

The corporate governance of Yamaha Motor Co., Ltd. is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

#### The Company's Management Principles and Management Strategies

Yamaha Motor's corporate objective is to be a "*Kando*\* Creating Company." We aspire to offer new excitement and a more fulfilling life for people all over the world. To this end, we provide unique and high-quality products and services made available through our technology to interweave human logic with sensibility by continuously striving to achieve "the unique style of Yamaha Motor's engineering, manufacturing and marketing," aiming at creating "new, original and innovative ideas and messages," "technology that creates joy and trust among customers," "attractive designs to express Refined Dynamism," and "power to build up a lifetime relationship with customers."

We make ongoing efforts to gain recognition from our various stakeholders that "the unique style of Yamaha Motor" constitutes the "Yamaha" brand, and to make our products and services the lifelong preferred choice for stakeholders. We believe that these efforts will enable us to achieve sustainable growth and enhance our medium- to long-term corporate value.

Under the Medium-Term Management Plan (2016-2018), we will carry out specific measures to achieve sustainable growth and enhancement of corporate value. While maintaining and strengthening a stable financial base, we proactively make strategic investments for growth in the following three domains: "fulfilling lifestyles," "enjoyment in personal mobility," and "innovative technologies that harmonize with people, society and the Earth," to provide our shareholders with enhanced returns.

\**Kando* is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

#### Basic Views on Corporate Governance

To ensure the implementation of the Company's growth strategies for the future, Yamaha Motor's Board of Directors establishes an environment that supports management's appropriate risk-taking and decisive decision-making activities, and multilaterally understands and appropriately oversees issues and risks associated with the implementation of the Company's management strategies from the viewpoint of fulfilling responsibilities to various stakeholders including shareholders and investors.

This structure is designed to implement speedy and decisive decision-making, and appropriate, transparent and fair supervision and monitoring as the Company's corporate governance. Accordingly, we formulate the following corporate governance guidelines and put them into practice in an appropriate manner.

#### <Corporate Governance Guidelines>

- Chapter 1 Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders
- Chapter 2 Appropriate collaboration with various stakeholders
- Chapter 3 Appropriate information disclosure and ensuring transparency
- Chapter 4 Responsibilities of the Board of Directors, etc.
- Attachment 1 Standards for selecting independent outside officers
- Attachment 2 Policies to promote constructive dialogue with shareholders

"Yamaha Motor's Corporate Governance Guidelines" For the full text, please visit our website

[https://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

### [Reasons for Noncompliance with the Principles of the Corporate Governance Code] **Updated**

Yamaha Motor complies with the principles of the Corporate Governance Code.

Principle 1-4

Cross-shareholdings

Basic policies on cross-shareholdings

Yamaha Motor's development, procurement, production, and sales have expanded globally. We believe that strengthening business relationships with business partners and maintaining stable relationships with financial institutions and other parties are necessary for achieving continuous growth. In considering our business strategies, business relationships with our business partners, and enhancement of our financial base, we intend to hold shares under cross-shareholdings when it is deemed necessary and appropriate in order to enhance corporate value from a medium- to long-term perspective. The Board of Directors annually examines medium- to long-term economic rationality and future outlook concerning its major cross-shareholdings, taking into account factors including return and associated risks.

- Shareholdings of Yamaha Corporation

Yamaha Motor was established by spinning off the motorcycle division from Nippon Gakki Co., Ltd. (current Yamaha Corporation). Today, the two companies' management is conducted separately, with both using the same "Yamaha" brand. We are undertaking various measures in collaboration with Yamaha Corporation through the "Joint Brand Committee" and under the "Yamaha Brand Charter" and "Joint Brand Regulations." Both companies appropriately monitor measures for mutual sustainable growth through shareholdings and dispatching Directors. We believe that maintaining and improving the shared value of the "Yamaha" brand by building a monitoring and collaborating relationship with Yamaha Corporation will contribute to the medium- to long-term enhancement of Yamaha Motor's corporate value.

- Basic policies on exercise of voting rights

Yamaha Motor does not take a uniform approach in determining whether to approve or disapprove when exercising voting rights associated with cross-shareholdings; instead, it thoroughly examines and discusses whether the decisions contribute to the medium- to long-term enhancement of corporate value of the issuing company, and comprehensively assesses potential damage to its own corporate value. We may request further explanations on agenda items when necessary and make decisions on approval or disapproval.

Principle 1.7

Related party transactions

When carrying out related party transactions, transactions with competitors, and transactions involving any conflict of interests, we set out appropriate procedures according to the degree of importance and the nature of those transactions as per the Board of Directors' Rules and the Decision-making Rules, etc. The Board of Directors deliberates upon and resolves these transactions to protect the interests of the Company and all of its shareholders. The status of transactions is reported to the Board of Directors, which is in charge of monitoring said transactions.

Principle 3-1

Full disclosure

- (1) The Company's objectives (business principles, etc.), business strategies and business plans.

Please refer to "1-1 Basic Views," mentioned above in this Report.

Please visit our website "medium-term management plan."

<https://global.yamaha-motor.com/ir/report/pdf/mmp/2016medium-plan-e.pdf>

- (2) Basic views and guidelines on corporate governance

"Yamaha Motor's Corporate Governance Guidelines" For the full text, please visit our website

[https://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

- (3) Board policies and procedures in determining the remuneration of senior management and directors

The remuneration plan for Directors and Executive Officers consists of basic compensation (a monthly compensation), compensation linked to the individual performance, a stock compensation plan reflecting the Company's medium- to long-term consolidated performance, and bonuses of Directors and Executive Officers reflecting short-term consolidated performance. A stock compensation plan allows Directors and Executive Officers to acquire the Company's shares monthly at a certain amount (via the Director Shareholding Association) and to hold them during their term of office. This stock compensation plan is intended to be linked to shareholder value. Directors' bonuses are calculated, up to a maximum of 0.5% of consolidated net income, in correlation with consolidated net income and return on assets for the previous fiscal year, as well as taking into account factors including dividends to shareholders and the level of consolidated performance against the budget.

Based on the policies outlined above, the Executive Personnel Committee deliberates on the level, structure and allocation of basic compensation, compensation linked to individual performance, and the stock compensation plan for Directors and Executive Officers, as well as Directors' and Executive Officers' bonuses. The process and results are proposed to the Board of Directors. The Board of Directors discusses the proposals from the Executive Personnel Committee and makes decisions.

(4) Board policies and procedures in the appointment of senior management and the nomination of Director and Audit & Supervisory Board Member candidates

From the viewpoint of maintaining an overall balance in terms of knowledge, experience and ability, and in consideration of diversity and size, the composition of the Board of Directors and Audit & Supervisory Board are defined as follows:

1. The Articles of Incorporation stipulate the number of Directors to be up to fifteen (15), and the number of Audit & Supervisory Board Members to be up to five (5).
2. Regardless of gender, age, or nationality, executives must adequately understand the viewpoints and standpoints of various stakeholders including shareholders, and must have long-term visions, abundant experience, extensive insight, and a high degree of expertise in addition to appropriate human characteristic elements such as ethical views and fairness.
3. Directors of the Company shall be individuals who can deal with the diversity of customer's special characteristics, products, business operations, and functions, as well as global aspects of markets.
4. Outside Directors shall be individuals who have experience in global corporate management, professional insight in management, and knowledge of the industry among others.
5. At least one-half (1/2) of Audit & Supervisory Board Members shall be made up of Outside Audit & Supervisory Board Members, including those who have adequate insight in areas such as accounting, legal affairs and management administration.

Yamaha Motor has established an Executive Personnel Committee as a voluntary advisory body of the Board of Directors, to improve transparency and validity in nominating candidates for executive positions, and to determine their remuneration.

The Executive Personnel Committee deliberates matters including candidates for executive positions, the remuneration system, remuneration and bonus plans, composition of Directors, Audit & Supervisory Board Members and Executive Officers, and the evaluation of Executive Officers. The Executive Personnel Committee reports to the Board of Directors.

The Executive Personnel Committee also evaluates candidates for senior executive positions including the Chief Executive Officer.

(5) Explanations with respect to individual appointments and nominations based on 4)

Hiroyuki Yanagi (President and Representative Director, President and Chief Executive Officer)

The Company nominated Hiroyuki Yanagi as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of MBK Industrie (France), Director and President of Yamaha Motor India Pvt. Ltd., Chief General Manager of Manufacturing Center of the Company and others, he is highly capable in the corporate management that is required to deal with a variety of values and has expertise in technological and manufacturing fields. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Takaaki Kimura (Representative Director, Executive Vice President)

The Company nominated Takaaki Kimura as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Senior General Manager of AM Operations, Chief General Manager of Technology Center, Chief General Manager of Marine Business Operations and Chief General Manager in charge of Design Center of the Company and others, he is highly capable and has expertise in technological and design fields. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Masahiro Takizawa (Director, Managing Executive Officer)

The Company nominated Masahiro Takizawa as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of MBK Industrie (France) and General Manager of Corporate Planning Division, Chief General Manager of Business Development Operations of the Company and others, he has expertise in the technological field and deep insight into business development. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Katsuaki Watanabe (Director, Managing Executive Officer)

The Company nominated Katsuaki Watanabe as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. and Chief General Manager of Manufacturing Center and Chief General Manager of MC Business Operations of the Company and others, he is highly capable and has expertise in the procurement and manufacturing fields. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Toshizumi Kato (Director, Managing Executive Officer)

The Company nominated Toshizumi Kato as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as President of IM Company of the Company, Director and President of Yamaha Motor Corporation, U.S.A. and others, he is highly capable and has expertise in the marketing field. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Yoichiro Kojima (Director, Senior Executive Officer)

The Company nominated Yoichiro Kojima as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Canada Limited, Executive General Manager of ME Business Unit, Marine Business Operations, Director and President of PT. Yamaha Indonesia Motor Manufacturing and others, he is highly capable and has expertise in the marketing field. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Katsuhito Yamaji (Director, Senior Executive Officer)

The Company nominated Katsuhito Yamaji as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director of Yamaha Motor da Amazonia Ltda. (Brazil), Chief General Manager of Manufacturing Center of the Company and others, he is highly capable and has expertise in the manufacturing field. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Makoto Shimamoto (Director, Senior Executive Officer)

The Company nominated Makoto Shimamoto as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Asian Center Co., Ltd. (Thailand), Chief General Manager of PF Model Development Unit of the Company and others, he is highly capable and has expertise in the technological field. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Yoshihiro Hidaka (Director, Senior Executive Officer)

The Company nominated Yoshihiro Hidaka as a Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Vice President of Yamaha Motor Corporation, U.S.A., Executive General Manager of MC Business Unit of the Company and others, he is highly capable and has expertise in the management control and business strategy fields. Accordingly, he is expected to contribute to increasing the corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.

