GOVERNANCE SECTION

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**Takuya Nakata**  
Director and Managing Executive Officer  
Number of shares owned: 75,500  
- 1981: Joined the Company  
- 2005: General Manager of Pro Audio & Digital Musical Instruments Division  
- 2006: Executive Officer  
- 2009: Director and Executive Officer  
- 2010: President and Director of Yamaha Corporation of America  
- 2013: Executive Officer  
- 2014: Director of Yamaha Motor Co., Ltd. (Outside Director to the present)  
- 2015: President of Yamaha Music Foundation (to the present)  
- 2017: Director, President and Representative Executive Officer (to the present)  

**Mikio Fujisuka**  
Independent Outside Director  
Number of shares owned: 0  
- 1977: Joined Komatsu Ltd.  
- 2001: General Manager, Corporate Controlling Department, Komatsu Ltd.  
- 2005: Executive Officer  
- 2009: President of Global Retail Finance Business Division  
- 2009: General Manager, Corporate Planning Division and President of Global Retail Finance Business Division  
- 2011: President and Representative Director  
- 2012: Executive Director  
- 2016: Executive Vice President and Representative Director  
- 2019: Outside Director of Honeywell Int’l., Inc., (to the present)  

**Satoshi Yamahata**  
Director and Managing Executive Officer  
Number of shares owned: 28,400  
- 1980: Joined the Company  
- 2009: General Manager of Accounting and Finance Division  
- 2013: Executive Officer and General Manager of Corporate Planning Division  
- 2015: Executive General Manager of Operations Unit  
  - Director and Senior Executive Officer  
- 2016: Executive General Manager of Corporate Management Unit (to the present)  
  - Director and Senior Executive Officer  
- 2017: Executive General Manager of Human Resource and General Administration Unit (to the present)  
- 2020: Executive General Manager of Human Resource and General Administration Unit (to the present)  

**Paul Candland**  
Independent Outside Director  
Number of shares owned: 500  
- 1980: Joined General Electric Corp.  
- 1997: President, GE Asia Pacific, Ltd.  
- 1999: Representative Director of The Walt Disney Company Japan, Inc.  
- 2002: Managing Director, Walt Disney Animation International Japan of The Walt Disney Company Japan, Inc.  
- 2007: Representative Director and President, The Walt Disney Company Japan Ltd.  
- 2012: President of The Walt Disney Company Japan Ltd.  
- 2013: Managing Director of PMC Partners Co., Ltd. (to the present)  
- 2016: Outside Director of Yamaha Corporation (to the present)  
- 2020: CEO of Age of Learning, Inc.  
- 2022: Outside Director of Enlace Group Inc. (to the present)  

**Taku Fukui**  
Independent Outside Director  
Number of shares owned: 0  
- 1987: Registered as an attorney  
- 1994: Professor of Waseda University Law School (to the present)  
- 2001: Outside Audit & Supervisory Board Member of Shionogi Chemical Co., Ltd.  
- 2009: Managing Partner of Kanazawa Togo Law Offices (to the present)  
- 2021: Outside Audit & Supervisory Board Member of NIKKENKAKU CO., LTD. (to the present)  

**Hiromichi Shinohara**  
Independent Outside Director  
Number of shares owned: 0  
- 1978: Entered Nippon Telegraph and Telephone Public Corporation  
- 2003: Head of Access Service System Laboratory of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)  
- 2007: Head of the Information Sharing Laboratory Group of NTT  
- 2009: Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT  
- 2012: Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT  
- 2014: Senior Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT  
- 2015: Chairman of the Board of NTT (to the present)  
- 2021: Outside Director of Yamaha Corporation (to the present)  

**Naoko Yoshizawa**  
Independent Outside Director  
Number of shares owned: 0  
- 1980: Entered Fujitsu Ltd.  
- 2004: Vice President of Mobile Devices Unit of Fujitsu Ltd.  
- 2011: Head of Global Research & Development Center of Fujitsu Laboratories of America, Inc.  
- 2015: Director and General Manager of Fujitsu America, Inc.  
- 2016: Managing Director of FUJITSU Intelligence Technology Ltd.  
- 2018: Corporate Executive Officer, EVP and Head of Digital Software & Solutions Business Group of Fujitsu Ltd.  
- 2020: Director of knowledge piece Inc. (to the present)  
- 2021: Outside Director of WAVE ZANSEI CO., LTD. (to the present)  
- 2021: Outside Director of Yamaha Corporation (to the present)  

**Yoshihiro Hidaka**  
Independent Outside Director  
Number of shares owned: 4,100  
- 1987: Joined Yamaha Motor Co., Ltd.  
- 2004: Vice President of Yamaha Motor Corporation, U.S.A.  
- 2009: General Manager of ASEAN Sales Division, 1st Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.  
- 2013: Executive Officer of Yamaha Motor Co., Ltd.  
- 2016: Executive General Manager of 1st Business Unit, MC Business Operations, and General Manager of AGARAI Sales Division, 1st Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.  
- 2017: General Manager of Corporate Planning & Finance Center of Yamaha Motor Co., Ltd.  
- 2018: Senior Executive Officer and Director of Yamaha Motor Co., Ltd. (to the present)  
- 2020: President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd. (to the present)  
- 2021: Outside Director of Yamaha Corporation (to the present)  

**Naoko Yoshizawa**  
Independent Outside Director  
Number of shares owned: 0  
- 1980: Entered Fujitsu Ltd.  
- 2004: Vice President of Mobile Devices Unit of Fujitsu Ltd.  
- 2011: Head of Global Research & Development Center of Fujitsu Laboratories of America, Inc.  
- 2015: Director and General Manager of Fujitsu America, Inc.  
- 2016: Managing Director of FUJITSU Intelligence Technology Ltd.  
- 2018: Corporate Executive Officer, EVP and Head of Digital Software & Solutions Business Group of Fujitsu Ltd.  
- 2020: Director of knowledge piece Inc. (to the present)  
- 2021: Outside Director of WAVE ZANSEI CO., LTD. (to the present)  
- 2021: Outside Director of Yamaha Corporation (to the present)
COMPOSITION OF THE BOARD OF DIRECTORS

