We have established the Yamaha Group Sustainability Policy, and seek to exercise the Yamaha Philosophy by engaging with stakeholders based on an understanding of the environmental and social impacts of our business activities. Through this process, we aim to help resolve the issues necessary to realize a sustainable society.

Today, numerous environmental and social risks are materializing on a global scale, placing humanity at a crossroad staring down two paths: one to a sustainable society and one to an unsustainable society. As a responsible company, Yamaha places sustainability at the heart of its management and business activities. We are thus accelerating various initiatives to help shape a sustainable society.

Sustainability Promotion System
Establishment of the Sustainability Committee
Under the guidance of the Board of Directors, Yamaha Corporation established the Sustainability Committee as an advisory body to the president in January 2021. This committee is tasked with discussing directives for Groupwide sustainability initiatives, monitoring these initiatives, and reporting to the president on these matters. Five working groups—the Working Group for Climate Change, Working Group for Resource Circulation, Working Group for Procurement, Working Group for Human Rights, D&I, and Working Group for Cultural Contributions—have been formed under the Sustainability Committee to formulate activity policies for important Groupwide themes and monitor trends in their respective areas. The working groups act on a cross-business basis by coordinating with the relevant divisions to advance activities based on the theme of their assigned area. The activity policies and measures examined by the working groups are incorporated into Companywide strategies by the Sustainability Committee, and these strategies shape the policies and measures of divisions and Group companies.

Participation in Initiatives
With a commitment to cooperating and forming ties with global society as we work toward building a sustainable society, Yamaha signed the UN Global Compact in June 2011 and is advancing its business activities based on the Ten Principles. In addition, we actively participate in subcommittees of Global Compact Network Japan as a member. The Group is also actively contributing to the accomplishment of the SDGs, which are set as a shared goal by global society, through its business activities. The goals and targets of the SDGs are emphasized in the development of products and services and in efforts to improve business processes. Specific examples of these efforts include advancing music promotion activities to contribute to Goal 4 “Quality education,” and practicing sustainable timber procurement to help achieve Goal 12 “Responsible consumption and production” and Goal 15 “Life on land.”

Sustainability Priorities
The Yamaha Group has established sustainability priorities for the medium to long term based on the impact of its business activities on the environment and society as well as on stakeholder expectations and social demands. The Make Waves 1.0 medium-term management plan defines social contribution through our business as an important strategy, and the sustainability priorities have been incorporated in the plans of business divisions. Key performance indicator (KPI) targets have been established to gauge the progress of these plans, and efforts are being made to accomplish these targets. We are also working to accomplish KPI targets for non-financial management goals related to our sustainability priorities.

Development of products and services with a focus on social and environmental issues
- Development of products and services with a focus on social and environmental issues
- Lowering of greenhouse gas emissions
- Sustainable procurement of timber
- Promotion of the "3Rs" in products
- Systematic initiatives for the respect of human rights
- Promotion of diversity and human resources development

KPI management targets established for two sustainability priorities

Corporation
Non-financial targets
- Corporate brand value: +30% Music popularization for learning musical instruments in emerging markets (cumulative total: 1 million people)
- Certified timber use: 50% of total use
Initiatives for Addressing Sustainability Priorities
Reduction of Greenhouse Gas Emissions
The Yamaha Group is engaged in the procurement of sustainable timber, the development of eco-friendly products, the reduction of greenhouse gas emissions, and other environmental preservation initiatives for the purpose of achieving harmony with the natural environment in its business activities and contributing to the accomplishment of the SDGs. Moreover, the Group has established a medium- to long-term greenhouse gas emissions reduction target, which was certified by Science Based Targets* in June 2019 as a target based on scientific rationality for limiting global warming to 2°C above pre-industrial levels. We later altered this target and then received certification from Science Based Targets, indicating it as a target based on scientific rationality for limiting global warming to 1.5°C above pre-industrial levels in September 2021. Initiatives for accomplishing this target include proactively adopting renewable energy, introducing equipment with high levels of energy efficiency, developing energy-saving products, and rationalizing distribution.