Tamotsu Adachi (Outside Director, Independent Outside Officer)

The Company nominated Tamotsu Adachi as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience in international business, formulation of management strategy, and investment activities and wide range of insights. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.

Takuya Nakata (Outside Director)

The Company nominated Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision from the viewpoint of a company executive as the President and Representative Director of Yamaha Corporation, which is a large

shareholder of the Company, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies.

Atsushi Niimi (Outside Director, Independent Outside Officer)

The Company nominated Atsushi Niimi as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience managing global companies and his wide range of insights. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.

Genichi Tamatsuka (Outside Director, Independent Outside Officer)

The Company nominated Genichi Tamatsuka as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his wide range of insights and his ample experience in management, through his experiences in various managerial positions, including as a representative director for several companies. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.

Hiroshi Ito (Audit & Supervisory Board Member)

The Company nominated Hiroshi Ito as a Standing Audit & Supervisory Board Member for the following reasons: he has personality traits required of a Standing Audit & Supervisory Board Member such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor Manufacturing Corporation of America and others, he has a high level of expertise in the manufacturing and management control fields. Accordingly, he is expected to use his experience and knowledge to conduct audits as a Standing Audit & Supervisory Board Member.

Kenji Hironaga (Audit & Supervisory Board Member)

The Company nominated Kenji Hironaga as a Standing Audit & Supervisory Board Member for the following reasons: he has personality traits required of a Standing Audit & Supervisory Board Member such as high ethics and fairness. With his experience and business track records as General Manager of Human Resources Development Division of the Company and others, he has a high level of expertise in the labor and management control fields. Accordingly, he is expected to use his experience and knowledge to conduct audits as a Standing Audit & Supervisory Board Member.

Tomomi Yatsu (Outside Audit & Supervisory Board Member, Independent Outside Officer)

The Company nominated Tomomi Yatsu as an Outside Audit & Supervisory Board Member in the belief that she will utilize her significant expertise as a certified public accountant and attorney as well as her knowledge and experience. She meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer.

Masahiko Ikaga (Outside Audit & Supervisory Board Member, Independent Outside Officer)

The Company nominated Masahiko Ikaga as an Outside Audit & Supervisory Board Member in the belief that he will utilize his significant expertise as a certified public accountant, as well as his ample knowledge and experience as a company executive. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.

#### Supplementary Principle 4-1-1

##### Roles and responsibilities of the Board

In accordance with "Yamaha Motor's Corporate Governance Guidelines," matters to be judged and determined by the Board of Directors and matters to be delegated to Executive Officers are as follows:

##### (1) Matters to be judged and determined by the Board of Directors

1. Determining matters provided for in laws and regulations and the Articles of Incorporation
2. Overseeing the execution of Directors' duties
3. Determining strategies and policies
4. Determining Corporate Philosophy, Code of Ethics, Basic Policies on Internal Control, Basic Policies on CSR, Governance Policies on the Yamaha brand, Long-term Management Visions, Medium-Term Management Plan, etc.
5. Overseeing execution of business operations

Approval of annual management plans, approval of financial statements, oversight of the execution of duties, approval of internal auditing plans, oversight of the status of development of internal control systems and risk management systems in accordance with Basic Policies on Internal Control, etc.

(2) Matters to be delegated to Executive Officers

1. Matters related to the execution of business operations

Formulating the Medium-Term Management Plan, annual management plans and other plans and decision-making on the execution thereof, preparing the draft of financial results, formulating individual business strategies, decision-making on the execution of operations such as development, production and sales, developing risk management systems, and other related matters

2. Other matters delegated by the Board of Directors, excluding matters to be judged and determined by the Board of Directors

Principle 4-9

Independence standards and qualification for Independent Directors

In addition to the required criteria for independence stipulated by Tokyo Stock Exchange, Inc., the Company has formulated its own “Standards for Selecting Independent Outside Officers” to evaluate the independence and objectivity of Outside Directors and Outside Audit & Supervisory Board Members.

Summary of “Standards for Selecting Independent Outside Officers”

Independent Outside Officers may not be:

1. Employees or former employees of the company
2. Major shareholders
3. Individuals in a “major customer” relationship with our corporate group
4. Individuals from companies that have accepted a director from the Yamaha Motor Group
5. Individuals with a vested interest in the Yamaha Motor Group
6. Individuals who might have a conflict of interest with our general shareholders
7. In office more than 8 years

Moreover, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned above in 1 through 5 may not be officers.

For the full text of Yamaha Motor’s “Standards for Selecting Independent Outside Officers,” please visit:

[https://global.yamaha-motor.com/ir/governance/pdf/independent\\_en.pdf](https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf)

Supplementary Principle 4-11-1

A view of the overall balance in terms of knowledge, experience and ability, and of the diversity and size of the Board of Directors

Please refer to “Principle 3-1 (4) Board policies and procedures in the appointment of senior management and the nomination of Director and Audit & Supervisory Board Member candidates” of “Disclosure Based on the Principles of the Corporate Governance Code,” mentioned above in this report.

Supplementary Principle 4-11-2

Status of Outside Directors and Outside Audit & Supervisory Board Members who also serve as directors, etc., at other companies

Tamotsu Adachi (Outside Director, Independent Outside Officer)

Representative Director and President, CEO of Benesse Holdings, Inc.  
Senior Advisor of Carlyle Japan LLC

Takuya Nakata (Outside Director)

President and Representative Director of Yamaha Corporation  
President of Yamaha Music Foundation

Atsushi Niimi (Outside Director, Independent Outside Officer)

Advisor of JTEKT Corporation  
Outside Director of NIPPON SHARYO, LTD.  
Former chairman of the Chubu Association of Corporate Executives

Genichi Tamatsuka (Outside Audit & Supervisory Board Member, Independent Outside Officer)

Chairman and CEO, Representative Director of Lawson, Inc.  
Outside Director of AIG Japan Holdings KK

Tomomi Yatsu (Outside Audit & Supervisory Board Member, Independent Outside Officer)

Partner of TMI Associates

Outside Executive Director of SMBC Nikko Securities Inc.

Masahiko Ikaga (Outside Audit & Supervisory Board Member, Independent Outside Officer)

Masahiko Ikaga Certified Public Accounting Office

Representative Director of PrajnaLink Co., Ltd.

External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd.

#### Supplementary Principle 4-11-3

Disclosure of summary of analysis, evaluation and results regarding effectiveness of the Board of Directors

Yamaha Motor analyzes and evaluates the effectiveness of the Board of Directors on a yearly basis pursuant to “4-6. The Board Evaluation” of our “Corporate Governance Guidelines” and discloses a summary of the results thereof. A summary of the evaluation process and evaluation results for the fiscal year under review is as follows.

##### <Evaluation process>

The effectiveness of the Board of Directors was evaluated using the following process with the Corporate Planning Division acting as the secretariat.

- Survey all Directors and Audit & Supervisory Board Members by questionnaire, based on seven evaluation perspectives regarding the aim of the Board of Directors.  
(The seven evaluation perspectives are outlined in “4-6. The Board Evaluation” of the Corporate Governance Guidelines)
- Analyze the survey results and confirm the status of improvement, compared with the previous year’s evaluation.
- Share the results of the evaluation of effectiveness and deliberate on the issues to be addressed at the Board of Directors’ meetings based on the results of the analysis.

##### <Evaluation results>

It was confirmed that the Board of Directors continued to proactively hold effective discussions and implement creative initiatives to realize the medium- to long-term enhancement of corporate value and sustainable growth, and the effectiveness had been sufficiently assured.

In particular, it was highly evaluated that sufficient time was expended on deliberations of important matters, by reviewing the standards for proposal submission to the Board of Directors and enhancing the provision of information in advance. It was also confirmed that key issues regarding Yamaha Motor’s management strategy have been appropriately discussed among the Inside and Outside Officers.

We will continue to push ahead with improvement measures to address the issues highlighted based on the evaluation, in an effort to enhance the effectiveness of the Board of Directors.