Taku Nakata
Director, President, and Representative Executive Officer

Having served in positions such as General Manager of our Pro Audio & Digital Musical Instruments Division, President and Director of Yamaha Corporation of America, Mr. Taku Nakata has a wealth of experience and achievements alongside broad insight in business. He has held the role as President and Representative Director since June 2013, and as Director, President and Representative Executive Officer since June 2017 after our transition to a Company with Three Committees (Nominating, Audit, and Compensation). Additionally, he has been a leader in corporate governance reform initiatives such as the transition to a Company with Three Committees (Nominating, Audit, and Compensation), and has worked to strengthen the oversight function of the Board of Directors. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Satoshi Yamahata
Chair and Managing Executive Officer

In addition to work experience at an overseas subsidiary, Mr. Satoshi Yamahata has served as General Manager of the Accounting and Finance Division, General Manager of the Corporate Planning Division, Executive General Manager of the Operations Unit, Executive General Manager of the Corporate Management Unit, and Executive General Manager of the Human Resources and General Administration Unit, and has a wealth of experience and achievements alongside broad insight in business. He has promoted corporate governance reform as Director and Senior Executive Manager since June 2015 and also as Director and Managing Executive Officer since June 2017 and has worked to strengthen the oversight function of the Board of Directors. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Taku Fukui
Independent Outside Director

Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yosho Hiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate officer. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insight, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. Mr. Taku Fukui serves as Managing Partner.

Yoshihiro Hidaka
Independent Outside Director

Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yosho Hiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate officer. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insight, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. Mr. Yoshihiro Hidaka serves as a director, and neither party is classified as a major shareholder of the other.

Mikio Fujitsuka
Independent Outside Director

Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate officer, as well as adequate knowledge of finance and accounting. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Paul Candland
Independent Outside Director

Having been involved in management as the person responsible for the Asian region and the Japanese firms of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a corporate officer as well as broad knowledge of brand and marketing. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Hiromichi Shinohara
Independent Outside Director

Having been involved in management as a Representative Director of one of the largest communications and ICT companies in Japan, Mr. Hiromichi Shinohara has a wealth of experience and achievements alongside broad insight as a corporate officer, as well as a wealth of understanding and independent expertise in communications systems and electronics. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. Mr. Hiromichi Shinohara is classified as a director, and neither party is classified as a major shareholder of the other.

Naoko Yoshizawa
Independent Outside Director

Having been involved in management as an executive officer of one of the largest electronics and ICT companies in Japan and as the CEO of its overseas group company, Ms. Naoko Yoshizawa has a wealth of experience and achievements alongside broad insight as a corporate officer. She has also been appointed as a director on expectations that she will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Note: The Company has submitted notification to the Stock Exchange to designate Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, Paul Candland, Hiromichi Shinohara, and Naoko Yoshizawa as Independent Directors as described in the provisions set forth by the Tokyo Stock Exchange.

Expertise of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Corporate Management</th>
<th>Legal Affairs and Risk Management</th>
<th>Finance and Accounting</th>
<th>IT and Digital Technologies</th>
<th>Manufacturing, Technology, and R&amp;D</th>
<th>Sales and Marketing</th>
<th>Global Operations</th>
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<tbody>
<tr>
<td>Taku Nakata</td>
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<td>Taku Fukui</td>
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<td>Hiromichi Shinohara</td>
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<td>Naoko Yoshizawa</td>
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COMPOSITION OF THE BOARD OF DIRECTORS

Composition of the Nominating, Compensation, and Audit Committees in Fiscal 2022

<table>
<thead>
<tr>
<th>Name</th>
<th>Nominating Committee</th>
<th>Compensation Committee</th>
<th>Audit Committee</th>
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<tbody>
<tr>
<td>Taku Nakata</td>
<td>Chairman</td>
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<tr>
<td>Satoshi Yamahata</td>
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<td>Hiromichi Shinohara</td>
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Attendance at Meetings of the Board of Directors and Committees in Fiscal 2022

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance at Meetings of the Board of Directors and Committees in Fiscal 2022</th>
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<tbody>
<tr>
<td>Taku Nakata</td>
<td>14/14 (100%)</td>
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<tr>
<td>Satoshi Yamahata</td>
<td>14/14 (100%)</td>
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<tr>
<td>Taku Fukui</td>
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<tr>
<td>Naoko Yoshizawa</td>
<td>14/14 (100%)</td>
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Yamaha Group Annual Report 2022
EXECUTIVE OFFICERS, OPERATING OFFICERS, AND AUDIT OFFICERS

As of June 23, 2022

President and Representative Executive Officer
Takuya Nakata

Managing Executive Officers
Shinobu Kawase
Executive General Manager of Musical Instruments & Audio Products Production Unit

Satoshi Yamahata
Executive General Manager of Corporate Management Unit and Human Resources and General Administration Unit

Executive Officers
Shigeki Fuji
Executive General Manager of R&D Business Unit and Technology Unit

Seiichi Yamaguchi
Executive General Manager of Musical Instruments & Audio Products Sales & Marketing Division

Atsushi Yamaura
Executive General Manager of Musical Instruments Business Unit and Senior General Manager of Digital Musical Instruments Division

Audit Officers
Hiroyuki Mukai
Senior General Manager of Internal Auditing Division

Ongoing Creation of Value through True Digital Transformation Shaped by Discussion

The following is a discussion between Hiromichi Shinohara and Naoko Yoshizawa, new independent outside directors appointed at the General Shareholders’ Meeting held in June 2021, in which they assess the current state of corporate governance at Yamaha and their expectations for the future of the Company.

This discussion took place in June 2022, one year after their appointment.

“Hiromichi Shinohara: My time at Yamaha has deepened my respect for the Company’s dedication to pursing the utmost limits of sound and the technological might that underpins these efforts. I have had the opportunity to tour piano and wind instrument factories, and these tours have allowed me to see, first hand, the commitment to sound and the technological excellence of the employees who stand on the production floor. I even saw an employee play an instrument that they had made, and was struck by the beauty of the tones it produced.

