

GOVERNANCE SECTION

IV. Corporate Governance

Directors	78
Composition of the Board of Directors	80
Executive Officers, Operating Officers, and Audit Officers	82
Message from an Outside Director	83
Corporate Governance	84
Risk Management	94
Compliance	96



DIRECTORS

(As of June 25, 2021)

Takuya Nakata

Director, President and Representative 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
- Senior Executive Officer of the Company
- 2013 President and Representative Director
- 2014 Director of Yamaha Motor Co., Ltd. (Outside Director) (to the present)
- 2015 President of Yamaha Music Foundation (to the present)
- 2017 Director, President and Representative Executive Officer (to the present)



Satoshi Yamahata

Director and Managing Executive Officer
Number of shares owned: 28,400

- 1988 Joined the Company
- 2009 General Manager of Accounting and Finance Division
- 2013 Executive Officer and General Manager of Corporate Planning Division
- 2015 Executive General Manager of Operations Unit
- Director and Senior Executive Officer
- 2016 Executive General Manager of Corporate Management Unit (to the present)
- 2017 Director and Managing Executive Officer (to the present)
- 2020 Executive General Manager of Human Resources and General Administration Unit (to the present)



Taku Fukui

Independent Outside Director
Number of shares owned: 0

- 1987 Registered as an attorney
- Joined Kashiwagi Sogo Law Offices
- 2004 Professor of Keio University Law School (to the present)
- 2005 Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd.
- 2009 Managing Partner of Kashiwagi Sogo Law Offices (to the present)
- 2017 Outside Director of Yamaha Corporation (to the present)
- 2021 Outside Audit & Supervisory Board Member of METAWATER Co., Ltd. (to the present)



Yoshihiro Hidaka

Independent Outside Director
Number of shares owned: 2,900

- 1987 Joined Yamaha Motor Co., Ltd.
- 2010 Vice President of Yamaha Motor Corporation, U.S.A.
- 2013 Executive General Manager of 3rd Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.
- 2014 Executive Officer of Yamaha Motor Co., Ltd.
- 2015 Executive General Manager of 2nd Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.
- 2016 Executive General Manager of 1st Business Unit, MC Business Operations, and General Manager of ASEAN Sales Division, 1st Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.
- 2017 Executive General Manager of Corporate Planning & Finance Center of Yamaha Motor Co., Ltd.
- Senior Executive Officer and Director of Yamaha Motor Co., Ltd.
- 2018 President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd. (to the present)
- Outside Director of Yamaha Corporation (to the present)



Mikio Fujitsuka

Independent Outside Director
Number of shares owned: 0

- 1977 Joined Komatsu Ltd.
- 2001 General Manager, Corporate Controlling Department, Komatsu Ltd.
- 2005 Executive Officer
- 2008 President of Global Retail Finance Business Division
- 2009 General Manager, Corporate Planning Division
- and President of Global Retail Finance Business Division
- 2010 Senior Executive Officer
- 2011 CFO, Director and Senior Executive Officer
- 2013 Director and Senior Executive Officer
- 2016 Executive Vice President and Representative Director
- 2019 Outside Director of Yamaha Corporation (to the present)
- Outside Corporate Auditor of Mitsui Chemicals, Inc. (to the present)

Paul Candland

Independent Outside Director
Number of shares owned: 300

- 1985 Joined Owens Corning
- 1987 Joined PepsiCo, Inc.
- 1994 President of Okinawa Pepsi-Cola, Inc.
- 1998 Representative of Japan Branch, PepsiCo International Ltd.
- Representative Director and General Manager of The Disney Store Japan, Inc.
- 2002 Managing Director, Walt Disney Television International Japan of The Walt Disney Company (Japan) Ltd.
- 2007 Representative Director and President, The Walt Disney Company (Japan) Ltd.
- 2014 President of The Walt Disney Company, Asia
- 2018 Managing Director of PMC Partners Co., Ltd. (to the present)
- 2019 Outside Director of Yamaha Corporation (to the present)
- CEO of Age of Learning, Inc. (to the present)



Hiromichi Shinohara

Independent Outside Director
Number of shares owned: 0

- 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 Senior 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
- 2018 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

- 1988 Entered Fujitsu Limited
- 2009 Vice President of Mobile Phones Unit of Fujitsu Limited
- 2011 Head of Global Research & Development Center of Fujitsu Laboratories of America, Inc.
- 2016 Deputy Head of Advanced System Research & Development Unit and Head of AI Promotion Office of Fujitsu Limited
- 2017 Corporate Executive Officer and Head of AI Platform Business Unit of Fujitsu Limited
- 2018 Corporate Executive Officer, EVP and Vice Head of Digital Services Business of Fujitsu Limited
- Corporate Executive Officer, EVP of Fujitsu Limited, CEO of FUJITSU Intelligence Technology Ltd.
- 2019 Corporate Executive Officer, EVP and Evangelist of Digital Software & Solutions Business Group of Fujitsu Limited
- 2020 Director of knowledge piece Inc. (to the present)
- 2021 Outside Director of Nitori Holdings Co., Ltd. (to the present)
- Outside Director of Yamaha Corporation (to the present)



Name	Appointed Committee	Reasons for Appointment, Expected Role, and Independence of Outside Directors	Attendance at Meetings of the Board of Directors and Committees in Fiscal 2021	Expertise of Directors						
				Corporate management	Legal affairs and risk management	Finance and accounting	IT and digital technologies	Manufacturing, technology, and R&D	Sales and marketing	Global operations
Takuya Nakata Director, President and Representative Executive Officer	Nominating Committee Compensation Committee	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. Takuya Nakata has a wealth of experience and achievements alongside broad insight in business. He has led the Group 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 via 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.	Board of Directors: 12/12 (100%) Nominating Committee: 3/3 (100%) Compensation Committee: 4/4 (100%)	●			●	●	●	●
Satoshi Yamahata Director 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. He has promoted corporate governance reform as Director and Senior Executive Manager since June 2015 and 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.	Board of Directors: 12/12 (100%)		●	●				●
Taku Fukui Independent Outside Director	Audit Committee	With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Taku Fukui has a high degree of expertise, wealth of experience, and achievements alongside broad insight. Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his high degree of expertise, wealth of achievements and insights, etc. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no transaction relationships between the Company and Kashiwagi Sogo Law Offices, where Mr. Taku Fukui serves as Managing Partner.	Board of Directors: 12/12 (100%) Audit Committee: 15/15 (100%)		●					●
Yoshihiro Hidaka Independent Outside Director	Nominating Committee Compensation Committee	Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshihiro 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 2018, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc., and improve the Yamaha brand value. As the Company and Yamaha Motor Co., Ltd., where Mr. Yoshihiro Hidaka serves as President and Representative Director, share the Yamaha brand, the two companies are in a relationship such that enhancements to the brand value via the Company's sustainable growth also provides a positive effect on said company's corporate value, while damage to the brand due to violations of laws and regulations or deficient governance, etc., by the Company will have a negative effect on said company's corporate value. Mr. Yoshihiro Hidaka is a person with one of the deepest understandings of the Yamaha brand, which is the source of the Company's brand value, and he shares an interest with ordinary shareholders regarding improvement of the Company's brand value. Furthermore, not only there are no significant transaction relationships* between the Company and Yamaha Motor Co., Ltd., but as the Company is no longer a major shareholder of said company since 2017, there are no concerns that Mr. Yoshihiro Hidaka will have conflicts of interest with ordinary shareholders, and the Company believes that he can fulfill his duty for supervision, etc., of management from an independent standpoint in order to maximize profits for shareholders of the Company. * The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.2% of consolidated net sales of both companies.	Board of Directors: 12/12 (100%) Nominating Committee: 3/3 (100%) Compensation Committee: 4/4 (100%)	●		●				●
Mikio Fujitsuka Independent Outside Director	Audit Committee	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 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.	Board of Directors: 12/12 (100%) Audit Committee: 15/15 (100%)	●	●	●				●
Paul Candland Independent Outside Director	Nominating Committee Compensation Committee	Having been involved in management as the person responsible for the Asian region and the Japanese firms of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a corporate officer as well as broad knowledge of brand and marketing. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no transaction relationships between the Company and PMC Partners Co., Ltd. or Age of Learning, Inc., where Mr. Paul Candland serves as representative, and neither party is classified as a major shareholder of the other.	Board of Directors: 12/12 (100%) Nominating Committee: 3/3 (100%) Compensation Committee: 4/4 (100%)	●					●	●
Hiromichi Shinohara Independent Outside Director	Nominating Committee Compensation Committee	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. He also has wide-ranging and in-depth knowledge of communications systems and electronics. He has been appointed as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights., etc. There are no significant transaction relationships* between the Company and NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), where Mr. Hiromichi Shinohara serves as a director, and neither party is classified as a major shareholder of the other. * The amount of transactions between the Company and NTT is less than 0.3% of consolidated net sales of either of the two companies.	—	●			●	●		●
Naoko Yoshizawa Independent Outside Director	Audit Committee	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 also has a high degree of expertise in digital and AI technologies. She has been appointed as a director on expectations that she will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no transaction relationships between the Company and knowledge piece Inc., where Ms. Naoko Yoshizawa serves as a director, and neither party is classified as a major shareholder of the other.	—	●			●	●		●