#### Supplementary Principle 4-14-2

Training for Directors and Audit & Supervisory Board Members

- (1) Directors and Standing Audit & Supervisory Board Members are required to attend a third-party-hosted training program upon their appointment, to deepen their understanding of their respective duties and responsibilities, and corporate governance. The cost of attending this training is borne by the Company.
- (2) Opportunities for briefings and question-and-answer sessions concerning the status of corporate governance, transitional management changes, management issues, and progress under the Medium-Term Management Plan, etc., are provided to the candidates for Outside Directors and Outside Audit & Supervisory Board Members before their appointment to help them gain an overall understanding of the present situation and awareness of issues.
- (3) All Directors and Audit & Supervisory Board Members attend the Management Discussion meeting held after meetings of the Board of Directors, and the Executive Discussion meeting held more than once a year. These committees provide opportunities to openly discuss and exchange opinions and information on Yamaha Motor’s medium- to long-term management strategies and important management issues, through which they can mutually sharpen the management sense.

#### Principle 5-1

Policies to promote constructive dialogue with shareholders

- (1) Systems for managing dialogue with shareholders

To enhance dialogue with shareholders and investors, a division in charge of IR and SR has been set up within the Corporate Planning & Finance Center. The President and Representative Director serves as the



responsible person in charge of dialogue, and the Chief General Manager of Corporate Planning & Finance Center serves as the officer in charge.

This dedicated division works in cooperation with divisions in charge of each theme to establish a structure that can provide beneficial information to shareholders and investors.

When shareholders and investors have personal requests, the President and Representative Director, Directors, and Executive Officers interview them to the extent possible, taking into account factors including the purpose of the interview, the degree of importance and the party requesting the interview.

(2) Policies on collaboration with internal divisions, etc., assisting dialogue with shareholders

To engage in rational and smooth dialogue with shareholders and investors, the division in charge of IR and SR takes the initiative in collaborating with related divisions, sharing information and knowledge, examining the direction of dialogue, and preparing disclosure materials.

(3) Measures to enhance methods of dialogue other than individual interviews

Financial results briefing sessions are held on a quarterly basis for the press, analysts, and institutional investors. In addition, briefing sessions to explain Yamaha Motor's medium- to long-term management strategies, business operations and products, and other important topics, are held as necessary. We strive to carry out favorable communication with shareholders and investors overseas through various means including individual visits and briefing sessions for overseas investors.

We endeavor to carry out comprehensible communication with individual investors through measures including participation in events sponsored by newspaper publishers and securities companies, briefing sessions for individual investors, and dedicated website pages for individual investors.

(4) Sharing information including opinions from shareholders with management

Opinions, inquiries, and other information obtained from shareholders and investors through dialogue is collected and sorted by the IR and SR Division, then shared with management and Directors (including Outside Directors). In addition, the officer in charge strives to share information with the Board of Directors, Executive Committee, and other individuals and committees as necessary.

(5) Insider information management

Yamaha Motor separately formulates disclosure policies on insider information management, based on which it fully enforces fair disclosure and takes appropriate actions. We refrain from having dialogue concerning financial results during the period between the day following of the end of each quarter and the date of the release of financial results ("silent period").

## 2. Capital Structure

|                            |               |
|----------------------------|---------------|
| Foreign Shareholding Ratio | More than 30% |
|----------------------------|---------------|

### [Status of Major Shareholders] Updated

| Name / Company Name   | Number of Shares Owned | Percentage (%) |
|---|------------------------|----------------|
| Yamaha Corporation  | 42,642,790             | 12.19          |
| State Street Bank & Trust Company   | 34,063,831             | 9.73           |
| The Master Trust Bank of Japan, Ltd. (trust account)                      | 28,703,400             | 8.20           |
| Japan Trustee Services Bank, Ltd. (trust account)                         | 19,382,400             | 5.54           |
| Toyota Motor Corporation  | 12,500,000             | 3.57           |
| Mizuho Bank, Ltd.   | 11,824,647             | 3.38           |
| Mitsui & Co., Ltd.  | 8,586,000              | 2.45           |
| The Shizuoka Bank, Ltd.   | 6,813,708              | 1.95           |
| Trust & Custody Services Bank, Ltd. (securities investment trust account) | 6,280,200              | 1.79           |
| Japan Trustee Services Bank, Ltd. (trust account 9)                       | 5,612,800              | 1.60           |

|   |      |
|---|------|
| Controlling Shareholder (except for Parent Company) | —    |
| Parent Company                                      | None |

### Supplementary Explanation Updated

#### Notes:

- Yamaha Motor has received a report in the form of the Change Report pertaining to the Report of Possession of Large Volume (No. 3), submitted by Dodge & Cox on April 18, 2012, to the effect that they held 31,336,000 shares as of April 13, 2012. However, as we cannot confirm the number of shares held by Dodge & Cox as of December 31, 2016, Dodge & Cox is not included in the Status of Major Shareholders above.



2. In the Report of Possession of Large Volume made available for public inspection on October 21, 2016, it is stated that FIL Investments (Japan) Limited held 17,688,400 shares as of October 14, 2016. However, as we cannot confirm the number of shares held by FIL Investments (Japan) Limited as of December 31, 2016, FIL Investments (Japan) Limited is not included in the Status of Major Shareholders above.
3. In the Report of Possession of Large Volume made available for public inspection on October 21, 2016, it is stated that Mizuho Bank, Ltd. and its joint holders, Asset Management One Co., Ltd. and Asset Management One International Ltd., held 30,880,397 shares as of October 14, 2016. However, as we cannot confirm the number of shares held by Mizuho Bank, Ltd., Asset Management One Co., Ltd. and Asset Management One International Ltd. as of December 31, 2016, Mizuho Bank, Ltd., Asset Management One Co., Ltd. and Asset Management One International Ltd. are not included in the Status of Major Shareholders above.

### 3. Corporate Attributes

|   |                                     |
|---|-------------------------------------|
| Listed Stock Market and Market Section  | Tokyo Stock Exchange, First Section |
| Fiscal Year-End   | December                            |
| Type of Business  | Transportation Equipment            |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year  | More than 1000                      |
| Sales (consolidated) as of the End of the Previous Fiscal Year                | More than ¥1 trillion               |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | From 100 to less than 300           |

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

|                   |  |
|-------------------|--|
| Organization Form | Company with Audit & Supervisory Board |
|-------------------|--|

#### [Directors]

|   |                                       |
|---|---------------------------------------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 15                                    |
| Term of Office Stipulated in Articles of Incorporation              | One year                              |
| Chairperson of the Board  | President and Representative Director |
| Number of Directors <small>Updated</small>                          | 13                                    |
| Appointment of Outside Directors                                    | Appointed                             |
| Number of Outside Directors <small>Updated</small>                  | 4                                     |
| Number of Independent Directors <small>Updated</small>              | 3                                     |

Outside Directors' Relationship with the Company (1) Updated

| Name              | Attribute            | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |
|-------------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
|                   |                      | a                              | b | c | d | e | f | g | h | i | j | k |
| Tamotsu Adachi    | From another company |                                |   |   |   |   |   |   |   |   |   |   |
| Takuya Nakata     | From another company |                                |   |   |   |   |   | ○ |   | ○ |   |   |
| Atsushi Niimi     | From another company |                                |   |   |   |   |   |   | ○ |   |   |   |
| Genichi Tamatsuka | From another 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. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company's outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) Updated

| Name           | Designation as Independent Director | Supplementary Explanation of the Relationship   | Reasons for Appointment   |
|----------------|-------------------------------------|---|---|
| Tamotsu Adachi | ○                                   | —   | Tamotsu Adachi provides management with advice and supervision as an Outside Director, based on his ample experience in international business and in the formulation of management strategy, investment activities and wide range of insights. Mr. Adachi meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer. |
| Takuya Nakata  |                                     | —   | As President and Representative Director of Yamaha Corporation, a major shareholder of the Company, Takuya Nakata provides management with advice and supervision as a corporate executive, and has been elected as an Outside Director to enhance the value of the Yamaha brand name that is used by both companies. Similarly, the Company's President and Representative Director, Hiroyuki Yanagi, concurrently serves as an Outside Director of Yamaha Corporation.                                |
| Atsushi Niimi  | ○                                   | Atsushi Niimi was Chairman & Representative Director of JTEKT Corporation until June 2016. Although the Company procures parts for our products from JTEKT Corporation, the amount paid by the Company to the said company was 0.1% of the said company's consolidated net sales for the most recent fiscal year. Since this percentage is lower than "2% of the said company's | Atsushi Niimi provides management with advice and supervision as an Outside Director, based on his extensive experience and wide-ranging knowledge as a corporate executive at several global organizations. Mr. Niimi meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.                                     |

|                   |   |   |  |
|-------------------|---|---|--|
|                   |   | consolidated gross sales for the most recent fiscal year,” which is the standard for the amount of transactions under the Company’s “Standards for Selecting Independent Outside Officers,” it was concluded that there is no conflict of interest with our general shareholders. |  |
| Genichi Tamatsuka | ○ | —   | The Company nominated Genichi Tamatsuka as an Outside Director in the belief that he will provide the Company’s management with valuable advice and supervision based on his wide range of insights and his ample experience in management, through his experiences in various managerial positions, including as a representative director for several companies. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the “Standards for Selecting Independent Outside Officers,” and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer. |

|   |             |
|---|-------------|
| Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee | Established |
|---|-------------|

Committee’s Name, Composition, and Attributes of Chairperson Updated

|                       | Committee Corresponding to Nomination Committee | Committee Corresponding to Remuneration Committee |
|-----------------------|---|---|
| Committee’s Name      | Executive Personnel Committee                   | Executive Personnel Committee                     |
| All Committee Members | 6   | 6   |
| Full-time Members     | 0   | 0   |
| Inside Directors      | 2   | 2   |
| Outside Directors     | 4   | 4   |
| Outside Experts       | 0   | 0   |
| Other                 | 0   | 0   |
| Chairperson           | Inside Director                                 | Inside Director                                   |