Naoko Yoshizawa: I think Yamaha is a very diligent company that exhibits a sense of integrity in its approach toward product creation. Before taking up my position as director, I had figured that discussions at Board meetings might be a bit artistic or involve sudden bouts of inspiration. Perhaps this is because Yamaha is a company that deals in artistic products that based on aesthetic tastes. However, the truth was just the opposite: Yamaha takes an extremely logical approach toward its business.

There are some striking differences between Yamaha’s business and the telecommunications field, where I have worked for years. For example, in the telecommunications field, we provide value to customers in the form of efficiency and convenience. The value ‘Yamaha supplies, meanwhile, comes in forms like joy, fun, and inspiration. As such, the approach toward setting targets and defining indicators is completely different.

Yoshizawa: I think it is wonderful that Yamaha has a clear vision of the value it provides to customers through its technologies: fun. I built my career at a technology company, where research and development was our business. For this reason, I admire how Yamaha has a well-defined purpose in mind for the technologies it develops.

Given what you have seen over the past year, how would you assess the current oversight functions of the Board of Directors and its effectiveness?

Yoshizawa: Yamaha has installed the frameworks it needs for corporate governance by means of the establishment of Company-wide committees for discussing specific themes such as risk management and sustainability. More impressive still is the strong sense of commitment that management exhibits toward making Yamaha a better company through effective corporate governance. This commitment was apparent in the

DISCUSSION BETWEEN INDEPENDENT OUTSIDE DIRECTORS

How has your view of Yamaha changed since you were appointed as an independent outside director and what new discoveries have you made about the Company?

Yoshizawa: I think is it wonderful that Yamaha has a clear vision of the value it provides to customers through its technologies: fun. I built my career at a technology company, where research and development was our business. For this reason, I admire how Yamaha has a well-defined purpose in mind for the technologies it develops.

Given what you have seen over the past year, how would you assess the current oversight functions of the Board of Directors and its effectiveness?

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discussion process for formulating the new medium-term management plan. We spent a lot of time talking about activity policies and themes. When it came time to identify material issues and decide how to express these issues, Board meetings saw a flurry of opinions on how to communicate the Company’s priorities and how to express these issues, Board meetings saw a flurry of discussion process for formulating the new medium-term management plan. As it already has a clear goal in mind, all that is left is to be careful about is avoiding putting the cart before the horse by focusing too much on what can be accomplished through data usage. The proper course is to set a new goal, determine what data is needed to accomplish that goal, and then think about with whom coordination should be pursued to collect said data.

—— What topics do you feel need to be addressed at Board of Directors’ meetings with regard to how medium-term management plan?

Shinohara: It is crucial to pursue new heights of competitiveness in existing product lines, no matter how the operating environment might change. Based on this premise, I want to discuss more about how Yamaha can adopt an approach that is different from the values it has embraced thus far; an agile development approach, for example.

Yoshizawa: In terms of product creation, I think that the reinforce-ment of business foundations, including supply chain resilience, is an area requiring attention. Earlier, we talked about the new type of value that constitutes the essence of digital transformation. I hope to be able to drill down on this subject with other Board members in order to chart a course to business success for Yamaha in the field of digital technologies.

Shinohara: I feel confident that Yamaha is a company with the power to deliver the value sought in the current era, which is exemplified by concepts like well-being.

Hiromichi Shinohara

I feel confident that Yamaha is a company with the power to deliver the value sought in the current era, which is exemplified by concepts like well-being.

—— What are your thoughts regarding the Nominating Committee, the Compensation Committee, and the Audit Committee?

Shinohara: Only a year has passed since I became a member of the Nominating Committee and the Compensation Committee. Over this year, discussions at meetings of the Nominating Committee have centered on succession planning while we primarily talked about how best to link compensation to performance at meetings of the Compensation Committee. An important part of succession planning is the establishment of nomination processes. However, it can take time for people to develop. There is thus a need for discussions and preparations from the perspective of cultivating future leaders.

Yoshizawa: Yamaha has adopted a management approach of cre-ating value through sustainability. To effectively implement this approach, the Company will need to foster people who can pro-mote growth by transforming sustainability into value.

Shinohara: Discussions on compensation were not just about how to evaluate to degree of progress toward financial targets; we also talked about how to reflect Yamaha’s management approach of positioning sustainability as a wellspring of value in compensation. These discussions eventually culminated in the decision to include the degree of progress toward non-financial targets, specifically those pertaining to the Company’s material issues and the related progress, into the evaluation criteria for performance-linked compensation. These new non-financial tar-gets were implemented in conjunction with the launch of the new medium-term management plan.

Yoshizawa: The Audit Committee is tasked with overseeing the Group as a whole. As a member of this committee, I try to pro-vide advice for creating more effective and efficient management frameworks. For example, I might propose that we take the best practices that have been implemented in the efforts of subsid-ies to strengthen their specific governance systems and apply these on a Groupwide basis. Oversight for the purpose of ensur-ing appropriate operations includes turning the spotlight to the root of issues troubling management and frontline operations in order to help find resolutions to these issues. Information is imperative to this type of oversight. Luckily, I am able to obtain a great deal of information from audit officers, the Audit Committee’s Office, and the Internal Auditing Division. I also have opportunities to observe frontline operations, which further arms me for effective discussion of such issues. My interactions with audit officers are particularly beneficial as the close communica-tion lets me get answers to any questions I might have on mat-ters that are unclear from briefing materials.

—— What are your opinions regarding Yamaha at the moment based on your backgrounds in digital technologies and digital transformation?

Yoshizawa: Yamaha already has a strong technological foundation for promoting digital transformation, particularly when it comes to AI technologies. However, this strength presents the risks of the Company becoming overly preoccupied with technologies and thus forgetting the transformation part. To prevent this from happening, we probably need to engage in more discussion on exactly how Yamaha will seek to create value going forward. Yamaha aspires to deliver music and musical instruments to people around the world and to enrich people’s lives through this process. As it already has a clear goal in mind, all that is left is to think about how to use technologies to accomplish this goal.

