

Organizational Governance

The Yamaha Group is executing highly transparent and healthy management through the strengthening of corporate governance structures, promotion of compliance, appropriate disclosure of information, and other measures in order to further strengthen the trust of all stakeholders.

Corporate Governance

Basic Policies for Corporate Governance

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

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.

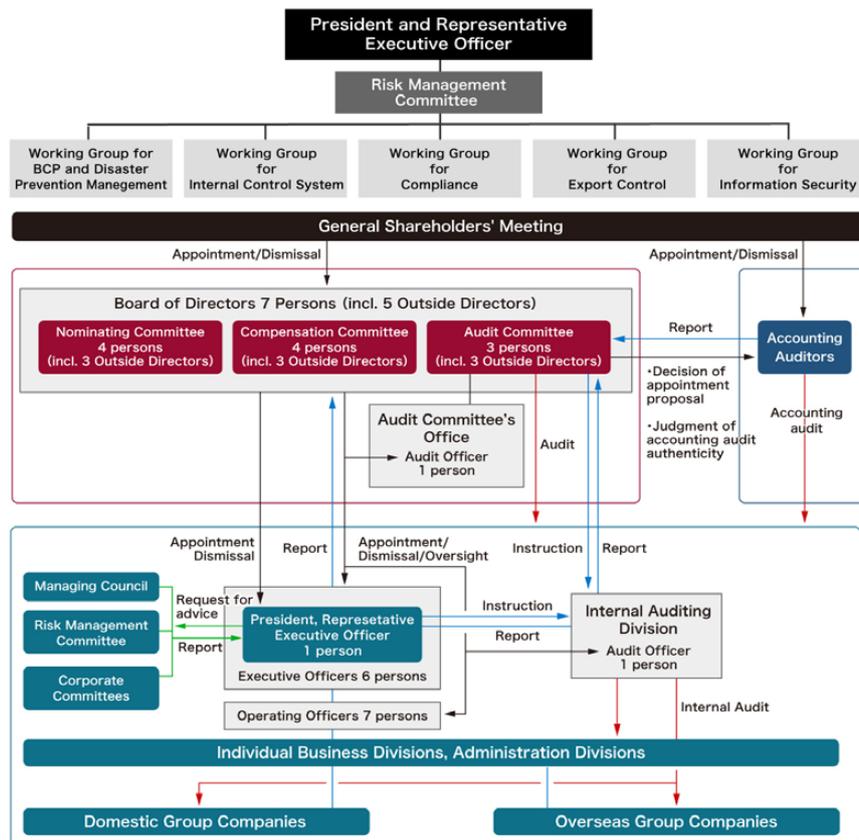
Regarding the composition of the Board of Directors, the Company has appointed a Board with three quarters (3/4) of the members from independent Outside Directors with a diversity of backgrounds and specialties, including persons with management experience in other industries. Also, by forming a Nominating 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.

Corporate Governance Structure

(as of June 24, 2020)



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Governance Organization Personnel

(Yamaha Corporation, as of June 24, 2020)

		Male	Female
Directors	Total	6	1
	Outside Directors	4	1
Executive Officers	Total	6	0
	President and Representative Executive Officer	1	0
	Managing Executive Officer	2	0
Operating Officers	Total	6	1
Audit Officers	Total	2	0
Nominating Committee Members	Total	4	0
	Outside Directors	3	0
Audit Committee Members	Total	2	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 24, 2020)

		Japan	Overseas
Directors	Total	6	1
	Outside Directors	4	1
Executive Officers	Total	6	0
	President and Representative Executive Officer	1	0
	Managing Executive Officers	2	0
Operating Officers	Total	6	1

[Directors and Officers](#)

► Directors and Board of Directors

The number of Directors of the Company is seven (7) as of June 24, 2020 (five (5) of them are Outside Directors). The Board Meeting held monthly (in principle). In keeping with its fiduciary duty, the Board of Directors presses for the Group's sustainable growth and enhancement of enterprise value over the medium-to-longer term. 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 Regulations of the Board of Directors, including basic management policy. In addition, the Board of Directors supervises overall management of the Company through overseeing the succession plan for the Chief Executive Officer and other officers, selecting the members and the chairs of the Nominating Committee, Audit Committee, and the Compensation Committee, appointing Executive Officers, Operating Officers and Audit Officers, approving transactions with related parties, and supervising the development and operation of the Internal Control Systems.

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-longer 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.

In accordance with the Article 26, Paragraph 2 of the Company's Articles of Incorporation under the Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with non-operating director to limit their liability for damages caused by negligence in executing their duties.