Supplementary Explanation Updated

Yamaha Motor has established an Executive Personnel Committee as a voluntary advisory body of the Board of Directors, to improve transparency and validity in nominating candidates for executive positions, and to determine their remuneration. The Executive Personnel Committee deliberates matters including candidates for executive positions, the remuneration system, remuneration and bonus plans, composition of Directors, Audit & Supervisory Board Members and Executive Officers, and the evaluation of Executive Officers. The Executive Personnel Committee reports to the Board of Directors. The Executive Personnel Committee also evaluates candidates for senior executive positions including the Chief Executive Officer. The Executive Personnel Committee consists of Representative Directors and Outside Directors of the Company, and the current members are as follows:

|                   |                                       |                 |
|-------------------|---------------------------------------|-----------------|
| Chairman:         | President and Representative Director | Hiroyuki Yanagi |
| Committee member: | Representative Director               | Takaaki Kimura  |
| Committee member: | Outside Director (Independent)        | Tamotsu Adachi  |

|                   |                                |                   |
|-------------------|--------------------------------|-------------------|
| Committee member: | Outside Director               | Takuya Nakata     |
| Committee member: | Outside Director (Independent) | Atsushi Niimi     |
| Committee member: | Outside Director (Independent) | Genichi Tamatsuka |

#### [Audit & Supervisory Board Members]

|   |             |
|---|-------------|
| Establishment of Audit & Supervisory Board  | Established |
| Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation | 5           |
| Number of Audit & Supervisory Board Members   | 4           |

#### Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

With respect to the relationship with Accounting Auditors, the Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) receive the accounting auditor's report and audit its appropriateness in compliance with laws and regulations, and also cooperate with Accounting Auditors by exchanging information and opinions when necessary, among other means. With respect to the relationship with Internal Audit Departments, the Audit & Supervisory Board Members also receive reports concerning internal auditing plans and results. Through such cooperation, the Audit & Supervisory Board Members aim to achieve more effective and efficient audits.

|  |           |
|--|-----------|
| Appointment of Outside Audit & Supervisory Board Members | Appointed |
| Number of Outside Audit & Supervisory Board Members      | 2         |
| Number of Independent Audit & Supervisory Board Members  | 2         |

#### Outside Audit & Supervisory Board Members' Relationship with the Company (1) Updated

| Name           | Attribute                   | Relationship with the Company* |   |   |   |   |   |   |   |   |   |   |   |   |
|----------------|-----------------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
|                |                             | a                              | b | c | d | e | f | g | h | i | j | k | l | m |
| Tomomi Yatsu   | Lawyer                      |                                |   |   |   |   |   |   |   |   | ○ |   |   |   |
| Masahiko Ikaga | Certified Public Accountant |                                |   |   |   |   |   |   |   |   |   |   |   |   |

\* 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

- Executive of the Company or its subsidiary
- Non-executive director or accounting advisor of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Audit & Supervisory Board Member of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company, between which and the Company's outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- Others

| Name           | Designation as Independent Audit & Supervisory Board Member | Supplementary Explanation of the Relationship   | Reasons for Appointment  |
|----------------|---|---|--|
| Tomomi Yatsu   | ○   | During fiscal 2016 (January through December), the Company paid ¥2 million to TMI Associates, where Ms. Yatsu is employed, as per a contract for outsourced operations. | Tomomi Yatsu uses her significant expertise as a certified public accountant and attorney as well as her knowledge and experience as an outside officer for a corporation in performing her duties as one of the Company's Audit & Supervisory Board Members (Outside). Ms. Yatsu meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer. |
| Masahiko Ikaga | ○   | —   | The Company nominated Masahiko Ikaga as an Outside Audit & Supervisory Board Member in the belief that he will utilize his significant expertise as a certified public accountant, as well as his ample knowledge and experience as a company executive. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.                       |

**[Independent Directors/Audit & Supervisory Board Members]**

|  |   |
|--|---|
| Number of Independent Directors/Audit & Supervisory Board Members <b>Updated</b> | 5 |
|--|---|

**Matters relating to Independent Directors/Audit & Supervisory Board Members**

To evaluate the independence and objectivity of Outside Directors and Outside Audit & Supervisory Board Members, the Company has formulated "Standards for Selecting Independent Outside Officers," based on the standards established by Tokyo Stock Exchange, Inc. for judging the independence of officers.

## Summary of "Standards for Selecting Independent Outside Officers"

Independent Outside Officers may not be:

1. Employees or former employees of the company
2. Major shareholders
3. Individuals in a "major customer" relationship with our corporate group
4. Individuals from companies that have accepted a director from Yamaha Motor Group
5. Individuals with some other type of vested interest in the Group
6. Individuals who might have a conflict of interest with our general shareholders
7. In office more than 8 years

Moreover, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned above in 1 through 5 may not be officers.

As mentioned, the above is a summary of the "Standards for Selecting Independent Outside Officers." For the full text, please visit our website,

[https://global.yamaha-motor.com/ir/governance/pdf/independent\\_en.pdf](https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf)

**[Incentives]**

|                                  |   |
|----------------------------------|---|
| Incentive Policies for Directors | Performance-linked Remuneration / Other |
|----------------------------------|---|

## Supplementary Explanation

The stock compensation plan allows Directors to acquire a certain number of the Company's shares monthly through the Company's Director Shareholding Association, and to hold the shares while in office, thus further pegging Director remuneration to shareholder value.

## Recipients of Stock Options

## Supplementary Explanation

—

## [Director Remuneration]

|  |                    |
|--|--------------------|
| Disclosure of Individual Directors' Remuneration | Selected Directors |
|--|--------------------|

## Supplementary Explanation Updated

Remuneration and other compensation for the Company's Directors and Audit & Supervisory Board Members in fiscal 2016 are as follows.

Millions of yen

| Officer classification                                  | Basic compensation | Compensation linked to performance |                               | Stock compensation plan | Total |
|---|--------------------|------------------------------------|-------------------------------|-------------------------|-------|
|   |                    | Directors' bonuses                 | Individual performance-linked |                         |       |
| Directors (11)  | 351                | 228                                | 32                            | 53                      | 665   |
| Of which, Outside Directors (3)                         | (25)               | —                                  | —                             | —                       | (25)  |
| Audit & Supervisory Board Members (4)                   | 77                 | —                                  | —                             | —                       | 77    |
| Of which, Outside Audit & Supervisory Board Members (2) | (18)               | —                                  | —                             | —                       | (18)  |
| Total   | 429                | 228                                | 32                            | 53                      | 743   |

### Notes:

1. The annual amount of remuneration for Directors excluding Directors' bonuses shall be ¥540 million or less (including ¥50 million or less for Outside Directors), and the annual amount of remuneration for Audit & Supervisory Board Members shall be ¥90 million or less.
2. The above Directors' bonuses in Compensation linked to performance are the amount scheduled to be paid.
3. In addition to the remuneration listed above, ¥39 million was paid to Directors and concurrent employees, as the equivalent of salary to employees.

Director or Audit & Supervisory Board Member received more than ¥100 million in aggregate remuneration and other compensation

Millions of yen

| Name            | Officer classification | Basic compensation | Compensation linked to performance |                               | Stock compensation plan | Total |
|-----------------|------------------------|--------------------|------------------------------------|-------------------------------|-------------------------|-------|
|                 |                        |                    | Directors' bonuses                 | Individual performance-linked |                         |       |
| Hiroyuki Yanagi | Director               | 80                 | 70                                 | —                             | 11                      | 162   |
| Takaaki Kimura  | Director               | 68                 | 60                                 | —                             | 9                       | 138   |

The above information is disclosed in securities reports and business reports, and these reports are posted on the Company's website.

|  |             |
|--|-------------|
| Policy on Determining Remuneration Amounts and Calculation Methods | Established |
|--|-------------|

## Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The stock compensation plan allows Directors to acquire a certain number of the Company's shares monthly through the Company's Director Shareholding Association, and to hold the shares while in office, thus further pegging Director remuneration to shareholder value. However, the performance-based remuneration system and

stock compensation plan do not apply to remuneration for Outside Directors and Audit & Supervisory Board Members.

### **[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

When meetings of the Board of Directors are to be held, Executive Officers in charge or the secretariat explains the details of agenda items in advance to Outside Directors as necessary, while Standing Audit & Supervisory Board Members do so for Outside Audit & Supervisory Board Members. In addition, the Management Discussion meeting is established to provide opportunities for Outside Directors and Outside Audit & Supervisory Board Members to have discussions on a regular basis with Executive Officers in charge of the execution of business operations, and its meetings are held after meetings of the Board of Directors.