In April 2021, Yamaha began using renewable energy for 100% of the electricity purchased at its Company headquarters. We began adopting renewable energy in fiscal 2020, and the shift to renewable energy for all of the headquarters 11,000 MWh worth of annual electricity consumption is anticipated to contribute to a reduction of 4,700 tons of CO2 a year beginning in fiscal 2022.

Going forward, we will transition to renewable energy on a Groupwide basis, including overseas bases, and take other proactive steps to combat climate change in order to contribute to a carbon-neutral world.

Development of Eco-Friendly Products
The Group has established the Yamaha Eco-Products Program through which products that meet our environmental standards are adhered to using the Yamaha Eco-Label to certify an eco-friendly product. In this way, we aim to provide customers with easy-to-understand environmental-related information to aid them in their choices of products.

Eco-Products. In this way, we aim to provide customers with easy-to-understand environmental-related information to aid them in their choices of products. A total of 25 new product models were certified under the Yamaha Eco-Products Program in fiscal 2021. As of March 31, 2021, the number of certified products, including prior products, was 454, of which 70 were newly developed products bearing the Eco-Label. Sales of certified products represented 16% of total net sales in fiscal 2021.

Sustainable Timber Procurement
The Yamaha Group has established a due diligence system to prevent the procurement of timber from illegal sources, and promotes a strict certification process for the legality of timber harvesting through site visits and surveys of documents for procurement sources. In addition to environmental considerations, the Group is expanding the use of certified timber, which is produced in socially and economically sustainable forests and contributes to the advancement of the community.

The Group conducts surveys targeting all business partners from which timber was purchased to assess the place of origin, the legality of harvesting, and the sustainability of relevant resources. Based on the results, we perform stricter verification of legality for timber deemed to represent a high risk by undertaking further investigations including local site visits and assessments by a committee comprised of members of the Timber Procurement Division and the Sustainability Division. We confirmed that 99.4% volume ratio of procured timber was low risk in fiscal 2021. The Group conducts such surveys each year with the cooperation of suppliers and is aiming to achieve a 100% ratio of low-risk timber procurement. We are actively utilizing certified timber, and the Group set the goal of achieving a 50% ratio of certified timber use by fiscal 2022. Smooth progress is being made toward accomplishing this target (48% ratio of certified timber use in fiscal 2021).

Yamaha’s Initiatives
Goverance
Addressing climate change has been positioned as an important management strategy and a portion of our sustainability governance and management systems. Climate change and other important sustainability issues are discussed at meetings of the Sustainability Committee, which is an advisory body to the president established in January 2021, after which these matters are discussed and examined by the Board of Directors to make for a system of appropriate supervision by the Board of Directors. The Sustainability Committee is scheduled to meet 10 times in fiscal 2022.

Measures for responding to climate change-related risks and opportunities are discussed by the Working Group for Climate Change, a working group chaired by a managing executive officer positioned under the Sustainability Committee, and the risks of these discussions are reported to the Sustainability Committee.

Strategy
The risks and opportunities that may result from climate change or the accompanying phenomena are incorporated into the important elements of business strategies. For example, the current medium-term management plan includes among its core measures efforts to reduce greenhouse gas emissions, develop eco-friendly products, and realize sustainable timber use.

We recognize that the impacts of climate change will likely be felt over the medium to long term. Accordingly, we have defined the associated risks and opportunities from a medium- to long-term perspective looking to 2030 and beyond rather than based on the short-term time frame of the three-year medium-term management plan. The identified risks will be periodically examined and revised based on internal and external trends.

