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YAMAHA Corporation

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Legal Division

Securities Code: 7951

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

The status of corporate governance in Yamaha Corporation (“the Company”) is as follows:

## [I Basic Policies for Corporate Governance and Basic Information on Capital Structure, Corporate Attributes, and Other Matters](#)

### 1. Basic Policy

Yamaha Corporation and our Group companies (hereinafter referred to as “Yamaha” or “the Company” and the “Yamaha Group” or “the Group”) have issued the Yamaha Philosophy as our Corporate Philosophy and our Promises to Stakeholders, which we have made to all related parties, starting with our shareholders. By fulfilling our social responsibilities in such areas as compliance, the environment, safety, and contribution to the community even as we ensure a high level of profitability based on our global competitive prowess and increased business efficiency, we are working to ensure sustainable growth and to enhance the enterprise value over the medium-to-longer term.

To realize this vision, based on the “Basic policies for corporate governance” presented below, along with putting in place the organizational design, operating framework, and mechanisms as well as implementing various measures to manage the Company, we are carrying out quality business management in a transparent manner through the appropriate disclosure of information.

[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 the 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

[Yamaha Philosophy]

- ◆ Corporate Philosophy: Sharing Passion and Performance  
With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world.
- ◆ Customer Experience\*1 Joy, Beauty, Confidence, Discovery
- ◆ Yamaha Quality\*2 Excellence, Authenticity, Innovation
- ◆ Yamaha Way\*3 Embrace Your Will, Stand on Integrity, Take Proactive Actions, Go Beyond the Limits, Stick to the Goals

\*1 The Customer Experience exemplifies the meaning of "Sharing Passion and Performance" from the customer's viewpoint. When customers experience, use, or own Yamaha products and services they should experience a profound response that will stimulate both their emotions and senses.

\*2 The Yamaha Quality is a set of criteria that supports Yamaha's insistence on quality in products and services and our dedication to excellence in manufacturing. These criteria assist in making the Corporate Philosophy a reality.

\*3 The Yamaha Way explains the mindset that all employees of the Yamaha Group should adopt, and the manner in which they should act on a daily basis, in order to put the Corporate Philosophy into practice.

[Promises to Stakeholders]

- ◆ Customer-Oriented and Quality-Conscious Management  
Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional

## YAMAHA CORPORATION

### CORPORATE GOVERNANCE

technologies as well as refined creativity and artistry.

#### ◆ Transparent and Sound Management

Yamaha delivers proper returns to shareholders by ensuring a solid business performance and achieves lasting development through transparent and sound management.

#### ◆ Valuing People

Yamaha strives to be an organization where each person's individuality and creativity are respected and all can demonstrate their full potential through their work.

#### ◆ Harmony with Society

Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.

Our Corporate Governance Policies, including the basic policies above, can be seen on our website, here: <https://www.yamaha.com/en/ir/governance/>

#### 【Reasons why we are not able to fully comply all aspects of the Corporate Governance Code】

The Company fully complies all aspects of the Corporate Governance Code.

#### 【Disclosure based on the principles of the Corporate Governance Code】

The Company discloses information based on Corporate Governance Code revised as of June 11, 2021.

#### [Principle 1-4] Cross-holdings

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-longer term. "Reasonable because it contributes to the Company's sustainable growth and the enhancement of corporate value over the medium-to-longer term" refers to enhancing the value of our brand, supporting sustainable growth, and ensuring a strong financial base by maintaining stable relationships with companies with which we have important cooperative relationships, business partners, and financial institutions.

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 with Yamaha Motor Co., Ltd., 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-longer term.

The Board of Directors regularly reviews the reasonableness of individual cross-holdings on an ongoing basis and works to reduce cross-holdings based on such verifications as whether the purposes for such shareholdings are appropriate and whether the benefits accruing from these holdings and the risks associated with them cover the cost of capital.

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-longer 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-longer term. The Company exercises the voting rights in accordance with such decision.

#### [Principle 1-7] Transactions with related parties

When engaging in transactions with Directors, Executive Officers, or close relatives thereof, necessary systems are put in place to ensure that they are not detrimental to the Company or the shareholders' common interests. With the approval of the Board of Directors pursuant to the Companies Act, the results of related party transactions shall be reported after a transaction is completed.

#### [Supplementary Principle 2-4-1] Ensuring diversity

Pursuant to the Valuing People pledge in our Promises to Stakeholders, Yamaha endeavors to achieve sustainable growth and enhance the corporate value over the medium-to-longer term by taking advantage of the perspectives and values of our diverse personnel. And, going forward, we will become even more proactive in the furtherance of diversity at the global level.

We have set and are implementing numerical targets such as the multi-nationalization of important posts and the ratio of

## YAMAHA CORPORATION

### CORPORATE GOVERNANCE

female managers, and in the future we will work even more actively to promote diversity on a global level.

Human resource diversity and development policies can be seen on our website, here:

[https://www.yamaha.com/en/csr/human\\_rights\\_and\\_labor\\_practices/](https://www.yamaha.com/en/csr/human_rights_and_labor_practices/)

#### [Principle 2-6] Roles of Corporate Pension Fund as Asset Owner

To ensure that Yamaha can make pension payments now and into the future through the Pension Fund of Yamaha, Yamaha manages these pension assets by preparing policies for the composition of pension asset holdings from a medium- to long-term perspective.

Decisions on fund management are made by the Committee of Representatives based on the deliberations of the Asset Management Committee. Yamaha appoints persons with the appropriate qualifications from general managers of the corporate finance divisions, human resource divisions to the Asset Management Committee and Committee of Representatives, and, to serve as representatives of the beneficiaries, also appoints senior members of Yamaha Union. In addition, Yamaha selects and appoints personnel with appropriate qualifications to serve in the Corporate Pension Fund Secretariat.

#### [Principle 3-1] Improving information disclosure

In addition to disclosing information as required by laws and regulations, including the regulations of the Tokyo Stock Exchange, Yamaha discloses information in a timely, suitable, and proactive manner through our Corporate Governance Report and other reports, which are also published in English. These reports contain our basic policies for corporate governance, including our Corporate Philosophy, business strategies, and business plans; the policies and procedures by which director candidates are nominated; descriptions of the individual appointments and nominations; the policies and procedures by which compensations for the Directors and the Executive Officers are set

1. We have formulated a Corporate Philosophy and a Medium-Term Management Plan. They can be seen here:

Corporate Philosophy <https://www.yamaha.com/en/about/philosophy/>

Medium-term Management Plan [https://www.yamaha.com/en/ir/presentations/slideshow\\_201904/](https://www.yamaha.com/en/ir/presentations/slideshow_201904/)

2. Our Corporate Governance Policies contains our basic concept of corporate governance. It can be found on our Website here:

<https://www.yamaha.com/en/ir/governance/>

3. The compensation of members of the Board of Directors, excluding Outside Directors, and the compensation of the Executive Officers shall consist of basic compensation and a bonus that reflects short-term Company performance. In addition to these forms of compensation, restricted stock of the Company will be paid with the objective of reflecting the medium-term performance of the Company in compensation and aligning the interests of the corporate officers with those of the shareholders. Compensation is determined by the Compensation Committee after due consideration. The compensation of Operating Officers shall also be determined after deliberation in the Compensation Committee based on a similar compensation structure. Note that the compensation of Outside Directors and the compensation of Audit Officers will consist of basic compensation only, in view of the roles these officers must play.

For details, see the section on “Matters related to remunerations for Directors and Executive Officers”, under “1. Matters related to the structure, operation, etc. of the organization” on Part II.

4. The Nominating Committee determines the contents of proposals regarding the election and dismissal of the Directors to be submitted to the General Shareholders’ Meeting, and the election and dismissal of the Executive Officers, the Operating Officers and Audit Officers to be submitted to the Board of Directors.

Regarding the selection of candidates for Director, the Nominating Committee selects candidates based on; human resource requirements that are required of directors as defined by their respective roles such as basic personal qualities and capabilities, competency, experience and record of achievements; and skills matrix that lists the expertise required in light of management strategy, and then decides on the content of selection proposals to be submitted to the General Shareholders’ Meeting.