In order for Outside Directors and Audit & Supervisory Board Members to contribute actively to discussions of the Board of Directors, meetings are held on a regular basis so that Outside Directors can collect sufficient information without affecting their independence, exchange information, and share understanding from their independent and objective perspectives. To enable Outside Directors and Audit & Supervisory Board Members to obtain necessary information and adequately communicate, coordinate, and collaborate with management, the Audit & Supervisory Board Members' Office assists with the duties of the Corporate Planning Division and Audit & Supervisory Board Members.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated**

### **1. Composition of the Board of Directors and Audit & Supervisory Board**

The Board of Directors and the Audit & Supervisory Board, which implement corporate governance, consist of nine (9) Directors, four (4) Outside Directors (including three (3) Independent Outside Directors), two (2) Standing Audit & Supervisory Board Members, and two (2) Independent Outside Audit & Supervisory Board Members. Of the seventeen (17) Directors and Audit & Supervisory Board Members in total, six (6) are Outside Officers. From the viewpoint of maintaining an overall balance in terms of knowledge, experience and ability, and in consideration of diversity and size, the composition of the Board of Directors and Audit & Supervisory Board are defined as follows:

1. The Articles of Incorporation stipulate the number of Directors to be up to fifteen (15), and the number of Audit & Supervisory Board Members to be up to five (5).
2. Regardless of gender, age, or nationality, executives must adequately understand the viewpoints and standpoints of various stakeholders including shareholders, and must have long-term visions, abundant experience, extensive insight, and a high degree of expertise in addition to appropriate human characteristic elements such as ethical views and fairness.
3. Directors of the Company shall be individuals who can deal with the diversity of customer's special characteristics, products, business operations, and functions, as well as global aspects of markets.
4. Outside Directors shall be individuals who have experience in global corporate management, professional insight in management, and knowledge of the industry among others.
5. At least one-half (1/2) of Audit & Supervisory Board Members shall be made up of Outside Audit & Supervisory Board Members, including those who have adequate insight in areas such as accounting, legal affairs and management administration.

### **2. Roles of the Board of Directors**

To ensure the implementation of the Company's growth strategies for the future, the Board of Directors establishes an environment that supports management's appropriate risk-taking and decisive decision making activities. In addition, the Board of Directors multilaterally understands and appropriately oversees issues and risks associated with the execution of management strategies from the viewpoint of fulfilling its responsibilities to various stakeholders including shareholders and investors. We acknowledge that these tasks are their roles in supporting the Company's sustainable growth and enhancement of its corporate and brand value.

To ensure prompt execution of business operations, the Board of Directors appoints Executive Officers and delegates matters related to execution of business operations to them. In accordance with the policies outlined above, matters to be judged and determined by the Board of Directors and matters to be delegated to Executive Officers are as follows:

#### **1. Matters to be judged and determined by the Board of Directors**

- Determining matters provided for in laws and regulations and the Articles of Incorporation
- Overseeing the execution of Directors' duties
- Determining strategies and policies



- Determining Corporate Philosophy, Code of Ethics, Basic Policies on Internal Control, Basic Policies on CSR, Governance Policies on the Yamaha brand, Long-term Management Visions, Medium-Term Management Plan, etc.
- Overseeing execution of business operations  
Approval of annual management plans, approval of financial statements, oversight of the execution of duties, approval of internal auditing plans, oversight of the status of development of internal control systems and risk management systems in accordance with Basic Policies on Internal Control, etc.

## 2. Matters to be delegated to Executive Officers

- Matters related to the execution of business operations  
Formulating the Medium-Term Management Plan, annual management plans and other plans and decision-making on the execution thereof, preparing the draft of financial results, formulating individual business strategies, decision-making on the execution of operations such as development, production and sales, developing risk management systems, and other related matters
- Other matters delegated by the Board of Directors, excluding matters to be judged and determined by the Board of Directors

## 3. Executive Personnel Committee

Yamaha Motor has established an Executive Personnel Committee as a voluntary advisory body of the Board of Directors, to improve transparency and validity in nominating candidates for executive positions, and to determine their remuneration. The Executive Personnel Committee deliberates matters including candidates for executive positions, the remuneration system, remuneration and bonus plans, composition of Directors, Audit & Supervisory Board Members and Executive Officers, and the evaluation of Executive Officers. The Executive Personnel Committee reports to the Board of Directors. The Executive Personnel Committee also evaluates candidates for senior executive positions including the Chief Executive Officer. The Executive Personnel Committee consists of Representative Directors and Outside Directors of the Company, and the current members are as follows:

|                   |                                       |                   |
|-------------------|---------------------------------------|-------------------|
| Chairman:         | President and Representative Director | Hiroyuki Yanagi   |
| Committee member: | Representative Director               | Takaaki Kimura    |
| Committee member: | Outside Director (Independent)        | Tamotsu Adachi    |
| Committee member: | Outside Director                      | Takuya Nakata     |
| Committee member: | Outside Director (Independent)        | Atsushi Niimi     |
| Committee member: | Outside Director (Independent)        | Genichi Tamatsuka |

## 4. Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members are made up of two (2) Standing Audit & Supervisory Board Members and two (2) Outside Audit & Supervisory Board Members. On the basis of fiduciary responsibilities to shareholders, Audit & Supervisory Board Members and the Audit & Supervisory Board, as a body independent from the Board of Directors, request the Company and its subsidiaries to submit reports on their business activities in accordance with laws and regulations, survey the status of business operations and property, exercise rights in respect of appointing or dismissing an External Accounting Auditor and audit compensation, attend meetings of the Board of Directors and other important meetings, and provide opinions as needed. Through these tasks, Audit & Supervisory Board Members and the Audit & Supervisory Board audit the legality and appropriateness of Directors' execution of duties, internal control systems, and the performance and financial position of the Company and its subsidiaries. An Audit & Supervisory Board Members' Office, with a dedicated staff of two (2) persons, has been established to assist the Audit & Supervisory Board Members with their audit and supervisory operations. In principle, the Audit & Supervisory Board meets monthly, and additionally from time to time as necessary.

## 5. Executive Officers and Management Committee, etc.

The Company has twenty-eight (28) Executive Officers, of whom nine (9) serve concurrently as Directors. A Management Committee, comprising twelve (12) Executive Officers with specific posts, has been established to deliberate on matters of business execution, speeding up the Company's decision-making process. In principle, the Management Committee meets at least monthly, and additionally from time to time as necessary.

In addition, a Global Executive Committee has been established to deliberate on important management policies and issues related to the Group's management. The Global Executive Committee includes the Company's President and Chief Executive Officer, all Executive Officers with specific posts, and senior local managers of major Group companies, and has thirty-eight (38) members, of whom twenty-seven (27)

are Japanese and eleven (11) are non-Japanese. In principle, the Global Executive Committee meets at least once annually, and additionally from time to time as necessary.

#### 6. Risk Management and Compliance Committee

A Risk Management and Compliance Committee, comprising eleven (11) Executive Officers with specific posts, has been established to deliberate measures related to risk management and compliance. In principle, the Risk Management and Compliance Committee meets at least twice annually, and additionally from time to time as necessary.

#### 7. Internal Auditing

The Integrated Auditing Division, with twenty-five (25) members and reporting directly to the President and Chief Executive Officer, has been established as an internal auditing sector to audit the appropriateness of operational activities at the Company and its subsidiaries. In addition, internal audit functions have been installed at major subsidiaries, working together with the Company's internal auditing sector to audit divisions and subsidiaries.

#### 8. State of Audit

The Company has designated Ernst & Young ShinNihon LLC as the independent auditing company with review responsibilities for Company audits. Certified Public Accountants who engaged in the certification of audit are as follows:

|                    |   |
|--------------------|---|
| Takahiro Takiguchi | Designated Limited Liability and Engagement Partner |
| Noritada Aizawa    | Designated Limited Liability and Engagement Partner |
| Masanori Enomoto   | Designated Limited Liability and Engagement Partner |

The number of continuous years the Certified Public Accountants have served the Company is omitted because it is under seven (7) years for all of them.

Ernst & Young ShinNihon LLC has introduced a voluntary system for rotating engagement partners in its employ so that none exceeds a certain number of years in continuous service.

Support staff for the audit includes thirteen (13) Certified Public Accountants and twenty-two (22) other assistants.

#### 9. Overview of Agreements That Limit Liabilities for Damages

The Company has entered into agreements with Outside Directors and Audit & Supervisory Board Members, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, which limit these executives' liabilities (as specified in Paragraph 1 of Article 423 of the Companies Act) for damages. The upper limit of liability for damages in the agreements is the amount as specified by laws and regulations. The Company limits liabilities for damages charged to Outside Directors and the Audit & Supervisory Board Members only when they acted with goodwill and the liability did not arise because they committed serious negligence in executing their duties.

### 3. Reasons for Adoption of Current Corporate Governance System

Yamaha Motor supplies various kinds of products and services to markets around the world, including sensibility-focused personal mobility for individual customers' recreational purposes, user friendly and practicality-focused personal mobility for travelling and transportation purposes, marine products to be used for a wide range of applications from recreational to business purposes, industrial robots, vehicle engines, and unmanned helicopters for corporate customers business use.

Overseas sales account for approximately 90% of the Company's consolidated net sales. With the principal concept of developing and producing locally where the products are consumed, our development, procurement, production and sales and other activities have expanded worldwide.

To sustainably develop operational activities that are capable of flexibly responding to customer diversity, product diversity and the globally expanding market, we acknowledge that adequate risk-taking and decisive decision-making are necessary. We also place importance on multilaterally understanding and appropriately overseeing issues and risks associated with the implementation of management strategies.

