Corporate Governance

Basic Policies for Corporate Governance

The Yamaha Group has adopted the Yamaha Philosophy and the Promises to Stakeholders, which apply to shareholders and all other related parties. We are working to achieve a high level of profitability based on global competitiveness and increased management efficiency, and we are also striving to fulfill our social responsibilities in such areas as compliance, the environment, safety, and social contributions. In these ways, we are working to realize sustainable growth and to improve corporate value over the medium to long term.

To that end, in accordance with our Basic Policies for Corporate Governance, we have established institutional designs for management—not only to an organizational structure and systems—and we are implementing a range of initiatives and appropriate disclosure of information. In these ways, we are working to realize transparent, high-quality business management.

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

Corporate Governance Structure

In June 2017, Yamaha transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) structure for the purpose of further clarifying the separation of management oversight and business execution functions, in addition to strengthening the oversight functions of the Board of Directors while aiming to accelerate business execution. Regarding the composition of the Board of Directors, Yamaha enhances the transparency and objectivity of oversight functions by having independent outside directors, including managers from other industries who come from various professional backgrounds, comprise three-fourths of the total (six of eight board members). Yamaha has also established the Nominating Committee, on which independent outside directors must form a majority, as well as the Audit Committee and the Compensation Committee. The Audit Committee conducts suitability audits and compliance audits while collaborating with the Internal Auditing Division with the objective of enhancing oversight functions through audits.

Yamaha has established the executive officer role as an official function under the Companies Act to bear the direct responsibility for shareholders. Executive officers have been delegated broad authorities by the Board of Directors to make important decisions pertaining to business execution, with the aim of accelerating business execution.

Overview Function

Directors and Board of Directors

As a general rule, the Board meeting is held monthly. 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—such as basic management policies—required by laws and ordinances, the articles of incorporation, and the rules of the Board of Directors. In addition, the Board of Directors supervises the overall management of the Company by overseeing the succession plan for the representative 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 structure and operation of internal control systems.

In light of its fiduciary responsibilities, the Board of Directors works to realize sustainable growth for the Company and improve corporate value over the medium to long term while giving consideration to relationships with all of the Company’s stakeholders. The directors understand relevant laws and ordinances, the articles of incorporation, etc., and take steps to gather sufficient information. On that basis, the directors actively exchange opinions and engage in constructive discussions at meetings of the Board of 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. These directors also work to appropriately reflect the views of the stakeholders within the Board of Directors.

Yamaha’s Standards for Independence

In addition to the requirements for independence established by the Companies Act and the Tokyo Stock Exchange, the Company has established its own independence standards.

For further information about the independence standards, please refer to the Corporate Governance Report.


Nominating Committee

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.

The Nominating Committee also implements the succession plan for the representative executive officer and other officers through the development of human resources to serve as directors, executive officers, and operating officers.

Process and Standards for Selecting Officers, etc.

Regarding the selection of candidates for director positions, the Nominating Committee screens candidates for inside or outside director positions based on the basic qualifications desirable for the roles, in addition to personnel requirements and taking into account their competencies, experiences, and achievements.

The Nominating Committee also compiles the nomination proposals submitted to the General Shareholders’ Meeting.

Regarding the selection of members and heads of the Nominating, Audit, and Compensation committees, the Nominating Committee screens candidates based on personnel requirements defined by the role of the committee, and it determines the content of nomination proposals submitted to the Board of Directors. The Nominating Committee elicits the opinions of the Audit Committee before selecting candidates for members and the head of the Audit Committee.

The Nominating Committee screens candidates for executive officer positions based on the basic qualifications desirable for the role, in addition to personnel requirements, taking into account their competencies, experiences, and achievements.

The Nominating Committee also compiles the nomination proposals submitted to the Board of Directors.