The Board of Directors held a total of twelve (12) meetings during the fiscal 2019 (from April 1, 2019 through March 31, 2020; the same shall apply hereinafter).

► Nominating Committee

The number of members of Nominating Committee is four (4) as of June 24, 2020 (three (3) of them are Outside 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.

The Nominating Committee held a total of three (3) meetings during the fiscal 2019.

► Audit Committee

The number of members of Audit Committee is three (3) as of June 24, 2020 (three (3) of them are Outside Directors). The chair shall be an Independent Outside Director. The Audit Committee, either working in collaboration with the Internal Auditing Division or conducting audits directly on its own initiative, audits the structure and operation of the internal control systems of the Company and other Group companies. Based on the 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 orders to 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 held a total of fourteen (14) meetings during the fiscal 2019.

► Compensation Committee

The number of members of Compensation Committee is four (4) as of June 24, 2020 (three (3) of them are Outside 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.

The Compensation Committee held a total of three (3) meetings during the fiscal 2019.

► Executive Officers

The number of Executive Officers is six (6) as of June 24, 2020 (one (1) of them is the Representative Executive Officer and two (2) of them are the Managing Executive Officers). The Executive Officers shall be responsible for the execution of business and 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.

▶ Operating Officers

The number of Operating Officers is seven (7) as of June 24, 2020. 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 by the Board of Directors or the Executive Officers, under the oversight of the Executive Officers.

▶ Audit Officers

The number of Audit Officers is two (2) as of June 24, 2020. The Audit Officers will be responsible for auditing functions in the Yamaha Group as a member of the management team at the equivalent position as 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 Directors

Title	Name	Reason for appointment
Director	Takuya Nakata	Having served in positions such as General Manager of our Pro Audio & Digital Musical Instruments Division, President and Director of Yamaha Corporation of America, Mr. Takuya Nakata has a wealth of experience and achievements alongside broad insight in business. He has led the Group as President and Representative Director since June 2013, and as Director, President and Representative Executive Officer since June 2017 after our transition to a Company with Three Committees (Nominating, Audit, and Compensation). Additionally, he has been a leader in Corporate Governance reform via initiatives such as the transition to a Company with Three Committees (Nominating, Audit, and Compensation), and has worked to strengthen the oversight function of the Board of Directors. He was appointed as a director on expectations that he would help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Director	Satoshi Yamahata	In addition to work experience at an overseas subsidiary, Mr. Satoshi Yamahata has served as General Manager of the Accounting and Finance Division, General Manager of the Corporate Planning Division, Executive General Manager of the Operations Unit, and Executive General Manager of the Corporate Management Unit, and has a wealth of experience and achievements alongside broad insight. He has promoted Corporate Governance reform as Director and Senior Executive Manager since June 2015 and as Director and Managing Executive Officer since June 2017, and has worked to strengthen the oversight function of the Board of Directors. He was appointed as a director on expectations that he would help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Director	Yoshimi Nakajima	Having been involved in management as the person responsible for the Asian region and Japanese arm of a global financial institution, Ms. Yoshimi Nakajima has a wealth of experience and achievements alongside broad insight as a corporate manager. Since assuming the position of Outside Director of the Company in June 2017, she has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on her wealth of achievements and insights, etc., as a corporate manager. She was appointed as a director on expectations that she would help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Director	Taku Fukui	With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Taku Fukui has a high degree of expertise, wealth of experience and achievements alongside broad insight. Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his high degree of expertise, wealth of achievements and insights, etc. He was appointed as a director on expectations that he would help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Director	Yoshihiro Hidaka	Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshihiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate manager. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2018, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He was appointed as a director on expectations that he would help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc., and improve the Yamaha brand value.
Director	Mikio Fujitsuka	Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate manager, as well as adequate knowledge of finance and accounting. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Director	Paul Candland	Having been involved in management as the person responsible for the Asian region and Japanese arm of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a manager. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

* Yamaha has registered five Outside Directors – Yoshimi Nakajima, Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, and Paul Candland – as independent directors pursuant to Tokyo Stock Exchange provisions (as of June 24, 2020).