We believe it is effective to structure a corporate governance system consisting of the Board of Directors, made up of Directors of the Company who are familiar with the Company's customer characteristics, products, business operations and functions and Outside Directors who have a wealth of knowledge in global corporate management, and the Audit & Supervisory Board whose members include Outside Audit & Supervisory Board Members with professional knowledge in areas including accounting, legal affairs, and management administration. Under this corporate governance system, Executive Officers are appointed to execute operational duties in a timely manner, and the Board of Directors delegates matters related to the execution of business operations to the Executive Officers.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

|   | Supplementary Explanations   |
|---|--|
| Early Notification of General Shareholder Meeting | Yamaha Motor dispatches the notice of convocation three weeks prior to the date of the meeting.                        |
| Scheduling AGMs Avoiding the Peak Day             | Yamaha Motor works to avoid the Peak Day.  |
| Allowing Electronic Exercise of Voting Rights     | Yamaha Motor enables shareholders to exercise voting rights through the Internet website                               |
| Participation in Electronic Voting Platform       | Yamaha Motor participates in the electronic voting platform operated by ICJ, Inc.                                      |
| Providing Convocation Notice in English           | Yamaha Motor provides a summary of the notice of convocation in English on the Company's website.                      |
| Other   | The notice of convocation (including reference documents) and attached documents are posted on Yamaha Motor's website. |

#### 2. IR Activities

|   | Supplementary Explanations  | Explanation by Representative |
|---|---|-------------------------------|
| Preparation and Publication of Disclosure Policy                    | The disclosure policy is disclosed on Yamaha Motor's website.   |                               |
| Regular Investor Briefings for Individual Investors                 | Yamaha Motor endeavors to carry out comprehensible communication with individual investors through measures including participation in events sponsored by newspaper publishers and securities companies, briefing sessions for individual investors, and dedicated website pages for individual investors.   | No                            |
| Regular Investor Briefings for Analysts and Institutional Investors | Financial results briefing sessions are held when financial results are released. The Representative Director and President explains the second quarter and year-end financial results, while other Directors explain the first quarter and third quarter financial results.  | Yes                           |
| Regular Investor Briefings for Overseas Investors                   | In principle, the "IR road show" for overseas investors is held twice a year, and the Representative Director and President, or the Director in charge, explains the results to overseas investors.   | Yes                           |
| Posting of IR Materials on Website                                  | Videos and presentation materials of financial results briefing sessions; securities reports, business results and other materials for investors; the notice of convocation of the General Meetings of Shareholders and other materials for shareholders; as well as legal public notices and other notices are posted on Yamaha Motor's website for the convenience of shareholders and investors. |                               |
| Establishment of Department and/or Manager in Charge of IR          | A dedicated department has been established in the Corporate Communication Division to engage in the planning and promotion of IR activities.   |                               |
| Other   | In addition to the above, individual interviews are given to analysts and institutional investors (at the corporate headquarters and in Tokyo, etc.).   |                               |

#### 3. Measures to Ensure Due Respect for Stakeholders

|   | Supplementary Explanations   |
|---|--|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | <p>While promoting the management principles "creating value that surpasses customer expectations," "establishing a corporate environment that fosters self-esteem," and "fulfilling social responsibilities globally," Yamaha Motor formulates policies on social responsibilities for each stakeholder, namely, customers, shareholders and investors, employees, business partners, the community, and the environment in the Basic Policies on CSR.</p> <p>The Corporate Governance Guidelines established in December 2015 present the view that we need to be well aware that our sustainable growth and medium- to long-term enhancement of corporate value are greatly supported by the resources and efforts provided by all stakeholders, namely, customers, employees, business</p> |

|  |   |
|--|---|
|  | partners, communities, the greater society, and the global environment that interact with Yamaha Motor worldwide.   |
| Implementation of Environmental Activities, CSR Activities, etc. | <p>In the Basic Policies on CSR, while positioning environmental conservation activities as one of its important management issues, Yamaha Motor has established an Environment Committee as a body for discussing environment-related measures and is proactively pushing ahead with efforts to carry out environmental conservation activities. As for CSR activities, while complying with domestic and foreign laws and regulations and the spirit of such laws and regulations, we place great importance on communication with stakeholders and formulate the Basic Policies on CSR and promote CSR activities to contribute to the sustainable development of society through business activities based on our Corporate Philosophy.</p> <p>The Corporate Governance Guidelines established in December 2015 present the view that handling issues concerning sustainability is an important risk management task, which leads to the generation of growth opportunities. We have successfully delivered technological innovations in compact engines with little environmental impact and commercialized Smart Power products like electrically power assisted bicycles and electric motorcycles, conducted research and development in next generation power sources, and promoted social contribution activities by making use of human resources, tangible assets and know-how built through our business operations, while maintaining harmony with the global environment. Yamaha Motor continues to engage in these initiatives to develop further an internal promotion system. The Board of Directors formulates policies on dealing with issues concerning sustainability and regularly reviews their implementation status.</p> |
| Development of Policies on Information Provision to Stakeholders | <p>Yamaha Motor formulates basic policies on information disclosure in the Information Disclosure Regulations as follows for the purpose of fulfilling its duty of accountability so that stakeholders can appropriately understand and evaluate the Company and stakeholders can make decisions appropriately. (1) We strive to promptly disclose information concerning matters related to the lives and safety of customers and matters affecting local communities. (2) We disclose information required to be disclosed by laws and regulations and rules of Tokyo Stock Exchange, Inc. in an accurate, fair, timely and appropriate manner. (3) With respect to information not specified in laws and regulations and rules of Tokyo Stock Exchange, Inc., we strive to voluntarily disclose information deemed necessary from the standpoint of social responsibility.</p>   |

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

1. Systems to ensure the Directors compliance with acts, regulations and the Company's Articles of Incorporation
  - The Board of Directors shall supervise Directors in the implementation of their responsibilities, to ensure that they exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.
  - Audit & Supervisory Board Members, in accordance with the criteria and methodology established by the Audit & Supervisory Board, shall audit the business conduct of the Directors.
  - The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
  - The Company shall form such organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.
2. Maintenance and administration of information concerning the business conduct of Directors
  - Documents and other forms of information on the business conduct of Directors shall be prepared, maintained and administered appropriately by establishing and operating necessary arrangement involving internal regulations.
  - Confidential information including documents and other forms of information on the business conduct of Directors shall be handled appropriately by establishing and operating necessary arrangement involving internal regulations.
  - The Company shall form such organizations and develop such rules as necessary to ensure timely and appropriate disclosure of significant company information.
3. Rules relating to risk control against loss
  - The Company shall establish a Risk Management and Compliance Committee as an organization carrying out deliberation on its risk management measures, and shall establish a risk management supervising section

for developing regulations concerning risk management of the Company and its subsidiaries, conducting risk assessment and structuring system for monitoring the risk management.

- Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
- The Company shall develop and operate internal regulations, etc. as necessary to ensure integrated control of individual departmental risk management activities.
- If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the internal regulations, etc. with the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

4. Systems to ensure efficient execution of Directors' duties

- The authority and responsibilities of the Board of Directors, President and Chief Executive Officer and sector heads, and the system for transferring authority between them, shall be better defined by strengthening Board of Directors Rules, Decision-making Rules and other important rules.
- Resolutions to be proposed at the Board of Directors' meetings shall first be subject to deliberation by the Management Committee and other committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
- After the Medium-term Management Plan and the budget for the fiscal year are formulated, management control systems such as a "management by objectives system" shall be established to achieve the plan's goals and targets.

5. Systems to ensure employee compliance with acts, regulations and the Company's Articles of Incorporation

- The Company shall establish the Risk Management and Compliance Committee as an organization carrying out deliberation on its compliance measures, and shall establish a compliance supervising section for enhancing and educating its Code of Ethics to the Company and its subsidiaries.
- The Company shall establish an internal reporting hotline in a third-party organization outside of the Company which enables one to directly report on any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company, which directly informs Audit & Supervisory Board Members and the President and Chief Executive Officer concerning such report.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form organizations and develop rules necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

6. Systems to ensure that the Yamaha Motor Group (composed of the Company and its subsidiaries) conducts business appropriately

- The Company's Group Companies Management Rules and Decision making Rules shall be established that define the controlling sectors in charge of supervising each subsidiary, and the authority, responsibilities and management methods of subsidiaries.
- In order to audit the appropriateness of operations of the Company and its subsidiaries, an internal auditing sector shall be established in the Company under the direct control of the President and Chief Executive Officer. An internal auditing function shall be established in major subsidiaries as well, and shall conduct audits of sections and subsidiaries collaborating with the internal auditing sector of the Company.
- Each domestic subsidiary, in principle, shall have a Board of Directors and an Audit & Supervisory Board Member; overseas subsidiaries shall design the governing body in accordance with local laws.
- At least one Director of each subsidiary, in principle, shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.
- The section supervising financial reporting of the Company shall provide subsidiaries with guidance and education to ensure appropriateness of financial information.

7. Systems to report to the Company on matters concerning the execution of duties at the Company's subsidiaries by Directors, employees who execute business, and any person in an equivalent position (Directors, etc.)

- The Group Companies Management Rules of the Company stipulates that Directors, etc. of its subsidiaries must report to the Company on their financial status and other important information.
- The Company shall request Directors, etc. of its significant subsidiaries to make a report on their business execution at the Management Committee meetings, etc. of the Company on a regular basis.

8. Rules relating to risk management against loss by the Company's subsidiaries and other systems

- The Company's risk management supervising section shall set out rules on managing risks of the Company and its subsidiaries, and establish a system to monitor the risk assessment and its implementation plans and results.
- The Company's risk management supervising section shall provide subsidiaries with guidance and education with respect to risk management initiatives carried out by each subsidiary.

