

# Organizational Governance

## Corporate Governance

### Basic Policies for Corporate Governance

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The Yamaha Group has issued the [Yamaha Philosophy](#) and our [Promises to Stakeholders](#), which outline our commitment to ensuring strong profitability while upholding our social responsibilities as a company, and thereby to achieving sustainable growth and improving corporate value over the medium- to long-term. We carry out transparent, high-quality business management based on the basic policies for corporate governance indicated below.

#### Basic policies for corporate governance

- From a shareholder's perspective, ensure the rights and equal treatment of shareholders
- Taking into consideration our relationships with all stakeholders, proactively fulfill the Company's social responsibilities
- Ensure that information is disclosed appropriately and the management is transparent
- By separating the oversight and executive functions and strengthening the oversight function, ensure that the Board of Directors is highly effective while at the same time executing decisions appropriately and with a sense of urgency
- Proactively engage in dialogue with shareholders

### Basic Corporate Governance System

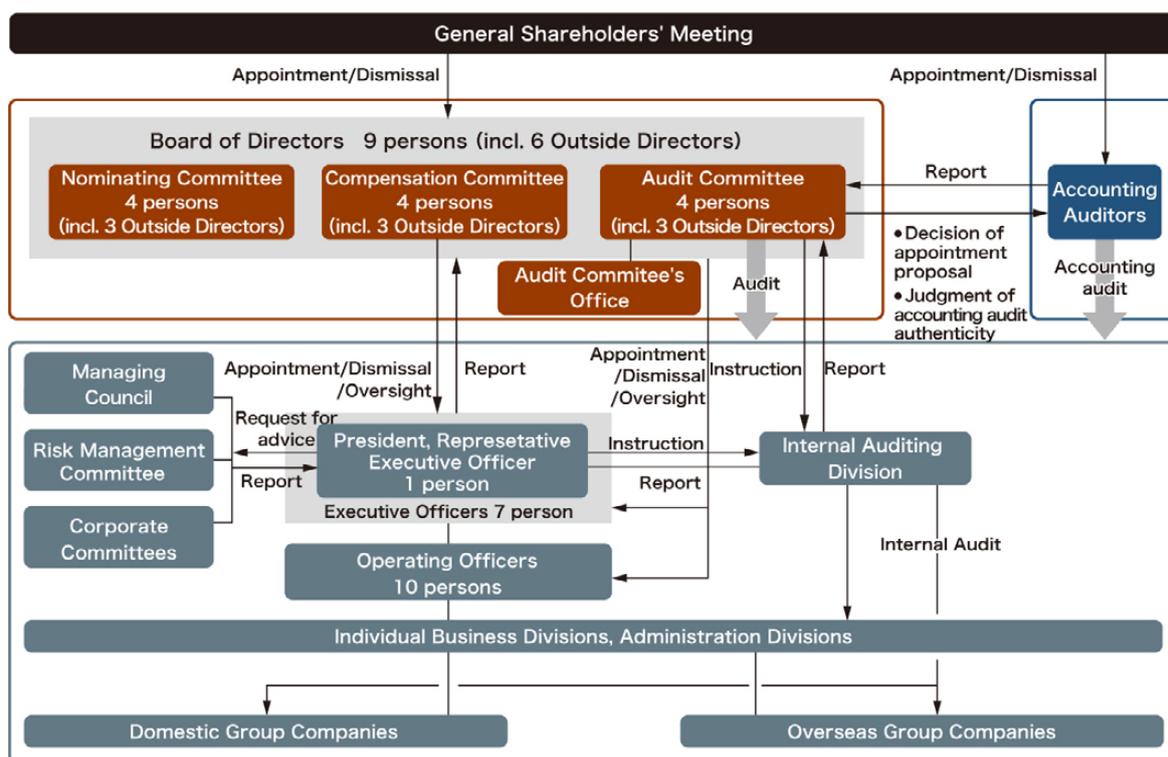
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Yamaha Corporation made the transition to a Company with Three Committees (Nominating, Audit, and Compensation) from June 22, 2017, with the objectives of making a clear separation between the oversight and the execution in management, thereby enhancing the oversight function of the Board of Directors and speeding up the execution of business.

Regarding the composition of the Board of Directors, the Company has appointed a Board with two thirds (2/3) of the members from independent Outside Directors with a diversity of backgrounds and specialties, including persons with management experience in other industries. Also, by forming a Nominating Committee, Audit Committee, and Compensation Committee with a majority of independent Outside Directors as obligated by law, the Company can execute its oversight function with further transparency and objectivity. The Audit Committee will strengthen the oversight function through audit by implementing validity checks in addition to legal checks, in cooperation with the Internal Audit Division.

Also, as an official function under the Companies Act, the Company established the Executive Officer position to assume a direct responsibility to shareholders, and they have been delegated major authority from the Board of Directors. By having the Executive Officers functioning as important decision-makers in the execution of business operations, the Company is aiming to speed up this process.

By implementing the abovementioned measures to strengthen the oversight functions and speed up the execution, the Company endeavors to further strengthen corporate governance and to continuously increase corporate value.



