page 80) etc.

Publication of environmental and other reports

2001 Environmental Report

Included environmental accounts

2002 Environmental Report

Included research and development, product development issues such as fuel efficiency, emissions gases, and recycling

2003 Environmental Report

Included product safety and health and safety issues

2004 Social and Environmental Report

Includes Corporate Ethics, Corporate Governance, and social information such as ease of movement for employees

Main awards received by Mazda during FY2004

Three-Layer Wet Paint System Environment Minister B Prize for Contribution to Prevention of Global Warming

Mazda Hofu Plant METI Minister’s Prize in the Superior Energy-Saving Application Example category from the Energy Conservation Center

Head Office Plant, No. 2 Engine Manufacturing Dept. TPM Word Class Prize

Head Office Plant, No. 1 Powetrain Manufacturing Dept. TPM Special Prize

Mazda5 Release Commemorative Monterey International Advertising Award, Gold Prize, Media Division

One of the longest advertisements in the world

Displayed at the Marunouchi “Art Road” from Feb. 15 to 28, 2005.

In-house magazine ‘My Mazda’

Communication for employees. Founded in 1936. Circulation; 40,000 copies / bi-monthly

Main organizations of which Mazda is a member

Japan Automobile Manufacturers Association
Japan Mini Vehicles Association
Society of Automotive Engineers of Japan
Automobile Business Association of Japan
Japan Auto Recycling Partnership
Hiroshima Eco-Forum
Environmental ISO Yamaguchi Club
Management Systems that Ensure Trustworthy Corporate Governance
Corporate Governance

At Mazda, we are aiming for improved transparency in management and swift decision-making, and as such we are implementing a wide range of measures that promote excellence in corporate governance.

High level of transparency for efficient management structures

Mazda is governed by its shareholders’ meeting, its board of directors, its auditors, and other legal agencies, and implements the necessary management conferences to establish important company-wide policies and strategies, and issue reports necessary for management. In addition, we utilize a variety of advisors to feed into the president’s decision-making. We have a system of executive directorship, and have separated the management and executive level decision-making processes, which allows the improved efficiency of our board of directors in their role as an auditing body, while speeding up the decision-making process, by improving judgment calls among the board, and giving authority to the executive level members. This gives an increased level of excellence to our management efficiency.

Management Advisory Committee

Mazda holds meetings of its Management Advisory Committee, comprising external persons of influence and the members of the board of directors, four times per year. The high standard of specialist knowledge and awareness of each of the Committee members ensures a global viewpoint that allows opinions to be gathered from across a wide range, which are reflected in Mazda’s management and contribute to increased transparency.

Auditing system

Mazda’s board of auditors is comprised of five auditors, including three external auditors, and each auditor is given an individual role of monitoring a particular section of the annual plans, and the decisions made by each of the directors during that period. The internal auditing is carried out by the Auditing Division, which aims to contribute to healthy management and efficiency through monitoring the compatibility of the company, and our affiliates, with our business objectives, policies and plans, as well as compliance with various regulations and laws. Accounts auditing is carried out with a contracted auditor company. Our auditors, as well as the Auditing Board, the Auditing Division and the auditing company, meet regularly to ensure consistency.

Glossary: 1

Information about directors

Of the nine Mazda directors, five were promoted from inside the company, and four were employed from other firms. Eight of the nine are also executive officers, and one is the chairman and representative director.
Mazda believes that a company cannot achieve sustainable growth without the trust of all its stakeholders, whether these are customers, shareholders, investors, suppliers, employees or the local communities where we work, both in Japan and overseas. We are committed to strict adherence to all relevant laws, and to business practices that follow appropriate ethical codes, as a basic means of ensuring that the company meets its social responsibilities and is trusted by its stakeholders. At Mazda, we are aware of the importance of compliance by our directors and employees, and we promote true and fair business practices throughout the Mazda Group.

Outline of “Mazda Corporate Ethics Code of Conduct”

Five key items defining corporate ethics as sincerity:
- Comply with laws and regulations, corporate rules, common sense and sound practice in the international society.
- Be fair and even-handed.
- Fulfill the company’s social responsibilities.
- Fulfill your own duties faithfully.
- Be honest.

Action guidelines
- Comply with laws and regulations and the company’s rules. With respect to matters not clearly provided for, make a judgment considering their spirit.
- Treat employees, customers and clients fairly and justly.
- Not obtain from or give to anybody an unjust benefit and/or favor taking advantage of the business position.
- Make distinctions between public and private affairs, and should never pocket or abuse the company’s assets.
- Keep confidential information, never infringe on any intellectual property right, whether it belongs to Mazda or another party.
- Seek to develop, manufacture and sell products taking into consideration human safety and environment.
- Always act with a view to seeking sound profits.
- Respect civil rights and human dignity.
- Always state the truth honestly and timely in reporting internally and/or to the public.

Mazda’s compliance stance

President

Ethics Consulting Office (Internal Auditing Div.)

Ethics Committee (Secretary: Office of Legal Affairs, Corporate Affairs Div.)

Consultation and reports

Training / Company-wide education
Advice / and recommendation

Mazda divisions and departments
(Executive Directors / Head Office General Manager / Division General Managers = responsible for compliance)

Affiliated companies
Our Company shall establish Regulations on the Protection of Personal Data, and enforce all of our people that are related to any Personal Data to comply with them.

Our Company shall place a presiding supervisor regarding the management of Personal Data, and provide educational and illuminating activities for our employees (directors, employees, part-timers, dispatched workers, etc.) and other related persons.

Our Company acquires Personal Data through adequate means. On the occasion of collecting Personal Data, the Company will either inform the relevant persons of the purposes of use and our contacting address, or announce such information by well recognized methods such as websites.

Our Company shall take all necessary measures required by laws such as consents from the relevant parties in providing such Personal Data to a third party.

Our Company shall take reasonable security measures, and improve continuously such measures to prevent illegal access to, and losses, destructions, manipulations, and leakages of Personal Data.

Guidelines for Protection of Personal Data

Communicating strict compliance with labor-related laws to our suppliers
It is extremely important that a company abides by the rules of all countries and fulfills its social responsibility as it engages in its business activities. Mazda is committed to ensuring that not only our own actions, but also those of our suppliers, are in strict adherence with labor-related laws, and are effective in preventing forced labor, child labor, abusive authority and training, and other abusive practices, and has distributed a document entitled 'Request for total compliance with labor related laws' to all domestic and overseas suppliers in order to promote adherence.

Management of personal data
Mazda has always taken seriously the need to handle personal information related to customers, suppliers and employees gathered through the course of our business activities with the utmost care. In line with the enactment of the 'Protection of Personal Information Act', on April 1, 2005, however, we brought into effect our own 'Guidelines for Protection of Personal Data' on March 9, 2005, and published it on our website. In addition to this, we handle enquiries about our treatment of personal information and requests for disclosure of personal information held through the Mazda Call...
At Mazda, we are committed to the promotion of risk management as part of our responsibilities in corporate management policy. Risk management not only strengthens our levels of compliance, it also enables us to respond effectively to a wide variety of internal and external risks.