- Standards of conduct shall be set out in the internal rules, etc. to allow the Company to promptly and adequately deal with significant issues about the Company and its subsidiaries when they arise and to minimize the damage from such issues.
9. Systems to ensure efficient execution of duties by Directors, etc. of the Company's subsidiaries
    - Decision-making processes, responsibilities and authority shall be clarified by strengthening the Board of Directors Rules, Decision Making Rules and other important rules.
    - The Group Medium-term Management Plan and the budget for the fiscal year shall be set out.
    - A common management control system shall be adopted by the Company and its subsidiaries.
    - Global Executive Committee meetings, comprising Executive Officers of the Company and its major subsidiaries, shall be held regularly to share information on the group management policy and deliberate on the policy to deal with important issues.
  10. Systems to ensure that the execution of duties by Directors, etc. and employees of the Company's subsidiaries complies with acts, regulations and the Company's Articles of Incorporation
    - The compliance supervising section of the Company shall enhance the Code of Ethics to be complied with by the Company and its subsidiaries, and shall provide subsidiaries with education on compliance.
    - The compliance supervising section of the Company shall provide subsidiaries with guidance and education in respect of compliance initiatives taken by each subsidiary.
    - The Company and its subsidiaries shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company and its subsidiaries shall reinforce this commitment in their Code of Ethics.
    - The Company and its subsidiaries shall form organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.
    - The internal auditing sector of the Company shall work in collaboration with the internal auditing functions of its subsidiaries and perform audits on the system for compliance with acts and regulations of the subsidiaries.
    - Audit & Supervisory Board Members of the Company shall perform audits on the status of Directors' execution of duties, internal control, risk management, measures to deal with compliance, and asset management status, etc. of its subsidiaries in accordance with the criteria and methodology established by the Audit & Supervisory Board.
  11. Employee to assist Audit & Supervisory Board Members
    - An Audit & Supervisory Board Members' Office shall be established with a full-time employee dedicated to assisting the Audit & Supervisory Board Members in the execution of their duties.
  12. Employee assisting Audit & Supervisory Board Members independence from Directors
    - The internal rules provides that the authority to give instructions and orders to the employees assisting Audit & Supervisory Board Members shall be delegated to each Audit & Supervisory Board Member.
    - Any dismissal or personnel changes concerning the employee assisting Audit & Supervisory Board Members in the execution of their duties shall be approved by the Audit & Supervisory Board in advance.
  13. Matters in respect of ensuring the effectiveness of instructions given by Audit & Supervisory Board Members to the employees assisting Audit & Supervisory Board Members
    - No employee assisting Audit & Supervisory Board Members in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Audit & Supervisory Board Members, whose opinions shall be taken into consideration in evaluating the employee.
  14. Rules concerning Directors and employees reporting to the Audit & Supervisory Board Members
    - Directors and employees shall report to Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors or employees, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, depending on the importance and urgency thereof.
    - Directors and employees shall report the following matters to the Audit & Supervisory Board Members periodically, or when necessary, at their request:
      - Establishment and operation of internal control systems, and related subjects
      - Results of internal audits conducted by the internal audit section
      - Operation of the internal reporting system, and receipt of reports
  15. Rules to submit a report to Audit & Supervisory Board Members by the subsidiaries' Directors, Audit & Supervisory Board Members, employees who execute business, any other person in an equivalent position and employees or any person who received reports from aforementioned persons

- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees, and any person who received reports from these persons shall report to the Company's Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors and employees of the Company and its subsidiaries, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, when they recognize that such facts are present, depending on the importance and urgency thereof.
  - The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers and employees and any person who received reports from these persons shall report to Audit & Supervisory Board Members of the Company, at their request, on the following matters on a regular basis or when needed.
    - Matters in respect of the business execution
    - Result of audits performed by Audit & Supervisory Board Members of the domestic subsidiaries
    - Result of internal audits performed by the Company's internal auditing sector
    - Status of compliance and risk management, etc.
16. Systems to ensure that any person who reports as described in the preceding paragraph will not receive any disadvantageous treatment due to such reporting
- The Company shall stipulate in its internal rules that any person who reports as described in the preceding paragraph will not receive any disadvantageous treatment due to such reporting.
17. Matters regarding the policy for handling expenses or liabilities incurred in relation to the procedures for the advance payment or reimbursement of expenses incurred during the execution of duties by Audit & Supervisory Board Members, and other expenses or liabilities incurred during execution of the said duties
- In order to pay expenses, etc. incurred in the course of the Audit & Supervisory Board Members' execution of duties, a certain amount of budget shall be allocated annually.
  - When requests such as payment of expenses in advance are made by Audit & Supervisory Board Members in accordance with Article 388 of the Corporation Act of Japan, payment of such expenses or liabilities shall be made or discharged in a prompt manner.
18. Other systems to ensure effective auditing by Audit & Supervisory Board Members
- The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
  - Audit & Supervisory Board Members shall attend important meetings of bodies including the Management Committee, Risk Management and Compliance Committee, and Executive Committee.
  - The internal audit section shall explain its internal audit plan to Audit & Supervisory Board Members in advance.
  - The minutes of the Management Committee meeting and any other meetings as the Audit & Supervisory Board Members may specify shall be made available for their perusal. The Audit & Supervisory Board Members shall be granted similar access to any approved proposal memorandums they may specify.
  - Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

## 2. Basic Views on Eliminating Anti-Social Forces

- The Company maintains a robust posture against antisocial forces that threaten the order and safety of civil society and specifies the division responsible for reinforcing this commitment in its Code of Ethics while also collecting necessary information.
- The Company does not have any relations with criminal organizations or other antisocial forces and does not make payments to members of criminal organizations. This policy is disseminated to all officers and employees through internal notifications and in-house training.
- The Company is pushing ahead with measures such as verifying the attributes of the other party involved in the transaction when the transaction is suspected to support the activities of criminal organizations, and taking steps to ensure contracts can be immediately terminated in cases when the other party involved in the transaction is found to be an antisocial force.
- The Company cooperates with the Public Interest Incorporated Foundation established for the purpose of eliminating criminal organizations from society and its subordinate organization, the Antiviolence Promotion Council, and other specialized agencies and uses the latest information on antisocial forces provided by such organizations to raise the awareness of employees as required.



## V. Other

### 1. Adoption of Anti-Takeover Measures

| Adoption of Anti-Takeover Measures   | Not Adopted |
|--|-------------|
| Supplementary Explanation  |             |
| Basic Policy on Control of the Company   |             |
| <p>(1) Outline of the Basic Policy</p> <p>The Company has been producing many market-leading products on a global scale in its business domains including motorcycles, marine products and power products.</p> <p>Although it takes continuous investment of resources from a long-term perspective to develop proprietary technologies, the highly unique technologies and know-how accumulated in the process, knowledge and information of specific market sectors gained through development effort, and deep relationship of trust with trading partners cultivated over many years through the regular problem-solving efforts as well as high quality human resources in specialist fields are all enhancing the Company's competitive advantages to an even higher level, which are believed to provide significant management resources promoting its corporate value into the future. The Company's field of activities extends beyond its business operations to activities such as philanthropy and environmental preservation. The Company fully recognizes that a wide variety of business operations coupled with such activities can produce a synergy that builds Yamaha Motor's brand and corporate value. To further enhance such brand value and corporate value, the Company must aggressively introduce new models and develop new value-added products incorporating new technologies. As a prerequisite for creating breakthrough technologies, the Company must strengthen its research and development (R&amp;D) activities. Furthermore, high profitability and growth are projected in the next-generation environmental technologies, such as the development of environment-conscious low-fuel-consumption engines and electric-powered motorcycles. In order to earn profit in these fields of activities, it is crucial to aggressively promote a R&amp;D basis for the foundation of these activities. The Company believes that an acquisition of the Company by parties who poorly understand the elements that comprise the brand and corporate value of the Group (described above) would damage the corporate value and hinder the common interests of the shareholders. Once in control of financial and business decisions, such parties could act only from short-term profit motives and dismantle management policies that have been planned and developed over time from a medium-and long-term perspective. Such actions might include excessive reductions in manufacturing costs, R&amp;D expenses, and other expenditures — all decisions which would damage the Group's competitiveness. Not only the above-mentioned case but also certain acquisition schemes would negatively impact corporate value and work against the common interests of the Company's shareholders.</p> <p>In order to protect and enhance the Company's corporate value and the common interests of the Company's shareholders, the Company deems it necessary that a would-be acquirer adequately discloses the following information prior to any takeover attempt: the proposed management policy and business plan intended by the would-be acquirer; the impact the takeover proposal would have on the Company's shareholders, the management, and the many stakeholders surrounding the Company; and the acquirer's attitudes toward social responsibilities, including the safety of the products. Furthermore, the Company deems it necessary that reasonable time to examine a takeover proposal, and reasonable negotiation power against the would-be acquirer are secured.</p> <p>(2) Outline of Special Efforts towards Realizing the Effective Use of the Company's Assets, the Establishment of an Appropriate Corporate Group, and Other Basic Policy</p> <p>For the achievement of our corporate mission, "<i>Kando</i> Creating Company"—to offer new excitement and a more fulfilling life for people all over the world, the Company is working to secure and enhance the corporate value and the common interests of the Company's shareholders by implementing various measures mentioned hereunder, in a planned and consistent way from a medium to long-term perspective.</p> <p>1. Efforts to enhance corporate value with the Medium-term Plan</p> <p>The Company has attained almost all of the performance targets for the Medium-term Plan commenced in 2013. Furthermore, in December 2015, the Company formulated a new Medium-term Plan that commenced in 2016. Under the new Medium-term Plan (2016-2018), management aims to build on the previous Medium-term Plan (2013-2015), which targeted "increasing corporate value through sustainable growth," by increasing investment for growth and returns to shareholders, while further enhancing the earnings power of existing business and maintaining and strengthening a stable financial foundation.</p> <p>2. Efforts to increase corporate value by strengthening corporate governance</p> <p>To ensure the implementation of the Company's growth strategies for the future, Yamaha Motor's Board of Directors establishes an environment that supports management's appropriate risk-taking and decisive decision-making activities, and multilaterally understands and appropriately oversees issues and risks</p> |             |

associated with the implementation of the Company's management strategies from the viewpoint of fulfilling responsibilities to various stakeholders including shareholders and investors.