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Governance Organization Personnel

(Yamaha Corporation, as of June 26, 2018)

		Male	Female
Directors	Total	8	1
	Outside Directors	5	1
Executive Officers	Total	7	0
	President and Representative Executive Officer	1	0
	Managing Executive Officer	2	0
Operating Officers	Total	10	0
Nominating Committee Members	Total	4	0
	Outside Directors	3	0
Audit Committee Members	Total	3	1
	Outside Directors	2	1
Compensation Committee Members	Total	4	0
	Outside Directors	3	0

Governance Organization Personnel, by Nationality

(Yamaha Corporation, as of June 26, 2018)

		Japan	Overseas
Directors	Total	9	0
	Outside Directors	6	0
Executive Officers	Total	7	0
	President and Representative Executive Officer	1	0
	Managing Executive Officers	2	0
Operating Officers	Total	9	1

[Directors and Officers](#)

## ► Board of Directors

As of June 26, 2018, there are nine (9) Directors (including six (6) independent Outside Directors).

The Board Meeting held monthly (in principle).

The Board of Directors oversees the conduct of duties by the Executive Officers and the Directors, and makes decisions on important matters that are specified in laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors.

In keeping with its fiduciary duties, the Directors act to ensure the Company's sustainable growth and enhance its enterprise value over the medium- to long-term, taking into consideration the relationships with all stakeholders.

Directors understand relevant laws and regulations and the Company's Articles of Incorporation and gather sufficient information in order to proactively express their opinions and engage in constructive discussions at the Board of Directors' meetings as elsewhere.

## ► Nominating Committee

The Nominating Committee has four (4) members (including three (3) Outside Directors) as of June 26, 2018. A majority of the members are independent Outside Directors, and both committee members and the chair are appointed by the Board of Directors.

The Nominating Committee decides on the content of the proposals to be submitted to the General Shareholders' Meeting for selection/dismissal of Directors and the content of proposals submitted to the Board of Directors for selection/dismissal of Executive Officers and Operating Officers. The Nominating Committee also implements the succession plan for the Chief Executive Officer and other officers through activities to develop human resources that can assume the positions of Director, Executive Officer, and Operating Officer.

## ► Audit Committee

The Audit Committee has four (4) members (including three (3) independent Outside Directors) as of June 26, 2018. A majority of the members are independent Outside Directors, and both committee members and the chair are appointed by the Board of Directors.

The chair shall be an independent Outside Director. The Audit Committee either works in collaboration with the Internal Auditing Division or conducts audits directly on its own initiative, and audits the structure and operation of the internal control systems of the Company and other Group companies. Based on audit results, the Audit Committee conducts audits to determine the legality and appropriateness of the conduct of duties by the Executive Officers and Directors.

When deemed necessary, members of the Audit Committee report to or express their opinions to the Board of Directors, or may issue cease and desist injunctions of Executive Officers and/or Directors. In addition, the Audit Committee may decide on proposals to be considered in the General Shareholders' Meeting, including the selection/dismissal of the Accounting Auditor.

The Audit Committee shall select full-time members to increase the effectiveness of internal information gathering. In addition, an Audit Committee's Office will be established as a specialized organizational unit that reports directly to the Audit Committee to assist the committee members in the performance of its work. To secure independence from the Executive Officers and other persons engaged in the conduct of business, personnel evaluations, changes in personnel assignments, and rewards/disciplinary punishments of the staff of the Audit Committee's Office will require the approval of the Audit Committee.

For matters where it is necessary to undertake auditing of the conduct of duties by the Executive Officers and Directors, the Audit Committee will make arrangements to ensure that sufficient and appropriate audits can be conducted, including collaboration and sharing information with the Accounting Auditor and the Internal Auditing Division, and engage in activities to increase auditing quality and realize the efficiency of auditing.

The Internal Auditing Division must report on the results of their auditing activities to the Audit Committee periodically and at other times when appropriate, and any time when there are requests for such reports from the Audit Committee.

The Audit Committee shall be able, when necessary, to give instructions regarding audits to the Internal Auditing Division.

In cases where audit-related instructions given by the Audit Committee conflict with those given by the President and Representative Executive Officer, the instructions of the Audit Committee will take precedence.

When the manager of the Internal Auditing Division is going to be reassigned, the opinions of the Audit Committee shall be heard in advance.

## ► Compensation Committee

The Compensation Committee has four (4) members (including three (3) independent Outside Directors) as of June 26, 2018. A majority of the members are independent Outside Directors, and both committee members and the Committee Chairman are appointed by the Board of Directors.

The Compensation Committee establishes policies regarding the setting of compensation for Directors, Executive Officers, and Operating Officers and, based on these policies, sets the compensation of such officers individually.

## ► Executive Officers

As an official function under the Companies Act, the Executive Officer position shall bear direct responsibility to shareholders.

There are seven (7) Executive Officers as of June 26, 2018. The Executive Officers will make important decisions from a Companywide perspective on matters related to the conduct of business that have been delegated to them by the Board of Directors and will be subject to the oversight of the Board of Directors.

A member of the Executive Officers, the President and Representative Executive Officer will represent the Company and, with supreme duties for matters of the Company, will be in overall charge of business under the basic policies set by the Board of Directors.

Managing Executive Officers and Executive Officers will provide assistance to the Representative Executive Officer and will have the position and duties corresponding to general managers in charge of core divisions.

## ► Operating Officers

The Operating Officers will execute the business activities they are responsible for from a Companywide perspective based on the important decisions related to conduct of business made by the Board of Directors or the Executive Officers, under the oversight of the Executive Officers.

The Operating Officers will be heads of core divisions of the organization and/or be officers responsible for major Group companies.

As of June 26, 2018, the Company has 10 Operating Officers.

## ► Process and Standards for Selecting Directors and Other Personnel

Regarding the selection of candidates for Director, the Nominating Committee selects candidates based on basic personal qualities and capabilities, competency, experience and record of achievements that are required of internal directors and outside directors as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the General Shareholders' Meeting.