Shinohara: I fully agree. Yamaha has already installed the necessary data linkage functions, such as customer information management systems and supply chain management systems.
Basic Policies for Corporate Governance
- Commit to supporting the “Well-Being of People around the World.” The Yamaha Group has adopted the Yamaha Philosophy and the Promises to Shareholders, which apply to shareholders and all other related parties. We are working to secure a high level of profitability based on global competitiveness and increased management efficiency, and we are also striving to fulfill our social responsibilities in such areas as compliance, the environment, safety, and social contributions. In these ways, we are working to realize sustainable growth and to improve corporate value over the medium to long term. To that end, in accordance with our Basic Policies for Corporate Governance, we have established institutional designs for management—in addition to an organizational structure and systems—and we are implementing a range of initiatives and appropriate disclosure of information. In these ways, we are working to realize transparent, high-quality business management.

Basic Policies for Corporate Governance
- From a shareholder’s perspective, ensure the rights and equal treatment of shareholders.
- Taking into consideration our relationships with all stakeholders, proactively fulfill the Company’s social responsibilities.
- Ensure that information is disclosed appropriately and that management is transparent.
- By separating the oversight and executive functions and strengthening the oversight function, ensure that the Board of Directors is highly effective while at the same time executing decisions appropriately and with a sense of urgency.
- Proactively engage in dialogue with shareholders.

For more information on the Yamaha Philosophy, please refer to page 2.
For more information on the Promises to Shareholders (revised on April 1, 2022), please refer to page 5.


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

Yamaha has consistently taken steps to strengthen corporate governance, such as introducing an operating officer system in 2001; appointing an outside director and establishing the nominating and compensation committees on a voluntary basis in 2003; reducing the number of inside directors and appointing multiple outside directors in 2010; and formulating the Corporate Governance Policies in 2015. In addition, in June 2017 the Company transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) structure and appointed its first female independent outside director. In June 2019 the Company appointed its first foreign national as an independent outside director, and in April 2020 the Company established the new position of audit officer.

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

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

Reinforcement of Oversight Functions
In a bid to strengthen oversight and accelerate management, the Company has separated functions for business oversight and execution. Yamaha has reinforced oversight functions by increasing the ratio of independent outside directors. As of June 23, 2022, independent outside directors comprised three-fourths of the members on the Board of Directors (please see Ratio of Outside Directors to the right).

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

Note: The Company includes clawback clauses in agreements that require the return of all or a portion of restricted shares transferred to officers on an accelerated basis without compensation in the event of serious cases of accounting fraud or major losses, depending on the responsibility of the officers in charge.

Example of Compensation for an Officer
Link to short-term performance: 20% Link to medium-term performance: 20% Link to total shareholder return and non-financial targets: 60%
Corporative Governance Structure (As of June 23, 2022)

| Oversight Function | Executive Function | Audit Committee’s Office and Internal Auditing Division | Outside Director | Inside Director |

- **General Shareholders’ Meeting**
- **Board of Directors**
  - Outside Directors 6 persons
  - Inside Directors 2 persons
- **Auditors**
  - Auditor 1 person
  - Accounting Auditor 1 person
- **Internal Auditing Division**
  - Director 1 person
  - Audit Committee’s Office 1 person
  - Audit Officer 1 person
- **Executive Officers**
  - President, Representative Executive Officer 1 person
  - Executive Officers 6 persons
- **Corporate Committees**
  - Nominating Committee
    - Director 3 persons
  - Compensation Committee
    - Director 3 persons
  - Audit Committee
    - Director 3 persons
  - Risk Management Committee
  - Sustainability Committee
  - Brand Strategy Committee
  - Visionary Management Development Committee
  - Other Corporate Committees
- **OMNIKA Group Companies**
  - Individual Business Divisions, Administrative Divisions
  - Domestic Group Companies

**Oversight Function**
- Directors and Board of Directors
  - Meetings of the Board of Directors are held monthly (in principle). In keeping with its fiduciary duty, the Board of Directors pursues sustainable growth and improvement to corporate value over the medium to long term. The Board of Directors also oversees the execution of duties by executive officers and the directors and makes decisions on basic management policies and other important matters that are specified in laws and regulations, the articles of incorporation, and the rules of the Board of Directors. In addition, the Board of Directors supervises overall management of the Company by overseeing the succession plan for the representative executive officer and other officers; selecting the members and the chairpersons of the Nominating Committee, Audit Committee, and Compensation Committee; appointing executive officers, operating officers, and audit officers; approving transactions with related parties; and supervising the development and operation of the internal control systems.
  - Based on their fiduciary duties, the directors act to ensure the Company’s sustainable growth and enhance its corporate value over the medium to long term, taking into consideration the relationships with all stakeholders. Directors are also expected to understand relevant laws and regulations and the Company’s articles of incorporation and to gather information in a manner that is sufficient to proactively offer opinions and engage in constructive discussions at meetings of the Board of Directors and other opportunities.
  - Independent outside directors advocate for the perspective of stakeholders in meetings of the Board of Directors by fulfilling the functions of overseeing management, offering advice, and monitoring against conflicts of interest from an independent standpoint.

**Nominating Committee**
- The Nominating Committee decides on the content of proposals regarding the appointment and dismissal of directors, which are submitted to the General Shareholders’ Meeting. The committee also determines the content of proposals for the appointment and dismissal of executive officers, operating officers, and audit officers, which are submitted to the Board of Directors. The Nominating Committee also implements succession plans for the representative executive officer and other officers through the development of human resources to serve as directors, executive officers, operating officers, and audit officers.

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

**Audit Committee**
- The Audit Committee, either working in collaboration with the Internal Auditing Division or directly on its own, audits the structure and operation of the internal control systems of the Company and other Group companies. Based on the results of these audits, the Audit Committee conducts audits to determine the legality and appropriateness of the conduct of duties by the executive officers and directors.
  - When deemed necessary, members of the Audit Committee report or express their opinions to the Board of Directors, or may issue cease and desist orders to executive officers and/or directors. In addition, the Audit Committee may decide on proposals to be considered in the General Shareholders’ Meeting, including the selection / dismissal of the accounting auditor.

