

MANAGEMENT SECTION

II. Management Strategy

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MESSAGE FROM THE PRESIDENT

Yamaha will create new value by heightening its ability to achieve sustainable growth amid the new society through support for the “Well-Being of People around the World.”

Strength of Yamaha Fostered amid Adversity and Newly Emerging Issues

Looking back at the past two years, I cannot help but recognize just how much stronger Yamaha has become today.

The COVID-19 pandemic temporarily forced us into a position that was tantamount to closing our doors. Even if we wanted to make products, we couldn't. Even if we wanted to hold music classes, we couldn't. This situation resulted in us recording a loss for the three-month period ended June 30, 2020. Nevertheless, Yamaha was once again posting profit in the six-month period ended September 30, 2020, and our earnings have continued to grow since. The Yamaha of the past might have recorded a loss or fallen into a period of stagnancy as a result of such extreme circumstances. The Yamaha of today, however, is able to bounce back to overcome a loss in a single quarter. This is an undeniable testament to how far we have come.

Nothing was more impressive than the way we were able to band together in the face of a crisis. If we could not get the components we needed, we were quick to adjust product designs. If we could not make a given product, we worked to find ways to sell other products. The united and proactive efforts of employees throughout all processes, including development, procurement, production, and sales, are evidence of our evolution. I too could not help but be moved by this strong progress. I regret the fact that we were unable to accomplish the financial targets put forth in our medium-term management plan. However, I am confident that we have come out of this experience with a stronger capacity to generate earnings and to respond to crises.

There is no denying, though, that the operating environment is changing at a speed and to a degree that has not

been seen previously. This reality points to a clear need to heighten our risk management capabilities. We have always been focused on predicting and responding to the impacts of potential operating environment changes on our businesses. However, the current operating environment is one in which unpredictable change is the norm. As such, we are pressed to revise our prior risk management systems in line with this operating environment.

We also need to reassess the resilience of our supply chain. Previous resilience measures have included globalizing our supply chain based on natural disasters that had occurred in the past and minimizing inventories to increase the efficiency of our production activities. Regardless of these efforts, the supply chain we built proved to lack the necessary resilience in the face of the COVID-19 pandemic, which brought activities around the world to a screeching halt.

There is also a need to reform our procurement practices. We had previously sought to procure only the necessary components in a timely manner as required for production. However, this approach resulted in a complete stop to our ability to manufacture products due to the global semiconductor shortage, casting light on our vulnerability to such supply and demand imbalances. Accordingly, I see a need for a more finely tuned approach toward procurement. For example, if there is no substitute for a given item, it might be prudent for us to secure a year's worth of supply in advance, as opposed to only a week's worth. This crisis has made it clear that stocks previously viewed as excessive should be reframed as a necessary amount of leeway in management decisions.



Takuya Nakata
Director, President and
Representative Executive
Officer

Review of the Make Waves 1.0 Medium-Term Management Plan— Progress in Key Strategies and Accomplishment of Non-Financial Targets

Yamaha unveiled its new medium-term management plan—Make Waves 2.0—in May 2022. Before I talk about this plan, I would like to take a look back at Make Waves 1.0, our previous plan.

This plan covered the three-year period from April 2019 to March 2022, which ended up overlapping with the period during which the impacts of the COVID-19 pandemic were the most pronounced. As a result, we were unable to achieve our financial targets. Despite these impacts, though, we were able to make steady progress in our key strategies and to achieve all of the plan’s non-financial targets. I therefore am confident in saying that the foundations supporting our growth are now stronger than they have ever been.

One way in which our foundations have been made stronger is through the establishment of the Innovation Center, an R&D center completed in 2018. Consolidating our engineers in a single location has led to the launch of a number of unique products that merge technologies ranging from acoustic and digital technologies to network technologies. Examples of these products include the SYNCROOM online remote ensemble performance service, which allows performers separated physically to take part in real-time ensemble performances via the internet, and the Remote Cheerer powered by SoundUD remote cheering system that makes it possible for sports fans to cheer on their favorite events and interact with their colleagues remotely. Both of these offerings garnered a great deal of positive attention, though they have not yet begun making clear contributions to earnings. The benefits of the consolidation of engineers have also appeared in the speed at which we develop and launch products and services. In the past, we have sought to refine our products to the highest possible level before launching them. However, this approach is no longer sufficient for accommodating the pace of change in customer needs and lifestyles. Accordingly, we have recently been accelerating development and marketing through an agile development approach that entails launching products in a slightly less complete state, and then quickly raising their quality to the necessary level. The passion of our employees to promote the appeal of music and the importance of communication, which is all the greater given the restrictions on interacting with people face to face amid the pandemic, fueled this speed.

Through this new R&D approach, we have unlocked new possibilities for developing products and services.

As far as our quantitative results, we achieved double-digit growth for mainstay offerings in the musical instruments business like pianos as well as wind, string, and percussion instruments. We also saw growth for guitars as well as for digital musical instruments, which were the subject of struggling production and supply due to semiconductor shortages and logistics disruptions. This growth was achieved on the back of strong demand. In addition, the number of students offered instrumental music performance experiences through the School Project, which we are developing centered on emerging countries, soared past our target of 1.0 million to 1.3 million. These successes reaffirmed the strong latent demand for instruments and music. This also made me aware of the potential to further broaden the scope of our business by winning greater levels of customer trust through proactive effort.

The pandemic transformed how people think and live along with their values. These changes present substantial opportunities for Yamaha, a company committed to technologies, sensibility, and the value born out of these. Under the new medium-term management plan, we are committed to achieving ongoing growth by tackling the management challenges I spoke of while building upon the operating foundations created under the previous plan to capture the wide range of business opportunities that are emerging.



Class held through the School Project in Egypt (photograph provided by Egyptian Japanese School)

New Make Waves 2.0 Medium-Term Management Plan for a Stronger Yamaha

Make Waves 2.0, the new medium-term management plan, puts forth a mission that combines Yamaha’s enduring corporate philosophy of “Sharing Passion & Performance” with our purpose of “Well-Being of People around the World.” This decision was made in response to the voices of employees asking for our precious philosophy to have a clear position within the medium-term management plan that guides our growth. Another goal behind the definition of this mission was to share our aspirations with internal and external stakeholders.

In formulating the new medium-term management plan, we took a backcasting approach starting from our mission and management vision to determine how we needed to change over the next three years in order to accomplish these goals. As part of this process, we defined material issues that represent the priority management issues to be addressed in order to fulfill our mission and realize our vision. This entailed reframing the material issues that had previously been established from the perspectives of sustainability and ESG issues as material issues for management that can be incorporated into all of our business activities.

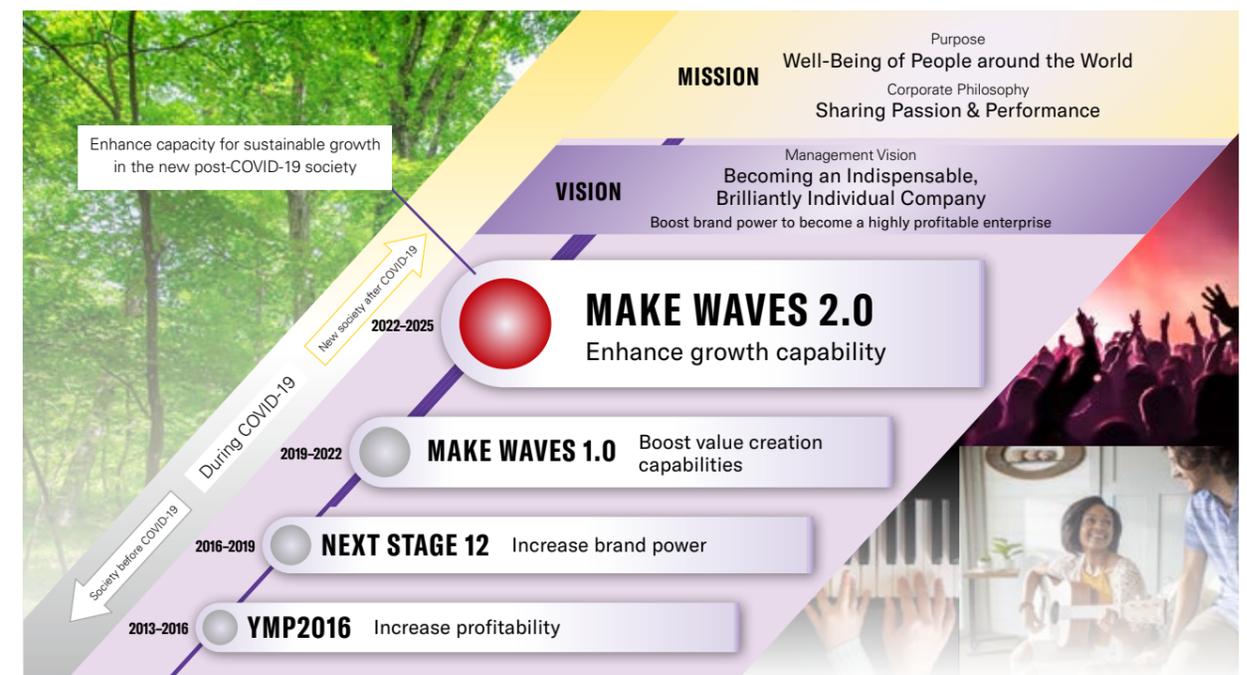
Moreover, the new medium-term management plan describes how we will further build upon the successes of the previous plans, which have been centered around increasingly large themes, starting with profitability and escalating to brand power and then value creation. This is how we have proceeded to heighten corporate value. In the next stage represented by the new medium-term

management plan, we will seek to enhance our capability for sustainable growth.

Some might wonder why we chose to emphasize growth capability at this time. Basically, I believe that most pressing among the numerous management challenges we face at this point in time is the drop in revenue as a result of the COVID-19 pandemic. A glance back at the past 15 years will reveal that our revenue had continued to decline after peaking in fiscal 2007, with a net sales figure of ¥550.0 billion based on the J-GAAP accounting standards used at the time. In the years that followed, we undertook selection and concentration measures, including the transference of our metal product, resort facilities, and lifestyle-related products businesses. The resulting downturn in sales was exacerbated by the 2008 global financial crisis, and these factors eventually led net sales to fall to ¥350.0 billion in fiscal 2012. We were able to recover net sales to around ¥400.0 billion, but the pandemic later sent figures plummeting to the ¥300.0 billion level. It was in fiscal 2022 when we were finally able to get revenue back above ¥400.0 billion.

Even if revenue growth is flat, it is still possible to increase profit to a certain degree by improving profit margins. Yamaha, however, will take a different path. We are committed to proving that our confidence in the latent potential of music and instruments was not unfounded in order to contribute to the “Well-Being of People around the World.” For this reason as well, it is important for us to paint a vision

Medium-Term Management Plan Basic Policy



of the future and to resume our pursuit of growth to accomplish this vision.

When we speak of our intent to enhance our growth capability, we are talking about our dedication to bolstering our potential for sustainable growth, which includes our resilience toward change. Accordingly, the new medium-term

management plan is not a plan for merely growing top-line revenue through measures such as M&A activities for expanding our scale. We therefore hope you will look forward to seeing how much Yamaha can enhance its capabilities for sustainable growth over the period of the new plan.

Enhancement of Growth Capability

The new medium-term management plan delineates three key policies for enhancing our sustainable growth capability.

Key Policy 1: Further strengthen the business foundation

The themes under the policy of further strengthen the business foundations are (1) Develop closer ties with customers, (2) Create new value, and (3) Be more flexible and resilient. Themes (1) and (2) were also areas of focus for the previous medium-term management plan. The number of Yamaha Music ID registrants has been defined as a non-financial indicator for gauging the progress of initiatives based on theme (1), and we have set a target of five million registrants. We are in the process of transitioning to the new frameworks for integrating our roughly four million current holders of Yamaha service IDs, which means that we can accomplish this target by acquiring another million users.

For theme (2), we will continue the initiatives of the previous medium-term management plan to expand our lineup of products that capitalize on Yamaha's strengths in acoustic and digital technologies. For this theme, the plan puts forth the indicator of the number of new concept products introduced. I have high expectations with this regard as we are already seeing a variety of new ideas for such products. We also intend to use a platform tentatively named Yamaha Music Connect to provide new ways of enjoying sound and music by supplying customers with services personalized to their needs based on the information we have collected.

Theme (3) relates to the pressing issue of raising our resilience.

We have earmarked ¥35.0 billion for investment in this area to be used to expedite the development of frameworks for flexible supply of products to the market, even in an opaque operating environment. These investments will be directed toward revising production systems, improving the capabilities of existing factories, and utilizing the Internet of Things (IoT) and other digital technologies. We have also examined our prior production process policy of positioning processing and assembly functions at separate factories from the perspective of production efficiency. Based on our new policy, we have been reorganizing our production system to manufacture the same models at multiple factories and to develop lines in which all steps from processing to assembly are performed at the same location in certain regions. Yamaha will also be bolstering its R&D foundations and promoting digital transformation to create new value and reform processes.

Key Policy 2: Set sustainability as a source of value

For the key policy of set sustainability as a source of value, we have defined key themes from the perspectives of the environment, society, and culture. From the perspective of the environment, we seek to build a value chain that supports the future of the earth and society. Efforts to this end will include reducing CO₂ emissions in response to climate change, practicing sustainable use of timber for use in musical instruments, and pursuing resource savings and reduction in waste and hazardous substances. For example, in the past we have applied several coatings of black paint to pianos, and then grinded down this paint during the polishing process.



Production base (India)



Tone Forest



However, this approach led to an amount of paint becoming wasted through the polishing process that surpassed the amount that remained as coating on the piano. This approach is important for producing a deep and elegant color, but we cannot deny the large impact this process has on the environment. Conversely, if we were to share such environmental impacts as part of product information, customers may come to assign higher evaluations to pianos that take advantage of the aesthetic of the natural wood. In this manner, I believe ideas that defy conventions and communication with customers will be more important than ever in responding to consumer values in a receptive manner going forward.

In terms of society, we look to enhance our brand power and competitiveness by contributing to comfortable lives. One area we are focusing on in this quest is remote performances and communication. We are also accelerating our efforts for ensuring respect for human rights across the supply chain, and we have set a target of introducing on-site supplier audits at 60 companies. Furthermore, Yamaha is seeking to propose new health and safety value that calls upon its expertise as a company involved in sound. This value will be provided through products that reduce the burden placed on users' ears, technologies for facilitating traffic safety via voice guidance, and contributions to quality of life with music.

As for culture, Yamaha looks to expand the musical-instrument-playing population. Targets for accomplishing this goal include the number of individuals aided through instrumental music education promotion and support activities and the number of students of overseas music schools. To work toward these targets, we are accelerating the cultivation of the instructors and technicians that are indispensable to the development of musical culture along with activities for supporting musicians and researchers.

Key Policy 3: Enable Yamaha colleagues to be more valued, more engaged, and more committed

The themes for the key policy of enable Yamaha colleagues to be more valued, more engaged, and more committed are as follows: (1) Increase job satisfaction, (2) Promote respect for human rights and diversity, equity, and inclusion (DE&I), and (3) Foster open organizational culture where people can proactively take on challenges.

Yamaha is in the business of sound and music, which is directly tied to people's sensitivities. As such, our greatest management resources are our creativity and the people who supply this creativity. I am always thinking about what we need to do to ensure that employees enjoy their work and are able to take on new challenges. This is because, based on my own experience, I believe that employees produce the best output when they find their job fun and engaging.

Yamaha has been developing a global business since the 1950s, meaning that we have talented people across the globe. Energizing this diverse staff of talented individuals and tying this energy to the growth of the Company is imperative to the ongoing creation of corporate value. This is the reason that making our colleagues more valued, more engaged, and more committed has been positioned as a key policy, as opposed to a measure, under the new medium-term management plan.

Teleworking has become commonplace over the past two years, increasing the degree of freedom employees have in the way they work. Employees are thus able to choose the ideal workstyle option based on their own duties and the stage of whatever they are doing. Depending on the job at hand, they may choose to work alone at home, or to go into the office to talk to their colleagues face to face. However, it is important to ensure that the pursuit of short-term efficiency does not lead

to workstyles that impede the medium- to long-term growth of the organization or of individuals, perhaps by causing a loss of creativity or of trust-based relationships with colleagues. As such, I believe that management has an important duty to

build frameworks and foster a corporate culture that allows us to exercise creativity at both the individuals and the organizational level.

Road to Accomplishment of the Targets of the New Medium-Term Management Plan

Under the new medium-term management plan, we will advance initiatives based on the themes defined for the three key policies while also working toward the accomplishment of the three non-financial targets set for each of these policies. Together with these non-financial targets, we will pursue the financial targets of a revenue growth rate of 20%, a core operating profit ratio of 14%, and ROE and return on invested capital (ROIC) of 10% or more. At the moment, raw material prices are soaring against a backdrop of rising crude oil prices and difficulties procuring semiconductors as a result of geopolitical risks. The higher material prices have prompted the industry to adopt a policy of transferring these costs to the buyer. Yamaha has not escaped the impacts of this trend, as we saw costs grow by approximately ¥12.0 billion in fiscal 2022, roughly 50% of which we transferred to the prices of our products. We also expect an increase in costs of between ¥5.0 billion and ¥6.0 billion during fiscal 2023, the first year of the new medium-term management plan. However, we anticipate that we will be able to offset all of this increase, including that outstanding from fiscal 2022, by raising selling prices.

The new medium-term management plan also sets the course for the business portfolio we will target in the future. Specifically, we will seek to strengthen our earning power centered on the piano and wind, string, and percussion instruments businesses while also growing our digital musical instruments business. At the same time, we will cultivate our guitar, industrial machinery and components, and new service businesses into future growth pillars. Our guitar business has suffered from a relatively low share to date, but this business has continued to grow nonetheless, and I believe

that the possibility of getting this business on the growth track is within reach. The audio equipment business, meanwhile, struggled for a bit during the COVID-19 pandemic. However, this does not change the fact that its market has significant growth potential. Several initiatives in this business are already beginning to produce results, and I therefore expect that we can get this business on the growth track by combining these initiatives to generate synergies.