**Risk management activities implemented throughout all divisions**

Mazda established a Risk Management Office in January 2002 in its Company-wide Administrative Organization, and set the target of 'all directors and employees being actively involved in risk management'. Based on this, we created a Risk Management Committee, and have worked since then on the infrastructure for risk management regulations. In January 2003 we issued our Basic Mazda Risk Management Policy, and in February 2004 we established our Risk Management Regulations. Risk management activities began on a company-wide basis in FY 2004, with activities promoting risk assessments and countermeasures being rolled out in each division. As a result, some 232 items were cited throughout the company as requiring some form of risk management measure, and already 208 of these have been resolved. The remaining 24 items are being addressed.

**Mazda Risk Management Promotion Structure**

- **President**
  - Directors responsible for RM
  - Risk Management Committee
    - Secretariat: Risk Management Office
    - Ethics Committee
    - Human Rights Committee
    - General Health and Safety Committee
    - Security-related Export Control Committee
    - Company-wide Quality Committee
    - Fire Prevention Control Committee, etc.
  - Risk Management sub-committee
  - Division managers
  - Subsidiaries and affiliates
    - Divisional RM Promotion Manager
  - All employees

- **Emergency Response Office**
  - Directors responsible for RM
  - Under emergency procedures

In cases where an inter-departmental response is required, and the existing crisis management organization cannot deal with the level of risk, the directors responsible for RM will work in cooperation with the President to establish an Emergency Response Office, and to appoint a General Manager to such an office.

**Structure for maintenance of Risk Management System**

- Education and training
- Simulation
- Risk communication
- Risk management documentation creation and maintenance
- Monitoring identified risks
- Maintaining and managing records
- Risk management system observation

**Glossary:** 1

Risk Management

The process of dividing risks into controllable and uncontrollable categories (an example of uncontrollable risk being natural disasters), and maximizing the controllable risks area.
**The challenge of e-Risk**

Mazda defines 'e-Risk' as any risk arising from the use of IT tools, or any risk of direct damage to business arising from issues related to IT, or IT-related risks that present an indirect obstacle to business, and the company is working towards the minimization of such risks, as well as damage limitation in the event of such risks occurring. We have defined 11 areas (damage to corporate image, damage to brand image, confidentiality breach, alterations to/ destruction of information, reduced visibility of information, prevention of use of information, infringement of human rights, infringement of intellectual property rights, protection/ utilization of intellectual assets, non-compliance with legal regulations, reduced work efficiency, lowered morale), and have defined a basic policy for the use of IT, including rules and etiquette, known as 'IT Tool Utilization Guide'. This is posted on our company intranet, as well as in our e-newsletter 'Ekawaraban' at regular intervals, in order to improve the level of awareness of our employees.

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**Responding to emergency situations**

In February 2004, Mazda defined its emergency response measures, including initial response, information communication, and implementation of simulated emergency situations, and established a set of Regulations for Crisis Control, which included regulations regarding pre-incident measures. These are designed to assist us in implementing swift and appropriate response measures during an emergency.

On December 15, 2004, a fire broke out in our Ujina No. 1 Plant, and we are now working not only to ensure that this never happens again, but also to strengthen our crisis management even further with the experience gained at that time.
Healthy finances are vital in order to continue to facilitate the development of society, and to play our role as a responsible company. FY 2004 marked the final year in our Millennium Plan, which was implemented to introduce growth through product launches, and we have achieved consistent business growth during each of the four years, and achieved our highest level of operating profits ever during FY 2004.

Business conditions during FY 2004

Since the introduction of the Mazda6/Atenza during May 2002, we have continued to launch new-generation products to market, based on our brand message of ‘Zoom-Zoom’ and following the guidelines of our Millennium Plan, which aimed for growth through product launches. The results of our efforts have been positive, with a gradual trend upwards until FY 2004, the final year of the plan, in which our consolidated wholesales reached 1.104 million (up 3% on the previous year), and our net sales reached 2.6956 trillion yen (an increase of 5% on the previous year).

At the end of March 2005, we also achieved our targeted 25% reduction in costs, so that in FY 2004 we were able to produce operating income of 82.9 billion yen (up 18% on last year) as well as income before tax of 73.8 billion yen (up 37%) and net income for the period of 45.8 billion yen (up 35%).

Outline of long-term vision and Mazda Momentum

In our FY 2004 mid-term accounting report, issued on November 9, 2004, we specified our long-range vision, which includes an outline of how we expect the company to look in 10 years’ time, as well as a roadmap for maintaining our current growth, while creating a basis for strong future growth. This mid-term plan is known as ‘Mazda Momentum’.

L O N G - T E R M V I S I O N

An automotive company that is respected and trusted by customers and other stakeholders which:
- Delights customers by providing leading-edge products and services with unique Mazda creativity reflecting Japanese heritage
- Has a scale enabling global competitiveness

Commitments undertaken within the Mid-term Plan ‘Mazda Momentum’

**FY 2006**
- Consolidated Wholesales 1.25 million units
- Operating Profit over 100 billion yen
- Net Debt / Equity Ratio below 100%

**Mazda Momentum Key Initiatives**
- Reinforce Research & Development
- Strengthen Key Markets
- Enhance Global Efficiencies and Synergies
- Leverage Human Resources

### Revenues (consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit: 100 million yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>B0</td>
<td>20,158</td>
</tr>
<tr>
<td>B1</td>
<td>20,949</td>
</tr>
<tr>
<td>B2</td>
<td>23,645</td>
</tr>
<tr>
<td>B3</td>
<td>25,747</td>
</tr>
<tr>
<td>B4</td>
<td>26,956</td>
</tr>
</tbody>
</table>

*Converted to show 12-month figures

### Profits

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit: 100 million yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>B0</td>
<td>298</td>
</tr>
<tr>
<td>B1</td>
<td>1,552</td>
</tr>
<tr>
<td>B2</td>
<td>192</td>
</tr>
<tr>
<td>B3</td>
<td>241</td>
</tr>
<tr>
<td>B4</td>
<td>339</td>
</tr>
<tr>
<td></td>
<td>458</td>
</tr>
</tbody>
</table>

*Converted to show 12-month figures
Revenue breakdown by region (FY 2004)

<table>
<thead>
<tr>
<th>Region</th>
<th>Unit: 100 million yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>8,453 (31.4%)</td>
</tr>
<tr>
<td>Europe</td>
<td>6,342 (23.5%)</td>
</tr>
<tr>
<td>North America</td>
<td>7,617 (28.3%)</td>
</tr>
<tr>
<td>Other</td>
<td>4,540 (16.8%)</td>
</tr>
</tbody>
</table>

Net income per-share and dividends

<table>
<thead>
<tr>
<th>Period</th>
<th>Net income per-share (yen)</th>
<th>Dividends per-share (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY D</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>FY 1</td>
<td>7.2</td>
<td>2</td>
</tr>
<tr>
<td>FY 2</td>
<td>19.8</td>
<td>2</td>
</tr>
<tr>
<td>FY 3</td>
<td>27.8</td>
<td>2</td>
</tr>
<tr>
<td>FY 4</td>
<td>37.6</td>
<td>3</td>
</tr>
</tbody>
</table>

Total outstanding shares (For the year ended March 31, 2004)

1,223,911,682 shares

Situation regarding shares and IR

Report regarding shares

As of March 2005, Mazda’s shareholder structure was as shown below, and dividends were paid based on the state of the business environment and business results during each period. Mazda aims for stability in the payment of its dividends. After FY 2004, with the achievement of our highest ever level of operating income, we decided to increase our dividend in order to share the rewards with those shareholders who have always supported our work, with the proposal for this being accepted at our General Meeting of Shareholders in the end of June 2005.