**Securing the Effectiveness of the Audit Committee**
- To assist with the committee’s work, the Audit Committee’s Office has been established as a full-time organization under the direct jurisdiction of the Audit Committee. The Audit Committee instructs the head of the Audit Committee’s Office to attend important meetings to voice opinions, in addition to gathering and assessing information within the Company. To ensure the independence of the Audit Committee’s Office from the executive officers and other people responsible for business execution, the approval of the Audit Committee is required for personnel reassignments, personal reassignments, and disciplinary actions for the personnel of Audit Committee’s Office.
  - When it deems necessary, the Audit Committee enlists the help of external experts to perform audits.

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

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

**Audit Officers**
- Audit officers are responsible for audits of Yamaha Group companies as members of the management team of positions equivalent to operating officers.

**Executive Function**

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

**Executive Officers**
- The executive officers are responsible for the execution of business. With a Companywide perspective, they make important decisions on matters related to the execution of business matters that have been delegated to them by the Board of Directors, and they implement business execution, subject to the oversight of the Board of Directors.

**Managing Council**
- Yamaha has established the Managing Council, which is composed of executive officers, as an advisory body to the president and representative executive officer. In principle, the Managing Council holds meetings twice a month to engage in debate on important management issues.

**Corporate Committees**
- Corporate committees act as advisory bodies to the president and representative executive officer. These committees discuss policies regarding pertinent areas requiring ongoing analysis and examination from a Companywide and management-level perspective and report to the president on these matters. The following are some of the Company’s major committees.
Risk Management Committee
The Risk Management Committee is an advisory body to the president and representative executive officer. The committee discusses risk management-related matters from a Company-wide perspective and reports its findings to the president.

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

Brand Strategy Committee
The Brand Strategy Committee is an advisory body to the president and representative executive officer. The committee discusses strategic brand value improvement-related matters from a Company-wide perspective and reports its findings to the president.

Human Resources Development Committee
The Human Resources Development Committee is an advisory body to the president and representative executive officer. The committee discusses development of managerial talent-related matters from a Company-wide perspective and reports its findings to the president.

Internal Control System, Internal Audits, and Accounting Auditors
Internal Control System
In order to ensure appropriate business operations, the Company has established an internal control system, as detailed below, pursuant to Japan’s Companies Act and the Enforcement Regulations of the Companies Act. This system aims to improve the efficiency of the Company’s business activities, ensure reporting reliability and thorough compliance with laws and regulations, preserve the value of Company assets, and strengthen risk management.


Internal Audits
Yamaha established the Internal Auditing Division (staffed by 19 people as of June 23, 2022) under the direct control of the president and representative executive officer. The division’s role is to closely examine and evaluate management and operations systems, as well as operational execution, for all management activities undertaken by the Company and Group companies, from the standpoint of legality, effectiveness, and efficiency. Based on the results of these examinations and evaluations, the division provides information and offers advice and proposals for improvement.

The Company appoints auditors to oversee internal audits with the objective of improving internal auditing functions. Based on policies aimed at assuring the effectiveness of the audits of the Audit Committee, which are decided on by vote of the Board of Directors, the Internal Auditing Division has in place a structure for close collaboration with the Audit Committee. At the same time, the division keeps in close contact and conducts precise adjustments with the accounting auditor. In these ways, the Company works to increase audit efficiency.

Accounting Auditor
Yamaha has appointed Ernst & Young ShinnNihon LLC as its accounting auditor, and certified public accountants Ryogo Ishikawa, Toshikatsu Sekiguchi, and Shuji Okamoto from Ernst & Young ShinnNihon conduct the accounting audits of the Company. Ernst & Young ShinnNihon has voluntarily adopted a rotating system for its managing partners in order to ensure that no partner or division serving the Company’s auditing service does not exceed a fixed period of time. A total of 11 certified public accountants and 39 other staff assist with the audit work.

Policy and Reasoning Behind Selection of Accounting Auditor
The Company’s Audit Committee has appointed Ernst & Young ShinnNihon as its accounting auditor, in continuation from fiscal 2021, as a result of its examination based on the following policy for deciding whether to dismiss or not reappoint the accounting auditor.

Policy for Deciding Whether to Dismiss or Not Reappoint Accounting Auditor
The Company’s Audit Committee will dismiss the accounting auditor by mutual consent of all members of the committee in the event that one of the items in Article 340 (1) of the Companies Act applies to the accounting auditor. The Audit Committee determines the content of proposals regarding the dismissal or non-reappointment of the accounting auditor submitted to the General Shareholders’ Meeting in the event that one of the items in Article 340 (1) of the Companies Act applies to the Company. Ernst & Young ShinnNihon has voluntarily adopted a rotating system for its managing partners in order to ensure that no partner or division serving the Company’s auditing service does not exceed a fixed period of time.

Evaluation of Accounting Auditor by the Audit Committee
The Company’s Audit Committee assesses the accounting auditor.

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

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

(1) Fixed compensation is monetary compensation accord- ing to job titles and is paid monthly.
(2) Performance-linked bonuses are monetary compensa- tion paid according to job titles that is linked with consoli- dated profit for the period and ROE for the given fiscal year and will be calculated, reflecting the individual’s record of perfor- mance, in order to motivate individuals to contribute to enhancement of the Company’s performance. These bonuses are paid after the completion of the applicable fiscal year. The individual’s performance will be evaluated based on indicators of performance that link to business and function in each area the individual is responsible for.
(3) Restricted stock compensation is share-based compensa- tion according to job titles and is provided at the launch of each medium-term management plan with the intent of moti- vating directors and executive officers to enhance corporate value sustainably and having them share a common interest with shareholders. In order to motivate directors and executive officers to achieve the Company’s medium-term performance targets, one-third of restricted stock compensation is paid under the condition that an individual remains in the service of the Company for a certain period and two-thirds of restricted stock compensation is linked to the Company’s performance. Performance criteria give equal weight to the core operating profit ratio, ROE, and EPS, which are calculated in the medium-term management plan. For the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the medium-term management plan, restrictions on the transfer of stock cannot be lifted until the corporate offi- cer retires or for 30 years from the receipt of restricted stock.
compensation. Furthermore, in the event of serious cases of accounting fraud or major losses during this period, depending on the responsibility of the officers in charge, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date.

(4) Outside directors only receive fixed compensation.