When formulating the new plan, we were meticulous not only in crafting the plan itself but also in deciding the approach we would use to explain the plan. For previous plans, we began by putting forth our financial targets and explaining how we will accomplish them. For the new plan, we are taking the opposite approach; first describing our overarching vision and management policies and then looking at the challenges needing to be overcome in order for Yamaha to grow. This framing is then used to explain the specific measures we will be implementing as well as our non-financial targets. We end with the financial targets that will be accomplished as a result of the measures we have explained up to this point. You may have noticed that this is exactly the approach I took in explaining the plan to you just now. Through this approach, we sought to avoid becoming preoccupied with numbers and to facilitate employee understanding and action. In other words, we wanted to explain the plan in a manner that gave people a genuine, intuitive understanding. This same approach is also used in explaining the plan to shareholders and investors in order to ensure uniformity in the messages we communicate both inside and outside of the organization.

Intangible Assets as a Growth Driver

Among its various types of intangible assets, Yamaha places particular emphasis on its technological capabilities. With this regard, it is not enough to merely develop cutting-edge technologies; we also need technologies for quantifying the sensibilities regarding listening and for utilizing such quantified data in products. This is an area where I believe that Yamaha is without peer. The evolution of such distinctly Yamaha technologies will be an important growth driver under the new medium-term management plan.

I suspect that intangible assets, such as the technological capabilities and brand power we have continued to hone, will become increasingly important when it comes to evolving

our business model in response to changes in society and in the market. Another important intangible asset will be our customer data platform, the database in which we store Yamaha Music ID information. I mentioned that we do not plan to take part in M&A activities for the sole purpose of growing in scale. However, we will actively examine the possibility of M&A activities for bolstering our portfolio of technologies, intellectual properties, consumer data, and other intangible properties to enhance our growth capability.



Governance for Supporting Transformation

I would now like to talk a little about corporate governance at Yamaha. I feel that we have been seeing qualitative improvements to discussions at meetings of the Board of Directors as of late. Mr. Hiromichi Shinohara and Ms. Naoko Yoshizawa, the new outside directors who joined us in June 2021, boast experience in managing major companies in businesses that use digital technologies. Accordingly, they are extremely insightful when it comes to managing from the perspective of technologies. Moreover, the ability to gain input and advice from outside directors with varied backgrounds and insight has also helped me make new discoveries. Discussion on the type of evolution Yamaha will need to undergo in the future

with these members has made it clear that one of the functions of governance is supporting transformation in pursuit of the medium- to long-term creation of value.

As well, the position of audit officer, established in 2020, is contributing to improvements to our auditing and information collection functions, which were previously areas of concern. Audit officers have also proven to be reliable allies to the members of the Audit Committee. Furthermore, their efforts have been providing a positive type of pressure to the executive team, and I expect that the audit officers will help drive ongoing qualitative improvements to governance and internal control systems.

True Value of Yamaha Seen in Diligence

For Yamaha, there is a positively correlated relationship between sustainability and earnings growth. When awareness for sustainability began rising across society, Yamaha was quick to take a diligent stance toward promoting sustainability. This diligence has contributed to our brand image and is one of the reasons that Yamaha's products and services have been able to win the support of customers. This means that the level of diligence we exercise in pursuing the non-financial targets of the new medium-term management plan will translate directly to the enhancement of our growth capability. Accordingly, I want fiscal 2023, the first year of the new plan, to be a year in which we demonstrate the true value of Yamaha by taking a diligent stance in all of our endeavors. Through such diligence, we should work to prove our growth capability to stakeholders.

I look forward to ongoing engagement with shareholders, investors, and other stakeholders through online and other venues. I would also like to ask our stakeholders for their continued support going forward.

September 2022

Takuya Nakata
Director, President and Representative Executive Officer

Review of the Previous Medium-Term Management Plan (Make Waves 1.0)

Make Waves 1.0, the previous medium-term management plan, which covered the period from April 1, 2019 to March 31, 2022, defined our management vision (medium- to long-term vision) as “Becoming an Indispensable, Brilliantly Individual Company, boost brand power to become a highly profitable enterprise.” In pursuit of this vision, we advanced four key strategies—develop closer ties with customers, create new value, enhance productivity, and contribute to society through our businesses—in accordance with the basic strategy of “develop closer ties with customers and society, and boost value creation capabilities.”

We failed to accomplish the financial targets of the previous medium-term management plan due to the significant impacts on business activities from supply chain disruptions and restrictions on social activities resulting from the COVID-19 pandemic. Regardless of these challenges, steady progress was made in the four key strategies. We were therefore able to achieve the non-financial targets defined in Make Waves 1.0 for corporate brand value, music popularization for learning musical instruments in emerging markets, and certified timber use. This accomplishment is especially noteworthy given that this was the first time such non-financial targets were set in a medium-term management plan of the Company.

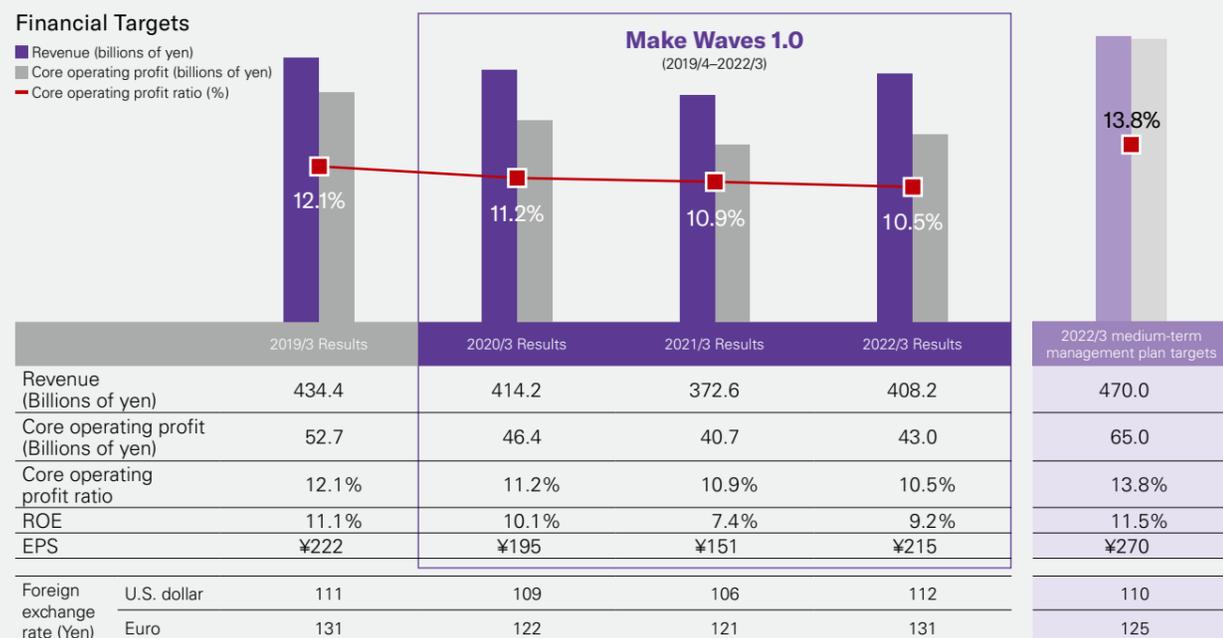
Progress of Key Strategies

✓ Accomplished sufficiently during period of Make Waves 1.0 × Ongoing focus under Make Waves 2.0

Develop Closer Ties with Customers	Integration of customer data platform progressed, thereby accelerating digital marketing	✓
	Yamaha in-vehicle sound system domain expanded through adoption of Yamaha products for automobiles of five companies	✓
	Sales opportunities lost due to supply shortages caused by semiconductor procurement and logistics difficulties	×
Create New Value	Launched distinctive products fusing a wide range of technologies	✓
	Provided products and services that meet new demand related to remote and other solutions	✓
	Promoted development of various business platforms and began shift to utilization of platforms under the new medium-term management plan	×
Enhance Productivity	Accelerated workstyle reform promotion and business transformation triggered by the COVID-19 pandemic	✓
	Launched factory in India, expanded production capacity and number of models manufactured	✓
	Cost increase outweighed cost reduction efforts amid the COVID-19 pandemic	×
Contribute to Society through Our Businesses	Yamaha Music School opened in a new market (first authorized facility in Saudi Arabia)	✓
	The Yamaha Group recognized with an "A" rating for climate change by the CDP	✓
	Selected as a Health & Productivity Stock Selection Brand for 2022	✓

Financial Targets

■ Revenue (billions of yen)
■ Core operating profit (billions of yen)
■ Core operating profit ratio (%)



Non-Financial Targets

Increased corporate brand value by 1.5 times, surpassing the target of 1.3 times	Number of students offered instrumental music performance experiences through School Project reached 1.3 million, exceeding the target of 1 million students	Achieved use rate target of 50% for certified timber
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Outlook for the Yamaha Group's Operating Environment

The changes projected under the previous medium-term management plan, including digitalization, increased emphasis on diversity, and growing awareness of sustainability, were accelerated by the COVID-19 pandemic. The pandemic placed restrictions on the movement of people and on face-to-face interactions. This trend spurred an increase in exchanges of goods and information via the internet, giving rise to products and services that accommodate this new lifestyle. Meanwhile, the growing awareness of sustainability was indicative of a shift in people's focus from economic prosperity to a more fundamental feeling of emotional enrichment.

With a view to the new society emerging amid these changes, the Yamaha Group sees an increasingly wide range of opportunities to seize, as part of its quest to create excitement and cultural inspiration with the combination of its technologies and sensibilities founded on sound and music. At the same time, we recognize that the business environment also presents risks of economic stagnation and unpredicted supply chain disruptions due to the COVID-19 pandemic.

Such changes to the business environment were considered when defining material issues.

A New Society Brought about by Business Environment Changes

Business environment forecast
Profound transformation brought about by accelerated digitalization

The industrial structure and the world are changing drastically while relationships with customers are becoming more direct and closer.

Business environment forecast
Greater diversity in lifestyles and people's values

Beyond desiring greater functionality and convenience, people are also seeking greater emotional satisfaction and authenticity.

Business environment forecast
Growing awareness of sustainability

Greater social demand for corporate social responsibility
Broader awareness that the making of social contributions leads to corporate value creation over the medium to long term.

The COVID-19 pandemic has rapidly changed people's awareness and the environment, as part of the transition to the new post-COVID-19 society.

- In an era in which people seek more fundamental forms of fulfillment, sound and music are becoming much more essential to people.
- People's purchasing behavior is shifting to digital and online, thus increasing the number of e-commerce users.
- Changes are underway regarding the way people enjoy sound and music and communicate, such as remote ensembles, online conferences, etc.

The new society offers Yamaha more opportunities to seize through the combination of its technologies and sensibilities.

Material Issues for the Yamaha Group

Based on its medium- to long-term operating environment outlook, the Yamaha Group has defined 10 material issues in the three areas of business foundation, environment and society, and human resources. These issues represent important management priorities.

In the new medium-term management plan, these material issues have been used to shape the three key policies of “further strengthen the business foundation,” “set sustainability as a source of value,” and “enable Yamaha colleagues to be more valued, more engaged, and more committed,” and three key themes for activities have been defined based on these policies.

Material Issue Identification Process

In identifying material issues, we defined management issues and social issues and then assessed these issues based on their

importance to fulfilling our mission (purpose and corporate philosophy) and realizing our management vision and based on input from customers, shareholders, investors, employees, communities, and other stakeholders. The material issues were finalized via resolution of the Board of Directors after discussions by the Managing Council and the Board of Directors.

For the area of business foundation, we focused on identifying materials with an emphasis on their impact on business activities in order to select the issues that would be important to fulfilling our mission and realizing our vision given our operating environment. Meanwhile, the areas of environment and society and human resources have been designated as areas for material sustainability issues. For more information, please refer to the following diagrams and to page 44.

Material Issue Identification Process



For more information on material sustainability issues, please refer to the following website.

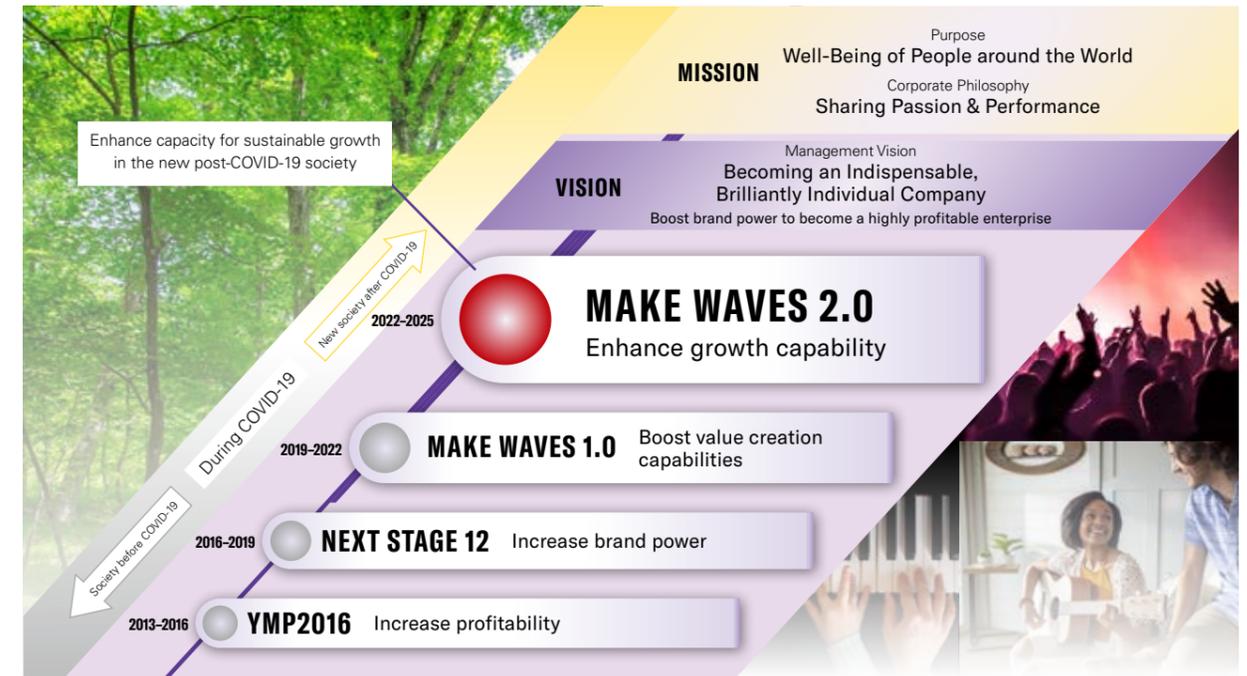
<https://www.yamaha.com/en/csr/materiality/>



Material Issues



Medium-Term Management Plan Basic Policy



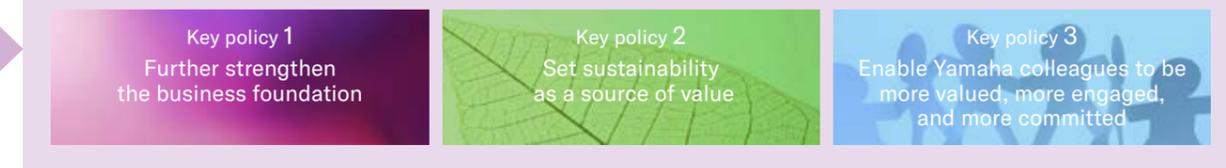
Support for the “Well-Being of People around the World”

The Yamaha Group aims to support the “Well-Being of People around the World” through its business activities. Our corporate philosophy is “Sharing Passion & Performance: With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world.” This philosophy serves as the starting point for our actions.

We have been enhancing our corporate value, comprised of our profitability, brand value, and value propositions, at each stage of the medium-term management plan based on our medium- to long-term management vision of “Becoming an Indispensable, Brilliantly Individual Company.”

In the new stage of “Make Waves 2.0,” we will further increase our corporate value based on our basic policy of enhancing our sustainable growth capability in the new post-COVID-19 society, which has undergone significant changes.

Basic policy of the medium-term management plan: Enhance capacity for sustainable growth in the new society



Information on initiatives based on the defined material issues can be found on pages 30 to 37 as well as on the pages indicated below.

Customers	P62-69, P76-77	Environment	P45-49, P74-75	Human resources	P50-53
Technology	P62-75	Society	P50-51, P62-69		
Manufacturing	P62-75	Culture	P62-69, P76-77		
Quality	P62-75				
Digital transformation	P54-55				
Governance	P78-101				

Policies and Key Themes

Key policy 1
Further strengthen the business foundation

In Make Waves 2.0, the themes of “develop closer ties with customers” and “create new value,” which were also included in the previous medium-term management plan, were complemented with the new theme of “be more flexible and resilient” based on the lessons learned from the COVID-19 pandemic.

Key Themes

(1) Develop closer ties with customers

(2) Create new value

(3) Be more flexible and resilient

Key policy 2
Set sustainability as a source of value

The Yamaha Group positions sustainability as a source of corporate value, as opposed to an obstacle to creating value. Based on this belief, we will advance initiatives from the perspectives of the environment, society, and culture.

Key Themes

Environment
(1) Build a value chain that supports the future of the earth and society

Society
(2) Enhance brand power and competitiveness by contributing to comfortable lives

Culture
(3) Expand market through the promotion and development of music culture

Key policy 3
Enable Yamaha colleagues to be more valued, more engaged, and more committed

We recognize that it is the engagement and commitment of our colleagues that drive all of the value creation activities of the Group. Accordingly, we practice management in a way that draws upon the individuality of all employees to ensure that they can deliver their best possible performance.

Key Themes

(1) Increase job satisfaction

(2) Promote respect for human rights and DE&I

(3) Foster open organizational culture where people can proactively take on challenges

1. Further strengthen the business foundation

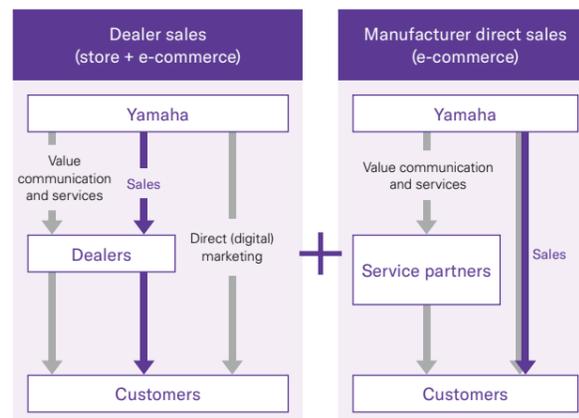
Develop Closer Ties with Customers

The Yamaha Group will adopt a hybrid approach toward soliciting its value that combines digital marketing with physical bases. At the same time, we are ramping up direct sales as a manufacturer in order to forge stronger ties with customers. We will also augment and utilize our customer data platform so that we can better advertise our value and expand our lineup of services that support customers in living lives involving music.

