GOVERNANCE SECTION

IV. Corporate Governance

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Yamaha Group Annual Report 2021

DIRECTORS
(As of June 25, 2021)

Takuya Nakata
Director, President and Representative Executive Officer
Number of shares owned: 75,500
1981 Joined the Company
2000 General Manager of Pro Audio & Digital Musical Instruments Division
2006 Executive Officer
2009 Director and Executive Officer
2010 President and Director of Yamaha Corporation of America
Senior Executive Officer of the Company
2013 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 Director, President and Representative Executive Officer (to the present)

Satoshi Yamahata
Independent Outside Director
Number of shares owned: 28,400
1988 Joined the Company
2009 General Manager of Accounting and Finance Division
2013 Executive Officer and General Manager of Corporate Planning Division
2015 Executive General Manager of Operations Unit
2016 Executive General Manager of Human Resources Division (to the present)
2017 Director and Managing Officer (to the present)
2020 Executive General Manager of Human Resources and General Administration (to the present)

Taku Fukui
Independent Outside Director
Number of shares owned: 0
1987 Registered as an attorney
Joined Kashiwagi Sago Law Offices
2006 Professor of Keio University Law School (to the present)
2008 Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd.
2009 Managing Partner of Kashiwagi Sago Law Offices (to the present)
2017 Outside Director of Yamaha Corporation (to the present)
2020 Outside Audit & Supervisory Board Member of METANATER Co., Ltd. (to the present)

Yoshihiro Hidaka
Independent Outside Director
Number of shares owned: 2,900
1987 Joined Yamaha Motor Co., Ltd.
2010 Vice President of Yamaha Motor Corporation, U.S.A.
2013 Executive General Manager of 3rd Business Unit, NC Business Operations of Yamaha Motor Co., Ltd.
2014 Executive Officer of Yamaha Motor Co., Ltd.
2015 Executive General Manager of 3rd Business Unit, NC Business Operations of Yamaha Motor Co., Ltd.
2016 Executive General Manager of 1st Business Unit, NC Business Operations, and General Manager of ASEAN Sales Division, 1st Business Unit, NC Business Operations of Yamaha Motor Co., Ltd.
2017 Executive General Manager of Corporate Planning & Finance Center of Yamaha Motor Co., Ltd.
2018 President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd.
2019 Outside Director of Yamaha Corporation (to the present)

Mikio Fujitsuka
Independent Outside Director
Number of shares owned: 0
1977 Joined Komatsu Ltd.
2001 General Manager, Corporate Controlling Department, Komatsu Ltd.
2005 Executive Officer
2006 President of Global Retail Finance Business Division
2009 General Manager, Corporate Planning Division and President of Global Retail Finance Business Division
2010 Senior Executive Officer
2011 CFO, Director and Senior Executive Officer
2012 Director and Senior Executive Officer
2013 Director and Senior Executive Officer
2016 Executive Vice President and Representative Director
2019 Outside Director of Yamaha Corporation (to the present)
Outside Corporate Auditor of Mirus Chemicals, Inc. (to the present)

Paul Candland
Independent Outside Director
Number of shares owned: 300
1986 Joined Davis Inc.
1987 Joined PepsiCo, Inc.
1994 President of Okinawa Pepsi-Cola, Inc.
1998 Representative of Japan Branch, PepsiCo International Ltd.
2002 Managing Director, Wall Street Television International Japan of The Wall Street Journal
2007 Representative Director and President, The Walt Disney Company Japan Ltd.
2014 President of The Walt Disney Company Asia
2016 Managing Director of PMC Partners Co., Ltd. (to the present)
2019 Outside Director of Yamaha Corporation (to the present)
CEO of Age of Learning, Inc. (to the present)

Hiromichi Shinohara
Independent Outside Director
Number of shares owned: 0
1976 Entered Nippon Telegraph and Telephone Public Corporation
2003 Head of Access Service System Laboratory of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)
2005 Head of the Information Sharing Laboratory Group of NTT
2006 Senior Vice President, Head of Research and Development Planning, Member of the Board of NTT
2011 Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT
2013 Director and Senior Executive Officer
2014 Senior Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT
2016 Member of the Board of NTT (to the present)
2021 Outside Director of Yamaha Corporation (to the present)

Naoko Yoshizawa
Independent Outside Director
Number of shares owned: 0
1986 Entered Fujitsu Limited
2000 Vice President of Mobile Phones Unit of Fujitsu Limited
2011 Head of Global Research & Development Center of Fujitsu Laboratories of America, Inc.
2015 Deputy Head of Advanced System Research & Development Unit and Head of All Formations Office of Fujitsu Limited
2017 Corporate Executive Officer and Head of All Platform Business Unit of Fujitsu Limited
2018 Corporate Executive Officer, EVP and Vice Head of Digital Services Business Unit of Fujitsu Limited
Corporate Executive Officer, EVP of Fujitsu Limited, CEO of FUJITSU Healthcare Technologies Ltd.
2019 CEO of FUJITSU Digital Software & Solutions Business Group of Fujitsu Limited
2020 Director of Age of Learning, Inc. (to the present)
2021 Outside Director of Hito Holding Co., Ltd. (to the present)
Outside Director of Yamaha Corporation (to the present)