Distribution of shareholders

Government / local authorities 0.01%
Overseas foundations and companies 39.8%
Financial institutions 37.0%
Individuals 16.6%
Other foundations and companies 6.1%
Securities companies 0.5%

Report regarding IR

We took the following measures to communicate with our shareholders.

We make every attempt to make sure that our shareholders (investors) understand our policies, by setting our meetings on days when the maximum number of shareholders can attend, and avoiding extremely busy days and aiming for maximum access to information. In addition to this, we do not restrict our answers to questions to the scope regulated by law, but attempt to answer all questions, as best we can without compromising corporate secrecy.

We publish an annual report in English, Japanese and Chinese, as well as constantly improving our IR website, in order to offer timely disclosure of information. From FY 2004 onwards, we have begun an IR News email service to individual investors.
## Company Outline

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company name</strong></td>
<td>Mazda Motor Corporation</td>
</tr>
<tr>
<td><strong>Established</strong></td>
<td>January 30, 1920</td>
</tr>
<tr>
<td><strong>Representative</strong></td>
<td>President and CEO: Hisakazu Imaki</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>120,320,049,646 yen (as of May 31, 2005)</td>
</tr>
<tr>
<td><strong>Number of employees</strong></td>
<td>19,247 (as of March 31, 2005)</td>
</tr>
<tr>
<td><strong>Main business lines</strong></td>
<td>Manufacture and sale of passenger cars and commercial vehicles</td>
</tr>
<tr>
<td><strong>Head office</strong></td>
<td>3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, 730-8670 JAPAN</td>
</tr>
<tr>
<td><strong>Main business premises</strong></td>
<td>(Japan) Head Office, Tokyo Head Office, Osaka Branch, Hofu Plant, Miyoshi Office, Mazda R&amp;D Center Yokohama, Mazda Technical Service Center Sendai, Mazda Technical Service Center Tokyo, Mazda Technical Service Center Nagoya, Mazda Technical Service Center Osaka, Mazda Technical Service Center Hiroshima, Mazda Technical Service Center Kyushu, Mazda Rotary Shin-Umeda.</td>
</tr>
<tr>
<td><strong>Research and development bases</strong></td>
<td>Japan: Head Office Research &amp; Development, Mazda R &amp; D Center Yokohama, Hokkaido Kenbuchi Proving Ground, Hokkaido Nakasatsunai Proving Ground, Miyoshi Proving Ground</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>(Overseas) Mazda Representative office (Beijing, Middle East)</td>
</tr>
<tr>
<td><strong>Production bases in Japan</strong></td>
<td>Hiroshima Plant, Miyoshi Plant, Hofu Plant</td>
</tr>
<tr>
<td><strong>Production volume</strong></td>
<td>812,772 units (unconsolidated, FY 2004)</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>2.6956 trillion yen (consolidated, FY 2004)</td>
</tr>
<tr>
<td><strong>Wholesales</strong></td>
<td>1.104 million units (consolidated, FY 2004)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>82.9 billion yen (consolidated, FY 2004)</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>73.1 billion yen (consolidated, FY 2004)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>45.8 billion yen (consolidated, FY 2004)</td>
</tr>
</tbody>
</table>

### Main subsidiaries / 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.

- **Overseas subsidiaries**

- **Overseas affiliates**
### Environmental Data for FY 2004 New Models (Passenger Cars)

Data selected for typical version of each model

<table>
<thead>
<tr>
<th>Name</th>
<th>Verisa</th>
<th>Premacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle type</td>
<td>DBA-D5SW</td>
<td>DBA-CREW</td>
</tr>
<tr>
<td>Model</td>
<td>ZY</td>
<td>LF</td>
</tr>
<tr>
<td>Type</td>
<td>in-line 4 DOHC 16V</td>
<td>in-line 4 DOHC 16V</td>
</tr>
<tr>
<td>Displacement (cc)</td>
<td>1498</td>
<td>1998</td>
</tr>
<tr>
<td>Fuel</td>
<td>Unleaded regular</td>
<td>Unleaded regular</td>
</tr>
<tr>
<td>Fuel supply system</td>
<td>EGI</td>
<td>EGI</td>
</tr>
<tr>
<td>Drive</td>
<td>FWD</td>
<td>FWD</td>
</tr>
<tr>
<td>Transmission</td>
<td>4AT</td>
<td>4AT</td>
</tr>
<tr>
<td>Vehicle weight (kg)</td>
<td>1100</td>
<td>1450</td>
</tr>
<tr>
<td>Passenger quota</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

### Specifications

**Engine**

- Variables and specifications include fuel efficiency, emissions, and compliance with standards.
- Key measures for fuel efficiency improvement include variable valve timing and torque converter with lockup function.

**Fuel economy**

- Fuel efficiency at 10.15 mode is measured.
- Key measures include compliance with Japanese 2010 fuel efficiency standards and variable valve timing.

### Environmental Data for FY 2004 New Models (Passenger Cars)

Data selected for typical version of each model

<table>
<thead>
<tr>
<th>Environmental Data for FY 2004 New Models (Passenger Cars)</th>
<th>Data selected for typical version of each model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicle type</strong></td>
<td><strong>DBA-D5SW</strong></td>
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<tr>
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<td><strong>in-line 4 DOHC 16V</strong></td>
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<td><strong>Vehicle weight (kg)</strong></td>
<td>1100</td>
</tr>
<tr>
<td><strong>Passenger quota</strong></td>
<td>5</td>
</tr>
</tbody>
</table>

### Outline of training facilities in Japan

A variety of educational and training facilities are provided for employees. Facility equipment and capabilities vary with role, promoting personnel development for employees groupwide.