Sales Channels

Sales Evolution for Direct Ties with Customers

Under the previous medium-term management plan, we devoted efforts to direct marketing so as to cultivate successful examples of customers being directed toward stores based on direct communications by Yamaha of the value it offers as a manufacturer. The new medium-term management plan aims to further increase our value communication capabilities by enhancing our frameworks for performing direct sales to customers. We thereby look to evolve our frameworks to build strong direct ties with customers by communicating our value directly to customers in order to generate benefits for both customers and the market.



Value Communication

Hybrid Value Appeal Integrating Digital Marketing and Physical Stores

The Yamaha Group aspires to issue communications in a manner that integrates digital marketing and physical stores to expand and improve communications showcasing its product and brand value. In addition, we are integrating customer information into our new digital marketing approach in order to realize a more effective communication approach. We are also expanding our network of brand shops overseas.



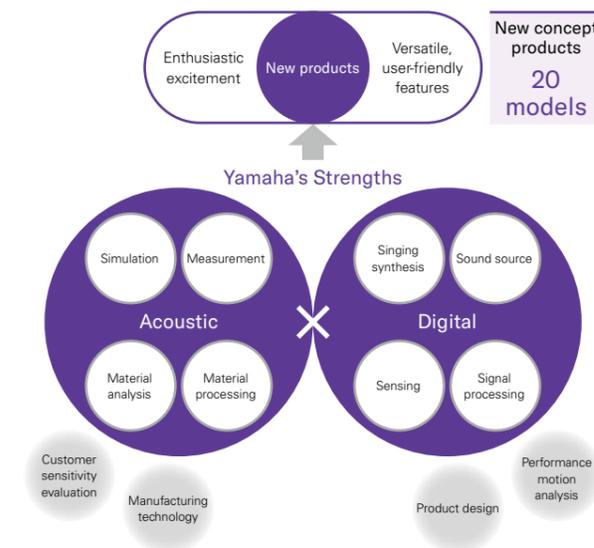
Create New Value

Yamaha is developing new products that combine its strengths in digital and acoustic technologies while building upon the fundamental advantages of its products. We also look to build a business model that forges longer, wider, and deeper ties with customers.

Products

Creation of New Products Unique to Yamaha through the Fusion of Acoustic and Digital Technologies

Yamaha creates unique products and services that other companies cannot mimic through the fusion of the various technologies that underpin its competitive edge. A particular area of focus will be launching products based on this and other new concepts. By releasing products that allow anyone to enjoy sound and music anytime, anywhere, we will seek to generate new value.



Customer Data Platform

Improvement of Customer Data Platform (Yamaha Music ID) to Develop Closer Ties with Users over Their Lifetime

Capitalizing on the Yamaha Music ID registration systems and customer data platforms built under the previous medium-term management plan, the new medium-term management plan will target the reinforcement of ties with customers in order to create services that contribute to each individual customer.



Services

Acceleration of Lifetime Value Strategy and Develop Services to Make Life with Music More Enjoyable through External Collaboration and User-Generated Content

Yamaha aims to improve lifetime value by forging longer, wider, and deeper ties with customers through the provision of services matched to individual needs based on the understanding gained through its customer data platform. We are currently in the process of integrating Yamaha’s applications and content into a platform tentatively named Yamaha Music Connect to supply services that make life with music more enjoyable and to offer new experiences.

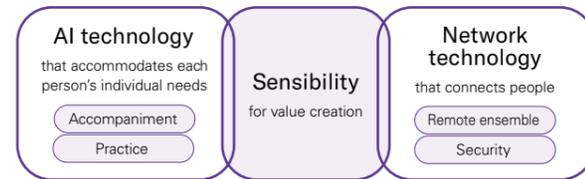


Sensitivities and AI and Network Technologies — Creation of New Emotional Experiences with Advanced Technology and Rich Sensibilities

Yamaha's competitiveness is supported by the understanding and insight it has fostered in relation to sensibilities during the course of the Company's long history, which began with musical instrument production. Our core competencies related to sensibility value will form the basis of our efforts for creating new value through products and services. With this as our foundation, we will seek to create new experience value through the provision of unique products and services that the competition cannot mimic. These offerings will be developed by combining acoustic and

digital technologies, data analysis and cloud technologies, and artificial intelligence (AI) and network technologies that connect people and accommodate their individual preferences.

For more information on Yamaha's R&D activities, please refer to page 70.



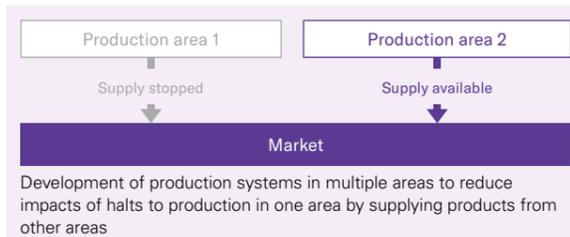
Be More Flexible and Resilient

To become an entity more resilient to operating environment changes, Yamaha is bolstering its procurement and production systems and enhancing the production capabilities of existing factories. We have therefore earmarked ¥35.0 billion for investment in production infrastructure over the period of the new medium-term management plan. In addition, investments will be conducted to reinforce our development platform by constructing a new R&D base in the Tokyo metropolitan area and ramping up our use of external resources and alliances. In addition, digital transformation will be used as a tool for reforming processes and creating new value.

Manufacturing and Technology Development — Strengthening of Supply Capacity to Respond to Demand and Environmental Changes

Because the Company suffered serious impacts from the COVID-19 pandemic, Yamaha is working to strengthen the resilience of its procurement and production systems. As one facet of these efforts, we are strategically limiting numbers of suppliers and components and increasing our emphasis on risks in managing these processes. In the past, specific items were produced only at a single factory. However, we have recently been revising our global production system to optimally produce items in multiple areas. We thereby look to achieve ongoing improvements in quality, cost, delivery, safety, and environment (QCDSE) factors, regardless of country risks or other operating environment changes. In addition, efforts are being pursued to improve the capabilities of existing factories. Specifically, we are actively developing smart factories that employ AI, IoT, and sensor technologies. Meanwhile, the production capacities of factories in Indonesia and India are being augmented to accommodate growing demand.

Investment in production infrastructure
¥35 billion



Enhancement of Development Platform to Generate Innovation

The Innovation Center, a new R&D base established in 2018, consolidates our engineers in order to facilitate the creation of unique products and innovations by merging wide-ranging technologies. We are also moving forward with the construction of a new base scheduled for completion in the Tokyo metropolitan area in 2024. This base will function as a hub for brand

communication and sales activities while also introducing new research and development in this area. Moreover, the new base is expected to enable us to better capitalize on various open resources and insight available in the Tokyo metropolitan area and to promote open innovation. For example, we anticipate increased use of external resources as well as a rise in alliances as a result of this base.



Yokohama Minato Mirai 21

Digital Transformation — New Value Creation and Process Transformation through Digital Transformation

Make Waves 2.0 prescribes the utilization of data for new value creation and process transformation.

To create new value, we will make use of customer data to provide everyone with the ideal services. At the same time, we will develop systems for applying our accumulated sound and music performance and sensibility data to new technologies while coordinating these systems with various internal and external frameworks in order to propose new experiences. Process transformation, meanwhile, will be promoted through the assignment and development of employees who are proficient in data use to ensure that the decisions and actions of employees are grounded on data. We will also build platforms for easy tracking and visualization of conditions through data. Furthermore, Yamaha is planning the full-fledged implementation of a new supply chain management system that connects all stages of the supply chain, spanning from production to use by customers, in order to coordinate information from various regions and optimize decision-making processes. Standardizing and streamlining sales processes and production management will be another area of focus. Currently, systems and operating processes sometimes differ between bases. To rectify this issue, we will pursue standardization by introducing a shared enterprise resource planning (ERP) system and consolidating information through this system to achieve highly accurate operations.

2. Set Sustainability as a Source of Value

Environment: Build a Value Chain That Supports the Future of the Earth and Society

The Yamaha Group is cutting CO₂ emissions from its business activities with the goal of achieving carbon neutrality by 2050. At the same time, we are promoting the use of sustainable timber through the preservation of scarce timber resources and research on alternative timber sources. Other initiatives include reducing waste, curtailing use of hazardous substances, extending product life spans, and otherwise working to preserve the global environment.

Furnish Responses to Climate Change

In pursuit of its goal of achieving carbon neutrality by 2050, Yamaha is seeking to lower CO₂ emissions from office energy use by conserving energy and shifting toward renewable energy. We thereby aim to reduce CO₂ emissions by 5% through energy conservation (CO₂ emissions ÷ Production volume) in comparison to fiscal 2018.

Another focus is reducing the energy consumption of products. Meanwhile, reductions to CO₂ emissions from procurement and logistics are being pursued through coordination with suppliers and measures for increasing logistics loading efficiency.

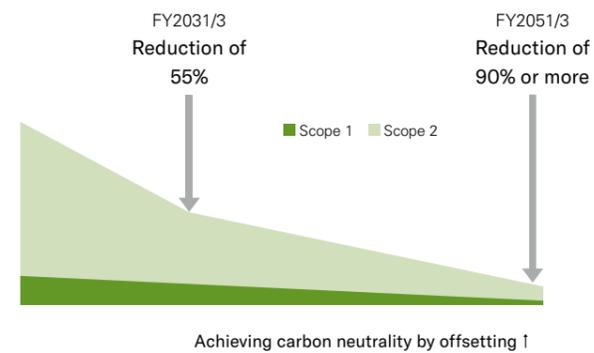
Sustainably Use Timber

Yamaha is teaming up with government agencies and academic organizations to advance Tone Forest activities for promoting sustainable forestry together with communities around the world. We thereby aim to ensure that we can continue to procure high-quality timber suited to the production of musical instruments into the future. In addition, we emphasize sustainability in timber use and are advancing research on alternative timber resources with acoustic performance surpassing existing resources.



Planting of African blackwood (Tanzania)

Path to Achieving Carbon Neutrality (Scope 1 and Scope 2)



5% reduction of CO₂ emissions by conserving energy
Note: CO₂ emissions ÷ Production volume; compared with fiscal 2018

Maintain "A" rating awarded by the CDP for climate change
CDP A LIST 2021 CLIMATE

5% improvement in logistics loading efficiency

Sustainable timber use
Sustainably sourced timber 75%
Note: Based on Company standard

Cultivation and conservation of three tree species*
* African blackwood, Sakhalin spruce, and Indian rosewood

Realize Resource Savings and Reduce Waste and Hazardous Substances

We seek to reduce new use of finite resources and curb waste through use of recycled and renewable materials and reductions to plastic use. Yamaha is also enhancing its maintenance and repair technologies and service systems and bolstering product renovation and upgrade offerings to extend product life spans. In addition, we are accelerating efforts to cut down on the use of volatile organic compounds and other hazardous substances in coatings and adhesives.

New compact products
Elimination of plastic packaging materials

□ Society: Enhance Brand Power and Competitiveness by Contributing to Comfortable Lives

By supplying products and services that benefit people in relation to remote and non-face-to-face interactions, Yamaha aspires to respond to the needs of the new society. We are also promoting respect for human rights across the value chain in order to contribute to the realization of an equal society. As a distinctively Yamaha initiative, we are dedicated to the protection of health and safety as it pertains to sound by installing the Listening Care function in audio products and by taking other measures.

Creation of Remote Environments for the New Society

Yamaha possesses unique technologies and know-how pertaining to the creation of enjoyable and immersive remote performances and lessons and the facilitation of high-quality, natural, and remote communication. By utilizing these technologies and know-how, we will support comfortable lifestyles in order to create secure and satisfying spaces for the new society.



Remote lessons connecting instructors and students

Issue-free teleconferencing with sound and video technology

Respect for Human Rights in the Value Chain

Yamaha is promoting sustainability across the value chain. Supply contracts clearly state that suppliers are expected to comply with

the Yamaha Supplier CSR Code of Conduct, and we request that suppliers conduct regular self-assessments with this regard.

During the period of the new medium-term management plan, we will target higher levels of human rights due diligence by conducting on-site audits of 60 suppliers.

On-site audits of
60 suppliers

Contribution to Sound-Related Health and Safety

Yamaha proposes a variety of solutions built on its sound technologies. These solutions include earphones equipped with its proprietary Listening Care technology for reducing the burden placed on user ears as well as in-vehicle communication modules for emergency reporting systems.

Using sound technologies to contribute to the resolution of social issues and protect the health and safety of people will continue to be a focus under the new medium-term management plan.

□ Culture: Expand Market through the Promotion and Development of Music Culture

Contributing to the promotion and development of music culture is a uniquely Yamaha undertaking. Under the previous medium-term management plan, initiatives in this area included the School Project. With a continued focus on this project, we will seek to introduce the project to new countries and to otherwise expand its scope. We will also keep moving forward with initiatives including the development of digital musical instruments that incorporate local musical traditions, the cultivation of the instructors and technicians who are vital to the development of music culture, and support for aspiring musicians and music researchers.

Expansion of the Instrumental-Music-Playing Population

Unbound by prior conventions, Yamaha is working to realize the ideal form of music schools for the new society. We also hope to provide opportunities for first-time musicians as well as musicians returning to the craft to take up an instrument through the supply of performance support functions, applications, and services. These are just some of the ways in which we aim to expand the musical-instrument-playing population.

Our target for the School Project, our ever-expanding program for promoting the introduction of instrumental music education in the school education curricula of emerging countries, is for it to offer instrumental music performance experiences to an aggregate total of 2.3 million students in 10 countries.



School Project activities in various countries

Applications that support various music performances and help manage practice



Promote instrumental music education to the curricula of schools in emerging countries
10 countries
Aggregate total of 2.3 million students

Overseas music schools
+100,000 students

Contribution to Local Music Cultures

Yamaha is developing products that incorporate local musical traditions and expanding its local software content offerings in order to help preserve and develop local music cultures. Other efforts to contribute to the promotion and development of music culture include the cultivation of instructors and technicians along with activities for supporting aspiring musicians and music researchers. In addition, we are broadening the scope of our LovePiano* activities with the goal of making people feel more familiar with the piano.

* Pianos installed at train stations, airports, commercial facilities, etc., that the public can freely play



Digital musical instruments reproducing the tones of regional and ethnic instruments

LovePiano

3. Enable Yamaha Colleagues to Be More Valued, More Engaged, and More Committed

□ Increase Job Satisfaction

Seeking to ensure that Yamaha is deemed to be a desirable company to work for, we strive to achieve continuous improvements to workplace engagement by utilizing the results of the newly introduced global employee surveys to shape concrete measures.

Yamaha is committed to cultivating leaders who can guide business from a global perspective and to achieving the ideal allocation of human resources. As we enhance autonomous career development support to this end, we will also target higher levels of job satisfaction by supporting diverse and flexible workstyles.



Employee engagement survey
Positive response rate for job satisfaction
Continuous improvements

Amount of human resource investment
Doubled

□ Promote Respect for Human Rights and DE&I

Yamaha is dedicated to human rights education and due diligence activities. In addition, we are empowering female employees and taking other steps to develop a diverse staff. With the foundations built through these efforts, we will practice management that capitalizes on the individuality of diverse human resources.

As we promote human rights education and due diligence activities, Yamaha will develop a diverse staff by empowering female employees and practicing global human resource management. By capitalizing on the individuality of diverse human resources, we look to maximize human resources, develop our business, and achieve continuous improvements in corporate value.



Percentage of female managers
Global average 19%

Cross-regional placements
30 people

□ Foster Open Organizational Culture Where People Can Proactively Take On Challenges

We are committed to building a comfortable workplace environment that promises psychological safety while fostering an organizational culture founded on mutual respect in which ambitious undertakings and co-creation are born of the knowledge and ideas of diverse individuals.

Diverse opportunities for discussion are arranged to invigorate communication. We are also moving ahead with reforms to cultivate an organizational culture that encourages employees to tackle new challenges without fear of failure in order to ensure that our culture offers a comfortable workplace founded on mutual respect.



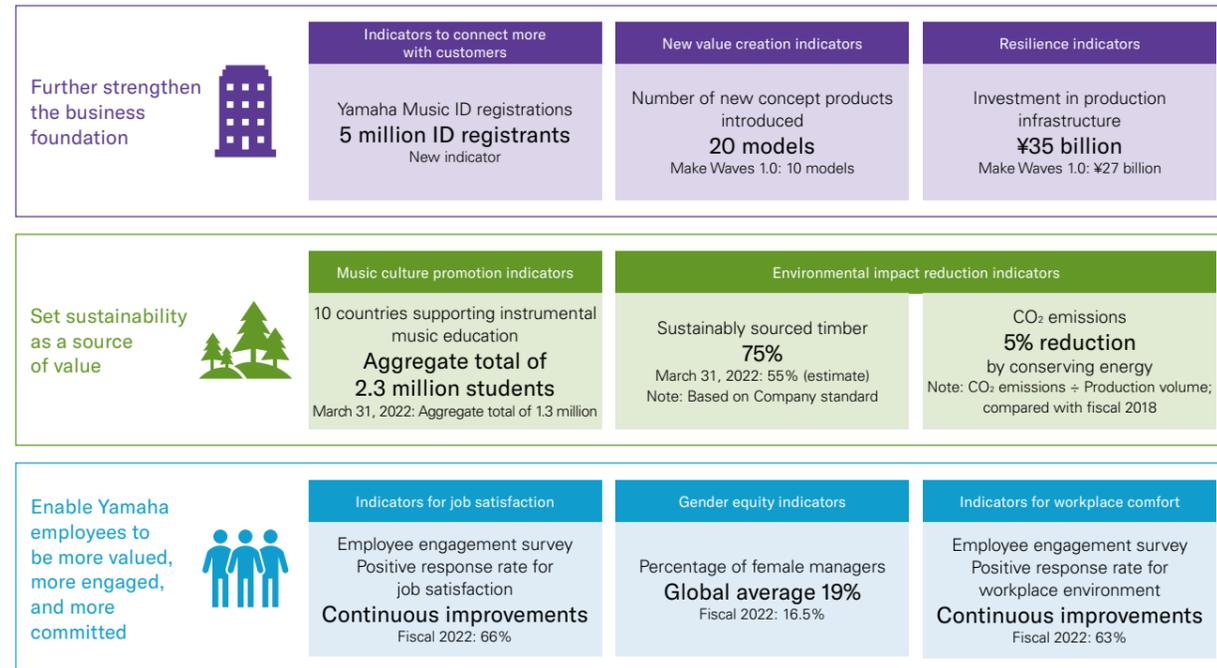
Employee engagement survey
Positive response rate for workplace environment
Continuous improvements

Management Targets (Non-Financial and Financial Targets)

Non-financial targets have been set for each of the three key policies of Make Waves 2.0. The advancement of initiatives for achieving said targets is expected to lead the Company to the accomplishment of the plan's financial targets.