Regarding the selection of members and the chairs of the Nominating Committee, Audit Committee, and Compensation Committee, the Nominating Committee selects candidates based on personal qualities and capabilities as defined by the roles of each of these committees. The Nominating Committee then decides on the content of selection proposals to be submitted to the Board of Directors. Note that for the selection of candidates for the members and the chair of the Audit Committee, the Nominating Committee gathers opinions from the Audit Committee in advance.

For Executive Officers, the Nominating Committees selects candidates based on basic personal qualities and capabilities, competency, experience, and record of achievements that are required of Executive Officers as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors.

For Operating Officers, the Nominating Committee selects candidates based on personal qualities and capabilities they are required to play as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors.

## Reason for Appointment of Outside Directors

Title	Name	Reason for appointment
Director	Shigeru Nosaka	<ul style="list-style-type: none"> <li>• He is a person of desirable personality and has considerable insight as a director.</li> <li>• He has vast experience in running businesses in other industries.</li> <li>• He can be expected to strengthen the oversight function of the Board of Directors and provide appropriate advice from an objective viewpoint.</li> </ul>
Director	Masatoshi Ito	<ul style="list-style-type: none"> <li>• He is a person of desirable personality and has considerable insight as a director.</li> <li>• He has vast experience in running businesses in other industries.</li> <li>• He can be expected to strengthen the oversight function of the Board of Directors and provide appropriate advice from an objective viewpoint.</li> </ul>
Director	Junya Hakoda	<ul style="list-style-type: none"> <li>• He is a person of desirable personality and has considerable insight as a director.</li> <li>• He is a certified public accountant and is acquainted with corporate finance and accounting.</li> <li>• He can be expected to strengthen the oversight function of the Board of Directors and provide appropriate advice from an objective viewpoint.</li> </ul>
Director	Yoshimi Nakajima	<ul style="list-style-type: none"> <li>• She is a person of desirable personality and has considerable insight as a director.</li> <li>• She has vast experience in running businesses in other industries.</li> <li>• She can be expected to strengthen the oversight function of the Board of Directors and provide appropriate advice from an objective viewpoint.</li> </ul>
Director	Taku Fukui	<ul style="list-style-type: none"> <li>• He is a person of desirable personality and has considerable insight as a director.</li> <li>• He is an attorney at law and is acquainted with laws and regulations.</li> <li>• He can be expected to strengthen the oversight function of the Board of Directors and provide appropriate advice from an objective viewpoint.</li> </ul>
Director	Yoshihiro Hidaka	<ul style="list-style-type: none"> <li>• He is a person of desirable personality and has considerable insight as a director.</li> <li>• He has experience as the President and CEO of Yamaha Motor Co., Ltd.</li> <li>• He can be expected to strengthen the oversight function of the Board of Directors, improve brand value, and provide appropriate advice from an objective viewpoint.</li> </ul>

\* Yamaha has registered six Outside Directors — Shigeru Nosaka, Masatoshi Ito, Junya Hakoda, Yoshimi Nakajima, Taku Fukui, and Yoshihiro Hidaka — as independent directors pursuant to Tokyo Stock Exchange provisions (as of June 26, 2018).

## Major Activities by Outside Directors in the Year Ended March 31, 2018

		Board of Directors	Board of Auditors	Nominating Committee	Audit Committee	Compensation Committee
Total meetings held		13	4	5	15	1
Outside Director Hiroyuki Yanagi	Attended	12	—	5	—	1
	Attendance rate*	92.3%	—	100%	—	100%
Outside Director Shigeru Nosaka	Attended	13	—	5	—	1
	Attendance rate*	100%	—	100%	—	100%
Outside Director Masatoshi Ito	Attended	13	—	5	—	1
	Attendance rate*	100%	—	100%	—	100%
Outside Director Junya Hakoda	Attended	13	4	—	15	—
	Attendance rate*	100%	100%	—	100%	—
Outside Director Yoshimi Nakajima	Attended	10	—	—	15	—
	Attendance rate*	100%	—	—	100%	—
Outside Director Taku Fukui	Attended	9	—	—	15	—
	Attendance rate*	90%	—	—	100%	—

\* The attendance rate denominator is the total number of meetings held during each person's term of service

\* Outside Director Hakoda's attendance includes the number of meeting attended at the Board of Auditors up to June 22, 2017

## Support system for Outside Directors

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### ▶ Providing Information to Outside Directors

In principle, management meetings are held monthly with the aim of sharing and discussing important management matters and the directionality of business strategy with all directors. In addition, the outside directors receive individual explanations regarding the agenda of the Board of Directors and other reported matters where necessary.

### ▶ Regular Meetings Among Outside Directors

The Outside Directors regularly hold meetings for only the Outside Directors for the purpose of exchanging views based on an objective perspective and developing a shared awareness of issues.

They also regularly hold meetings to exchange ideas with the President and Representative Executive Officer.

## Development of Internal Control System

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Based on the Companies Act and Ordinances for the Enforcement of the Companies Act, Yamaha Corporation has put in place systems to secure the proper conduct of its business activities (hereinafter, Internal Control Systems). The aims of these systems are conducting business efficiently, securing the reliability of reporting, securing strict compliance with laws and regulations, preserving the value of Company assets, and strengthening risk management.

The Company has structured the Internal Control Systems for the Group as a whole, based on the "Group Management Charter," which sets forth basic Group management policies, and the "Group Internal Control Policy," which sets internal control policy for the Group. Regarding decisions on the status of management and on issues with some degree of importance which may have an effect on the management condition of the Group, Subsidiaries are required to receive approval from the Company in advance and report certain items to the Company.

