Corporate Governance Policies

Basic Policies for Corporate Governance

Yamaha Corporation and our Group companies (hereinafter referred to as “Yamaha” or “the Company” and the “Yamaha Group” or “the Group”) have issued the Yamaha Philosophy as our Corporate Philosophy and our Promises to Stakeholders, which we have made to all related parties, starting with our shareholders. By fulfilling our social responsibilities in such areas as compliance, the environment, safety, and contribution to the community even as we ensure a high level of profitability based on our global competitive prowess and increased business efficiency, we are working to ensure sustainable growth and to enhance the enterprise value over the medium-to-longer term.

To realize this vision, based on the “Basic policies for corporate governance” presented below and the policies stated in Chapter I and thereafter, along with putting in place the organizational design, operating framework, and mechanisms as well as implementing various measures to manage the Company, we are carrying out quality business management in a transparent manner through the appropriate disclosure of information.

[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

[Yamaha Philosophy]
◆ Corporate Slogan: Sharing Passion & Performance
◆ Corporate Philosophy: 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.
◆ Customer Experience*: Joy, Beauty, Confidence, Discovery
◆ Yamaha Quality*: Excellence, Authenticity, Innovation
◆ Yamaha Way*: Embrace Your Will, Stand on Integrity, Take Proactive Actions, Go Beyond the Limits, Stick to the Goals
The Customer Experience exemplifies the meaning of "Sharing Passion & Performance" from the customer’s viewpoint. When customers experience, use, or own Yamaha products and services, they should experience a profound response that will stimulate both their emotions and senses.

The Yamaha Quality is a set of criteria that supports Yamaha’s insistence on quality in products and services and our dedication to excellence in manufacturing. These criteria assist in making the Corporate Philosophy a reality.

The Yamaha Way explains the mindset that all employees of the Yamaha Group should adopt, and the manner in which they should act on a daily basis, in order to put the Corporate Philosophy into practice.

[Promises to Stakeholders]

◆ Customer-Oriented and Quality-Conscious Management
   Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional technologies as well as refined creativity and artistry.

◆ Transparent and Sound Management
   Yamaha delivers proper returns to shareholders by ensuring a solid business performance and achieves lasting development through transparent and sound management.

◆ Valuing People
   Yamaha strives to be an organization where each person’s individuality and creativity are respected and all can demonstrate their full potential through their work.

◆ Harmony with Society
   Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.
Chapter I  Securing the Rights and Equal Treatment of Shareholders

1. Securing the rights of shareholders

Pursuant to the Transparent and Sound Management pledge in our Promises to Stakeholders, Yamaha has established an environment in which shareholders can properly exercise their rights, ensuring those rights for all shareholders.

2. General Shareholders’ Meeting

Yamaha endeavors to establish an environment that ensures that there is adequate time for shareholders to exercise their voting rights for a General Shareholders’ Meeting, so that they can properly exercise their voting rights. In addition to sending the notice for the Ordinary General Shareholders’ Meetings at least three weeks in advance of the meeting date, we create an environment in which every shareholder can properly exercise his or her voting rights by disclosing the content of the notice on our website in both Japanese and English as soon as possible, holding the Ordinary General Shareholders’ Meeting on a date that avoids the concentration of shareholders’ meetings, and ensuring that it is convenient to exercise voting rights by using an electronic proxy voting platform.

3. Capital policy

Bearing in mind the objective of increasing the consolidated return on equity, based on the medium-term level of our consolidated-basis profits, Yamaha makes investments for future growth in R&D, marketing, capital equipment, and other areas, while proactively returning a portion of profits to shareholders. Yamaha’s basic policy for returns to shareholders is to pay continuing and stable dividends. However, while considering the balance between maintaining the proper level of retained earnings needed for making investments for future growth and returns to shareholders, Yamaha also implements flexible and timely returns to shareholders to enhance capital efficiency.

4. Cross-holdings

1) Basic policy concerning cross-holdings

It is Yamaha’s basic policy to have cross-holdings only to the extent that this is reasonable because it contributes to the Company’s sustainable growth and the enhancement of enterprise value over the medium-to-longer term. “Reasonable because it contributes to the Company’s sustainable growth and the enhancement of enterprise value over the medium-to-longer term” refers to enhancing the value of our brand, supporting sustainable growth, and ensuring a strong financial base by maintaining stable relationships with companies with which we have important cooperative relationships, business partners, and financial institutions.
Yamaha Motor Co., Ltd. uses the same “Yamaha” brand as the Company. Yamaha Motor Co., Ltd. and the Company have established the Joint Brand Committee, YAMAHA Brand Charter, and Joint Brand Regulations. Along with carrying out various initiatives together, initiatives in furtherance of each other’s sustainable growth are monitored appropriately through shareholdings and the assignment of directors. By building this kind of relationship of monitoring and cooperation with Yamaha Motor Co., Ltd., the Company aims to maintain and enhance the value of the “Yamaha” brand, thereby contributing to the enhancement of the Company’s enterprise value over the medium-to-longer term.

