

Yamaha's Approach to Human Resources

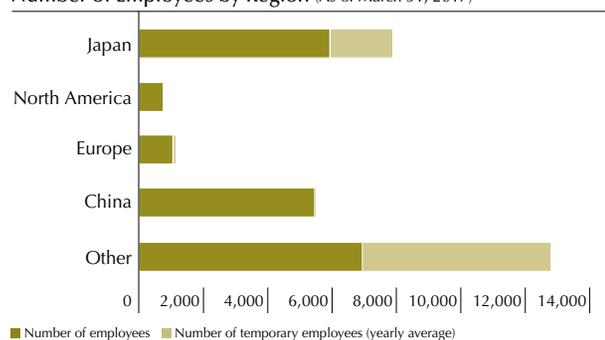
Yamaha considers human resources to be its most important management resource in supporting corporate growth. As such, the Company believes that, regardless of age, gender, or nationality, leveraging a diverse group of employees with various lifestyles, including those with time constraints due to raising children or caregiving, will help reinforce the Company's competitiveness and lead to further growth and development. In addition to ensuring fairness in the Company's hiring processes, Yamaha makes efforts so that all employees are able to demonstrate their abilities and express themselves freely, regardless of race, age, or gender. At the same time, the Company has established personnel development programs to help employees grow as professionals. In these ways, Yamaha is working to create a pleasant work environment supported by active dialogue with its employees.

Yamaha conducts its business at 53 locations throughout 31 countries, with overseas sales accounting for 66% of the Company's overall sales. As a key policy, Yamaha makes focused efforts to employ global human resources and strengthen its development of these human resources so that they can be active on

a global scale. Further, the Company is actively promoting initiatives to assign local talent to key positions at overseas subsidiaries.

As of March 31, 2017, the Yamaha Group had 20,175 employees worldwide (in addition to 7,938 temporary employees).

Number of Employees by Region (As of March 31, 2017)



Yamaha's Human Resources Development

Yamaha has in place a human resources development system that focuses equally on employee education and training and career development to create a mutually beneficial relationship between the employee and the Company. With the underlying goal of developing human resources that are active on a global scale, Yamaha implements training and education programs tailored to a specific objective in one of the following categories: Stratified Training, Strategic Personnel Development, Position-Specific Training, and Self-Development Education.

In Stratified Training, Yamaha carries out training programs in accordance with the respective career turning points of each employee. These programs work to raise the overall level of human resources by enhancing the skills of individual employees.

In Strategic Personnel Development, Yamaha offers programs designed to cultivate the next generation of core employees through the Yamaha Global Institute and the Yamaha Management Institute,

which aim to develop global human resources who will act as the backbone of the Company in the future. Yamaha also operates the Yamaha Sales Company Executive College (Y-SEC), which provides sales management training in Japan and overseas, and the Senior Specialist Institute (SSI), which conducts manufacturing management training for personnel at all Group production plants in Asia. At production sites in Japan, the Company has set up the Yamaha Advanced Skill School as well as the Technology Training Center.

For Position-Specific Training, Yamaha implements courses for craftsmanship skill development and quality management, international education programs, and core technology training programs (signal processing, sound and vibration, and materials engineering).

In Self-Development Education, Yamaha provides support for employees' self-directed studies, including through the Yamaha Business School, a correspondence education program.

Conditions of Training Programs Implemented in Fiscal 2017

	Implementation Details	Annual number of participants	Training hours per employee	Total number of lecture attendees
Stratified Training	Enhancement of skills of employees in accordance with their respective career turning points	400	15–30 hours a year	2,000 (most recent 5 years)
Yamaha Global Institute	Cultivation of core human resources who will be involved in future management (Last implemented in 2013)	17	15 days a year	51
Yamaha Management Institute	Cultivation of core human resources who will be involved in future management (Not implemented in 2016)	18	27 days a year	90
Group Production Plant Management Development program (SKIP)	Cultivation of managers at production plants (Last implemented in 2012)	6	80 days a year	26
Senior Specialist Institute (SSI)	Cultivation of human resources involved in production management	12	40 days	38
Yamaha Sales Company Executive College	Cultivation of human resources (sales office directors and managers, etc.) involved in sales management (Commenced in February 2017)	8	12 days (96 hours)	0
From-To Program	Transmission of core techniques for manufacturing musical instruments	20	—	500
Yamaha Advanced Skill School	Cultivation of managers at domestic Group production plants	16	370 hours	700
Yamaha Technology Training Center	Cultivation of human resources who will act as the backbone of domestic Group production plants	30	180 hours	1,500
Overseas / Language training	Study abroad for the purpose of learning a foreign language and improving speaking capability	2	6 months	29
Yamaha Business School (correspondence education program)	Support for the self-directed studies of employees (correspondence education)	250	—	—