Performance-Locked Bonuses
Consolidated profit for the period and ROE for the current fiscal year, which are indicators used for performance-locked bonuses, were ¥372 billion and 9.2%, respectively.

Restricted Stock Compensation
The financial targets of the Make Waves 1.0 medium-term management plan—core operating profit ratio of 13.8%, ROE of 11.5%, and EPS of ¥270 in fiscal 2022—are used as indicators for determining performance-linked compensation. In fiscal 2022, core operating profit ratio was 10.5%, ROE was 9.2%, and EPS was ¥214.79.

In conjunction with the launch of the new Make Waves 2.0 medium-term management plan in April 2022, the evaluation indicators and targets for restricted stock compensation were revised. Specifically, sustainability and other non-financial targets as well as corporate value targets were introduced to complement the prior financial targets. The non-financial targets are meant to heighten motivation for achieving ongoing improvements in social value whereas the corporate value targets were introduced for the purpose of encouraging officers to better share the perspectives of shareholders.

Financial and non-financial targets have been set for the indicators put forth by the medium-term management plan while a corporate value target has been established for total shareholder return. The ratio of influence of financial targets, non-financial targets, and corporate value targets on stock compensation is 5:3:2.

Major Initiatives in Fiscal 2022

Major Topics of Discussion by the Board of Directors
- Directives for material issues and basic policies of the Make Waves 2.0 medium-term management plan
- Core themes of the medium-term management plan
- Financial and non-financial targets
- Revision of the Yamaha Group Sustainability Policy, etc.

Major Activities of the Nominating Committee
- Implementation of succession plans for the representative executive officer and other officers
- Decision on the Yamaha Board of Directors
- Revision of the Yamaha Group Sustainability Policy, etc.

Major Activities of the Compensation Committee
- Decision of individual compensation amounts, etc.
- Interviews of executive officers and operating officers
- Receipt of reports from the Internal Auditing Division and the Audit Committee's Office
- Audit planning and review report meetings with accounting auditor, etc.

For more information on the activities of the Board of Directors, the Nominating Committee, and the Compensation Committee, please refer to the discussion between independent outside directors on pages 65-67.

Major Activities of the Audit Committee
- Interviews of and exchanges of opinions with the representative executive officer
- Interviews of executive officers and operating officers
- Receipt of reports from the Internal Auditing Division and the Audit Committee's Office
- Audit planning and review report meetings with accounting auditor, etc.

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

Summary of the Evaluation
- Highly robust governance systems have been put in place as a Company with Three Committees (Nominating, Audit, and Compensation) through consistent yearly improvements.
- The Board of Directors features a membership of directors with diverse viewpoints and experience, and the scale of membership and the number of outside directors is appropriate.
- Sincere and constructive discussions are being held with regard to major management issues.
- For further improvement, management issues were raised regarding discussions on long-term growth strategies, the effectiveness of proactivity across Group companies, and the clarity of briefing materials.

Basic Cross-Holdings Policy
- It is Yamaha’s basic policy to have cross-holdings only to the extent that this is reasonable because it contributes to the Company’s sustainable growth and the enhancement of corporate value over the medium to long term. Reasonableness, from the standpoint of contributing to the Company's sustainable growth and long-term improvements in corporate value, is defined as cross-holdings that help maintain relationships with important partner companies, suppliers, and financial institutions, as well as those that enhance the Company’s brand value, support sustainable growth, and reinforce its financial foundation.

With regard to the reasonableness of individual crossholdings, the Board of Directors regularly and continuously verifies whether the purposes for such holdings are appropriate, whether the benefits accruing from these holdings and the risks associated with them cover the cost of capital, etc., and based on the results of those verifications the Board works to reduce cross-holdings.

In exercising the voting rights associated with crossholdings, the decision of how to vote is made comprehensively from the standpoint of whether the resolution enhances the corporate value of the company in question over the medium to long term, whether it is in accordance with our basic policy concerning cross-holdings, and whether it leads to the enhancement of our corporate value over the medium to long term.

Status of Shareholdings
For specified equity securities, all shareholdings as of March 31, 2022, are presented on page 96. On August 24, 2021, the Company sold 19,000,000 shares of stock (representing 5.43% of the total number of shares issued in Yamaha Motor Co., Ltd.), reducing its total holding in this company to 15,642,790 shares (representing 4.47% of the total number of shares issued). The funds gained from the sale of these shares were used to acquire treasury stock after paying taxes. Yamaha does not have any deemed shareholdings or investments in equity securities for pure investment purposes.
The Company holds the shares for the purpose of gathering information about information provision methods, etc., for shareholders.

Effective October 1, 2021, TOYOTA MOTOR CORPORATION conducted a five-for-one stock split of shares of common stock.

Notes: “—” means no shares in the company are held.

Number of Shares Held in Each Company for Specified Equity Securities and Amounts Shown on Balance Sheet (Listed Companies)

Major IR Activities

Major IR activities in fiscal 2022 were as follows.

General Shareholders’ Meetings

Yamaha endeavors to establish an environment that ensures that there is adequate time for shareholders to exercise their voting rights at a General Shareholders’ Meeting, so that they can properly exercise their voting rights. In addition to sending the notice for the Ordinary General Shareholders’ Meetings at least three weeks in advance of the meeting date, we create an environment in which every shareholder can properly exercise their voting rights by disclosing the content of the notice on our corporate website in both Japanese and English as soon as possible, holding the Ordinary General Shareholders’ Meeting on a date that avoids the concentration of shareholders’ meetings, and ensuring that it is conducive to exercise voting rights by using an electronic proxy voting platform.

Items Voted On at the Ordinary General Shareholders’ Meeting

The following items were voted on at the 198th Ordinary General Shareholders’ Meeting held on June 22, 2022.

Resolutions Made at the 198th Ordinary General Shareholders’ Meeting (held on June 22, 2022)

Proposal 1. Appropriation of Surplus

Proposal 2. Partial Amendments to the Articles of Incorporation

Proposal 3. Appointment of Eight Directors

Stock Value of Shareholdings and Percentage of Total Assets

In order to have constructive dialogue with shareholders and investors, the Board of Directors appoints a director in charge of these initiatives. If necessary, due to a request for dialogue from a shareholder or investor, the director in charge, other internal and outside directors, executive officers, or operating officers will appear in person to explain matters such as the capital policy, the medium-term management plan, and related progress to shareholders or investors in a clear and easy-to-understand manner.

