Sustainability Management

Yamaha Group Sustainability Policy

Our aim is “Sharing Passion & Performance”

The Corporate Philosophy of the Yamaha Group is, "With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world."

Based on this philosophy, Yamaha conducts its sustainability activities according to the following guidelines, seeking to contribute to the sustainable development of society and to further strengthen the bond of trust with its stakeholders through sound, transparent management methods, and corporate activities that balance social and environmental concerns.

1. By creating new values through products and services focused on social and environmental issues, Yamaha contributes to the sustainable development of society.
2. Through business development and social contributions based in each region of the globe, Yamaha contributes to the promotion and popularization of music, and to the development of communities.
3. By understanding the significance of protecting the natural environment and maintaining biodiversity, and by promoting the reduction of environmental burden through measures such as sustainable procurement of timber and lowering greenhouse gas emissions, Yamaha works to maintain a healthy global environment.
4. Yamaha observes laws, ordinances, and social norms, and moreover, conducts business in a fair and impartial manner throughout the entire value chain, including activities such as socially responsible procurement carried out in cooperation with business partners.
5. Yamaha endeavors to prevent abuses of human rights, responding appropriately to the effect of its business activities as well as to any attendant risks to human rights, with the goal of achieving a society that safeguards the dignity of all.
6. Yamaha works to create an atmosphere that holds in high regard the employee diversity that is a source of the new values created within the company, and which allows each person to fully demonstrate their sensibilities and creativity through training and use, without regard to race, nationality, gender, or age.

Formulated in February 2010 and revised in July 2018

Sustainability Management

Basic Policy

The mission of the Yamaha Group is to continue pursuing its corporate philosophy, which is to utilize our held assets, various resources, unique expertise, and sensibilities gained from our devotion to sound and music to create excitement and cultural inspiration together with people around the world. To put this philosophy into practice, Yamaha is working to understand the impact of our business activities on the environment and society and pursue dialogue with stakeholders, while solving challenges toward the creation of a sustainable society.

Sustainability Issues in the Value Chain
Engagement with Stakeholders
Yamaha Group Sustainability Policy
**Initiatives for Sustainable Development Goals (SDGs)**

The Yamaha Group intends to contribute to the attainment of the “Sustainable Development Goals” (SDGs) through our business. In addition to our efforts to contribute to Goal 4 (“Quality Education”) through our initiatives to spread music, we are also working on Goal 12 (“Responsible Consumption and Production”) and Goal 15 (“Life on Land”) through efforts to procure sustainable sources for timber. We are currently developing products and services with an awareness of the goals and targets of each SDGs, and endeavoring to improve our business processes.

**Promotion of Sustainability Priorities**

The Yamaha Group has established “sustainability priorities” for the medium to long term, based on the impact of our business activities on the environment and society, as well as on stakeholders’ expectations and societal demands.

▶ Process for identifying priorities

1. **Identify sustainability issues**
   Identify sustainability issues within the Yamaha Group value chain based on ISO 26000 (which provides international guidance on social responsibility) and sustainable development goals (SDGs).

2. **Evaluate importance of issues from the perspective of stakeholders**
   Take into consideration feedback from customers, employees, and local communities; ESG evaluation items; opinions and requests from NGOs; and advice from outside experts, and then evaluate the importance of the issues identified.

3. **Evaluate importance within Yamaha**
   Take the Yamaha management vision and medium-to-long-term management policies into consideration, and evaluate the importance of the issues identified.

4. **Identify sustainability priorities**
   Select issues that must be promoted further based on the results of evaluating the importance of each issue, and then identify sustainability priorities through discussion among top management.

Set KPIs within related divisions to evaluate targets and progress for identified sustainability priorities, create an action plan, and then receive approval from top management. Have the Sustainability Division monitoring progress, and conduct annual reviews during Managing Councils headed by the President to promote initiatives for sustainability priorities.
## Sustainability Priorities and Progress