The accomplishment of our financial targets is expected to be a result of our efforts to support the "Well-Being of People around the World."

Non-Financial Targets

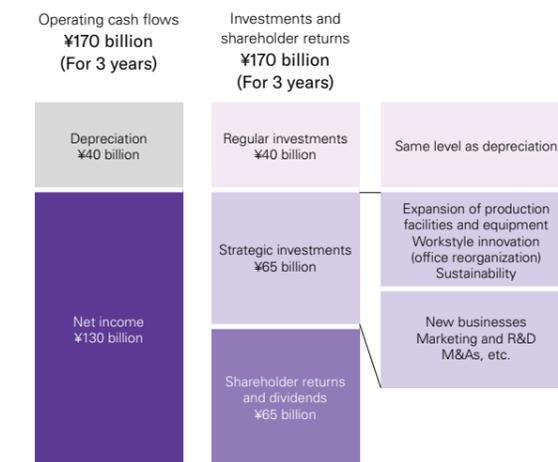


To further strengthen our business foundation, we will make greater use of digital marketing and our customer data platform to forge stronger connections with customers. At the same time, we will conduct investments surpassing those performed under the previous medium-term management plan in order to propose new value and bolster resilience. Setting sustainability as a source of value, our first priority will be to expand the School Project to other countries as part of our efforts to promote music culture.

The Company will also look to reduce its environmental impact by increasing its use of sustainable timber, cutting CO₂ emissions through energy-saving activities, and helping conserve resources. Our efforts to enable Yamaha employees to be more valued, more engaged, and more committed, meanwhile, will include increasing the ratio of female managers and striving to make the Company a more comfortable and motivating place at which to work.

Financial Indicators

Financial Indicators Achieving both growth and profitability	Revenue growth:	20%
	Core operating profit ratio:	14%
	ROE:	10% or more (Cost of shareholders' equity*: 7.8%)
Investment and shareholder returns Well-balanced allocation of investments in growth and returns to shareholders	ROIC**:	10% or more (WACC*: 7.6%)
	Total return ratio:	50% over three years

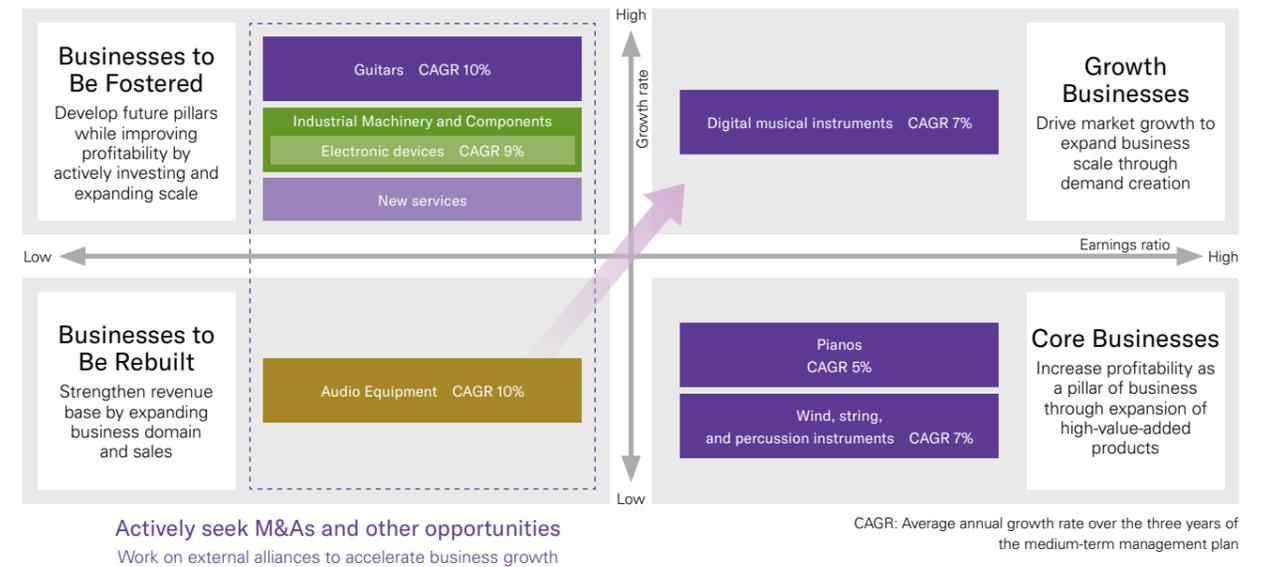


*1 As of March 31, 2022
*2 ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)

Make Waves 2.0 puts forth four financial targets aimed at achieving both growth and profitability. The main financial targets are those set for the core operating profit ratio and for ROE, both indicators for which targets were set under the previous medium-term management plan. These ongoing targets are complemented by new targets for revenue growth, an indicator for gauging growth, and ROIC. ROIC is an indicator of profitability in comparison with the amount of capital invested. This indicator differs from ROE in that it includes interest-bearing debt in the denominator, thereby painting a broader picture of the capital used in the Company's management, and in that the numerator uses core operating profit after income taxes to better illustrate the earnings from Yamaha's core business.

A target of 20% has been set for revenue growth while we will target a core operating profit ratio of 14% and a figure of 10% or more for both ROE and ROIC. The core operating profit ratio target of 14% represents our intent to once again work toward the level targeted under the previous medium-term management plan. All of these targets are to be accomplished through measures based on our strategies, and capital generated through the accomplishment of these targets will be directed toward business investments and shareholder returns.

Business Portfolio and Direction



In conjunction with the launch of the new medium-term management plan, Yamaha recategorized its principal businesses from the perspective of its portfolio. Categorizing businesses based on whether they are to be fostered, grown, or rebuilt or if they are to be positioned as core businesses, we will practice portfolio management that allocates management resources in accordance with the new categories in order to achieve improvements to corporate value over the medium to long term.

Growth Businesses	The digital musical instruments business, which boasts higher growth rates and profit margins, will be positioned as a growth business. We will seek to expand the scale of this business by creating new demand to drive the growth of the market.
Core Businesses	Core businesses include our piano and wind, string, and percussion instruments businesses, in which we prioritize profit margins over growth rates. In these businesses, we will pursue higher earnings capacity by increasing sales of high-value-added products.
Businesses to Be Fostered	We look to foster our guitar and electronic devices businesses, which still have room to improve profitability, as future pillars anticipated to display high growth rates. These businesses will be the target of an expanded scale through proactive investments while also advancing efforts to boost profitability. We will also focus on fostering new services in promising growth fields during the period of the new medium-term management plan.
Businesses to Be Rebuilt	There is a need to rebuild the audio equipment business, which suffered to a particularly large degree amid the COVID-19 pandemic, given the current changing operating environment and supply difficulties. We expect to grow sales by expanding our business domain to include new markets, which will make it possible to strengthen our earnings foundations in this business. The audio equipment business is anticipated to become a growth business in the future.

FINANCIAL STRATEGIES AND ENHANCEMENT OF MANAGEMENT FOUNDATIONS

Satoshi Yamahata

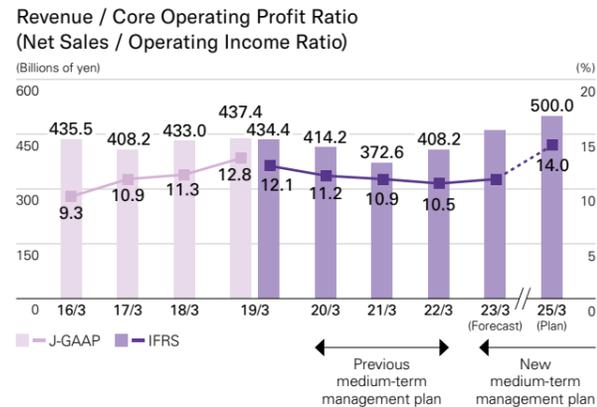
Director and Managing Executive Officer
Executive General Manager of Corporate Management Unit
Executive General Manager of Human Resources and General Administration Unit



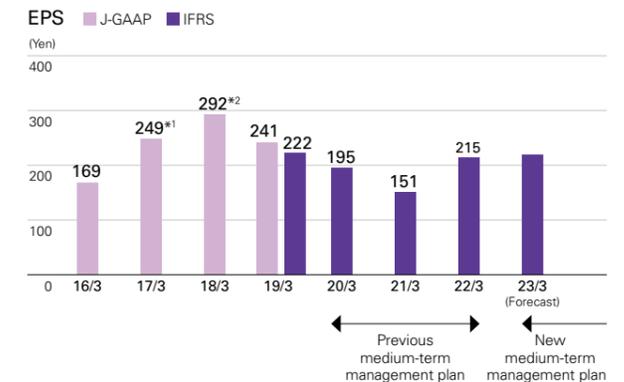
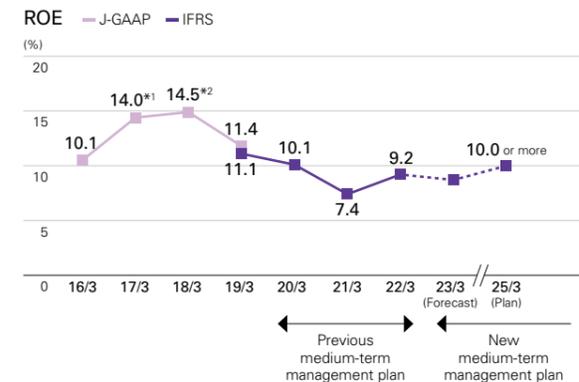
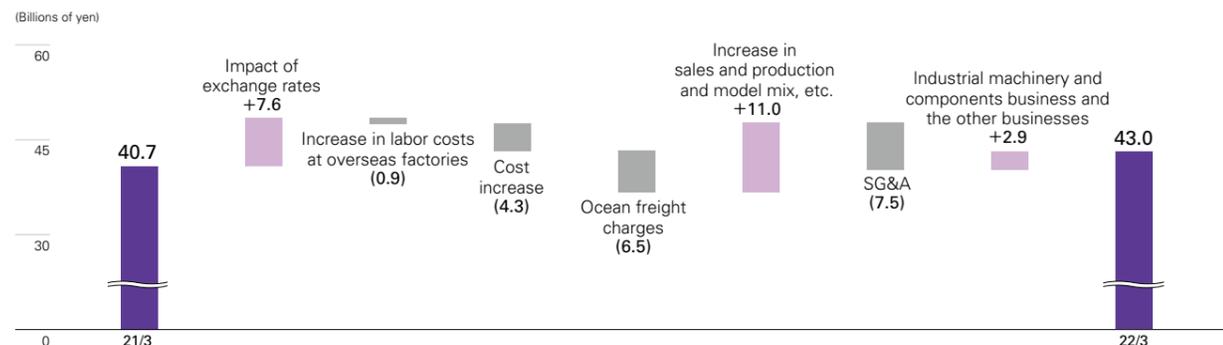
We will pursue higher levels of corporate value by advancing strategies based on the three key policies of the new medium-term management plan to accomplish our non-financial and financial targets.

Review of Fiscal 2022

In fiscal 2022, the final year of Make Waves 1.0, our previous medium-term management plan, we were unfortunately unable to meet any of the financial targets set out by the plan. This failure was largely a result of the substantial restrictions placed on Yamaha's production and sales activities due to the impacts of the global COVID-19 pandemic and worldwide semiconductor and maritime transportation container shortages. Although performance fell short of our targets, we saw growth nonetheless, with revenue of ¥408.2 billion, up ¥35.6 billion year on year; core operating profit of ¥43.0 billion, an increase of ¥2.3 billion; and profit attributable to owners of parent of ¥37.3 billion, a rise of ¥10.6 billion. These figures led to a core operating profit ratio of 10.5%, ROE of 9.2%, and EPS of ¥215.



Core Operating Profit Analysis Versus Previous Fiscal Year



*1 Including the recording of deferred tax assets
*2 Including gain on sales of a portion of shares in Yamaha Motor Co., Ltd.

I would now like to discuss the reasons behind the increase in core operating profit in comparison with the previous fiscal year. Higher costs were seen in the form of increases of ¥4.3 billion in procurement costs and ¥6.5 billion in ocean freight charges as well as in a rise in selling, general and administrative (SG&A) expenses. Nevertheless, a year-on-year increase in core operating profit was achieved thanks to higher sales of and production levels for major products as well as strong performance in the industrial machinery and components business and the others business.

These upturns were supported by solid demand. It is our policy to reflect cost increases in product selling prices, but we were unable to fully do so in fiscal 2022. The portion of cost increases unable to be reflected will thus be an issue to be addressed in fiscal 2023, which we will go about doing while also reflecting any further hikes to costs that might occur. We also see a need to bolster the resilience of our supply chains given the potential for us to become unable to conduct production in the event of disruptions in the supply of semiconductors and other materials.

Growth under the New Medium-Term Management Plan

Make Waves 2.0, the new medium-term management plan launched in April 2022, targets revenue growth of 20%, a core operating profit ratio of 14%, and ROE and ROIC of 10% or more. For revenue, we look to achieve a figure of ¥500.0 billion in fiscal 2025, which will be reached in part by growing our musical instruments, industrial machinery and components, and others businesses. In addition, we will work to reinvigorate the growth of the audio equipment business, which has been struggling due to sluggish demand amid the COVID-19 pandemic and the supply shortfalls resulting from the difficulties in procuring semiconductors. Our regional approach will entail incorporating the growth of China and other emerging markets while expanding operations in the

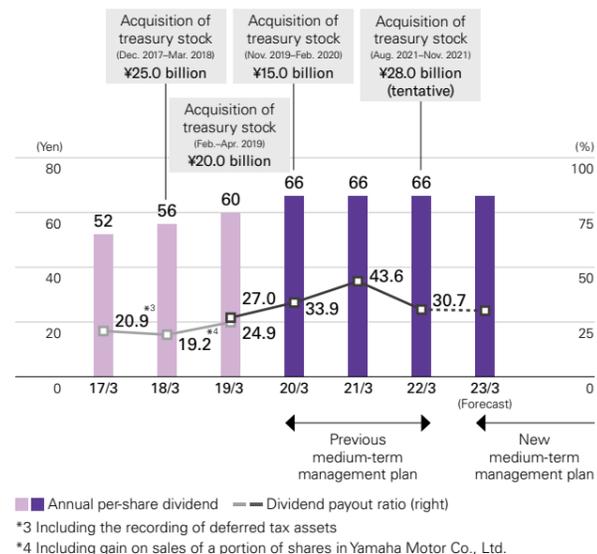
large market of North America and other mature markets. If we are to improve the core operating profit ratio, it will be important to grow revenue in order to take advantage of the high marginal profit ratio of existing businesses that represents a strength of Yamaha. In addition, we will seek to heighten our earnings capacity through an approach combining revenue growth with selling price increases, cost reductions, and new value creation. Moreover, we recognize that there is a need to bolster efforts across the supply chain if we are to accomplish our target of 14% for the core operating profit ratio amid the rising costs of procurement, production, and transportation.

Cash Allocation Policy

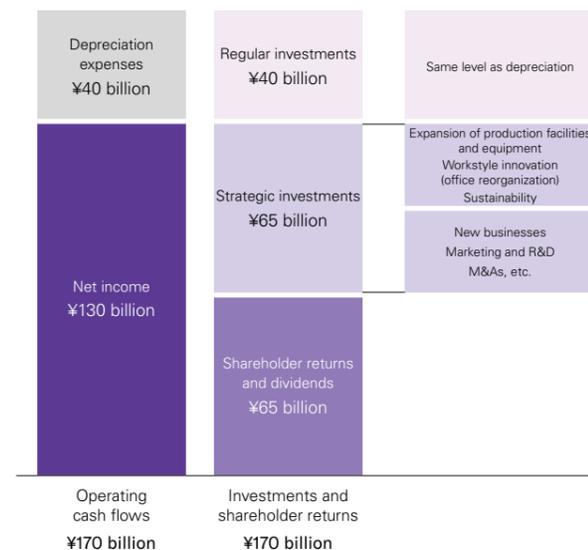


FINANCIAL STRATEGIES AND ENHANCEMENT OF MANAGEMENT FOUNDATIONS

Shareholder Returns



Three-Year Plans for Cash Flows in the Make Waves 2.0 Medium-Term Management Plan



Yamaha has almost no interest-bearing debt, and we do not plan to adopt a management approach of exerting leverage in the future. Accordingly, we will be pursuing our targets for ROE and ROIC by maintaining our current management approach of improving profit margins and achieving high capital efficiency. ROIC is an indicator for which targets were

not set under the previous medium-term management plan. We chose to employ this indicator for the new plan, however, as it is easy to understand for business divisions and therefore effective for unifying frontline business efforts and Groupwide management strategies.

Cash Generation Capabilities and Financial Strategies

Over the three-year period of the previous medium-term management plan, operating cash flows generated ¥151.4 billion while ¥16.8 billion was produced through investing activities, making for free cash flow of ¥168.2 billion. Net cash provided by investing activities was posted as a result of measures emphasizing financial stability, including our limiting the scope of investment amid rising uncertainty caused by the COVID-19 pandemic and our selling of a portion of cross-shareholdings. With this disciplined stance toward investment, we carefully selected investment projects that will contribute to future growth. Within the scope of ¥50.0 billion for strategic investments and ¥40.0 billion for standard investments prescribed for the period of the previous plan, we conducted investments centered on bolstering production capacity, including for the construction of new factories in India and Indonesia.