Regarding the selection of members and the chairs of the Nominating Committee, Audit Committee, and Compensation Committee, the Nominating Committee select candidates based on personal qualities and capabilities as defined by the roles of the committee. The Nominating Committee then decides on the content of selection proposals to be submitted to the Board of Directors. Note that for the selection of candidates for members and the chair of the Audit Committee, the Nominating Committee gathers opinions from the Audit Committee in advance.

For Executive Officers, the Nominating Committees selects candidates based on basic personal qualities and capabilities, competency, experience, and record of achievements that are required of Executive Officers as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors.

**YAMAHA CORPORATION****CORPORATE GOVERNANCE**

For Operating Officers and Audit Officers, the Nominating Committee selects candidates based on personal qualities and capabilities they are required to play as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors. Note that for the selection of candidates for Audit Officers, the Nominating Committee gathers opinions from the Audit Committee in advance.

**5. Reasons for appointment of Directors**

**Takuya Nakata** 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.

**Satoshi Yamahata** 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, and Executive General Manager of the Corporate Management 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.

**Yoshimi Nakajima** Having been involved in management as the person responsible for the Asian region and Japanese arm of a global financial institution, Ms. Yoshimi Nakajima has a wealth of experience and achievements alongside broad insight as a corporate manager. Since assuming the position of Outside Director of the Company in June 2017, she has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on her wealth of achievements and insights, etc., as a corporate manager. She has 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.

**Taku Fukui** 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.

**Yoshihiro Hidaka** 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 manager. 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 manager. 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.

**Mikio Fujitsuka** 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 manager, 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 manager. 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.

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

**Paul Candland** Having been involved in management as the person responsible for the Asian region and Japanese arm of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a manager. 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 manager. 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** 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.

**Naoko Yoshizawa** 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.

[Supplementary Principle 3-1-3] Disclosure of Efforts of Sustainability

1. Our efforts of sustainability can be seen on our website, here:

Annual Report            <https://www.yamaha.com/en/ir/publications/>  
Sustainability Report   <https://www.yamaha.com/en/csr/>

2. “Endorsement of TCFD Recommendations” can be seen on our website, here:

[https://www.yamaha.com/en/csr/environment/global\\_warming/](https://www.yamaha.com/en/csr/environment/global_warming/)

[Supplementary Principle 4-1-1] Scope of delegation to the management team

With the aim of achieving sustainable growth and the enhancement of corporate value over the medium-to-longer term, the Board of Directors makes decisions on important matters as specified in laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors, including basic management policies.

The Board of Directors delegates important decisions concerning matters of executing business, other than those above mentioned as delegated to the Executive Officers. Thereby, the Company seeks to separate the oversight and execution functions, and realize the appropriate conduct of business with a sense of urgency.

[Supplementary Principle 4-1-3] The Successor Plan for CEO and other officers

Regarding the succession plans for the CEO and other officers’ successors, the Board of Directors oversees appropriately through the system planning and oversight by the Nominating Committee.

[Principle 4-9] Standards and qualities of independence of the independent outside directors

In addition to the requirements for independence established by the Companies Act and the Tokyo Stock Exchange, the Company has established independence criteria.

The Company’s standards for the independence of independent outside directors are:

(1) Persons for whom any of the following apply may not serve as independent outside directors of the Company. If after the appointment of an independent outside director any of the following are found to apply, the appointment shall be nullified.

1. Persons who do not meet the requirements and qualifications of an outside director as stipulated in the Companies Act.  
2. Persons or executives with whom the Group is a significant business partner, or persons or executives which are significant business partners for our Group.

Here, “significant business partner” means, in any one of the most recent three years, any company for which the amount the Company receives from the group of business partners exceeds 2% of the Company’s consolidated net sales, or the amount to be paid to the Company that exceeds 2% of those companies’ consolidated net sales or any of the top five banks with which we transact business.

3. Principal shareholders in the Company or executives of the Company, or directors or corporate auditors of companies in which the Company is a principal shareholder.

Here, “principal shareholder” means any entity holding more than 10% of the outstanding shares or other form of equity

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

investment.

4. Persons who are directors or corporate auditors of companies in a mutual secondment relationship with the Group.  
 5. Consultants, accounting specialists or legal specialists who receive large sums of money or other assets – other than executive remuneration – from the Company. (If the entities receiving said assets are corporations, unions or other groups, then persons associated with these organizations.)

Here, “large sums of money or other assets” means the amount of more than 10 million yen that is to be paid by the Company in any one of the most recent three fiscal years. (In cases of non-monetary compensation, this refers to the market value at the time of payment.)

6. Close relatives of anyone for whom (a) through (c) below apply (relations within the second degree).

(a) Persons for whom 2. through 4. apply.

(b) Executives of the Company or any of its subsidiaries.

(c) Persons for whom (b) above applied at the time of the most recent General Shareholders’ Meeting when persons were appointed as directors.

(2) Even persons for whom 2. through 6. above apply may be appointed as independent outside directors, or not have their appointment nullified, if it can be clearly determined there exists no possibility of conflict with the interests of ordinary shareholders, and those reasons are clearly stated.

[Supplementary Principle 4-11-1] Composition of the Board of Directors

The makeup of the Board of Directors is diverse and comprises persons with expertise and experience who have the necessary insight, high ethical values, sense of fairness, and integrity. The Board of Directors shall have the number of people that allows the Board of Directors to perform its functions effectively and efficiently. Moreover, to exercise oversight functions with a high degree of transparency and objectivity, a significant proportion of independent outside directors on the Board of Directors shall be appointed.

[Supplementary Principle 4-11-2] Concurrent services by directors

If a director concurrently serves as a director and other positions at listed companies other than the Company, the scope of service will be kept within reason, and the circumstances will be presented in the business report attached to the notice for the General Shareholders’ Meeting.

[Supplementary Principle 4-11-3] Analyzing and evaluating of the effectiveness of the Board of Directors

<Evaluation Process>

Yamaha carried out evaluations, including evaluations by outside specialists using the following processes.

Implementation of survey to Directors regarding the “roles and responsibilities of the Board of Directors,” “structure of the Board of Directors,” “roles and qualities of directors,” “management of the Board of Directors” and “management of each Committee”

Evaluations, including evaluations by outside specialists, and analyses based on survey answers and individual interviews

Evaluation of the effectiveness of the Board of Directors based on the results of these analyses as well as deliberation on and materialization of improvements for applicable issues

<Summary of the Evaluation>

The reform of the corporate governance system has been established in the Company, and the system is functioning as a Company with Three Committees (Nominating, Audit, and Compensation).

The Board of Directors comprises directors with diverse viewpoints and experience, including multiple independent outside directors. Both the scale of the Board of Directors and the ratio of Outside Directors are evaluated as appropriate.

Sincere and constructive discussions are being held regarding major management issues.

The Audit Committee structure is positively evaluated due to the reason that the newly established Audit Officers function effectively.

On the other hand, for further improvement, management issues are raised regarding discussions on the direction of long-term management, improvement of internal audit system at overseas group companies, and creation of open corporate culture.

In view of these results, the Company will continue to take initiatives toward further improvement to increase the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2] Policy for training of directors

The necessary training is provided to the Directors on an ongoing basis. In particular, when an Outside Director takes office, opportunities are created to explain the Yamaha Philosophy, corporate governance, the system of our internal rules, and the progress on our medium-term management plan, helping them to gain an understanding of our current situation and an awareness of issues.

In addition, they gain a deeper awareness of management issues by participating in sessions such as the management

**YAMAHA CORPORATION****CORPORATE GOVERNANCE**

meeting to review business challenges.

[Principle 5-1] Policy for constructive dialogue with shareholders

In order to have constructive dialogue with shareholders and investors, the Board of Directors appoints a Director responsible. If necessary, due to a request for dialogue from a shareholder or investor, the Director responsible, other Directors, Executive Officers and/or Operating Officers will appear in person to explain matters such as the capital policy or medium-term management plan to shareholders or investors in a clear and easy-to-understand manner.

The Legal Division, IR Department, and Corporate Finance Division will cooperate and assist the responsible Director 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 offers presentations on its medium-term management plan and quarterly earnings presentations as well as business briefings, facilities tours, and presentations for individual investors. The Company also posts its management plan and the explanatory materials used in earnings presentations on the Company website.