Directors

Number of shares owned: 2,900
1987 Joined Yamaha Motor Co., Ltd.
2010 Vice President of Yamaha Motor Corporation, U.S.A.
2013 Executive General Manager of 3rd Business Unit, NC Business Operations of Yamaha Motor Co., Ltd.
2014 Executive Officer of Yamaha Motor Co., Ltd.
2015 Executive General Manager of 3rd Business Unit, NC Business Operations of Yamaha Motor Co., Ltd.
2016 Executive General Manager of 1st Business Unit, NC Business Operations, and General Manager of ASEAN Sales Division, 1st Business Unit, NC Business Operations of Yamaha Motor Co., Ltd.
2017 Executive General Manager of Corporate Planning & Finance Center of Yamaha Motor Co., Ltd.
2018 President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd.
2019 Outside Director of Yamaha Corporation (to the present)
## COMPOSITION OF THE BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Role</th>
<th>Committee Membership</th>
<th>Reason for Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Takuya Nakata</strong></td>
<td>President and Representative Officer</td>
<td>Nominating, Audit, Compensation Committees</td>
<td>Having served in positions such as General Manager of our Pre-Audio &amp; Digital Musical Instruments Division, President and Director of Yamaha Corporation of America, Mr. Takuya Nakata has a wealth of experience and achievements alongside broad insight in business. He has also served as the Group President and Representative Director since June 2019, and as Director, President and Representative Executive Officer since June 2007. After our transition to a Company with Three Committees (Nominating, Audit, and Compensation), he has been a leading corporate governance reform as a director on the Board of Directors and has worked to strengthen the oversight function of the Board of Directors. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
<tr>
<td><strong>Satoshi Yamahata</strong></td>
<td>Director and Managing Executive Officer</td>
<td>Nominating, Audit, Compensation Committees</td>
<td>In addition to work experience in an overseas subsidiary, Mr. Satoshi Yamahata has served as General Manager of the Accounting and Financial Division, General Manager of the Corporate Planning Division, Executive General Manager of the Operations Unit, Executive General Manager of the Corporate Management Unit, and Executive General Manager of the Human Resources and General Administration Unit, as well as a wealth of experience and achievements alongside broad insight. He has promoted corporate governance reform as Director and Senior Executive Manager since June 2005 and as Director and Managing Executive Officer since June 2017. He has worked to strengthen the oversight function of the Board of Directors. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
<tr>
<td><strong>Takuya Fukui</strong></td>
<td>Independent Outside Director</td>
<td>Audit Committee</td>
<td>With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Takuya Fukui has a high degree of expertise, wealth of experience, and achievements alongside broad insight. Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
<tr>
<td><strong>Yoshitaka Hidaka</strong></td>
<td>Independent Outside Director</td>
<td>Nominating, Compensation Committees</td>
<td>Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshitaka Hidaka has a wealth of experience and achievements alongside broad insight as a corporate officer. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person in line with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc. as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. and improve the Yamaha brand value.</td>
</tr>
<tr>
<td><strong>Mikio Fujitsuka</strong></td>
<td>Audit Committee</td>
<td>Nominating, Compensation Committees</td>
<td>Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate officer; as well as adequate knowledge in finance and accounting. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc. as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
<tr>
<td><strong>Paul Candland</strong></td>
<td>Audit Committee</td>
<td>Nominating, Compensation Committees</td>
<td>Having been involved in management as the person responsible for the Asian region and the Japanese firms of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a corporate officer as well as broad knowledge of brand and marketing. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc. as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
<tr>
<td><strong>Hiromichi Shinohara</strong></td>
<td>Independent Outside Director</td>
<td>Nominating, Compensation Committees</td>
<td>Having been involved in management as a Representative Director of one of the largest communications and IT companies in Japan, Mr. Hiromichi Shinohara has a wealth of experience and achievements alongside broad insight as a corporate officer as well as broad knowledge of brand and marketing. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc. as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
<tr>
<td><strong>Naoko Yoshizawa</strong></td>
<td>Independent Outside Director</td>
<td>Nominating, Compensation Committees</td>
<td>Having been involved in management as an executive officer of one of the largest electronics and ICT companies in Japan and the CEO of its overseas group company, Ms. Naoko Yoshizawa has a wealth of experience and achievements alongside broad insight as a corporate officer. She also has a high degree of expertise in digital and AI technologies. She has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td>
</tr>
</tbody>
</table>

**Note:** The Company has submitted notifications to the Tokyo Stock Exchange to designate Taku Fukui, Yoshitaka Hidaka, Mikio Fujitsuka, Paul Candland, Hiromichi Shinohara, and Naoko Yoshizawa as Independent Directors as described in the provisions set forth by the Tokyo Stock Exchange.
MESSAGE FROM AN OUTSIDE DIRECTOR

Mikio Fujitsuka
Independent Outside Director

Career Summary
Mr. Mikio Fujitsuka has held positions as General Manager of the Corporate Planning Department and CFO at Komatsu Ltd., a major Japanese global construction equipment manufacturer, and was even involved in management as an Executive Vice President and Representative Director. He has been serving as an outside director with the Company since June 2013.

Major Concurrent Position
・Outside Corporate Auditor of Mitsui Chemicals, Inc.