Under the new medium-term management plan, we project three-year aggregate operating cash flows of ¥170.0 billion. This cash will be allocated to investments and

shareholder returns in a balanced manner. Specifically, we intend to use ¥65.0 billion for strategic investments, ¥40.0 billion for standard investments, and ¥65.0 billion for shareholder returns. Targets of strategic investments will include the continuation of the production facility augmentations carried out under the previous medium-term management plan as well as office reorganizations, research and development, new business creation, and M&A activities. As for shareholder returns, we targeted a total return ratio of 50% during the period of the previous plan and proceeded to issue annual dividend payments of ¥66 per share for three consecutive years, despite the opaque operating environment. Meanwhile, the funds obtained from sales of cross-shareholdings were used to acquire treasury stock. We were thereby able to deliver an incredibly high three-year total return ratio of 78.8%. Under the new medium-term management plan, we will continue to target a total return ratio of 50% as we issue shareholder returns while striking a balance with growth investments.

Focuses of the New Medium-Term Management Plan

Make Waves 2.0 is a plan that is not preoccupied with addressing the management issues we face in the short term. Rather, it was formulated to use a backcasting approach from our medium- to long-term vision to determine our directives so that we can focus on how to bridge the gap between our current position and our vision. To paint a clearer picture of this gap in the new medium-term management plan, we have defined material issues that will be addressed on a priority basis by management and positioned the plan as a collection of measures and initiatives for tackling these issues.

This plan was created over a period of around 18 months. Before we got into the essentials of the plan, we used the first six months to engage in in-depth discussions regarding sustainability as part of formulating the overall directives and policies for the plan. Then, over the remaining 12 months, we narrowed down the measures and targets to be pursued under the plan. Through this process, we sought to align employees and management toward a common goal and to lay the groundwork for a constructive dialogue. Dialogue was also a focus at meetings of the Board of Directors as we actively allocated time for discussions and thereby gathered a variety of options and advice from outside directors. One area regarding which advice was received was digital transformation. The executive team is prone to looking primarily at the process reform side of digital transformation, but outside directors reminded us that the fundamental purpose of digital transformation is to create value. This realization provided a new launchpad for discussions on our digital transformation measures.

It was two medium-term management plans ago when Yamaha first put forth contributing to the realization of a sustainable society as a priority theme, and we have continued to evolve our initiatives with this regard ever since. Yamaha does not view sustainability as being separate from its business. Rather, sustainability is positioned as the foundation for our management and business activities. The position of sustainability within Yamaha's management is apparent in not

only how we explain the non-financial targets of the new plan before talking about the financial targets but also in the scope and level of detail of said non-financial targets.

One particularly noteworthy element of Make Waves 2.0 is the inclusion of the policy of "enable Yamaha colleagues to be more valued, more engaged, and more committed." The decision to include this policy was made based on internal discussions on the importance of gaining the understanding of employees and empowering them in their efforts.

One of our measures for empowering employees in this manner is global human resource management. We recently set up a dedicated global human resource organization within our personnel department and appointed a non-Japanese individual to head this organization. We anticipate that this organization will drive initiatives for tying diversity to growth based on ideas and perspectives not found among our Japanese staff. We have also begun building frameworks for spurring autonomous action by employees, which is an important element of human resource management. In particular, we are installing these frameworks at domestic Group companies. At the same time, discussions are moving ahead centered on the personnel department about how best to encourage employees to take a serious look at their careers and to support them in career advancement.

Furthermore, we have been issuing employee engagement surveys to gauge how our efforts are contributing to employee empowerment. Previously limited to Japan, the scope of these surveys has been expanded to include all 14,000 Yamaha Group employees working across the globe. Using survey questions developed by an external specialist firm, as opposed to creating our own survey questions, has allowed us to measure changes over time while also comparing our scores with those of other global organizations. We expect that this approach will make it possible to highlight the unique characteristics of Yamaha while also identifying its issues through comparison with other companies. These surveys will be issued on an annual basis to analyze the results of our efforts and to guide future initiatives.

In Closing

It is currently very difficult to accurately assess the operating environment or the level of risks. Given this uncertainty, we are faced with the pressing task of strengthening the resilience of our supply chains to build a robust corporate constitution that drives growth with change. Our new medium-term management plan has received a lot of praise

from investors. By moving ahead with the measures prescribed in this plan, we aim to demonstrate the full capacity of the Yamaha Group.

I hope that our shareholders, investors, and other stakeholders will continue to provide their frank opinions and advice and to offer Yamaha their ongoing support and understanding.



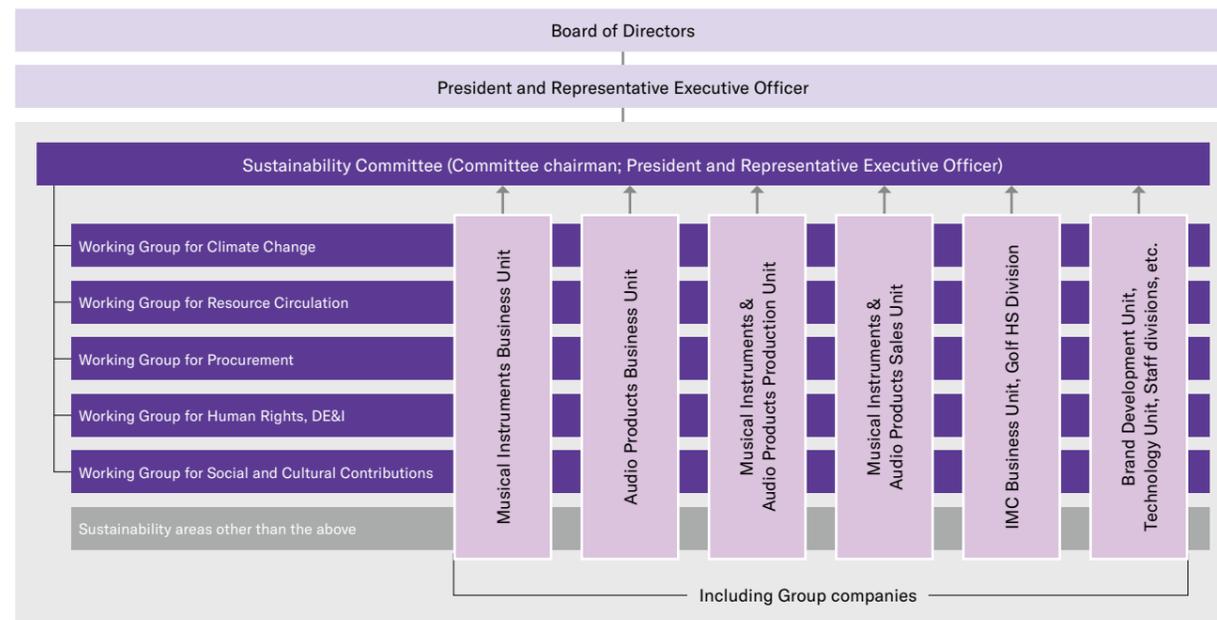
SUSTAINABILITY MANAGEMENT

Today, numerous environmental and social risks are materializing on a global scale, placing humanity at a crossroad starting down two paths: one to a sustainable society and one to an unsustainable society. As a responsible organization, the Yamaha Group places sustainability at the heart of its management and business activities. We also engage with stakeholders based on an understanding of the environmental and social impacts of our business activities and in accordance with the Yamaha Group Sustainability Policy. We are thus accelerating various initiatives to help shape a sustainable society.

Sustainability Promotion System

Under the guidance of the Board of Directors, Yamaha Corporation has established the Sustainability Committee as an advisory body to the president. This committee is tasked with discussing directives for Groupwide sustainability initiatives, monitoring initiatives for each division, and reporting to the president on these matters. The Board of Directors receives reports on the deliberations and findings of the committee with regard to matters such as revisions to material issues and sustainability policies, and provides approval as appropriate after

discussing 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, DE&I, and Working Group for Social and 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.



Fiscal 2022 Sustainability Committee Meetings

Meetings	Major Agenda Items
10 times	<ul style="list-style-type: none"> Revision of material issues and sustainability policies Medium- to long-term targets and measures related to carbon neutrality, resource conservation, waste reduction, sustainable timber procurement, human rights, and diversity Priority areas for contributing to social issue resolution and social and cultural outreach through products and services

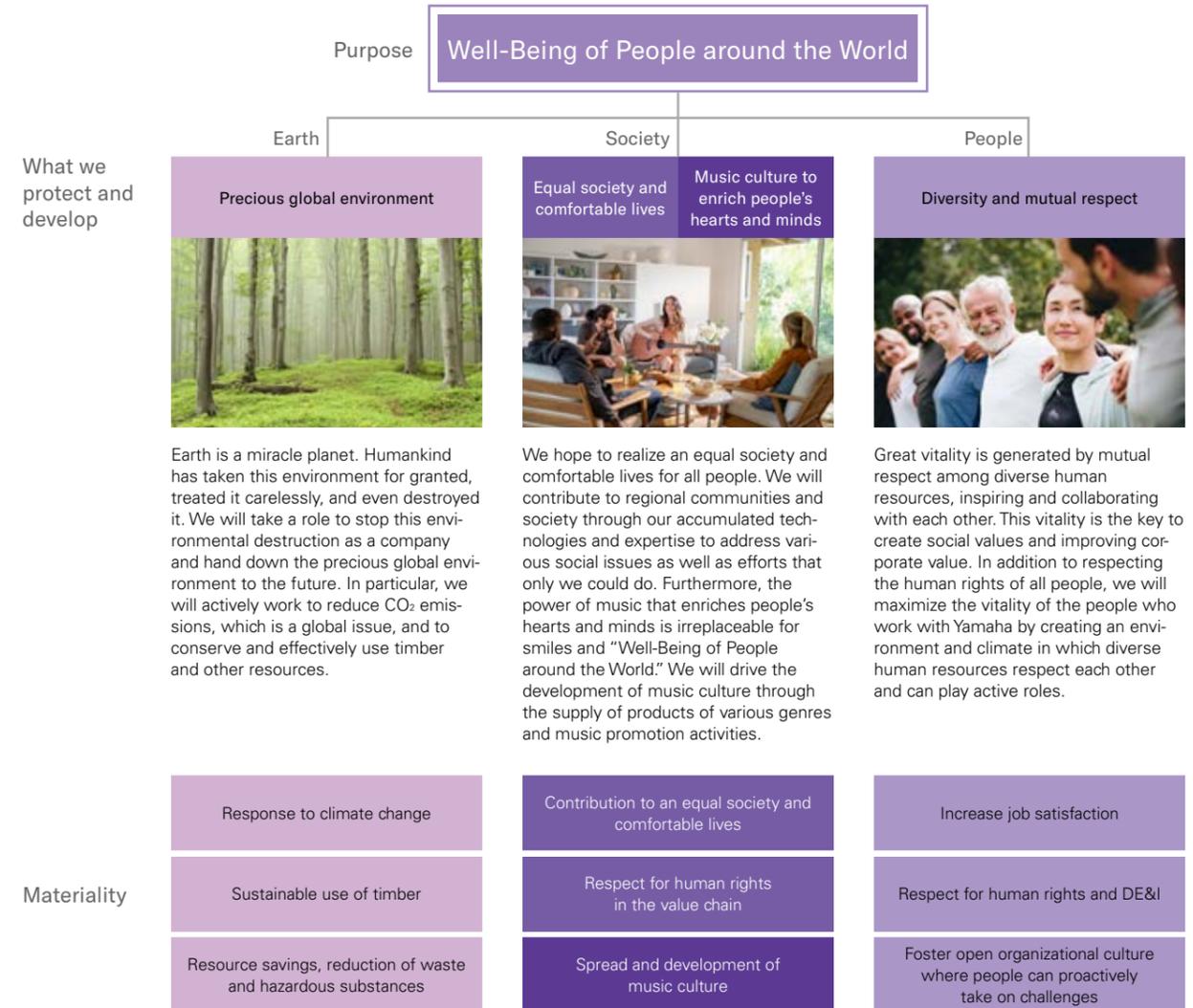
Yamaha Group Sustainability Policy

Throughout its long history, the Yamaha Group has made various efforts to promote people's "well-being," while remaining conscious of its connection with nature, society and culture. Our products, made of timber and other natural materials and carefully finished by skilled craftspeople, have been handed down from generation to generation and, with some products being given new life through renewal, loved by many people. In addition to simply selling products, we have also contributed to promoting the spread and development of music culture in various countries and regions around the world as our own business. These activities range from the spread of instrumental music education for children and the development of music schools to the support of top artists. These ideas and initiatives are in line with social sustainability and have been passed down through the Company's more than 130-year history, shaping the "distinctive brand identity of Yamaha."

Yamaha Group Sustainability Policy

The Yamaha Group aims to create a society that realizes the well-being of all people around the world. To achieve this goal, we will work to protect our one precious earth and contribute to the development of an equal society, comfortable lives, and a music culture that enriches people's hearts and minds, with our corporate philosophy of "Yamaha Philosophy" as the foundation to draw from. At the same time, we will not only respect for human rights but also create an environment in which diverse human resources can respect each other and actively play a role. Through these initiatives, we will continue to create excitement and cultural inspiration together with people around the world.

Based on this concept, we have identified materiality and will actively promote sustainability activities to enhance our medium-to-long-term corporate value through the creation of social value by working toward the realization of a sustainable society.



Material Sustainability Issues

The Yamaha Group has defined material sustainability issues for contributing to sustainable social development and medium- to long-term improvements in corporate value based on the impact of its business activities on the environment and society as well as on stakeholder expectations and social demands. Initiatives for addressing these issues are currently underway.

Material Issue Identification Process

Sustainability issues pertaining to the Yamaha Group's value chain have been identified with reference to the United Nations (UN) Sustainable Development Goals (SDGs) and others. The level of priority of these issues was then assessed based on input from customers, employees, and community members; ESG evaluation criteria; opinions and requests from NGOs; advice from external experts; our

corporate philosophy and management vision; and medium- to long-term management policies. In fiscal 2022, we revised our material sustainability issues to integrate these into the material issues used for overall corporate management.

In addition, we have formulated basic policies, priority themes, key performance indicators (KPIs), and targets based on these material issues under the new medium-term management plan (please see pages 28 and 36).

Furthermore, KPIs for gauging the progress of measures related to the identified material sustainability issues by the Sustainability Committee working groups and relative divisions was established along with related targets and action plans. The Sustainability Committee is responsible for monitoring the progress of initiatives pertaining to material issues.

Major Sustainability KPIs and Targets of Make Waves 2.0

Category	Material Items	KPIs and Targets for Fiscal 2025 (Make Waves 2.0 Medium-Term Management Plan)
Environment	Response to climate change	Reduce CO ₂ emissions by 5% through energy conservation (CO ₂ emissions /production volume) Management target
		Maintain inclusion on CDP Climate Change A List
		Improve logistics packing efficiency by 5%
Environment	Sustainable use of timber	Increase rate of sustainable timber use to 75% Management target
		Cultivate and preserve three scarce tree species necessary for musical instrument production (Tone Forest activities)
Environment	Resource savings, reduction of waste and hazardous substances	Eliminate plastic packaging used for newly launching small products
		Install Listening Care function for reducing burden on ears by delivering high quality sound at low volumes into all new headphones and earphones
		Realize high-quality, natural remote communication (companies, schools, etc.)
Society	Contribution to an equal society and comfortable lives	Develop Daredemo Pianos (Auto-Accompanied Pianos) that can be enjoyed by anyone, including senior citizens and people with disabilities
		Respect for human rights in the value chain
Society	Respect for human rights in the value chain	Conduct on-site audits of suppliers (60 companies)
		Culture
Promote instrumental music education at schools in emerging countries (School Project); provide instrumental music education opportunities to aggregate total of 2.3 million children in 10 countries		
Human resources	Increase job satisfaction	Continue improving ratio of employees offering positive responses regarding motivation on employee engagement surveys Management target
		Double human resources investment
	Respect for human rights and DE&I	Achieve global ratio of female managers of 19% Management target
		Conduct cross-border positioning of 30 individuals
Human resources	Foster open organizational culture where people can proactively take on challenges	Continue improving ratio of employees offering positive responses regarding workplace comfort on employee engagement surveys Management target

For more information on material sustainability issues, please refer to the following website.

<https://www.yamaha.com/en/csr/materiality/>



Participation in Initiatives and Activities Related to the SDGs

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 participating in various other initiatives. The Group is also actively contributing to the accomplishment of the SDGs, which are a set of shared targets embraced by global society, through its business activities. Yamaha emphasizes the goals and targets of the SDGs 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."



ENVIRONMENT

Recognizing the extreme importance of environmental issues, the Yamaha Group is committed to continuing its earnest contribution to the realization of a better global environment based on the Yamaha Group Environmental Policy. Yamaha is engaged in initiatives through its business activities, products, and services to respond to shared global issues, such as climate change, biodiversity, and the promotion of a circular society. At the same time, the Company is involved in environmental preservation activities, such as appropriate use of timber, forest preservation, and other activities that contribute to preserving the environment.



Environmental Management Systems

The Yamaha Group has created a system for promoting global environmental preservation activities that is overseen by the managing executive officer responsible for environmental issues of the Yamaha Group. In addition, the Climate Change Working Group, the Resource Circulation Working Group, and the Procurement Working Group have been positioned under the Sustainability Committee, which is chaired by the president, to engage in discussions regarding important sustainability issues, such as addressing climate change and procuring timber in a sustainable manner. Based on Groupwide environmental rules and regulations, we have established an integrated environmental management system for all domestic business sites while overseas sites develop their own environmental management systems based on the regulatory frameworks of their respective country or region.

Major Initiatives and Results under Make Waves 1.0 Furnish Responses to Climate Change

At the Yamaha Group, the Working Group for Climate Change seeks to contribute to the global movement to reduce greenhouse gas emissions. At the same time, we are preparing for the potential impact of climate change by identifying risks, formulating mitigation measures, and incorporating these into business strategies.



Endorsing the goals of Science Based Targets, an international initiative encouraging companies to formulate greenhouse gas emissions reduction targets in accordance with scenarios based on scientific evidence, the Yamaha Group has received certification from this initiative for reduction targets. Originally, the Group had targeted a 32% reduction in Scope 1 and Scope 2 emissions, but we later raised this target to 55% in light of the global community's push for carbon neutrality. This ambitious target has been certified by Science Based Targets as a target of helping limit the average rise in global temperatures to 1.5°C above pre-industrial levels. In addition, the Group declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and commenced initiatives for analyzing the impact of climate change on its finances and disclosing related information.

