

QUALITY

Mazda enriches the lives of its customers by providing products and services that reflect steady and uncompromising work.

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CSR Targets for FY March 2021

(Self-assessment key ○ : Accomplished, △ : Nearly accomplished, × : Not accomplished)

Items	FY March 2020 targets	FY March 2020 results	Self-assessment	FY March 2021 targets	ISO 26000 core subjects
Quality	Establish a quality assurance system that covers production sites in Japan and overseas, ports and dealerships, to globally enable delivery of products of the same quality.	Introduced a vehicle evaluation (MQIC) system, in which quality comparison and improvement can be made using the same standards on a global basis. All the production sites (nine sites) and shipping ports had completed the introduction of the system by FY March 2019. In FY March 2020, the system's introduction at major arrival ports was completed. The system is also being introduced at major dealerships in Japan.	○	Establish a quality assurance system that covers production sites in Japan and overseas, ports and dealerships, to globally enable delivery of products of the same quality.	6.7 Consumer issues

COMMITMENT TO QUALITY

Basic Approach

Toward the realization of its Corporate Vision, Mazda believes that it is important to enhance the quality of “all things offered outside the Company,” including products and services, to satisfy customers. The Company defines the Five Types of Mazda Quality: “quality of work,” “quality of management,” “quality of work environment,” “quality of behavior,” and “quality of all things offered outside the Company,” which is underpinned by the preceding four. In line with its quality policy, Mazda further advances the efforts it has made and promotes united collaboration among all areas, continuing to enhance Mazda’s unique value.

Approach to Quality Improvement

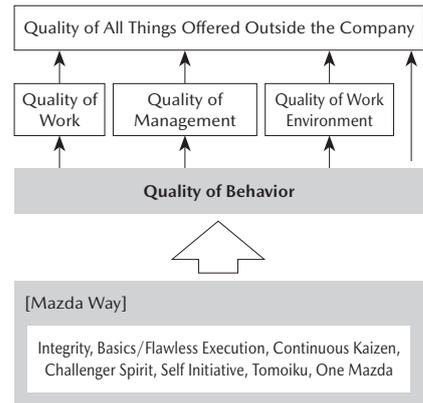
To deliver customers safety, trust and excitement through automotive lifestyles, and to have customers continuously realize the value of its products, Mazda makes Group-wide efforts based on the three principles below:

1. Establishing consistent quality, from planning to production:
2. Early detection and early solution of market problems
3. Building special bonds with customers—cultivating human resources capable of considering and acting toward the happiness of customers

a Mazda Quality Policy



[Five Types of Mazda Quality]



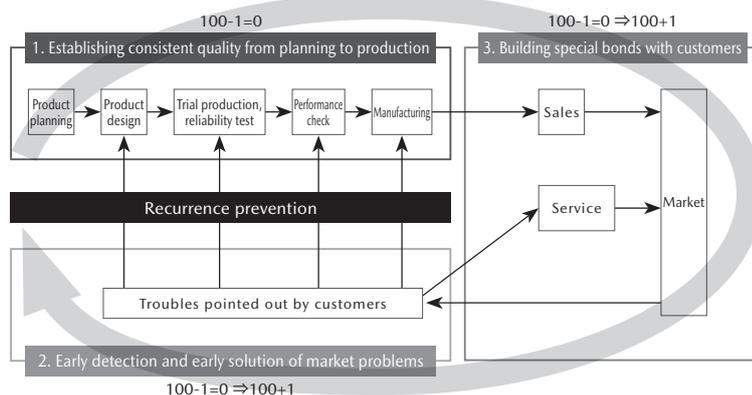
Vision for Quality Assurance

Vehicle production based on the “100-1=0” belief

1. Establishing consistent quality from planning to production:
“100-1=0” expresses Mazda’s strong desire to provide good quality to all customers under the belief that if even only one out of 100 vehicles is found to be defective, the car has no value for the customer. Mazda pursues a kind of vehicle production that respects each vehicle as a certain customer’s “one-and-only,” and aims to achieve “zero defects.” In keeping with the basic principles of manufacturing and based on a full understanding of its mechanisms, all related departments work in close collaboration to establish consistent quality in all processes, from planning to production.

Initiative for the process to change “100-1=0” to “100+1”

2. Early detection and early solution of market problems
If an unpredictable problem arises in the market, it may result in loss of trust from customers (“100-1=0”). To avoid this, Mazda promotes quality assurance activities for the early detection and early solution of any trouble pointed out by customers.
3. Building special bonds with customers
Mazda aims to build special bonds of ever-lasting trust with its customers by keeping contact with customers in good faith and with a sense of commitment to them (“100-1=0” ⇒ “100+1”). Toward this goal, the Company promotes human resource development by encouraging every employee to think about what they should do to make customers happy and to act accordingly.