The results of the dialogue with shareholders and investors are reported to the Board of Directors by the Director responsible, Executive Officers, or Operating Officers on a timely basis, and they will be appropriately reflected in the management of the Company, leading to the Group's sustainable growth and enhancing corporate value over the medium-to-longer 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.

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

## 2. Capital Structure

Percentage of shares owned by foreign shareholders

More than 20%, Less than 30%

## 【Major Shareholders】

| Name  | Number of shares held (shares) | Ratio to total (%) |
|---|--------------------------------|--------------------|
| The Master Trust Bank of Japan, Ltd. (trust a/c)      | 36,417,800                     | 21.08              |
| Custody Bank of Japan, Ltd. (trust a/c)               | 12,376,700                     | 7.17               |
| Yamaha Motor Co., Ltd.                                | 8,026,701                      | 4.65               |
| The Shizuoka Bank, Limited                            | 7,525,455                      | 4.36               |
| Sumitomo Life Insurance Company                       | 7,300,000                      | 4.23               |
| Mitsui Sumitomo Insurance Co., Ltd.                   | 6,149,100                      | 3.56               |
| Nippon Life Insurance Company                         | 5,002,252                      | 2.90               |
| Mizuho Bank, Ltd.                                     | 2,958,794                      | 1.71               |
| Custody Bank of Japan, Ltd. (security investment a/c) | 2,797,000                      | 1.62               |
| State Street Bank and Trust Company 505223            | 2,770,078                      | 1.60               |

Existence of majority-owning shareholders (excluding parent company)

None

Existence of parent company

None

## Supplementary explanation

- Please note that the current status of our capital structure and major shareholders are stated as of September 30, 2021.
- In a statement of major shareholdings dated July 6, 2015, and submitted for public inspection, BlackRock Japan Co., Ltd. said it and eight of its joint holders held 9,990 thousand shares as of June 30, 2015 (5.06% of shares outstanding); as of September 30, 2021, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.
- In a statement of in major shareholdings dated October 1, 2018, and submitted for public inspection, MUFJ Bank, Ltd. said it and three of its joint holders held 9,707 thousand shares as of September 24, 2018 (5.07% of shares outstanding); as of September 30, 2021, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.
- In a statement of changes in major shareholdings dated December 4, 2020, and submitted for public inspection, Sumitomo Mitsui Trust Bank Limited said it and two of its joint holders held 13,466 thousand shares as of November 30, 2020 (7.03% of shares outstanding); as of September 30, 2021, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.
- In a statement of changes in major shareholdings dated January 22, 2021, and submitted for public inspection, Nomura Securities Co., Ltd. said it and two of its joint holders held 15,543 thousand shares as of January 15, 2021 (8.11% of shares outstanding); as of September 30, 2021, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.
- In a statement of changes in major shareholdings dated September 24, 2021, and submitted for public inspection, Mizuho Bank Ltd. said it and two of its joint holders held 10,519 thousand shares as of September 15, 2021 (5.49% of shares outstanding); as of September 30, 2021, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.



## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

**3. Corporate Attributes**

|   |   |
|---|---|
| Stock exchange listings   | Tokyo, First section                              |
| Business year end   | March 31 every year                               |
| Category of business  | Other products                                    |
| Number of employees at the end of the immediately preceding fiscal year (consolidated)  | 1,000 or more persons                             |
| Net sales at the end of the immediately preceding fiscal year (consolidated)            | ¥100 billion or more and less than ¥1,000 billion |
| Number of consolidated subsidiaries at the end of the immediately preceding fiscal year | 50 or more and less than 100 companies            |

**4. Guidelines concerning measures to protect minority shareholders in the dealing with majority-owning shareholders**

None

**5. Other special conditions which may have material effects on corporate governance**

None

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

II Organization of Management for Operational Decision-making, Execution and Supervision, and Other Corporate Governance Structures

## 1. Matters related to the structure, operation, etc. of the organization

|                          |   |
|--------------------------|---|
| Form of the organization | The Company with Three Committees (Nominating, Audit, and Compensation) |
|--------------------------|---|

**【Matters related to the Directors】**

|   |            |
|---|------------|
| Quorum of Directors under the Articles of Incorporation | 15 persons |
| Term of Directors under the Articles of Incorporation   | 1 year     |
| Chairman of the Board of Directors                      | President  |
| Number of Directors                                     | 8persons   |

**【Matters related to the Outside Directors】**

|   |          |
|---|----------|
| Number of Outside Directors                                     | 6persons |
| Number of Outside Directors designated as Independent Directors | 6persons |

## Relations with the Company (1)

| Name                | Attribute                                     | Relationship with the Company(*) |   |   |   |   |   |   |   |   |   |   |  |  |
|---------------------|---|----------------------------------|---|---|---|---|---|---|---|---|---|---|--|--|
|                     |   | a                                | b | c | d | e | f | g | h | i | j | k |  |  |
| Yoshimi Nakajima    | She is from a company other than this Company |                                  |   |   |   |   |   |   |   |   |   |   |  |  |
| Taku Fukui          | He is an Attorney at law                      |                                  |   |   |   |   |   |   |   |   |   |   |  |  |
| Yoshihiro Hidaka    | He is from a company other than this Company  |                                  |   |   |   |   |   |   | ○ | ○ |   |   |  |  |
| Mikio Fujitsuka     | He is from a company other than this Company  |                                  |   |   |   |   |   |   |   |   |   |   |  |  |
| Paul Candland       | He is from a company other than this Company  |                                  |   |   |   |   |   |   | △ |   |   |   |  |  |
| Hiromichi Shinohara | He is from a company other than this Company  |                                  |   |   |   |   |   |   | △ |   |   |   |  |  |
| Naoko Yoshizawa     | She is from a company other than this Company |                                  |   |   |   |   |   |   | △ |   |   |   |  |  |

\* Categories for “Relationship with the Company”

\* “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past

\* “●” when a close relative of the director presently falls or has recently fallen under the category; “▲” when a close relative of the director fell under the category in the past

a: He/She executes business of the Company or an Affiliated Company.

b: He/She executes business or a non-executive director of a Parent Company.

c: He/She executes business of a Fellow Subsidiary.

d: He/She is a person/entity for which the Company is a major client or a person who executes business for such person/client.

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

- e: He/She a major client of the Company or a person who executes business for such client.
- f: He/She is a consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director compensation from the Company.
- g: He/She is a major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation.)
- h: He/She executes business for a client of the Company (excluding persons categorized as any of d, e or f above.)
- i: He/She executes business for another company holding cross-directorships/ cross-auditorships with the Company.
- j: He/She executes business for an entity receiving contributions from the Company.
- k: Other relations

## Relations with the Company (2)

| Name             | Member of:           |                        |                 | Independent Director | Supplementary Explanation of the Relationship | Reasons of Appointment   |
|------------------|----------------------|------------------------|-----------------|----------------------|---|--|
|                  | Nominating Committee | Compensation Committee | Audit Committee |                      |   |  |
| Yoshimi Nakajima | ○                    | ○                      | ○               | ○                    | ----  | <p>(Reason for being elected)<br/>Having been involved in management as the person responsible for the Asian region and Japanese arm of a global financial institution, Ms. Yoshimi Nakajima has a wealth of experience and achievements alongside broad insight as a corporate manager. Since assuming the position of Outside Director of the Company in June 2017, she has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on her wealth of achievements and insights, etc., as a corporate manager. She has 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.</p> <p>(About independence)<br/>The Company files documentation with the Tokyo Stock Exchange to establish that Ms. Yoshimi Nakajima is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p> |

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

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|------------------|---|---|---|---|---|---|
| Taku Fukui       |   |   | ○ | ○ | -----   | <p>(Reason for being elected)<br/>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.</p> <p>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.</p> <p>(About independence)<br/>There are no transaction relationships between the Company and Kashiwagi Sogo Law Offices, where Mr. Taku Fukui serves as Managing Partner. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Taku Fukui is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p> |
| Yoshihiro Hidaka | ○ | ○ |   | ○ | <p>Yoshihiro Hidaka doubles as Representative director of Yamaha Motor Co., Ltd. with which the Company conducts transactions for the lease of real estate, etc. Also, Takuya Nakata, the Company's Representative Executive Officer, doubles as an outside director of Yamaha Motor Co., Ltd. The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.1% of consolidated net sales of both companies.</p> | <p>(Reason for being elected)<br/>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 manager. 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 manager. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of</p>  |