Expertise held by the Company's Directors

Directors		Corporate management	Legal and risk management	Finance and accounting	IT and digital	Manufacturing, technology, and R&D	Marketing and sales	Global experience
Takuya Nakata		x			x	x	x	x
Satoshi Yamahata			x	x				x
Yoshimi Nakajima	Outside	x	x				x	x
Taku Fukui	Outside		x					x
Yoshihiro Hidaka	Outside	x		x				x
Mikio Fujitsuka	Outside	x	x	x				x
Paul Candland	Outside	x					x	x

Major Activities by Outside Directors in the Year Ended March 31, 2020

		Board of Directors	Nominating Committee	Audit Committee	Compensation Committee
Total meetings held		12	3	14	3
Outside Director Masatoshi Ito	Attended	12	3	-	3
	Attendance rate*	100%	100%	-	100%
Outside Director Yoshimi Nakajima	Attended	12	-	13	-
	Attendance rate*	100%	-	92.9%	-
Outside Director Taku Fukui	Attended	12	-	14	-
	Attendance rate*	100%	-	100%	-
Outside Director Yoshihiro Hidaka	Attended	11	3	-	-
	Attendance rate*	91.7%	100%	-	-
Outside Director Mikio Fujitsuka	Attended	10	-	11	-
	Attendance rate*	100%	-	100%	-
Outside Director Paul Candland	Attended	10	3	-	2
	Attendance rate*	100%	100%	-	100%

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

Support system for Outside Directors

In principle, materials for meetings of the Board of Directors are posted on the database system of the intranet at least three days prior to ensure that Outside Directors can share information, and each Outside Director receives explanations regarding proposals if necessary. Details of deliberations at the Managing Council and internal regulations are also shared through the same database system.

In addition, the secretariat provides Outside Directors with information regarding major events at the Company and analyst reports as needed.

Development of Internal Control System

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

► 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 with an indicator, which is contained in the medium-term management plan that gives equal weight to core operating income ratio, ROE, and EPS. Transfer restrictions shall not be lifted till the retirement of Director or Executive Officer (the transfer restrictions are effective for thirty (30) 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, 2019)

Classification	Total Compensation (Millions of Yen)	Compensation by Type (Millions of Yen)			Number of directors, auditors, and officers
		Fixed Remuneration	Performance-based bonuses	Compensation in the form of restricted stock	
Director	86	86	–	–	8
Outside Directors	52	52	–	–	7
Executive Officers	576	253	184	138	7

* The above numbers of directors include one director who retired at the conclusion of the Ordinary General Shareholders’ Meeting held on June 25, 2018.

* The total amount of compensation, etc., paid to the executive officers concurrently serving as directors is described in the section for executive officers.

Remuneration by Director (Year Ended March 31, 2019)

Name	Total Compensation (Millions of Yen)	Director category	Company category	Compensation by Type (Millions of Yen)		
				Fixed Remuneration	Performance-based bonuses	Compensation in the form of restricted stock
Takuya Nakata	195	President and Representative Executive Officer	Submitting Company	77	70	48

* Only directors whose total consolidated remuneration is ¥100 million or more are listed.

Accounting Auditor

The Company employs Ernst and Young ShinNihon LLC as its Accounting Auditor. Three certified public accountants belonging to the said audit corporation, conduct the accounting audits of the Company. The said audit corporation has already introduced a voluntary shift system for Designated and Engagement Partners in order to ensure that the duration of the engagement does not exceed a certain fixed period. In addition, another twelve (12) certified public accountants and thirty seven (37) assistants help the aforementioned two certified public accountants conduct the auditing work.

► Compensation for Accounting Auditor in Fiscal 2018 and 2019

Yamaha has applied a transitional measure outlined Points in Attention Concerning Preparation of Form 2 (56) d (f) i through iii of the Revised Cabinet Office Order on Disclosure of Corporate Affairs, etc. based on the Cabinet Office Order on the Partial Revision of Disclosure of Corporate Affairs, etc. (Cabinet Office Order No. 3, January 31, 2019), relating to compensation for accounting auditors etc.

Classification	Fiscal 2018		Fiscal 2019	
	Compensation based on audit certificate services (Millions of yen)	Compensation based on non-auditing services (Millions of yen)	Compensation based on audit certificate services (Millions of yen)	Compensation based on non-auditing services (Millions of yen)
Filing Company	73	23	145	-
Consolidated affiliates	21	19	21	19
Total	95	42	167	19

(Note) The breakdown of compensation based on the audit certification duties of the submitting company in the fiscal year ended March 31, 2019 is as follows.

- (i) Compensation for Accounting Auditors (audit compensation based on the Companies Act and the Financial Instruments and Exchange Act): ¥75 million yen
- (ii) Compensation for auditing of International Financial Reporting Standards (IFRS) comparative financial statements for the application of International Financial Reporting Standards (IFRS) for the fiscal year ended March 31, 2020: ¥69 million yen

Notes: Other important compensation:

Fiscal 2019: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 20 other companies paid ¥149 million yen in compensation based on audit certificate services and ¥27 million yen based on non-auditing services to Ernst & Young, which is affiliated with the same auditing accounting auditor network as Yamaha Corporation.

