

Risk Management

The Yamaha Group is working to establish and enhance risk management promotion systems and frameworks to improve our capability to respond to risk and to implement sound, highly transparent management.

Basic Policy

The Yamaha Group implements risk management based on the following policy.

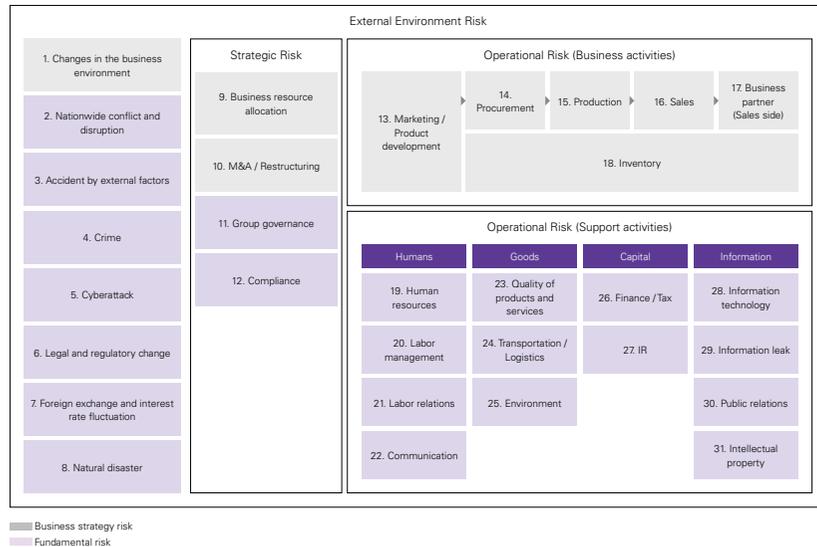
1. We shall establish a structure and framework for risk management and work to enhance responsiveness to risk and maximize corporate value.
2. We shall identify, evaluate, and reduce risk through risk management activities during ordinary times, conduct awareness-raising activities such as education and training, and instill a greater awareness of risk, fostering a greater sensitivity to risk.
3. We shall prioritize people's safety when risks manifest themselves as crises, and coordinate with the local community to ensure sincere, appropriate, and speedy response as a means to minimize all adverse impact. In

addition, we shall strive to ensure the stable supply of products and services, continue business to the greatest extent possible, and contribute to the sustainable development of society.

4. After addressing risks, we shall analyze the reasons they occurred and how they were addressed in order to ensure they do not occur again.

Classification of Risk

The Yamaha Group classifies various business risks as shown in the diagram below. Yamaha evaluates and analyzes controllable levels of risk, as well as the scope and frequency of potential risks. The Company aims to enhance the level of its risk control by advancing measures to reduce risks and designating departments responsible for dealing with risks identified as important and that should be addressed with priority.



Risk Management System

Promotion System

Yamaha Corporation has established the Risk Management Committee as an advisory body to the president and representative executive officer. The committee discusses risk management-related matters from a Companywide perspective and reports the results of these discussions to the president and representative executive officer. In addition, the Working Group for BCP and Disaster Prevention Management, Working Group for Financial Management, Working Group for Compliance, Working Group for Export Control, and Working Group for Information Security have been established under the Risk Management Committee. These working groups deliberate on important Companywide issues.

Working Group for BCP (Business Continuity Plan) and Disaster Prevention Management

In preparation for large-scale natural disasters, fires, infectious disease outbreaks, and other emergency situations, the Yamaha Group has made a number of business continuity management efforts, including the formulation of a BCP. In addition, the Group BCP Regulations establish basic policies, duties and rules to minimize the effect on business when a risk event occurs, such as a natural disaster, through the rapid implementation of appropriate countermeasures. Each base maintains its own BCP, which is evaluated and improved upon through initial response drills for earthquakes that are conducted twice a year to improve the effectiveness of BCPs.

Working Group for Financial Management

This working group focuses on global activities related to internal controls centered on financial management, such as standardizing work processes throughout the entire Group, in addition to monitoring, gathering, and managing information about issues, such as internal control checklists. For the entire Group, this working group ensures that business operations are in compliance with the Group Management Charter and various rules.

Working Group for Compliance

This working group serves as the organization with primary responsibility over the setting of policy and consideration of items concerning compliance. In addition to formulating policies for ensuring compliance within the Yamaha Group, this subcommittee monitors every department and Group company to ensure that business is being done ethically and according to the law. The working group also implements measures aimed at maintaining sound business activities. These measures include providing training and education to employees, conducting questionnaires, and setting up help lines for internal reporting and consulting.

Working Group for Export Control

Provisions for national security related trade control have been established in the Compliance Code of Conduct as rules pertaining to international trading. In addition, the Working Group for Export Control has been established, and export control regulations, regulations for import and export procedures, etc., have been formulated. We have established a work process related to export control. Yamaha conducts export control audits, keeps export control rules and systems up to date at its production bases, and ensures the appropriateness of Group export controls.

Working Group for Information Security

The leakage of personal information and other important information held by a company has the potential to not only damage third parties but also become a case of gross negligence that can harm the company's reputation. The Yamaha Group perceives information security as a critical aspect of risk management. The Working Group for Information Security has determined a policy on information management and is working to enhance the quality of this management by keeping track of the current management system while identifying vulnerabilities and guiding efforts to address them, in addition to regular security training for employees.

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