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

In addition to the respective dialogue with shareholders and investors, the Company gives presentations on its medium-term management plan and quarterly earnings, as well as business briefings, facilities tours, and presentations for private investors. Presentation materials for business plans, results briefings, and others are always available on our corporate website. The results of dialogues with shareholders and investors are reported to the Board of Directors by the director in charge, executive officers, or operating officers on a timely basis, and they are appropriately reflected in the management of the Company, leading to the Group’s sustainable growth and enhancing corporate value over the medium to long term.

Additionally, the voting is analyzed for each resolution at the Ordinary General Shareholders’ Meeting, and this is reported to the Board of Directors.

Regarding measures to control insider information, pursuant to the Company’s Disclosure Policy, due consideration is given to controlling insider information, and we endeavor to disclose information in a fair, prompt, and timely manner. When meeting with shareholders and investors, information is provided after verifying that the information provided does not constitute insider information. The time between the day after the end of each quarter and the date of the earnings release is a quiet period during which we refrain from disclosing earnings information.

Major IR Activities (Fiscal 2022)

For shareholders, analysts, and institutional investors

- Financial results briefings 4 times
- Quarterly briefings by the president and relevant officers 1 time
- Meetings with the president and relevant officers 23 times
- One-on-one interviews 250 times
- IR interviews with the IR team 2 times
- Company briefings for private investors 2 times
- Online company briefings
- Webcasts
- Corporate communications targeting investors
- Monthly registration campaigns

Note: Visits to investors by the president and relevant officers (in Japan, North America, Europe, and Asia) were halted in fiscal 2022 due to the COVID-19 pandemic.

Proposal 1: Appropriation of Surplus

Proposal 2: Partial Amendments to the Articles of Incorporation

Proposal 3: Appointment of Eight Directors

Proposal 1: Appropriation of Surplus

Proposal 2: Partial Amendments to the Articles of Incorporation

Proposal 3: Appointment of eight directors

Proposal 1: Approval by a majority vote of the shareholders in attendance

Proposal 2: Amendments to the articles of incorporation

Proposal 3: Appointment of eight directors

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

- Proposal 1: Approval by a majority vote of the shareholders in attendance
- Proposal 2: Amendments to the articles of incorporation
- Proposal 3: Appointment of directors

Note: Votes to the president and relevant officers on the day of the meeting, and the number of voting rights of some of the shareholders in attendance, notices regarding approval or disapproval of each proposal were confirmed, the necessary conditions for the approval of each proposal were satisfied and the resolutions were legally passed pursuant to this Companies Act. Therefore, among those shareholders in attendance on the day of the meeting, the calculation did not include the number of voting rights for which intentions regarding approval, disapproval, or abstention were not confirmed.

Reversals or not including some of the number of voting rights of the shareholders in attendance in the number of voting rights. By calculating the total of the number of voting rights of the shareholders in attendance, notices regarding approval or disapproval of each proposal were confirmed, the necessary conditions for the approval of each proposal were satisfied and the resolutions were legally passed pursuant to this Companies Act. Therefore, among those shareholders in attendance on the day of the meeting, the calculation did not include the number of voting rights for which intentions regarding approval, disapproval, or abstention were not confirmed.

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Proposal 1: Appropriation of Surplus

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Risk Management

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

Basic Policies

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

1. We shall establish organizations and frameworks for risk management and work to enhance responsiveness to risk in order to maximize corporate value.

2. In risk management activities under normal circumstances, we shall identify, evaluate, and mitigate risks and conduct awareness-raising activities such as education and training to instill a greater awareness of and foster a greater sensitivity toward risks.

3. We shall prioritize people’s safety when risks manifest themselves as crises and coordinate with local communities to ensure sincere, appropriate, and speedy responses to minimize adverse impacts. In addition, we shall strive to ensure the stable supply of products and services, continue business to the greatest extent possible, and contribute to the sustainable development of society.

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

Promotion System

Under the supervision of the Board of Directors, Yamaha Corporation has established the Risk Management Committee as an advisory body to the president. The committee discusses risk management-related matters from a Company-wide perspective and reports the results of these discussions to the president. In addition, the Working Group for BCP and Disaster Prevention Management, Working Group for Financial Management, Working Group for Compliance, Working Group for Export Control, and Working Group for Information Security have been established under the Risk Management Committee. These working groups set activity policies and monitor activities related to important Company-wide themes. The Board of Directors confirms and monitors the effectiveness and status of risk management frameworks via reports from executive officers.

Categorization of Business Risks

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

External Environment Risk

- Changes in the business environment
- National economy and social trends
- Changes in the business environment (Economic, etc.)
- Nationwide conflict and disruption
- Natural disaster
- Governmental policies
- Legal and regulatory changes
- Credit
- Cyberattacks
- Foreign exchange and interest rate fluctuations
- Corporate governance
- Compliance
- Legal and regulatory changes
- Natural disaster
- Infectious diseases

Operational Risk (Business activities)

- Marketing / Production / Planning / Product development
- Human resources / Labor management
- Risk management
- Strategy
- Capital
- Information technology
- Information leak
- Communication / Information
- Transportation / Logistics
- Environment
- Public relations
- Intellectual property
- Quality of products / services
- Information security
- Financial / Tax
- Risk

Operational Risk (Support activities)

- Human resources / Labor management
- Quality of products / services
- Information security
- Financial / Tax
- Risk

Business strategy risk
Fundamental risk

Risk Management Initiatives

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

Responses to Infectious Diseases

In fiscal 2022, the Yamaha Group continued to promote telework and basic precautions for preventing the spread of COVID-19 in response to the ongoing global pandemic. In addition, we encouraged early vaccination, and approximately 3,500 Yamaha Group employees have elected to receive COVID-19 vaccinations at the clinic in our headquarters since July 2021. Employees were provided with access to COVID-19 booster shots at workplaces in May 2022.

