

TOPICS: Messages from the Outside Directors



Shigeru Nosaka

Outside Director
(Director, Executive Vice
President & CFO of Oracle
Corporation Japan)

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Two years have passed since I was appointed as an outside director at Yamaha. During this time, I have noticed that even before the formulation of Japan's Corporate Governance Code, Yamaha's corporate culture has emphasized the utilization of outside opinions within the Company's management, rather than just relying on decisions made internally. With an awareness of the importance and necessity of incorporating diverse perspectives into its management, Yamaha has been fulfilling the responsibilities it has to its stakeholders. At the same time, within the core of its corporate governance structure, the Company has firmly established the idea of bolstering a business foundation that creates new value. Amid Yamaha's transition to a Company with Three Committees (Nominating, Audit, and Compensation), the Company has had an underlying desire to not only incorporate more diverse opinions and carry out more effective decision-making, but also promote timely business execution and enhance corporate value in a sustainable manner, even within an uncertain business environment.

As for the current state of the Board of Directors, I truly believe that the Board operates with a high level of effectiveness and takes into account the opinions of the outside directors. While the inside directors respect our opinions, I feel that they could also voice their opinions more actively at Board meetings. The inside directors oversee the Company's business execution and have to take responsibility for their management decisions. As such, it is necessary to have support from an outside perspective when deciding on items that are accompanied by risk. By transitioning to a Company with

Three Committees (Nominating, Audit, and Compensation), the Company has further clarified the separation between the roles of business execution and business supervision. As such, the outside directors, including myself, will fulfill the role of monitoring, evaluating, and supporting the inside directors as they carry out the task of business execution. Going forward, I believe the Company must further enhance the effectiveness of the Board of Directors through the support of business execution by the outside directors and through efforts to encourage livelier discussion at the Board of Directors' meetings.

Guided by its technologies that create sound, Yamaha is a company with a sustainable corporate mission that involves improving its core technologies while continuing to enhance its product lineup and offer excitement to its customers. To realize this mission, it is important for Yamaha to secure profits, as they provide the source for investment. As a management indicator, Yamaha has adopted a target of maintaining ROE at the 10% level in its current medium-term management plan. To continue to achieve this level for ROE, I am aware of my responsibility to thoroughly monitor the Company's PDCA method to ensure that the new plan is carried out smoothly. I also bear the responsibility of supporting and encouraging the Company's management while keeping an eye on the balance between reinvestments for growth and capital costs. Going forward, I will continue to proactively offer advice and support for the Company as it pursues initiatives to enhance corporate value.

Masatoshi Ito

Outside Director
(Representative Director
and Chairman of the Board
of Ajinomoto Co., Inc.)



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I have been involved in the corporate governance of Yamaha as an outside director since June 2016. In my honest opinion, I feel that the Company's management operates extremely well. Yamaha's organizational design is simple, and there is only a small number of inside and outside directors. As such, I feel the Company has a very open environment that makes it easy to hold discussions. As for the proceedings of the Board of Directors' meetings, the Board selects agenda items that are of high importance and require a shared awareness among the directors, thereby eliminating unproductive debate and encouraging meaningful conversation. I believe this to be a very effective approach.

Over the past year, the Board of Directors has held numerous discussions on how to further advance governance and strengthen the Company's flexibility. These discussions eventually led to the Company's transition to a new organizational structure. I believe a key point for future discussions is how to incorporate the new frameworks of this structure into Yamaha's management while also leveraging the Company's business execution capabilities. After further clarifying the separation between the roles of business supervision and business execution, which was the main reason for this transition, the Company will work to enact frameworks that accelerate the pace of business execution.

The outside directors, who come from many different backgrounds, actively provide their opinions as members of the Board of Directors. Given my own experience, I aim to help expand business opportunities for Yamaha from the

perspectives of marketing and both domestic and overseas business development. For a company such as Yamaha that is expanding its business globally, it is important to continue to create examples of business success that are applicable in both Japan and overseas and realize results not by country, but rather through an integrated global format. I would like to fulfill my role as an outside director by offering Yamaha advice on how to enhance one more step up of their current business format.

Guided by a clear corporate philosophy that melds seamlessly with its corporate behavior, Yamaha carries out its day-to-day business activities. Going forward, I will help Yamaha devise methods of communication that help deepen the understanding of its stakeholders around the world. I will also help the Company develop frameworks for reflecting stakeholder opinions in its business activities and product development both in Japan and overseas.