The Yamaha Group fully introduced an internal carbon pricing system in April 2022. This system motivates the Company to invest in renewable energy and in facilities with higher levels of energy efficiency and is expected to drive investment in solar power and other renewable energy generation equipment.

Furthermore, we have been introducing renewable energy at our business sites, and we were thereby able to transition to renewable

energy for 100% of the power purchased by the Company headquarters in April 2021. We then later switched to Shizuoka Green Electricity, a service that supplies electricity produced through hydro-electric power generation in Shizuoka Prefecture offered by Chubu Electric Power Miraiz Co., Inc., in September 2021. At overseas production sites, quantitative CO₂ emissions reduction targets are set on an individual-site basis, and proactive initiatives are being implemented toward the accomplishment of these targets.

Sustainably Use Timber

The Yamaha Group has established a due diligence system to prevent the procurement of timber from illegal sources, and promotes a strict confirmation process for the legality of timber harvesting through site visits and surveys of documents for procurement sources.

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 2022. The Group conducts such surveys each year with the cooperation of suppliers and is aiming to achieve a 100% rate of low-risk timber procurement. Additionally, we are actively adopting certified timber. Certified timber constituted 52% of timber purchase in fiscal 2022 (volume ratio). The Group was thereby able to realize the goal of achieving a 50% ratio of certified timber use over the three years leading up to fiscal 2022 set in the medium-term management plan announced in April 2019.

Realize Resource Savings and Reduce Waste and Hazardous Substances

The Yamaha Group strives to use less resources in its products from a variety of standpoints, such as lowering product size and weight, integrating several products into one, reducing sizes, and cutting down on product packaging and cushioning. Furthermore, the Group is also engaged in efforts that will ultimately lead to less use of resources, such as extending the lifespans of its products and developing its piano renewal business.

In addition, the Yamaha Group is developing alternative materials that can be substituted for scarce timber and adopting sustainable materials, such as biomass-derived resins, as well as recycled plastics for use in its products.

For more information on environmental initiatives, please refer to the following website.

<https://www.yamaha.com/en/csr/environment/>



Endorsement of the 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 Yamaha Group declared its endorsement of the recommendations of the 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 impacts of these risks and opportunities is disclosed.



Yamaha's Initiatives

Governance

Climate change and other important sustainability issues are discussed at meetings of the Sustainability Committee, which is an advisory body to, and chaired by, the president that was established in January 2021, after which these matters are discussed and examined under the Sustainability Committee, and the results of these discussions are reported to the Sustainability Committee. The Sustainability Committee met 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 results of these discussions are reported to the Sustainability Committee.

In fiscal 2022, Yamaha revised its sustainability priorities (materiality), the management issues with the potential to impact corporate value over the medium to long term, to include climate change among these issues. The new medium-term management plan "Make Waves 2.0" launched in April 2022 defines "set sustainability as a source of value" as one of its key policies, thereby positioning response to climate change as a central theme of the plan.

Strategy

Scenario analyses have been performed to confirm the potential impacts of climate change on the Yamaha Group. 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) based on the 2021 World Energy Outlook of the International Energy Agency (IEA) for transition risks and the Representative Concentration Pathway (RCP) 8.5 (global warming of 4°C above pre-industrial levels) scenario from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change for physical risks. Applied to all businesses, these assessments were used to identify short-term, medium-term, and long-term risks and opportunities.*

* Risks and opportunities are classified as "short-term" if their impacts will be most strongly felt over the next several years, "medium-term" if their impacts will be felt leading up to 2030, and "long-term" if the impacts will appear in 2050.

Major Climate Change-Related Risks and Opportunities

Transition Risks

□ Major Short-Term Risks

Major short-term risks include the risks of companies withdrawing from the timber business due to decarbonization trends, resulting in difficulties procuring timber.

The Yamaha Group has proceeded to raise the rate at which it uses certified timber, which can be procured reliably, from the perspective of the sustainability of forest resources, and our ratio of certified timber use was 52% on March 31, 2022. In addition, with our dedicated timber-related technology and procurement divisions, we have accumulated the expertise necessary to quickly switch to an alternative source should it become difficult to procure timber from a specific location.

□ Major Medium-Term Risks

Major medium-term risks include the potential for the institution of various measures aimed at the realization of a decarbonized society to lead to higher energy prices and additional costs resulting from carbon pricing systems.

To combat these risks, we altered our prior greenhouse gas emissions reduction target, which had been certified by Science Based Targets as a target for limiting global warming to 2°C above pre-industrial levels, and received certification for the new target in September 2021, indicating it as being viable for limiting global warming to 1.5°C above pre-industrial levels. Initiatives in pursuit of this target include advancing Companywide energy conservation activities, utilizing renewable energy, developing energy-efficient products, streamlining logistics processes, and bolstering engagement with suppliers. In addition, we have fully introduced an internal carbon pricing scheme for the purpose of facilitating investment in low-emissions equipment and installed emissions-reducing provisions into new Company buildings. By accelerating initiatives to achieve this more ambitious target, we aim to mitigate various transition risks.

Physical Risks

□ Major Long-Term Risks

Global warming threatens to change the environments in which the timber we procure is produced, which in turn would impede our ability to produce certain musical instruments. The Yamaha Group undertook an investigation that looked at scarce and difficult-to-substitute tree species from which it procures 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.

Furthermore, the Group exercises due diligence in verifying the legality of tree harvesting methods to ensure that it does not purchase illegally harvested timber and thereby safeguard its ability to continue procuring timber in a sustainable manner. We are also pursuing ongoing improvements to our business resilience through multi-faceted initiatives. One such initiative is the Tone Forest activities we engaged in with timber-producing communities to foster high-quality resources used for manufacturing musical instruments with regard to scarce timber that may become more difficult to secure due to climate change.

With regard to floods and other risks, we completed establishment of business continuity plans (BCPs) 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.

Furthermore, based on scenarios assuming global warming of 4°C above pre-industrial levels and once-in-a-century flooding in 2050, flooding risks and the effectiveness of flooding countermeasures were assessed for Yamaha Group bases, major distribution bases, and suppliers located in river-adjacent and coastal areas susceptible to floods around the world. These assessments found that no sites were at particularly high risk of flooding.

Opportunities

□ Major Medium-Term Opportunities

Major medium-term opportunities for Yamaha include the potential for increased demand for its products as people limit movement to help combat climate change. Specifically, it is possible that demand will grow for communication equipment. In addition, the trend toward decarbonization could drive the popularization of EVs, creating the potential for the Yamaha Group to engage in new businesses through which it produces comprehensive sound atmospheres within vehicles as well as the opportunity to win additional support for customers for its audio technologies, which deliver high sound quality from lightweight equipment.

□ Major Long-Term Opportunities

Major long-term opportunities include the possibility that demand for our products will increase as factors like global warming place limitations on outdoor activities. These factors are anticipated to drive growth in demand for a variety of musical instruments as well as for communication equipment. Moreover, by developing alternative materials with characteristics that are even more beneficial than those of the materials currently used, we aim to prepare for the potential depletion of the habits in which the timber suited to musical instrument production is grown. These provisions will allow us to provide value and take advantage of an even wider range of business opportunities.

Risk Management

The Risk Management Committee has been established as an advisory body to the president. This committee meets to discuss risk management-related themes from a Companywide perspective, and the findings of these discussions are reported to the president.

The committee also assesses and categorizes a variety of climate change and other risks based on the potential damages and frequency. In addition, risk control levels are evaluated to identify serious risks requiring priority attention, to designate the divisions responsible for managing these risks, and to thereby improve the overall level of risk management.

In addition, the Working Group for BCP and Disaster Prevention Management has been set up under the Risk Management Committee to establish BCPs and implement other business continuity management initiatives to address the physical risks associated with natural disasters.

Relevant executive officers report on these activities to the Board of Directors, which carries out confirmation and oversight of the effectiveness and progress of risk management frameworks.

For more information on risk management, please refer to page 98.

Metrics and Targets

Reductions to CO₂ emissions are managed in a comprehensive manner encompassing the entire Yamaha Group and its supply chains. To facilitate these efforts, the Greenhouse Gas Protocol is used as the standard for calculating total greenhouse gas emissions (Scope 1, Scope 2, and Scope 3 emissions), and third-party verification is received for these calculations.

Yamaha has set the medium-term targets of reducing total Scope 1 and Scope 2 greenhouse gas emissions by 55% (a target certified by Science Based Targets as sufficient for helping limit average global warming to below 1.5°C) 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 for Scope 1 and Scope 2 emissions of achieving carbon neutrality by fiscal 2051.

Scope 1, Scope 2, and Scope 3 emissions

https://www.yamaha.com/en/csr/environment/global_warming/#02



In addition, we have set the goal of achieving a ratio of certified timber use of 50% by fiscal 2022 in order to help preserve forest resources and protect biodiversity. This goal was successfully accomplished in fiscal 2022 with a ratio of 52%. Going forward, we plan to establish internal standards to guide wider-ranging management of timber sustainability. At the moment, we are targeting a ratio of sustainable timber use, as defined based on our internal standards, of 75% by fiscal 2025. Ongoing initiatives will be advanced toward this goal.

Results of Scenario Analyses

Category	Impact Level	Risks and Opportunities	Reason, Impact, and Response	Impact on Business (Potential)
Transition risks (Global warming of 1.5°C)	Procurement	Short-term risks Risk of difficulties in procuring timber because of companies withdrawing from the timber business due to decarbonization trends	<ul style="list-style-type: none"> The number of companies targeting net zero emissions is increasing, a trend that is expected to stimulate a rise in demand for forest-associated carbon credits, which is in turn prompting forest owners to withdraw from timber businesses. The impacts of such withdrawals have been felt in certain timber-producing regions, but we are taking steps to mitigate the associated risks by utilizing alternative timber produced in different regions. Should a supplier of timber to Yamaha withdraw from the timber business, there is a risk that the Company may face difficulty securing the timber it needs to manufacture its products. However, with our dedicated timber-related technology and procurement divisions, we are able to quickly switch to an alternative source or develop alternative materials. The Company is progressively transitioning to certified timber from forests managed in a sustainable manner in its procurement of timber resources. 	- -
	Direct operations	Medium-term risks Risk of additional costs due to institution or increase of carbon prices	<ul style="list-style-type: none"> The IEAs NZE Scenario (net zero emissions by 2050) projects carbon prices of U.S.\$130 per t-CO₂ (approx. ¥15,000 per t-CO₂) in Japan, U.S.\$90 per t-CO₂ (approx. ¥10,000 per t-CO₂) in China, and U.S.\$15 per t-CO₂ (approx. ¥1,700 per t-CO₂) in Indonesia. These carbon prices will result in a rise in costs of approximately ¥1.6 billion in 2030. However, by accomplishing the greenhouse gas emissions reduction targets Yamaha put forth based on scenarios projecting global warming of 1.5°C, it should be possible to limit this rise in costs to ¥0.6 billion (yen amounts translated at a rate of ¥115 to U.S.\$1). An internal carbon price of ¥14,000 per t-CO₂ has been set for the purpose of accomplishing this target, which is being pursued by promoting investment in low-emissions equipment, increasing the energy efficiency of production divisions, and utilizing renewable energy. 	- -
		Medium-term risks Risk of additional costs due to increased procurement of renewable energy	<ul style="list-style-type: none"> The procurement of renewable energy is imperative to achieving significant reductions in emissions. A large portion of Yamaha's Scope 1 and Scope 2 emissions are associated with electricity, meaning that increased use of renewable energy will be crucial to reducing emissions (electricity purchased in fiscal 2022 amounted to approximately ¥3.0 billion). Reductions to CO₂ emissions will be pursued by conserving energy, generating renewable energy in-house, and purchasing renewable energy. 	-
	Product demand	Medium-term opportunities Opportunities created by increased product demand as people limit movement to combat climate change	<ul style="list-style-type: none"> There has been a trend toward people limiting their movement (via airplanes, etc.) to combat climate change, and it is possible that this trend may continue or expand going forward. This transition from outdoor to indoor activity may create opportunities by increasing demand for Yamaha's communication equipment (speakerphones, routers, etc.). The trend toward decarbonization is expected to drive the popularization of electrified vehicles. The IEAs NZE Scenario (net zero emissions by 2050) projects that sales of EVs will represent 64% of total automobile sales in 2030 and 100% in 2050. This accelerated spread of EVs has the potential to help win stronger customer support for Yamaha and its technologies for creating lightweight equipment that produces high-quality audio. We also see potential for engaging in new businesses through which we branch out from audio equipment to produce comprehensive sound atmospheres within vehicles. Reductions to waste and more effective use of resources is being promoted as a means of combating climate change. Against this backdrop, Yamaha has the potential to become a brand that guides the direction of the entire industry. Efforts to secure this position should include the development technologies and business model reforms for providing products as services aimed at reducing raw material use, utilizing recycled and renewable materials, encouraging customers to use products for longer by upgrading or purchasing more durable items, and eliminating the use of plastics in packaging. 	+ +

Category	Impact Level	Risks and Opportunities	Reason, Impact, and Response	Impact on Business (Potential)
Physical risks (Global warming of 4°C)	Procurement	Long-term risks Risk of difficulties in procuring timber due to changes in production region environments	<ul style="list-style-type: none"> Global warming may change the environments in the regions from which Yamaha procures timber. The Company undertook an investigation that looked at scarce and difficult-to-substitute tree species from which it procures 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. It has therefore been determined that we face the risk of it becoming difficult to procure timber from these tree species, resulting in increases in raw material prices. Through the advancement of Tone Forest for developing forests capable of sustainably producing timber suited to musical instrument production together with the community, we aim to secure stable supplies of high-quality timber over the long term. 	- -
	Direct operations	Long-term risks Risk of halts to operations and lost profits due to heavy rains, floods, or other natural disasters impacting operating bases (factories)	<ul style="list-style-type: none"> Global warming is projected to cause increases in the damages from heavy rains, floods, and other natural disasters. It is therefore possible that profits may be lost should operations be halted at an operating base (factory) as a result of flooding. However, even when using analyses based on a scenario projecting global warming of 4°C above pre-industrial levels in 2050, the Company's investigations have found no risks flooding of more than one meter above floor level at the approximately 100 major Yamaha Group bases, distribution bases, and suppliers investigated. 	-
	Product demand	Long-term opportunities Opportunities created by increased product demand as people refrain from leaving homes during summer as a result of rising temperatures	<ul style="list-style-type: none"> There has been a trend toward people refraining from leaving their homes during the summer as a result of rising temperatures (risks of heatstroke, etc.), and it is possible that this trend may continue or expand going forward. This transition from outdoor to indoor activity may create opportunities in the form of increased demand for Yamaha's communication equipment (revenue of ¥14.5 billion from ICT equipment in fiscal 2022) and for guitars and other types of musical instruments (revenue of ¥276.2 billion from musical instruments in fiscal 2022). To prepare for the potential depletion of the habitats in which timber suited for musical instrument production is grown, we are developing alternative materials with characteristics that are even more beneficial than those of the materials currently used. We thereby aim to contribute to the development of music culture and to capitalize on a wider range of business activities. 	+ +

Note: Certain risks and opportunities have been omitted in reflection of their likelihood of occurrence or potential impact on business.

Potential Changes in Timber Procurement Region Environments from Base Year

Legend: ■ None (100% or more) ■ Minor (95-100%) ■ Moderate (80-95%) ■ Large (80% or less)

Tree Species	Region	Rise in Average Global Temperature from Pre-Industrial Levels (°C) and Potential Change in Procurement Region Environments (%)									
		0.6°C*	1.0°C	1.5°C	2.0°C	2.5°C	3.0°C	3.5°C	4.0°C	4.5°C or more	
Conifer species A	North America A	100	100	99	98	96	94	92	90	Less than 90	
Conifer species B	Europe A	100	101	84	74	62	47	31	11	Less than 11	
Broadleaf tree species A	Asia A	100	101	105	107	109	111	113	115	More than 115	
Broadleaf tree species B	Asia B	100	101	103	104	104	104	103	101	Less than 101	
Broadleaf tree species C	Europe B	100	102	96	86	72	55	37	14	Less than 14	
	Europe C	100	100	100	99	98	96	94	92	Less than 92	
		2°C scenario					4°C scenario				
RCP 8.5 (4°C scenario)		Today*		2040s		2060s		2080s		2090s	
RCP 2.6 (2°C scenario)		Today*		2040-2090s							

* "Today" represents the average between 1986 and 2005.
Source: Yamaha Corporation

HUMAN RIGHTS

To help realize a society in which everyone's human rights are respected, the Yamaha Group remains keenly aware of its responsibility with this regard and promotes respect for the human rights of all stakeholders touched by its business activities and value chain.



Basic Policy

Based on the UN Guiding Principles on Business and Human Rights, the Yamaha Group has established the Yamaha Group Human Rights Policy. This policy guides the Group as it 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 addition, the Working Group for Human Rights, DE&I has been established as part of the Sustainability Committee, which is chaired by the president. This working group is responsible for monitoring human rights due diligence, education, and awareness-raising activities. The Board of Directors, meanwhile, oversees Groupwide human rights due diligence activities based on reports from executive officers.

For more information on the Yamaha Group Human Rights Policy, please refer to the following website.

https://www.yamaha.com/en/csr/human_rights_policy/



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 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. The Group works to identify the material human rights issues faced in different industries through participation in the Stakeholder Engagement Program of Caux Round Table Japan. Also, we began in 2022 to identify human rights issues based on advice received from experts and to revise our frameworks for assessing related risks in order to promote more sophisticated and comprehensive due diligence activities. Moreover, human rights principles are being incorporated into the internal regulations of the Company and Group companies. The status of the protection of employee human rights is monitored based on these regulations with regard to areas such as work conditions and labor-management dialogue, and improvements are pursued as necessary. For production companies in Japan, China, Indonesia, Malaysia, and India, dedicated Company staff members provide support for developing and advice for improving occupational health and safety and health management frameworks. We are thereby working to address human rights risks pertaining to employee health and safety and community members.

Suppliers, meanwhile, are asked to sign agreements stipulating compliance with the Yamaha Supplier CSR Code of Conduct, which contains provisions related to worker human rights, occupational health and safety, environment preservation, and ethics. Adherence with these agreements is regularly confirmed via paper audits. We intend to conduct on-site inspections of suppliers and to ramp up assessments going forward.