Fiscal 2018: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 17 other companies paid ¥136 million yen in compensation based on audit certificate services and ¥47 million yen based on non-auditing services to Ernst & Young, which is affiliated with the same auditing accounting auditor network as Yamaha Corporation.

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 Policies \(PDF: 300 KB\)](#) Revised on April 1, 2020

➤ [Corporate Governance Report \(PDF: 790 KB\)](#) Revised on June 24, 2020

Compliance

Compliance Management Frameworks and Promotion System

The Yamaha Group aims to achieve a high level of compliance management by conforming with laws and regulations while adhering to social norms and practicing good corporate ethics.

The Working Group for Compliance, an organization chaired by the executive general manager of the Corporate Management Unit and positioned within the Risk Management Committee, which is an advisory body to the president, is a central organization in the promotion of compliance. This working group discusses and decides on Groupwide compliance-related policies and measures. In addition, the working group is responsible for monitoring the activities of divisions and Group companies to ensure legal compliance and ethicality.

Other measures for ensuring good compliance include internal education and training programs, employee questionnaires, and the development of compliance helplines.

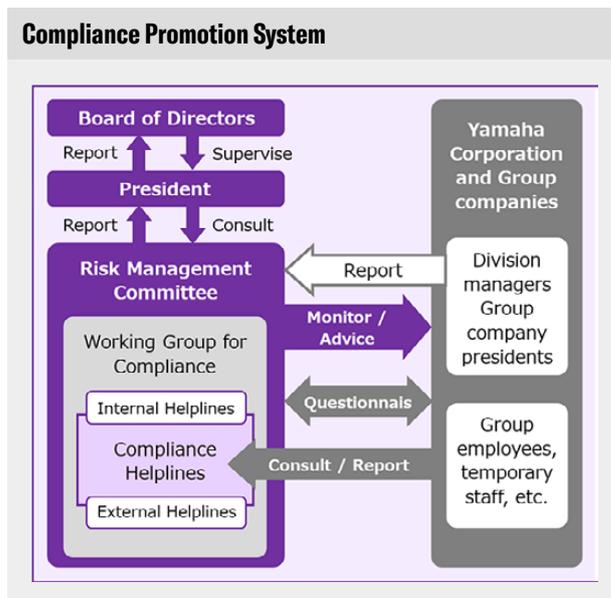
▶ Working Group for Compliance Activities

Major Activities

4 meetings in fiscal 2020

Details

- Confirmation of Groupwide compliance promotion status
- Review of activities during Compliance Improvement Month
- Promotion of Compliance Code of Conduct understanding and confirmation of dissemination status
- Expansion of external compliance helplines
- Review of activities for preventing power harassment a priority activity theme for fiscal 2020, and discussion of themes for fiscal 2021



Compliance Code of Conduct

The Compliance Code of Conduct puts forth a code for guiding the actions of all members of the Yamaha Group. Since the establishment of the code in 2003, ongoing revisions have been implemented in reflection of changes in environmental and social conditions, and the code has been translated into multiple languages as part of our efforts to strengthen compliance management.

▶ Publication of Compliance Code of Conduct Booklets

The Yamaha Group publishes and distributes to all employees in Japan (including part-time staff working under employment contracts and temporary staff) booklets that describe in detail the Compliance Code of Conduct. These booklets are used as work compliance manuals as well as education and training tools for compliance and on-the-job training. At overseas Group companies, booklets are prepared in the language of the given country based on the international booklets (Japanese- and English-language). Digital versions of all booklets are available on the Company intranet to be viewed at any time.

➤ [Compliance Code of Conduct](#)

Training and Education

► Education via Online Contents

The Yamaha Group uses accessible, easy-to-understand online contents to promote compliance education. For example, employees in Japan are given access to Compliance News, which explains concepts in four-panel comic strips; Compliance Quizzes; and Compliance Mini-tests. Available via the Company intranet, these contents are easy to understand and allow users to efficiently learn about key compliance points in a short amount of time.

► Compliance Seminars

The Yamaha Group holds compliance seminars whenever necessary. In fiscal 2020, compliance seminars based on the priority activity theme for the year—prevention of power harassment—were held at domestic Group companies. For example, a seminar by an external lecturer on the power harassment prevention knowledge required by management was held primarily for managers. In this seminar, the approximately 200 participants learned the difference between appropriate instruction of subordinates and power harassment.