### ▶ Information Relating to Conflicts of Interest

When engaging in transactions with Directors, Executive Officers, or close relatives thereof, necessary systems shall be put in place and monitored to ensure that they are not detrimental to Yamaha Corporation or its shareholders' common interests. With the approval of the Board of Directors pursuant to the Companies Act, the results of related party transactions shall be reported after a transaction is completed.

## Policy and Status Concerning Executive Officer Remuneration

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### ▶ Remunerations for Directors

Individual amounts and policy regarding the remuneration of Directors and Executive Officers have been determined in the Compensation Committee, which is comprised of three Outside Directors and one internal Director.

Compensation for Directors (excluding Outside Directors and Audit Committee members) and Executive Officers (excluding the Executive Officer in charge of the internal audit) will consist of (1) fixed compensation, (2) performance-linked bonuses, and (3) compensation in the form of restricted stock. The approximate breakdown of total compensation of (1), (2), and (3) will be 5:3:2.

"(2) Performance-linked bonuses" will vary according to the Company's consolidated net income and consolidated return on equity (ROE) in the previous fiscal year, and these bonuses will be calculated with consideration for the individual's record of performance. The evaluation of individual performance will be based on indicators of performance set by business and function in each area the individual is responsible for. "(3) The Restricted stock compensation plan" has been introduced with the intent of continuously improving the corporate value, and having the Directors and Executive Officers share a common interest with shareholders. Compensation based on Company performance has also been introduced to provide a motivation for reaching performance goals in the medium term, therefore the two thirds (2/3) of the total amount is linked to the Company performance. Conditions for performance will be measured by giving equal weight to three indicators; namely the rate of sales (ROS), earnings per share (EPS), and return on equity (ROE), which are set out in the medium-term management plan. The period of restriction on stock disposal shall be for ten (10) years (or till the retirement of Director or Executive Officer) for the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the medium-term management plan. In addition, in the event of serious cases of accounting fraud and/or major losses, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date, depending on the responsibility of the officers in charge.

Outside Directors and Directors who are members of the Audit Committee as well as the Executive Officer in charge of the internal audit will receive only the fixed compensation.

Amount of Remuneration and Other Compensation Provided to Yamaha Directors, Executive Officers, and Auditors (Year Ended March 31, 2018)

Classification	Total Compensation (Millions of Yen)	Compensation by Type (Millions of Yen)				Number of directors, auditors, and officers
		Fixed Remuneration	Performance-based compensation	Performance-based bonuses	Compensation in the form of restricted stock	
Director	115	103	11	–	–	10
Outside Directors	45	45	–	–	–	6
Executive Officers	413	189	–	140	83	7
Corporate Auditors	19	19	–	–	–	4
Outside Auditors	4	4	–	–	–	2

Amount of Remuneration and Other Compensation Provided to Yamaha Directors, Executive Officers, and Auditors (Year Ended March 31, 2018)

Classification	Total Compensation (Millions of Yen)	Compensation by Type (Millions of Yen)			Number of directors and corporate auditors
		Fixed Remuneration	Performance-based compensation	Bonuses	
Directors (excluding Outside Directors)	256	125	47	82	5
Corporate Auditors (excluding Outside Corporate Auditors)	60	60	–	–	3
Outside Directors and Outside Corporate Auditors	32	32	–	–	7

## Reflecting the Opinions of Stakeholders

### ▶ A System to Reflect the Opinions of Stakeholders in Management

In addition to the respective dialogue with shareholders and investors, Yamaha Corporation gives presentations on its medium-term management plan and quarterly earnings for securities analysts and institutional investors, provides business briefings, and conducts facilities tours and gives presentations to individual investors. The Company also posts its management plan and the explanatory materials used in earnings presentations on the Company website.

The results of the dialogue with shareholders and investors are reported to the Board of Directors by the Director, Executive Officers, or Operating Officers responsible on a timely basis, and they will be appropriately reflected in the management of the Company, leading to the Group's sustainable growth and enhancing enterprise value over the medium-to-longer term. Additionally, the voting is analyzed for each resolution at the Ordinary General Shareholders' Meeting, and this is reported to the Board of Directors.

» [Information Disclosure and IR Activities \(Communication with Shareholders and Investors\)](#)

### ▶ Corporate Governance Policies/Report

In accordance to the provisions of the Tokyo Stock Exchange and the Corporate Governance Code, the Company has created a policy and report which describes our thoughts and systems for corporate governance.

» [Corporate Governance Report \(PDF: 610 KB\)](#) Revised on November 14, 2018

» [Corporate Governance Policies \(PDF: 229 KB\)](#) Revised on June 25, 2018

# Compliance

## Compliance Management Mechanisms and Promotion System

The Yamaha Group aims to achieve a high level of compliance management not only by conforming with laws and regulations, but also through adherence to social norms and corporate ethics.

We have established the Compliance Subcommittee under the Risk Management Committee to serve as the organization with primary responsibility over the setting of policy and consideration of items concerning compliance. In addition to formulating policies for ensuring compliance within the Yamaha Group, this subcommittee shall monitor every department and Group company to ensure that business is being done ethically and according to law. It also takes measures aimed at maintaining sound business activities. These measures include providing training and education to employees, conducting questionnaires, and setting up help lines for internal reporting and consulting.