Yamaha Supplier CSR Code of Conduct

(Preamble)
All Yamaha Group Suppliers are expected to comply, in all business activities, with each of the following statements, in addition to national and municipal laws, rules, and regulations, while also respecting international norms of behavior. Furthermore, Suppliers shall also encourage their employees to comply with the Code of Conduct and shall obtain information from these suppliers necessary to ensure compliance with the Code. In cases where these standards do not conform to national or local laws, etc., endeavors shall be made to find a way to respect the standards.

A. Labor and Human Rights

- 1. Fair Wages**
The free will of all workers shall be respected and forced labor shall not be used. Conditions of employment shall be provided in accordance with the local laws and regulations. Suppliers shall not be required to hand over their passports, official identity documents, or work permits.
- 2. No Child Labor**
Children under the minimum employment age are not to be employed. Employing with businesses that jeopardize the health and safety of workers under the age of 18 shall not be allowed.
- 3. Reasonable Working Hours**
Weekly working hours as defined by local regulations shall not be exceeded. Workers shall be allowed at least one day off per week.
- 4. Fair Wages and Benefits**
Pay shall meet or exceed the minimum wage as defined by local regulations. Payment shall be accompanied by a pay statement and shall be made directly to the worker without delay. There shall be no color wage reductions.
- 5. No Harassment or Abuse**
The human rights of workers shall be respected and there shall be no harassment or abuse. Measures shall be implemented to prevent and manage harassment.
- 6. No Discrimination**
There shall be no discrimination in hiring or employment practices based on race, skin color, nationality, age, gender and sexual orientation, gender identity, ethnicity, disability, pregnancy, religion, political opinion, labor union membership, marital status, or any other factor relevant to business.
- 7. Safeguarding Whistleblowers**
Suppliers shall respect the rights of workers to associate freely, join or refrain from joining labor unions, bargain collectively, engage in peaceful assembly, and other such actions in accordance with local laws and regulations. Efforts shall be made to ensure that workers can communicate openly with management without fear of discrimination, reprisal, intimidation or harassment. Employees shall not be unlawfully terminated.

Occupational Safety
Safe and Sound Working Conditions
Suppliers shall understand the work environment and operations, and implement appropriate technical, administrative, and preventive measures to address potential hazards and risks in order to ensure the safety of workers. Workers shall be provided with safety and health information and training, and any necessary protective equipment. Suppliers shall take appropriate measures and proper consideration shall be given to reduce health and safety risks for pregnant and nursing mothers.

Accident Prevention and Emergency Preparedness
Suppliers shall prepare countermeasures to evaluating risks associated with potential disasters, accidents, etc., and any necessary training or drills shall be performed. Suppliers shall conduct facility safety inspections, secure evaluation routes, and install and maintain disaster prevention equipment.

Prevention of Occupational Injury and Illness
Suppliers shall understand the state of occupational injury and illness and implement preventive measures. Workers shall be provided with medical examinations in accordance with local regulations.

Management of Physical Demands
Suppliers shall identify and manage physically demanding work that may pose a hazard to either physical or mental health, so as not to cause occupational injury or illness.

Machinery and Equipment Safety
Suppliers shall implement safety evaluations of machinery and equipment, so as not to cause occupational injury or illness.

Healthy and Safe Working Conditions
Workers shall be provided with a healthy and safe working environment (e.g. housing facilities, cafeterias, etc.).

Human Rights Education and Awareness-Raising Activities

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 e-learning programs and workplace discussions of the Yamaha Human Rights Guidebook, which compiles easy-to-understand information on the UN Guiding Principles on Business and Human Rights and possible human rights violations that may occur during the course of corporate activities. In addition, we hold internal seminars, training sessions, and workshops. These programs are designed to improve employees' awareness regarding human rights. We have also recently begun holding unconscious bias training as part of our efforts to promote diversity, equity, and inclusion (DE&I). Yamaha's personnel department monitors the implementation status of human rights education programs at Group companies and supports these companies in advancing self-propelled education programs.

YAMAHA
Human Rights Guidebook

What businesses must do

- 1. COMPLY**
Comply with national and local laws and regulations, and international norms of behavior.
- 2. PREVENT & MITIGATE**
Prevent and mitigate human rights risks in business activities.
- 3. ESTABLISH**
Establish a human rights management system.

PROMOTING HUMAN RIGHTS TO BUILD A WELCOMING WORKPLACE

TO PREVENT HARM

INTERNAL ABOUT NEW BUSINESS ACTIVITIES RELATIVE TO HUMAN RIGHTS

Yamaha Human Rights Guidebook

Prevention of Harassment

The Yamaha Group advances comprehensive initiatives for preventing all forms of workplace harassment. The Compliance Code of Conduct strictly prohibits harassment, and we have established consultation and whistleblowing systems and otherwise developed the frameworks and processes necessary for furnishing a swift and vigilant response to harassment. We also hold manager training programs for preventing abuses of power and are stepping up internal awareness-raising measures to bolster workplace communication with the goal of fostering a workplace environment free of harassment.

Human Rights-Related Consultation and Whistleblowing Systems

The Yamaha Group has set up human rights-related consultation and whistleblowing systems to allow for the quick detection and response to human rights violations. In Japan, the Company has implemented internal and external compliance-related consultation and whistleblowing systems for use by employees (including contract employees, part-time employees, dispatch employees, and subcontractors). Overseas, we have developed multilingual email forms to ensure that the systems can accommodate reports from various countries

and regions. We are advancing activities to ensure awareness regarding the respective contact venues and how they are used. At the same time, internal regulations on how to handle reports are being developed, starting in Japan, with stipulations for protecting the confidentiality of reports and ensuring that individuals do not suffer disadvantageous treatment as a result of reporting. Yamaha's Legal Division monitors the status of whistleblower system implementation and operation at Group companies worldwide, and assistance for improvements is provided as necessary.

For more information about compliance initiatives, please refer to page 100.

Product and Service Accommodation

The Yamaha Group seeks to improve the safety and accessibility of its products and services to ensure that they do not cause or exacerbate physical or mental health conditions and to allow them to be enjoyed by a wide range of people, regardless of disability or other restrictions. Examples of the innovations we have used to this end include the installation of the Listening Care function into our earphones and headphones, the provision of voice guidance functions for digital musical instruments, the development of recorders that can be played with one hand, and the deployment of the SoundUD universal design support system for sound.

Furthermore, we prepared a diversity, equity, and inclusion communication handbook for employees in April 2022 to facilitate inclusive communication that does not discriminate against or exclude others through product and service marketing activities and advertisements or through social media. Yamaha is also a member of the Unstereotype Alliance, a movement spearheaded by UN Women that aims to eliminate harmful stereotypes in media and advertisements.



Diversity, equity, and inclusion communication handbook



Banner for Unstereotype Alliance

HUMAN RESOURCES

Recognizing that human resources are the source of corporate value creation, Yamaha respects the diverse individuality and autonomy of its employees and provides them with equal access to opportunities for skill development and career advancement. Furthermore, we are developing workplace environments that enable all employees to fully demonstrate their sensibilities and creativity while achieving self-actualization and growing as professionals. By promoting human resources management on a global scale, we aim to fully utilize our human resources, further develop our business, and achieve ongoing improvements in corporate value.



Basic Policy

Yamaha seeks to ensure that all of its colleagues are able to fully exercise their talents. To this end, we strive to foster a workplace environment in which the individuality of all employees is respected, regardless of their gender, nationality, or race, and in which everyone is able to succeed. These efforts are backed by workstyle reforms, health and productivity management, and the cultivation of human resources that can excel on the global stage, among other measures.

Review of Make Waves 1.0 Respect for Diversity

The Yamaha Group Diversity & Inclusion Policy states that the diversity of people is the source of corporate and social value. In accordance with this belief, Yamaha is developing frameworks and cultures that provide everyone with equal opportunities to succeed. The Working Group for Human Rights, D&I (later renamed the Working Group for Human Rights, DE&I) was established under the Sustainability Committee, an advisory body to the president, in fiscal 2021. This working group uses communication with and surveys of Group companies worldwide as a venue for identifying the diversity and inclusion issues we need to tackle. These efforts have revealed that gender equality and the cultivation of female leaders are areas requiring our attention. Based on this recognition, Yamaha is ramping up efforts to communicate to society its support for people in minority groups. For example, the Company is a member of the UN Unstereotype Alliance. We also implement initiatives commemorating International Women's Day and LGBT Pride Month.

In Japan, these efforts have earned recognition including Yamaha Corporation being awarded the highest rating of gold in the PRIDE INDEX 2021, an index designed to recognize the inclusion initiatives of companies and other organizations for supporting sexual minorities, for three consecutive years.

Support for Women's Careers

As one facet of its diversity management efforts, the Yamaha Group strives to develop a workplace environment that is conducive to the contributions of women and conducts unconscious bias training and other awareness-raising activities. We are moving ahead with measures for supporting the careers of female employees based on an action plan targeting a global average of 19% for the ratio of female employees in management positions to be accomplished by 2025 while monitoring progress with this regard. The Working Group for Gender Equality, which is positioned under the Human Resources Development Committee, an advisory body to the president, is tasked with offering advice regarding various initiatives for diversifying management through the ongoing cultivation of female leaders and with guiding the implementation of these initiatives.

Furthermore, Yamaha is a member of the 30% Club Japan, an international campaign aimed at promoting healthy gender balances in corporate decision-making bodies. We have also announced our endorsement of the goals of the Women's Empowerment Principles.

Such commitments by senior management shape our efforts to develop workplace environments that allow all employees to realize their full potential.

Work-Life Balance Support Systems and Workstyle Reforms

The Yamaha Group hopes to allow our employees to exercise their skills while maintaining good physical and mental health and living enriching work and personal lives. We therefore aim to develop flexible systems and workplace environments that are accommodating of the circumstances of individual employees.

We offer employees access to teleworking systems as well as to systems that support employees in balancing their work with medical treatment. Furthermore, a system was introduced in fiscal 2022 that allows employees to work in remote locations to accommodate individuals who would normally be forced to live away from their family for work purposes. We also expanded the range of areas from which individuals can commute should they need to provide nursing care to family members. We therefore hope to allow such individuals to continue exercising their skills.

Human Resources Development

The Yamaha Group has established guidelines for Groupwide education and training programs. Based on these guidelines, we seek to create an education and training system that is equally focused on skill improvement and career development as the basis for the development of globally successful human resources. At the same time, training programs are tailored to specific objectives and groups of employees.

In fiscal 2022, we continued to conduct highly effective education and training programs, even amid the restrictions imposed in response to the COVID-19 pandemic, through the use of e-learning programs utilizing videos as well as discussion-centered programs that take advantage of the characteristics of online meeting tools. We also began arranging liaison meetings for individuals responsible for specialized function training in their respective organizations in order to share best practices in relation to training programs.

Furthermore, the Company launched new hierarchical level-based training in the form of training for the heads of core and other divisions in order to bolster its training programs for individuals who are central to management. Overseas, we conduct global selective training for selected employees, including local personnel hired overseas, to systematically develop employees who can take charge of management on a global basis.

Occupational Health and Safety and Health and Productivity Management

The Yamaha Group has defined the basic occupational health and safety policy of prioritizing health and safety over everything, based on which we are advancing initiatives for protecting the safety of everyone involved in our business activities and promoting the health of employees and their families.

Human Resources Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Implement measures in pursuit of the following targets based on the key policy of enabling Yamaha colleagues to be more valued, more engaged, and more committed

Priority Themes of Make Waves 2.0

Priority Themes	Targets	Measures
Increase job satisfaction	<ul style="list-style-type: none"> Continue improving ratio of employees offering positive responses regarding job satisfaction on employee engagement surveys Double human resources investment 	<ul style="list-style-type: none"> Inspire a feeling of value with regard to working at Yamaha <ul style="list-style-type: none"> Cultivate leaders for guiding businesses from a global perspective and place the best personnel in the most appropriate position Enhance support for autonomous career development Support diverse and flexible workstyles
Promote respect for human rights and DE&I	<ul style="list-style-type: none"> Achieve global ratio of female managers of 19% Conduct cross-border positioning of 30 individuals 	<ul style="list-style-type: none"> Utilize individuality of diverse employees <ul style="list-style-type: none"> Conduct human rights education and due diligence Empower female employees and assemble a diverse team
Foster open organizational culture where people can proactively take on challenges	<ul style="list-style-type: none"> Continue improving ratio of employees offering positive responses regarding workplace environment on employee engagement surveys 	<ul style="list-style-type: none"> Build comfortable organizational culture founded on mutual respect <ul style="list-style-type: none"> Create diverse opportunities for engagement Reform organizational culture to allow employees to take on challenges without fear of failure

In fiscal 2022, Yamaha Corporation and Japanese Group companies had a 100% health examination completion ratio, while an industrial physician made work category decisions* for 100% of cases for both Yamaha Corporation and domestic Group companies. In addition, our mental health care initiatives have enabled us to maintain rates of more than 80% for employees returning to work after receiving leave for a mental health issue for the first time.

Furthermore, we have continued to help employees quit smoking through advice offered during health checkups as well as individualized support for employees desiring such aid. Moreover, smoking has been completely prohibited on the premises of all domestic Group companies since April 2022. As a result of such efforts, the percentage of smokers among all employees declined to 11.1% in fiscal 2022.

Based on the external recognition for these initiatives, Yamaha Corporation was included, for the first time, in the Health & Productivity Stock Selection in March 2022. This program is designed to recognize companies among those listed on the Tokyo Stock Exchange that exhibit excellence in practicing health and productivity management. In addition, Yamaha Corporation and its subsidiary Yamaha Corporate Services Corporation were certified as White 500 enterprises in the 2022 Certified Health & Productivity Management

Organization's Recognition Program organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Going forward, the Group will pursue higher levels of quality in its health and productivity management efforts. To this end, we will seek to support a healthy work-life balance through measures for combating excessive workhours targeting management and other employees. At the same time, efforts will be made to help employees and their families achieve "Sound Living," living in good physical and mental health and in accordance with one's own desires, as described in the Yamaha Group Health Declaration.

* Work category decisions by industrial physicians are based on Article 66.4, 5 of the Industrial Safety and Health Act. In these decisions, the Company determines the work category for health checkups for eligible employees based on an industrial physician's opinion.



DIGITAL TRANSFORMATION

Yamaha is promoting digital transformation to maximize customer value and reform its processes with digital technologies in areas such as customer data platforms for connecting with customers, new supply chain management (SCM) systems, and enterprise resource planning (ERP) frameworks. By furnishing business platforms and promoting data utilization through this approach, we will transform business processes and thereby improve productivity and corporate value.

Taro Tokuhira
Operating Officer
Executive General Manager of Operations Unit



Basic Policy

In response to the rapid operating environment changes driven by the recent acceleration in the digitization trend, Yamaha is building business foundations for improving profitability, as represented by the combination of customer value and productivity, through customer-oriented reforms to businesses and business processes. To guide these efforts, the Digital Transformation Strategy Committee was established in April 2019 as a corporate committee that serves as an advisory body to the president. This committee is tasked with discussing Companywide digital transformation policies and IT strategies. In addition, technologies and resources for promoting digital transformation have been consolidated within the Information Systems Division, which is responsible for overseeing digital transformation activities. These provisions make for a framework for advancing digital transformation strategies on a Companywide basis.

The goal of Yamaha's digital transformation strategies is to transform businesses and processes to adopt a customer-oriented perspective with digital technologies. The Digital Transformation Strategy Committee has categorized the Company's business processes into five process areas (customer contact points; planning, research, and development; production; supply; and accounting, human resources, and other administrative operations), which have been further subdivided based on three perspectives (data, systems, and business processes). Policies and rules have been decided based on these divisions to facilitate the transformation of processes on a Groupwide scale. Through digital transformation, the Company will create systems for collecting and managing viable data, even in a highly unclear business environment, as we invest in the recruitment and education

of human resources capable of utilizing data and in the development of the associated organizations. We thereby aim to transform into an organization that makes decisions and takes action based on data.

Review of Make Waves 1.0

Under Make Waves 1.0, the previous medium-term management plan, we promoted digital transformation in five process areas based on the policies and rules formulated in relation with to system environment establishment, development, and implementation. Progress was made in furnishing business platforms through these efforts.

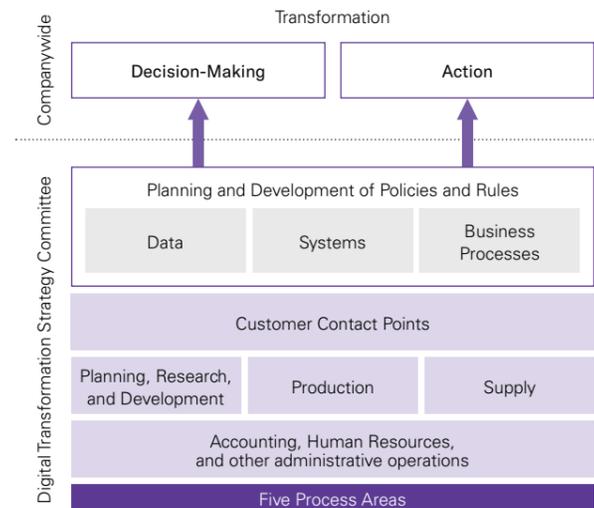
In the area of customer contact points, to facilitate the formation of ongoing connections with customers around the world, we installed customer data platforms at overseas sales companies, thereby developing the frameworks for consolidating customer information. As for planning, research, and development, we are expanding customer contact points and creating new value through offerings such as the SYNCROOM online remote ensemble performance service, the Remote Cheerer powered by SoundUD remote cheering system, and the Charlie™ communication robot. Initiatives in the areas of production and supply included the completion of a core system centered on

Goals of Digital Transformation (Customer Data Platforms, New SCM, and Process Reforms)



Acquisition of Digital Transformation Certification

In April 2021, Yamaha became recognized as a digital transformation-certified business operator under the Digital Transformation Certification system advocated by the Ministry of Economy, Trade and Industry. This system is used to certify business operators that are prepared to promote digital transformation. Yamaha received this certification in recognition of its highly regarded security measures and customer data platforms.