Note: The Company has submitted notification to the Tokyo 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.

EXECUTIVE OFFICERS, OPERATING OFFICERS, AND AUDIT OFFICERS

(As of June 25, 2021)

President and Representative Executive Officer



Takuya Nakata
Executive General Manager of Musical Instruments Business Unit

Please refer to page 78 for career summary.

Managing Executive Officers



Shinobu Kawase
Executive General Manager of Musical Instruments & Audio Products Production Unit and Audio Products Business Unit

1983 Joined the Company
2004 President of Yamaha Fine Technologies Co., Ltd.
2011 General Manager of Wind, String & Percussion Instruments Division
2013 General Manager of Acoustic Musical Instruments Production Division, Musical Instruments & Audio Products Production Unit
2014 Executive Officer
2015 Senior Executive Officer
Executive General Manager of Musical Instruments & Audio Products Production Unit (to the present)
2016 Managing Executive Officer
2017 Managing Executive Officer (to the present)
2020 Executive General Manager of Audio Products Business Unit (to the present)



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

Please refer to page 78 for career summary.

Executive Officers



Shigeki Fujii
Executive General Manager of IMC Business Unit and Technology Unit

1983 Joined the Company
2005 General Manager of Advanced System Division Center
2009 General Manager of Semiconductor Division
2013 Executive Officer
Executive General Manager of IMC Business Unit (to the present)
2015 Senior Executive Officer
2017 Executive Officer (to the present)
2018 Executive General Manager of Technology Unit (to the present)



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

1985 Joined the Company
2006 Director and President of Yamaha Scandinavia AB
2010 Chairman and President of Yamaha Music & Electronics (China) Co., Ltd.
2013 Executive Officer
2014 General Manager of Business Planning Division, Musical Instruments & Audio Products Sales & Marketing Unit
2015 Executive General Manager of Service Business Unit
2016 Senior Executive Officer
2017 Executive General Manager of Musical Instruments & Audio Products Sales Unit (to the present)
Executive Officer (to the present)

MESSAGE FROM AN OUTSIDE DIRECTOR

Mikio Fujitsuka
Independent Outside Director

Career Summary

Mr. Mikio Fujitsuka has held positions as General Manager of the Corporate Planning Department and CFO at Komatsu Ltd., a major Japanese global construction equipment manufacturer, and was even involved in management as an Executive Vice President and Representative Director. He has been serving as an outside director with the Company since June 2019.

Major Concurrent Position

- Outside Corporate Auditor of Mitsui Chemicals, Inc.



Ongoing Growth Achieved by Utilizing Strengths and Overcoming Weaknesses

Impression of Yamaha When Viewed from a Specialist Perspective

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

Conversely, Yamaha’s employees seem to be more reserved than those of other Japanese companies. I therefore hope that employees will find a way to break out of their own shells. In terms of corporate governance, Yamaha has been enhancing its systems to accommodate the evolution of its business from a domestic affair to a global enterprise. Even with these advancements, it is important to remember that there is no endpoint to the enhancement of governance. A company must always pursue new pinnacles of governance, and this is more true today than ever.

Advancements Necessary for Improving Corporate Value and Achieving Ongoing Growth

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

Luckily, Yamaha currently has an incredibly strong balance sheet, no doubt a product of constant effort on the part of its forebears. Finding an outlet for exercising this financial competitiveness will be an important area of consideration going forward. I also hope to see the Company engaged in more substantive discussion on how best to conduct forward-looking growth and strategic investments while striking a balance with shareholder returns.

Yamaha’s Mission and Future Expectations

Yamaha’s business consists of music instruments, audio equipment, golf products, and resorts, and could thus be called an entertainment business based on a broad definition. The role, the mission, of an entertainment business is to bring joy to people around the world. When I see the joy in the eyes of children attending Yamaha’s music schools across the globe, I cannot help but feel that the ongoing development of this business, which brings joy and enriches lives, will contribute to the accomplishment of the SDGs. Of course, one cannot deny the importance of generating profit in the short term. However, the increased social emphasis on sustainability has created a need for companies to focus on both

long-term profitability and the resolution of social issues. There may be times when this approach places downward pressure on short-term earnings, but I believe that it is the responsibility of Yamaha’s management to commit itself to a sustainability-minded approach with a sense of decisiveness shaped by an understanding of the future growth potential of its businesses and Yamaha’s role and mission.

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

Operating Officers



Shinichi Takenaga
Deputy Executive General Manager of Audio Products Business Unit



Masato Oshiki
President of Yamaha Music Japan Co., Ltd.



Thomas Sumner
President of Yamaha Corporation of America



Naoya Tetsumura
Deputy Executive General Manager of Musical Instruments & Audio Products Production Unit



Taro Tokuhiko
Executive General Manager of Operations Unit



Hiroko Ohmura
Executive General Manager of Brand Development Unit



Yutaka Matsuki
Senior General Manager of Piano Division, Musical Instruments Business Unit



Hirofumi Yamashita
Senior General Manager of Corporate Planning Division of Corporate Management Unit



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

Audit Officers



Hirofumi Mukaino
Senior General Manager of Internal Auditing Division



Yasushi Nishiyama
Senior General Manager of Audit Committee’s Office

Changes in Corporate Governance

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

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

Consolidated Core Operating Profit Ratio (Operating Income Ratio) and Reinforcement of Corporate Governance