Risks and Opportunities
The Group employed the various scenarios described to determine the risks and opportunities that could occur as a result of the discontinuation of the operating environment in response to rapid climate change and the accompanying phenomena. The specific scenarios utilized were the Sustainable Development Scenario (global warming of less than 2°C above pre-industrial levels) and the NZE Scenario (net zero emissions by 2050 and global warming of 1.5°C above pre-industrial levels). The Group conducted scenario analysis under the Intergovernmental Panel on Climate Change for physical risks. Based on the results, we perform stricter verification of legality for timber deemed to represent a high risk by undertaking further investigations including local site visits and assessments by a committee comprised of members of the Timber Procurement Division and the Sustainability Division. We confirmed that 99.4% volume ratio of procured timber was low risk in fiscal 2021. The Group conducts such surveys each year with the cooperation of suppliers and is aiming to achieve a 100% ratio of low-risk timber procurement. We are actively utilizing certified timber, and the Group set the goal of achieving a 50% ratio of certified timber use by fiscal 2022. Smooth progress is being made toward accomplishing this target (48% ratio of certified timber use in fiscal 2021).

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Endorsement of TCFD Recommendations
Rapid climate change poses a major threat to humanity and to all life-forms on earth. We recognize that helping combat this threat and contributing to the decarbonization of society are corporate responsibilities and important management issues.

In fiscal 2019, the Group declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and commenced initiatives for analyzing the risks and opportunities for its business created by climate change. This information is reflected in management strategies, and information on the financial implications of these risks and opportunities is disclosed.
Physical Risks
Global warming threatens to change the environments in which the timber we procure is produced. The Group undertook an investigation that looked at the major tree species from which we procure timber and was based on an academic thesis. This investigation indicated a possibility that the environments in which several of these tree species are cultivated might shrink as a result of global warming. Should it become difficult to procure timber from these tree species, resulting in increases in raw material prices, it would constitute a business risk. For this reason, we will carefully monitor circumstances related to the production of these tree species in the future and make preparations so that, should it be deemed that our operations might be impacted by these circumstances, we will be able to quickly shift to alternative tree species.

With regard to floods and other risks, we completed establishment of business continuity plans for all Yamaha business sites around the world. We have also taken precautionary measures such as installing drainage equipment to safeguard against damages from typhoons, floods, and other natural disasters projected on an individual business site basis. In addition, we have implemented measures such as revising the locations and structure of Company business sites and even external warehouses. Based on the results of scenario analyses leveraged of RCP 6.5 (global warming of 4°C above pre-industrial levels) and projected one-in-a-century flooding in 2050, the risk of major Yamaha Group bases becoming submerged has been determined to be low (there are no bases in river or coastal flood zones with the potential to experience flooding of more than one meter above floor level).

Opportunities
Climate change-related opportunities for Yamaha include the potential for increased demand for its products as consumers limit movement to help combat climate change or face restrictions on outdoor activities due to rising temperatures. Specifically, it is possible that demand will grow for all varieties of musical instruments as well as for communications equipment. In addition, the trend toward decentralization could drive the popularization of EVs, leading to increased sales of high-end in-vehicle speaker systems to customers seeking to enjoy high-quality music in their quiet vehicles.

Results of Scenario Analyses

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact Level</th>
<th>Risks and Opportunities</th>
<th>Risk Management Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>Risks</td>
<td>Role of difficulties in procuring timber because of competitive withdrawing from the timber business due to the decarbonization trends</td>
<td>The Risk Management Committee has been established as an advisory body to the president, and regular evaluations and analyses are performed on the potential damages, frequency, and control levels of risks. This process is used to facilitate ongoing improvements in risk control levels by identifying risks and designing the division responsible for managing these risks. In addition, the Working Group for BCP and Disaster Prevention Management has been set up under the Risk Management Committee to establish business continuity plans and implement other business continuity management initiatives to address the physical risks associated with natural disasters.</td>
</tr>
<tr>
<td></td>
<td>Risks</td>
<td>Role of additional costs due to institution or increase of carbon prices</td>
<td>The procurement of renewable energy is imperative to achieving significant reductions in emissions. A key strategy of the Company’s Scope 1 and Scope 2 emissions are associated with electricity, meaning that increased use of renewable energy will be crucial to reducing emissions.</td>
</tr>
<tr>
<td></td>
<td>Risks</td>
<td>Role of additional costs due to increased procurement of renewable energy</td>
<td>The procurement of renewable energy is imperative to achieving significant reductions in emissions.</td>
</tr>
<tr>
<td></td>
<td>Opportunities</td>
<td>Opportunities availed increased production demand as people limit movement to combat climate change</td>
<td>There has been a trend toward people limiting their movement due to climate change, and it is possible that this trend may continue going forward. This transition from indoor to outdoor activity may create opportunities by increasing demand for Yamaha’s communication equipment (telephone, router, etc.) and for guitars and other types of musical instruments.</td>
</tr>
</tbody>
</table>