Elsewhere, we worked together with the government of Indonesia, where we have production and sales bases, to provide vaccinations for employees as well as for members of their families and subcontractors working at Group business sites.

Preventing the spread of infectious diseases that can have a significant social and economic impact, such as HIV and AIDS, tuberculosis, and malaria, is a global issue. Recognizing the importance of this issue, Yamaha Group production sites in Southeast Asia implemented exhaustive infection prevention measures into their workplace environments. In addition, notification of the infectious disease risks of the relevant areas is provided to employees going on overseas business trips as well as to employees stationed overseas and their families, and immunizations for hepatitis A, hepatitis B, tetanus, rabies, and measles and other prevention measures are recommended prior to departure from Japan.

Information Security

The Yamaha Group perceives information security as a critical aspect of risk management. The Working Group for Information Security, an organization chaired by an operating officer that is positioned under the Risk Management Committee, which is an advisory body to the president, has put together a policy on information management and is working to enhance the quality of this management by monitoring the current management system while identifying vulnerabilities and guiding efforts to address them. The Yamaha Group conducts training based on the Group IT Policies & Rules, which define basic IT management policies, and the Group Personal Information Protection Policies & Rules, which contain provisions related to the protection of personal information, to ensure employees understand the importance of preventing inadvertent data leaks while taking precautions to protect against hacking by third parties.
Compliance

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

Compliance Promotion System and Compliance Code of Conduct

The Yamaha Group has positioned compliance among its most important management themes for fulfilling its responsibility to stakeholders and society and for achieving sustainable growth. We practice compliance management with a focus on ensuring strong legal compliance, adherence to social norms, and a high level of corporate ethics. The Compliance Code of Conduct puts forth a code for guiding the actions of all members of the Yamaha Group as the foundation for compliance management. Since the establishment of the code in 2003, ongoing revisions have been implemented in reflection of changes in environmental and social conditions, and the code has been translated into multiple languages.

Compliance Management Frameworks and Promotion System

The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. Under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance.

Moreover, organization-level analyses are performed. The results of these analyses are reflected in measures to address issues and reform our corporate culture.

ComplianceHELPLINE

Global Conformity in Compliance Initiatives

The Yamaha Group signed the UN Global Compact in 2011. As a member of Global Compact Network Japan, we are working to adhere to the Ten Principles in the four areas of human rights, labour, environment, and anti-corruption in our business activities. Meanwhile, our basic policy for legal compliance is to focus on the reinforcement of global legal violation prevention measures. Accordingly, we use legal databases in order to manage legal information in an integrated, Groupwide manner. In addition, we develop and implement rules, on a Groupwide basis, in accordance with the Compliance Code of Conduct while advancing measures and education and awareness-raising activities for purposes such as preventing corruption and ensuring fair trade. The Legal Division monitors the status of these initiatives within the Group.

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

Monitoring

The Working Group for Compliance conducts regular monitoring of the status of compliance systems and compliance promotion at Company divisions and Group companies to ensure that the business activities of the Yamaha Group are ethical and legally compliant. Support for corrective actions is provided as necessary. In 2021, compliance questionnaires were administered to domestic Group employees. These questionnaires are conducted once every three years. The results of these questionnaires are used to analyze the awareness of domestic Group employees from the perspectives of compliance, risks, and corporate culture.

Moreover, organization-level analyses are performed. The results of these analyses are reflected in measures to address issues and reform our corporate culture.

Global Conformity in Compliance Initiatives

The Yamaha Group has established compliance helplines for addressing compliance-related consultations and reports. These helplines can be used to receive support via the internet, telephone, fax, email, or standard mail. Objective investigations are conducted to confirm the validity of any reports or consultations indicating potential compliance violations, and responses and disciplinary measures are decided based on the findings of these investigations.

In Japan, three helplines are available: the Yamaha Compliance Hotline, an external consultation venue for domestic Group companies operated by a subcontractor; an internal consultation venue; and a venue for consultation with an external legal firm. In addition, cards detailing the contact information for these helplines are distributed to employees. We also promote awareness and use of these venues through tools such as posters and booklets as well as during training sessions. Internal rules pertaining to the operation of compliance helplines include provisions to protect whistle-blowers by stating that those reporting in earnest are not to suffer reprisal as a result of reports. These helplines are available to full-time employees, dispatch employees, and contracted staff. They may also be used by the staff of subcontractors, sales agents, and other business partners as well as by others involved in the business activities of the Yamaha Group.

Overseas, helplines have been set up at 34 overseas Group companies, and Yamaha Corporation also provides a shared Group helpline offering support via the internet that is available in 16 languages.

Compliance Helplines

Yamaha Corporation and Domestic Group Companies

Compliance Helpline System

Compliance Helplines

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Compliance Helpline System

The curriculum for compliance education includes risk-based human resources training arranged in accordance with the career levels of participants, and compliance training has been positioned as an important theme.

Proactive education and awareness-raising activities are imperative to enhancing compliance.

Education and training content for domestic employees is provided via the intranet, and compliance seminars are held regularly along with other initiatives to raise awareness.

In 2021, overseas Group companies began establishing their own external consultation systems with the goal of providing more effective reporting options, and these systems had been installed at almost all Group companies as of September 30, 2022. These new systems enabled us to begin tracking the number of reports on a quarterly basis in April 2022, a marked improvement compared to the prior system, which only allowed us to view the number of reports from the previous fiscal year.

Numbers of Reports Received through Compliance Helplines

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Domestic Group Companies</th>
<th>Overseas Group Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2022</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>Fiscal 2021</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Fiscal 2020</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>Fiscal 2019</td>
<td>34</td>
<td>9</td>
</tr>
</tbody>
</table>

* Figures represent the total number of reports received through domestic and global compliance helplines.

Breakdown of Reports Received in Fiscal 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abuse of power</td>
<td>23%</td>
</tr>
<tr>
<td>Sexual harassment, pregnancy, child abuse, discrimination</td>
<td>1%</td>
</tr>
<tr>
<td>Discrimination</td>
<td>8%</td>
</tr>
<tr>
<td>Labor issues</td>
<td>44%</td>
</tr>
<tr>
<td>Others</td>
<td>24%</td>
</tr>
</tbody>
</table>