2) Basic policy concerning reduction of cross-holdings
The Board of Directors regularly reviews the reasonableness of individual cross-holdings on an ongoing basis and works to reduce cross-holdings based on such verifications as whether the purposes for such shareholdings are appropriate and whether the benefits accruing from these holdings and the risks associated with them cover the cost of capital.

3) Standards for the exercise of voting rights associated with cross-holdings
In exercising the voting rights associated with cross-holdings, the decision of how to vote is made comprehensively from the standpoint of whether the resolution enhances the enterprise value of the company in question over the medium-to-longer term, whether it is in accordance with our “Basic policy concerning cross-holdings,” and whether it leads to the enhancement of our enterprise value over the medium-to-longer term.

5. Transactions with related parties
When engaging in transactions with directors, executive officers, or close relatives thereof, necessary systems are put in place to ensure that they are not detrimental to the Company or the 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.
Chapter II  Appropriate Cooperation with Stakeholders Other than Shareholders

1. Formulation and disclosure of the Corporate Philosophy
Yamaha formulates and discloses its Yamaha Philosophy, which is an overall term that includes its Corporate Slogan, Corporate Philosophy, Customer Experience, Yamaha Quality, and Yamaha Way. Yamaha also establishes and discloses its Promises to Stakeholders to all related parties, starting with shareholders.

2. Review of code of conduct practices by the Board of Directors
Yamaha has established the Yamaha Philosophy, Promises to Stakeholders, and the Compliance Code of Conduct as our code of conduct. The status of the practical application of this code of conduct is reported to the Board of Directors.

3. Addressing sustainability issues, including social and environmental issues
Pursuant of the Harmony with Society pledge in our Promises to Stakeholders, Yamaha has established the Yamaha Corporation Group Sustainability Policy and proactively engages in sustainability activities in order to contribute to the sustainable development of society through our corporate activities, along with further strengthening the bonds of trust with our stakeholders.

4. Improving customer satisfaction
Pursuant to the Customer-Oriented and Quality-Conscious Management pledge in our Promises to Stakeholders, Yamaha constantly endeavors to share passion and performance with customers by continuing to provide new value to them that goes beyond their expectations.

5. Creating an environment in which all sorts of personnel can play an active role
Pursuant to the Valuing People pledge in our Promises to Stakeholders, Yamaha endeavors to achieve sustainable growth and enhance the enterprise value over the medium-to-longer term by taking advantage of the perspectives and values of our diverse personnel.

And, going forward, we will become even more proactive in the furtherance of diversity at the global level.
6. Internal whistle-blowing
Yamaha has established a Compliance Help Line as a conduit for internal whistle-blowing, and this help line accepts reports of violations, or potential violations, of the YAMAHA Compliance Code of Conduct, Rules of Employment, or government laws or regulations. In addition to a dedicated line within the Company, reports can also be accepted through a line at a law firm outside of the Company. Anonymous reports can also be accepted, and, along with strictly protecting confidentiality, reports are appropriately addressed after they are checked, and the response is discussed by the Working Group for Compliance of the Risk Management Committee, a Companywide committee.

7. Roles of Corporate Pension Fund as Asset Owner
To ensure that Yamaha can make pension payments now and into the future through the Pension Fund of Yamaha, Yamaha manages these pension assets by preparing policies for the composition of pension asset holdings from a medium- to long-term perspective. Decisions on fund management are made by the Committee of Representatives based on the deliberations of the Asset Management Committee. Yamaha appoints persons with the appropriate qualifications from general managers of the corporate finance divisions, human resource divisions to the Asset Management Committee and Committee of Representatives, and, to serve as representatives of the beneficiaries, also appoints senior members of Yamaha Union. In addition, Yamaha selects and appoints personnel with appropriate qualifications to serve in the Corporate Pension Fund Secretariat.

Chapter III  Ensuring Appropriate Information Disclosure and Transparency

1. Improving information disclosure
In addition to disclosing information as required by laws and regulations, including the regulations of the Tokyo Stock Exchange, Yamaha discloses information in a timely, suitable, and proactive manner through our Corporate Governance Report and other reports, which are also published in English. These reports contain our basic policies for corporate governance, including our Corporate Philosophy, business strategies, and business plans; the policies and procedures by which director candidates are nominated; descriptions of the individual appointments and nominations; the policies and procedures by which compensations for the Directors and the Executive Officers are set.