Metrics and Targets
The Company has set the medium-term targets of reducing total Scope 1 and Scope 2 greenhouse gas emissions by 55% and total Scope 3 greenhouse gas emissions by 30% from fiscal 2018 levels by fiscal 2031. In addition, we have set a long-term target of achieving carbon neutrality by fiscal 2051. These targets have been science-based targets established as part of Science-Based Targets initiative’s science-based targets for limiting global warming to 1.5°C above pre-industrial levels. On a short-term basis, we have established the target of reducing CO₂-emissions per unit of product by 1% or more each year at major domestic business sites.

Risk Management
The Risk Management Committee has been established as an advisory body to the president, and regular evaluations and analyses are performed on the potential damages, frequency, and control levels of risks. This process is used to facilitate ongoing improvements in risk control levels by identifying risks and designing the division responsible for managing these risks. In addition, the Working Group for BCP and Disaster Prevention Management has been set up under the Risk Management Committee to establish business continuity plans and implement other business continuity management initiatives to address the physical risks associated with natural disasters.
HUMAN RIGHTS
The Yamaha Group believes that human rights form the basis for responsible business activities. To help realize a society in which everyone is respected, we remain keenly aware of our responsibility with this regard and promote respect for the human rights of all stakeholders touched by our value chain.

Basic Policy
Based on the United Nations Guiding Principles on Business and Human Rights, the Yamaha Group strives to comply with international norms pertaining to human rights, including those described in the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. In 2018, the Company created the Yamaha Group Human Rights Policy, which displays our thoughts and responsibilities regarding respect for human rights and describes our commitment to practicing human rights due diligence, based on internationally respected human rights standards, to prevent human rights violations throughout the Group’s business activities. This policy shapes our business activities as well as our efforts to educate and promote awareness of human rights.

Among the five working groups established under the Sustainability Committee, which is an advisory body to the president, in January 2021, were the Working Group for Human Rights, DM and the Working Group for Procurement. These working groups discuss the direction for human rights initiatives and monitor the status of due diligence across the supply chain and in other areas. In addition, Yamaha has defined “systematic initiatives for the respect of human rights” among its sustainability priorities, and we are establishing systems and frameworks and implementing initiatives for preventing human rights violations across the supply chain accordingly.

Promotion of Human Rights Due Diligence
The Yamaha Group is committed to responsibly addressing the potential impacts of its business activities on human rights. To this end, we assess our activities across the value chain based on international norms on human rights and on the self-assessment items of the UN Global Compact and actively engage in dialogue with stakeholders and experts. Through this process, we identify and specify the human rights risks apparent in our business. We also work to identify the material human rights issues faced in different industries through participation in the Stakesholder Engagement Program of Caux Round Table Japan. Our involvement in this project has helped us identify issues related to human rights issues pertaining to raw material procurement (illegal logging), workers in the Group and across the supply chain, customers (product and service safety, protection of personal information), and the residents of communities in which the Group has business sites.

Through inspections of our operations focused on these issues, we were able to supplement the Group’s rules and regulations by including items deemed necessary from a human rights perspective. In the future, the Group will continue to monitor the status of compliance with its rules and regulations as part of its efforts to implement comprehensive risk assessments.