<table>
<thead>
<tr>
<th>Name</th>
<th>Participants</th>
<th>Location</th>
<th>Established</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mazda Education Center</td>
<td>Employees</td>
<td>Hiroshima</td>
<td>1979</td>
<td>Training for management, administrative, engineering, and production staff is provided. Also provides internationalization training, department-specific training among others. Approx. 3,000 users/month</td>
</tr>
<tr>
<td>Mazda Technical College</td>
<td>Recent high school graduates and selected employees</td>
<td>Hiroshima</td>
<td>1988</td>
<td>The aim of the college is to train mid-career employees who will forge the future of the production department. Basic knowledge and skills are taught in the first year curriculum, and the second year includes subjects and practical skills that mainly focus on skills application, and company staff education. Capacity: 60 students / each grade</td>
</tr>
<tr>
<td>Etre College of Business Arts</td>
<td>Sales managers and staff for dealerships in Japan</td>
<td>Osaka and Hiroshima</td>
<td>1991</td>
<td>Practical and Speciality training for those from management to new hires. Students:300 (Hiroshima), 150 (Osaka)</td>
</tr>
<tr>
<td>Technical Service Training Center</td>
<td>Service technicians in Japan</td>
<td>Hiroshima</td>
<td>1972</td>
<td>Technical training for sales/service staff in Japan and overseas, and business training for domestic (Japan) dealerships. Participants: approx. 1,600/year</td>
</tr>
<tr>
<td>Technical Service Training Center</td>
<td>Service technicians in Japan</td>
<td>Kanagawa</td>
<td>2002</td>
<td>Technical training for service staff at domestic (Japan) dealerships. Participants: about 400/year</td>
</tr>
<tr>
<td>Skill Training Center, Hiroshima Plant</td>
<td>Employees</td>
<td>28 facilities at Hiroshima Plant</td>
<td>1997</td>
<td>Skill-improvement courses for various levels and areas. Participants: 4,000/year</td>
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<tr>
<td>Nishioura Education Center, Hofu Plant</td>
<td>Employees</td>
<td>Yamaguchi Prefecture</td>
<td>1982</td>
<td>Training for management, administrative engineering and production staff. Approx. 500/month</td>
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<tr>
<td>Skills Training Center, Hofu Plant</td>
<td>Employees</td>
<td>Yamaguchi Prefecture</td>
<td>1982</td>
<td>Continuing skill training by level and work area. Participants: about 1,000/year</td>
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</tbody>
</table>
Environmental data for fiscal 2004

<table>
<thead>
<tr>
<th>Atmospheric pollutants</th>
<th>Units (ppm)</th>
<th>Regulation</th>
<th>Actual (max.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boilers</td>
<td></td>
<td>300</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td></td>
<td>180</td>
<td>74</td>
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<tr>
<td></td>
<td></td>
<td>150</td>
<td>130</td>
</tr>
<tr>
<td>Drying ovens</td>
<td></td>
<td>250</td>
<td>150</td>
</tr>
<tr>
<td>Melting furnaces</td>
<td></td>
<td>180</td>
<td>99</td>
</tr>
<tr>
<td>Diesel engines</td>
<td></td>
<td>950</td>
<td>600</td>
</tr>
<tr>
<td>Heating furnaces</td>
<td></td>
<td>200</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>180</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td></td>
<td>150</td>
<td>68</td>
</tr>
<tr>
<td>Incinerators</td>
<td>ppm</td>
<td>450</td>
<td>72</td>
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</table>

<table>
<thead>
<tr>
<th>Water pollutants</th>
<th>Units</th>
<th>Regulation</th>
<th>Actual (max.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH (freshwater)</td>
<td>ppm</td>
<td>5.5 - 8.6</td>
<td>7.5, 6.7</td>
</tr>
<tr>
<td>pH (seawater)</td>
<td>ppm</td>
<td>5.5 - 9.0</td>
<td>7.4, 6.4</td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>120</td>
<td>8.1</td>
</tr>
<tr>
<td>COD</td>
<td>mg/l</td>
<td>15</td>
<td>10.8</td>
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<tr>
<td>SS</td>
<td>mg/l</td>
<td>150</td>
<td>14</td>
</tr>
<tr>
<td>Oil</td>
<td>mg/l</td>
<td>5</td>
<td>1.9</td>
</tr>
<tr>
<td>Copper</td>
<td>mg/l</td>
<td>3</td>
<td>0.02</td>
</tr>
<tr>
<td>Fluorine</td>
<td>mg/l</td>
<td>8</td>
<td>0.4</td>
</tr>
<tr>
<td>Zinc</td>
<td>mg/l</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Soluble iron</td>
<td>mg/l</td>
<td>10</td>
<td>0.3</td>
</tr>
<tr>
<td>Soluble manganese</td>
<td>mg/l</td>
<td>10</td>
<td>0.9</td>
</tr>
<tr>
<td>Total nitrogen</td>
<td>mg/l</td>
<td>60</td>
<td>11</td>
</tr>
<tr>
<td>Total phosphorus</td>
<td>mg/l</td>
<td>8</td>
<td>4.3</td>
</tr>
<tr>
<td>Coliform groups</td>
<td>colonies/cm³</td>
<td>3000</td>
<td>536</td>
</tr>
<tr>
<td>Phenol</td>
<td>mg/l</td>
<td>5</td>
<td>1.9</td>
</tr>
<tr>
<td>Chromium</td>
<td>mg/l</td>
<td>2</td>
<td>0.09</td>
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<tr>
<td>hexavalent chromium</td>
<td>mg/l</td>
<td>0.5</td>
<td>0.04</td>
</tr>
<tr>
<td>Boric acid (freshwater)</td>
<td>mg/l</td>
<td>10</td>
<td>0.45</td>
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<tr>
<td>Boric acid (seawater)</td>
<td>mg/l</td>
<td>230</td>
<td>0.9</td>
</tr>
<tr>
<td>Ammonia, ammonium, Nitric acid and Nitrous acid compounds</td>
<td>mg/l</td>
<td>100</td>
<td>3.7</td>
</tr>
</tbody>
</table>

The following regulated substances were not detected: cadmium, cyanogen, organic phosphorus, lead, arsenic, mercury, alkyl mercury, PCB, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,1-dichloroethane, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, tlenam, simazine, thiobencarb, benzene, and selenium.
## PRTR (Pollution Release and Transfer Register) for fiscal 2004

