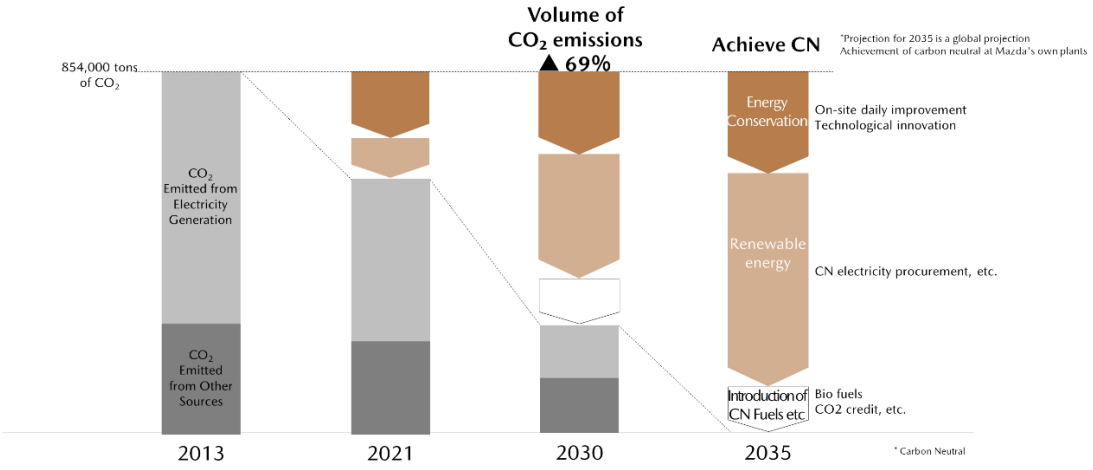
December 14, 2023

# Mazda specifies medium-term targets and roadmap towards achieving carbon neutrality

-- Mazda is aiming to reduce $CO_2$ emissions from its domestic plants, etc. by approximately 70% and achieve over 70% of non-fossil fuel electricity usage by FY2030 --

HIROSHIMA, Japan -- Mazda Motor Corporation ("Mazda") today specified the medium-term targets and roadmap towards achieving carbon neutrality at its plants and operational sites in Japan[*1], which account for approximately 75% of its global total $CO_2$ emissions, as part of its efforts to attain carbon neutrality at all Mazda plants globally by 2035 and across the whole supply chain by 2050. The medium-term goal is to reduce, by FY2030, its $CO_2$ emissions by 69% in comparison to FY2013 levels. Mazda will work steadily, in line with its roadmap, to follow through on the policies it already has in place and achieve this medium-term goal.

Mazda positions the achievement of carbon neutrality as one of its key initiatives of management policy up to 2030. To achieve carbon neutrality at all of its plants around the world, Mazda will be focusing on three pillars: energy conservation, shifting to renewable energy, and introducing carbon neutral fuels. Along with the details of these three pillars, Mazda specified the roadmap for its domestic plants and operational sites which have a strong effect on its ability to achieve carbon neutrality.




Roadmap for achieving carbon neutral at Mazda's plants and operational sites in Japan

In terms of energy conservation, Mazda will be introducing Internal Carbon Pricing[*2] as one of the capital investment criteria. As a result, investment decisions will take the future price of carbon trading into account and prioritize investments with a major contribution to $CO_2$ emissions reduction. Mazda will continue working in all areas, including production and indirect departments such as infrastructure, to improve the efficiency of our facilities and transform our technology.

In terms of introducing renewable energy, Mazda will be switching the fuel used to supply the power generation facilities of MCM Energy Service Co., Ltd. (Hiroshima City, Hiroshima Prefecture), at Hiroshima plant Ujina District (Hiroshima City, Hiroshima Prefecture) from fossil fuels to liquid ammonia[*3], while also making use of corporate PPA[*4] signed with other local parties, and increasing the purchase of non-fossil fuel derived sustainable energy from power companies. As a result of these policies, Mazda plans to achieve a usage ratio for non-fossil fuel power of 75% by FY2030.

To introduce carbon neutral fuels, Mazda will be switching the fuel used to power vehicles for transport within the company from diesel to a next-generation biofuel. In cases where generating power from alternative fuel sources proves difficult, we will make use of J-credits[*5] to promote forestry preservation and re-forestry to absorb $CO_2$ in the Chugoku region and other regions.

Commenting on this latest announcement, Takeshi Mukai, Director and Senior Managing Executive Officer (Oversight of Quality, Purchasing, Production, Business Logistics and Carbon Neutrality; Assistant to the Officer overseeing Cost Innovation) said "Mazda will move forward with carbon neutral initiatives in line with our plans to contribute to the reduction of $CO_2$ emissions and the prevention of global warming across all of our processes including manufacturing transportation, usage, and recycling/disposal, as we believe that such efforts are a core responsibility of automotive manufacturers. Through these three pillars, Mazda is aiming to achieve carbon neutral at all of its global plants by 2035 and will attempt to achieve carbon neutral throughout the entire supply chain by 2050, contributing to the lasting coexistence with our planet."