Ongoing Growth Achieved by Utilizing Strengths and Overcoming Weaknesses

Impression of Yamaha When Viewed from a Specialist Perspective
Yamaha’s strengths can be seen in the solid position of the Yamaha brand, which is founded on the Company’s core products boasting superior profitability and market shares. Another characteristic of Yamaha is that it is the human resources who were involved in various business fields back when the Company was engaged in diversified businesses are now driving the growth of businesses in different fields. Yamaha employees are diligent and adaptable, and I also have praise for Yamaha’s decisiveness, as seen in its active appointment of talented individuals to new business fields.

Advancements Necessary for Improving Corporate Value and Achieving Ongoing Growth
If a company hopes to achieve ongoing growth, it is imperative for it to practice constant self-analysis in order to build upon its strengths and overcome its weaknesses. Yamaha has proceeded to revise its organizations and business domains through selection and concentration. However, the Company must not become complacent with its success thus far, but should rather continue to evolve in this fashion. In pursuing such evolution, it will be important for Yamaha to evaluate the areas in which it can capitalize on its existing strengths and exercise its competitiveness when it sees to start new business with its eyes looking five to 10 years down the line.

Yamaha’s Mission and Future Expectations
Yamaha’s business consists of music instruments, audio equipment, golf products, and resorts, and could thus be called an entertainment business based on a broad definition. The role, the mission, of an entertainment business is to bring joy to people around the world. When I see the joy in the eyes of children attending Yamaha’s music schools across the globe, I cannot help but feel that the ongoing development of this business, which brings joy and enriches lives, will contribute to the accomplishment of the SDGs. Of course, one cannot deny the importance of generating profit in the short term. However, the increased social emphasis on sustainability has created a need for companies to focus on both long-term profitability and the resolution of social issues. There may be times when this approach places downward pressure on short-term earnings, but I believe that it is the responsibility of Yamaha’s management to commit itself to a sustainability-minded approach with a sense of decisiveness shaped by an understanding of the future growth potential of its businesses and Yamaha’s role and mission.

As an outside director and a member of the Audit Committee, I look to identify obstacles to Yamaha’s ongoing growth as well as means of removing these obstacles while also helping drive the enhancement of corporate governance.
CORPORATE GOVERNANCE

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. In addition, in June 2017 the Company transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) structure and appointed its first female independent outside director; in June 2019 the Company appointed its first foreign national as an independent outside director; and in April 2020 the Company established the new position of audit officer.

Consolidated Core Operating Profit Ratio (Operating Income Ratio) and Reinforcement of Corporate Governance
Yamaha continues to strengthen and improve the effectiveness of its corporate governance system. Backed by strong oversight functions and incentives, the Company has continued to increase profitability by executing its medium-term management plans with a sense of urgency since fiscal 2010.

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, 2021, independent outside directors comprised three-fourths of the members on the Board of Directors (please see Ratio of Outside Directors to the right).

Initiatives for Separating the Oversight and Executive Functions
The Board of Directors 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. Authority for important decisions pertaining to business execution is delegated to executive officers from the Board of Directors, and matters related to these decisions that must be reported to the Board of Directors are defined by the rules of the Board of Directors. By adhering to these rules and required procedures and approvals to be conducted in a rational manner, the Board of Directors exercises its oversight function. Executive officers regularly report on the status of business execution to the Board of Directors, and the Board of Directors oversees business execution by executive officers. The Audit Committee audits the execution of duties by directors and executive officers based on audit standards and audit plans. To ensure that executive officers, operating officers, and audit officers are able to perform their duties efficiently, the Company has established rules for these officers and provisions for this purpose are included in the rules for the Managing Council.

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 (please see Example of Compensation for an Officer below).

Ratio of Outside Directors

Example of Compensation for an Officer

Corporate Governance Structure (As of June 25, 2021)

General Shareholders’ Meeting

Board of Directors 8 persons

Nominating Committee 4 persons

Compensation Committee 4 persons

Audit Committee 3 persons

Audit Committee’s Office 1 person

Accounting audit

Corporate Governance

Domestic Group Companies

Overseas Group Companies

Individual Business Divisions, Administrative Divisions

Re-build business platforms and appointing multiple outside directors in 2010; and formulating 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. In addition, in June 2017 the Company transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) structure and appointed its first female independent outside director; in June 2019 the Company appointed its first foreign national as an independent outside director; and in April 2020 the Company established the new position of audit officer.

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Example of Compensation for an Officer

Corporate Governance Structure (As of June 25, 2021)
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 secure 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—in addition 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.
- Ensure that information is disclosed appropriately and that management is transparent.

By separating the executive and supervisory functions and strengthening the oversight function, ensure that the Board of Directors is highly effective while at the same time executing decisions appropriately and with a sense of urgency.
- Actively engage in dialogue with shareholders.

Effectiveness of the Board of Directors
Analyzing and Evaluating the Effectiveness of the Board of Directors
The Company seeks to improve the functionality of the Board of Directors by analyzing and evaluating its effectiveness and receiving assessments from external experts with regard to efforts to improve the issues identified through this process.