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

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|  |  |  |  |  |  | <p>Directors through these achievements and insights, etc., and improve the Yamaha brand value.</p> <p>(About independence)</p> <p>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 corporate value, and he shares an interest with ordinary shareholders regarding improvement of the Company's brand value.</p> <p>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.</p> <p>The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Yoshihiro Hidaka is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p> |
|--|--|--|--|--|--|---|

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

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| Mikio Fujitsuka |   |   | ○ | ○ | -----   | <p>(Reason for being elected)<br/>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 manager, as well as adequate knowledge of finance and accounting.<br/>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 manager. 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.</p> <p>(About independence)<br/>There are no transaction relationships between the Company and Komatsu Ltd., where Mr. Mikio Fujitsuka served as Director until June 2019, and neither party is classified as a major shareholder of the other.<br/>The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Mikio Fujitsuka is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p> |
| Paul Candland   | ○ | ○ |   | ○ | <p>The amount of transactions between the Company and The Walt Disney Company and The Walt Disney Company (Japan) Ltd. is less than 0.1% of consolidated net sales of any of the companies.</p> | <p>(Reason for being elected)<br/>Having been involved in management as the person responsible for the Asian region and Japanese arm of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a manager.<br/>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 manager. 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</p>  |

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

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|                     |   |   |   |   |   | <p>and insights, etc.<br/>(About independence)<br/>There are no transaction relationships between the Company and PMC Partners Co., Ltd. or Age of Learning, Inc., where Mr. Paul Candland serves as Managing Director, and neither party is classified as a major shareholder of the other. Furthermore, there are no significant transaction relationships* between the Company and The Walt Disney Company (Japan) Ltd., where Mr. Paul Candland served until December 2017, and neither party is classified as a major shareholder of the other. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Paul Candland is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p>  |
| Hiromichi Shinohara | ○ | ○ |   | ○ | <p>The amount of transactions between the Company and NTT is less than 0.3% of consolidated net sales of either of the two companies.</p> | <p>(Reason for being elected)<br/>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<br/>(About independence)<br/>There are no significant transaction relationships between the Company and NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), where Mr. Hiromichi Shinohara serves as director, and neither party is classified as a major shareholder of the other.<br/>The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Hiromichi Shinohara is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p> |
| Naoko Yoshizawa     |   |   | ○ | ○ | ----  | <p>(Reason for being elected)<br/>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</p>   |

**YAMAHA CORPORATION**

**CORPORATE GOVERNANCE**

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|--|--|--|--|--|--|--|
|  |  |  |  |  |  | <p>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.</p> <p>(About independence)</p> <p>There are no transaction relationships between the Company and knowledge piece Inc., where Ms. Naoko Yoshizawa serves as director, and neither party is classified as a major shareholder of the other.</p> <p>The Company files documentation with the Tokyo Stock Exchange to establish that Ms. Naoko Yoshizawa is an independent director under the provisions set forth by the Tokyo Stock Exchange.</p> |
|--|--|--|--|--|--|--|



## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

## 【Committees】

## Committees' Composition and Attribute of Chairpersons

|                        | All Committee Members | Full-time Members | Inside Directors | Outside Directors | Chairperson      |
|------------------------|-----------------------|-------------------|------------------|-------------------|------------------|
| Nominating Committee   | 4                     | 0                 | 1                | 3                 | Inside Director  |
| Compensation Committee | 4                     | 0                 | 1                | 3                 | Inside Director  |
| Audit Committee        | 3                     | 0                 | 0                | 3                 | Outside Director |

## 【Executive Officers (Shikkouyaku)】

Number of Executive Officers (Shikkouyaku) 5persons

## Status of Additional Duties

| Name              | Reresentative Authority | Additional Duties as Director |                      |                        | Additional Duties as Employee |
|-------------------|-------------------------|-------------------------------|----------------------|------------------------|-------------------------------|
|                   |                         |                               | Nominating Committee | Compensation Committee |                               |
| Takuya Nakata     | Yes                     | Yes                           | ○                    | ○                      | No                            |
| Shinobu Kawase    | No                      | No                            | ×                    | ×                      | No                            |
| Satoshi Yamahata  | No                      | Yes                           | ×                    | ×                      | No                            |
| Shigeki Fujii     | No                      | No                            | ×                    | ×                      | No                            |
| Seiichi Yamaguchi | No                      | No                            | ×                    | ×                      | No                            |
| Teruhiko Tsurumi  | No                      | No                            | ×                    | ×                      | No                            |

## 【Auditing Structure】

Appointment of Directors and/or Staff to Support the Audit Committee Appointed

## Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkouyaku)

Stated in the “7. Items Related to Ensuring the Independence of Employees Assisting the Audit Committee from the Executive Officers and Securing the Effectiveness of Instruction Given to These Employees” under “1. Basic Policies concerning the Internal Control System and the status of improvement of the system” in Part IV hereof.

## Collaboration among Audit Committee, Accounting Auditors and Internal Audit Division

## Securing the Effectiveness of the Audit Committee

The Audit Committee's Office will be established as a specialized organizational unit that reports directly to the Audit Committee to assist the committee members in the performance of their work. The Audit Committee instructs General Manager of the Audit Committee's Office to attend important meetings and express opinions at those meetings as well as to collect information inside the Company and conduct a survey. To secure independence from the Executive Officers and other persons engaged in the conduct of business, personnel evaluations, changes in personnel assignments, and rewards/disciplinary punishments of the staff of the Audit

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

Committee's Office will require the approval of the Audit Committee.

#### Collaboration between the Accounting Auditor and the Internal Auditing Division

For matters where it is necessary to undertake auditing of the conduct of duties by the Executive Officers and Directors, the Audit Committee will make arrangements to ensure that sufficient and appropriate audits can be conducted, including collaboration and sharing information with the Accounting Auditor and the Internal Auditing Division, and engage in activities to increase auditing quality and realize the efficiency of auditing.

Internal Auditing Division must report on the results of their auditing activities themselves to the Audit Committee periodically and at other times when appropriate, and any time when there are requests for such reports from the Audit Committee.

The Audit Committee shall be able, when necessary, to give instructions regarding audits to the Internal Auditing Division.

In cases where instructions given by the Audit Committee conflict with those given by the President and Representative Executive Officer, the instructions of the Audit Committee will take precedence.

When the manager of the Internal Auditing Division is going to be reassigned, the opinions of the Audit Committee must be heard in advance.

#### 【Matters Related to Independent Directors】

|                                 |          |
|---------------------------------|----------|
| Number of Independent Directors | 6persons |
|---------------------------------|----------|

Other matters related to Independent Directors

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#### 【Matters Related to Incentives】

|  |  |
|--|--|
| Implementation of measures to grant incentives to Directors and Executive Officers (Shikkouyaku) | Introduction of a performance-based pay system |
|--|--|

Supplementary Explanation on Related Matters

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The content of the performance-based pay system is described in “Disclosure of company policies in deciding the amount of remunerations or the method for calculating such remunerations” under “Matters related to remunerations for Directors and Executive Officers (Shikkouyaku)” below.

|   |  |
|---|--|
| Persons to whom stock options are to be granted |  |
|---|--|

Supplementary Explanation on Related Matters

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#### 【Matters related to remunerations for Directors and Executive Officers (Shikkouyaku)】

|   |  |
|---|--|
| Scope of disclosure (remunerations for individual Directors)          | Remunerations for individual Directors are not disclosed.          |
| Scope of disclosure (remunerations for individual Executive Officers) | Remunerations for individual Executive Officers are not disclosed. |

Supplementary Explanation on Related Matters

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Amounts of remunerations, etc. paid to Directors and Executive Officers for the Fiscal Year ended March 31, 2021.

|            |          |             |  |
|------------|----------|-------------|--|
| Directors: | 6persons | ¥67 million | (including Outside Directors: 6persons, ¥67 million) |
|------------|----------|-------------|--|

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

Executive Officers: 6 persons ¥451 million

Notes: The above numbers of Directors include one (1) Director who retired at the conclusion of the 196th Ordinary General Shareholders' Meeting on June 23, 2020.  
The total amount of remunerations, etc. paid to the Executive Officers concurrently serving as Directors and the number of such Executive Officers are described in the section of Executive Officers.