Mazda Quality Management System (M-QMS*1)

To make faithful and unceasing efforts and constantly ensure quality in products, sales and after-sales services that can always satisfy the expectations and trust of customers, Mazda has established the Mazda Quality Management System (M-QMS) based on ISO 9001*2, and has applied it to the series of processes from product development to production, sales and after-sales services. At overseas production sites, Mazda also promotes the establishment of systems that encourage local employees of new sites to make self-reliant efforts to improve quality, and encourages them to acquire ISO 9001, thereby promoting the quality improvement of Mazda vehicles, which are produced and sold worldwide.

1. Establishing consistent quality, from planning to production

To satisfy the diverse needs of customers and offer greater trust, joy and excitement, Mazda is engaged in establishing a consistent quality level to be assured at all stages from planning/development to the delivery of products to customers.

Establishing Stable Quality

Not only to improve the performance of products but also to enhance the quality of new technologies including the initiatives to address environment issues, Mazda is committed to “process assurance.” Process assurance is the approach of ensuring a consistent quality level at all stages from engineering (planning, product development) to manufacturing (purchasing, vehicle production, logistics, after-sales services). Based on the correct understanding of customer needs and expectations, the important elements necessary to ensure each function and performance are identified. The Company has established a system to maintain and manage them in every stage from engineering to manufacturing. Furthermore, to allow customers feel driving pleasure through its products, Mazda identifies the functions and performance that embody “driving pleasure” for each stage from before getting in the car to after starting driving, so as to enhance consistency in establishing quality

Global Quality Assurance

To ensure the same quality on a global scale, Mazda has adopted the “global common” concept, under which overseas production sites establish the same quality by employing the same indicators, the same operations, and the same structures as those of the Mazda Head Office. With the aim of achieving and maintaining the same quality into the future, the roles and responsibilities of the Mazda Head Office and overseas production sites have been clarified for management. As part of its efforts to secure the same quality on a global basis, Mazda works to establish common indicators of quality achievements and processes (standards and procedures) to be shared when conducting quality control of purchased parts or quality evaluation of finished vehicles. At the same time, initiatives are under way to develop human resources who can properly operate these processes. In cooperation with Mazda North American Operations, Mazda is currently in the process of developing a quality assurance system toward the commencement of mass production at a new joint-venture plant that will start operations in Alabama, the United States, in 2021.

Enhancing Quality Assurance after Shipment

To ensure that the high quality at factory shipment is maintained until delivery to customers around the world, Mazda has introduced the same quality evaluation indicators to be applied, from production plants to distributors and dealers, with the aim of delivering products maintaining high quality to customers around the world under a consistent evaluation system.

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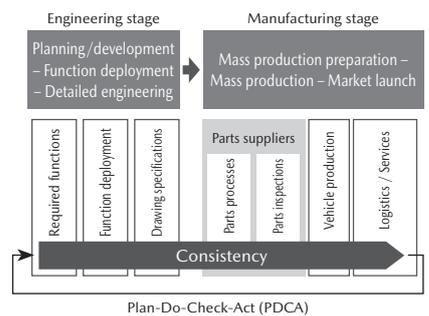
b Acquisition of ISO 9000 series

Year of acquisition	Types of ISO certification	Certified organization, product, service, etc.
1994	ISO9002*1	Mazda Motor Corporation: Vehicles produced at Hiroshima Plant and Hofu Plant (First to be certified as Japanese automaker)
1996	ISO9001	Mazda Motor Corporation: Engineering, product development, manufacturing and after-sales service
2001	ISO9001	Mazda Motor Corporation: Accessories, KD, product planning, design Mazda Engineering & Technology Co., Ltd.: Specially equipped vehicles (TESMA), etc. (Application range expanded) Auto Alliance (Thailand) Co., Ltd.
2007	TS16949 (ISO 9001 sector certificate)	Changan Mazda Automobile Co., Ltd., Changan Ford Mazda Engine Co., Ltd. (now Changan Mazda Engine Co., Ltd.)
2015	ISO9001	Mazda de Mexico Vehicle Operation, Mazda Powertrain Manufacturing (Thailand) Co., Ltd.
2016	ISO9001: 2015	Mazda Sollers Manufacturing Rus LLC
2018	ISO9001: 2015	Mazda Motor Corporation: Head Office, Hiroshima Plant and Hofu Plant, Mazda de Mexico Vehicle Operation, Auto Alliance (Thailand) Co., Ltd.
	IATF16949:2016 (ISO 9001 sector certificate)	Changan Mazda Automobile Co., Ltd., Changan Ford Mazda Engine Co., Ltd. (now Changan Mazda Engine Co., Ltd.)