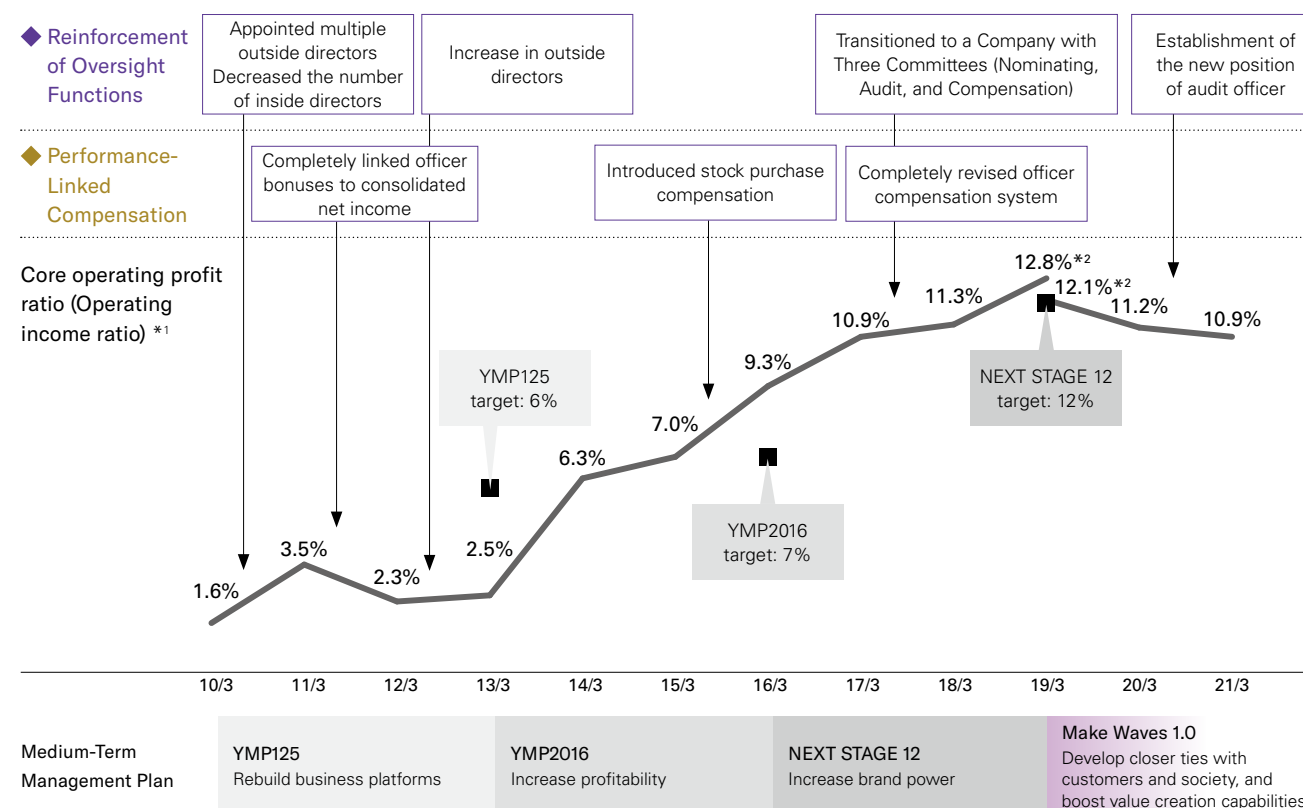
Yamaha continues to strengthen and improve the effectiveness of its corporate governance system. Backed by strong oversight functions and incentives, the Company has continued to increase profitability by executing its medium-term management plans with a sense of urgency since fiscal 2010.

Reinforcement of Oversight Functions

In a bid to accelerate management, the Company has separated functions for business oversight and execution. Yamaha has reinforced oversight functions by increasing the ratio of independent outside directors. As of June 25, 2021, independent outside directors comprised three-fourth of the members on the Board of Directors (please see Ratio of Outside Directors to the right).

Initiatives for Separating the Oversight and Executive Functions

The Board of Directors determines important matters—such as basic management policies—required by laws and ordinances, the articles of incorporation, and the rules of the Board of Directors. Authority for important decisions pertaining to business execution is delegated to executive officers from the Board of Directors, and matters related to these decisions that must be reported to the Board of Directors are defined by the rules of the Board of Directors. By adhering to these rules and 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.



*1 Calculated based on J-GAAP standards up until fiscal 2019; calculated based on IFRS from fiscal 2020 forward
*2 12.8% under J-GAAP and 12.1% under IFRS in fiscal 2019

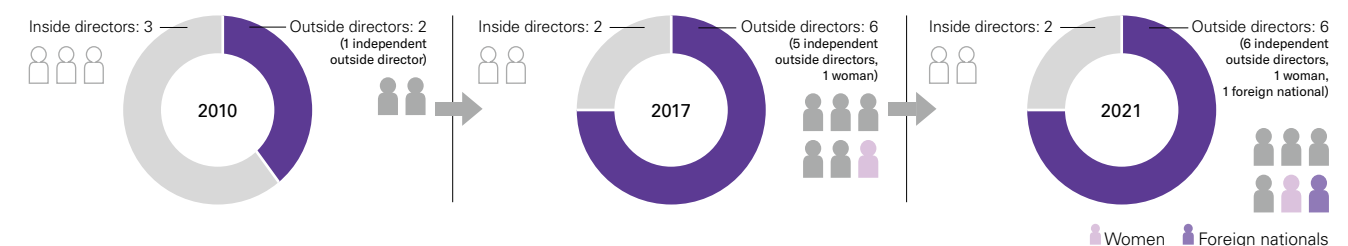
Performance-Linked Compensation

In 2017, Yamaha increased the ratio of performance-linked compensation for directors responsible for business execution and executive officers after completely revising the officer compensation system with the objective of aligning the values of management with shareholders and providing

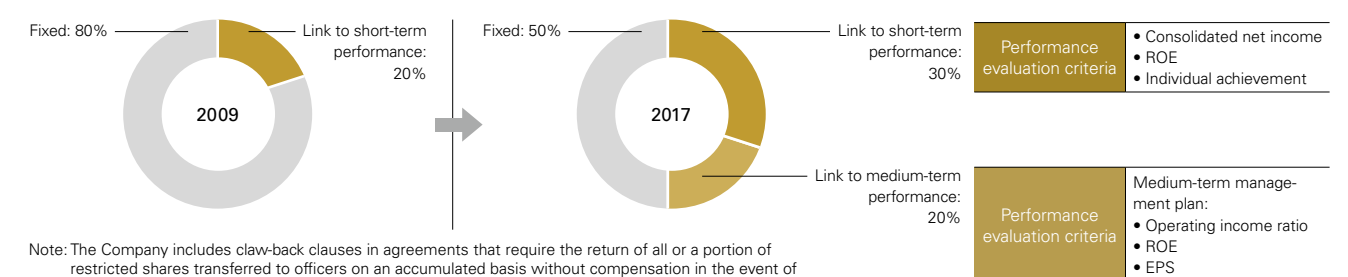
sound incentives that link the compensation system to enhancements in corporate value over the medium and long term while sustaining growth (please see Example of Compensation for an Officer below).

For information on compensation systems, please refer to page 88.