### [Hiroshima plant]

<table>
<thead>
<tr>
<th>Substance No.</th>
<th>Substance group</th>
<th>Amount handled</th>
<th>Volume emitted</th>
<th>Amount consumed</th>
<th>Amount disposed</th>
<th>Amount transferred</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water-soluble zinc compounds</td>
<td>11,597</td>
<td>0</td>
<td>124</td>
<td>0</td>
<td>124</td>
<td>8,946</td>
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<tr>
<td>29</td>
<td>4,4'-isopropylidenephene</td>
<td>4,984</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,984</td>
</tr>
<tr>
<td>30</td>
<td>Polymer of 4,4'-isopropylidenephene and 1-chloro-2,3-epoxypropene</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,884</td>
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<tr>
<td>40</td>
<td>Ethyl benzene</td>
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<td>100</td>
<td>236</td>
<td>0</td>
<td>100,236</td>
<td>33,107</td>
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<tr>
<td>43</td>
<td>Ethylene glycol</td>
<td>865,805</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>865,800</td>
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<tr>
<td>63</td>
<td>Xylene</td>
<td>931,136</td>
<td>412</td>
<td>697</td>
<td>0</td>
<td>412,697</td>
<td>150,432</td>
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<tr>
<td>68</td>
<td>Chromium and trivalent chromium compounds</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>83,920</td>
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<tr>
<td>69</td>
<td>Hexavalent chromium compounds</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>5,746</td>
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<tr>
<td>179</td>
<td>Dioxins</td>
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<td>425</td>
<td>27</td>
<td>0.43</td>
<td>425,70</td>
<td>0</td>
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<tr>
<td>198</td>
<td>1,3,5,7-tetraazetoricyclo [3.3.1.13.7] decane</td>
<td>142,045</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>142,045</td>
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<tr>
<td>224</td>
<td>1,3,5-trimethylbenzene</td>
<td>36,436</td>
<td>12</td>
<td>76</td>
<td>0</td>
<td>12,769</td>
<td>6,259</td>
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<tr>
<td>227</td>
<td>Toluene</td>
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<td>410</td>
<td>0</td>
<td>220,410</td>
<td>270,780</td>
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<td>231</td>
<td>Nickel</td>
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<td>0</td>
<td>26,369</td>
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<td>232</td>
<td>Nickel compounds</td>
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<td>316</td>
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<td>496</td>
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<td>253</td>
<td>Hydrazine</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,288</td>
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<tr>
<td>266</td>
<td>Phenol</td>
<td>771,223</td>
<td>19</td>
<td>22</td>
<td>0</td>
<td>41</td>
<td>771,182</td>
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<tr>
<td>272</td>
<td>Bis(2-ethylhexyl) phthalate</td>
<td>4,433</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4,271</td>
</tr>
<tr>
<td>283</td>
<td>Hydrogen fluoride and its water - soluble salts</td>
<td>2,540</td>
<td>0</td>
<td>466</td>
<td>0</td>
<td>466</td>
<td>0</td>
</tr>
<tr>
<td>299</td>
<td>Benzenes</td>
<td>27,604</td>
<td>150</td>
<td>0</td>
<td>0</td>
<td>150</td>
<td>13,607</td>
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<tr>
<td>310</td>
<td>Formaldehyde</td>
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<td>2,021</td>
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<td>0</td>
<td>2,021</td>
<td>288,134</td>
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<tr>
<td>311</td>
<td>Manganese and its compounds</td>
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<td>0</td>
<td>229</td>
<td>0</td>
<td>229</td>
<td>402,742</td>
</tr>
<tr>
<td>346</td>
<td>Molybdenum and its compounds</td>
<td>5,321</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,337</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,747,564</td>
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</tbody>
</table>

## Environmental data for fiscal 2004

### [Miyoshi Office]

#### Atmospheric pollutants

<table>
<thead>
<tr>
<th>Substance</th>
<th>Units</th>
<th>Regulation</th>
<th>Actual (max.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>Boilers</td>
<td>ppm</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Diesel engines</td>
<td>ppm</td>
<td>950</td>
</tr>
<tr>
<td>Ash</td>
<td>Boilers</td>
<td>g/m3N</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>Diesel engines</td>
<td>g/m3N</td>
<td>0.10</td>
</tr>
<tr>
<td>SOx</td>
<td>K regulation</td>
<td>—</td>
<td>17.5</td>
</tr>
</tbody>
</table>

#### Water pollutants

<table>
<thead>
<tr>
<th>Substance</th>
<th>Units</th>
<th>Regulation</th>
<th>Max.</th>
<th>Min.</th>
<th>Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td>—</td>
<td>—</td>
<td>5.8—8.6</td>
<td>7.7</td>
<td>7.2</td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>70</td>
<td>3.4</td>
<td>0.6</td>
<td>1.5</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>70</td>
<td>4.4</td>
<td>1.3</td>
<td>2.9</td>
</tr>
<tr>
<td>Oil</td>
<td>mg/l</td>
<td>5</td>
<td>0.7</td>
<td>ND</td>
<td>&lt;0.5</td>
</tr>
<tr>
<td>Fluoride</td>
<td>mg/l</td>
<td>8</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Zinc</td>
<td>mg/l</td>
<td>5</td>
<td>0.07</td>
<td>0.05</td>
<td>0.07</td>
</tr>
<tr>
<td>Soluble iron</td>
<td>mg/l</td>
<td>10</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Soluble manganese</td>
<td>mg/l</td>
<td>10</td>
<td>0.2</td>
<td>ND</td>
<td>&lt;0.2</td>
</tr>
<tr>
<td>Total nitrogen</td>
<td>mg/l</td>
<td>60</td>
<td>1.4</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Total phosphorus</td>
<td>mg/l</td>
<td>8</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>Total ammoxid</td>
<td>mg/l</td>
<td>30</td>
<td>150</td>
<td>0</td>
<td>43</td>
</tr>
<tr>
<td>Ammonia, ammonium, nitrite and nitrate acid compounds</td>
<td>mg/l</td>
<td>10</td>
<td>0.04</td>
<td>0.06</td>
<td>0.04</td>
</tr>
</tbody>
</table>

The following regulated substances were not detected: cadmium, cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, PCB, trichloroethylene, trichloroethene, dichromate, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, cis 1,2-dichloroethylene, 1,1,1-trichloroethane, 1,3-dichloropropene, trichloroethylene, cis/trans, trichloroacetic acid, benzene, selenium, copper, phenol and chromium.

### Wastewater drainage to Basen River

<table>
<thead>
<tr>
<th>Substance</th>
<th>Units</th>
<th>Regulation</th>
<th>Max.</th>
<th>Min.</th>
<th>Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>COD</td>
<td>mg/l</td>
<td>50</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>50</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>50</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
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</table>

## PRTR (Pollution Release and Transfer Register) for fiscal 2004

### [Miyoshi Office]

<table>
<thead>
<tr>
<th>Substance No.</th>
<th>Substance group</th>
<th>Amount handled</th>
<th>Volume emitted</th>
<th>Amount consumed</th>
<th>Amount disposed</th>
<th>Amount transferred</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Ethyl benzene</td>
<td>9,154</td>
<td>32</td>
<td>0</td>
<td>32</td>
<td>0</td>
<td>9,123</td>
</tr>
<tr>
<td>63</td>
<td>Xylene</td>
<td>43,644</td>
<td>151</td>
<td>0</td>
<td>0</td>
<td>101</td>
<td>43,483</td>
</tr>
<tr>
<td>224</td>
<td>1,3,5-trimethylbenzene</td>
<td>3,650</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>3,639</td>
</tr>
<tr>
<td>227</td>
<td>Toluene</td>
<td>82,166</td>
<td>247</td>
<td>0</td>
<td>0</td>
<td>247</td>
<td>81,919</td>
</tr>
<tr>
<td>299</td>
<td>Benzene</td>
<td>3,296</td>
<td>78</td>
<td>0</td>
<td>0</td>
<td>78</td>
<td>3,296</td>
</tr>
<tr>
<td>Total</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>151,812</td>
</tr>
</tbody>
</table>

*Note: The indicators of Class 1 Designated Chemical Substances of which 300 kg/year or more are handled.*
Site report: Hofu Plant

[Nishinoura District]
- Address: 888-1 Nishinoura, Hofu City, Yamaguchi, Japan
- Operation started: September 1982
- Major products: Passenger cars
- Employees: 3,170 (as of end of March 2005 including Nakanoseki)
- ISO14001 certification: September 1998
- Site area and floorspace: 792,000 square meters; 297,000 square meters

[Nakanoseki District]
- Address: 415-8 Hanakata, Hofu City, Yamaguchi, Japan
- Operation started: December 1981
- Major products: Transmissions
- ISO14001 certification: September 1999
- Site area and floorspace: 837,000 square meters; 100,000 square meters