*1 International standard for product and service quality assurance

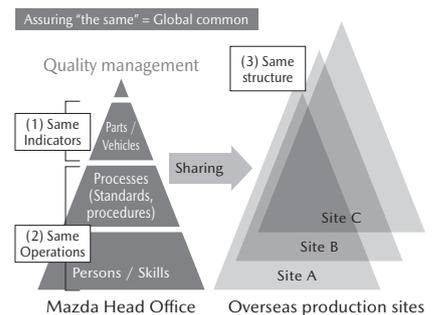
c

c Consistent Process Assurance based on Major Characteristics



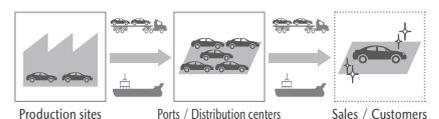
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d Initiative for Global Quality Assurance



e

e Consistent evaluation system



*1 M-QMS: Stands for Mazda Quality Management System

*2 ISO: Stands for International Organization for Standardization. ISO 9001 is a set of international standards for quality management and assurance.

2. Early detection and early solution of market problems

Mazda strives to offer an enriched car ownership experience, in which customers can feel satisfied with the car and realize the value of the product. While respecting each vehicle as a certain customer's "one-and-only," the Company endeavors to ensure stable and speedy quality improvement and enhance the quality of present and future products.

Comprehensive and Speedy Quality Improvement

To enable early detection and early solution of market problems, Mazda has established a system for unified management of all items of quality information. Such information is gathered from distributors and dealerships in Japan and overseas and by employing the results of surveys by external institutions and conducting the Company's own market research. Under the system, the collected information is shared company-wide in real time. By using the system and closely monitoring daily progress, Mazda investigates quality-related incidents and their causes, determines and implements improvement measures, and confirms the results. In this manner, Mazda works to achieve comprehensive and speedy improvement. The Company also promotes quality improvement, capitalizing on the vehicle information collected through the utilization of connectivity technologies, in addition to conventional initiatives based on customer input.

<Examples of Surveys/Analyses>

- Gathering customer voices through Mazda-unique market survey
- Market surveys conducted by third parties
- Analysis of customer voices on social media
- Analysis of vehicle information obtained through connected technologies

Corporate Activities with Highest Priority on Customer Safety and Comfort

Mazda prioritizes safety and comfort of vehicles above all. Under a strict quality assurance system, Mazda conducts inspections on conformity with laws and regulations of each country and on functions to be used by customers, with a view to manufacturing vehicles that customers feel safe using.

This quality assurance system is maintained and managed by the development, production and quality divisions auditing each other from independent standpoints.

Recall Procedures (Overview)*1

- Registration with authorities in each jurisdiction, according to the laws and regulations of each country and region
- Disclosure to customers via direct mail, telephone, and other methods, and explanations at dealerships
- Disclosure of information on recalls on the Mazda Official Website

3. Building Special Bonds with Customers – Cultivating Human Resources Capable of Thinking and Acting for the Happiness of Customers

To encourage every employee to think about what they should do to please customers and to act accordingly, Mazda places emphasis on cultivating a customer-oriented corporate culture/mind. Specifically, the entire Mazda Group is committed to promoting quality awareness-raising activities, quality control education, and QC (Quality Control) circle activities.

<Major Activities>

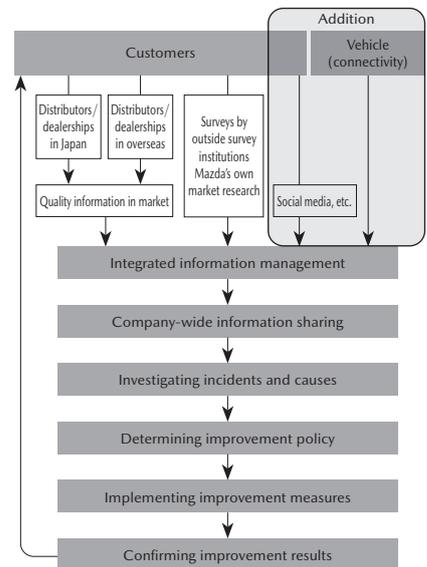
Quality Awareness-Raising Activities

Mazda holds quality meetings on a regular basis. At these meetings, top management communicate their commitment to compliance and quality in their own words to all employees. This provides opportunities for individual employees to reflect on and think about their work, thereby enhancing their compliance and quality awareness.