Ratio of Outside Directors

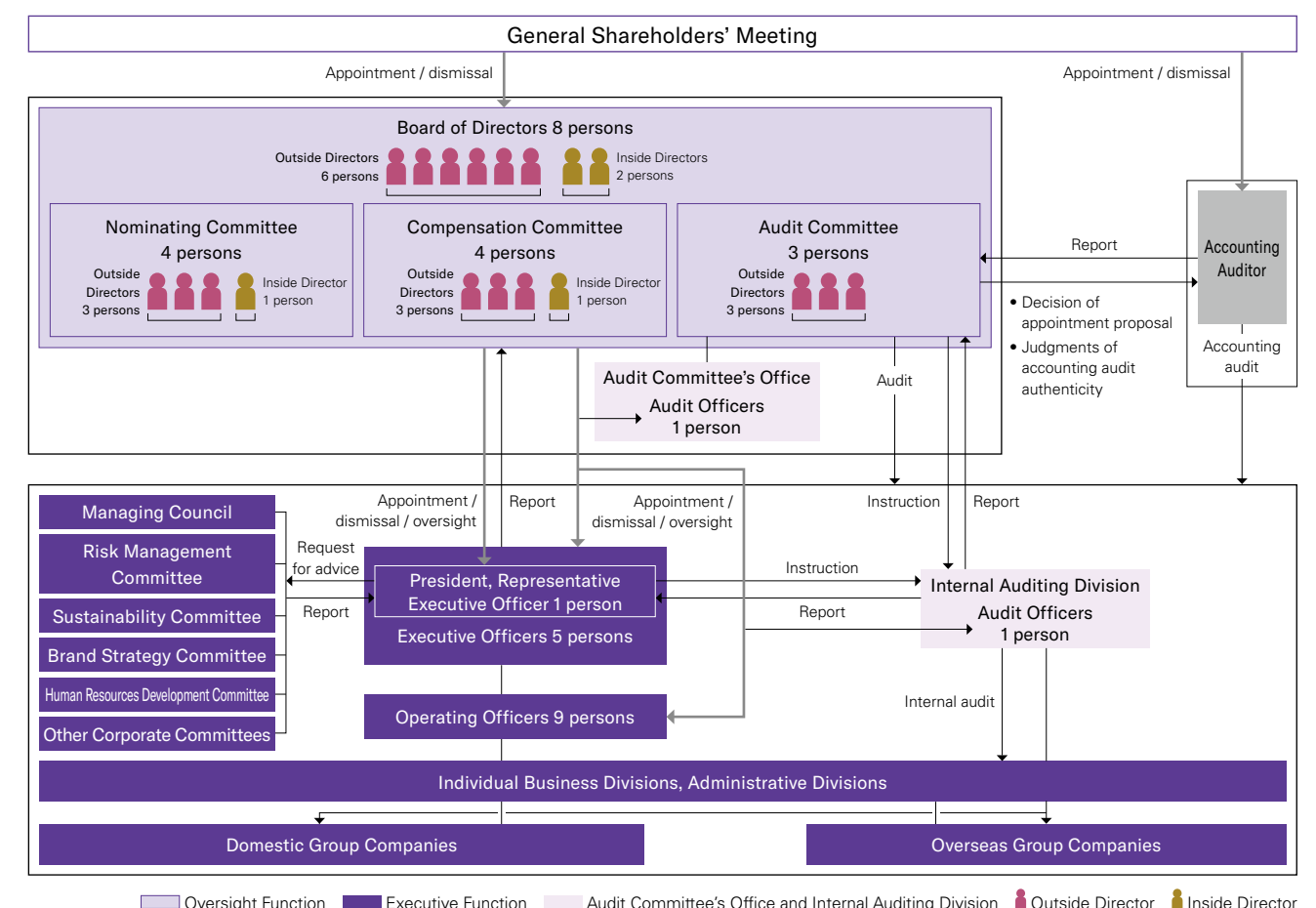


Example of Compensation for an Officer



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

Corporate Governance Structure (As of June 25, 2021)



Basic Policies for Corporate Governance

The Yamaha Group has adopted the Yamaha Philosophy and the Promises to Stakeholders, which apply to shareholders and all other related parties. We are working to secure a high level of profitability based on global competitiveness and increased management efficiency, and we are also striving to fulfill our social responsibilities in such areas as compliance, the environment, safety, and social contributions. In these ways, we are working to realize sustainable growth and to improve corporate value over the medium to long term.

To that end, in accordance with our Basic Policies for Corporate Governance, we have established institutional designs for management—in addition to an organizational structure and systems—and we are implementing a range of initiatives and appropriate disclosure of information. In these ways, we are working to realize transparent, high-quality business management.

Basic Policies for Corporate Governance

- From a shareholder’s perspective, ensure the rights and equal treatment of shareholders
- Taking into consideration our relationships with all stakeholders, proactively fulfill the Company’s social responsibilities
- Ensure that information is disclosed appropriately and that management is transparent

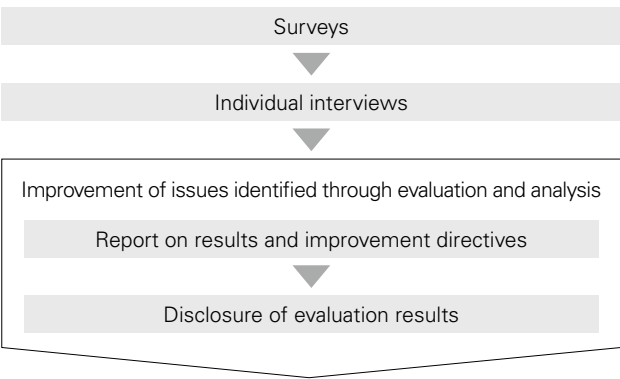
- By separating the oversight and executive functions and strengthening the oversight function, ensure that the Board of Directors is highly effective while at the same time executing decisions appropriately and with a sense of urgency
- Proactively engage in dialogue with shareholders

Effectiveness of the Board of Directors

Analyzing and Evaluating the Effectiveness of the Board of Directors

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

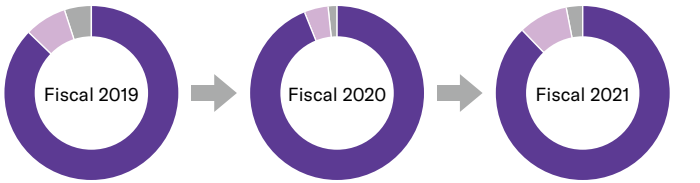
Evaluation Process



Issues Identified in Evaluation of Effectiveness and Improvement Initiatives

Area	Fiscal 2021		Fiscal 2022	
	Issue	Response	Issue	Direction for Future Initiatives
Discussions	Discussions regarding long-term management strategies	<ul style="list-style-type: none">• Discussions regarding medium- to long-term goals, policies, and action plans pertaining to areas such as management vision and sustainability and reflection of discussions in management policies and strategies• Regular monitoring of Companywide measures for improving corporate value	<ul style="list-style-type: none">• Discussions regarding long-term management strategies (ongoing)• Discussions regarding ESG initiatives and related communication	<ul style="list-style-type: none">• Discussions regarding items requiring examination by the Board of Directors and provision of opportunities for intensive discussion (director retreats, etc.)• Reports to the Sustainability Committee
Succession	Oversight of succession plans for representative executive officer and other officers by the Board of Directors	<ul style="list-style-type: none">• Succession process progress monitoring and regular reports by the Nominating Committee• Provision of forums for exchanges between outside directors and heads of core divisions	<ul style="list-style-type: none">• Oversight of succession plans for representative executive officer and other officers by the Board of Directors (ongoing)• Discussions regarding succession plans for outside directors• Exchanges between internal officer candidates	<ul style="list-style-type: none">• Ongoing discussions regarding succession plans by the Nominating Committee• Reports from the Nominating Committee to and related discussions by the Board of Directors• Arrangement of opportunities for exchanges between outside directors and junior employees, future leaders, and directors
Proceedings	Stimulation of brisk discussion among directors	<ul style="list-style-type: none">• Direction of meetings with emphasis on increasing opportunities for input from directors and executive officers• Provision of materials related to Board of Directors’ meetings three days in advance in principle	<ul style="list-style-type: none">• Stimulation of brisk discussions among directors (ongoing)	Agenda management emphasizing brisk discussion and improvement of awareness among meeting attendees
Structure	Separation of role of chairman of the Board of Directors and president	<ul style="list-style-type: none">• Meeting proceedings accounting for differences between roles of the chairman of the Board of Directors and the president (executive function)	<ul style="list-style-type: none">• Separation of roles of the chairman of the Board of Directors and the president (ongoing)• Member numbers and compositions of the Board of Directors and committees	<ul style="list-style-type: none">• Examination of possible improvement measures in conjunction with progress of succession plans for representative executive officer and other officers• Increase in number of outside directors by one and elimination of directors holding concurrent positions on the Audit Committee and other committees under new structure (implemented on June 24, 2021)
Risks	<ul style="list-style-type: none">• Improvement of awareness regarding compliance helplines• Enhancement of internal audits at overseas subsidiaries	<ul style="list-style-type: none">• Enhancement of compliance helpline systems and structures and bolstering of Groupwide information provision• Promotion of improvements in line with Group Internal Audit Policies & Rules and execution plans	<ul style="list-style-type: none">• Improvement of awareness regarding compliance helplines and proactive communication of negative news (ongoing)• Enhancement of internal audits at overseas subsidiaries (ongoing)	<ul style="list-style-type: none">• Swift resolution of issues reported through helplines and other improvements to helpline implementation• Improvement of awareness regarding internal audits• Ongoing communication using Companywide meetings and other venues• Development of open organizational culture (communication activities, etc.)• Enhancement of internal audit systems of Group companies

