



May 10, 2024
Mazda Motor Corporation
Moro Masahiro
Representative Director and President
Code No. 7261 TSE Prime
Contact Yoji Nukina
General Manager, Corporate Communications Division
Phone: 082-282-1111

Notice regarding the introduction of a restricted stock remuneration plan and a performance share unit remuneration plan

At today's meeting of its Board of Directors, Mazda Motor Corporation (the "Company") reviewed its remuneration scheme for officers to introduce a restricted stock remuneration plan and a performance share unit remuneration plan (hereinafter collectively, the "Plans"). The Company will submit a proposal regarding the Plans at its 158th Ordinary General Meeting of Shareholders ("General Meeting of Shareholders") to be held on June 25, 2024, as described below.

I . Purpose of Introducing the Plans

1. Purpose of introducing the Plans

The Company will introduce the Plans as a remuneration scheme for granting restricted stock and performance share units to the Company's directors (excluding directors who are Audit & Supervisory Committee members and outside directors; hereinafter "Eligible Directors") to have them further share with shareholders the benefits and risks of stock price fluctuations, and to enhance their desire to contribute to the medium- to long-term improvement of corporate value.

2. Conditions for introducing the Plans

Under the Plans, the Company intends to provide to Eligible Directors remuneration for the allotment of 1) common stock of the Company that is subject to certain conditions such as a transfer restriction period and reasonable grounds for the Company's acquisition of that stock without payment (hereinafter "Restricted Stock"), and 2) a number of common stock of the Company that will be based on the achievement of each performance indicator goal set by the Board of Directors during each fiscal year, which will be set as the performance evaluation period, which is also subject to certain conditions such as a transfer restriction period and reasonable grounds for the Company's acquisition of that stock without payment (hereinafter "Performance Share Units," and the Restricted Stock and Performance Share Units hereinafter collectively "Stock Remuneration"). The introduction of these Plans for the provision of such remuneration is subject to the approval of the shareholders at the General Meeting of Shareholders. The granting of stock acquisition rights to be allotted as stock options within the range of remuneration amount for directors (excluding directors who are Audit & Supervisory Committee members) was approved at the 155th Ordinary General Meeting of Shareholders held on June 24, 2021, and the upper limit on the amount of remuneration for directors of the Company (excluding directors who are Audit & Supervisory Committee members) was set at 1.5 billion yen per year (not including the employee salary portion of employee directors) at the 157th Ordinary General Meeting of Shareholders held on June 27, 2023. At the upcoming General Meeting of Shareholders, we will submit for the approval of shareholders a proposal to provide to Eligible Directors within the range of remuneration for directors stated above Restricted Stock and Performance Share Units in line

with the recent revision of the Company's remuneration scheme.

Under this proposal, we propose to limit the total number of shares issued in Stock Remuneration to be allotted to Eligible Directors within the range of 700,00 shares each fiscal year.

However, if there is a need to adjust the total number of Restricted Stock to be allotted due to a stock split (including allotment of the Company's common stock without payment) or reverse stock split of the Company's common stock, or other event corresponding to these on or after the date of resolution of the proposal, the total number of Restricted Stock may be reasonably adjusted.

If this proposal is approved as originally proposed, provisions concerning the amount of remuneration, etc. in relation to stock acquisition rights to be allotted as remuneration in the form of stock options described above will be abolished, and the allotment of stock acquisition rights as remuneration in the form of stock options based on specification of the amount of that remuneration, etc. will no longer be made.

II. Overview of the Plans

Restricted Stock

1. Restricted Stock Allotment and Payment

In accordance with the resolution of the Company's Board of Directors, the Company will grant to Eligible Directors monetary remuneration claims within the range stated above as remuneration related to the Restricted Stock, and each Eligible Director will receive an allotment of Restricted Stock upon presentation of all the monetary remuneration claims as a payment in kind. The above monetary remuneration claims will be granted on the condition that the Eligible Directors consent to the above payment in kind and conclude a Restricted Stock allotment agreement that includes details specified in 2. Details of Restricted Stock Allotment Agreement below.

The amount to be paid in for Restricted Stock will be determined by the Board of Directors of the Company within a range that is not particularly advantageous to the Eligible Directors who receive allotments of Restricted Stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Board of Directors regarding the issue or disposal of the Restricted Stock (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

2. Details of Restricted Stock Allotment Agreement

(1) Details of Transfer Restrictions

An Eligible Director who receives an allotment of Restricted Stock may not transfer, create a pledge or security interest, or provide as a gift during life or as a bequeathment to a third party, or engage in any other act to dispose of (hereinafter "Transfer Restrictions") the allotted shares of Restricted Stock (hereinafter "Allotted Shares I") during the period from the grant date of the Restricted Stock until the date when the Eligible Director resigns or retires from any of the positions of member of the Board of Directors, executive officer, fellow or employee or any other equivalent position (hereinafter "Eligible Position") of the Company (hereinafter "Transfer Restriction Period I").

