

Corporate Governance

Yamaha aims to further clarify the division between the roles of business execution and business supervision within its management while bolstering the supervisory functions of the Board of Directors and increasing the pace of business execution. Guided by this aim, Yamaha transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) organizational model on June 22, 2017.

Fundamental Approach to Corporate Governance

Adopting the Yamaha Philosophy and its Promise to Stakeholders, which applies to shareholders and all other related parties, Yamaha Corporation and Yamaha Group companies are working to secure global competitiveness and a high level of profitability based on effective management. At the same time, the Company is making efforts to realize sustainable growth and improve corporate value over the medium to long term by fulfilling its social responsibilities in such areas as compliance, the environment, safety, and social contributions.

To accomplish these tasks, the Company has established institutional designs for management—in addition to an organizational structure and systems—and is implementing a wide variety of governance-related measures based on its Basic Policies for Corporate Governance, stated below. At the same time, Yamaha realizes transparent and high-quality management 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 that management is transparent
- By separating the oversight and executive functions and strengthening the oversight function, ensure that the Board of Directors is highly effective and is able to execute 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^{*1}: Joy, Beauty, Confidence, Discovery
- Yamaha Quality^{*2}: Excellence, Authenticity, Innovation

Basic Corporate Governance Structure

Yamaha has transitioned to a Company with Three Committees (Nominating, Audit, and Compensation). Yamaha deems this new organizational model to be appropriate as it will allow the Company to clarify the separation between the roles of business supervision and business execution, ensure a highly effective Board of Directors through the strengthening of oversight functions, and realize accurate and swift business execution.

Independent outside directors make up a significant proportion of outside directors, and the Company has established the

- Yamaha Way^{*3}: Embrace Your Will, Stand on Integrity, Take Proactive Actions, Go Beyond the Limits, Stick to the Goals

^{*1} 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.

^{*2} Yamaha Quality is a set of criteria that supports Yamaha's insistence on quality in products and services and the Company's dedication to excellence in manufacturing. These criteria assist in making the Corporate Philosophy a reality.

^{*3} 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.

Moreover, the organizational structure and systems that Yamaha has established for corporate governance conforms to Japan's Corporate Governance Code. Items of our organizational structure and systems that are not based on the Code are explained and disclosed in sections of our Corporate Governance Report. <https://www.yamaha.com/en/ir/governance/>

Nominating Committee, the Audit Committee, and the Compensation Committee, which are required by law to consist of a majority of outside directors. In doing so, the Company leverages supervisory functions that are highly transparent and objective.

Furthermore, the executive officers, who fulfill a direct responsibility to the shareholders, have received the authority from the Board of Directors to oversee important decision-making related to business execution, thereby allowing the Company to realize accurate and swift business execution going forward.

Board of Directors

As of June 23, 2017, there were nine members on the Board of Directors (including six outside directors). As a general rule, the Board meets once a month. Based on its fiduciary responsibilities, the Board of Directors promotes the Group's sustainable growth and corporate value improvement over the medium to long term. The Board of Directors also oversees the performance of the executive officers and directors. At the same time, the Board determines important matters required by basic management policies, laws and ordinances, the articles of incorporation, and the rules of the Board of Directors. The Company entrusts decision-making on other matters to the executive officers in an effort to separate the roles of business supervision and business execution. In doing so, the Company is able to realize accurate and swift business execution.

The Board of Directors comprises directors who possess the necessary insight to fulfill their duties and a high level of ethics, honesty, and integrity. These directors also have a diverse range of expert knowledge and experience. In terms of Board of Director size, the Company chooses an appropriate number of Board members that allows the Board to exercise its functions in an effective and efficient manner. Moreover, to ensure highly transparent and objective supervisory functions, the Company maintains a suitable balance between the number of inside and outside directors serving on the Board.

In light of its fiduciary responsibility to the Company's shareholders, the Board of Directors works to realize sustainable growth for the Company and improve corporate value over the medium to long term while also giving consideration to all of the Company's stakeholders. Through a thorough understanding of relevant rules and regulations—in addition the Company's articles of incorporation—and a sufficient amount of information gathering, the Board actively exchanges opinions and holds constructive debate at the Board of Directors' meetings.

Independent outside directors act as a supervisory function on management and conflicts of interest as well as offer advice based

on an independent and objective opinion. These directors also ensure that the opinions of stakeholders are properly reflected in the Board of Directors' actions.

Moreover, Yamaha analyzes and evaluates the Board of Directors' effectiveness through self-assessment by directors, including outside directors. The results are shared throughout the Board and used as a reference to help enhance the Board's effectiveness.

Yamaha carried out evaluations, including evaluations by outside specialists, in fiscal 2017 using the following processes.