For factories outside Japan, Mazda will be investigating optimum approaches appropriate to each region using the carbon neutral initiatives in Japan as a reference model. The company will also join with local organizations such as the subcommittee for the promotion of carbon neutral electricity, and the Hiroshima committee for the promotion of coordination between industry, academia, and the government in the automotive industry, working together to take on the challenge of achieving carbon neutral at all Mazda factories around the globe by 2035.

Mazda is committed to promoting human centric values, advancing the joy of driving, so as to deliver emotional mobility experiences to our customers, helping them experience the joy of living.

**[Major Initiatives]**

| | Approach | Major initiatives contributing to the achievement of our medium-term goal for FY2030 (Scope1-2[*6]) |
|---|---|---|
| Energy Conservation | • Mazda is working steadily to achieve improvements in all of these areas, including production and indirect departments such as infrastructure | • Accelerating facilities investment through the introduction of Internal Carbon Pricing (ICP)<br>• Improve productivity and operational efficiency (greater productivity, improved quality, improved operations, feasibility simulations, etc.)<br>• Improve efficiency of our facilities (switch lights to LEDs, introduce inverter control into motor-driven facilities, improve efficiency of air conditioning units etc.)<br>• Technical innovation (improve efficiency of paint spraying process, reduce temperature of heat treatment furnace etc.) |
| Introduce renewable energy | • Achieve decarbonization of power generation within our plants, and procure power from third parties | • Switch fuel for Hiroshima plant's power source from coal to liquid ammonia[*3]<br>• Make use of corporate PPA[*4] concluded with local parties in each region<br>• Purchase renewable energy and other non-fossil fuel derived energy from power companies |
| Introduce carbon neutral energy | • Introduce carbon neutral fuel for in-company transportation needs<br>• Make use of $CO_2$ credits, etc. | • Switch fuel used for in-company transportation to next-generation biofuel[*7], etc.<br>• Acquire J-credits generated in the Chugoku region (forestry $CO_2$ absorption)[*5] |

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*1 Total of 17 places of operation in Japan including headquarters and Hiroshima plant, (Aki-gun and Hiroshima City in Hiroshima Prefecture), Hofu plant (Hofu City, Yamaguchi Prefecture) and Miyoshi office (Miyoshi City, Hiroshima Prefecture).

*2 Mazda will use internal carbon pricing to create frameworks for promoting low carbon investment and low carbon policies.

*3 Refers to power generation based solely on the combustion of liquid ammonia. Mazda has already established a collaborative body for promoting the introduction and use of ammonia fuel delivered via the Namikata Terminal (announced on April 14, 2023). Mazda has already taken part in a meeting of the new body.

*4 An agreement for the purchase of electric power over the long-term under which a power generation company establishes, for supply to a specific user, solar power facilities or other facilities, located at a distance from the user, to generate sustainable energy which is supplied to the user via the power grid of a specific power retailer. Mazda has concluded offsite corporate PPA contracts for the supply of solar power (announced on March 27, 2023).

*5 A system recognized by the Japanese government under which the introduction of energy-conserving facilities and the use of renewable energy to reduce $CO_2$ emissions and credit for the absorption of $CO_2$ through forestry management plans can be counted as a contribution to the goals of the Japan Business Federation's carbon neutral action plan and carbon offsets. Mazda has already concluded with Mitsui & Co., Ltd. a contract to purchase the J Credits generated by the Okayamanomori seibikousha Forestry Management Project (announced on December 14, 2023).

*6 Scope 1: Direct emissions from the use of fuel and industrial processes.
Scope 2: Emissions resulting from a company's purchase of heat and power (indirect emissions from energy sources).

*7 Mazda supports the biofuel manufacturing business of Euglena Co., Ltd. (announced on January 19, 2023).

(Reference) FY2022 Mazda's plants and operational sites in Japan $CO_2$ emissions: 648,000 tons
$CO_2$ emissions due to the supply of electric power and steam to the Mazda headquarters and Hiroshima plant by MCM Energy Service Co. Ltd.: 364,000 tons
(FY2022 Ratio of energy supplied to headquarters and Hiroshima plant from MCM: 56% = Headquarters MCM: 364/ Mazda's plants and operational sites: 648)

FY2022 Mazda's plants and operational sites in Japan energy usage: 578GWh
MCM Energy Service Co., Ltd. supply of power to Mazda headquarters and Hiroshima plant: 270GWh
(FY2022 Ratio of energy supplied to headquarters and Hiroshima plant from MCM: 47% = Headquarters MCM: 270/ Mazda's plants and operational sites: 578)