2. Ensuring proper auditing by the Accounting Auditor
The Audit Committee establishes the standards for evaluating and criteria for appointing the Accounting Auditor, and verifies the independence and expertise of the Accounting Auditor.

The Audit Committee requires the Accounting Auditor to explain whether the Accounting Auditor is adhering to the quality standards necessary to properly conduct audits.
Chapter IV  Responsibilities of the Board of Directors, Etc.

1. Corporate governance structure
Yamaha has selected the Company with Three Committees (Nominating, Audit, and Compensation) governance structure. From the Company's viewpoint, this structure is optimal for clearly separating the management oversight function and execution of business. Also, by strengthening the oversight function, this structure ensures a high level of effectiveness of the Board of Directors and realizes execution of business appropriately and with a sense of urgency.

The structure, together with the formation of a Board of Directors with a significant proportion of independent outside directors and establishment of the Nominating Committee, Audit Committee, and Compensation Committee, each with a majority of outside directors as provided by Law, allows exercise of the oversight function with transparency and objectivity.

In addition, having the Executive Officers, who bear direct responsibility to the shareholders and have been delegated authority by the Board of Directors to make major decisions for business, realizes the appropriate conduct of business with a sense of urgency.

2. Directors and Board of Directors
1) Role of the Board of Directors
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 Compensation Committee, appointing Executive Officers and Operating Officers, approving transactions with related parties, and supervising the development and operation of Internal Control Systems.

2) Composition of the Board of Directors
The makeup of the Board of Directors is diverse and comprises persons with expertise and experience who have the necessary insight, high ethical values, sense of fairness, and integrity. The Board of Directors shall have the number of people that allows the Board of Directors to perform its functions effectively and efficiently. Moreover, to exercise oversight functions with a high degree of transparency and objectivity, a significant proportion of independent outside directors on the Board of Directors shall be appointed.
3) Scope of delegation by the Board of Directors
   With the aim of achieving sustainable growth and the enhancement of enterprise value over the medium-to-longer term, the Board of Directors makes decisions on important matters as specified in laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors, including basic management policies.
   The Board of Directors delegates important decisions concerning matters of executing business, other than those above mentioned as delegated to the Executive Officers. Thereby, the Company seeks to separate the oversight and execution functions, and realize the appropriate conduct of business with a sense of urgency.

4) Analyzing and evaluating effectiveness of the Board of Directors
   The effectiveness of the Board of Directors is analyzed and evaluated through self-assessments taken by Directors, including Outside Directors. The findings of these analyses/evaluations are shared with the Board of Directors and are used as reference to improve the effectiveness of the Board of Directors.

5) Role of the Directors
   In keeping with its fiduciary duties, the Directors act to ensure the Company’s sustainable growth and enhance its enterprise value over the medium-to-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.

6) Role of the Independent Outside Directors
   In keeping with their independent status, the Independent Outside Directors perform a management oversight function, advisory function, and a conflict of interest oversight function as well as appropriately reflect the views of the stakeholders within the Board of Directors.

7) Independence requirements and concurrent service by Independent Outside Directors
   In addition to the requirements for independence established by the Companies Act and the Tokyo Stock Exchange, the Company has established its independence criteria. Additionally, if an Independent Outside Director concurrently serves as a director and other positions at a listed company other than the Company, the scope of this will be kept within reason.

8) Outside Director Meetings
   The Outside Directors regularly hold meetings for only the Outside Directors for the purpose of exchanging views based on an objective perspective and developing a shared awareness of issues.
They also regularly hold meetings to exchange ideas with the President and Representative Executive Officer.

9) Training for Directors
The necessary training is provided to the Directors on an ongoing basis. In particular, when an Outside Director takes office, opportunities are created to explain the Yamaha Philosophy, corporate governance, the system of our internal rules, and the progress on the medium-term management plan, helping them to gain an understanding of the current situation and an awareness of issues.

In addition, they gain a deeper awareness of management issues by participating in sessions such as the management meeting to review business challenges.

3. Nominating Committee
1) Roles of the Nominating Committee
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.

2) Composition of the Nominating Committee
The Nominating Committee shall have a majority of Outside Directors as members. The members of the committee and the chair shall be appointed by the Board of Directors.

3) Selection and Appointment of Directors, Etc.
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 select candidates based on personal qualities and capabilities as defined by the roles of the committee. 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 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.