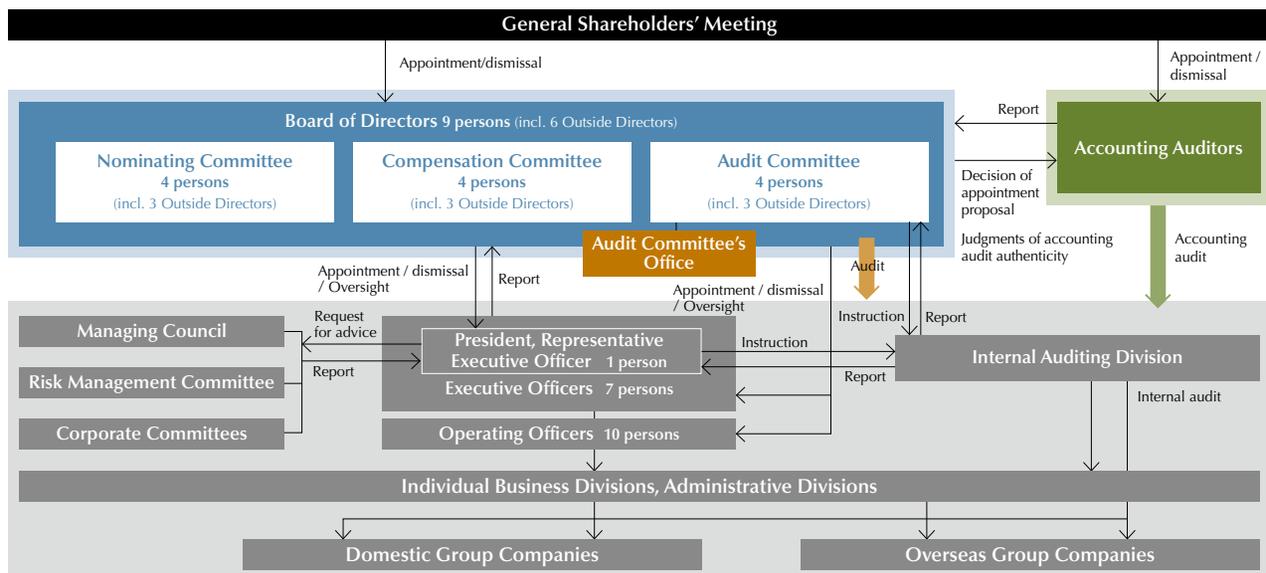
- Implementation of survey geared toward the directors and auditors regarding the "roles and responsibilities of the Board of Directors," "structure of the Board of Directors," "roles and qualities of directors," and "management of the Board of Directors"
- Evaluations, including evaluations by outside specialists, and analyses based on survey answers and individual interviews
- Evaluation of the effectiveness of the Board of Directors based on the results of these analyses as well as discussion and materialization of improvements for applicable issues

Through these processes, Yamaha assessed the Board of Directors to be effective and functioning appropriately from the following perspectives.

- The Board of Directors is made up of directors and auditors, including multiple independent outside directors, with a diverse range of perspectives and experience.
- The Board of Directors oversees the Company's management from an independent standpoint with a high level of effectiveness.
- The Board of Directors holds sincere and constructive debate on important management issues.
- Improvements have been made toward issues pointed out in the previous evaluation of the Board of Directors' effectiveness.

Meanwhile, constructive opinions were presented to further enhance the oversight functions of the Board. Based on the results of these evaluations, Yamaha will work to further improve the effectiveness of the Board of Directors by continually making improvements.

Corporate Governance Structure (As of June 23, 2017)



Reorganization of Systems and Structure to Strengthen Corporate Governance

2001 Adopted an executive officer system to separate management decision-making/supervision and execution functions

2003 Reduced the number of full-time directors from nine to eight, appointed an outside director, increased the number of outside corporate auditors from one to two, and established the Corporate Auditors' Office

2005 Clearly defined directors' management responsibilities and reduced the term of directors from two years to one year to create a system that can swiftly respond to changing business environments

2006 Adopted a group manager system that concedes business execution authority to full-time directors so they can swiftly respond to management issues

2009 Increased the number of outside corporate auditors from two to three

2010 Decreased the number of full-time directors from eight to three, increased the number of outside directors from one to two, and registered one outside director as an independent officer as stipulated by Japan's Financial Instruments and Exchange Act

2011 Reorganized Internal Auditing Division to centralize audit functions and to promote comprehensive audits

2012 Increased the number of outside directors from two to three

2014 Increased the number of full-time directors from three to four

2015 Reduced the number of full-time directors from four to three

2017 Transitioned to a Company with Three Committees (Nominating, Audit, and Compensation)

Nominating Committee

As of June 23, 2017, the Nominating Committee consisted of four members (three of whom were outside directors). Outside directors account for the majority of the Committee, whose members and chair are determined by the Board of Directors.

The Nominating Committee decides on the content of proposals regarding the appointment and dismissal of directors, which are submitted at the General Shareholders' Meeting. The Committee also determines the content of proposals for the appointment and dismissal of executive officers and operating officers, which are submitted to the Board of Directors. Furthermore, the Committee oversees succession plans for the president and representative executive officer, in addition to other important positions, through the development of human resources to serve as future directors, executive officers, and operating officers.

Nominating Committee

	Name	Position
Member	Takuya Nakata	Director
	Hiroyuki Yanagi	Outside director
	Shigeru Nosaka	Outside director
	Masatoshi Ito	Outside director

Audit Committee

As of June 23, 2017, the Audit Committee had four members (three of whom were outside directors). Outside directors comprise the majority of the Audit Committee, whose members and chair are determined by the Board of Directors. The chair of the Audit Committee is chosen from a group of independent outside officers.

The Audit Committee conducts both independent audits and audits in collaboration with the Internal Auditing Division regarding the establishment and operational status of internal control systems at the Company and Group companies. Based on the results of these audits, the Committee conducts further audits to determine the legitimacy and validity of the performance of executive officers and directors.

When deemed necessary, the Audit Committee reports and expresses opinions to the Board of Directors regarding the performance of executive officers and directors. The Committee also has the authority to demand the cessation of an executive officer or director's actions. Moreover, the Committee determines the content of proposals regarding the appointment or dismissal of accounting auditors, which are submitted at the General Shareholders' Meeting.

Yamaha appoints one full-time member to the Audit Committee in order to enhance the Committee's ability to gather internal information. In addition, the Company has established the Auditing Office as a full-time organization under the direct jurisdiction of the Audit Committee that assists the Committee with its work. The Company requires the approval of the Audit Committee to carry out evaluations, reassignments, and disciplinary action of the Auditing Office's personnel, thereby ensuring the Office's independence from the executive officers and other parties responsible for business execution.

The Audit Committee has secured a sufficiently appropriate structure for determining the necessary items to consider when auditing the performance of executive officers and directors. The system includes collaboration and information exchange with the accounting auditor and the Internal Auditing Division. Through this system, the Committee works to improve the quality and efficiency of its audits.

The Internal Auditing Division reports the results of its audits to the Audit Committee on a regular basis and additionally when necessary. At the same time, the Division must make reports to the Audit Committee at any time the Committee requests it to do so.