Global Human Resources Development

In light of globalization and the diversification of value systems and lifestyles, Yamaha aims for self-sustaining business activities that are deeply rooted in the local communities of each region in which it operates. Under this aim, the Company promotes the utilization of its human resources on a global scale. Yamaha will establish a total of 200 key positions in Group companies and

work to better understand the core talent of each region. At the same time, the Company will promote consistent evaluations based on Groupwide standards that go beyond country or organization as well as the cross-border deployment of human resources. Also, as an important strategic theme, the Company will engage in initiatives to promptly identify and develop candidates for the key positions of the next generation.

Human Resources Development for Craftsmanship

With the aim of optimizing its production structure, Yamaha is working to better clarify the functions and roles of each Group production plant. At the same time, the Company is making efforts to develop human resources capable of craftsmanship that ensures that every product made at Yamaha Group production plants around the world maintains the concept of “Made in Yamaha,” the Company’s approach to guaranteeing the consistent quality of its products.

Yamaha positions its Group production plants in Japan as locations for manufacturing high-value-added products. As such, the Company is focusing its efforts on developing technologies that are competitive in the global market as well as steadily passing on key manufacturing techniques to employees of the younger generation. Yamaha positions China and Indonesia as key locations for the manufacture of products in affordable price ranges, such as pianos, wind instruments, string and percussion instruments, and digital musical instruments. The Company dispatches a large number of engineers and instructors from Japan to provide support and guidance in order to further improve quality and productivity at these overseas locations.

As for the initiatives the Company is taking to develop human resources who will be responsible for these support activities, Yamaha is implementing manufacturing management training, which trains management personnel at Group production plants; the Yamaha Advanced Skill School and the Technology Training Center; which develops human resources who will act as the backbone of domestic Group production plants in the next generation; and the From-To Program, which passes on core techniques for manufacturing musical instruments to the younger generation of employees. In addition, Yamaha aims for the effective management of Group production plants from a global perspective. To this end, the Company is commencing local talent development programs and manufacturing management training at overseas manufacturing subsidiaries.

Manufacturing Management Training (SKIP/SSI)

Since the 1990s, the Yamaha Group has been raising its percentage of overseas manufacturing. Currently, the Company’s overseas manufacturing subsidiaries operate at 10 locations located throughout China, Indonesia, and Malaysia. Given these circumstances, the Company recognizes the importance to train supervisors for these overseas Group production plants in order to ensure their effective management. Accordingly, Yamaha has commenced SKIP programs to develop core employees at these locations. While initial training involved developing managerial personnel, the Company has expanded its efforts to also include programs to develop local talent at these locations. To date,

74 employees from Japan, Indonesia, and China have participated in these programs.

With this global manufacturing management training, Yamaha takes participants away from their regular duties for 30 days per year during a 10-month period and, through practical onsite training, aims to have them obtain the necessary skills and knowledge to act as management personnel at manufacturing companies.



Global Production Plant Management Development program (SKIP)

From-To Program

Due to the fact that acoustic musical instrument manufacturing uses a large amount of natural materials, technicians need to make adjustments by hand and through sensitivity based on techniques underpinned by their individual experience. These sensitive adjustments are an important factor in determining the instrument’s quality. Yamaha regards the transfer of these manufacturing techniques as an important management issue. As such, the Company identified its core technologies and techniques and introduces them in the From-To Program, which started in 1999.

The From-To Program groups expert technicians with their successors to work together for nearly one year. During this time, these veteran technicians demonstrate to their successors the specific techniques and skills used in the manufacturing process. While the From-To Program represents a form of on-the-job training (OJT), the Company conducts strict progress management and evaluation to ensure that the necessary techniques are being steadily transferred. Over 500 employees have participated in the program since its introduction.



From-To Program