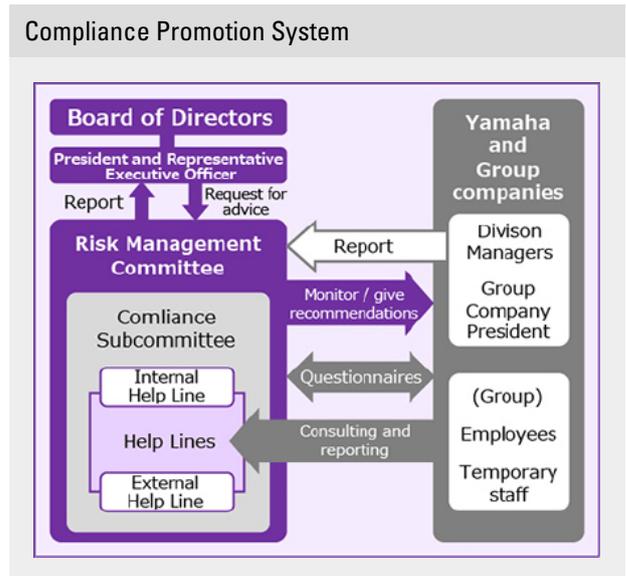
### ► Compliance Subcommittee Activities

#### Activities

4 meetings in FY 2018

#### Major Achievements

- Examined activities to ensure compliance throughout the Group
- Reported activities during Compliance Improvement Month
- Promoted awareness of the Compliance Code of Conduct in Japan and revised and promoted awareness of the Code of Conduct overseas



## Compliance Code of Conduct

The Yamaha Group formulated the [Compliance Code of Conduct](#) in 2003 as the code of conduct for each company and individual employees. Since then, we have made revisions according to the changes in environment and social circumstances and developed individual language versions, promoting dissemination of the Compliance Code of Conduct.

### ► Major Revisions to Date

Expanded on explanation concerning Code of Conduct and related laws (2011)

Unified our terminology and expressions to reflect the change to our Corporate Philosophy and group policies. Our expressions associated with Japanese laws were revised to globally-accepted expressions. (2016)

### ► Country-Specific Versions

The global versions (Japanese and English) were referenced to create Codes of Conduct in languages spoken by each country in which we have a Group company in order to comply with the laws of those countries. We also created explanatory booklets. (completed revised version for 12 companies as of end-FY 2018)



Overseas versions of the Code of Conduct booklet

## Training and Education

### ▶ Publication of Compliance Code of Conduct Booklets

The Yamaha Group publishes and distributes to all its employees in Japan a booklet that describes in detail the Group's Compliance Code of Conduct. In addition to these efforts, we also make the booklet available in PDF format on our intranet.

#### Code of Conduct recipients

- All Yamaha Group employees in Japan (including part-time staff working under employment contracts) and temporary staff
- Promote awareness with booklet and PDF version overseas

#### Code of Conduct education efforts

- Code of Conduct explanations were given as part of a compliance program in stratified training for employees
- Conducted read throughs at information sessions and within departments every time revision were made (Yamaha departments and domestic Group companies)

### ▶ Compliance Improvement Month

The Yamaha Group has designated October as the month to bolster compliance every year in line with Keidanren's Corporate Ethics Promotion Month, and is working on a number of initiatives in this regard.

#### Major Efforts in FY 2018

- Put up posters to promote awareness
- Held legal training on achieving compliance with the Antimonopoly Act and Act Against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors (Subcontract Act) (10 sessions held, 220 participants)

### ▶ Intranet activities to promote awareness

Every month, the Yamaha Group posts content for domestic employees on the Intranet, including "Compliance News" and "Compliance Quiz," in order to raise important points regarding compliance and promote awareness among employees.

## Monitoring

To confirm and improve compliance within the Yamaha Group, we conducted monitoring of compliance status at the Yamaha Corporation and Group companies on a regular basis.

### Summary of Compliance Status Monitoring

Respondents	Yamaha departments and Group companies (48 companies)
Content	Reviewing of the system for promoting compliance, methods for familiarizing employees with the Code of Conduct, status of education being systematically offered, establishment of internal reporting systems, number of reports made
Frequency	Once/year

\* For questionnaire conducted in April 2017

## Help Line Operation

The Yamaha Group has set up help lines (internal and external) aimed at providing consultation and taking internal reports related to compliance-related matters.

In Japan, we provide both internal and external help lines. The internal help line provides support by telephone, fax, email, and mail, while the external help line (legal adviser's office) fields inquiries via fax, email, and mail.

In August 2017, we set up an overseas online help line which can receive requests in 16 different languages.

Contact information for the help lines is provided in Compliance Code of Conduct booklets and on posters put up at Yamaha Group companies, and the system is advertised on such occasions as questionnaires and training sessions.

Internal rules that establish means to protect whistleblowers have been put in place to ensure that those who make sincere reports will not suffer reprisal.

As an effort to prevent the reoccurrence of such issues and promote better compliance, the issue is discussed at theme-based training at all workplaces involved and at stratified training.

The Company started training related to the handling of requests at overseas subsidiaries at the time the overseas online help lines were set up. In FY 2018, training sessions were held in three countries.

A total of 47 reports and requests for consultation were made to the help line in FY 2018.

As of FY 2018, a majority of the consultations and reports concerned were labor-related and concerned issues such as harassment and employment problems.

Although the help lines are intended primarily for regular Yamaha Group employees, temporary staff and certain contracted staff are also permitted to make reports via the help lines. In FY 2018, there were two reports and requests for consultation from non-regular employees.