The Audit Committee is allowed to provide instruction regarding the audits of the Internal Auditing Division when necessary.

In the event that the instruction provided to the Internal Auditing Division by the Audit Committee regarding the content of audits conflicts with instruction provided by the president and representative executive officer, the Company gives priority to the Audit Committee's instruction.

The Audit Committee also offers its opinion on the reassignment of Internal Auditing Division managers before such reassignments take place.

Audit Committee

	Name	Position
Member	Masahito Hosoi	Director
	Junya Hakoda	Outside director
	Yoshimi Nakajima	Outside director
	Taku Fukui	Outside director

Compensation Committee

As of June 23, 2017, the Compensation Committee had four members (three of whom were outside directors). Outside directors comprise the majority of the Compensation Committee, whose members and chair are determined by the Board of Directors. The Compensation Committee has formulated the policy for determining director, executive officer, and operating officer remuneration and decides on individual remuneration amounts based on this policy.

Compensation Committee

	Name	Position
Member	Takuya Nakata	Director
	Hiroyuki Yanagi	Outside director
	Shigeru Nosaka	Outside director
	Masatoshi Ito	Outside director

Executive Officers

Yamaha appoints executive officers to oversee business execution. As of June 23, 2017, the Company had seven officers. With a Companywide perspective, the executive officers conduct

Outside Directors (As of June 23, 2017)

Name	Independent officer	Reasons for appointment	Views on their independence	Board of Directors' meetings attended
Hiroyuki Yanagi	No	<ul style="list-style-type: none"> Has excellent character and insight Has management experience as the representative director of Yamaha Motor Co., Ltd. Can be counted on to strengthen Yamaha's governance functions, improve brand value, and provide appropriate advice from an objective standpoint 	Although he has not been made an independent director due to the fact that he also serves as the representative director of Yamaha Motor, of which the Company is a major shareholder, he has been appointed as an outside director for the reasons listed.	12 of 13
Shigeru Nosaka	Yes	<ul style="list-style-type: none"> Has excellent character and insight Has management experience in other industries Can be counted on to strengthen Yamaha's governance functions and provide appropriate advice from an objective standpoint 	He has been appointed as an independent officer as he fulfills the legal and Tokyo Stock Exchange requirements for independence as well as the Company's in-house standards for evaluating officer independence.	13 of 13
Masatoshi Ito	Yes	<ul style="list-style-type: none"> Has excellent character and insight Has management experience in other industries Can be counted on to strengthen Yamaha's governance functions and provide appropriate advice from an objective standpoint 	He has been appointed as an independent officer as he fulfills the legal and Tokyo Stock Exchange requirements for independence as well as the Company's in-house standards for evaluating officer independence.	8 of 10
Junya Hakoda	Yes	<ul style="list-style-type: none"> Has excellent character and insight Is a CPA with expertise in corporate accounting Can be counted on to provide equitable and fair audits from an objective standpoint 	He has been appointed as an independent officer as he fulfills the legal and Tokyo Stock Exchange requirements for independence as well as the Company's in-house standards for evaluating officer independence.	Board of Directors' meetings 13 of 13 Board of Auditors' meetings 14 of 15

important decision-making regarding the tasks they are entrusted to execute and carry out by the Board of Directors under the Board's supervision.

The representative executive officer is the chief executive of the Company's business execution. The representative executive officer oversees the execution of the Company's business in accordance with basic policies determined by the Board of Directors. The Company had one representative executive officer as of June 23, 2017, who also serves as Company president.

The executive officers assist with the work carried out by the representative executive officer while acting as the heads of business and administrative groups, or assuming a role with an equivalent level of responsibility as the heads of such groups.

Managing Council

Yamaha established the Managing Council, comprising executive officers, which acts as an advisory body to the president and representative executive officer. In principle, the Managing Council holds meetings twice a month to engage in debate on important management issues.

Corporate Committees

The Company has established corporate committees that act as advisory bodies to the president and representative executive officer. These committees hold discussions on the direction and important themes of examinations and initiatives that are continuously carried out on a cross-organizational and management level basis. The committees report the results of these discussions to the president and representative executive officer.

Name	Independent officer	Reasons for appointment	Views on their independence	Board of Directors' meetings attended
Yoshimi Nakajima	Yes	<ul style="list-style-type: none"> · Has excellent character and considerable insight as a director · Has extensive experience in running businesses in other industries · Can be counted on to oversee and provide appropriate advice from an objective standpoint 	She has been appointed as an independent officer as she fulfills the legal and Tokyo Stock Exchange requirements for independence as well as the Company's in-house standards for evaluating officer independence.	—
Taku Fukui	Yes	<ul style="list-style-type: none"> · Has excellent character and considerable insight as a director · Is an attorney at law and is acquainted with laws and regulations · Can be counted on to oversee and provide appropriate advice from an objective standpoint 	He has been appointed as an independent officer as he fulfills the legal and Tokyo Stock Exchange requirements for independence as well as the Company's in-house standards for evaluating officer independence.	—

Note: The Company has entered into a limited liability agreement with each non-active director under Article 423, Paragraph 1 of the Companies Act. Based on this agreement, the limit of liability of such directors is set as the minimum amount stipulated by laws and regulations.

Risk Management Committee

Yamaha established the Risk Management Committee as an advisory body to the president and representative executive officer, who acts as the Committee's chair. From a Companywide perspective, the Risk Management Committee holds debate on such themes as BCP and disaster mitigation measures, internal control systems, compliance, export inspections, and information security. The results of these debates are reported to the president and representative executive officer.

Operating Officers

With a Companywide perspective, the operating officers conduct the work they are responsible for under the supervision of the executive officers and in accordance with importance decisions regarding business execution made by the Board of Directors and the executive officers. The operating officers oversee such roles as heads of important business and administrative groups and managers at important Group companies.