Any company policies in deciding the amount of remunerations or the method for calculating such remunerations

Yes

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Disclosure of company policies in deciding the amount of remunerations or the method for calculating such remunerations

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Individual amounts and policy regarding the compensation of Directors and Executive Officers have been determined in the Compensation Committee, which is comprised of three Outside Directors and one internal Director.

Compensation for Directors (excluding Outside Directors) and Executive Officers will consist of (1) fixed compensation, (2) performance-linked bonuses, and (3) compensation in the form of restricted stock (restricted stock compensation). The approximate breakdown of total compensation of (1), (2), and (3) will be 5:3:2.

- (1) Fixed compensation is monetary compensation according to job titles and is paid monthly.
- (2) Performance-linked bonuses are monetary compensation according to job titles that is linked with consolidated profit for the period and ROE for the current 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 the Medium-Term Management Plan with the intent of motivating the Directors and Executive Officers to enhance corporate value sustainably and having them share a common interest with shareholders. In order to motivate the Directors and Executive Officers to achieve the Company's performance goals in the medium term, one-third (1/3) 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 (2/3) of restricted stock compensation is linked to the Company's performance. The Company's performance will be measured using "core operating profit ratio," "ROE," and "EPS" as performance indicators, giving equal weight to each of them, as described in the Medium-Term Management Plan. Transfer restrictions shall remain effective until the retirement of Director or Executive Officer or for thirty (30) years from the receipt of restricted stock compensation 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. In addition, 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, depending on the responsibility of the officers in charge, in the event of serious cases of accounting fraud and/or major losses during the restricted period.
- (4) Outside Directors will receive only the fixed compensation.

### 【Support system for Outside Directors】

In principle, materials for meetings of the Board of Directors are posted on the database system at least three days prior to ensure that Outside Directors can share information, and each Outside Director receives explanations regarding proposals if necessary. Details of deliberations at the Managing Council and internal regulations are also shared through the same database system.

In addition, the secretariat provides Outside Directors with information regarding major events at the Company and analyst reports as needed.

## 2. Matters related to functions of business execution, auditing, oversight, nomination and determination of remuneration, etc.

(Directors and Board of Directors)

## YAMAHA CORPORATION

### CORPORATE GOVERNANCE

The number of Directors of the Company is eight (8) as of November 15, 2021 (six (6) of them are Outside Directors). The Board Meeting held monthly (in principle). In keeping with its fiduciary duty, the Board of Directors presses for the Group's sustainable growth and enhancement of corporate value over the medium-to-longer term. The Board of Directors oversees the conduct of duties by the Executive Officers and the Directors, and makes decisions on important matters that are specified in laws and regulations, the Articles of Incorporation, and Regulations of the Board of Directors, including basic management policy. In addition, the Board of Directors supervises overall management of the Company through overseeing the succession plan for the Chief Executive Officer and other officers, selecting the members and the chairs of the Nominating Committee, Audit Committee, and the 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.

In keeping with its fiduciary duties, the Directors act to ensure the Company's sustainable growth and enhance its corporate value over the medium-to-longer term, taking into consideration the relationships with all stakeholders. Directors understand relevant laws and regulations and the Company's Articles of Incorporation and gather sufficient information in order to proactively express their opinions and engage in constructive discussions at the Board of Directors' meetings as elsewhere.

In accordance with the Article 26, Paragraph 2 of the Company's Articles of Incorporation under the Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with non-operating director to limit their liability for damages caused by negligence in executing their duties.

The Board of Directors held a total of twelve (12) meetings during the fiscal 2020 (from April 1, 2020 through March 31, 2021; the same shall apply hereinafter).

#### (Nominating Committee)

The number of members of Nominating Committee is four (4) as of November 15, 2021 (three (3) of them are Outside Directors). The Nominating Committee decides on the content of the proposals to be submitted to the General Shareholders' Meeting for selection/dismissal of Directors and the content of proposals submitted to the Board of Directors for selection/dismissal of Executive Officers and Operating Officers. The Nominating Committee also implements the succession plan for the Chief Executive Officer and other officers through activities to develop human resources that can assume the positions of Director, Executive Officer, and Operating Officer.

The Nominating Committee held a total of three (3) meetings during the fiscal 2020.

#### (Audit Committee)

The number of members of Audit Committee is three (3) as of November 15, 2021 (three (3) of them are Outside Directors). The chair shall be an Independent Outside Director. The Audit Committee, either working in collaboration with the Internal Auditing Division or conducting audits directly on its own initiative, audits the structure and operation of the internal control systems of the Company and other Group companies. Based on the results, 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 to 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.

The Audit Committee held a total of fifteen (15) meetings during the fiscal 2020.

#### (Compensation Committee)

The number of members of Compensation Committee is four (4) as of November 15, 2021 (three (3) of them are Outside Directors). The Compensation Committee establishes policies regarding the setting of compensation for Directors, Executive Officers, and Operating Officers and, based on these policies, sets the compensation of such officers individually.

The Compensation Committee held a total of four (4) meetings during the fiscal 2020.

#### (Representative Executive Officer)

The number of Representative Executive Officer of the Company is one (1) as of November 15, 2021 (President and Representative Executive Officer). The Representative Executive Officer will represent the Company and, with supreme duties for matters of the Company, will be in overall charge of business under the basic policies set by the Board of Directors.

#### (Executive Officers)

The number of Executive Officers is five (5) as of November 15, 2021 (one (1) of them is the Representative

## YAMAHA CORPORATION

### CORPORATE GOVERNANCE

Executive Officer and two (2) of them are the Managing Executive Officers). The Executive Officers shall be responsible for the execution of business and will make important decisions from a Companywide perspective on matters related to the conduct of business that have been delegated to them by the Board of Directors and will be subject to the oversight of the Board of Directors.

#### (Managing Council)

The Management Council, composed of Executive Officers, which will act as an advisory committee to the President and Representative Executive Officer, shall be formed to consider important matters related to management.

#### (Corporate Committees)

The Corporate Committees will act as an advisory committee to the President and Representative Executive Officer in order to discuss the necessary company-wide management issues which shall be continuously tackled.

#### (Risk Management Committee)

The Company 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 company-wide perspective and reports its findings to the President and Representative Executive Officer.

#### (Working Group for BCP and Disaster Prevention Management)

The Company has established the Working Group for BCP and Disaster Prevention Management under the Risk Management Committee. The Working Group is engaged in the fulfillment of corporate social responsibilities through continuous supply of products and services, formulation of policies related to measures against a possible Tokai earthquake, and monitoring thereof.

#### (Working Group for Financial Management)

The Company has established the Working Group for Working Group for Financial Management under the Risk Management Committee. The Working Group is engaged in the development, promotion, and monitoring of systems to ensure the reliability of financial reporting, appropriately protect corporate assets, and reduce tax risks.

#### (Working Group for Compliance)

The Company has established the Working Group for Compliance under the Risk Management Committee. The Working Group is engaged in the promotion and monitoring of compliance activities.

#### (Working Group for Export Control)

The Company has established the Working Group for Export Control under the Risk Management Committee. The Working Group is engaged in deliberation and decision on company-wide export control policies, and promotion of the optimization of export control for the Group.

#### (Working Group for Information Security)

The Company has established the Working Group for Information Security under the Risk Management Committee. The Working Group is engaged in the assessment of information security related to personal information, identification of vulnerabilities, provision of guidance, and determination of policies for information management, as well as action plans for improving the level of management.

#### (Sustainability Committee)

The Company has established the Sustainability Committee as an advisory body to the President and Representative Executive Officer. The Committee discusses sustainability promotion-related matters from a company-wide perspective and reports its findings to the President and Representative Executive Officer.

#### (Working Group for Climate Change)

The Company has established the Working Group for Climate Change under the Sustainability Committee. The Climate Change Sub-Committee is engaged in the development, planning, promotion, and monitoring of systems to promote company-wide initiatives on climate change, such as decarbonization, TCFD response, and water-risk response.