### Reports to the Compliance Help Line

	Name Provided	Anonymous	Total
FY 2014	18	17	35
FY 2015	25	6	31
FY 2016	19	7	26
FY 2017	26	13	39
FY 2018	34	13	47

# Risk Management

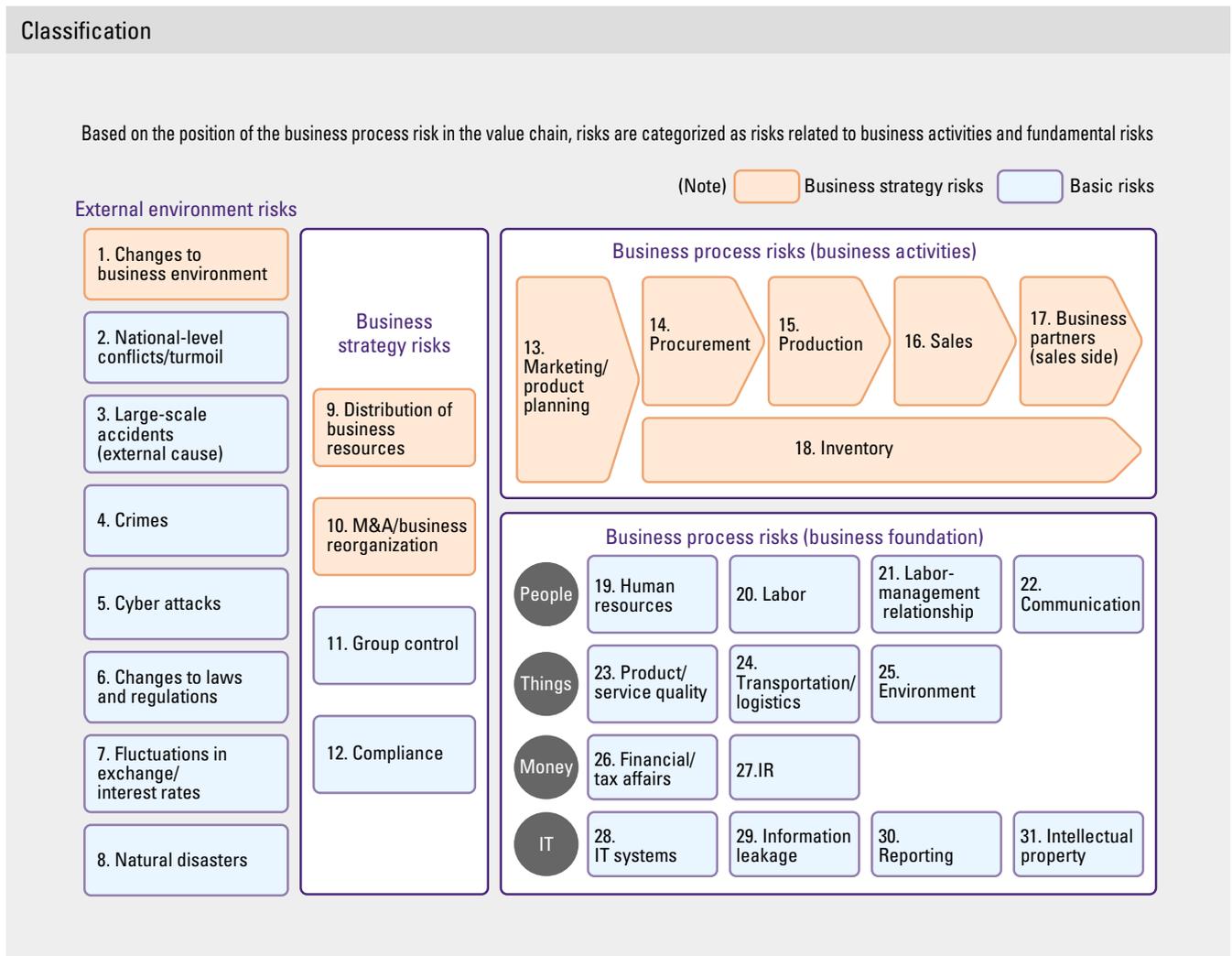
## Basic Policy

The Yamaha Group implements risk management based on the following policy.

1. We shall establish a structure and framework for risk management and work to enhance responsiveness to risk and maximize corporate value.
2. We shall identify, evaluate and reduce risk through risk management activities during ordinary times, conduct awareness-raising activities such as education and training, and instill a greater awareness of, fostering a greater sensitivity to risk.
3. We shall prioritize people's safety when risks manifest themselves as crises, and coordinate with the local community to ensure sincere, appropriate and speedy response as a means to minimize all adverse impact. In addition, we shall strive to ensure the stable supply of products and services, continue business to the extent possible and contribute to the sustainable development of society.
4. After addressing risks, we shall analyze the reasons they occurred and how they were addressed in order to ensure they do not occur again.

### ► Classification of Risk

The Yamaha Group classifies the various types of risks related to its business in accordance to the chart below, evaluates risk importance, and is aiming to promote activities to reduce risk.