<Corporate Governance Guidelines>

- Chapter 1 Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders
- Chapter 2 Appropriate collaboration with various stakeholders
- Chapter 3 Appropriate information disclosure and ensuring transparency
- Chapter 4 Responsibilities of the Board of Directors, etc.
- Attachment 1 Standards for selecting independent outside officers
- Attachment 2 Policies to promote constructive dialogue with shareholders

"Yamaha Motor's Corporate Governance Guidelines" For the full text, please visit our website

[https://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

- (3) Efforts to prevent the decisions on financial and business policies of the Company to be controlled by parties inappropriate in the light of the Company's basic policy

In order to protect and increase the corporate value and the common interests of the shareholders, the Company implemented the takeover defense measures against attempts of mass acquisition of the Company's shares at the 72nd Ordinary General Meeting of Shareholders held on March 27, 2007. Subsequently, at the 75th Ordinary General Meeting of Shareholders held on March 25, 2010 and the 78th Ordinary General Meeting of Shareholders held on March 26, 2013, the measures were partially revised and continued upon approval of the shareholders. (the measures revised in March 2013 will hereinafter be referred to as the "Plan"). However, at the Board of Directors' meeting held on December 23, 2015, it has resolved to discontinue the Plan after the conclusion of its effective term.

Nevertheless, in the event that any party makes attempts of mass acquisition of the Company's shares after the conclusion of the Plan's effective term, the Company will take appropriate measures in accordance with relevant laws and regulations from the perspective of protecting and enhancing corporate value and the shareholders' common interests such as requesting necessary and sufficient information for shareholders to appropriately judge whether such mass acquisition is justified, disclosing the opinions of the Company's Board of Directors, and securing a sufficient amount of time for shareholders' consideration therewith.

- (4) The decision of the Board of Directors and the grounds for such decision

The Company believes that the efforts stated in (2) and (3) above conform with the basic policy stated in (1) above and are not for the purpose of maintaining the status of the Company's officers.

## 2. Other Matters Concerning to Corporate Governance System

### Overview of the Framework for Timely Disclosure

#### 1. The Company's basic views on disclosure

The Company discloses information in compliance with its disclosure policy, as outlined below (presented in abstract form; the full text is available on the Company's website), and in accordance with the Timely Disclosure Regulations enacted by Tokyo Stock Exchange, Inc. The Company will also disclose information that does not fall under the Timely Disclosure Regulations immediately if the Company judges that such information is relevant to its investors and other stakeholders.

#### <<Disclosure Policy>>

##### (1) Disclosure Standards

Our disclosure is made in accordance with the Timely Disclosure Regulations (the "Regulations") enacted by Tokyo Stock Exchange, Inc. ("TSE").

The Regulations require timely disclosure when a decision, event or information regarding accounts settlement that affects investment judgments occurs, or when an inquiry is made by the TSE, or when a material change, suspension or discontinuation occurs on the contents of material corporate information which has already been disclosed.

It is also our policy to disclose, as much positively and fairly as possible, information that does not fall under the Regulations, such as the contents of announcements made at a meeting with institutional investors, in order to better meet investors' needs.

##### (2) Information Disclosure Method

Disclosure of information falling under the Regulations is publicized through the Timely Information Disclosure System (TDnet) offered by the TSE after prior explanation to the TSE in accordance with the Regulations. We post each piece of information publicized on TDnet on our Websites promptly. A substantial delay in such posting on our Websites may occur due to the particular circumstances of preparation of PDF files and other tools. In disclosing information beyond that required to be released under the Regulations, we

are endeavoring to ensure that such information is provided as much precisely and fairly as possible to general investors.

## 2. Our internal system for timely disclosure

### <<Internal Regulations>>

We have established the “Information Disclosure Regulations” with a view to fulfilling our duty of accountability by disclosing accurate company information to all stakeholders, and to ensuring the timely and appropriate information disclosure to promote understanding and facilitate proper evaluation of the Company. Based on the “Information Disclosure Regulations,” all disclosed information is categorized by degree of importance in terms of its impact on corporate management and contents and disclosed through approval and disclosure procedures established according to the degree of importance. In addition, with regard to insider information, in order to prevent insider trading, we have established the “Code of Ethics” and “Regulations for Prevention of Insider Trading” and specified information management and disclosure procedures.

### <<Timely Disclosure System>>

#### (1) Collecting of information

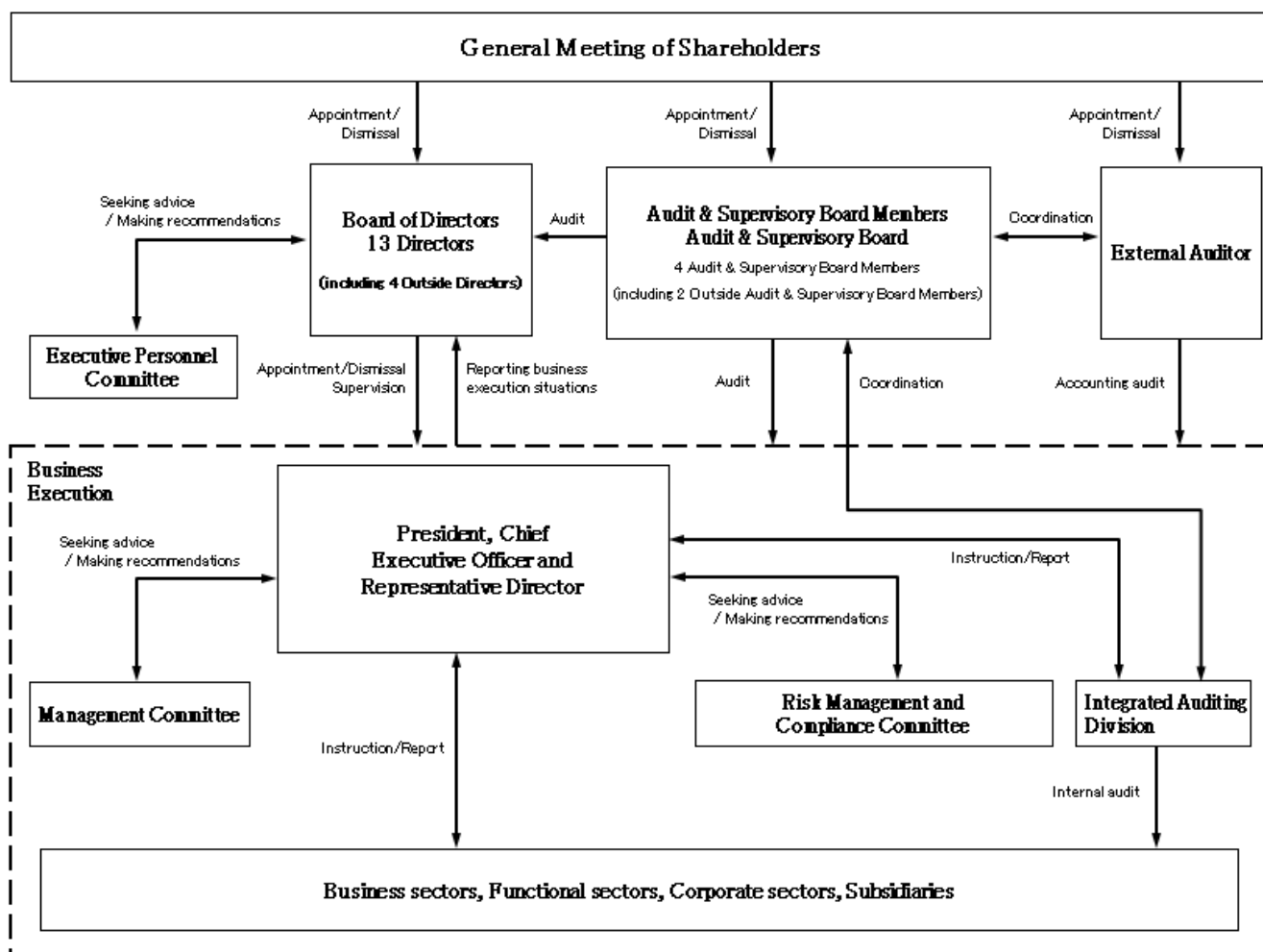
The divisions and the subsidiaries report the information that they have and disclose in a timely manner to the divisions in charge of timely disclosure (Corporate Planning Division, Finance & Accounting Division and Corporate Communication Division).

#### (2) Decisions on approval of disclosure and disclosure procedures

With respect to the information collected, the decision on timely disclosure and the method of disclosure are considered in accordance with rules of Tokyo Stock Exchange, Inc. and other relevant laws and regulations. Regarding information falling under timely disclosure items, the divisions in charge of timely disclosure (Corporate Planning Division, Finance & Accounting Division and Corporate Communication Division) promptly follows the disclosure procedure after reporting to Representative Directors and obtaining approval from the decision-making body.

#### (3) Internal control of information disclosure

As the information management supervising division, the General Affairs Division develops internal regulations for information disclosure control, monitors the status of implementation, and provides guidance as required based on the results thereof.



As of March 24, 2017

## Internal system of timely disclosure