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



	Fiscal 2019	Fiscal 2020	Fiscal 2021
■ Items receiving positive evaluation in more than 75% of responses	55	62	58
■ Items receiving positive evaluation in between 51% and 74% of responses	6	3	6
■ Items receiving positive evaluation in less than 50% of responses	3	1	2

Summary of the Evaluation

- The reformed corporate governance system has become entrenched in the Company, and the system is functioning under the Company with Three Committees (Nominating, Audit, and Compensation) structure.
- Oversight of the management team from an independent and objective standpoint is conducted in a highly effective manner.
- Sincere and constructive discussions are being held with regard to major management issues.
- The Audit Committee has been positively evaluated for effectively utilizing the newly appointed audit officers.
- For further improvement, management issues were raised regarding discussions on the direction of long-term management, enhancement of internal audit systems at overseas Group companies, and the need to develop an open organizational culture.

Oversight Function

Nominating Committee

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

Process and Standards for Selecting Officers, etc.

Regarding the selection of candidates for director positions, the Nominating Committee screens candidates for director positions based on the basic qualifications desirable for the roles, in addition to personnel requirements, taking into account their competencies, experiences, and achievements. Another factor taken into account in the selection of candidates is the Company’s skill matrix, which indicates the areas of specialty required to advance management strategies. The Nominating Committee also composes the nomination proposals submitted to the General Shareholders’ Meeting.

Regarding the selection of members and heads of the Nominating, Audit, and Compensation committees, the Nominating Committee screens candidates based on personnel requirements defined by the role of the committee, and decides the content of nomination proposals submitted to the Board of Directors. The Nominating Committee elicits the opinions of the Audit Committee before selecting candidates for members and the head of the Audit Committee.

The Nominating Committee screens candidates for executive officer positions based on the basic qualifications desirable for the role, in addition to personnel requirements, taking into account their competencies, experiences, and achievements. The Nominating Committee also composes the nomination proposals submitted to the Board of Directors.

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

Succession Plans for Representative Executive Officer and Other Officers

After defining systems and personnel requirements, the Nominating Committee follows a personnel selection, evaluation, and development process for determining successor candidates.

From an early stage, Yamaha ensures there is adequate time and opportunities to carry out succession plans, by having the Nominating Committee advise on the screening of successor candidates and conduct interviews for the appointment of executive officers and candidates for executive officer positions. Meanwhile, at a preliminary stage, the Human Resources Development Committee maintains career development programs for core personnel and sets up venues for candidates to present their ideas to the Board of Directors and other entities.

Major Initiatives in Fiscal 2021

- Implementation of succession plans for the representative executive officer and other officers
- Decision of new executive team, etc.
- Revision of officer personnel requirements, etc.

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.

Compensation System

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

(1) Fixed compensation is monetary compensation according to job titles and is paid monthly.

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

(3) Restricted stock compensation is share-based compensation according to job titles and is provided at the launch of each medium-term management plan with the intent of motivating 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 gives equal weight to the core operating profit ratio, ROE, and EPS, which are contained 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 officer retires or for 30 years from the receipt of restricted stock compensation. Furthermore, in the event of serious cases of accounting fraud or major losses during this period, depending on the 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-Linked Bonuses

Consolidated profit for the period and ROE for the current fiscal year, which are indicators used for performance-linked bonuses, were ¥26.6 billion and 7.4%, 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 2021, core operating profit ratio was 10.9%, ROE was 7.4%, and EPS was ¥151.39.

Major Initiatives in Fiscal 2021

- Decision of individual compensation amounts, etc.

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 the committee with its 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 Audit Committee's Office's independence from the executive officers and other people responsible for business execution, the approval of the Audit

Committee is required for personnel evaluations, personnel reassignments, and disciplinary actions for the Audit Committee's Office's personnel.

When it deems necessary, the Audit Committee enlists the help of external experts to perform audits.

The president and representative executive officer promotes continuous improvements in the maintenance and operation of internal control systems while periodically exchanging opinions with the Audit Committee.

Collaboration between the Accounting Auditor and the Internal Auditing Division

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

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

Major Initiatives in Fiscal 2021

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

Audit Officers

Audit officers are responsible for audits of Yamaha Group companies as members of the management team of positions equivalent to operating officers (please see page 91).

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.

To develop frameworks for ensuring the efficient execution of business by executive officers, the Company establishes regulations on organizations, divisions of authority, and other business execution-related matters and clarifies the authority and responsibilities of executive officers, the appropriate delegation of authority, the missions of Company divisions and subsidiaries, and chains of command. These provisions are meant to expedite business execution and improve managerial efficiency. In addition, the Company has established the Managing Council as an advisory body to the president and representative executive officer. Reports on discussions at council meetings pertaining to matters such as important business execution decisions are submitted to the president and representative executive officer. Furthermore, Groupwide targets are set, performance is evaluated, and an administrative management system has been implemented to facilitate swift management decisions and risk management.

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.

Breakdown of Compensation (Fiscal 2021)

Classification	Total Compensation (Millions of yen)	Compensation by Type (Millions of yen)			Number of People
		Fixed compensation	Performance-linked bonuses	Compensation in the form of restricted stock	
Directors	67	67	—	—	6
(Including outside directors)	(67)	(67)	(—)	(—)	(6)
Executive Officers	451	224	85	141	6

Notes:
1. The above numbers include a director who retired at the conclusion of the 196th Ordinary General Shareholders' Meeting held on June 23, 2020.
2. The total amount of compensation, etc., paid to the executive officers concurrently serving as directors is described in the section for executive officers.
3. All shares to be allocated as restricted stock compensation were issued in fiscal 2020, the first year of the medium-term management plan, and no shares were issued in fiscal 2021. Above compensation amounts are accounting-use figures that allocate the amounts of restricted stock compensation across the three-year period of the medium-term management plan.

Key Activities of Outside Directors (Fiscal 2021)

Name		Board of Directors	Nominating Committee	Audit Committee	Compensation Committee
Yoshimi Nakajima*1	No. of meetings held	12 times	3 times	15 times	4 times
	Number of attendances	11 times	3 times	15 times	3 times
	Attendance rate*2	91.66%	100%	100%	100%
Taku Fukui	Number of attendances	12 times	—	15 times	—
	Attendance rate*2	100%	—	100%	—
Yoshihiro Hidaka	Number of attendances	12 times	3 times	—	4 times
	Attendance rate*2	100%	100%	—	100%
Mikio Fujitsuka	Number of attendances	12 times	—	15 times	—
	Attendance rate*2	100%	—	100%	—
Paul Candland	Number of attendances	12 times	3 times	—	4 times
	Attendance rate*2	100%	100%	—	100%

*1 Retired at the end of her term as of the conclusion of the 197th Ordinary General Shareholders' Meeting held on June 24, 2021
*2 The denominator for the attendance rate is the total number of meetings held during the period in which each person was in office.