Evaluation Process
- Surveys
- Individual interviews
- Improvement of issues identified through evaluation and analysis
- Report on results and improvement directives
- Disclosure of evaluation results

Results of Evaluation of Effectiveness of the Board of Directors (Surveys)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Surveys</th>
<th>Individual interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2019</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Fiscal 2020</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Fiscal 2021</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

Summary of the Evaluation
- The reformed corporate governance system has become entrenched in the Company, and the system is functioning under the Company with Three Committees (Nominating, Audit, and Compensation) structure.
- 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 with regard to major management issues.
- The Audit Committee has been positively evaluated for effectively utilizing the newly appointed audit officers.
- For further improvement, management issues were raised regarding discussions on the direction of long-term management, enhancement of internal audit systems at overseas Group companies, and the need to develop an open organizational culture.

Oversight Function
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, operating officers, and audit officers, which are submitted to the Board of Directors. The Nominating Committee also implements succession plans for the representative executive officer and other officers through the development of human resources to serve as directors, executive officers, operating officers, and audit officers.

Process and Standards for Selecting Officers, etc.
Regarding the selection of candidates for director positions, the Nominating Committee screens candidates for director positions based on the basic qualifications desirable for the roles, in addition to personnel requirements, taking into account their competencies, experiences, and achievements. Another factor taken into account in the selection of candidates is the Company’s skill matrix, which indicates the areas of specialty required to advance management strategies. The Nominating Committee also considers the nomination proposal 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 decides the content of nomination proposals submitted to the Board of Directors. The Nominating Committee elects 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 composes the nomination proposals submitted to the Board of Directors.

The Nominating Committee screens candidates for operating officer and audit officer positions based on personnel requirements defined by the role they are expected to perform. The Nominating Committee also composes the nomination proposals submitted to the Board of Directors.

Succession Plans for Representative Executive Officer and Other Officers
After defining systems and personnel requirements, the Nominating Committee follows a personnel selection, evaluation, and development process for determining successor candidates. From an early stage, Yamaha ensures there is adequate time and opportunities to carry out succession plans, by having the Nominating Committee advise on the screening of successor candidates and conduct interviews for the appointment of executive officers and candidates for executive officer positions. Meanwhile, at a preliminary stage, the Human Resources Development Committee maintains career development programs for core personnel and sets up venues for candidates to present their ideas to the Board of Directors and other entities.

Major Initiatives in Fiscal 2021
- Implementation of succession plans for the representative executive officer and other officers
- Development of the new executive team, etc.
- Revision of officer personnel requirements, etc.

Issues Identified in Evaluation of Effectiveness and Improvement Initiatives
Compensation Committee
The Compensation Committee has formulated the policy for determining executive, operating officer, and audit officer compensation and decides on individual compensa-
tion amounts based on this policy.

Compensation System
The compensation of directors, excluding outside directors, and compensation of executive officers consists of (1) fixed compensation, (2) performance-linked bonuses, and (3) restricted stock compensation. The approximate breakdown of total compensation of (1), (2), and (3) is 5:3:2.

(1) Fixed compensation is monetary compensation accord-
ing to job titles and is paid monthly.

(2) Performance-linked bonuses are monetary compensa-
tion paid according to job titles that is linked with consoli-
dated profit for the period and ROE for the given fiscal year and will be calculated, reflecting the individual’s record of performance, in order to motivate individuals to contribute to enhancement of the Company’s performance. These bonuses are paid after the completion of the applicable fiscal year. The individual’s performance will be evaluated based on indicators of performance set by business and function in each area in which the individual is responsible for.

(3) Restricted stock compensation is share-based compensa-
tion according to the terms and conditions provided at the launch of each medium-term management plan with the intent of moti-
vating directors and executive officers to enhance corporate value sustainably and having them share a common interest with shareholders. In order to motivate directors and execu-
tive officers to achieve the Company’s medium-term perfor-
mance targets, one-third of restricted stock compensation is paid under the condition that an individual remains in the ser-
vice of the Company for a certain period and two-thirds of restricted stock compensation is linked to the Company’s performance. Performance criteria gives equal weight to the core operating profit ratio, ROE, and EPS, which are contained in each medium-term management plan, restrictions on the transfer of stock cannot be lifted until the corporate officer retires or for 30 years from the receipt of restricted stock compensation. Furthermore, in the event of serious cases of accounting fraud or major losses during this period, depending on the responsi-
bility of the officers in charge, a clawback 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.

(4) Outside directors only receive fixed compensation.

Performance-Linked Bonuses
Consolidated profit for the period and ROE for the current fiscal year, which are 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 reassignment 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 whether or not it has been instructed to submit periodic and timely reports on the outcomes of its audits to the Audit Committee.

Major Initiatives in Fiscal 2021
• Interviews of and exchanges of opinions with the president
• Interviews of executive officers and operating officers
• Receipt of reports from the Internal Auditing Division and the Audit Committee’s Office
• Audit planning and review report meetings with accounting auditor, etc.