Compliance seminar

Monitoring

The Working Group for Compliance conducts regular monitoring of the status of compliance systems and compliance promotion at Company divisions and Group companies to ensure that the business activities of the Yamaha Group are ethical and legally compliant. Support for corrective actions is provided as necessary.

Overview of Compliance Monitoring Activities

Scope	Yamaha Corporation divisions and 48 Group companies
Details	Reviews of compliance promotion systems, compliance helplines, and report numbers
Frequency	Once per year

Note: Figures are for the questionnaire conducted in April 2019.

Helpline Operation

The Yamaha Group has established compliance-related consultation and whistleblowing helplines. Three helplines are available for domestic Group companies, the newly established Yamaha Compliance Hotline, an external consultation venue operated by a subcontractor, as well as an internal consultation venue and a venue for consultation with an external legal firm. These helplines can be used to receive support via the Internet, telephone, fax, email, and mail. For overseas Group companies, helplines offering support via the Internet have been available in 16 languages since 2017.

Cards detailing the contact information for these helplines are distributed to employees, and this information can also be found in Compliance Code of Conduct booklets and on posters displayed in Company facilities. We also promote awareness regarding these venues through questionnaires and during training sessions.

Internal rules pertaining to the operation of compliance helplines provide provisions to protect whistleblowers by stating that earnest reporters are not to suffer reprisal as a result of reports, and training is provided on the handling of reports.

Harassment, employment issues, and other work-related matters represented the majority of consultations and reports received as of March 31, 2020. Internal rules stipulate the process to be followed when consultations or reports are received. This process includes confirming the validity of the claims, determining whether legal violations took place, and taking any necessary corrective measures.

Compliance helplines are intended primarily for regular Yamaha Group employees and temporary employees, but we also allow contracted staff to seek consultation or make reports via these helplines.

Numbers of Reports Received through Compliance Helplines

	Name Provided	Anonymous	Total
Fiscal 2016	19	7	26
Fiscal 2017	26	13	39
Fiscal 2018	34	13	47
Fiscal 2019	25	9	34
Fiscal 2020	55	11	66

Risk Management

Basic Policy

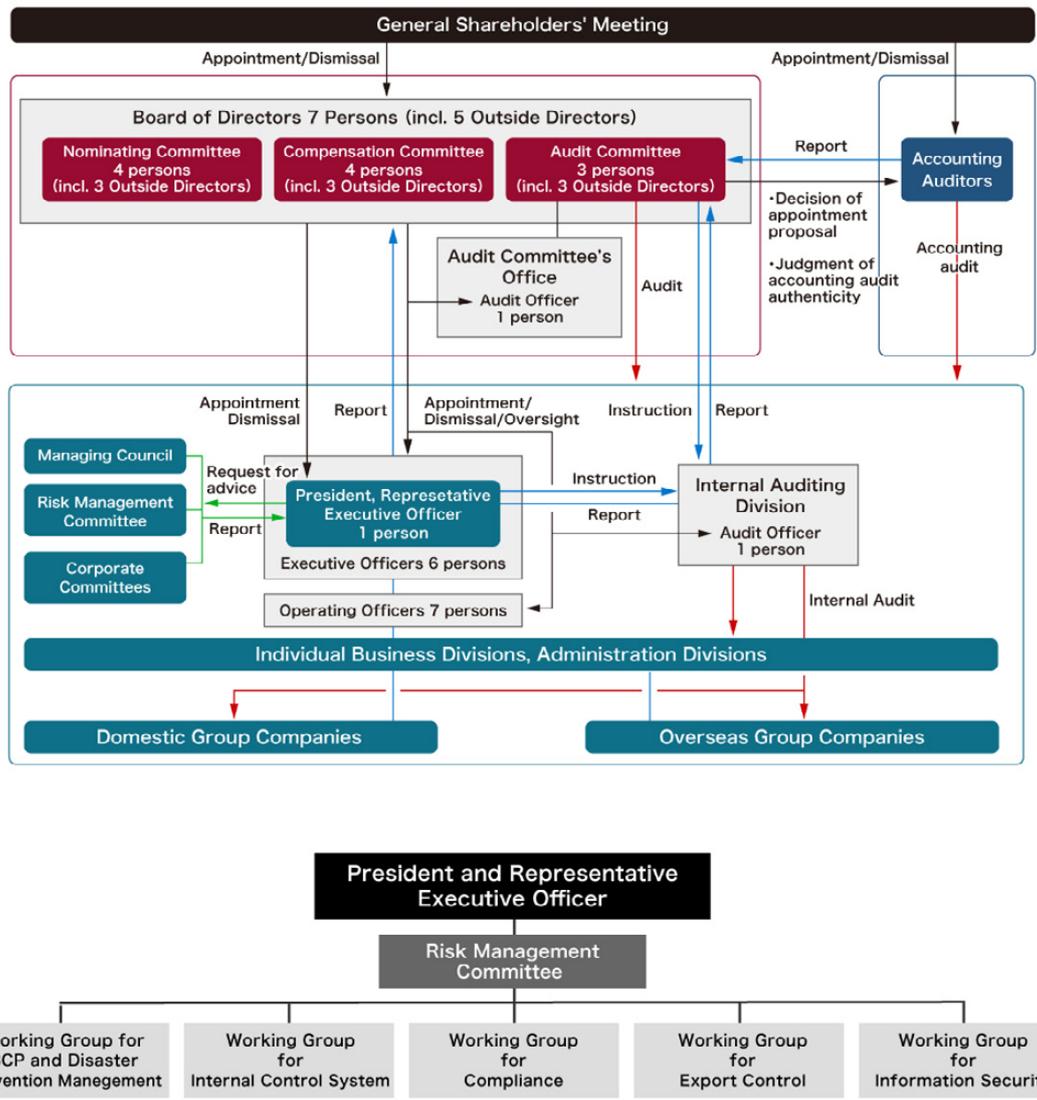
The Yamaha Group is engaged in efforts to develop and improve its risk management promotion structure and systems in order to boost risk response capabilities and to achieve healthy and transparent management. The Group implements risk management promotion based on the following policies.