#### (Working Group for Resource Circulation)

The Company has established the Working Group for Resource Circulation under the Sustainability Committee. The Working Group is engaged in the development, planning, promotion, and monitoring of systems to promote

## YAMAHA CORPORATION

### CORPORATE GOVERNANCE

company-wide initiatives on resource circulation, such as recycling value chain, environmentally conscious design, and packaging.

(Working Group for Procurement)

The Company has established the Working Group for Procurement under the Sustainability Committee. The Working Group is engaged in the development, planning, promotion, and monitoring of systems to promote company-wide initiatives on procurement, such as timber due diligence, certified products, "Tone Forest" activities, supply chain human rights due diligence, and measures to deal with conflict minerals.

(Working Group for Human Rights, D&I)

The Company has established the Working Group for Human Rights, D&I under the Sustainability Committee. The Working Group is engaged in the development, planning, promotion, and monitoring of systems to promote company-wide initiatives on human rights and diversity & inclusion, such as human rights due diligence and diversity & inclusion.

(Working Group for Social and cultural contributions)

The Company has established the Working Group for Social and cultural contributions under the Sustainability Committee. The Working Group is engaged in the development, planning, promotion, and monitoring of systems to promote company-wide initiatives on social and cultural contribution, such as spread of music and coexistence with local communities.

(Brand Strategy Committee)

The Company has established the Brand Strategy Committee as 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 and Representative Executive Officer.

(Human Resources Development Committee)

The Company has established the Human Resources Development Committee as 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 and Representative Executive Officer.

(Working Group for Gender Equality)

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

(Operating Officers)

The number of Operating Officers is nine (9) as of November 15, 2021. The Operating Officers will execute the business activities they are responsible for from a Companywide perspective based on the important decisions related to conduct of business by the Board of Directors or the Executive Officers, under the oversight of the Executive Officers.

(Audit Officers)

The number of Audit Officers is two (2) as of November 15, 2021. The Audit Officers will be responsible for auditing functions in the Yamaha Group as a member of the management team at the equivalent position as Operating Officers.

(Internal Audit)

The Company's Internal Auditing Division has been established (with 20 staff members as of November 15, 2021) to report directly to the President and Representative Executive Officer and the Audit Committee and performs the tasks of considering and evaluating the accuracy of managing and operational activities from the points of view of legality, effectiveness, and efficiency of the management activities of the Company and other Group companies from an overall perspective. The division provides information on the results of its activities as well as advice and suggestions for improvement.

The Company appoints Audit Officers to be in overall charge of the internal audit with the objective of improving the internal auditing functions. In addition, based on policies aimed at assuring the effectiveness of the audits of the Auditing Committee decided on by vote of the Board of Directors, the Internal Auditing Division works with the Audit Committee to establish close ties of cooperation, and, through close contact and working with the accounting auditor, works to improve the efficiency of auditing activities.

**YAMAHA CORPORATION****CORPORATE GOVERNANCE**

(Accounting Auditor)

The Company employs Ernst and Young ShinNihon LLC as its Accounting Auditor. Three (3) certified public accountants, Ryogo Ichikawa, Toshikatsu Sekiguchi and Shuji Okamoto, belonging to the said audit corporation, conduct the accounting audits of the Company. The said audit corporation has already introduced a voluntary shift system for Designated and Engagement Partners in order to ensure that the duration of the engagement does not exceed a certain fixed period. In addition, another ten (10) certified public accountants and twenty-three (23) assistants help the aforementioned three (3) certified public accountants conduct the auditing work.

**3. Reasons behind the Company's adoption of the existing corporate governance system**

To further strengthen its corporate governance, in June 2017, the Company made the transition to a Company with Three Committees (Nominating, Audit, and Compensation). From the Company's viewpoint, this structure is optimal for clearly separating the management oversight function and execution of business. Also, by strengthening the oversight function, this structure ensures a high level of effectiveness of the Board of Directors and realizes execution of business appropriately and with a sense of urgency.

**Strengthening Oversight Functions**

Regarding the composition of the Board of Directors, the Company has appointed a Board with three fourths (3/4) of the members from outside with a diversity of backgrounds and specialties, including persons with management experience in other industries. Also, by forming a Nominating Committee, Audit Committee, and Compensation Committee, as provided for by law, with a majority of Outside Directors, the Company will allow exercise of the oversight function with transparency and objectivity in its oversight functions.

Note that the Audit Committee works with the Internal Auditing Division, and this enables the Company to audit legal compliance and appropriateness of activities and, thereby, strengthen oversight functions through its auditing activities.

**Speeding Up Execution of Business**

As an official function under the Companies Act, the Executive Officer position has been newly established, and they bear direct responsibility to shareholders, and they have been delegated major authority from the Board of Directors. By having the Executive Officers functioning as important decision makers in the execution of business, the Company aims to speed up the execution of business.

As a consequence of these measures to strengthen the oversight functions and speed up decision making, the Company endeavors to further strengthen corporate governance and increase corporate value on a sustainable basis.

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

III Measures for Shareholders and Other Stakeholders and their Implementation

## 1. Working to vitalize the General Shareholders' Meeting and facilitate the exercise of voting rights

|  | Supplementary explanation  |
|--|--|
| Earlier dispatch of the notice of the Meeting  | In an effort to solicit the exercise of as many voting rights as possible, the notice is dispatched at least three (3) weeks prior to the date of the Meeting in principle.  |
| Date of the Meeting to be fixed in principle on a day other than the day on which the largest number of companies holds annual shareholders meetings ("the peak day"). | In an effort to increase the number of shareholders able to attend the Meeting, the Company endeavors to select a day other than the peak day, to the extent feasible.   |
| Exercise of voting rights through electromagnetic means  | The Company allows the electronic exercise of voting rights via the Internet.  |
| Efforts to improve an environment for the institutional investors to exercise voting rights including the participation in the Electronic Voting Platform              | The Company has introduced the Tokyo Stock Exchange Platform to facilitate voting by institutional investors. The notice of the Shareholders' Meeting is disclosed on the website one (1) week prior to the dispatching of the notice. |
| Provision of English version (summary) of the notice of the Meeting  | For foreign shareholders, the Company prepares an English version of the notice of the Meeting and posts it on its website.  |
| Others   | To deepen the understanding of attending shareholders, the Company presents VTR presentations on the business reports. Further, it holds events such as mini-concerts after the Meeting, while introducing its products.               |

## 2. IR Activities

|  | Supplementary explanation  | Presentation by Representative |
|--|--|--------------------------------|
| Development and publishing of disclosure policies                      | The Company has developed disclosure policies and published them on its website.   |                                |
| Periodic presentation meeting for individual investors                 | The Company holds non-periodic company presentation meetings for individual investors.   | Will not be made               |
| Periodic presentation meeting for analysts and institutional investors | The Company holds an IR presentation meeting for securities analysts and institutional investors when releasing its quarterly results. It also organizes non-periodic facilities tours and business presentations. | Will be made                   |
| Periodic presentation meeting for foreign investors                    | The Company has interviews with institutional investors in North America, Europe and Asia respectively several times a year.   | Will be made                   |
| Posting of IR materials via the website                                | The Company enriches its IR materials and provides information through its website, including the website for individual investors   |                                |



## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

Placing department (or person) in charge of IR

IR Division, Corporate Management Unit

### 3. Reinforcing respect for the stakeholders' positions

|   | Supplementary explanation  |
|---|--|
| <p>The provision of internal rules, etc. concerning respect for stakeholders' positions</p> | <p>As stated in the section on the Fundamental Concept of Corporate Governance, the Company declares its commitments to each of the stakeholders— “shareholders,” “customers,” “people who work with Yamaha,” and “society”— and is aiming to fulfill those commitments. Further, specific action items are prescribed in the “Codes of Conduct for Compliance”, in order to fulfill the responsibilities to stakeholders.</p>   |
| <p>Environmental protection activities, CSR activities, etc.</p>                            | <p>The Company has established the “Yamaha Group Sustainability Policy” to contribute to the sustainable development of society and to the improvement of corporate value over the medium- to long-term. In light of the impact of our business on the environment and society, as well as the expectations of stakeholders and society's demands, the Company has established the “Sustainability Priority” and the targets that we will focus on over the medium- to long-term and promote our initiatives accordingly. We are striving to actively present the status of these initiatives to stakeholders through the Sustainability Report and other media.</p> <p>In January 2021, the Company established the Sustainability Committee as an advisory body to the President and Representative Executive Officer in order to strengthen our sustainability promotion system. This committee discusses the direction of the entire company and monitors the status of the initiatives. To accelerate efforts to address the “Sustainability Priority”, five work groups were established under the committee to discuss the direction of each field and monitor the status of the initiatives. These work groups are responsible for climate change, resource circulation, procurement, human rights and Diversity &amp; Inclusion, and social and cultural contributions.</p> |

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

**IV Matters concerning the Internal Control System, etc.****1. Basic policies concerning the Internal Controls System and the status of improvement of the system**

Based on the Companies Act and Ordinances for the Implementation of the Companies Act, the Company has put in place systems to secure the proper conduct of its business activities (hereinafter, Internal Control Systems). The aims of these systems are conducting business efficiently, securing the reliability of reporting, securing strict compliance with laws and regulations, preserving the value of Company assets, and strengthening risk management.