Human Rights Education
The Yamaha Group encourages all employees to view human rights as an issue that directly relates to them, and human rights education programs are implemented to help us exercise our corporate responsibility to respect human rights. Specific training activities include workplace readings of the Yamaha Human Rights Guidebook, internal seminars, training, and study sessions; and information provision and quizzes through the Company intranet. Through these activities, we aim to improve employee awareness regarding human rights.

In addition, the Guidelines for Labor and Human Rights contain provisions for human rights training and stipulate that the human rights of everyone working at the Group are to be respected while also providing guidance on enabling employees to exercise autonomy and creativity in their work. Awareness regarding these guidelines is being promoted and the degree to which the guidelines have been disseminated is monitored.

Supply Chain Human Rights Initiatives
The Yamaha Group promotes sustainability throughout the entire supply chain in areas such as product and service development, raw material procurement, manufacturing, selling, and recycling, and steps to prevent human rights violations are implemented across the supply chain.

Yamaha products are primarily manufactured by Yamaha Group companies with bases in Japan, China, Indonesia, Malaysia, and India. The status of labor conditions, occupational health and safety, and environmental management at Group companies that function as production sites is monitored by dedicated staff members from the Company. These staff members offer support for developing frameworks and advice for implementing improvements with regard to these matters to facilitate countermeasures against risks of violations to the human rights of employees or local residents. When procuring raw materials and components, these Group companies select suppliers according to the standards set in the Yamaha Group Purchasing Philosophy. Moreover, Group companies are expected to use contracts and other methods of ensuring adherence to the Yamaha Supplier CSR Code of Conduct, which contains items pertaining to labor, human rights, the environment, and corporate ethics. Inspections for ascertaining compliance with this code of conduct are conducted when transactions are commenced with new suppliers and on a regular basis thereafter. Corrective measures are implemented and transactions are reconsidered as necessary.

The following initiatives are carried out to ensure respect for human rights across the supply chain:
• Define the need for human rights and CSR measures in the selection requirements for suppliers
• Require that suppliers comply with the Yamaha Supplier CSR Code of Conduct, which defines practices related to human rights and labor specifically in contracts
• Request that suppliers carry out self-assessment based on the code of conduct (correction requested as needed) as part of human rights due diligence

For more information on the Yamaha Group Human Rights Policy, please refer to the following websites:

Efforts to Combat Conflict Mineral Issues
Tin, tantalum, tungsten, gold, and other mineral resources mined in the Democratic Republic of the Congo and neighboring countries are referred to as conflict minerals as they may be the source of funds for armed groups violating human rights through inhumane acts such as violence and plunder. The Yamaha Group works to procure minerals that play no part in the violation of human rights or environmental destruction. We respond to customer requests to conduct investigations regarding conflict minerals, and also ask suppliers to avoid the use of conflict minerals based on the Yamaha Supplier CSR Code of Conduct.

Prevention of Harassment
The Yamaha Group has defined in its Compliance Code of Conduct its strict prohibition of harassment, an act that undermines people’s human rights. Also, our work regulations make it clear that harassment is a form of misconduct warranting discipline and disclosure of the names of offenders, taking a stern stance toward all violations of human rights.

In addition, with the goal of fostering a workplace environment free of harassment, messages from the president on the prohibition of harassment have been issued to employees on an ongoing basis. We have also been increasing the number of opportunities for various forms of engagement, including with senior management. In this manner, we are bolstering efforts to ensure that the Company offers psychological safety.

Proactive antiharassment training is conducted, and we have also begun supplementing conventional group training sessions with e-learning programs and online training to help as many employees as possible take part in this training.

Furthermore, internal and external compliance helplines have been set up to facilitate quick detection of and appropriate response to acts of harassment and other human rights violation risks. These helplines can be used by all domestic Group employees (including full-time employees, part-time employees, dispatch employees, and contracted staff). For overseas Group companies, multilanguage global helplines were set up in 2017 to accommodate reports from various countries and regions. In implementing these helplines, we spread awareness regarding contact venues and usage methods, and internal regulations include report-related provisions ensuring the confidentiality of reports and protecting those submitting reports from retaliation.

For more information on compliance, please refer to page 96.