1. We shall establish organizations and frameworks for risk management and work to enhance responsiveness to risk in order to maximize corporate value.
2. In risk management activities under normal circumstances, we shall identify, evaluate, and mitigate risks and conduct awareness-raising activities such as education and training to instill a greater awareness of and foster a greater sensitivity toward risks.
3. We shall prioritize people's safety when risks manifest themselves as crises and coordinate with local communities to ensure sincere, appropriate, and speedy responses to minimize adverse impacts. In addition, we shall strive to ensure the stable supply of products and services, continue business to the greatest 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.

Promotion System

Under the supervision of the Board of Directors, Yamaha Corporation has established the Risk Management Committee as an advisory body to the president and representative executive officer. The committee discusses risk management-related matters from a Companywide perspective and reports the results of these discussions to the president and representative executive officer. In addition, the Working Group for BCP and Disaster Prevention Management, Working Group for Financial Management, Working Group for Compliance, Working Group for Export Control, and Working Group for Information Security have been established under the Risk Management Committee. These working groups set activity policies and monitor activities related to important Companywide themes. The effectiveness and promotion status of risk management frameworks are verified and monitored via reports from executive officers to the Board of Directors.

Risk Management System

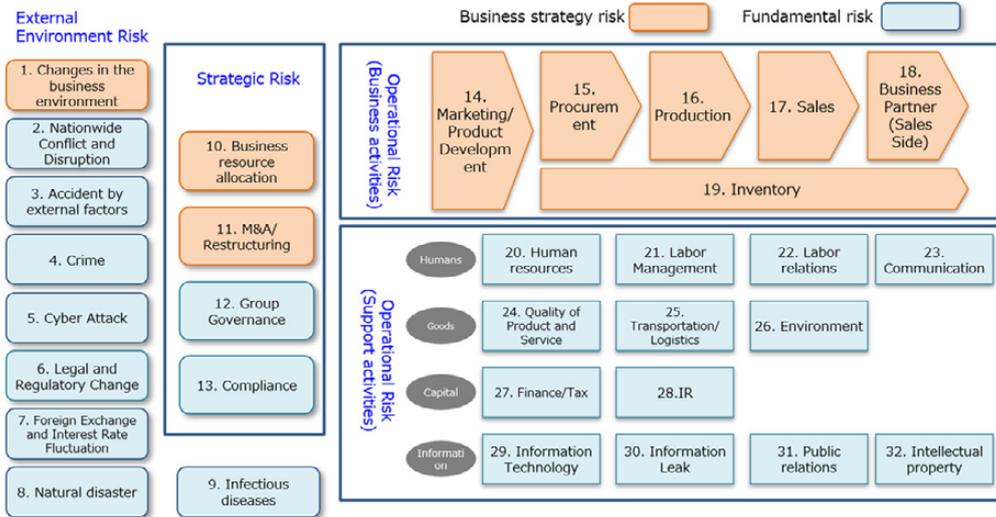


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Risk Management Initiatives

The Risk Management Committee categorizes the various risks identified in relation to the Yamaha Group’s business into four categories: operating environment risks, business strategy risks, business activity-related process risks, and management foundation-related process risks. The materiality of risks is assessed based on the projected scale of damages and frequency of materialization. In addition, the level of control is evaluated for each risk category, material risks requiring priority response are identified, and the divisions responsible for managing these risks are designated in order to promote risk mitigation activities and thereby improve overall risk control levels. The table below provides additional information on risk categories.