**1. Systems to Ensure that the Execution of Duties of the Executive Officers, Operating Officers, Audit Officers and Employees Are Compliant with Laws and Regulations and the Articles of Incorporation**

(1) The Company has established the Yamaha Philosophy, with its structure of ideals and goals, and the Executive Officers, Operating Officers, Audit Officers and all Group employees share this philosophy and put it into action.

(2) The Board of Directors makes decisions on important matters that are specified in laws and regulations, the Articles of Incorporation, and Regulations of the Board of Directors, including basic management policy. The Board of Directors delegates important decisions concerning matters of executing business to the Executive Officers, specifies what matters are to be reported in the Regulations of the Board of Directors, and requires reasonable procedures and decision making. The Executive Officers report the status of the conduct of their duties to the Board of Directors periodically, and the Board of Directors exercises oversight of the conduct of business by the Executive Officers.

(3) The Audit Committee audits the conduct of duties of the Executive Officers and the Directors based on auditing standards and auditing plans.

(4) The Company has established a committee to deal with compliance matters, including the preparation of a “Compliance Code of Conduct” and related rules and manuals as well as the conduct of thoroughgoing compliance education and training.

(5) To increase the effectiveness of compliance, the Company has established an internal whistle-blower system applicable to the Group as a whole.

(6) The Company has stated clearly its fundamental policy of excluding any relationships with antisocial individuals and groups. The Company, therefore, rejects unreasonable requests from such antisocial elements and has a clear and strictly enforced policy of eliminating any cover-ups of improper behavior, which may create fertile ground for such unreasonable requests.

**2. Systems related to the Retention and Management of Information pertaining the Execution of the Duties of the Executive Officers**

The Executive Officers properly file for safekeeping and manage documents and other information related to the conduct of their duties in accordance with laws and regulations as well as internal regulations.

**3. Rules and Other Systems related to Management of the Risk of Loss**

(1) Regarding major business risks, the Risk Management Committee, which is an advisory body to the President and Representative Executive Officer, maintains a comprehensive grasp of risks, and prepares measures for risk management for the Group as a whole.

(2) Depending on the nature of the risk, the Company designates an organizational unit to be in charge of its management, and this unit is responsible for the preparation of regulations and manuals as well as providing guidance and advice to the Group as a whole.

(3) Through the auditing activities of the Internal Auditing Division, the Company takes appropriate measures by gathering information related to risks.

**4. Systems for Ensuring that the Executive Officers Perform Their Duties Efficiently**

(1) To increase the speed of business activities and efficiency of management, the Company prepares organizational regulations, authority regulations, and other regulations related to the conduct of business, and clarifies the authority and responsibility of Executive Officers, appropriate delegation of authority, the missions of Company divisions and subsidiaries, and the chain of command.

(2) The Company has established the Management Council to act as an advisory committee to the President and Representative Executive Officer. This committee considers major decisions, etc., related to the conduct of business and reports to the President and Representative Executive Officer.

(3) To set numerical targets and evaluate performance of the Group as a whole, the Company structures systems for making prompt management judgments and to make risk management possible.

**5. Systems for Ensuring the Appropriateness of Business Activities in the Group, Consisting of the Company and Its Subsidiaries**

## YAMAHA CORPORATION

### CORPORATE GOVERNANCE

- (1) The Company has structured the Internal Control Systems for the Group as a whole, based on the “Group Management Charter,” which sets forth basic Group management policies, and the “Group Internal Control Regulations,” which sets internal control policy for the Group.
- (2) The Company and its Subsidiaries have established regulations for the conduct of business that include “Regulations of the Board of Directors,” “Regulations of the Management Council, and “Regulations for Authority” with the objectives of clarifying the authority of the Directors and the chain of command.
- (3) For the status of management and other decisions that are of some degree of importance and may have an effect on the management condition of the Group, Subsidiaries are required to receive approval from the Company in advance and report certain items to the Company.
- (4) The Company establishes risk management systems for the Group as a whole and conducts compliance training.

#### 6. Items Related to Appointment of Employees to Assist in the Audit Committee’s Work

As a specialized organizational unit with responsibility for assisting the Audit Committee, the Company has established the Audit Committee’s Office, which reports directly to the Audit Committee.

#### 7. Items Related to Ensuring the Independence of Employees Assisting the Audit Committee from the Executive Officers and Securing the Effectiveness of Instruction Given to These Employees

As a specialized organizational unit with responsibility for assisting the Audit Committee, the Company has established the Audit Committee’s Office, which reports directly to the Audit Committee. To secure independence from the Executive Officers and other persons engaged in the conduct of business, personnel evaluations, changes in personnel assignments, and rewards/disciplinary punishments of the staff of the Audit Committee’s Office will require the approval of the Audit Committee.

#### 8. System for Reporting to the Audit Committee

- (1) Audit Committee members may attend important meetings, including the Managing Council, etc., and express their opinions.
- (2) The Company has a system where under the direction of the Audit Committee, General Manager of the Audit Committee’s Office attends important meetings, including the Managing Council, etc., and expresses his/her opinions.
- (3) The Company has a system where General Manager of the Audit Committee’s Office accesses the written approvals and other important documents, and, as necessary, requests explanations and reports from the Executive Officers, Operating Officers, Audit Officers and Employees before reporting the content of the documents to the Audit Committee.
- (4) The following divisions/departments report periodically to the Group as a whole on items required by laws and regulations and the items requested by the Audit Committee.
  - (a) Results of Internal Auditing Division fact-finding
  - (b) Reports made by the Legal Division related to the status of compliance as well as reports on actual operations, including information obtained through the internal whistleblowing system
  - (c) Status of compliance in other staff divisions and the activities of the Internal Control Systems
- (5) Divisions and subsidiaries of the Company may report to the Audit Committee important matters that affect business operations and performance through the Executive Officers, Operating Officers, Audit Officers and Employees or report directly to the Audit Committee or General Manager of the Audit Committee’s Office.

#### 9. Systems for Ensuring that Directors, Executive Officers, Operating Officers, Audit Officers and Employees in the Company and in Group Subsidiaries, who Give Whistle-blower Reports to the Audit Committee, Are not Treated Disadvantageously

The Company holds the identity of persons who have made whistle-blower reports to the Audit Committee in strictest confidence and has structured systems to prevent such persons from being treated disadvantageously.

#### 10. Matters Related to Policy for Handling of Expenses or Liabilities Incurred by Members of the Audit Committee in the Conduct of Their Duties

The Company bears the expenses related to the conduct of audits based on the audit plans of the Audit Committee. When duties other than those in the audit plan are necessary and expenses are incurred, these are paid when invoices are received from the Audit Committee.

#### 11. Other Systems for Ensuring that Audits by Audit Committee Are Performed Effectively

The President and Representative Executive Officer exchanges views periodically with the Audit Committee regarding the structure and the status of operation of the Internal Control Systems and is promoting the continuing improvement

**YAMAHA CORPORATION****CORPORATE GOVERNANCE**

of these systems.