Environmental data for fiscal 2004

[Nishinoura District]

<table>
<thead>
<tr>
<th>Atmospheric pollutants</th>
<th>Units</th>
<th>Regulation</th>
<th>Actual (max.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boilers</td>
<td></td>
<td>250</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>150</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td></td>
<td>130</td>
<td>62</td>
</tr>
<tr>
<td>Drying ovens</td>
<td>ppm</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>230</td>
<td>80</td>
</tr>
</tbody>
</table>

| Ash                     | g/m²N |            |               |
| Boilers                |       | 0.25       | 0.1           |
|                       |       | 0.20       | 0.018         |
|                       |       | 0.10       | 0.002         |
| Drying ovens           | g/m²N |            |               |
|                       |       | 0.35       | 0.033         |
|                       |       | 0.30       | 0.018         |
|                       |       | 0.20       | 0.005         |

| SOx                    |       |            |               |
| K regulation           |       | 4.5        | 1.31          |
| Total regulation       | m³/Nh | 52.66      | 5.39          |

[Nakanoseki District]

<table>
<thead>
<tr>
<th>Water pollutants</th>
<th>Units</th>
<th>Regulation</th>
<th>Actual (max.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>40</td>
<td>13.9</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>30</td>
<td>6.7</td>
</tr>
<tr>
<td>Oil</td>
<td>mg/l</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>Copper</td>
<td>mg/l</td>
<td>3</td>
<td>0.02</td>
</tr>
<tr>
<td>Zinc</td>
<td>mg/l</td>
<td>5</td>
<td>0.19</td>
</tr>
<tr>
<td>Total nitrogen</td>
<td>mg/l</td>
<td>60</td>
<td>14.7</td>
</tr>
<tr>
<td>Total phosphorus</td>
<td>mg/l</td>
<td>8</td>
<td>2.3</td>
</tr>
<tr>
<td>Coliform groups</td>
<td>colonies/cm³</td>
<td>3000</td>
<td>160</td>
</tr>
<tr>
<td>Phenol</td>
<td>mg/l</td>
<td>5</td>
<td>0.06</td>
</tr>
<tr>
<td>Boric acid</td>
<td>mg/l</td>
<td>250</td>
<td>0.2</td>
</tr>
<tr>
<td>Risperidone</td>
<td>mg/l</td>
<td>15</td>
<td>0.04</td>
</tr>
<tr>
<td>Arsenic, antimon, selenium, manganese, and soluble iron</td>
<td>mg/l</td>
<td>100</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Wastewater drainage to Oumi Bay

<table>
<thead>
<tr>
<th>Water pollutants</th>
<th>Units</th>
<th>Regulation</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOD</td>
<td>mg/l</td>
<td>40</td>
<td>13.9</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>30</td>
<td>6.7</td>
</tr>
<tr>
<td>Oil</td>
<td>mg/l</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>Copper</td>
<td>mg/l</td>
<td>3</td>
<td>0.02</td>
</tr>
<tr>
<td>Zinc</td>
<td>mg/l</td>
<td>5</td>
<td>0.19</td>
</tr>
<tr>
<td>Total nitrogen</td>
<td>mg/l</td>
<td>60</td>
<td>14.7</td>
</tr>
<tr>
<td>Total phosphorus</td>
<td>mg/l</td>
<td>8</td>
<td>2.3</td>
</tr>
<tr>
<td>Coliform groups</td>
<td>colonies/cm³</td>
<td>3000</td>
<td>160</td>
</tr>
<tr>
<td>Phenol</td>
<td>mg/l</td>
<td>5</td>
<td>0.06</td>
</tr>
<tr>
<td>Boric acid</td>
<td>mg/l</td>
<td>250</td>
<td>0.2</td>
</tr>
<tr>
<td>Risperidone</td>
<td>mg/l</td>
<td>15</td>
<td>0.04</td>
</tr>
<tr>
<td>Arsenic, antimon, selenium, manganese, and soluble iron</td>
<td>mg/l</td>
<td>100</td>
<td>2.2</td>
</tr>
</tbody>
</table>

The following regulated substances were not detected: cadmium, cyanogen, organic phosphorus, lead, hexavalent chromium, arsenic, mercury, allyl mercury, PBZ, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, thiuram, simazine, thiobencarb, benzene, selenium, chromium, soluble manganese and soluble iron.
### Environmental data for fiscal 2004

#### [Nakanoseki District]

<table>
<thead>
<tr>
<th>Atmospheric pollutants</th>
<th>Units</th>
<th>Regulation</th>
<th>Actual (max.)</th>
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</thead>
<tbody>
<tr>
<td>NOx</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boilers</td>
<td>ppm</td>
<td>180</td>
<td>64</td>
</tr>
<tr>
<td>Ash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boilers</td>
<td>g/m³N</td>
<td>0.30</td>
<td>0.017</td>
</tr>
<tr>
<td>Heating furnace</td>
<td>g/m³N</td>
<td>0.25</td>
<td>0.005</td>
</tr>
<tr>
<td>Melting furnaces</td>
<td>g/m³N</td>
<td>0.20</td>
<td>0.036</td>
</tr>
<tr>
<td>SOx</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K regulation</td>
<td>m³/Nh</td>
<td>4.5</td>
<td>0.50</td>
</tr>
<tr>
<td>Total regulation</td>
<td></td>
<td>27.90</td>
<td>1.10</td>
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</table>

#### Water pollutants

<table>
<thead>
<tr>
<th>Units</th>
<th>Regulation</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td>—</td>
<td>5.0~9.0</td>
</tr>
<tr>
<td>COD</td>
<td>mg/l</td>
<td>40</td>
</tr>
<tr>
<td>SS</td>
<td>mg/l</td>
<td>30</td>
</tr>
<tr>
<td>Oil</td>
<td>mg/l</td>
<td>2</td>
</tr>
<tr>
<td>Copper</td>
<td>mg/l</td>
<td>3</td>
</tr>
<tr>
<td>Zinc</td>
<td>mg/l</td>
<td>5</td>
</tr>
<tr>
<td>Total nitrogen</td>
<td>mg/l</td>
<td>60</td>
</tr>
<tr>
<td>Total phosphorus</td>
<td>mg/l</td>
<td>8</td>
</tr>
<tr>
<td>Oil</td>
<td>mg/l</td>
<td>230</td>
</tr>
<tr>
<td>Fluorine</td>
<td>mg/l</td>
<td>15</td>
</tr>
<tr>
<td>Ammonia, ammonium, nitrous acid and nitrous acid compounds</td>
<td>mg/l</td>
<td>100</td>
</tr>
</tbody>
</table>

The following regulated substances were not detected: cadmium, cyanogen, lead, hexavalent chromium, arsenic, mercury, alkyl mercury, trihalomethanes, hexachloroethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethane, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, bis(2-ethylhexyl) phthalate, benzene, selenium, soluble iron, soluble manganese, chromium, and phenol.