Key Activities of Outside Directors (Fiscal 2021)

<table>
<thead>
<tr>
<th>Name</th>
<th>Board of Directors</th>
<th>Nominating Committee</th>
<th>Audit Committee</th>
<th>Compensation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of attendances</td>
<td>12 times</td>
<td>3 times</td>
<td>15 times</td>
<td>4 times</td>
</tr>
<tr>
<td>Attendance rate*2</td>
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<tr>
<td>Attendance rate*2</td>
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<td>100%</td>
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<tr>
<td>Attendance rate*2</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Attendance rate*2</td>
<td>100%</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*1 Retained at the end of the term as of the conclusion of the 196th Ordinary General Shareholders’ Meeting held on June 23, 2021
*2 The denominator for the attendance rate is the total number of meetings held during the period in which each person was in office.

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Corporate Committees

Corporate committees act as advisory bodies to the president and represent executive officers. These committees discuss policies regarding pertinent themes requiring ongoing action and examination from a Companywide and management-level perspective and report to the president on these matters. The following are some of the Company's major committees.

Risk Management Committee

The Risk Management Committee is an advisory body to the president and representative executive officer. The committee discusses risk management-related matters from a Companywide perspective and reports its findings to the president.

Sustainability Committee

The Sustainability Committee is an advisory body to the president and representative executive officer. The committee discusses sustainability promotion-related matters from a Companywide perspective and reports its findings to the president.

Brand Strategy Committee

The Brand Strategy Committee is an advisory body to the president and representative executive officer. The committee discusses development of managerial policies and reports its findings to the president.

Human Resources Development Committee

The Human Resources Development Committee is an advisory body to the president and representative executive officer. The committee discusses development of management-level human resources and reports its findings to the president.

Internal Control System, Internal Audits, and 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 Audits

Yamaha established the Internal Auditing Division (staffed by 19 people as of June 25, 2021) under the direct control of the president. 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 appoints audit officers to oversee internal audits with the objective of improving internal auditing functions. In addition, based on policies aimed at assuring the effectiveness of the audits of the Audit Committee, which are decided on 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.

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 important decisions regarding business execution made by the Board of Directors and the executive officers.

Working Group for Gender Equality

The Working Group for Gender Equality has been established under the Human Resources Development Committee. The working group plans and promotes initiatives to enhance corporate value by improving diversity at the management level through the strategic, focused, and continuous development and creation of female leaders.

Reason for Establishment of New Position of Audit Officer

One of Yamaha's basic corporate governance policies is to ensure that the Board of Directors is highly effective by separating the oversight and executive functions and strengthening the oversight function.

Strengthening the oversight function requires the reinforcement of the audit function, which is a component of the oversight function. The Company has implemented a number of initiatives for this purpose. For example, we improved the objectivity of the Audit Committee by transitioning to a membership completely comprised of independent outside directors. We also bolstered the systems of the Audit Committee's Office, a dedicated support organization that acts based on the direction of the Audit Committee and works with the committee in its daily activities, to ensure that the committee is effective. Furthermore, the Company's internal audit system works to conduct the audits that serve as a third line of defense against risks based on the needs of the executive team and a system was developed to allow for internal audits to be relied upon for audits with the same scope as those by the Audit Committee. Finally, frameworks for closer coordination between the Audit Committee, Audit Committee's Office, and the Internal Auditing Division were established.

Based on the progress of these initiatives, we established the new position of audit officer, which differs from executive officer and operating officer, in April 2020. The goals of this move included pursuing ongoing improvements to the independence and objectivity of the oversight function. This move was also aimed at review the system of internal officers responsible for audits to complement the team of internal officers for the Audit Committee that lack of internal officers from the executive officer. The positions of senior general manager of the Audit Committee's Office and senior general manager of the Internal Auditing Division have been entrusted to audit officers.

Audit officers fulfill their duties in the respective audit divisions while closely coordinating with the accounting auditor to maintain a multifaceted understanding of Group activities in order to facilitate overall increases in audit effectiveness and efficiency.

Message from the Senior General Manager of the Internal Auditing Division

The Company has implemented a number of initiatives for this purpose. For example, we improved the objectivity of the Audit Committee by increasing the number of independent outside directors, and we bolstered the systems of the Audit Committee. Strengthening the oversight function requires the reinforcement of the audit function, which is a component of the oversight function. Yamaha aims to improve the efficiency of the audit function by further improving the objectivity of the Audit Committee.

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The Risk Management Committee is an advisory body to the president and representative executive officer. The committee discusses risk management-related matters from a Companywide perspective and reports its findings to the president.

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Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor, in continuation with the two accounting auditors. In these ways, the Company can receive more pertinent advice.

The senior general manager of the Internal Auditing Division, I aim to ensure that the division is enveloped in strength and foundationality. Specific objectives that I am pursuing with this regard include encouraging team members to always think and evolve, bolstering the fundamental audit skills of all team members, fostering talented individuals, and invigorating the division's drive to maintain the comprehensive capabilities emerging from our diverse team.

In fiscal 2022, important areas for initiatives will include the systematic digital transformation of Companywide risk management verification and audit activities, development of global internal audit systems, and improvement in efficiency of activities based on Japanese auditing laws. I also plan to advance preparations for audits that will support Yamaha in contributing to the accomplishment of the SDGs, which will be an important element of the next medium-term management plan.