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Table of Directors Held by Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mikio Fujitsuka</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Yoshimi Nakajima</td>
<td>Outside Director</td>
</tr>
<tr>
<td>Masatoshi Ito</td>
<td>Executive Officer</td>
</tr>
<tr>
<td>Satoshi Yamahata</td>
<td>Outside Director</td>
</tr>
</tbody>
</table>

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Corporate Governance Structure (as of June 23, 2018)

General Shareholders’ Meeting

- Appointment of officers
- Apportionment of director’s salary

Board of Directors 8 persons

- Executive Officers 8 persons
- Operating Officers 10 persons

Nominating Committee 4 persons

- Outside Directors 3 persons
- Inside Directors 1 person

Corporate Governance Committee 4 persons

- Outside Directors 3 persons
- Inside Directors 1 person

Audit Committee 3 persons

- Outside Directors 2 persons
- Inside Directors 1 person

- Internal Auditing Division

- Audit Committee’s Office

- Managing Director
- Corporate Management Officer
- Audit Committee’s Secretary

- Accounting / Internal Audit Function
- Overseas Group Companies

- Domestic Group Companies

- Specializations Held by Directors

  - Technology and R&D
  - Manufacturing
  - Marketing
  - Marketing
  - Foundation for Growth
To assist the committee with its work, the Audit Committee’s Office has been established as a full-time organization under the direct jurisdiction of the Audit Committee. The Audit Committee instructs the head of the Audit Committee’s Office to attend important meetings and voice opinions, in addition to gathering and assessing information within the Company. To ensure the Audit Committee’s Office’s independence from the executive officers and other people responsible for business execution, the approval of the Audit Committee is required for personnel evaluations, personnel reassigment, and disciplinary actions for the Audit Committee’s Office’s personnel.

When deemed necessary, the Audit Committee enlists the help of external experts to perform audits. The President and Representative Executive Officer promotes continuous improvements in the maintenance and operation of internal control systems while periodically exchanging opinions with the Audit Committee.

Collaboration between the Accounting Auditor and the Internal Auditing Division

In regard to items necessary in auditing the conduct of duties by the executive officers and directors, the Audit Committee has secured a system that facilitates the implementation of sufficient and appropriate audits, including collaboration and sharing information with the accounting auditor and the Internal Auditing Division. The Audit Committee works to improve audit quality and to realize efficient audits. The Audit Committee is allowed to provide instructions regarding audits of the Internal Auditing Division when necessary. In the event that instructions provided to the Internal Auditing Division by the Audit Committee conflict with instructions provided by the President and Representative Executive Officer, the instructions of the Audit Committee will take precedence. In regard to the general manager reassigment of the Internal Auditing Division, the opinions of the Audit Committee will be heard in advance.

The Internal Auditing Division must report to the Audit Committee when asked, in addition to submitting periodic and timely reports on the outcomes of their audits to the Audit Committee.

Compensation Committee

The Compensation Committee has formulated the policy for determining director, executive officer, and operating officer compensation and decides on individual compensation amounts based on this policy.

Compensation System

The compensation of directors, excluding outside directors and members of the Audit Committee, and compensation of executive officers, excluding the executive officer in charge of the internal audit, consists of (1) fixed compensation, (2) performance-linked bonuses, and (3) compensation in the form of restricted stock. The approximate breakdown of total compensation of (1), (2), and (3) is 53.2%. 2) Performance-linked bonuses vary according to the Company’s consolidated profit and return on equity (ROE) in the previous fiscal year, and these bonuses are calculated with consideration for the individual’s record of performance. The evaluation of individual performance is based on indicators of performance set by business and function in each area, the individual is responsible for (3). The restricted stock compensation system has been introduced with the intent of motivating the directors and executive officers to enhance corporate value sustainability and having them share a common interest with shareholders.

Compensation based on Company performance has also been introduced to provide a motivation for reaching performance goals in the medium term, therefore two-thirds of the total amount is linked to Company performance. Performance criteria gives equal weight to the core operating profit ratio, earnings per share (EPS), and return on equity (ROE), which are contained in the medium-term management plan. For the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the medium-term management plan, restrictions on the transfer of stock cannot be lifted until the corporate officer retires (i.e., 30 years or until retirement). Furthermore, in the event of serious cases of accounting fraud or major losses during this period, depending on the responsibility of the officers in charge, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date.

Outside directors and directors who are members of the Audit Committee as well as the executive officer in charge of the internal audit receive only the fixed compensation.

Performance-Linked Bonuses

In fiscal 2019, consolidated net income and return on equity (ROE), two metrics used for setting performance-linked bonuses, were ¥43,753 million and 11.4%, respectively.

Compensation in Restricted Stock

Yamaha achieved its targets for operating income ratio of 12%, ROE at the 10% level, and EPS at the ¥400 level, which are also indicators for performance-linked compensation, under the medium-term business plan NEXT STAGE 12.