As of June 23, 2017, Yamaha had 10 operating officers.

Internal Audits

Yamaha established the Internal Auditing Division (11 staff members as of June 23, 2017) under the direct control of the president and representative executive officer. The Division's role is to closely examine and evaluate management and operations systems, as well as operational execution, for all management activities undertaken by the Company and Group companies from the standpoint of legality, effectiveness, and efficiency. Based on the results of these examinations and evaluations, the Division provides information and offers advice and proposals for improvement. The Company selects one member of the Internal Auditing Division to oversee internal audits in an effort to improve internal auditing functions. The Internal Auditing Division has in place a structure for close collaboration with the Audit Committee based on policies for ensuring the effectiveness of the Audit Committee's audits, which are determined by the Board of Directors. At the same time, the Division works to boost audit efficiency by keeping in close contact and conducting precise adjustments with the accounting auditors.

Support System for Outside Directors

A meeting to examine management issues is held monthly, in principle, to provide an opportunity for all directors and executive officers to discuss and share opinions regarding such matters as important management issues and the direction of business strategies. In addition, explanations on individual Board of Director proposals and items reported to the Board are provided when necessary.

Yamaha also creates opportunities at the time of appointment to explain to outside directors the Yamaha Philosophy, corporate governance systems, internal regulations, and the progress of the medium-term management plan, thereby promoting their understanding of the current situation and enhancing their recognition of management issues. When necessary, outside directors are individually provided with explanations about proposals and reports to be submitted to the Board of Directors.

With respect to agenda items at meetings of the Board of Directors and the Board of Auditors to be attended by outside corporate auditors, full-time staff members send documents and other materials to them prior to the meeting and provide explanations as necessary to enable them to perform a complete preliminary study of the agenda. With regard to other material matters, the Company strives at all times to maintain an effective auditing environment, including by providing information, supplying documentation, listening to opinions, and supporting research and data collection.

Registration of Independent Officers

Yamaha has registered outside directors Shigeru Nosaka, Masatoshi Ito, Junya Hakoda, Yoshimi Nakajima and Taku Fukui as independent officers under the provisions of the Tokyo Stock Exchange (TSE).

In addition to provisions pertaining to officer independence in Japan's Companies Act and the TSE, Yamaha has established the following in-house standards for evaluating officer independence.

- 1 If any of the following items are applicable to the individual, the Company, in principle, will not appoint him or her as an independent officer. Furthermore, if any of the following items become applicable after an individual has been appointed as an independent officer, he or she will be removed from the position.

A. Any individual who does not meet the qualification requirements for an outside director or auditor as stipulated in the Companies Act

B. Any individual who is a member of a party that places the Group as a primary business partner or does business with such a party, or any individual who is a member of a party the Group places as a primary business partner or does business with such a party

“Primary business partner” refers to a party from which, in any of the past three business years, Yamaha has received compensation that exceeds 2% of the Company’s consolidated net sales, or any party to which Yamaha has paid compensation that exceeds that 2% of that party’s consolidated net sales. “Primary business partner” also includes the top five banks that Yamaha does business with.

C. Any individual who is a primary shareholder of the Company or who does business with a primary shareholder of the Company, as well as any director or auditor of a company of which Yamaha is a primary shareholder

“Primary shareholder” refers to an individual or entity that possesses shares or interests that total over 10% of the total shares issued by the Company.

D. Any individual who has been dispatched within the Group as a director or auditor

E. Any consultant or accounting or legal expert that receives large monetary amounts or other assets from the Company, excluding director remuneration (in the event that a corporation, union, or another kind of organization is receiving the asset, this refers to individuals that are affiliated with such an organization)

“Large monetary amounts or other assets” refers to cases where the Company has made payments of over ¥10 million in any of the past three business years (in the case that the Company provided non-financial compensation, the fair market valuation at the time the compensation was provided is used).

F. Any near relative (within the second degree) of an individual to which the following is applicable

1. Any individual described in B through D
2. An individual who does business with the Company or its subsidiaries
3. An individual who was appointed as a director to which (2) was applicable to at the time that the most recent General Shareholders’ Meeting concluded

- 2 Even in the event that B, C, or D apply to an individual, if it becomes clear that there is no substantial risk of the individual creating a conflict of interest with the general shareholders, that individual may be appointed as an independent director, or avoid being removed as an independent director, using that reason.

Policy on Determining Remuneration Amounts

Director remuneration consists of a fixed compensation that is set within a limit preapproved at the General Shareholders’ Meeting, a performance-based compensation, and a director bonus that reflects short-term performance. Director remuneration also consists of a share acquisition-based compensation to enhance the incentive for directors to improve corporate value over the

medium to long term. The policy for director remuneration is determined by the Board of Directors after deliberations by the Corporate Directors Personnel Committee. Remuneration for corporate auditors is set within a limit decided on at the General Shareholders’ Meeting and is determined through deliberations among corporate auditors.

Classification	Total compensation (Millions of yen)	Compensation by Type (Millions of yen)			Number of directors and corporate auditors
		Fixed compensation	Performance-based compensation	Bonuses	
Directors (Excluding outside directors)	247	125	46	76	3
Corporate Auditors (Excluding outside corporate auditors)	60	60	—	—	2
Outside Directors and Outside Corporate Auditors	39	39	—	—	6

Notes: 1. In June 2017, the Company transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) organizational model.

2. The above list of outside directors includes a director who resigned as of the 192nd Ordinary General Shareholders’ Meeting held on June 22, 2016.

Remuneration by Director for Fiscal 2017

Name	Total compensation (Millions of yen)	Director category	Company category	Compensation by Type (Millions of yen)		
				Fixed compensation	Performance-based compensation	Bonuses
Takuya Nakata	138	President and Representative Director	Submitting Company	69	28	40

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

Remuneration for directors other than outside directors comprises (1) a fixed compensation, (2) a performance-based compensation, and (3) a director bonus.