The Audit Committee deliberates and conducts a comprehensive audit of the Company's financial condition and financial results. This audit is conducted by a member of the Audit Committee that is independent of the Company and other entities. The Audit Committee also conducts an audit of the reports of the Company's internal control system. The Audit Committee is also responsible for the selection and appointment of the accounting auditor. Prior to the appointment of the new position of audit officer, the Audit Committee determined 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 conducting the audits or due to circumstances, 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.

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 or in the event that a director or other internal and outside directors, executive officers, or operating officers will appear in person to explain matters such as the capital policy, the medium-term management plan, and related progress to shareholders or investors in a clear and easy-to-understand manner.


Hirofumi Mukaino
Senior General Manager of Internal Auditing Division

The Company's Audit Committee assesses the accounting auditor's qualification, specialization, independence from the Company and other evaluation criteria, with due consideration paid to the state of direct communications with the Audit Committee and the accounting auditor, and reports by audited divisions about the audits conducted by the 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 from the Company, and other evaluation criteria. 


The Company’s Audit Committee has appointed Ernst & Young ShinNihon as its accounting auditor, in continuation from fiscal 2020, as a result of its examination based on the following policy for deciding whether to dismiss or not reappoint an accounting auditor.

Policy for Deciding Whether to Dismiss or Not Reappoint Accounting Auditor

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

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Yamaha Group Annual Report 2021

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE
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 plans 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 our corporate website. The results of dialogues with shareholders and investors are reported to the Board of Directors by the director in charge, executive officers, or operating officers on 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 discussing earnings information.

Major IR Activities

Major IR activities in fiscal 2021 were as follows.

General Shareholders’ Meetings

Yamaha endeavors to establish an environment that ensures that there is adequate time for shareholders to exercise their voting rights at General Shareholders’ Meetings, 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 their 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’ Meeting on a date that avoids the concentration of shareholders’ meetings, and ensuring that it is convenient to exercise voting rights using an electronic proxy voting platform.

Items Voted On at the Ordinary General Shareholders’ Meeting

The following items were voted on at the 197th Ordinary General Shareholders’ Meeting held on June 24, 2021.

<table>
<thead>
<tr>
<th>Proposal Number</th>
<th>Votes Cast</th>
<th>Approval Percentage</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9,141,093</td>
<td>99.4</td>
<td>Approved</td>
</tr>
<tr>
<td>2</td>
<td>9,133,554</td>
<td>99.0</td>
<td>Approved</td>
</tr>
<tr>
<td>3</td>
<td>8,992,857</td>
<td>99.3</td>
<td>Approved</td>
</tr>
</tbody>
</table>

Note: Votes are cast by the president and relevant officers (In Japan, North America, Europe, and Asia) were held in fiscal 2021 due to the COVID-19 pandemic.

Resolutions Made at the 197th Ordinary General Shareholders’ Meeting (held on June 24, 2021)

Proposal 1. Appropriation of Surplus Profit

Proposal 2. Appointment of Eight Directors

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Number of Shares of Voting Rights</th>
<th>Number of Shares of Voting Rights</th>
<th>Approval Percentage</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 &amp; 2</td>
<td>9,141,093</td>
<td>99.4</td>
<td>Approved</td>
<td></td>
</tr>
</tbody>
</table>

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


Proposal 2: Appoint all eight directors listed below.

Major Cross-Holdings Policy

It is Yamaha’s basic policy to have cross-holdings only to the extent that it 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 sustainable growth and long-term improvements in corporate value, is defined as cross-holdings that help maintain relationships with important partners, suppliers, and financial institutions, as well as those that enhance the Company’s brand value, support sustainable 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 holdings 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, 2021, are presented in the table below. On August 26, 2021, the Company sold 19,000,000 shares of stock in Yamaha Motor Co., Ltd., reducing its total holding in this company to 15,642,790 shares. Yamaha does not have any deemed 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 of Issued Companies</th>
<th>Stock of Purchased Other Than Issued Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>34 companies</td>
<td>¥885 million</td>
<td>¥110,650 million</td>
</tr>
<tr>
<td>2 companies</td>
<td>¥1,750 million</td>
<td></td>
</tr>
<tr>
<td>7 companies</td>
<td>¥1,153 million</td>
<td></td>
</tr>
</tbody>
</table>

Note: In fiscal 2021, the increase in the number of companies in which shareholdings were increased reflected state acquisition for the purpose of gathering information about information provision methods, etc., for shareholders.

The following table presents the shares of the specified equity securities and amounts shown on the balance sheet.