(2) Acquisition of Restricted Stock without payment

If an Eligible Director who has received an allotment of Restricted Stock resigns or retires from any Eligible Position, the Company will automatically acquire without payment the Allotted Shares I unless such resignation or retirement is due to a reason deemed justifiable by the Company's Board of Directors.

In addition, the Company will automatically acquire without payment any Allotted Shares I for which Transfer Restrictions have not been lifted in accordance with provisions in (3) Lifting of Transfer Restrictions below upon the expiration of the Transfer Restriction Period I described in (1) above.

(3) Lifting of Transfer Restrictions

The Company will lift the Transfer Restrictions of all of the Allotted Shares I at the expiration of the Transfer Restriction Period I, on the condition that the Eligible Director who received the allotment of Restricted Stock continuously held any Eligible Position from the day of commencement of the Transfer Restriction Period I until the day the first Ordinary General Meeting of Shareholders of the Company is held after the start of that period.

However, if the Eligible Director concerned resigns or retires from any of the Eligible Positions during the period from the start date of the Transfer Restriction Period I until the day before the first Ordinary General Meeting of Shareholders of the Company is held after the start of that period, due to a reason deemed justifiable by the Board of Directors, the Board of Directors will reasonably adjust the number of Allotted Shares I for which Transfer Restrictions are to be lifted and the timing of the lifting of the Transfer Restrictions as necessary.

(4) Treatment in the event of an organizational restructure, etc.

If a proposal relating to a merger agreement in which the Company becomes the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other organizational restructure, etc. is approved at the General Meeting of Shareholders (or at a meeting of the Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in an organizational restructure, etc.) during the Restriction Period I, the Company will, by resolution of the Board of Directors of the Company, lift the Transfer Restrictions on the number of the Allotted Shares I reasonably determined by considering the period from the day of commencement of the Restriction Period I until the date of approval of the organizational restructure, etc., prior to the effective date of such organizational restructure.

In such case, the Company will automatically acquire without payment the Allotted Shares I for which Transfer Restrictions have not been lifted, immediately after the Transfer Restrictions are lifted in accordance with the above provisions.

(5) Malus clause

The Company will be able to acquire without payment the Allotted Shares I of an Eligible Director in whole or in part if that Eligible Director during the Transfer Restriction Period I acts in violation of any law, regulation or internal rule, etc. in any material respect, or if there is any reason deemed appropriate, or other certain reason specified by the Board of Directors of the Company.

Performance Share Units

1. Performance Share Units Allotment and Payment

The Company will provide to Eligible Directors monetary remuneration claims for the granting of Performance Share Units based on the achievement of each performance indicator goal set by the Board of Directors of the Company each fiscal year as a performance evaluation period (hereinafter

“Target Period”), and upon presentation of all the monetary remuneration claims as a payment in kind, each Eligible Director will receive an allotment of Performance Share Units.

Therefore, whether monetary remuneration claims are to be granted, the amount of monetary remuneration claims for the granting of Performance Share Units to be provided, and the number of Performance Share Units to be granted (hereinafter "Number of Shares to be Granted") to Eligible Directors are not determined at the start of the Target Period.

Furthermore, the above monetary remuneration claims will be granted on the condition that the Eligible Directors consent to the payment in kind mentioned above and conditions for granting shares described in Section 2 and 3 below as well as conclude a Performance Share Unit allotment agreement that includes the details stated in Section 4 below.

The initial Target Period will be the 159th fiscal year (from April 1, 2024 to March 31, 2025), and each fiscal year thereafter will be a new Target Period during which Performance Share Units may be allotted.

2. Method of Calculating the Number of Units to be Granted

The Number of Shares to be Granted will be determined on the basis of a standard amount according to the Eligible Director’s position and responsibility and the achievement of goals for each performance indicator (however, shares of less than one share unit will be rounded upwards to the nearest share unit).

The Company's Board of Directors will decide on the indicators necessary for calculating the specific number of shares to be granted including the numerical targets, etc. to be used for the allotment of Performance Share Units.

If the allotment of Performance Share Units in the number to be granted to Eligible Directors based on the formula below exceeds the above total number of Stock Remuneration to be granted to Eligible Directors, or exceeds the total amount of monetary remuneration claims to be provided, the number of Performance Share Units and the amount of monetary remuneration claims to be allotted to each Eligible Director will be adjusted through proportional distribution or other reasonable method determined by the Board of Directors of the Company, to the extent that the total number of units and total amount of remuneration claims do not exceed the respective total number and total amount.

(Reference) The method of calculation and performance evaluation indicators for the initial Target Period will be as follows.

<Method of Calculation of No. of Shares to be Granted to Each Eligible Director>

Remuneration base amount (*) ÷ price per share × payment coefficient based on goal achievement for each performance indicator

*Determined by the Company’s Board of Directors based on position, duties, etc. of each Eligible Director.

<Indicators>

Financial indicator: return on equity (ROE)

Non-financial indicators: employee engagement, enhanced customer focus, and greenhouse gas emission reduction

Each indicator and target value are set each fiscal year based on medium- to long-term goals.