Executive Function

Representative Executive Officer

The representative executive officer represents the Company as the chief executive for Company matters and is in overall charge of business under the basic policies set by the Board of Directors.

Executive Officers

The executive officers are responsible for the execution of business.

With a Companywide perspective, they make important decisions on matters related to the execution of business matters that have been delegated to them by the Board of Directors, and they implement business execution, subject to the oversight of the Board of Directors.

Managing Council

Yamaha has established the Managing Council, which is composed of executive officers, 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 deliberate policies regarding essential topics related to examinations and initiatives that are continuously carried out on a cross-organizational and management-level basis. The committees report the results of these deliberations to the president and representative executive officer.

Risk Management Committee

Yamaha has established the Risk Management Committee as an advisory body to the president and representative executive officer. It discusses risk management-related matters from a Companywide perspective and reports the results of these discussions to the president and representative executive officer.

Notes:

1. Retired at the end of their term as of the conclusion of the 195th Ordinary General Shareholders’ Meeting held on June 24, 2019.

2. The total amount of compensation, etc., paid to the executive officer in charge of the Internal Auditing Division is ¥138 million, and the President and Representative Executive Officer is ¥184 million during the fiscal year ended March 31, 2019. (Millions of yen)

3. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal years ended March 31, 2017 and 2018.

4. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal year ended March 31, 2019.

5. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal year ended March 31, 2020.

6. Performance-link compensation is calculated with consideration for the individual’s record of performance. The evaluation of individual performance is based on indicators of performance set by business and function in each area, the individual is responsible for (3). The restricted stock compensation system has been introduced with the intent of motivating the directors and executive officers to enhance corporate value sustainability and having them share a common interest with shareholders.

7. Compensation based on Company performance has also been introduced to provide a motivation for reaching performance goals in the medium term, therefore two-thirds of the total amount is linked to Company performance. Performance criteria gives equal weight to the core operating profit ratio, earnings per share (EPS), and return on equity (ROE), which are contained in the medium-term management plan. For the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the medium-term management plan, restrictions on the transfer of stock cannot be lifted until the corporate officer retires (i.e., 30 years or until retirement). Furthermore, in the event of serious cases of accounting fraud or major losses during this period, depending on the responsibility of the officers in charge, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date.

8. Outside directors and directors who are members of the Audit Committee as well as the executive officer in charge of the internal audit receive only the fixed compensation.

9. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal year ended March 31, 2019.

10. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal year ended March 31, 2020.

11. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal year ended March 31, 2019.

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17. Performance-linked bonuses have been paid to the President and Representative Executive Officer for the fiscal year ended March 31, 2020.

Key Activities of Outside Directors (Fiscal 2019)

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of meetings held</th>
<th>No. of attendances</th>
<th>Attendance rate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>12 times</td>
<td>9 times</td>
<td>100%</td>
</tr>
<tr>
<td>Senior Directors</td>
<td>12 times</td>
<td>9 times</td>
<td>100%</td>
</tr>
<tr>
<td>ManageXto</td>
<td>12 times</td>
<td>9 times</td>
<td>100%</td>
</tr>
<tr>
<td>Jumpei Makino*</td>
<td>12 times</td>
<td>10 times</td>
<td>100%</td>
</tr>
<tr>
<td>Yoshihito Ohtsuka*</td>
<td>12 times</td>
<td>10 times</td>
<td>100%</td>
</tr>
<tr>
<td>Yutaka Numazawa</td>
<td>12 times</td>
<td>10 times</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:

*1. Defined as the total number of meetings held from the conclusion of the 195th Ordinary General Shareholders’ Meeting held on June 24, 2019.

*2. The attendance rate is calculated by dividing the total number of attendances by the number of meetings held during the period in which each person was in office.
Internal Control System, Internal Audits, Accounting Audits

Internal Control System

In order to ensure appropriate business operations, the Company has established an internal control system, as detailed below, 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 reliability and thorough compliance with laws and regulations, preserve the value of Company assets, and strengthen risk management.


Internal Auditors

Yamaha established the Internal Auditing Division (staffed by 15 people as of June 25, 2019) 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 an executive officer to be in overall charge of internal audits, with the objective of improving internal auditing functions. In addition, based on policies aimed at ensuring the effectiveness of the audits of the Audit Committee, which are decided by vote of the Board of Directors, the Internal Auditing Division has in place a structure for close collaboration with the Audit Committee. At the same time, the Division keeps in close contact and conducts precise adjustments with the accounting auditor. In these ways, the Company works to increase audit efficiency.