#### PRTR (Pollution Release and Transfer Register) for fiscal 2004

##### [Nishinoura District]

<table>
<thead>
<tr>
<th>Substance No.</th>
<th>Substance group</th>
<th>Amount handled</th>
<th>Volume emitted</th>
<th>Total</th>
<th>Amount consumed</th>
<th>Amount disposed</th>
<th>Amount transferred</th>
<th>Waste product</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water-soluble zinc compounds</td>
<td>15,470</td>
<td>0</td>
<td>243</td>
<td>13,559</td>
<td>0</td>
<td>1,688</td>
<td>0</td>
<td>0</td>
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<tr>
<td>30</td>
<td>Polymer of 4,4'-isopropylidenaphthalene and 1-chloro-2,3-epoxypropane</td>
<td>3,095</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>40</td>
<td>Ethyl benzene</td>
<td>169,356</td>
<td>81,926</td>
<td>0</td>
<td>81,926</td>
<td>70,047</td>
<td>11,781</td>
<td>0</td>
<td>5,602</td>
</tr>
<tr>
<td>43</td>
<td>Ethylene glycol</td>
<td>1,563,144</td>
<td>9</td>
<td>0</td>
<td>9</td>
<td>1,563,135</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>63</td>
<td>Xylene</td>
<td>685,979</td>
<td>269,079</td>
<td>0</td>
<td>269,079</td>
<td>232,810</td>
<td>38,249</td>
<td>0</td>
<td>48,341</td>
</tr>
<tr>
<td>224</td>
<td>1,3,5-trimethylbenzene</td>
<td>71,283</td>
<td>25,278</td>
<td>0</td>
<td>25,278</td>
<td>23,779</td>
<td>3,497</td>
<td>0</td>
<td>18,819</td>
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<tr>
<td>227</td>
<td>Toluene</td>
<td>990,924</td>
<td>257,442</td>
<td>0</td>
<td>257,442</td>
<td>666,479</td>
<td>40,737</td>
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<tr>
<td>232</td>
<td>Nickel compounds</td>
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<td>360</td>
<td>360</td>
<td>1,024</td>
<td>0</td>
<td>1,591</td>
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</tr>
<tr>
<td>272</td>
<td>Bis(2-ethylhexyl) phthalate</td>
<td>18,283</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17,735</td>
<td>548</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>299</td>
<td>Benzene</td>
<td>26,586</td>
<td>95</td>
<td>0</td>
<td>95</td>
<td>26,244</td>
<td>247</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>311</td>
<td>Manganese and its compounds</td>
<td>6,275</td>
<td>0</td>
<td>274</td>
<td>274</td>
<td>4,201</td>
<td>0</td>
<td>1,580</td>
<td>240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>3,553,370</td>
<td>634,072</td>
<td>634</td>
<td>634,706</td>
<td>2,718,108</td>
<td>96,469</td>
<td>4,819</td>
<td>99,268</td>
</tr>
</tbody>
</table>

##### [Nakanoseki District]

<table>
<thead>
<tr>
<th>Substance No.</th>
<th>Substance group</th>
<th>Amount handled</th>
<th>Volume emitted</th>
<th>Total</th>
<th>Amount consumed</th>
<th>Amount disposed</th>
<th>Amount transferred</th>
<th>Waste product</th>
<th>Recycled</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>2-aminoethanol</td>
<td>1,123</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,123</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>283</td>
<td>Hydrogen fluoride and its water soluble salts</td>
<td>1,640</td>
<td>33</td>
<td>0</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>1,607</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>2,763</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,123</td>
<td>0</td>
<td>1,607</td>
</tr>
</tbody>
</table>
In the teaching profession, the question of how to best transmit information is an eternal problem, and there are many instances where the intent of the speaker cannot be adequately understood by the listener. It is always crucial to prepare material from the viewpoint of the student who is watching, listening or reading for them to gain information. When I read through this Mazda Social & Environmental Report, I was struck by how clearly it spelled out the company's present and future policies and attitudes toward manufacturing and personnel development. For the first time, I finally discovered the meaning of the "Zoom-Zoom" phrase used in their television commercials.

I think it is important that many people who will never have the chance to read this report should learn more about the Mazda philosophy and approach. One of the sections of the report that interested me the most was Mazda's advanced technology, well represented by the rotary engine. For the company to continue to develop its automobile technology in the future, it will be essential to ensure that superlative skills are passed on to successors in not only the manufacturing sector but also in other technical sectors such as design. I hope that the company will develop a "Mazda Model" to define this process of transferring skills and techniques for others to utilize.
This report was prepared with reference to the Global Reporting Initiative Guidelines 2002. Below is a list of topics referenced from the GRI Guidelines, along with the corresponding page number in this document.

<table>
<thead>
<tr>
<th>Item</th>
<th>Definition</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Vision and Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Statement of the organization’s vision and strategy regarding its contribution to sustainable development.</td>
<td>page 7 – 8</td>
</tr>
<tr>
<td>1.2</td>
<td>Statement from the CEO or equivalent senior manager describing key elements of the report.</td>
<td>page 3</td>
</tr>
<tr>
<td><strong>2. Profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Name of reporting organization.</td>
<td>page 89</td>
</tr>
<tr>
<td>2.2</td>
<td>Major products and services, including brands if appropriate.</td>
<td>pages 14 – 30</td>
</tr>
<tr>
<td>2.3</td>
<td>Operational structure of the organization.</td>
<td>page 79</td>
</tr>
<tr>
<td>2.4</td>
<td>Description of major divisions, operating companies, subsidiaries, and joint ventures.</td>
<td>page 79</td>
</tr>
<tr>
<td>2.5</td>
<td>Countries in which the organization or operations are located.</td>
<td>page 79</td>
</tr>
<tr>
<td>2.6</td>
<td>Nature of ownership, legal form.</td>
<td>page 79</td>
</tr>
<tr>
<td>2.7</td>
<td>Nature of markets served.</td>
<td>page 79</td>
</tr>
<tr>
<td>2.8</td>
<td>Scale of the reporting organization.</td>
<td>page 79</td>
</tr>
<tr>
<td>2.9</td>
<td>List of stakeholders, key attributes of each, and relationship to the reporting organization.</td>
<td>page 8</td>
</tr>
<tr>
<td><strong>Report Profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.10</td>
<td>Contact person(s) for the report, including e-mail and web addresses.</td>
<td>page 89</td>
</tr>
<tr>
<td>2.11</td>
<td>Reporting period (e.g., fiscal calendar year) for information provided.</td>
<td>inside cover</td>
</tr>
<tr>
<td>2.12</td>
<td>Date of most recent previous report (if any).</td>
<td>November 2004</td>
</tr>
<tr>
<td>2.13</td>
<td>Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.</td>
<td>inside cover</td>
</tr>
<tr>
<td><strong>3. Governance Structure and Management Systems</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>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.</td>
<td>page 72</td>
</tr>
<tr>
<td>3.2</td>
<td>Percentage of the board of directors that are independent, non-executive directors.</td>
<td>page 72</td>
</tr>
<tr>
<td>3.4</td>
<td>Board-level processes for overseeing the organization’s identification and management of economic, environmental, and social risks and opportunities.</td>
<td>pages 75 – 76</td>
</tr>
<tr>
<td>3.6</td>
<td>Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.</td>
<td>pages 8 (pages 35 – 36) (pages 72 – 73)</td>
</tr>
<tr>
<td>3.7</td>
<td>Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.</td>
<td>pages 5 - 7 (page 34) (page 54) (page 64) (page 74) (page 76)</td>
</tr>
<tr>
<td>3.8</td>
<td>Mechanisms for shareholders to provide recommendations or direction to the board of directors.</td>
<td>page 72 (page 78)</td>
</tr>
<tr>
<td><strong>Stakeholder Engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.9</td>
<td>Basis for identification and selection of major stakeholders.</td>
<td>page 8</td>
</tr>
<tr>
<td>3.10</td>
<td>Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.</td>
<td>pages 28 – 31 (page 78)</td>
</tr>
<tr>
<td>3.11</td>
<td>Type of information generated by stakeholder consultations.</td>
<td>pages 28 – 31 (pages 52 – 53) (page 59) (page 62)</td>
</tr>
<tr>
<td>3.12</td>
<td>Use of information resulting from stakeholder engagements.</td>
<td>pages 28 – 31 (page 78)</td>
</tr>
<tr>
<td><strong>Overarching Policies and Management Systems</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.13</td>
<td>Explanation of whether and how the precautionary approach or principle is addressed by the organization.</td>
<td>pages 73 – 76</td>
</tr>
<tr>
<td>3.14</td>
<td>Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organization subscribes or on which it endorses.</td>
<td>pages 22 (page 38) (page 64) (page 68)</td>
</tr>
<tr>
<td>3.15</td>
<td>Principal memberships in industry and business associations, and/or national/international advocacy organizations.</td>
<td>page 70</td>
</tr>
<tr>
<td>3.16</td>
<td>Policies and/or systems for managing upstream and downstream impacts.</td>
<td>pages 31 (pages 35 – 36) (page 41) (pages 49 – 50)</td>
</tr>
<tr>
<td>3.17</td>
<td>Reporting organization’s approach to managing indirect economic, environmental, and social impacts resulting from its activities.</td>
<td>pages 35 – 36 (page 41)</td>
</tr>
<tr>
<td>3.18</td>
<td>Framework and procedures pertaining to economic, environmental, and social performance.</td>
<td>pages 8 (page 35) (page 72 – 73)</td>
</tr>
<tr>
<td>3.20</td>
<td>Status of certification pertaining to economic, environmental, and social management systems.</td>
<td>page 36</td>
</tr>
</tbody>
</table>
### 4. GRI Content Index