Digital Transformation Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Create new value and transform processes through digital transformation
Advance data strategies for guiding decision-making and actions

Priority Themes of Make Waves 2.0

Priority Themes	Measures
Create new value	<ul style="list-style-type: none"> Provide services optimized for each customer by utilizing customer data Accumulate sound and music performance and sensitivity data and apply to new technologies
Transform business processes	<ul style="list-style-type: none"> Advance data strategies for guiding decision-making and actions (build data management platforms, cultivate digital transformation human resources) Accelerate and improve efficiency of SCM (launch full-scale operation of new SCM system that connects processes spanning from production to customers) Standardize and improve efficiency of sales activities and production management through introduction of manufacturing digital twin methodologies and ERP systems

our new SCM systems for connecting factories and customers. This core system was created while standardizing and optimizing processes and systems through the introduction of enterprise resource management systems at factories around the world. Lastly, in the area of accounting, human resources, and other administrative operations we promoted use of paperless accounting ventures as well as digital means of processing internal and external contracts, thereby contributing to increased operational efficiency.

Overview of Priority Themes of Make Waves 2.0

Create New Value

Yamaha aspires to provide new sound and music experiences that allow anyone to connect anywhere and at anytime by integrating customer data platforms. Our goal in these efforts is to design and develop services optimized for each individual customer. We are also developing and implementing systems for collecting and utilizing new types of information, including sensibility and performance data. These systems will be linked with various internal and external frameworks in order to create new value.

Transform Business Processes

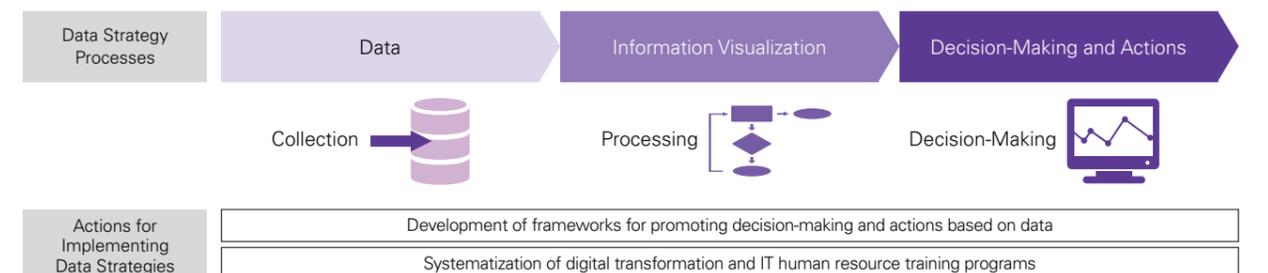
Yamaha looks to move beyond the phase of developing systems, which primarily involved installing infrastructure through means such as redeveloping and integrating prior business systems. The next

phase will entail utilizing information by employing the data produced and collected by the developed systems in decision-making processes. By accelerating initiatives in this phase, we will seek to create new value and transform business processes.

In accomplishing these goals, we will start by structuring the data collected in all business areas through our systems in order to use this data to visualize internal conditions and share this information throughout the Company. Data will be engineered in a manner that allows for data from any business area to be managed in the same format and with the same quality. Meanwhile, digital transformation human resources capable of analyzing and utilizing data will be cultivated to facilitate the use of data for guiding decision-making and actions in all business areas. At the same time, IT training programs will be systematized based on necessary skills, and these programs will be implemented on an ongoing basis.

The Company is also developing new SCM systems that allow for the real-time tracking of data from stages ranging from production to the delivery of services to customers. These systems are being rolled out across the globe, allowing us to link production to customer behavior and thereby optimize overall decision-making. In addition, improvement will be pursued with regard to quality, cost, and delivery factors by standardizing sales and production management processes and utilizing digital twin methodologies in factories to increase efficiency in production management.

Data Strategies for Guiding Decision-Making and Actions



BRANDING

Yamaha positions its brand as a core component of its management and is advancing branding activities on a global scale to ensure that it can fulfill its brand promise. Such activities for increasing our brand value include fostering internal brand awareness and providing consistent messages about our brand to external stakeholders.

Hiroko Ohmura
 Operating Officer
 Executive General Manager of Brand Development Unit and Senior General Manager of Marketing Division

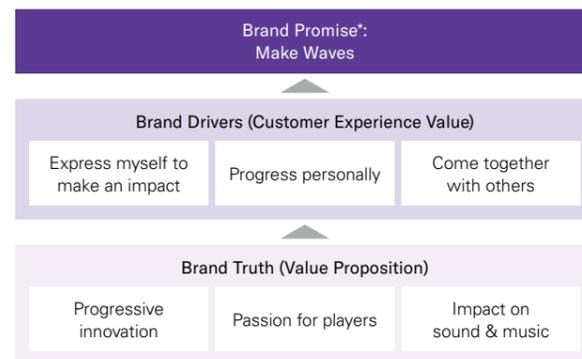


Basic Policy

Over the more than 130 years since its founding, Yamaha has continued to develop a multifaceted business centered around musical instruments and audio equipment. As part of this process, we have continued to broadcast the Yamaha brand on a global basis in order to raise our brand recognition among as many people as possible. However, we recognize that there is a need to further strengthen our points of contact with customers in order to form wide-reaching, more substantive, and longer-lasting relationships with a greater variety of customers.

Yamaha unveiled its brand promise in January 2019. This promise expresses that “we at Yamaha want to inspire peoples’ passion and help them take a step forward to express their individuality, emotion and creativity.” Moreover, we promise to “Become an Indispensable, Brilliantly Individual Company” that moves customers to their core. In our quest to fulfill these promises, we will create distinctive new value and practice consistent communication in order to inspire customers to feel passionate about owning Yamaha products or to hold a feeling of admiration toward Yamaha brand. At the same time, we will work to form strong connections with the customers who we have inspired in this way.

In addition, we have established the Brand Strategy Committee, which is chaired by the president and comprised of unit heads and other members. This committee is a forum for regular discussion among management with regard to the current state of the Yamaha brand and the branding strategies needing to be implemented. These discussions shape the course of our branding activities. The Company also arranges joint brand committee meetings with Yamaha Motor Co., Ltd., with which we share the Yamaha brand, so that we can discuss and deploy joint initiatives for heightening the overall value of the Yamaha brand.



* Yamaha’s brand promise defines the value Yamaha provides to customers (brand truth), the experiences that can be delivered with this value (brand drivers), and how individuals can express themselves through this value and these experiences.

Review of Make Waves 1.0

During the period of Make Waves 1.0, the previous medium-term management plan, Yamaha devoted focused effort to the entrenchment and implementation of consistent branding strategies based on its brand promise, and we were thereby able to achieve a 50% increase in corporate value over the plan period, surpassing the plan’s non-financial target of a 30% increase. Moreover, we renovated the Yamaha Ginza Building and the Nagoya store and reopened these venues as brand shops in 2021. These shops do more than just sell musical instruments; they function as bases for broadcasting the Yamaha brand at which visitors can engage with our brand. These bases have thus significantly enhanced our ability to broadcast our brand value. Meanwhile, to “Make Waves” with our customers, we deployed advertisements and content based on our brand promise on a global scale. To supplement such communications based on a uniform message, we also prepared a diversity, equity, and inclusion communication handbook to ensure that we can carry out communication in a manner that is mindful of such subjects. This handbook was used to foster understanding within the Company.

Furthermore, we moved forward with the introduction of customer data platforms and digital marketing platforms as part of our efforts to develop frameworks for forging deeper and longer relationships with customers. Methods of building these relationships will include stepping up communication and service provision to customers. In addition, the month of October, which contains the anniversary of Yamaha’s founding on October 12, has been defined as a special brand month during which a variety of events are held to provide all employees with opportunities to think more deeply about the Yamaha brand and to thereby raise awareness regarding our brand among all employees. These events are carried out in a voluntary manner all around the world.

Framework for Fostering Consistent Brand Awareness among Employees and Delivering Value Defined in Brand Promise



A brand is an important driver shaping performance, corporate cultures, and employee action toward the implementation of business strategies. Brands also have a role in supporting consistent growth and operations and in enhancing corporate value.

Branding Strategies of the New Make Waves 2.0 Medium-Term Management Plan

- Improve brand value by building upon and proactively broadcasting brand experiences
- Create brand experiences that move customers based on brand promise
- Heighten customer engagement by creating new value through connections with customers
- Foster trust and understanding with stakeholders through proactive communication of brand narrative

Priority Themes of Make Waves 2.0

Priority Themes	Measures
Advance branding strategies that enhance emotional bonds	<ul style="list-style-type: none"> ■ Codify and communicate corporate brand information matched to the times and emphasizing purpose ■ Establish brand broadcasting bases that provide the opportunity to engage with the Yamaha brand
Develop digital platforms	<ul style="list-style-type: none"> ■ Enhance websites with an emphasis on communication with customers ■ Complete global installation of customer data platforms
Utilize integrated customer data and provide services for improving lifetime value	<ul style="list-style-type: none"> ■ Globally integrate customer IDs (Yamaha Music ID) ■ Improve understanding of customers through use of customer data ■ Plan and develop comprehensive applications (services) for improving lifetime value for customers
Build and standardize frameworks for improving customer experience	<ul style="list-style-type: none"> ■ Improve customer experience through customer support points ■ Develop frameworks for global measurement of customer satisfaction to track this metric
Earn trust and understanding from society by exercising corporate accountability in information disclosure and communicating fact-based brand narrative	<ul style="list-style-type: none"> ■ Exercise corporate accountability in information disclosure to earn trust from society ■ Proactively communicate brand narrative related to business and sustainability ■ Practice timely disclosure of corporate information in areas of rising interest and relevance to external assessments ■ Enhance ability to accommodate increasingly complex and sophisticated needs pertaining to crisis management communications

Initiatives under the New Medium-Term Management Plan

Advance Branding Strategies that Enhance Emotional Bonds

The Company is developing frameworks for comprehensively communicating the value of the Yamaha brand to as many stakeholders as possible.

Our corporate website is gaining importance as a venue for announcements regarding our philosophy and policies and for enacting our brand promise of “Make Waves.” In reflection of this rising importance, we are enhancing our website based on contemporary changes in stakeholder awareness and on the latest technology and design trends. We are also ramping up distribution of corporate and product advertisements in pursuit of quantitative and qualitative increases in customer contact points.

Physical venues for brand communications include our prior brand shops and Yamaha Hall. Our network of such venues is being expanded through new additions like the Yokohama Minato Mirai 21 brand broadcasting base scheduled for completion by March 31, 2024. By allowing customers to engage with the Yamaha brand

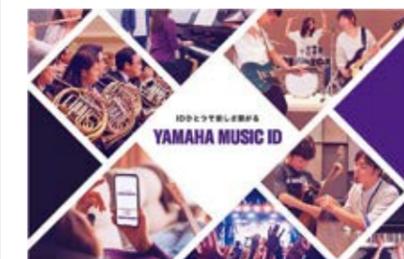


Artist renditions of Yamaha brand broadcasting bases

through such venues, we hope to deliver brand experiences that inspire customers to “Make Waves.”

Utilize Integrated Customer Data and Provide Services for Improving Lifetime Value

Yamaha aims to utilize the data gained from its connections with customers to deepen its understanding of customers and thereby create new value and heighten customer engagement. By completing the installation of the customer data platforms that was advanced under the previous medium-term management plan, we look to facilitate the acquisition, integration, visualization, and analysis of data to accommodate a shift toward data-driven marketing. At the same time, we will promote global membership systems for providing services that deliver greater customer experiences. For example, we are accelerating the planning and development of applications that contribute to higher lifetime value. Also, the customer data acquired from Yamaha Music ID will be integrated and used to supply personalized customer experiences and thereby forge ongoing connections through after-sales services. Yamaha will target increased customer engagement through such initiatives.



Yamaha Music ID

DESIGN

The design of products is a crucial component of the Yamaha brand. In recent years, the scope of fields requiring design considerations has been growing broader. Accordingly, we will use design as a tool for expressing the Yamaha Philosophy in a wider range of customer contact points with the aim of enhancing our brand value.

Manabu Kawada
General Manager of Design Laboratory
Brand Development Unit



History and Mission of Yamaha's Design

Yamaha's design department was established in 1963. At the time, it was rare for a Japanese company to have dedicated design functions. Yamaha, however, was quick to realize the importance of design, prompting it to set up a dedicated organization for establishing a unique flair for the Company. Since then, this organization continued to support the Yamaha brand with a small team of diverse professionals of various nationalities. The mission of the Design Laboratory, the latest incarnation of our design department, is to propose and manage designs and methodologies for expressing the Yamaha Philosophy and to thereby contribute to the creation of products and services that surpass customer expectations. The Design Laboratory also strives to broadcast Yamaha's aspirations on a global scale to contribute to the development of a distinctly Yamaha culture. Embracing the five elements of our design principle laid out at the centennial anniversary of Yamaha's founding, this organization will continue to act as a proponent for the Group's product design activities.

The Five Elements of Our Design Principle (Formulated in 1987)

Integrity	Design that respects the essence of the object
Innovative	Creative design
Aesthetic	Beautiful design
Unobtrusive	Restrained design
Social Responsibility	Design that meets the needs of today's society

Key Themes for the Design Laboratory Based on Key Strategies of the New Make Waves 2.0 Medium-Term Management Plan

- Create expression templates that remain consistent no matter how times or values may change by refining and developing new Yamaha design principles and educating employees on these principles
- Continue thought experiments for exploring Yamaha's essence and values to find hints for future advancements
- Heighten issue identification capabilities by demonstrating our stance toward addressing social issues to the world and posing questions from a unique perspective
- Foster creative culture and organizations to maximize creativity of corporate design divisions

Collaboration with Academia Department of Design of Chiba University / Lausanne University of Art and Design

In the past, the Design Laboratory has engaged in collaborative projects with numerous global education institutions, including the United Kingdom's Royal College of Art and Italy's Polytechnic University of Milan. Currently, this organization is in the process of advancing joint research together with organizations such as the Research Center for Advanced Science and Technology and the California Institute of Technology.

One recent project was conducted together with the Department of Design of Chiba University. In 2022, we partnered with this institution in a thought experiment. Based on theme of "Sumida Toy pianos," we imagined a world where Yamaha and pianos existed during Japan's Edo period, thinking about how pianos would have followed a unique path of evolution given the lifestyles at the time. Three prototypes of the imaginary "Sumida Toy piano" were created based on this experiment and displayed at the Chiba University Graduation Research and Production Exhibition over the period from March 18 to 20, 2022.



We also took part in a collaborative project with renowned Swiss learning institution Lausanne University of Art and Design as part of Milan Design Week 2022, the world's largest annual design gathering, which was held from June 7 to 12, 2022. Through this project, we exhibited six Yamaha Sound Machines product prototypes that aim to reimagine the music player for the new society.



In addition to contributing to product development as a corporate design division, sharing questions with younger generations to demonstrate our aspirations to enjoy design in a completely serious manner is another important duty of the Design Laboratory.

For more information regarding Yamaha's design activities, please refer to the following website.

<https://www.yamaha.com/en/about/design/>



YAMAHA'S DESIGN

Creation of new value through innovative designs that respect fundamental qualities



Make and Play! Instrument Creation Initiative

The Make and Play! instrument creation initiative was launched amid the COVID-19 pandemic with the aim of providing an activity that children could take part in with their parents as restrictions on leaving home led to an increased amount of time spent indoors. Specifically, we sought to enrich time at home through the experience of making and playing instruments. This arts and crafts activity was packed with the fun of musical instruments as the authentic sound produced despite the simple structure of the instruments crafted meant that kids could enjoy both making and playing instruments.

For free materials related to the Make and Play! instrument creation initiative, please refer to the following website.

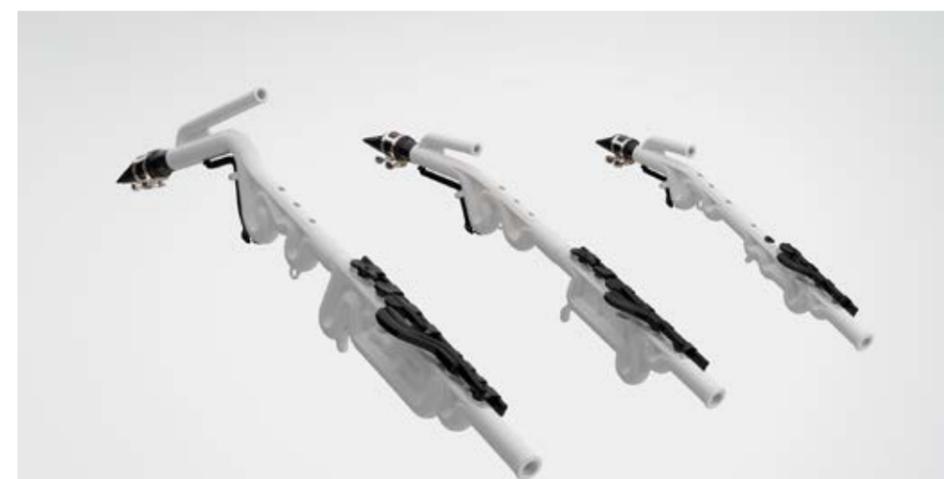
<https://www.yamaha.com/en/information/2020/20070801/paperinstruments/>

Special Chief Judge's Award in 15th Kids Design Award Program

Distance Viewing Next-Generation Live Viewing System

Distance Viewing is a next-generation live viewing service that records the full impact of live performances by artists and faithfully reproduces these performances in a virtual environment. This system does so by combining faithful live performance audio with life-sized visuals displayed on large screens and lighting effects that mimic the actual performance.

GOOD DESIGN AWARD 2021



YH-L700A Wireless Headphones

The YH-L700A is a flagship model for our line of wireless headphones. Built for both ease of use and comfort, these headphones feature a simple yet distinctive rectangular silhouette. Moreover, fabric and leather materials were used throughout to create an impression of gently enveloping the user in the manner of a sofa or an item of clothing.

Best of the Best, Red Dot Award: Product Design 2022
Product category design award, 2022 iF Product Design Award



YVS-120 and YVS-140 Venova™ Causal Wind Instruments

Venova™ creates a new genre of casual wind instruments, and is available in both alto and tenor variants. After careful consideration, we were able to increase the size of the instrument without compromising playability or appearance, giving it the feel of a conveniently sized wind instrument and striking a balance between the traits characteristic of the Venova™ line and the qualities expected of a wind instrument.

Best of the Best, Red Dot Award: Product Design 2022
Product category design award, 2022 iF Product Design Award



(From left) YVS-140 (Tenor Venova), YVS-120 (Alto Venova), YVS-100 (soprano range model)