Corporate Committees

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

Risk Management Committee

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

Sustainability Committee

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

Brand Strategy Committee

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

Working Group for Gender Equality

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

For more information on corporate committees, please refer to the Company’s corporate governance report.

https://www.yamaha.com/en/ir/governance/pdf/governance_report.pdf



Operating Officers

With a Companywide perspective, the operating officers conduct the work they are responsible for under the supervision of the executive officers and in accordance with important decisions regarding business execution made by the Board of Directors and the executive officers.


Internal Control System, Internal Audits, and Accounting Audits

Internal Control System

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

For further information about the internal control system, please refer to the Company’s corporate governance report.

https://www.yamaha.com/en/ir/governance/pdf/governance_report.pdf



Internal Audits

Yamaha established the Internal Auditing Division (staffed by 19 people as of June 25, 2021) under the direct control of the president. The division’s role is to closely examine and evaluate management and operations systems, as well as operational execution, for all management activities undertaken by the Company and Group companies, from the standpoint of legality, effectiveness, and efficiency. Based on the results of these examinations and evaluations, the division provides information and offers advice and proposals for improvement.

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

Accounting Auditor

Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor, and certified public accountants Toshikatsu Sekiguchi, Toshiyuki Matsuura, and Shuji Okamoto from Ernst & Young ShinNihon conduct the accounting audits of the Company. Ernst & Young ShinNihon has voluntarily adopted a rotating system for its managing partners in order to ensure that the number of continuous years of auditing service does not exceed a fixed period of time. A total of 10 certified public accountants and 32 other staff assist with the audit work.

Policy and Reasoning Behind Selection of Accounting Auditor

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

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

Reason for Establishment of New Position of Audit Officer

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

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

Based on the progress of these initiatives, we established the new position of audit officer, which differs from executive officer and operating officer, in April 2020. The goals of this move included pursuing ongoing improvements to the independence and objectivity of the oversight function. This move was also meant to revise the team of internal officers responsible for audits to complement the information-gathering capabilities of the Audit Committee given the deficiency created by lack of a full-time Audit Committee member from within the Company and thereby separate these officers from the executive function. The positions of senior general manager of the Audit Committee’s Office and senior general manager of the Internal Auditing Division have been entrusted to audit officers.

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

Message from the Senior General Manager of the Internal Auditing Division

We conduct internal audits of all processes throughout the Yamaha Group. Steps are taken to verify the appropriateness of our processes from an independent, objective standpoint, and the results of audits are reported to the president and representative executive officer. Should an issue be detected, improvements will be requested of the relevant divisions, and these improvement activities are monitored until completion in order to mitigate risks. In addition, accurate and concise reports are issued to the Audit Committee to deepen the understanding of Audit Committee members with regard to the risks faced by Yamaha so that we can receive more pertinent advice.

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

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



Hirofumi Mukaino
Audit Officer
Senior General Manager of Internal Auditing Division

The Company’s Audit Committee will dismiss the accounting auditor by mutual consent of all members of the committee in the event that one of the items in Article 340 (1) of the Companies Act applies to the accounting auditor. The Audit Committee determines the content of proposals regarding the dismissal or non-reappointment of the accounting auditor submitted to the General Shareholders’ Meeting in the event that it is deemed necessary to change the accounting auditor, for reasons such as the accounting auditor being impeded in performing its duties based on a comprehensive analysis of the accounting auditor’s qualifications, specializations, independence from the Company, and other evaluation criteria.

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

The Audit Committee deliberates and conducts a comprehensive evaluation based on committee members’

assessments of the accounting auditor’s qualifications, specializations, independence from the Company and other evaluation criteria, with due consideration paid to the state of direct communications between the Audit Committee and the accounting auditor, and reports by audited divisions about the audits conducted by the accounting auditor.

Initiatives to Engage in Dialogue with Shareholders and Investors

In order to have constructive dialogue with shareholders and investors, the Board of Directors appoints a director in charge of these initiatives. If necessary, due to a request for dialogue from a shareholder or investor, 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 assist the director in charge to ensure that dialogue with shareholders and investors is conducted in a reasonable and orderly manner.

In addition to the respective dialogue with shareholders and investors, the Company gives presentations on its medium-term management 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 discussing earnings information.

Major IR Activities

Major IR activities in fiscal 2021 were as follows.

General Shareholders’ Meetings

Yamaha endeavors to establish an environment that ensures that there is adequate time for shareholders to exercise their voting rights at 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 website in both Japanese and English as soon as possible, holding the Ordinary General Shareholders’ Meeting on a date that avoids the concentration of shareholders’ meetings, and ensuring that it is convenient to exercise voting rights by using an electronic proxy voting platform.

Items Voted On at the Ordinary General Shareholders’ Meeting

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

Major IR Activities (Fiscal 2021)

Target	Activity	Frequency	Content
For shareholders, analysts, and institutional investors	Financial results briefings	4 times	Quarterly briefings by the president and relevant officers
	Small meetings	3 times	Meetings with the president and relevant officers
	Management meetings	28 times	Individual meetings with the president and relevant officers
	One-on-one interviews	250 times	IR interviews with the IR team
For private investors	Company briefings for private investors	1 time	Online company briefings
Other IR activities	Promotional activities targeting investors	Monthly	Website information updates, content enhancement, and registration campaigns

Note: Visits to investors by the president and relevant officers (in Japan, North America, Europe, and Asia) were halted in fiscal 2021 due to the COVID-19 pandemic.

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

Proposal 1. Appropriation of Surplus

Proposal 2. Appointment of Eight Directors

Proposal	Number of Votes For	Number of Votes Against	Number of Abstained Votes	Approval Percentage	Results
Proposal 1. Appropriation of surplus	1,419,035	150,456	23	90.4	Approved
Proposal 2. Appointment of eight directors					
Takuya Nakata	1,479,287	90,735	23	94.2	Approved
Satoshi Yamahata	1,561,406	8,626	23	99.4	Approved
Taku Fukui	1,568,078	1,954	23	99.9	Approved
Yoshihiro Hidaka	1,438,053	131,969	23	91.6	Approved
Mikio Fujitsuka	1,568,052	1,980	23	99.9	Approved
Paul Candland	1,557,584	12,448	23	99.2	Approved
Hiromichi Shinohara	1,564,085	5,947	23	99.6	Approved
Naoko Yoshizawa	1,554,458	15,574	23	99.0	Approved

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

- Proposal 1: Approval by a majority vote of shareholders in attendance
- Proposal 2: Attendance of shareholders holding one-third or more of the voting rights of the shareholders who can exercise their voting rights, and approval by a majority vote of the shareholders in attendance

Reason for 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 exercised by the date immediately before the date of the meeting and the number of voting rights of some of the shareholders present, whose intentions 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 the 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.

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

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

Status of Shareholdings

For specified equity securities, all shareholdings as of March 31, 2021, are presented in the table below. On August 28, 2021, the Company sold 19,000,000 shares of stock in Yamaha Motor Co., Ltd., reducing its total holding in this company to 15,642,790 shares. Yamaha does not have any deemed shareholdings or investments in equity securities for pure investment purposes.