Accounting Auditor

Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor, and certified public accountants Toshihito Sekiguchi, Tomaaki Ito, and Toshiyuki Matsuura from Ernst & Young ShinNihon conduct the accounting audits of the Company. Ernst & Young ShinNihon has voluntarily adopted a rotating system for its managing partners in order to ensure that the number of continuous years of auditing service does not exceed a fixed period of time. A total of 13 certified public accountants and 33 other staff assist with the audit work.

Policy and Reasoning Behind Selection of Accounting Auditor

The Company’s Audit Committee has appointed Ernst & Young ShinNihon as its accounting auditor, in continuation from the previous fiscal year, as a result of its examination based on the following policy for deciding whether to dismiss or not reappoint the accounting auditor:

- Policy for Deciding Whether to Dismiss or Not Reappoint Accounting Auditor

The Company’s Audit Committee will dismiss the accounting auditor by mutual consent of all members of the committee in the event that one of the items in Article 340 1 of the Companies Act applies to the accounting auditor. The Audit Committee determines the content of proposals regarding the dismissal or non-reappointment of the accounting auditor submitted to the General Shareholders’ Meeting in the event that it is deemed necessary to change the accounting auditor, for reasons such as the accounting auditor being impeded in performing its duties based on a comprehensive analysis of the accounting auditor’s qualifications, specializations, independence, and efficiency.

Evaluation of Accounting Auditor by Audit Committee

The Company’s Audit Committee assesses the accounting auditor.

The Audit Committee deliberates and conducts a comprehensive evaluation based on committee members’ assessments of the accounting auditor’s qualifications, specializations, independence from the Company and other evaluation criteria, with due consideration paid to the state of direct communications between the Audit Committee and the accounting auditor, and reports by audited divisions about the audits conducted by the accounting auditor.

Changes in Corporate Governance

Yamaha views corporate governance as fundamental for improving the quality of overall management, and as an essential aspect of sustainable development for a corporation. Furthermore, the Company is aware of the need to constantly reform and improve corporate governance systems once they have been put into place.

Yamaha has consistently taken steps to strengthen corporate governance, such as introducing an operating officer system in 2001; appointing an outside director and establishing the nominating and compensation committees on a voluntary basis in 2003; reducing the number of inside directors and appointing multiple outside directors in 2010; and formulating the Corporate Governance Policies in 2015. To further strengthen corporate governance, in June 2017 the Company transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) structure, and in 2018, the Company appointed its first foreign national as an independent outside director.

Example of Compensation for an Officer

In 2017 Yamaha increased the ratio of performance-linked compensation for directors responsible for business execution and executive officers after completely revising the officer compensation system with the objective of aligning the values of management with shareholders and providing sound incentives that link the compensation system to enhancements in corporate value over the medium and long term while sustaining growth.

Consolidated Operating Income Ratio and Reinforcement of Governance

Yamaha continues to strengthen and improve the effectiveness of its governance system. Backed by strong oversight functions and incentives, the Company intends to increase profitability by executing its medium-term management plans with a sense of urgency.

- Reinforcement of Oversight Functions

In a bid to accelerate management, the Company has separated functions for business oversight and execution. Yamaha has reinforced oversight functions by increasing the ratio of independent outside directors. As of June 25, 2019, independent outside directors comprised 76% of members on the Board of Directors.

- Performance-Linked Compensation

In 2017 Yamaha increased the ratio of performance-linked compensation for directors responsible for business execution and executive officers after completely revising the officer compensation system with the objective of aligning the values of management with shareholders and providing sound incentives that link the compensation system to enhancements in corporate value over the medium and long term while sustaining growth.

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Yamaha Recognized with Award for Corporate Governance of the Year™ 2018 (Grand Prize Company)

In February 2019, the Japan Association of Corporate Directors (JACD) recognized Yamaha as the winner of its Grand Prize Company award for corporate governance of the Year™ 2018. This award, which began in 2015, recognizes companies that are pursuing healthy medium and long-term growth through corporate governance, and the award was concedes to encourage improvement in the profitability of Japanese companies, which is one of the aims of government’s growth strategy.