4.1 A table identifying location of each element of the GRI Report Content, by section and indicator.  

#### 5. Performance Indicators

<table>
<thead>
<tr>
<th>Economic Performance</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td></td>
</tr>
<tr>
<td>EC.1 Net sales.</td>
<td>pages 77 - 78</td>
</tr>
<tr>
<td>EC.2 Geographic breakdown of markets.</td>
<td>pages 77 - 78</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Providers of Capital</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EC.7 Increase/decrease in retained earnings at end of period.</strong></td>
<td>inside cover</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Performance</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Materials</strong></td>
<td></td>
</tr>
<tr>
<td><strong>EN.1 Total materials use other than water, by type.</strong></td>
<td>page 40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EN.3 Direct energy use segmented by primary source.</strong></td>
<td>page 45</td>
</tr>
</tbody>
</table>

**EN.17 Initiatives to use renewable energy sources and to increase energy efficiency.**  

<table>
<thead>
<tr>
<th>Water</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EN.5 Total water use.</strong></td>
<td>page 40</td>
</tr>
<tr>
<td><strong>EN.21 Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.</strong></td>
<td>page 48</td>
</tr>
<tr>
<td><strong>EN.22 Total recycling and reuse of water.</strong></td>
<td>page 40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emissions, Effluents, and Waste</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EN.8 Greenhouse gas emissions.</strong></td>
<td>page 40 [page 42</td>
</tr>
<tr>
<td><strong>EN.11 Total amount of waste by type and destination.</strong></td>
<td>page 40 [page 42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Products and Services</th>
<th>Corresponding report page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EN.14 Significant environmental impacts of principal products and services.</strong></td>
<td>pages 23 - 26</td>
</tr>
<tr>
<td><strong>EN.15 Percentage of the weight of products sold that is reclaimable at the end of the products’ useful life and percentage that is actually reclaimed.</strong></td>
<td>pages 25 - 26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transport</th>
<th>Corresponding report page</th>
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</thead>
<tbody>
<tr>
<td><strong>EN.34 Significant environmental impacts of transportation used for logistical purposes.</strong></td>
<td>pages 45 - 46</td>
</tr>
</tbody>
</table>

<table>
<thead>
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### Human Rights

#### Strategy and Management
- **HR.1** Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.
  - **Definition:** [Page 54](#) / [Page 74](#)
- **HR.2** Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.
  - **Definition:** [Page 74](#)
- **HR.8** Employee training on policies and practices concerning all aspects of human rights relevant to operations.
  - **Definition:** [Page 54](#)

#### Non-discrimination
- **HR.4** Description of global policy and procedures/programs preventing all forms of discrimination in operations.
  - **Definition:** [Page 54](#)

#### Freedom of Association and Collective Bargaining
- **HR.5** Description of freedom of association policy.
  - **Definition:** [Page 62](#)

#### Child Labor
- **HR.6** Description of policy excluding child labor.
  - **Definition:** [Pages 73–74](#)

#### Forced and Compulsory Labor
- **HR.7** Description of policy to prevent forced and compulsory labor.
  - **Definition:** [Pages 73–74](#)

#### Disciplinary Practices
- **HR.9-10** Description of appeal practices, non-retaliation policy and effective, confidential employee grievance system.
  - **Definition:** [Pages 73–74](#)

#### Security Practices
- **HR.11** Human rights training for security personnel.
  - **Definition:** [Page 54](#)

### Society

#### Community
- **SO.1** Description of policies to manage impacts on communities in areas affected by activities.
  - **Definition:** [Pages 64–65](#)
- **SO.4** Awards received relevant to social, ethical, and environmental performance.
  - **Definition:** [Page 70](#)

#### Bribery and Corruption
- **SO.2** Description of the policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption.
  - **Definition:** [Pages 73–74](#)

#### Competition and Pricing
- **SO.7** Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behavior.
  - **Definition:** [Pages 73–74](#)

### Product Responsibility

#### Customer Health and Safety
- **PR.1** 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 mechanisms and results of monitoring.
  - **Definition:** [Pages 19–20](#) / [Pages 21–22](#) / [Page 27](#)
- **PR.4** Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.
  - **Definition:** [Page 37](#)
- **PR.6** 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.
  - **Definition:** [Pages 23–24](#) / [Page 80](#)

#### Products and Services
- **PR.2** Description of policy, procedures/management systems, and compliance mechanisms related to product information and labeling.
  - **Definition:** [Pages 23–24](#) / [Page 30](#) / [Page 39](#) / [Page 70](#)
- **PR.8** Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction.
  - **Definition:** [Page 28](#)

#### Respect for Privacy
- **PR.3** Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.
  - **Definition:** [Page 74](#)
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