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<th>Sustainability priorities</th>
<th>Major initiatives</th>
<th>FY2018 progress and results</th>
<th>Future issues and targets</th>
<th>Major related SDGs</th>
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<tr>
<td>Development of products and services with a focus on social/environmental issues</td>
<td>Response to societal issues</td>
<td><strong>Music Culture and Education</strong>&lt;br&gt;• Released new digital materials to support music education (chorus and recorder lessons)** Universal Design**&lt;br&gt;• Released new &quot;multilingual simultaneous interpretation guide&quot; feature for &quot;SoundUD™,&quot; and launched a subtitle support project for those with visual or hearing impairment <strong>Health/Safety Solutions</strong>&lt;br&gt;• Began supplying market with in-vehicle communication modules for emergency call systems <strong>Workplace</strong>&lt;br&gt;• Launched trial shared office project utilizing soundproof rooms and conference systems</td>
<td><strong>Music Culture and Education</strong>&lt;br&gt;• Propose comprehensive music education solutions <strong>Universal Design</strong>&lt;br&gt;• Expand range of electronic musical instruments equipped with functions required by local music cultures <strong>Health/Safety Solutions</strong>&lt;br&gt;• Expand range of electronic musical instruments equipped with voice readout functionality <strong>Workplace</strong>&lt;br&gt;• Expand sales and use of in-vehicle communication modules</td>
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<td>Response to environmental issues</td>
<td>• Certified 53 models of Yamaha Eco-products (379 models total, 18% of sales)&lt;br&gt;• Developed a thermoelectric power generation module which can utilize waste heat, and built a production system for it</td>
<td>• Yamaha Eco-Products certification: 40 models/year&lt;br&gt;• Introduce waste heat power generation module into the automotive market&lt;br&gt;• Develop non-organic solvent coating technology&lt;br&gt;• Develop sustainable materials capable of replacing rare timber</td>
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<td>Spread instrumental music education to schools</td>
<td>• Provided a total of 260,000 students from 1,300 schools in Russia and four countries in Southeast Asia and elsewhere with the opportunity to play musical instruments&lt;br&gt;• Provided approximately 5,100 students from 63 schools in six countries in Africa and the Middle East to the experience of with the opportunity to play musical instruments&lt;br&gt;• Donated musical instruments and provided education support to five migrant worker schools in five cities in China (total of 55 schools)</td>
<td>• Provide opportunities to play musical instruments to a total of 1,000,000 students from 3,000 schools in seven countries in Southeast Asia and other locations&lt;br&gt;• Provide opportunities to study musical instruments to approximately 8,300 students from 75 schools in seven countries in Africa and the Middle East&lt;br&gt;• Donate musical instruments to migrant worker schools in China (support 18 schools in three years)</td>
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<td>Support for youth development orchestra/band</td>
<td>• Held musical instrument maintenance seminars for seven organizations in three countries in Latin America (total of 29 organizations in five countries)&lt;br&gt;• Established training program for repair technicians and held seminars in three countries in Latin America; produced a total of 19 certified repair technicians</td>
<td>• Continue to provide musical instrument maintenance seminars and repair technician training in five countries in Latin America, and expand efforts to new areas and organizations&lt;br&gt;• Provide support to additional countries in Latin America (two countries in three years)&lt;br&gt;• Support the spread of wind instrument music and orchestras best suited to each country and region around the world</td>
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<td>Development of regional community-based business and social contribution activities</td>
<td>Community support</td>
<td>• Worked with the Reconstruction Agency as part of a project to build communities through music (Oto-Machi)</td>
<td>• Provide additional types of support within the Oto-Machi project (ten new projects in three years)</td>
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| Lowering of greenhouse gas emissions | Reduction of greenhouse gas emissions during business activities | • Established reduction targets (SBTs) based on scientific knowledge | • Promote reduction efforts toward achieving targets’ certified by SBT *Scope 1, 2: FY2031 -32%, FY2051 -83%*  
  *Scope 3: FY2031 -30% (both figures compared with FY2018)*  
  • Gradually expand the ratio of renewable energy used (FY2022 target 3%)  
  • Continue to conduct third-party greenhouse gas emission verification |  |
| | Response to climate change | • Formulated BCP in preparation for natural disasters, etc. | • Analyze and disclose financial effect of climate change according to proposal by TCFD |  |
| Sustainable procurement of timber | Avoid use of illegally lumbered timber; promote use of certified timber | • Improved timber due diligence (DD) system  
  • Conducted DD (including on-site inspections) on all timber purchased and judged 94% of purchases as low risk  
  • Improved ratio of certified timber (29% of all purchased timber) |  |  |
| | Promote the procurement of timber with an awareness of cycle-based forest conservation | • Conducted surveys to produce high-quality timber from African blackwood in Tanzania, and launched a tree-planting pilot project  
  • Entered into an agreement to conduct comprehensive joint research with academia (Kyoto University) | • Provide technical support to produce high-quality timber from African blackwood, promote the tree-planting project, and begin procurement  
  • Promote joint research with academia (such as Kyoto University) to develop forest resources and optimize usage efficiency |  |
| Promotion of 3R in products | Packing and packaging material | • Implemented returnable packaging materials and reduced size of materials | • Promote streamlining of packaging (introduce packaging/cushioning material with a low environmental burden, and step up efforts to reduce size)  
  • Implement measures for shopping bags and other single-use packaging materials (stop using plastic, etc.) |  |
| | Products | • Promoted the reuse of products (Renewal Piano business)  
  • Introduced system for replacing electric organ units (to upgrade to more advanced/newer models)  
  • Implemented recycling of electric organs that were traded in (some models) | • Formulate long-term vision and promotion plan for product 3R  
  • Enhance services to allow customers to continue to use the musical instruments they cherish (piano retrofitting, etc.) |  |
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| Systematic initiatives for the respect of human rights | Develop system/structure | • Added human rights management items to Yamaha Group rules and related guidelines  
• Held compliance seminars themed on preventing harassment | • Establish human rights monitoring systems  
• Conduct internal training and promote awareness of human rights |  |
| | Promotion of supply chain management | • Strengthened supplier CSR assessment system  
• Conducted assessments when beginning transactions (104 companies)  
• Held seminars for procurement personnel and suppliers | • Conduct simultaneous surveys on supplier CSR assessments (every three years)  
• Conduct assessments when beginning transactions  
• Hold seminars for procurement personnel and suppliers |  |
| Promotion of diversity and human resources development | Global human resources management | • Established Yamaha Group standards on grading and development, and conducted trials | • Promote HR management based on the Yamaha Group standards grading and development system |  |
| | Promotion of the active role of female workers, response to diverse workstyles | • Expanded work-life balance support system (established measures to provide more flexible working conditions, etc.)  
• Promoted the female manager development program  
• Increased ratio of female managers within Yamaha Group (worldwide total) to 14.9% | • Expand work-life balance support system (open on-site daycare centers, establish measures such as working from home to provide more flexible working conditions, etc.)  
• Consider measures to develop female employees for the Yamaha Group, and implement program to support staff taking temporary childcare leave  
• Improve ratio of female managers target: 17% throughout Yamaha Group for the period from FY2021 to March 2022) |  |
| | LGBT understanding and efforts to promote respect and support | • Implemented internal study sessions for HR personnel, etc. (two sessions with a total of 90 participants) | • Establish internal systems (establish help desk, improve systems, etc.)  
• Hold internal lectures to promote understanding/hold study sessions in industry organizations  
• Promote understanding in workplaces through such means as distributing “Yamaha LGBT Ally” logo stickers and creating an LGBT handbook |  |