<table>
<thead>
<tr>
<th>Security Name</th>
<th>No. of Shares as of March 31, 2021</th>
<th>Amount of Shares on Balance Sheet (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yamaha Motor Co., Ltd.*4</td>
<td>40,276</td>
<td>93,916</td>
</tr>
<tr>
<td>TOYOTA MOTOR CORPORATION*4</td>
<td>510,939</td>
<td>521,951</td>
</tr>
<tr>
<td>Autoline Group Limited*4</td>
<td>6,289,108</td>
<td>6,289,108</td>
</tr>
<tr>
<td>MISAO Insurance Group Holdings, Inc.*4</td>
<td>7,770,770</td>
<td>7,770,770</td>
</tr>
<tr>
<td>The Shizubara Bank, Ltd.*4</td>
<td>2,606,364</td>
<td>2,606,364</td>
</tr>
<tr>
<td>Sumitomo Mitsui Financial Group, Inc.*4</td>
<td>7,434,872</td>
<td>7,434,872</td>
</tr>
<tr>
<td>Mizuho Financial Group, Inc.<em>3</em>5</td>
<td>2,709,747</td>
<td>2,709,747</td>
</tr>
<tr>
<td>O&amp;G NIKKOKOSO CO., LTD.*5</td>
<td>30,002</td>
<td>30,002</td>
</tr>
<tr>
<td>Mitsubishi UFJ Financial Group, Inc.<em>4</em>5</td>
<td>740,506</td>
<td>740,506</td>
</tr>
<tr>
<td>FUJI SOFT CORPORATION*5</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>YASKAWA Electric Corporation*5</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Cybelec, Inc.*5</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>HOBIA, Ltd.*5</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>MonotaRO Co., Ltd.*5</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>J FRONT RETAILING Co., Ltd.*5</td>
<td>—</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: *3: Company holds the shares for the purpose of maintaining and continuing a smooth relationship with financial institutions.

*4: Mizuho Financial Group, Inc. performed a 10-for-1 reverse stock split of shares of common stock effective October 1, 2020.

*5: The Company holds the shares for the purpose of gathering information about information provision methods, etc., for shareholders.

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 sustainable growth and long-term improvements in corporate value, is defined as cross-holdings that help maintain relationships with important partners, suppliers, and financial institutions, as well as those that enhance the Company’s brand value, support sustainable growth, and reinforce its financial foundation.

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<td>¥1,153 million</td>
</tr>
</tbody>
</table>

Note: In fiscal 2021, the increase in the number of companies in which shareholdings were increased reflected state acquisition for the purpose of gathering information about information provision methods, etc., for shareholders.
Risk Management

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

Basic Policies

The Yamaha Group practices risk management in accordance with the following basic policies.

1. We shall establish organizations and frameworks for risk management and work to enhance responsiveness to risk in order to maximize corporate value.
2. In risk management activities under normal circumstances, we shall identify, evaluate, and mitigate risks and conduct awareness-raising activities such as education and training to instill a greater awareness of and foster a greater sensitivity toward risks.
3. We shall prioritize people’s safety when risks manifest themselves as crises and coordinate with local communities to ensure sincere, appropriate, and speedy responses to minimize adverse impacts. 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.

Promotion System

Under the supervision of the Board of Directors, 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 set activity policies and monitor activities related to important Companywide themes.

Risk Management Initiatives

The Risk Management Committee categorizes the various risks identified in relation to the Yamaha Group’s business into four categories: external environment risk, strategic risk, operational risk (business activities), and operational risk (support activities). The materiality of risks is assessed based on the projected scale of damages and frequency of materialization. In addition, the level of control is evaluated for each risk category, material risks requiring priority response are identified, and the divisions responsible for managing these risks are designated in order to promote risk mitigation activities and thereby improve overall risk control levels.

Categorization of Business Risks

<table>
<thead>
<tr>
<th>External Environment Risk</th>
<th>Strategic Risk</th>
<th>Operational Risk (Business activities)</th>
<th>Operational Risk (Support activities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the business environment</td>
<td>Business resource allocation</td>
<td>Procurement</td>
<td>Human resources / labor management</td>
</tr>
<tr>
<td>Changes in the business environment (Pandemic, etc.)</td>
<td>Sustainability</td>
<td>Production</td>
<td>Quality of products and services</td>
</tr>
<tr>
<td>Natural disaster</td>
<td>M&amp;A / Restructuring</td>
<td>Sales</td>
<td>Finance / Tax</td>
</tr>
<tr>
<td>Accident</td>
<td>Group governance</td>
<td>Business partner (Sales side)</td>
<td>Information technology</td>
</tr>
<tr>
<td>Crime</td>
<td>Compliance</td>
<td></td>
<td>Information</td>
</tr>
<tr>
<td>Cyberattack</td>
<td></td>
<td></td>
<td>Information technology</td>
</tr>
<tr>
<td>Legal and regulatory change</td>
<td></td>
<td></td>
<td>Information technology</td>
</tr>
<tr>
<td>Foreign exchange and interest rate fluctuation</td>
<td></td>
<td></td>
<td>Information technology</td>
</tr>
<tr>
<td>Natural disaster</td>
<td></td>
<td></td>
<td>Information technology</td>
</tr>
</tbody>
</table>

Revision of Business Risk Categories

In 2021, Yamaha revised its business risk categories. The major revisions are as follows.

Changes in the Business Environment (Pandemic, etc.)

The COVID-19 pandemic created a situation in which initiatives for addressing the new normal in our daily lives are of increasing importance. To reflect this situation, we separated from the “changes in the business environment” risk category “changes in the business environment (pandemic, etc.),” which was established as an independent risk category. Measures for addressing risks in this category have included swift responses to changes in social and customer trends and flexible adjustments in functions ranging from product planning to sales. We are also preparing for unforeseen circumstances through an increased focus on business partners and all other areas of the supply chain.

Sustainability

Yamaha continues to manage risks related to matters such as climate change and human rights in the existing risk categories of “procurement,” “human resources / labor management,” and “environment.” However, we have also decided to pursue management of these risks individually and as a comprehensive risk category on a Groupwide, cross-business basis to accommodate the rise in sustainability awareness.