3. Requirements for Granting Share Units

When the requirements for the granting of share units in (i) through (iii) below are met at the end of the Target Period, monetary remuneration claims will be granted to each Eligible Director, and upon the presentation of all of those monetary remuneration claims as payments in kind, Performance Share Units will be granted to each Eligible Director.

The granting of Performance Share Units will be conducted by the Company by way of a method of issuance of new shares or disposal of treasury stock, and the amount to be paid will be an amount determined by the Board of Directors of the Company within a range that is not particularly advantageous to the Eligible Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors of the Company regarding the allotment of the Performance Share Units (or the closing price on the transaction day immediately prior thereto if no transaction is made on that day).

- (i) The Eligible Director has continuously held any Eligible Position until the conclusion of the first Ordinary General Meeting of Shareholders after the end of the Target Period,
- (ii) The Eligible Director has not acted in violation of any law, regulation or internal rule, etc. in any material respect, or has not committed any illegal act or violation of an internal rule, etc. specified by the Board of Directors of the Company, or
- (iii) The Eligible Director satisfies other requirements determined by the Board of Directors of the Company to be necessary.

Notwithstanding (i) above, however, if a new Eligible Director takes office during the Target Period, the Number of Shares to be Granted to that Eligible Director may be adjusted reasonably based on the period of service, etc. of the Eligible Director.

In addition, if an Eligible Director resigns or retires from any Eligible Position due to the expiration of his or her term of office, death or other reason deemed justifiable by the Board of Directors of the Company, instead of granting Performance Share Units, the Company may pay cash to the Eligible Director (in the case of resignation or retirement due to death, the payment may be made to the Eligible Director's inheritor who is to be the lawful heir) of an amount equivalent to the value of the Number of Shares to be Granted that is reasonably determined by the Board of Directors of the Company based on the Eligible Director's period of service, etc. In such case, the upper limit of such payment will be 1.5 billion yen per year including the amount of monetary remuneration claims mentioned above for the Eligible Director.

If, during the Target Period, a proposal relating to a merger agreement in which the Company becomes the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other organizational restructure, etc. is approved at the General Meeting of Shareholders (or at a meeting of the Board of Directors in cases where approval by the General Meeting of Shareholders of the Company is not required for an organizational restructure, etc.), the Company will not grant Performance Share Units for that Target Period.

4. Details of the Performance Share Unit Allotment Agreement

(1) Details of Transfer Restrictions

An Eligible Director who receives an allotment of Performance Share Units may not transfer, create a pledge or security interest, or provide as a gift during life or as a bequeathment to a third party, or engage in any other act to dispose of the Performance Share Units (hereinafter "Allotted Shares II") allotted to that Eligible Director during the period from the grant date of the Performance Share Units until the date when the Eligible Director resigns or retires from any Eligible Position (hereinafter "Transfer Restriction Period II").

(2) Acquisition of Performance Share Units by the Company without payment

If an Eligible Director who has received an allotment of Performance Share Units resigns or retires from any Eligible Position during the period he/she serves in a position eligible for remuneration, the Board of Directors of the Company will automatically acquire without payment the Allotted Shares II unless such resignation or retirement is due to any reason deemed justifiable by the Board of Directors of the Company.

In addition, the Company will automatically acquire without payment any Allotted Shares II for which Transfer Restrictions have not been lifted in accordance with provisions for (3) Lifting of Transfer Restrictions below, upon the expiration of the Transfer Restriction Period II described in (1) Details of Transfer Restrictions above.

(3) Lifting of Transfer Restrictions

The Company will lift the Transfer Restrictions of all Allotted Shares II held by an Eligible Director who has received an allotment of Performance Share Units upon the expiration of the Transfer Restriction Period II.

However, if the Eligible Director concerned resigns or retires from any of the Eligible Positions due to a reason deemed justifiable by the Board of Directors, the Board of Directors will reasonably adjust the timing of the lifting of the Transfer Restrictions as necessary.

(4) Treatment in the event of an Organizational Restructure, etc.

If, during the Restriction Period II, a resolution relating to a merger agreement in which the Company becomes the extinguished company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other organizational restructure, etc. is approved at the General Meeting of Shareholders (or at a meeting of the Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required for an organizational restructure, etc.), the Company will, by resolution of the Board of Directors of the Company, lift the Transfer Restrictions on all Allotted Shares II prior to the effective date of such organizational restructure.

(5) Malus clause

The Company will be able to acquire without payment the Allotted Shares II of an Eligible Director in whole or in part if that Eligible Director during the Transfer Restriction Period II acts in violation of a law, regulation or internal rule, etc. in any material respect, or if there is any reason deemed appropriate, or other certain reason specified by the Board of Directors of the Company.

Note

On the condition that the introduction of the Plans obtain the approval of shareholders, at the General Meeting of Shareholders, the Company also plans to allot the Restricted Stock and Performance Share Units described above to executive officers and fellows who do not concurrently serve as directors of the Company.