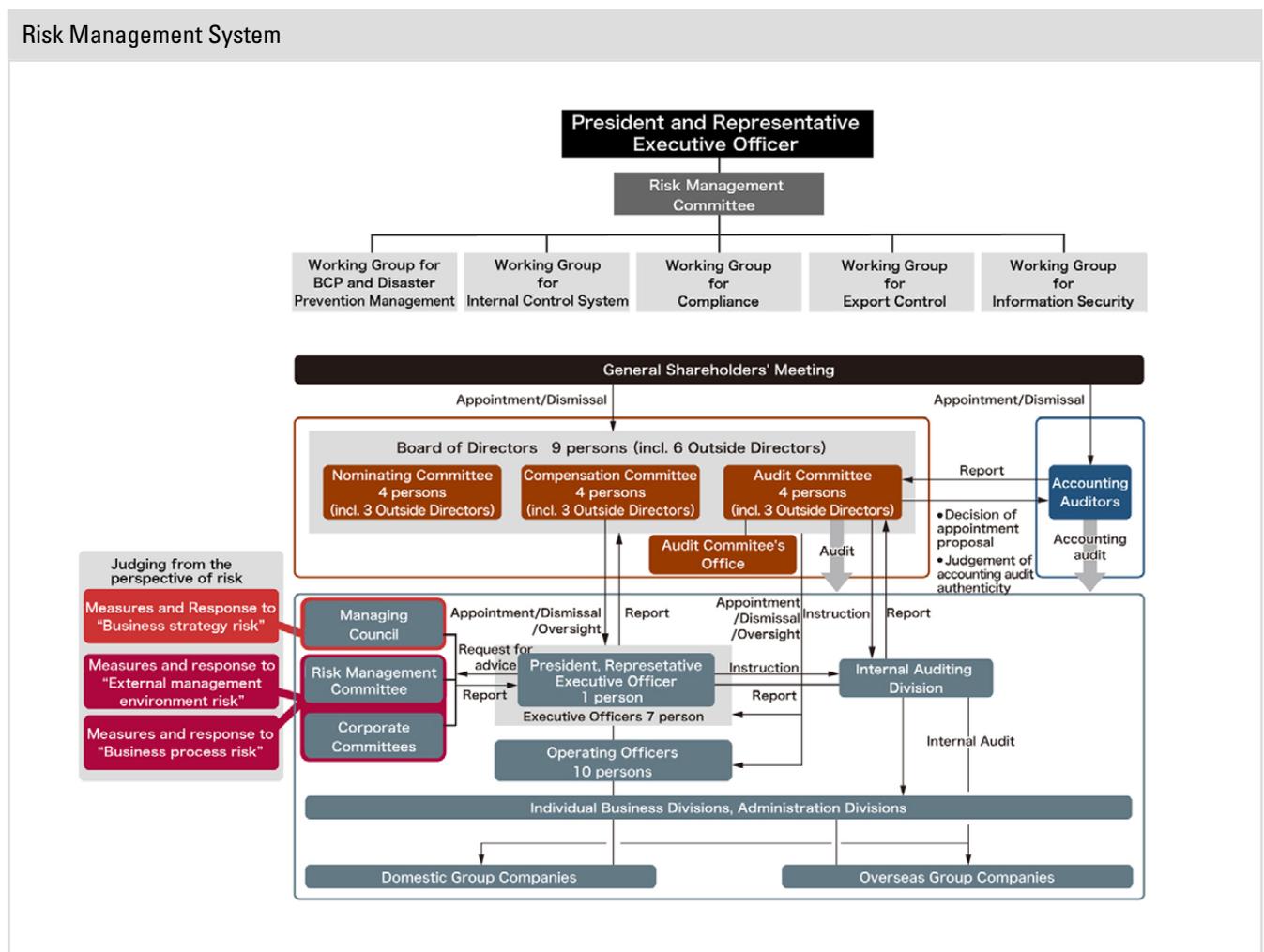
## ► FY 2018 initiatives

In FY 2018, the Company executed initiatives to systemize risk management in order to construct a PDCA cycle for overall risk management. Specifically, the Company determined a risk map, specified important risks, visualized the activities related to risk reduction, and promoted the development of a PDCA cycle.



## Promotion System

Yamaha Corporation established a Risk Management Committee as an advisory body to the President and Representative Executive Officer. This committee deliberates on matters related to risk management from a company-wide standpoint and reports its findings to the President and Representative Executive Officer. Within this committee we also established the following working groups such as the working groups for the business continuity plan (BCP) and disaster countermeasures, internal control, compliance, export screening, and information security have been established to address companywide important issues.



[Download](#)

## Risk Management Initiatives

### ► Business Continuity Management (BCP: Business Continuity Plan)

In preparation for large-scale natural disasters, fires, infectious disease outbreaks, and other emergency situations, the Yamaha Group has made a number of business continuity management efforts, including the formulation of a BCP.

## Main Efforts

Topic	FY 2018 Achievements
Formulation of a basic policy and rules	Formulated Infectious Disease Countermeasures following on the formulation of the BCP guideline as well as BCP/Disaster Basic Countermeasures, Earthquake Countermeasures, Fire Countermeasures, and Storm and Flood Damage Countermeasures as Group Internal Control Policies and Rules. Formulated the Group BCP Standards.
Drafting of a BCP and conducting training	(1) In the Group BCP Standards, the Company clarified the role of each organization during emergencies and precautions to be taken during normal times. As part of revisions, established target times for carrying out business recovery policies in a short timeframe (2) In order to ensure the effectiveness of current response measures and improved BCP effectiveness, conducted Regional Disaster Management Headquarters and Earthquake Initial Response Training ("blind scenario" training) from 2016 that puts participants in a situation where business is stopped immediately after a disaster occurs. The Company also conducted training based on the scenario of an intensity 7 earthquake to improve initial response capabilities at sites. Made improvements to the BCP initial response procedures manual based on training results
Develop infrastructure	(1) Implemented a 3-year earthquake resistance plan based on building earthquake proofing standards established in FY 2016 (2) Formulated the Yamaha Equipment Earthquake Resistance Standards (3) Implemented an employee safety check system



Regional Disaster Management Headquarters and Earthquake Initial Response Training



Improving earthquake resistance at a Nagoya site

## ► Safety Management at Overseas Production Sites

In the Yamaha Group, health and safety managers from Yamaha conduct patrols while facility control managers conduct facility audits at overseas production facilities. Focused on production and other equipment, these efforts are aimed at preventing accidents and disasters while improving health and safety levels. With respect to occupational health, the Group conducts risk assessments and otherwise improves safety levels while at the same time having health and industrial physicians from Japan to provide education and guidance on improving the workplace environment, which includes making improvements to personal protection equipment.