Measures for Preventing Spread of Infectious Diseases

In fiscal 2021, the Yamaha Group took swift action to combat the COVID-19 pandemic by restricting overseas business trips, promoting teleworking, and implementing other safeguards. Moreover, information provision and awareness-raising campaigns regarding basic infection prevention methods were advanced by industrial physicians, and alcohol sanitization stations using Yamaha products were developed and installed. These activities and the relevant information were shared with domestic and overseas Group companies via the intranet to encourage action at bases around the world.

Preventing the spread of infectious diseases that can have a significant social and economic impact, such as HIV and AIDS, tuberculosis, and malaria, is a global issue. Recognizing the importance of this issue, the Yamaha Group production sites in Southeast Asia implemented exhaustive infection prevention measures into their workplace environments. Specifically, these sites are practicing effective hygiene management in workplaces, cafeterias, and break spaces while also taking environment-related steps such as pest extermination. In addition, notification of the infectious disease risks of the relevant areas is provided to employees going on overseas business trips as well as to employees stationed overseas and their families, and immunizations for hepatitis A, hepatitis B, tetanus, rabies, and measles and other prevention measures are recommended prior to departure from Japan.
Compliance

As a global conglomerate, the Yamaha Group recognizes that compliance is among the most important management themes and a prerequisite for corporate activities.

Compliance Management Frameworks and Promotion System

The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president and representative executive officer, is a central organization in the promotion of compliance. This working group discusses and decides on Groupwide compliance initiatives with the Yamaha Group's business grows even more global, resulting in business activities being advanced in manners that blur the boundaries between countries and regions with differing political and economic frameworks, business customs, and values, increasing the conformity of compliance initiatives with global standards is becoming a pressing issue. The Yamaha Group signed the UN Global Compact in 2011. As a member of Global Compact Network Japan, we are working to adhere to the Ten Principles in the four areas of human rights, labour, environment, and anti-corruption in our business activities.

Meanwhile, our basic policy for legal compliance is to focus on the reinforcement of global legal violation prevention measures. Accordingly, we have begun using legal databases in order to manage legal information in an integrated, Groupwide manner. In addition, we develop and implement rules, on a Groupwide basis, in accordance with the Compliance Code of Conduct while advancing measures and education and awareness-raising activities for purposes such as preventing corruption and ensuring fair trade. The Legal Division monitors the status of these initiatives within the Group.

To strengthen global compliance frameworks, we position compliance representatives in all overseas subsidiaries who play a role in advancing measures in their respective regions, conducting education and awareness-raising activities, and sharing information with the rest of the Group.

Monitoring

The Working Group for Compliance conducts regular monitoring of the status of compliance systems and compliance promotion at Company divisions and Group companies to ensure that the business activities of the Yamaha Group are ethical and legally compliant. Support for corrective actions is provided as necessary. Furthermore, employee questionnaires are conducted once every three years; the results are displayed in Company facilities. We also promote awareness regarding these venues through questionnaires and during training sessions. Internal rules pertaining to the operation of compliance helplines include provisions to protect whistle-blowers by stating that those reporting in earnest are not to suffer reprisal as a result of reports.

In March 2020, we established the Yamaha Compliance Hotline, an external consultation venue for domestic Group companies operated by a subcontractor. Combined with the existing internal consultation venue and venue for consultation with an external legal firm, this made three consultation venues available in Japan. Overseas, helplines have been set up at 34 Group companies, and Yamaha also established global helplines offering support via the internet that are available in 16 languages in 2017.

Compliance Helpline System

Yamaha Corporation and Domestic Group Companies

Working Group for Compliance

Internal consultation venues

External consultation venue (legal firm)

Established in March 2020

Consultant

Working Group for Compliance

Global helpline operated by Yamaha Corporation established in 2017 (available in 16 languages)

Consultant

Overseas Group Companies

Helpdesk operated by overseas Group companies

Consultant

Breakdown of Reports Received in Fiscal 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Reports Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abuse of power</td>
<td>38%</td>
</tr>
<tr>
<td>Labor issues</td>
<td>35%</td>
</tr>
<tr>
<td>Sexual harassment, pregnancy/birth discrimination</td>
<td>6%</td>
</tr>
<tr>
<td>Misappropriation of Company assets</td>
<td>2%</td>
</tr>
<tr>
<td>Dishonest behavior</td>
<td>3%</td>
</tr>
<tr>
<td>Sexual harassment</td>
<td>6%</td>
</tr>
<tr>
<td>Pregnancy/childbirth discrimination</td>
<td>6%</td>
</tr>
<tr>
<td>Misappropriation of Company assets</td>
<td>2%</td>
</tr>
<tr>
<td>Dishonest behavior</td>
<td>3%</td>
</tr>
<tr>
<td>Others</td>
<td>16%</td>
</tr>
</tbody>
</table>

In fiscal 2021, training and awareness-raising activities conducted amid the COVID-19 pandemic included rank-based as well as other online training programs and e-learning programs on preventing abuses of power. Three training sessions were held in fiscal 2021, and these sessions were attended by approximately 1000 individuals.