Investments in Equity Securities Held for Purposes Other than Pure Investment

	Stock in Unlisted Companies	Stock in Firms Other than Unlisted Companies
Number of companies and amount shown on balance sheet	34 companies ¥885 million	12 companies ¥110,060 million
Total amount of stock sold in fiscal 2021, pertaining to decreases in the number of companies / shares in which shareholdings were reduced	2 companies ¥15 million	7 companies ¥1,153 million
Total amount of stock acquired in fiscal 2021, pertaining to increases in the number of companies / shares in which shareholdings were increased	—	3 companies ¥1 million

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

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

Security Name	No. of Shares as of March 31, 2020 Amount on Balance Sheet (Millions of yen)	No. of Shares as of March 31, 2021 Amount on Balance Sheet (Millions of yen)	Yamaha Ownership of Shares
Yamaha Motor Co., Ltd.*1	34,642,790	34,642,790	Yes
	45,278	93,916	
TOYOTA MOTOR CORPORATION*2	501,300	501,300	No
	3,258	4,319	
Audinate Group Limited*2	6,289,308	6,289,308	No
	1,575	3,729	
MS&AD Insurance Group Holdings, Inc.*3	1,218,623	1,048,423	Yes
	3,686	3,406	
The Shizuoka Bank, Ltd.*3	2,808,564	2,686,064	Yes
	1,845	2,336	
Sumitomo Mitsui Financial Group, Inc.*3	356,402	311,802	Yes
	934	1,249	
Mizuho Financial Group, Inc.*3*4	7,086,757	470,775	Yes
	875	752	
DAIICHIKOSHO CO., LTD.*2	50,000	50,000	No
	144	214	
Mitsubishi UFJ Financial Group, Inc.*3	226,480	226,480	Yes
	91	134	
FUJI SOFT INCORPORATED*5	—	100	No
	—	0	
YASKAWA Electric Corporation*5	—	100	No
	—	0	
Cybozu, Inc.*5	—	100	No
	—	0	
HORIBA, Ltd.*5	100	—	No
	0	—	
MonotaRO Co., Ltd.*5	100	—	No
	0	—	
J. FRONT RETAILING Co., Ltd.*5	100	—	No
	0	—	

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

*1 Yamaha Motor Co., Ltd. uses the same Yamaha brand as the Company. Yamaha Motor Co., Ltd. and the Company have established the Joint Brand Committee, Yamaha Brand Charter, and Joint Brand Regulations. Along with carrying out various initiatives together, initiatives in furtherance of each other’s sustainable growth are monitored appropriately through shareholdings and the assignment of directors. By building this kind of relationship of monitoring and cooperation, the Company aims to maintain and enhance the value of the Yamaha brand, thereby contributing to the enhancement of the Company’s corporate value over the medium to long term.

*2 The Company holds the shares for the purpose of maintaining and continuing a smooth transaction relationship.

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

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

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

Risk Management

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

Basic Policies

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

- 1. We shall establish organizations and frameworks for risk management and work to enhance responsiveness to risk in order to maximize corporate value.
- 2. In risk management activities under normal circumstances, we shall identify, evaluate, and mitigate risks and conduct awareness-raising activities such as education and training to instill a greater awareness of and foster a greater sensitivity toward risks.
- 3. We shall prioritize people’s safety when risks manifest themselves as crises and coordinate with local communities to ensure sincere, appropriate, and speedy responses to minimize adverse impacts. In addition, we shall strive to ensure the stable supply of products and services, continue business to the greatest extent possible, and contribute to the sustainable development of society.
- 4. After addressing risks, we shall analyze the reasons they occurred and how they were addressed in order to ensure they do not occur again.


Promotion System

Under the supervision of the Board of Directors, Yamaha Corporation has established the Risk Management Committee as an advisory body to the president and representative executive officer. The committee discusses risk management-related

matters from a Companywide perspective and reports the results of these discussions to the president and representative executive officer. In addition, the Working Group for BCP and Disaster Prevention Management, Working Group for Financial Management, Working Group for Compliance, Working Group for Export Control, and Working Group for Information Security have been established under the Risk Management Committee. These working groups set activity policies and monitor activities related to important Companywide themes.

Please visit our corporate website for more information on risk management systems and the Risk Management Committee.

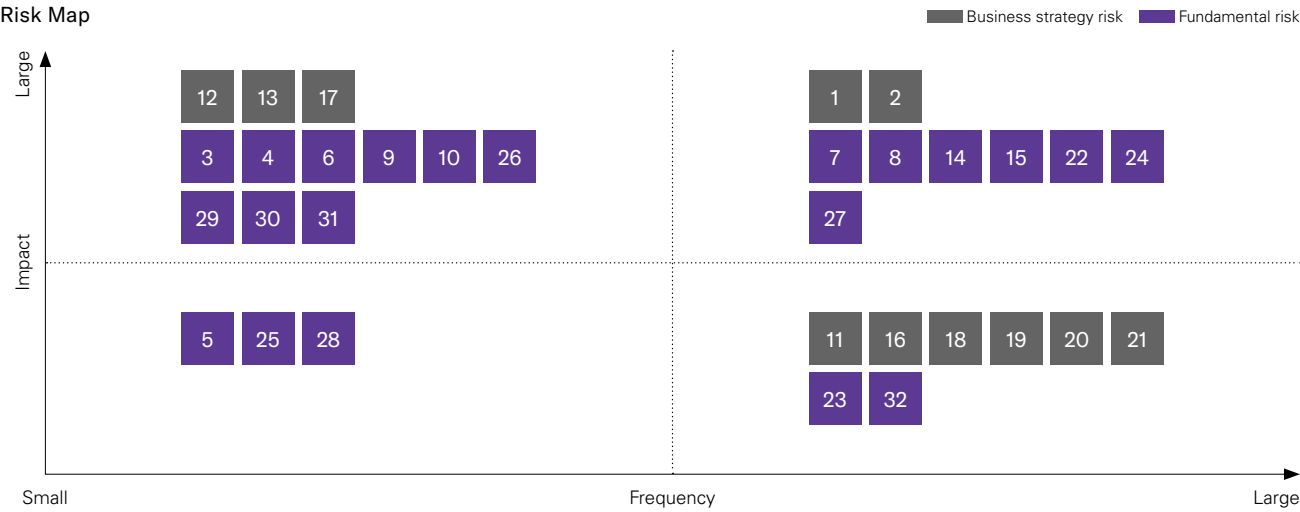
https://www.yamaha.com/en/csr/governance/risk_management/



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.

