

Fair Operating Practices

Prevention of Corruption

Anti-corruption Policy

In accordance with the United Nations Global Compact, the Yamaha Group has declared its intention to work against corruption, which is one of the Global Compact's principles. The Group also stipulates in its Compliance Code of Conduct that it rejects improper relationships with customers, governments, local governments and public institutions and that it will engage only in fair dealings.

» 5-4 Elimination of improper relationships (gift giving, business entertainment, etc.)

» 7-1 Transactions with governments, local governments and public institutions

» 7-2 Prohibition against gift giving to and entertainment of government officials, etc.

» 8-5 Prohibition against gift giving to foreign government officials

Efforts to Be Thorough in Preventing Corruption

The Yamaha Group has established and implements rules on entertainment and gift-giving for each department, based on the Yamaha Compliance Code of Conduct. In addition, Yamaha's legal department conducts activities to raise awareness among Group companies concerning international conventions and regulations to prevent corruption, such as the prohibition of bribery of public servants. At Group companies overseas, we make an effort to understand risks related to corruption, such as indirect gift-giving by our business partners, not only by the Group itself.

► Risk of Gift-Giving in Business Activities

In countries where specific business activities for educational institutions and public venues or construction of factories require approval from government bodies, the Yamaha group is required to negotiate with government institutions. Yamaha is aware that the risk of gift-giving is high in business domains and countries such as these, and is engaging in efforts as a response to this risk.

In regards to specific regions, Yamaha particularly focuses its efforts on the BRICs countries, which rank high in the corruption perception index run by Transparency International, an NGO for the prevention of corruption, and Indonesia, where Yamaha has many group companies.

► Preventing Gift-Giving to Public Servants in Japan and Overseas

Yamaha's overseas group companies have a particularly high awareness of the issue of giving gifts to public servants. Practically all of our overseas group companies (31 out of 33 companies) either have measures in place to discipline employees who commit bribery, or the ability to discipline employees.

Meanwhile, only around 30% of our overseas group companies have established concrete countermeasures regarding the risk of gift-giving by their business partners, an issue that we know requires attention in the future.

► System, Measures, and Training for the Prevention of Corruption

In order to prevent unfair trade practices such as bribery, Yamaha Group companies, mainly overseas, take various measures.

Also, we require both Japanese and overseas group companies to conduct self-assessments in order to assess compliance status including prevention of corruption.

► Discovered Cases of Corruption

There were no reports of bribery at Yamaha in fiscal 2018 by any person claiming to be a Yamaha supplier or employee.

» [Compliance \(Helpline system\)](#)

Responsible Participation in Politics

Relationships with Governments, Local Governments and Public Institutions

With respect to involvement in politics and policies, the Yamaha Group aims to demonstrate good faith in formulating and promoting policy that benefits not only our stakeholders but society as a whole.

Guided by this philosophy, we maintain appropriate relationships with the governments and politicians in accordance with prescriptions concerning relationships with such in the Yamaha Compliance Code of Conduct.

» [7-1 Transactions with Government and Public Officials](#)

» [7-2 Prohibition Against Gift Giving to and Entertainment of Government Officials, etc.](#)

» [7-3 Political Contributions](#)

» [7-4 Response to Government Authorities](#)

Political Contributions

The Yamaha Group takes a neutral stance toward political parties and politicians, and it complies with the Public Office Election Law, the Political Funds Control Law and other laws and ordinances related to politics. It prohibits contributions to an individual politician since it is prohibited by law, and to a political organization or party in excess of the permissible amount under the law.

Under authoritative regulations for political contributions of 500,000 yen or more, it is mandatory for Yamaha Corporation to obtain approval of the company president, consult with the General Administration Division, the Corporate Finance Division and the Legal Division, as well as confirm the contribution with the Executive Officers in charge of internal audits. Group companies are also required to conform to the restrictions placed on each country's political fund control laws when making political contributions or payments of any kind to politically-related persons or persons belonging to public institutions in addition to the same regulations as Yamaha Corporation.