Launched in April 2019, our new medium-term management plan, "Make Waves 1.0" defines social contribution through our business as an important business strategy, and sets as non-financial management goals KPI targets related to our sustainability priorities of spreading instrumental music education within emerging nations, and of procuring sustainable timber.
Sustainability Education

The Yamaha Group aims to promote sustainability throughout each aspect of its roles and business operations and in all levels of the work force, from managers to new recruits. We conduct training and seminars, and make use of resources such as our intranet site to educate employees and raise awareness on sustainability. Beginning in FY2017, each member of the Yamaha Group has worked to gain a deeper understanding of SDGs through posters, company newsletters, and internal events, in order to connect SDGs with their own work duties.

Sustainability education at new recruit training (attended by 60 employees in FY2018)

Sustainability information site on company intranet

Explaining SDGs to upper- and lower-level managers

Promoting SDGs during a company event

Posters and company newsletters introducing SDGs

Participation in Initiatives

With a commitment to cooperating and forming ties with global society as we work toward building a sustainable society, Yamaha signed the UN Global Compact in June 2011, and is working to adhere to the 10 Principles. As a member of the Global Compact Network Japan, we also actively participating in subcommittees’

* FY2018 subcommittee participation: Environmental Management, Reporting, Kansai, Human Rights Due Diligence, Human Rights Education, Disaster Prevention/Mitigation, SRI/ESG, SDGs, CSVG.
Engagement with Stakeholders

Basic Policy

In conducting its corporate activities, the Yamaha Group engages with individuals of varying interests. The major stakeholders of the Yamaha Group are "customers" to whom we provide products and services, "shareholders and investors," the "employees" with whom we work, our "business partners" (including suppliers, clients, and subcontractors), and the "communities" in which we do business. We also focus on "the environment," as our business activities have both positive and negative impacts on it.

We promise to our stakeholders to pursue "customer-oriented and quality-conscious management," "transparent and sound management," and policies of "valuing people" and "harmony with society." In order to realize our goal of "sharing passion and performance," we take opportunities to engage in dialog with our stakeholders to hear their opinions and learn what they want, and then apply what we have learned in our corporate activities.