» Business Risk



B. Impact (Large) - Likelihood (small)		A. Impact (Large) - Likelihood (Large)	
2. Nationwide Conflict and Disruption 3. Accident by external factors 5. Cyber Attack 8. Natural disaster 9. Infectious diseases 29. Information Technology 30. Information Leak 31. Public relations	11. M&A/Restructuring	6. Legal and Regulatory Change 7. Foreign Exchange and Interest Rate Fluctuation 12. Group Governance 13. Compliance 20. HR 21. Labor management 22. Labor relations 24. Quality of Product and Service 27. Finance/Tax	1. Changes in the business Environment
D. Impact (small) – Likelihood (small)		C. Impact (small) - Likelihood (Large)	
4. Crime 25. Transportation/Logistics 26. Environment 28. IR	15. Procurement	23. Communication 32. Intellectual property	10. Business resource allocation 14. Marketing, Product Planning, Product Development 16. Production 17. Sales 18. Business Partner(Sales Side) 19. Inventory

Legend: Business strategy risk Fundamental risk

► Climate Change Countermeasures

In June 2019, the Yamaha Group declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and commenced initiatives for analyzing the impact of climate change on its finances and disclosing related information. For information regarding disclosure based on the recommendations of the TCFD, please refer to the following link.

» Endorsement of TCFD Recommendations

► Business Continuity Management

In preparation for large-scale natural disasters, fires, infectious disease pandemics, and other emergency situations, the Yamaha Group has formulated business continuity plans (BCPs) and implements other business continuity management efforts. The Working Group for BCP and Disaster Prevention Management, which is chaired by a managing executive officer and positioned under the Risk Management Committee chaired by the president and representative executive officer, has been established as an organization for formulating business continuity policies for responding to natural disasters and other emergency situations. In addition, Group policies and rules for responding to natural disasters and other emergency situations have been developed. In the event of an emergency, an emergency response headquarters will be set up to examine potential measures for ensuring Groupwide business continuity.

In addition, the Group BCP Standards establish basic policies, duties, and rules to minimize the effect on business when a risk event occurs, such as a natural disaster, through the rapid implementation of appropriate countermeasures.

Major Initiatives

	Initiatives in fiscal 2020
Basic policies and rules	Reviewed and implemented partial revisions to the Group BCP Standards and Group BCP Guidelines
BCP formulation and training	<ol style="list-style-type: none"> 1. Implemented improvements to the procedures for enacting swift business continuity measures in times of emergency in the emergency response headquarters that are responsible for Groupwide emergency response measures 2. Conducted Regional Disaster Management Headquarters and Earthquake Initial Response Training (“blind scenario” training), which puts participants in a situation in which operations are stopped immediately after a disaster occurs, since 2016 to improve the initial response capabilities of business sites; made improvements to the BCP initial response procedures manual based on training results 3. Revised, evaluated, and improved the risk-specific BCPs established for all global Group companies with a focus on initial response measures
Infrastructure development	<ol style="list-style-type: none"> 1. Established facility-specific security standards and commenced measures for reinforcing security provisions 2. Formulated Yamaha Equipment Earthquake Resistance Standards and applied standards to new equipment at the time of introduction 3. Introduced an employee safety check system and performed regular drills to ensure effectiveness in times of emergency
Other concrete initiatives	<ol style="list-style-type: none"> 1. Set up the emergency response headquarters to address the COVID-19 pandemic, which collected information from Group companies and regions around the world to be shared within the Group 2. Sent relief items to local Chinese subsidiaries 3. Revised risk provisions of BCPs of Group companies, which had previously primarily focused on earthquakes, storms, floods, and other natural disasters, to account for pandemics; future revisions to be made to provisions pertaining to stockpiles and other matters



Emergency response headquarters BCP training



Regional Disaster Management Headquarters and Earthquake Initial Response Training

► Financial Management

The Yamaha Group is globally promoting internal control activities centered around financial management, such as the Groupwide standardization of operational processes. The Working Group for Financial Management is responsible for confirming that operations across the entire Group follow the Group Management Charter and various regulations.