Furthermore, the Executive Officers in charge of internal audits carry out an audit of political contributions every April and determine whether or not these rules are being appropriately obeyed throughout the Group.

» [7-3 Political Contributions](#)

Fair Trade Practice

Basic Policy

The Yamaha Group does not engage in any unfair trading practices or unjust practices designed to restrict competition, and makes every effort to ensure fair competition, the bedrock of healthy development in a market economy.

Moreover, as a partner working closely with its suppliers, Yamaha strives to maintain trusting relationships by proactively practicing fair trade. Yamaha familiarizes all its employees with rules governing corporate practices concerning market competition and rules regarding the maintenance of fair relationships with suppliers as laid out in the Yamaha Compliance Code of Conduct.

» [5. Relationship with Business Partners](#)

» [6. Relationship with Competitors](#)

Mechanisms and Policies for Ensuring Fair Competition and Trade

Our accounting system employs mechanisms that allow for managing business conducted with subcontractors and preventing payment delays.

Furthermore, through opportunities that include conferences with Procurement Department employees, we inform internal departments of related standards and notifications from the government regarding the Subcontract Act as part of measures to stay abreast of and familiarize employees with legal requirements.

► Legal Training for Fair Trade Practices

In Japan, the manufacturing industry in particular heavily relies upon subcontracting and, as such, fair trade is an important topic. Every year, the Yamaha Group conducts training on laws and regulations including the Subcontractors Act, the Antimonopoly Act, and consumer laws. In fiscal 2018, a total of approx. 140 employees from domestic group companies participated in the Antimonopoly Act and the Subcontractors Act training programs.

In addition to this, within a personnel development program suited to career stages, we disseminate knowledge regarding compliance points specifically relating to fair trade.

Overseas, even in sales and business companies, we promote training for fair trade. For instance, in Europe, we prevent unfair trade practices such as resale price fixing among retailers by stipulating this clearly in business agreements and educating employees.

Legal training* (Yamaha Corporation and domestic Group companies)

	FY 2016	FY 2017	FY 2018
Legal training participants	About 180	About 220	About 140

*Total participants



Legal training

Fair Competition Violations

In fiscal 2018, the Yamaha Group is cooperating with written inquiries from the Small and Medium Enterprise Agency and the Fair Trade Commission in Japan. The Group has not received an order or warning due to violations of laws and ordinances.

Promotion of Social Responsibility in the Value Chain

Basic Policy

The Yamaha Group promotes sustainability throughout the entire value chain in areas such as product and service development, materials procurement, manufacturing, selling and recycling.

» [Sustainability Issues in the Value Chain](#)

Promoting Sustainability in the Supply Chain

Yamaha products are primarily manufactured by Yamaha Group companies with manufacturing facilities in Japan, China, Indonesia, and Malaysia. Each production site adheres to Yamaha policies related to procurement when procuring raw materials and components. Suppliers are selected according to the standards set in the Yamaha Group Purchasing Philosophy. When transactions begin, suppliers are requested to comply with the Yamaha Supplier CSR Code of Conduct and conduct a self-assessment. Suppliers may be asked to take action when areas of improvement are recognized as a result of the assessment.

► **Yamaha Policies Related to Procurement**

- » Yamaha Group Purchasing Philosophy
- » Yamaha Group Timber Procurement Policy
- » Green Procurement Standards
- » Response to Conflict Minerals

► **Sustainability-related Requests to Suppliers**

We require suppliers to comply with the “Yamaha Supplier CSR Code of Conduct,” which documents requests made by suppliers in writing, and to conduct a self-assessment.

Furthermore, Yamaha clearly stipulates [the Yamaha Supplier CSR Code of Conduct](#) in every business agreement.