Industrial physician advising on the proper way to wear protective equipment



Facility audit in Indonesia

## ► Export Control

The Yamaha Group has established provisions for national security-related trade control in its Compliance Code of Conduct as rules pertaining to international trading.

► 8-3 National security-related trade control

A Working Group for Export Screening has been established under the Risk Management Committee at Yamaha Corporation, formulating export control regulations and regulations for import and export procedures among others, and establishing a work process related to export control. Yamaha is also working to educate its employees on and improve their awareness of the importance of export control in the company by conducting export control seminars led by industry experts.

### ▶ **Environmental Risk Management**

In order to prevent environmental contamination, the Yamaha Group carries out a range of activities that include regularly monitoring its plants, conducting environmental audits, and providing emergency response training.

» [Preventing contamination](#)

### ▶ **Information Security**

The leakage of personal information and other important information held by a company has the potential to not only damage third parties but also become a case of gross negligence that can harm the company's reputation.

The Yamaha Group perceives information security as a critical aspect of risk management. Accordingly, we established the Information Security Working Group under the Risk Management Committee in 2014. The subcommittee has put together a policy on information management and is working to enhance the quality of this management by keeping track of the current management system while identifying vulnerabilities and guiding efforts to address them. In addition to having established rules for the usage and management of the information system as part of the Compliance Code of Conduct, the subcommittee is working hard to ensure employees understand the importance of preventing inadvertent data leaks and protecting against hacking by third parties.

» [9-8 Utilization and Management of the Company's Information Systems](#)

» [Personal information protection](#)

## **Information Disclosure and IR Activities (Communication with Shareholders and Investors)**

### **Information Disclosure Policy**

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In order to conduct continued transparent business operations with the true understanding of shareholders, investors, and other stakeholders, it is critical to disclose information properly. The Yamaha Group states in its Compliance Code of Conduct that it will provide a true and accurate report of financial conditions and operational results to shareholders and government entities in accordance with laws and other regulations, and appropriate management information to shareholders and investors.

» [2-1 Accurate accounting records and financial reports](#)

» [2-2 Timely disclosure of information](#)

### **IR<sup>\*1</sup> Activities**

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The Yamaha Group strives to disclose information in a fair and timely manner for the benefit of institutional and private investors in Japan and overseas. Rules for this disclosure are set forth in the Disclosure Policy, which is available online:

\*1 IR: Investor Relations (corporate communication for shareholders and investors)

» [Disclosure Policy](#)

### ▶ **Website for Investors**

The Yamaha website for investors and shareholders provides up-to-date information and newsletters in English and Japanese on our business, including business strategies, medium-term management plan, earnings reports, and financial data.

» [Investor Relations](#)

### ▶ **Proactive IR Activities**

Yamaha endeavors to make communication with shareholders and investors in both Japan and overseas through various activities such as quarterly result briefings, and other events including business briefings for securities analysts/institutional investors, factory/facility tours, and explanatory meetings for private investors, held as needed. The opinions and information gathered through dialogue with our shareholders and investors are shared internally among related departments, and these findings are reflected in our IR activities and execution of management.

## Main activities

	Target Audience	Frequency	Achievements in FY 2018
Results briefings	Securities analysts Institutional investors	Quarterly	4
Business briefings	Same as the above	Occasional	0
Factory/facility tours	Same as the above	Occasional	0
Individual sit-downs	Same as the above	About 250 times/year	260
Overseas investor visits	Overseas institutional investors	3 times/year (U.S., Europe, Asia)	3
Medium-term management plan briefings	Securities analysts Institutional investors	As needed	0
An explanatory meeting for private investors	Private investors	Occasional (in Japan)	5



Explanatory meeting for private investors



Earnings briefing

## Efforts Towards Socially Responsible Investment

In recognition for the company's regard for society and the environment, Yamaha Corporation is listed on the major international Socially Responsible Investment (SRI) indexes\*2 and SRI funds, including FTSE4Good Global Index, MSCI Global Sustainability Indexes, and the Morningstar Social Responsibility Index (MS-SRI).

\*2 SRI (Socially Responsible Investment) Index: An index that benchmarks comprised of companies with strong financial and sustainability profiles



FTSE4Good



FTSE Blossom  
Japan



The Company commissions a long-term preferred debt rating assessment from credit rating agencies annually, as a one of the ways to measure financial soundness. Our evaluation is as follows:

### Credit Ratings (as of November 15, 2018)

Rating and Investment Information, Inc. (R&I)	A+
Japan Credit Rating Agency, Ltd. (JCR)	AA-

## Returns to Shareholders and Retained Earnings

The Company's policy on returns to shareholders and retained earnings is explained below:

» [Dividends and Stock Prices](#)

### ► Shareholder benefits

Yamaha Corporation conducts a special incentive plan for shareholders in Japan to express our appreciation for their daily support.

» [Shareholder benefits \(Japanese only\)](#)