► Compliance

The Yamaha Group established the Working Group for Compliance to play a central role in policy-making and deliberations related to compliance matters. This working group both promotes compliance in the Group and monitors the business execution of divisions and Group companies to ensure legal compliance and ethical operations. It also executes measures to maintain healthy business activities through employee education, awareness-raising, questionnaires, and the establishment of whistleblowing and consultation helplines.

» [Compliance](#)

► Export Control

The Yamaha Group has established provisions for trade security control in its Compliance Code of Conduct as compliance measures pertaining to international trading.

» [8-3 National Security-Related Trade Control](#)

The Working Group for Export Control has been established and export control regulations and import and export procedure regulations have been formulated as part of efforts to develop a process for managing exports.

► 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. The Information Security Working Group 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 information systems as part of the Compliance Code of Conduct, we are working hard to ensure employees understand the importance of preventing inadvertent data leaks while taking precautions to protect against hacking by third parties.

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

» [Personal Information Protection](#)

► Occupational Health and Safety and Environmental Risk Management

In order to prevent occupational accidents and environmental pollution, the Yamaha Group performs risk assessments at factories and other business sites. In addition, regular monitoring, audits, emergency response training, and other activities are carried out under the guidance of dedicated occupational health and safety and environmental preservation staff members.

» [Health and Safety](#)

» [Prevention of Pollution](#)

Information Disclosure (Communication with Shareholders and Investors)

Basic Policy

In order to conduct continued transparent business operations and have these operations accurately understood by 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 factual and accurate reports of financial conditions and operational results to shareholders and government entities in accordance with laws and other regulations and disclose appropriate management information to shareholders and investors.

» [2-1 Accurate Accounting Records and Financial Reports](#)

» [2-2 Timely Disclosure of Information](#)

Investor Relations Activities

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 disclosure are set forth in the Disclosure Policy, which is available online.

[» Disclosure Policy](#)

► Website for Institutional Investors

The investor relations (IR) section of Yamaha's corporate website (available in English and Japanese) provides up-to-date information on our business, including business strategies, information on medium-term management plans, earnings reports, and financial data, along with newsletters. In fiscal 2020, the IR section of our website received a number of honors, namely a commendation award in the 2019 Internet IR Award (Daiwa Investor Relations Co. Ltd.), recognition as a AAA website in the 2019 homepage ranking of all listed companies (Nikko Investor Relations Co., Ltd.), and a silver award in the ranking of companies with superior IR websites (GOMEZ). These honors reflected the evaluation of the website's easy-to-understand navigation options and its timely provision of the information necessary for investors.

[» Investor Relations](#)

► Major IR Activities

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

Major Activities

	Target audience	Frequency	Times held in fiscal 2020
Financial results briefings	Securities analysts Institutional investors	Quarterly	4
Business briefings	Same as above	Irregularly	0
Factory/facility tours	Same as above	Irregularly	0
Individual meetings	Same as above	Approx. 200 times a year	250
Overseas investor visits	Overseas institutional investors	Three times a year (United States, Europe, and Asia)	3 (United States, Europe, and Asia)
Medium-term management plan briefings	Securities analysts Institutional investors	As needed	1
Company briefings for private investors	Private investors	Irregularly (in Japan)	6



Company briefings for private investors



Financial results briefings

Socially Responsible Investment Initiatives

Yamaha Corporation has been included in domestic and overseas Environmental, Social, and Governance (ESG) indexes*1 and ESG funds as well as all four of the ESG indexes for Japanese stocks utilized by the Government Pension Investment Fund based on the consideration it exercises for the environment and for society.

For more details, please refer to the External Recognition page.

[» External Recognition](#)

*1 ESG indexes compile companies evaluated as exhibiting excellence in terms of both profitability and sustainability and track the movements of their stock prices.



FTSE Russell (the trading name of International Limited and Frank Company) confirms that Yamaha Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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Credit Ratings

(as of March 31, 2020)

Rating and Investment Information, Inc.	A+
Japan Credit Rating Agency, Ltd.	AA-

Shareholder Returns and Retained Earnings

The Company's shareholder returns and retained earnings policies are explained in the link below.

[» Dividends and Stock Prices](#)

► Shareholder Benefits

Yamaha Corporation has introduced special incentive programs for shareholders to express our appreciation for their daily support and to foster greater understanding and support for Yamaha's business.

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