Sustainability-related Requests to Suppliers (Yamaha Supplier CSR Code of Conduct)*1			
Category	Requests	Category	Requests
Labor and Human Rights	No forced labor No child labor Appropriate working hours Fair wages and benefits No inhumane treatment Non-discrimination Freedom of association Handling of conflict minerals	Environmental Conservation	Compliance with environmental regulations Resource and energy saving Wastewater management Air emission management Proper disposal of solid waste Management of chemical substances Management of hazardous substances Biodiversity conservation
Occupational Safety	Safe workplace Accident prevention and emergency preparedness Prevention of occupational injury and illness Management of physically-demanding work Machine & equipment safety measures Healthy and safe facilities	Ethics	Prohibition of all forms of corruption and bribery Prohibition of anticompetitive behavior Information disclosure Provision of appropriate product information Fraud early detection and prevention Protection of intellectual property Protection of personal information

*1 In addition to the above, suppliers of lumber are requested to procure sustainable timber resources.



Yamaha Supplier CSR Code of Conduct



Yamaha Supplier CSR Self-Assessment Questionnaire

► **Status of Supplier CSR Self-Assessment**

From fiscal 2016 to fiscal 2017 we requested Yamaha Group’s tier 1 suppliers (totaling 4,044 companies*2) to conduct self-assessment. Based on responses from 3,981 companies, we requested correction in writing to four companies specifically in need of improvement and verified those corrections.

In fiscal 2018, self-assessments were conducted at 79 companies which began new transactions. We plan to conduct the next overall survey in fiscal 2020.

*2 The overall number is given as some suppliers may have conducted more than one self-assessment due to having multiple local production companies.

► Education for Employees in Charge of Procurement

The Yamaha Group promotes internal training for its employees in charge of procurement to ensure to fair trade, such as the Act against Delay in Payment of Subcontract Proceeds, etc. (Subcontract Act), laws related to contracts, and various regulations related to trade and procured goods. Also we held orientation meetings for our employees who request suppliers to adhere to the Yamaha Supplier CSR Code of Conduct and introduce self-assessment. In fiscal 2018, a total of 26 employees participated in study sessions related to sustainable procurement of timber at the Yamaha Corporation headquarters, gaining a deeper understanding of CSR procurement.



CSR procurement orientation meetings (Malaysia)



CSR procurement orientation meetings (Indonesia)



Study session about sustainable procurement of timber (Japan)

Responsible Raw Material Procurement

In the procurement of various types of raw materials, such as natural resources, it is important to practice responsible procurement with a view to the impact on the environment and society. The Yamaha Group is focused on themes that include green procurement and the sustainable procurement of timber, an important natural resource for instruments and other products.

» [Click here for our efforts at sustainable timber procurement.](#)

» [Click here for our green procurement activities.](#)

► Combating conflict minerals

Mineral resources such as tin, tantalum, tungsten, gold and others mined in the Republic of the Congo and neighboring countries are called “conflict minerals” as they may be the source of funds for armed groups violating human rights through inhumane acts including violence and plunder. Aiming to procure minerals that play no part in the violation of human rights or environmental destruction, the Yamaha Group promotes efforts to stop the use of conflict minerals. To satisfy clients who demand that we investigate the sources of raw materials, we promote initiatives for our suppliers to avoid the use of conflict minerals based on the Yamaha Supplier CSR Code of Conduct.

Communication with Business Partners

The Yamaha Group promotes communication with its business partners and subcontractors. In Japan, we share information about management, production, sales trends, suppliers that provide us with raw and processed materials, parts, and equipment, and subcontractors that provide construction and other services. In addition to cooperating in worker safety and environmental conservation, we also strive to foster an atmosphere in which it is easy to share thoughts through activities that tighten bonds of friendship. Furthermore, we tour the waste treatment subcontractors that come to our domestic production bases, inspecting the environment and discussing issues.

Events held in fiscal 2018

Annual general meeting - Three times a year (once each with suppliers, distributors, and subcontractors in equipment/construction, etc.)

Briefing session on trends in production and sales - Once a year with suppliers

Safety and health inspection patrols - Site construction work at 2 factories

Waste management subcontractors - Site tours taken at 24 companies

Respect for Property Rights (Protecting Intellectual Property)

Basic Policy and Framework

The Yamaha Group has worked hard to acquire patents and other intellectual property rights for the intellectual capital we have built up since our founding, and are taking a variety of measures aimed at maximizing the business benefits of intellectual property. We also respect the intellectual property rights of third parties, and have made this clear in our Compliance Code of Conduct.