4. Audit Committee

1) Roles of the Audit Committee

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.

2) Composition of the Audit Committee

The Audit Committee shall have a majority of Outside Directors as members. The members of the committee and the chair shall be appointed by the Board of Directors. The chair shall be an Independent Outside Director.

3) Securing the Effectiveness of the Audit Committee

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

4) Collaboration between the Accounting Auditor and the Internal Auditing Division

For matters where it is necessary to undertake auditing of the conduct of duties by the Executive Officers and Directors, the Audit Committee will make arrangements to ensure that sufficient and appropriate audits can be conducted, including collaboration and sharing information with the accounting auditor and the Internal Auditing Division, and engage in activities to increase auditing quality and realize the efficiency of auditing.
Internal Auditing Division must report on the results of their auditing activities themselves to the Audit Committee periodically and at other times when appropriate, and any time when there are requests for such reports from the Audit Committee.

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

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

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

5. Compensation Committee

1) Roles of the Compensation Committee
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.

2) Composition of the Compensation Committee
The Compensation Committee shall have a majority of Outside Directors as members. The members of the committee and the chair shall be appointed by the Board of Directors.

3) Decisions on Compensation
The compensation of members of the Board of Directors, excluding Outside Directors and Audit Committee members, and the compensation of the Executive Officers, excluding the officer in charge of the Internal Audit, shall consist of basic compensation and a bonus that reflects short-term Company performance. In addition to these forms of compensation, restricted stock of the Company will be paid with the objective of reflecting the medium-term performance of the Company in compensation and aligning the interests of the corporate officers with those of the shareholders. Compensation is determined by the Compensation Committee after due consideration.

Please note that that compensation of Outside Directors, director of members of the Audit Committee, and the officer in charge of the Internal Audit will consist of basic compensation only, in view of the roles these officers must play.

The compensation of Operating Officers shall be determined after deliberation in the Compensation Committee based on a similar compensation structure.
6. Executive Officers

1) Roles of 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.

2) Division of Duties
   The Representative Executive Officer will represent the Company and, with supreme duties for
   matters of the Company, will be in overall charge of business under the basic policies set by the
   Board of Directors.
   The Executive Officers will provide assistance to the Representative Executive Officer and
   will have the position and duties corresponding to general managers in charge of core divisions.

3) Management Council
   The Management Council, composed of Executive Officers, which will act as an advisory
   committee to the President and Representative Executive Officer, shall be formed to consider
   important matters related to management.

7. Operating Officers

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

2) Division of Duties
   Operating Officers will be heads of core divisions of the organization and/or be officers
   responsible for major Group companies.
Chapter V  Dialogue with Shareholders and Investors

1. Policy concerning dialogue with shareholders and investors

1) Who engages in dialogue with shareholders and investors

In order to have constructive dialogue with shareholders and investors, the Board of Directors appoints a Director responsible. If necessary, due to a request for dialogue from a shareholder or investor, the Director responsible, other Directors, Executive Officers and/or Operating Officers will appear in person to explain matters such as the capital policy or medium-term management plan to shareholders or investors in a clear and easy-to-understand manner.

2) Internal cooperation

The Legal Division, IR department, and Corporate Finance Division will cooperate and assist the Director responsible to ensure that dialogue with shareholders and investors is conducted in a reasonable and orderly manner.

3) Initiatives to engage in dialogue with shareholders and investors

In addition to the respective dialogue with shareholders and investors, the Company offers presentations on its medium-term management plan and quarterly earnings presentations as well as business briefings, facilities tours, and presentations for individual investors. The Company also posts its management plan and the explanatory materials used in earnings presentations on the Company website.

4) Reporting to the Board of Directors

The results of the dialogue with shareholders and investors are reported to the Board of Directors by the Director responsible, Executive Officers, or Operating Officers 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.

5) Measures to control insider information

Pursuant to Yamaha’s Disclosure Policy, due consideration is given to controlling insider information, and the Company endeavors to disclose information in a fair, prompt, and timely manner.

When meeting with shareholders and investors, information is provided after verifying that the information provided does not constitute insider information. The time between the day after the end of each quarter and the date of the earnings release is a “quiet period” during which we refrain from discussing earnings information.
Supplementary Provisions

1. Procedure for amending or repealing the Corporate Governance Policies
   The establishment, amendment, or repeal of these Corporate Governance Policies is subject to the approval of the Board of Directors.

2. Establishment and revision history
   Established November 25, 2015
   Revised as of April 13, 2016
   Revised as of June 22, 2016
   Revised as of June 22, 2017
   Revised as of June 25, 2018

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