Risk Map



Revision of Business Risk Categories

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

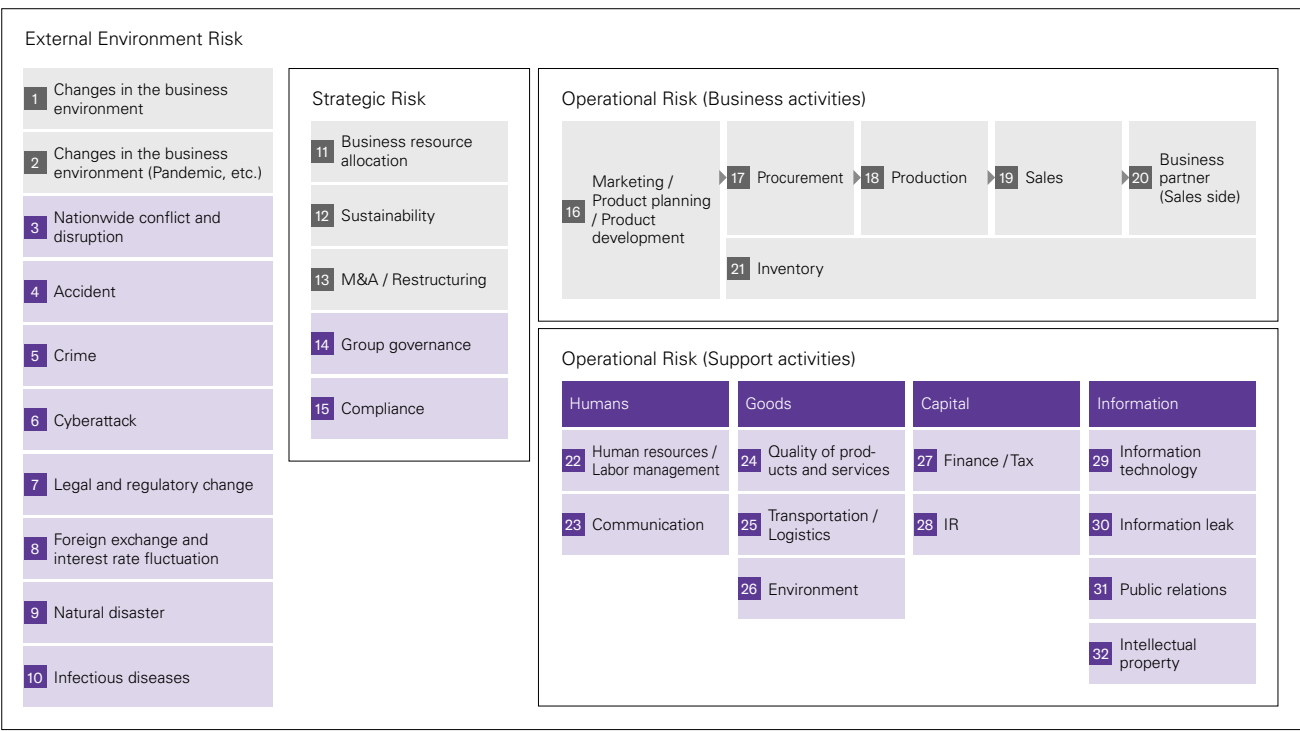
Changes in the Business Environment (Pandemic, etc.)

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

Sustainability

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

Categorization of Business Risks



Measures for Preventing Spread of Infectious Diseases

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



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

Compliance

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

Basic Policy and Compliance Code of Conduct

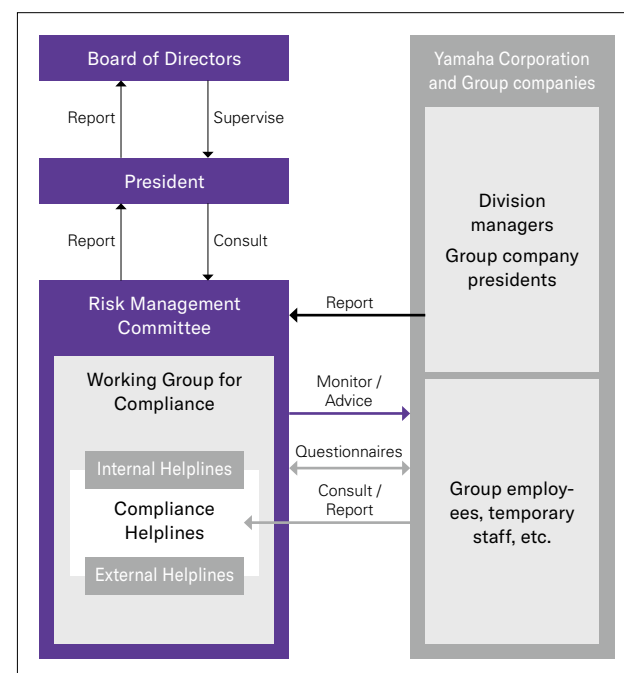
The Yamaha Group has positioned compliance among its most important management themes for fulfilling its responsibility to stakeholders and society and for achieving sustainable growth. We practice compliance management with a focus on ensuring strong legal compliance, adherence to social norms, and 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 and representative executive officer, is a central organization in the promotion of compliance. This working group discusses and decides on Groupwide compliance-related policies and measures. In addition, the working group is responsible for monitoring the activities of divisions and Group companies to ensure legal compliance and ethicality.

Other measures for ensuring sound business activities include internal education and training programs, employee questionnaires, and the development of compliance helplines for use by both Company employees and temporary staff.

Compliance Promotion System



Global Conformity in Compliance Initiatives

As the Yamaha Group's business grows even more global, resulting in business activities being advanced in manners that blur the boundaries between countries and regions with differing political and economic frameworks, business customs, and values, increasing the conformity of compliance initiatives with global standards is becoming a pressing issue.

The Yamaha Group signed the UN Global Compact in 2011. As a member of Global Compact Network Japan, we are working to adhere to the Ten Principles in the four areas of human rights, labour, environment, and anti-corruption in our business activities.

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

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

Monitoring

The Working Group for Compliance conducts regular monitoring of the status of compliance systems and compliance promotion at Company divisions and Group companies to ensure that the business activities of the Yamaha Group are ethical and legally compliant. Support for corrective actions is provided as necessary. Furthermore, employee questionnaires are conducted once every three years; the results are analyzed to identify any issues, and various measures are put in place to address the identified issues. Recent efforts based on questionnaire results include the enhancement of harassment prevention measures and the expansion of external compliance helplines.

Education and Awareness-Raising Activities

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

Positioning compliance as an important theme for Groupwide human resources development, we have incorporated compliance curricula into rank-based training programs, which are implemented in accordance with career levels. In addition, we offer group training and seminars as well as e-learning and online training to ensure that compliance training is available to as many employees as possible. For the compliance

subjects that are most closely related to everyday operations, employees in Japan are given access to Compliance News, which explains concepts in four-panel comic strips; Compliance Quizzes; and other compliance-related content for supporting efficient learning via the intranet. This content is updated on a monthly basis.

In fiscal 2021, training and awareness-raising activities conducted amid the COVID-19 pandemic included rank-based as well as other online training programs and e-learning programs on preventing abuses of power. Three training sessions were held in fiscal 2021, and these sessions were attended by approximately 7,000 individuals.

Compliance Helplines

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. In Japan, cards detailing the contact information for these helplines are distributed to employees, and this information can also be found in Compliance Code of Conduct booklets and on posters displayed in Company facilities. We also promote awareness regarding these venues through questionnaires and during training sessions. Internal rules pertaining to the operation of compliance helplines include provisions to protect whistleblowers by stating that those reporting in earnest are not to suffer reprisal as a result of reports.

In March 2020, we established the Yamaha Compliance Hotline, an external consultation venue for domestic Group companies operated by a subcontractor. Combined with the existing internal consultation venue and venue for consultation with an external legal firm, this made for three consultation venues available in Japan.

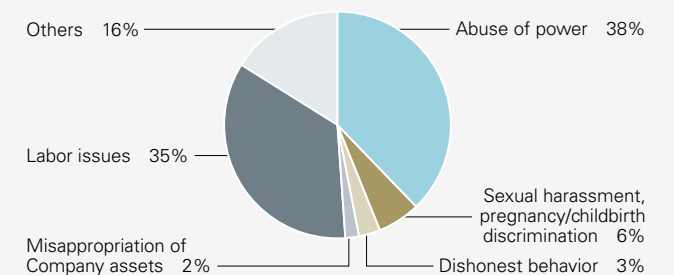
Overseas, helplines have been set up at 34 Group companies, and Yamaha also established global helplines offering support via the internet that are available in 16 languages in 2017.

Numbers of Reports Received through Compliance Helplines

	Name Provided	Anonymous	Total*
Fiscal 2017	26	13	39
Fiscal 2018	34	13	47
Fiscal 2019	25	9	34
Fiscal 2020	54	12	66
Fiscal 2021	50	33	83

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

Breakdown of Reports Received in Fiscal 2021



Compliance Helpline System