Sharing Past Cases

A booth for hands-on exhibition is established to share lessons learned from past cases. This initiative is intended to encourage employees to think about past issues as issues concerning themselves and to improve their attitudes and behavior.

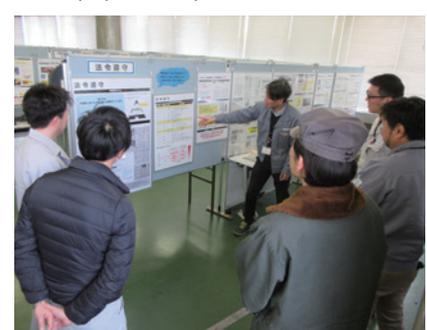
f Quality improvement system



g Quality meeting materials



h Employees share past cases



*1 Recall procedures may vary among countries/regions.

Quality Control Education

For the purpose of developing human resources capable of proactively finding/solving problems from a customer viewpoint and working for continuous improvement, quality control education is provided for employees. Quality education courses taught by internal instructors are offered, and employees take appropriate courses when their job type or management level changes.

QC (Quality Control) Circle Activities

Mazda promotes QC circle activities to encourage members of each workplace to find and solve problems by themselves. QC circle activities, which have been implemented for over 50 years as key activities for the company, have evolved into global activities, being conducted not only inside Mazda but also at its suppliers and dealerships. The All Mazda QC Circle Competition held every year at the Mazda Head Office is now participated by QC circles of overseas sites, such as those in China, Thailand, and Mexico.

Training Program to Deepen Employees' Understanding of the Mazda Brand

To enable Mazda employees to explain Mazda's products and communicate the concept of Mazda's *monotsukuri*, or product development and manufacturing, with their own words to Mazda's stakeholders, Mazda offers a training program for employees, designed to help them deepen their understanding of the Mazda brand by actually experiencing the products. Through test rides in the latest models, program participants are expected to deepen their understanding of not only each product's characteristics, but also the spirit and philosophy common in all Mazda products. Another initiative is under way to help employees reaffirm Mazda's commitment to and concept of *monotsukuri* that have been handed down since the Company's founding, through restoration of Mazda's historic vehicles.

4. Results of Quality Improvement Initiatives

Mazda's initiatives to improve quality have been highly praised worldwide.

FY March 2020 Results (April 2019 – March 2020)*1

Country	Name of the Study	Vehicle Type and Rankings	Name of Company
U.S.	Reliability/Road Test by Consumer Report	"Recommend" acquired for 6 models Mazda 3, Mazda 6, CX-3, CX-5, CX-9, MX-5	Consumer Reports
Japan	2019 Automotive Performance Execution and Layout (APEAL)*2	CX-3: 1st, CX-5: 2nd	J.D. Power
Thailand	2019 Initial Quality Study (IQS)*3	Mazda 3: 1st Mazda 2: 2nd	J.D. Power

*1 Details of the studies for other countries by J.D. Power and J.D. Power Asia Pacific are available at the J.D. Power global website (<https://www.jdpower.com/>).

*2 The J.D. Power 2019 Japan Automotive Performance Execution And Layout (APEAL) is based on responses from around 22,000 purchasers of new cars. The study was fielded between May and June 2019.

*3 The J.D. Power Asia Pacific 2019 Thailand Initial Quality Study (IQS) is based on responses from around 7,000 purchasers of new cars. The study was fielded between February and August 2019.

Group-wide Quality Education Courses

Course	Objective (for FY March 2020)
1 Quality program for freshmen	To understand basic quality control concepts (customer-oriented attitude, continuous improvement efforts)
2 Problem-solving story course	To understand the concept, processes and basic techniques of problem solving
3 Quality management elementary course	To apply the concepts, processes, and basic techniques of problem solving to daily operations, thereby obtaining problem-solving abilities
4 Quality management intermediate course	To become capable of applying and practically implementing specialized quality management techniques
5 Quality Improvement Seminar for Assistant Managers	To reaffirm Mazda's vision for quality assurance, as a team leader

All Mazda QC Circle Competition President's Award



Activities to restore Mazda's historic vehicles