The performance-based compensation is assessed based on the rate of year-on-year growth in return on sales (ROS), return on equity (ROE), and consolidated net sales, as well as the year-on-year improvement rate of consolidated operating income, and ranges from 0 to 50% of fixed compensation depending on individual performance. The director bonus is paid within a compensation framework predetermined at the General Shareholders' Meeting. With an upper limit of 0.5% of consolidated net income of fiscal 2016, the bonuses are calculated in correlation with net income of fiscal 2017.

In addition, since July 2015, directors have acquired 12.5% of fixed compensation in the form of the Company's shares through the Company's Director Shareholding Association and have maintained possession of those shares throughout their term of service. This will further enhance the performance incentive for directors over the medium to long term.

Remuneration for outside directors is limited to only a fixed compensation and amounts are determined taking into account such factors as whether said remuneration is in balance with that of other directors and the scale of Yamaha Corporation's business.

Remuneration for corporate auditors is limited to a fixed compensation and is kept within a limit preapproved at the General Shareholders' Meeting. Amounts are determined through consultation with the corporate auditors, taking into account such factors as whether said remuneration is in balance with that of directors and the scale of Yamaha Corporation's business.

In accordance with Yamaha's transition to a Company with Three Committees (Nominating, Audit, and Compensation), which occurred on June 22, 2017, policies for determining compensation for directors and executive officers, as well as individual compensation amounts, will be decided by the Compensation Committee.

In addition, as of July 2017, the Compensation Committee has determined the following policies for director and executive officer compensation.

Compensation for directors, excluding outside directors and directors who are Audit Committee members, and executive officers, excluding executive officers who oversee internal audits, comprises (1) a fixed compensation, (2) a performance-based bonus, and (3) a restricted stock compensation. Of these three parts, the fixed compensation accounts for roughly 50% of overall compensation, with the performance-based bonus and restricted stock compensation accounting for 30% and 20%, respectively. The performance-based bonus is connected to year-on-year growth in consolidated net income and consolidated return on equity (ROE) and is calculated after taking into consideration individual performance. Individual performance is evaluated based on business and function-specific indicators within the respective field of each director and executive officer. The restricted stock compensation has been introduced with the aim of continuously improving corporate value and sharing value with the Company's shareholders. Two-thirds of this compensation is linked to the overall business performance of the Company with the purpose of enhancing motivation for achieving the targets of the medium-term management plan. The Company has established growth in consolidated return on sales (ROS), earnings per share (EPS), and ROE, which represent key targets adopted under the medium-term management plan, as equally important indicators for evaluating business performance. Furthermore, the Company has set the restriction period for stock transfer at ten years after the conclusion of the medium-term management plan with the intention of sharing value with the shareholders over a long-term period. In accordance with the respective responsibilities of each director or executive officer, the Company has also established a clawback provision in which all or a certain amount of the accumulated restricted stock compensation is withheld in the event of improper accounting or a major profit loss.

Compensation for outside directors, directors who are Audit Committee members, and executive officers who oversee internal audits is limited to a fixed salary.

Accounting Auditor

Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor. Takahiro Takiguchi and Tomoaki Ito, CPAs of said accounting auditor firm, have performed Yamaha's accounting audit. Ernst & Young ShinNihon has voluntarily adopted a rotating

system for its managing partners and has taken measures to ensure that the number of continuous years of service does not exceed a fixed period of time. In addition, 12 CPAs and 29 staff assist with the audits.

Remuneration for Accounting Auditor in Fiscal 2016 and 2017

Classification	Fiscal 2016		Fiscal 2017	
	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	66	—	67	8
Consolidated affiliates	22	21	21	22
Total	88	21	88	30

Notes: Other important remuneration

Fiscal 2017: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 17 other companies paid ¥127 million in compensation based on audit certificate services and ¥43 million based on non-auditing services to Ernst & Young, which is affiliated with the same auditing accounting auditor network as Yamaha Corporation.

Fiscal 2016: Yamaha Corporation of America, a consolidated subsidiary of Yamaha Corporation, and 17 other companies paid ¥135 million in compensation based on audit certificate services and ¥7 million based on non-auditing services to Ernst & Young, which is affiliated with the same auditing accounting auditor network as Yamaha Corporation.

So-Called Policy Cross-Holdings

Yamaha's principle policy on the ownership of shares is to only possess shares in cases where it is reasonable to do so for the purpose of contributing to sustainable growth and medium-to long-term improvement in corporate value. Such cases refer to possessing shares to continue stable relationships with important business partners and financial institutions, which in turn will enhance brand value, support sustainable growth, and ensure a solid financial foundation.

Yamaha shares its brand with Yamaha Motor Co., Ltd. and has established a Joint Brand Committee, the Yamaha Brand Charter, and the Joint Brand Regulations between the two companies, carrying out a variety of collaborative initiatives. At the same time, through the mutual possession of shares and dispatch of directors, both companies can appropriately monitor each other's initiatives geared toward sustainable growth. Yamaha believes that by

working to maintain and improve the Yamaha brand value through this mutual monitoring and collaborative relationship with Yamaha Motor, it can contribute to improving the Company's corporate value over the medium to long term.

Also, the Board of Directors regularly and continuously verifies the reasonableness of each policy shareholding.

When voting on policy cross-holdings, the pros and cons of each proposal are comprehensively evaluated from the perspective of how the policy cross-holding will work to improve the medium-to long-term corporate value of the company concerned, rather or not the policy cross-holding conforms to Yamaha's principle policy on the ownership of shares, and how the policy shareholding will lead to improvement in the Company's corporate value over the medium to long term.

Basic Concept of the Internal Control System

The Company has established an internal control system pursuant to Japan's Companies Act and the Enforcement Regulations of the Companies Act. This system aims to improve the efficiency of the Company's business activities, ensure reporting liability and thorough compliance with laws and regulations, maintain Company assets, and enhance risk management.