When audits are conducted by the Audit Committee, the Company secures opportunities for collaboration with the Internal Auditing Division and the Accounting Auditor. The Audit Committee is allowed also to give instructions regarding audits to the Internal Auditing Division as necessary. In cases where instructions given by the Audit Committee conflict with those given by the President and Representative Executive Officer, the instructions of the Audit Committee will take precedence. When the manager of the Internal Auditing Division is going to be reassigned, the opinions of the Audit Committee must be heard in advance.

Note that, when the Audit Committee deems it necessary, support for the audit function may be obtained from outside specialists.

**2. Basic approach toward eliminating the anti-social forces and the status of its development**

**This approach is embedded into the Internal Controls System.**

As stated in (6) of the “1. Systems to Ensure that the Execution of Duties of the Executive Officers, Operating Officers, Audit Officers and Employees Are Compliant with Laws and Regulations and the Articles of Incorporation” under “1. Basic policies concerning the Internal Control Systems and the status of improvement of the system.”

## YAMAHA CORPORATION

## CORPORATE GOVERNANCE

V Other Matters**1. Matters concerning the anti-takeover measures**

|   |      |
|---|------|
| Matters concerning the anti-takeover measures | None |
|---|------|

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Supplementary explanation on related matters

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**2. Other matters concerning corporate governance system, etc.**

Based on its management policy, to realize the sustainable growth and to enhance the corporate value over medium to long-term period, the Company strives to improve current Corporate Governance Structures and make them better, adjusting social environmental changes.

## Outline of the Timely Disclosure System

## 1. The Company's stance towards disclosure

We believe that the management must make efforts to engage in the positive and timely disclosure of information by adequate methods as an important managerial responsibility, in order to enable shareholders and investors to make fair judgments on corporate value. We will continuously endeavor to enhance the transparency of management through adequate information disclosure and win the confidence of investors and shareholders according to the following disclosure policy:

## Disclosure policy of the Company

## (1) Basic policy for information disclosure

The Company aims for the fair, speedy, and timely disclosure of information to shareholders and investors. We make efforts to proactively disclose not only important information pursuant to the Rules on Timely Disclosure of Corporate Information by Issuer of Listed Security and the like (Timely Disclosure Rules) established by the Tokyo Stock Exchange (TSE), but also information the Company independently believes will influence investor judgment.

We will also proactively disclose information that the Company believes shareholders and investors will find particularly useful for understanding the business activities of the Company and its Group.

## (2) Method for information disclosure

Disclosures of important information pursuant to the Timely Disclosure Rules of TSE are carried out according to those rules through publication on the TSE's timely information disclosure system, "TDnet," followed promptly by releases through mass media and the Company's website.

We also take due care to engage in the correct, fair, and prompt disclosure of information outside the scope of the Timely Disclosure Rules, through the mass media and the Company's website.

Especially, with regard to information on account closing briefings, business presentation meetings, and the like, the Company endeavors to promote fair information disclosure through the disclosure via its website.

## 2. Internal systems of the Company for timely disclosure

## (1) Responsibilities for timely disclosure

We appoint the Executive Officer in charge as an officer responsible for timely disclosure. The Legal Division is responsible for disclosures to the TSE, and the Corporate Communications Division is responsible for those through the mass media and the Company's website.

## (2) Information gathering

The heads of major divisions including subsidiaries supervised by the heads (hereinafter referred to as the "Heads of Major Divisions") are responsible for reporting to the senior general managers supervising the "Heads of Major Divisions" the timely disclosure of information. Reports from the general managers are put together by the officer

**YAMAHA CORPORATION****CORPORATE GOVERNANCE**

responsible for timely disclosure and submitted to the President and Representative Executive Officer.

(3) Judgment on the need for timely disclosure

The officer responsible for timely disclosure judges the need therefor and decides the content thereof.

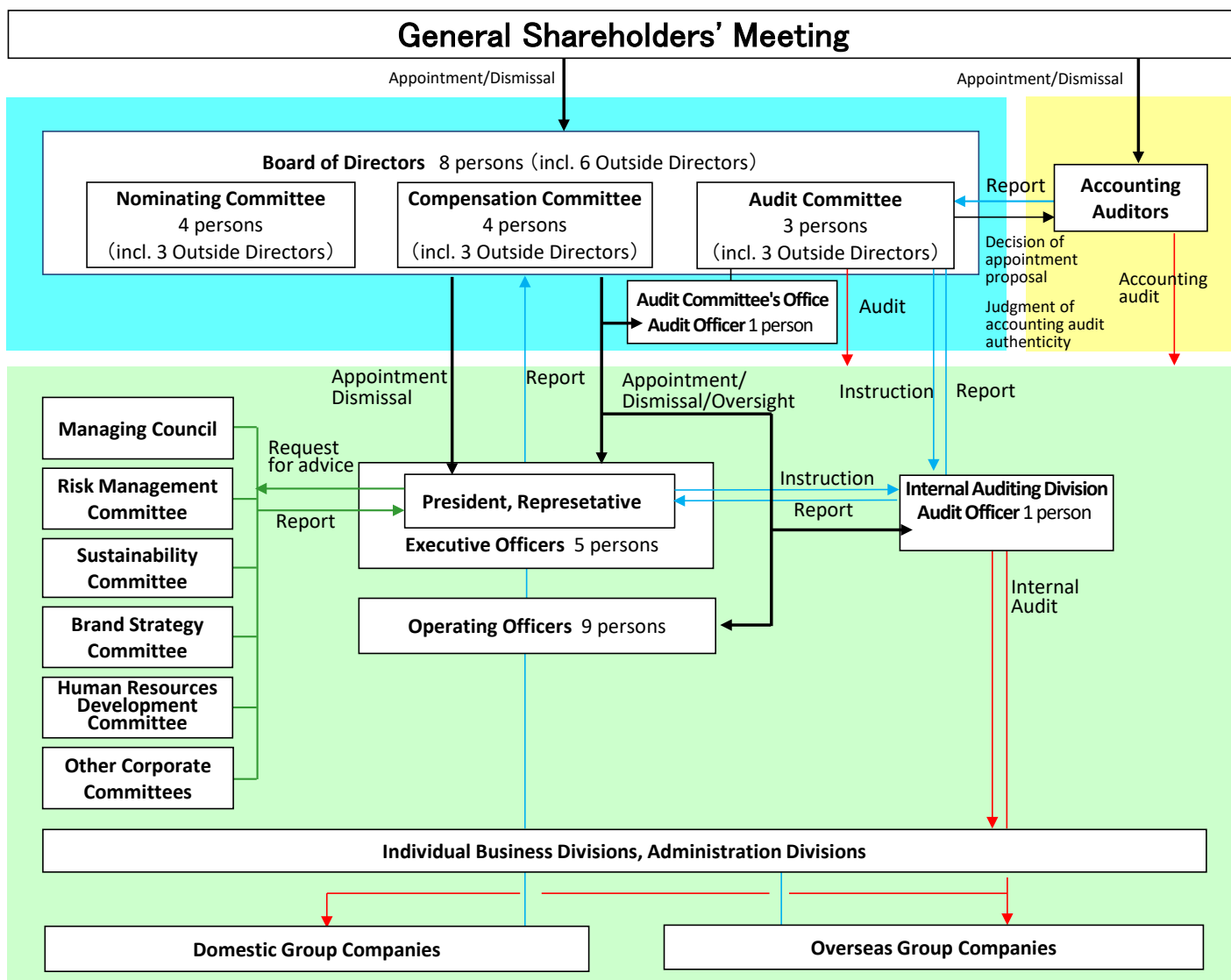
(4) Implementation of timely disclosure

The President and Representative Executive Officer discloses information promptly after receiving the results of judgments on the need for timely disclosure and confirming the content thereof. Any timely disclosure of information subject to a resolution of the Board of Directors is disclosed promptly after such resolution.

(5) Monitoring of timely disclosure

The Audit Committee audits timely disclosure items and the implementation of disclosures.

Additionally, the President and Representative Executive Officer has the Internal Auditing Division audit disclosure operations by the disclosing divisions when necessary.



PLEASE NOTE that this document has been translated from Japanese original, as submitted to the Tokyo Stock Exchange, for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.