Corporation Governance is a registered trademark of the Japan Association of Corporate Directors.

Effectiveness of the Board of Directors

Analyzing and Evaluating the Effectiveness of the Board of Directors

Yamaha carried out evaluations, including evaluations by outside specialists, using the following processes:

- Implementation of a survey of directors regarding the roles and responsibilities of the Board of Directors, the structure of the Board of Directors, the roles and qualities of directors, the management of the Board of Directors, and the management of each committee.
- Evaluation and analyses, including by outside specialists, based on survey answers and individual interviews.
- Based on the results of these analyses, evaluation of the effectiveness of the Board of Directors, deliberation on the issues, and realization of improvements.

Summary of the Evaluation

- The Board of Directors comprises directors with diverse viewpoints and experience. Both the scale of the Board of Directors and the ratio of outside directors are evaluated as appropriate.
- Oversight of the management team from an independent and objective standpoint is conducted in a highly effective manner.
- Sincere and constructive discussions are being held regarding major management issues.
- Regarding awareness of those issues related to effectiveness in the previous evaluation, steps are being taken toward improvement. In particular, improvements were noteworthy in the maintenance and reporting of internal control and risk management systems, as well as the operational methodology and deliberations of the Board of Directors.

On the other hand, regarding the further strengthening of the oversight functions of the Board of Directors and the management of each committee, constructive opinions were expressed. In view of these results, the Company will continue to take initiatives toward further improvement to increase the effectiveness of the Board of Directors.

Applying Functions as Asset Owner of Corporate Pensions

Through the Yamaha Corporate Pension Fund, the Company manages pension assets based on a policy asset ratio for the longer term, designed to ensure pension benefits for retirees in the future.

Decisions regarding asset management are made by the Board of Representative Delegates with consideration paid to the deliberations of the Asset Management Committee. The Asset Management Committee and the Board of Representative Delegates are staffed by personnel with appropriate qualifications, such as managers from the Company’s finance and personnel departments. Additionally, key persons from the labor union, for example, are representatives of the beneficiaries.

The administrative office for the corporate pension fund is staffed by personnel selected for their qualifications.

Initiatives to Engage in Dialogue with Shareholders and Investors

In order to have constructive dialogue with shareholders and investors, the Board of Directors appoints a director in charge of these initiatives. If necessary, due to a request for dialogue from a shareholder or investor, the director in charge, other directors, executive officers, 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.

The Legal Division, IR Department, and Corporate Finance Division cooperate and assist the director in charge to ensure that dialogue with shareholders and investors is conducted in a reasonable and orderly manner.

In addition to the respective dialogue with shareholders and investors, the Company gives presentations on its medium-term management plan and quarterly earnings, as well as business briefings, facilities tours, and presentations for private investors. Presentation materials for business plans, results briefings, and others are always available on the Company website.

The results of the dialogue with shareholders and investors are reported to the Board of Directors by the director in charge, executive officers, or operating officers in a timely basis, and they are appropriately reflected in the management of the Company, leading to the Group’s sustainable growth and enhancing corporate value over the medium to long term. Additionally, the voting is analyzed for each resolution at the Ordinary General Shareholders’ Meeting, and this is reported to the Board of Directors.

Regarding measures to control insider information, pursuant to the Company’s Disclosure Policy, due consideration is given to controlling insider information, and we endeavor 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 disclosing earnings information.

Major IR Activities

Major IR activities in fiscal 2019 were as follows.

- Quarterly brieﬁngs for analysts and institutional investors: 4
- Interviews with ofﬁcers in charge: 2
- Visits by president and representative executive ofﬁcer, ofﬁcers in charge: 2
- Company brieﬁngs for private investors: 4
- President and Representative Executive Ofﬁcer Takuya Nakata gives a presentation at the results brieﬁng.
General Shareholders’ Meetings
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’ Meetings 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.

Items Voted On at the Ordinary General Shareholders’ Meeting
The following items were voted on at the 150th Ordinary General Shareholders’ Meeting on June 24, 2019.

Cross-Holdings
Basic Policy
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 corporate value over the medium to long term. Reasonableness, from the standpoint of contributing to the Company’s sustained growth and medium to long term improvements in corporate value, is defined as cross-holdings that help maintain relationships with important partner companies, suppliers, and financial institutions, as well as those that enhance the Company’s brand value, support sustained growth, and reinforce its financial foundation.