Furthermore, Yamaha requires subsidiaries to establish internal controls that confirm with the Group's internal control policy, which was determined by the Company, based on the Group Management Charter, which stipulates Group management policies. In regard to decisions on certain important items, other than

management information, that impact Group management, subsidiaries are required to receive consent from the Company in advance, and must also report the results of decisions on certain items.

Yamaha has developed and put into operation internal controls for financial reporting based on implementation standards for internal control reporting systems (the Financial Instruments and Exchange Act). We will maintain and more firmly establish this internal control system to ensure the reliability of our financial reporting.

Compliance Framework

Not only does the Yamaha Group observe laws and regulations, it seeks strict compliance management that addresses social norms and corporate ethics. The Working Group for Compliance was established as a subordinate body to the Risk Management Committee, an advisory body to the president and representative executive officer, to promote and strengthen compliance in cooperation with the staff and departments in charge of laws and regulations.

In 2003, Yamaha established the Compliance Code of Conduct, a compilation of items to be strictly observed that is disseminated to all Group officers and employees (including part-time and contract employees) through worksite briefings. We also implement training sessions on a regular basis to ensure the thorough enforcement of the Code. Since its establishment, we have localized the Code by creating overseas and regional

versions based on the laws, regulations, and social norms of the countries in which our Group companies are based, and have introduced translated versions of the code at 32 companies. In 2006, 2011 and 2016, we revised the Code to respond to changes in the operating environment.

Furthermore, Yamaha conducts routine compliance surveys with the goal of raising Group employee awareness and gaining a better understanding of potential risks.

As a system for handling compliance-related inquiries and reports from employees, Yamaha has established a Compliance Help Line that connects to the Working Group for Compliance executive office and an outside attorney. The Compliance Help Line accepts inquiries not only from employees but also from interested parties including business partners.

General Shareholders' Meetings

Yamaha has positioned the General Shareholders' Meeting as the highest decision-making body of the Company. At these meetings, decisions are made on important matters and reports are given on audit results such as consolidated financial statements. As a general rule, invitations are sent out at least three weeks prior to the date the meeting is to be held. In addition, Yamaha avoids holding the meeting on dates that conflict with the meetings of other companies in an effort to have as many shareholders participate as possible.

In regard to exercising voting rights, Yamaha implements electronic voting via the Internet, in addition to conventional voting

methods via mail, in order to allow those shareholders who could not participate in the meeting the chance to vote. The Company also uses an electronic voting platform geared toward institutional investors to allow those with substantial voting rights to vote. At the General Shareholders' Meeting, business reports are made using video to deepen the understanding of the shareholders in attendance. After the meeting concludes, the Company carries out events such as a mini concert that introduces its products. In addition, items that are reported and items that are voted on are uploaded to the Company's website after the meeting finishes. https://www.yamaha.com/en/ir/shareholder_info/

Items Voted On at the Fiscal 2017 General Shareholders' Meeting

The number of votes for and against items proposed at the 193rd General Shareholders' Meeting, held on June 22, 2017, the number of abstained votes, the necessary conditions for proposed items to be approved, and the results of each proposal are as follows.

Proposal	Number of votes for	Number of votes against	Number of abstained votes	Approval percentage	Result
Proposal 1: Appropriation of surplus	1,570,512	4,273	1,969	98.3	Approved
Proposal 2: Partial revision to the Articles of Incorporation	1,569,816	4,981	1,969	98.2	Approved
Proposal 3: Election of Nine Directors					
Takuya Nakata	1,534,639	40,139	1,985	96.0	Approved
Satoshi Yamahata	1,567,906	6,877	1,985	98.1	Approved
Masahito Hosoi	1,544,706	30,073	1,985	96.6	Approved
Hiroyuki Yanagi	1,103,812	470,967	1,985	69.1	Approved
Shigeru Nosaka	1,569,103	5,680	1,985	98.2	Approved
Masatoshi Ito	1,561,543	13,238	1,985	97.7	Approved
Junya Hakoda	1,568,910	5,873	1,985	98.2	Approved
Yoshimi Nakajima	1,424,321	150,457	1,985	89.1	Approved
Taku Fukui	1,572,388	2,396	1,985	98.4	Approved

Notes: 1. The necessary conditions for each proposal to be approved are as follows.

(1) Proposal 1 requires a majority of votes in favor from the shareholders in attendance.

(2) Proposal 2 was approved at a General Shareholders' Meeting in which a minimum of one-third of shareholders with voting rights attended and with over two-thirds of votes in favor from the shareholders in attendance.

(3) Proposal 3 was approved at a General Shareholders' Meeting in which a minimum of one-third of shareholders with voting rights attended and with a majority of votes in favor from shareholders in attendance.

2. Reason why a part of votes from shareholders who attended the General Shareholders' Meeting were not included in the vote count

The requirements for passage of the resolutions have been met as a result of aggregating the number of voting rights indicating approval or rejection exercised in advance on or before the day prior to the day of this General Shareholders' Meeting and the voting rights of certain shareholders who attended the meeting and whose intention to approve or reject the propositions have been confirmed, and the resolutions were thereby enacted lawfully under the Companies Act. Accordingly, the results of the exercise of voting rights by shareholders who attended the meeting but whose intention to approve or reject the proposition or to abstain from the votes cannot be confirmed are not included in the vote count.

Investor Relations (IR)

The Company's disclosure policy is listed on its website and states that the Company aims for the fair and prompt disclosure of accurate information. Guided by this policy, the Company endeavors to actively disclose information to institutional and private investors without discrepancy in a timely manner. At the same time, Yamaha is carrying out activities to enhance investors' understanding of the Company.

In addition to holding financial results briefings for securities analysts and institutional investors, Yamaha holds explanatory meetings on its management policies and individual businesses and offers educational tours of its factories and facilities as needed. For overseas investors, the Company uploads English translations of presentation documents and Q&A sessions from events held in Japan on its website. In addition, the president and representative executive officer, as well as directors, visit investors overseas several times a year to explain the Company's

management plans and conditions of its business. In this way, the Company endeavors to promote mutual understanding through direct dialogue with investors.