Under the guidance and support of Yamaha Corporation, all the group companies respectively manage their intellectual property to promote intellectual property strategies in collaboration with business strategies and R&D strategies. Moreover, Yamaha has or encourages to have 1) provisions for handling intellectual property rights, such as patents and design rights, related to creation that occurs in the course of business duties and 2) a compensation system in place.

» [6-3 Respect for Intellectual Property Rights](#)

Measures to Protect Intellectual Property

The Yamaha Group works to protect intellectual property based on respect for third parties' intellectual property rights while proactively acquiring rights to new intellectual property that is created in the course of business activities. When conducting a preliminary survey upon acquiring intellectual property rights, the Yamaha Group strives to avoid infringing on existing rights by improving the precision of its surveys through the implementation of tools that utilize AI technology.

In addition, Yamaha holds educational sessions for employees so that they may appropriately use intellectual property held by Yamaha or other companies. In addition to training upon hiring, Yamaha Corporation has in fiscal 2017 been strengthening its position-based training, including sessions related to the general management of intellectual property for management and mid-career employees.

► Patents

We have formulated a patent strategy to match the characteristics of our business and are aiming to build a strong patent portfolio.

With regard to each business, we are engaged in patent activities with the main aims of differentiation from other companies as well as acquisition and maintenance of business superiority, and we are moving forward with licensing to third parties in some business areas.

What's more, regarding all patent rights retained in Japan and overseas, every year we conduct evaluations, including the state of current utilization and future possibilities, and rigorously categorize and organize intellectual property which can contribute to Yamaha's unique product development and the establishment of a competitive advantage. By promoting the optimization of the content and numbers of held rights, we are aiming for the rational use of intellectual property rights.

The total number of patents and utility models for practical use held by the Yamaha Group in Japan as of March 31, 2018 was approximately 4,000. The total number it holds overseas, principally in the United States, European Union, and China, is 4,000.

► Design

In the Yamaha Group, we see design as an important element of product differentiation, and are working to protect and use it appropriately. As part of this effort, the Yamaha Group has been strengthening its acquisition of design rights in countries and regions in which there are many victims of counterfeiting.

As of March 31, 2018, we held approximately 1,170 design rights, with 400 in Japan and 770 overseas.

► Copyright

In addition to patents, designs, and trademarks, the Yamaha Group creates and owns a large number of copyright works in sound, music, and other fields. In particular, music-related copyrights are important intellectual property, and Yamaha tries to manage and fully utilize these rights (including through legal action).

Education and training on the proper use of copyright works are also provided to employees. In addition to holding annual copyright seminars, we invite experts from various industries relating to copyrights, to give lectures once a year. In fiscal 2018, Yamaha invited Ms. Ayuko Hashimoto, a lawyer at Kotto Dori Law Office, to give a lecture.

In addition, the Company has been revising as needed the "Copyright Guide," an in-house training tool related to copyrights, to respond to recent laws, regulations and societal trends. The next revision is planned for fiscal 2019 in accordance with the revision of the Copyright Act in Japan.



Copyright lecture



An in-house training tool related to copyright

► Brand

Our brand has been an important asset since the establishment of our company.

The Yamaha Group has been advancing the creation of rules governing how our brands are shown, and working to maintain and improve brand value by achieving appropriate use based on management standards related to Yamaha Brands and the companywide brand management organization (Brand Committee).

Furthermore, Yamaha has trademarked its brand in almost every part of the world, and conducts preliminary investigations and acquires rights via the appropriate methods for the sub-brands of its products, services, and technologies.

► Measures to fight counterfeit goods

By continuing measures against unauthorized usage and counterfeit products, which are on the rise across the globe, the Yamaha Group continues to take action against these problems in order to eliminate the economic disadvantage for consumers while ensuring safety and, by extension, maintain trust in the Yamaha brand. With efforts focused on China in particular, we are strengthening measures to stop the sale of counterfeit goods over the Internet and social media in recent years, while filing lawsuits and requesting administrative disciplinary action. We are also strengthening measures in other regions, including Africa.