With regard to the reasonableness of individual cross-holdings, the Board of Directors regularly and continuously verifies whether the purposes for such shareholdings are appropriate, whether the benefits accruing from these holdings and the risks associated with them cover the cost of capital, etc., and based on the results of these verifications, the Board works to reduce 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 corporate value of the company in question over the medium to long term, whether it is in accordance with our basic policy concerning cross-holdings, and whether it leads to the enhancement of our corporate value over the medium to long term.

Status of Shareholdings
For specified equity securities, all shareholdings as of March 31, 2019, are presented in the table below. Yamaha does not have any demised shareholdings or investments in equity securities for pure investment purposes.

Investments in Equity Securities Held for Purposes Other than Pure Investment

<table>
<thead>
<tr>
<th>Number of companies and amount shown on balance sheet</th>
<th>Stock in a subsidiary company</th>
<th>Stock in other unlisted companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount of stocks in fiscal 2019, pertaining to decreases in the number of companies / shares in which shareholder were reallocated</td>
<td>2 companies</td>
<td>10 companies</td>
</tr>
<tr>
<td>Total amount of stocks reallocated in fiscal 2019, pertaining to increases in the number of companies / shares in which shareholder were reallocated</td>
<td>—</td>
<td>6 companies</td>
</tr>
</tbody>
</table>

Note: In fiscal 2018, the figures in the number of companies in which shareholder were increased reflected share acquisitions for the purpose of gathering information about information provision methods, etc., for shareholders.

Items Voted On at the 150th Ordinary General Shareholders’ Meeting (Held on June 24, 2019)

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Number of votes for</th>
<th>Number of votes against</th>
<th>Number of shares cast</th>
<th>Approval percentage</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal 1: Approval of acceptance</td>
<td>1,081,042</td>
<td>182</td>
<td>971</td>
<td>99.8</td>
<td>Approved</td>
</tr>
<tr>
<td>Proposal 2: Approval of election of eight directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tatsuo Nishida</td>
<td>1,518,626</td>
<td>85,364</td>
<td>971</td>
<td>99.3</td>
<td>Approved</td>
</tr>
<tr>
<td>Satoshi Yashinaka</td>
<td>1,574,756</td>
<td>19,629</td>
<td>971</td>
<td>98.8</td>
<td>Approved</td>
</tr>
<tr>
<td>Masahiro Nishibe</td>
<td>1,586,200</td>
<td>1,200</td>
<td>971</td>
<td>99.9</td>
<td>Approved</td>
</tr>
<tr>
<td>Yutaka Naitou</td>
<td>1,561,246</td>
<td>409</td>
<td>971</td>
<td>99.2</td>
<td>Approved</td>
</tr>
<tr>
<td>Takafumi Futui</td>
<td>1,581,251</td>
<td>303</td>
<td>971</td>
<td>99.2</td>
<td>Approved</td>
</tr>
<tr>
<td>Yoshiaki Komori</td>
<td>1,353,756</td>
<td>10,785</td>
<td>971</td>
<td>99.2</td>
<td>Approved</td>
</tr>
<tr>
<td>Mitsu Fujihara</td>
<td>1,387,627</td>
<td>297</td>
<td>971</td>
<td>99.3</td>
<td>Approved</td>
</tr>
<tr>
<td>Paul Cardon</td>
<td>—</td>
<td>240</td>
<td>971</td>
<td>99.3</td>
<td>Approved</td>
</tr>
</tbody>
</table>

Note: Necessary conditions for the approval of each proposal were as follows:

1. Proposal 1: Approval by a majority of votes in attendance and approval by a majority of the shares in attendance.
2. Proposal 2: Approval of the total number of voting rights of the shareholders in attendance and a majority of the number of voting rights by a majority of the shareholders in attendance.
3. Approval for the number of voting rights of the shareholders in attendance: Approval of the total number of voting rights by a majority of the shareholders and the number of voting rights of some of the shareholders present. Necessary conditions for the approval of each proposal were satisfied and the result was largely positive pursuant to the Company Act. Therefore, among those shareholders in attendance on the day of the meeting, the calculation did not exceed the number of voting rights for which instructions regarding approval, disapproval, or abstention were not confirmed.

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