Yamaha holds briefings for private investors in cities across Japan to encourage more people to become loyal fans and shareholders of the Company.

The IR manager in charge shares the opinions of shareholders and investors, which are gathered through these kinds of initiatives in communication, with the relevant internal departments. Responsible directors and executive officers report the results of their efforts to the Board of Directors in an appropriate manner and receive management-related feedback. This feedback is used to help make future improvements.

Also, the Company sets a quiet period every quarter from the quarter settling day to the day that financial results are announced in which it avoids dialogue on financial information.

Major IR Activities in Fiscal 2017

Activities		Frequency	Content
For analysts and institutional investors	Financial results briefings	4	Briefings on the results of the quarter
	Business briefings	1	Briefings on the musical instruments and audio equipment business
	One-on-one meetings	260	IR interviews
For overseas investors	Overseas roadshows	3	Visits by the president and representative director and other responsible officers (North America, Europe, Asia)
For private investors	Explanatory meetings for private investors	1	Tokyo

Business Continuity Plan (BCP)

The Risk Management Committee and its subsidiary body, the Working Group for BCP and Disaster Prevention Management, have put the necessary systems and countermeasures in place to respond to a wide range of risks.

In fiscal 2009, Yamaha formulated the BCP Guidelines—its basic Companywide policy for its business continuity plan—which is designed to enable the immediate resumption of

operations in the event of an earthquake in Japan's Tokai region, where Yamaha's headquarters are located, or another major natural disaster that could cause damage to Yamaha's buildings or facilities. In January 2012, Yamaha established various guidelines including BCP/Disaster Basic Countermeasures, Earthquake Countermeasures, and Fire Countermeasures, which update and supersede the BCP Guidelines.

Board of Directors and Corporate Officers (As of June 23, 2017)

Board of Directors



1

Takuya Nakata

Director, President and Representative Executive Officer

1981 Joined Nippon Gakki Co., Ltd.*
2005 General Manager of Pro Audio & Digital Musical Instruments Division
2006 Executive Officer
2009 Director and Executive Officer
2010 Senior Executive Officer of Yamaha Corporation
President of Yamaha Corporation of America
2013 Deputy Executive General Manager of Musical Instruments & Audio
Products Sales & Marketing Unit of Yamaha Corporation
President and Representative Director
2014 Director of Yamaha Motor Co., Ltd. (Outside Director)
(to the present)
2015 President of Yamaha Music Foundation (to the present)
2017 Executive General Manager of Musical Instruments & Audio Products
Business Unit
Director, President and Representative Executive Officer
(to the present)

2

Satoshi Yamahata

Director and Managing Executive Officer

1988 Joined Yamaha Corporation
2009 General Manager of Accounting and Finance Division
2013 Executive Officer and General Manager of Corporate Planning Division
2015 Director, Senior Executive Officer and Executive General Manager of
Operations Unit (to the present)
2016 Executive General Manager of Corporate Management Unit
(to the present)
2017 Director and Managing Executive Officer (to the present)

3

Masahito Hosoi

Director

1978 Joined Nippon Gakki Co., Ltd.*
2005 General Manager of Human Resources Division
2009 Executive Officer
2013 Senior Executive Officer and Executive General Manager of Corporate
Administration Unit
2014 Full-Time Corporate Auditor
2017 Director of Yamaha Corporation (to the present)

*Currently Yamaha Corporation

4

Hiroyuki Yanagi

Outside Director

(President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.)

-
- 1978 Joined Yamaha Motor Co., Ltd.
 - 2007 Executive Officer of Yamaha Motor Co., Ltd.
 - 2009 Senior Executive Officer of Yamaha Motor Co., Ltd.
 - 2010 President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd. (to the present)
 - 2011 Outside Director of Yamaha Corporation (to the present)

5

Shigeru Nosaka

Outside Director

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

-
- 1976 Joined Marubeni Corporation
 - 1989 Joined Apple Computer KK
 - 1996 Joined Allergan, Inc.,
Joined Japan Communications Inc. as Senior Executive Officer
 - 2002 Joined Oracle Corporation Japan, and became Director and Managing Executive Officer
 - 2005 Retired from Oracle Corporation Japan
 - 2007 Joined again as Senior Managing Executive Officer of Oracle Corporation Japan
 - 2008 Director and Senior Managing Executive Officer of Oracle Corporation Japan
 - 2011 Director and Executive Vice President of Oracle Corporation Japan (to the present)
 - 2015 Outside Director of Yamaha Corporation (to the present)

6

Masatoshi Ito

Outside Director

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

-
- 1971 Joined Ajinomoto Co., Inc.
 - 1999 Member of the Board and General Manager of Food Products Business Unit Ajinomoto Co., Inc.
 - 2003 Member of the Board of Ajinomoto Co., Inc. and President of Ajinomoto Frozen Foods Co., Inc.
 - 2006 Representative Director and Corporate Senior Vice President, and President of Food Products Company of Ajinomoto Co., Inc.
 - 2009 Representative Director, President and Chief Executive Officer of Ajinomoto Co., Inc.
 - 2015 Representative Director and Chairman of the Board of Ajinomoto Co., Inc. (to the present)
 - 2016 Outside Director of Yamaha Corporation (to the present)
Outside Director of Japan Airlines Co., Ltd. (to the present)

7

Junya Hakoda

Outside Director

-
- 1974 Joined Mitsubishi Rayon Co., Ltd.
 - 1980 Joined Pricewaterhouse CPA Office
 - 1983 Joined Aoyama Audit Corporation
 - 1984 Registered as a Certified Public Accountant
 - 2006 Representative of Arata Audit Corporation
 - 2012 Representative of Junya Hakoda & Co. (to the present)
 - 2014 Corporate Auditor (Part-Time) of Schroder Investment Management (Japan) Limited (to the present)
 - 2015 Outside Director of AEON Financial Service Co., Ltd. (to the present)
Outside Corporate Auditor of Yamaha Corporation
 - 2017 Outside Director of Yamaha Corporation (to the present)