We also ask outside experts for their opinions, on our sustainability activities each year, and make improvements based on their feedback. Going forward, we will next consider implementing a more diverse review mechanism.

Opportunities/methods for dialog with major stakeholders

Customer

We aim to inspire our customers and satisfy their hearts and minds through providing products and services.

Major responsibilities

Provide valuable products and services that are safe and offer peace of mind / Promote universal design / Provide appropriate product information / Provide customers with appropriate service and support / Store customer information appropriately

Daily means of communication

Product and service help desks (telephone, e-mail, etc.) / Daily sales activities

Examples of communication

Improving Customer Satisfaction
Initiatives for Improved Customer Response and Support

Shareholders and Investors

We actively disclose management information and engage in continuous communication with the shareholders and investors who provide financial support for our corporate activities.

Major responsibilities

Disclose accurate management information in a timely manner / Distribute profit appropriately / Maintain and improve corporate value
Employees

We respect the independence and sensitivity of each and every employee working for Yamaha. We strive to create environments in which each individual can fully realize their creativity, and aim to create a corporate culture that allows us to provide even better products and services.

**Major responsibilities**
- Evaluate and treat people fairly
- Respect human rights and diversity
- Utilize and train personnel
- Support a wide range of working styles
- Ensure health and safety

**Daily means of communication**
- Management awareness survey questionnaires
- Labor-management meetings and discussions

**Examples of communication**
- Communication with Employees

Business Partners (suppliers, clients, and subcontractors)

We see our business partners as partners traveling with us together on the road toward realizing our company philosophy. We strive to deepen mutual understanding and to maintain and build positive relationships of trust, based on fair and transparent transactions.

**Major responsibilities**
- Select business partners based on fair and rational standards
- Engage in fair transactions
- Eliminate dubious business relationships
- Prohibit abuses of power

**Daily means of communication**
- Daily business activities
- Production and sales trend briefing sessions
- Policy explanation meetings
- Questionnaire surveys

**Examples of communication**
- Promotion of Social Responsibility in the Value Chain

Communities

When engaging in business activities in each country or region, we comply with related laws, regulations, and international standards, while also giving sufficient attention to environmental preservation and respect for human rights. We also actively participate in various activities contributing to the development of local communities and cultures, and help to build positive communities as a good "corporate citizen."

**Major responsibilities**
- Coexist with communities and contribute to their development (including promoting culture, training the next generation, promoting welfare, creating employment, and developing skills and technology)

**Daily means of communication**
- Information exchange sessions with local communities and municipalities
- Factory tours
- Employee involvement in community activities

**Examples of communication**
- Connection to Local Communities
- Contribution to Regional Community Development

The Environment

The environment serves as the foundation for sustainable societies, and we understand the significance of preserving the environment and maintaining biodiversity. In addition to reducing our environmental burden when conducting business activities or providing products or services, we also participate in activities to contribute to the environment.

**Major responsibilities**
- Prevention of pollution
- Climate change mitigation
- Preserve natural resources
- Manage and reduce the use of chemical substances
- Protection of biodiversity

**Daily means of communication**
- Exchange of information and dialog with communities and NPOs/NGOs
Sustainability Issues in the Value Chain

The Yamaha Group provides various products and services, including musical instruments. Yamaha is fulfilling its social responsibilities by addressing issues related to the value chain by focusing on the impact of its products, services, and production processes on society and the environment.

UN Global Compact

The United Nations (UN) Global Compact was proposed by the Secretary General of the UN in 1999 and consists of 10 universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. The top management of companies that become signatories to the Global Compact pledge their commitment and, within the scope of their enterprises, promise to work consistently to achieve the objectives espoused under the 10 principles. Since signing the Global Compact in June 2011, Yamaha has actively worked to cooperate with the Global Compact Network Japan in conducting subcommittees.

The 10 Principles of the United Nations Global Compact

| Human Rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and |
|             | Principle 2: make sure that they are not complicit in human rights abuses. |
|             | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
|             | Principle 4: the elimination of all forms of forced and compulsory labor; |
|             | Principle 5: the effective abolition of child labor; and |
| Labor       | Principle 7: Businesses should support a precautionary approach to environmental challenges; |
|             | Principle 8: undertake initiatives to promote greater environmental responsibility; and |
|             | Principle 9: encourage the development and diffusion of environmentally friendly technologies. |
| Environment | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. |