8

Yoshimi Nakajima

Outside Director

-
- 1980 Joined The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
 - 1982 Joined AVON PRODUCTS Co., Ltd., Tokyo Japan
 - 1997 Joined Citibank N.A. as Vice President of Consumer Banking Headquarters
 - 2000 Joined Societe Generale Securities Japan Limited as Senior General Manager
 - 2002 Joined American Express International, Inc. as Vice President and Head of Global Travelers Cheques and Prepaid Services, Japan
 - 2003 Vice President, Head of Marketing, International Consumer and Small Business Services Division, Japan branch of American Express International, Inc.
 - 2011 Country Manager (President), Singapore branch of American Express International, Inc.
 - 2014 Senior Vice President, Head of Acquisition Marketing, International Consumer and Small Business Services Division, Japan branch of American Express International, Inc.
President and Representative Director of American Express Japan Co., Ltd.
 - 2016 Resigned from American Express International, Inc.
Retired as President and Representative Director of American Express Japan Co., Ltd.
 - 2017 Outside Director of Yamaha Corporation (to the present)

9

Taku Fukui

Outside Director

-
- 1987 Registered as an attorney
Joined Kashiwagi Sogo Law Offices
 - 2004 Professor of Keio University Law School (to the present)
 - 2005 Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd. (to the present)
 - 2009 Managing Partner of Kashiwagi Sogo Law Offices (to the present)
 - 2011 Supervisory Director of HEIWA REAL ESTATE REIT, Inc. (to the present)
 - 2017 Outside Director of Yamaha Corporation (to the present)

Executive Officers

President and Representative Executive Officer

Takuya Nakata

Executive General Manager of Musical Instruments & Audio Products Business Unit

Please refer to page 46 for career summaries

Managing Executive Officers

Shinobu Kawase

Executive General Manager of Musical Instruments & Audio Products Production Unit

1983 Joined Nippon Gakki Co., Ltd.*1
2004 President of Yamaha Fine Technologies Co., Ltd.
2011 General Manager of Wind, String & Percussion Instruments Division
2013 General Manager of Acoustic Musical Instruments Production Division, Musical Instruments & Audio Products Production Unit
2014 Executive Officer
2015 Senior Executive Officer
Executive General Manager of Musical Instruments & Audio Products Production Unit
2016 Managing Executive Officer
2017 Managing Executive Officer*2 (to the present)

Satoshi Yamahata

Executive General Manager of Corporate Management Unit and Operations Unit

Please refer to page 46 for career summaries

Executive Officers

Shigeki Fujii

Executive General Manager of IMC Business Unit

1983 Joined Nippon Gakki Co., Ltd.*1
2005 General Manager of Advanced System Division Center
2009 General Manager of Semiconductor Division
2013 Executive Officer
2013 Executive General Manager of IMC Business Unit
2015 Senior Executive Officer
2017 Executive Officer*2 (to the present)

Akira Iizuka

Executive General Manager of Technology Unit

1980 Joined Nippon Gakki Co., Ltd.*1
2005 General Manager of Pro Audio & Digital Musical Instruments Division
2007 General Manager of INFO-Sound Division
2009 Executive Officer
2013 General Manager of Research & Development Division, Musical Instruments & Audio Products Development Unit
2015 Executive General Manager of Technology Unit (to the present)
2016 Senior Executive Officer
2017 Executive officer*2 (to the present)

*1 Currently Yamaha Corporation

*2 The role of Executive Officer has changed from June 2017 following the transition to a Company with Three Committees (Nominating, Audit, and Compensation)

Seiichi Yamaguchi

Executive General Manager of Musical Instruments & Audio Products Sales & Marketing Unit

1985 Joined Nippon Gakki Co., Ltd.*1
2006 Director and President of Yamaha Scandinavia AB
2010 President of Yamaha Music & Electronics (China) Co., Ltd.
2013 Executive Officer
2014 General Manager of Business Planning Division, Musical Instruments & Audio Products Sales & Marketing Unit
2015 Executive General Manager of Service Business Unit
2016 Senior Executive Officer
2017 Executive General Manager of Musical Instruments & Audio Products Sales Unit
Executive Officer*2 (to the present)

Takashi Dairokuno

In charge of internal audits

1982 Joined Nippon Gakki Co., Ltd.*1
2002 Director and President of Yamaha Electronique Alsace S.A.
2005 General Manager of Pro Audio & Digital Musical Instruments Division
2011 General Manager of Human Resources Division
2012 General Manager of Human Resources & General Administration Division
2014 General Manager of Internal Auditing Division
2015 Full-Time Corporate Auditor
2017 Executive Officer*2 (to the present)

Operating Officers

Hirofumi Osawa

Senior General Manager of Audio Products Business Division, Musical Instruments & Audio Products Business Unit

Kazunori Kobayashi

President of Yamaha Music Japan Co., Ltd.

Hitoshi Fukutome

President of Yamaha Corporation of America

Teruhiko Tsurumi

Chairman and President of Yamaha Music & Electronics (China) Co., Ltd.

Kimiyasu Ito

Senior General Manager of Musical Instruments Business Division and Musical Instruments Development Division, Musical Instruments & Audio Products Business Unit

Masato Takai

Executive General Manager of Human Resources and General Administration Unit

Shinichi Takenaga

President and Director of PT. Yamaha Musik Indonesia (Distributor)

Masato Oshiki

Senior General Manager of Asia-Pacific Sales Division, Musical Instruments & Audio Products Sales Unit

Thomas Schöpe

President of Yamaha Music Europe GmbH

Takashi Haga

Corporate Managing Director of Yamaha Music India Pvt. Ltd.