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YAMAHA Corporation
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https://www.yamaha.com/en/

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

I Basic Policies for Corporate Governance and Basic Information on Capital Structure, Corporate Attributes, and Other Matters

1. Basic Policy

Yamaha Corporation and our Group companies (hereinafter referred to as "Yamaha" or "the Company" and the "Yamaha Group" or "the Group") have issued the Yamaha Philosophy as our Corporate Philosophy and our Promises to Stakeholders, which we have made to all related parties, starting with our shareholders. By fulfilling our social responsibilities in such areas as compliance, the environment, safety, and contribution to the community even as we ensure a high level of profitability based on our global competitive prowess and increased business efficiency, we are working to ensure sustainable growth and to enhance the enterprise value over the medium-to-longer term.
To realize this vision, based on the "Basic policies for corporate governance" presented below, along with putting in place the organizational design, operating framework, and mechanisms as well as implementing various measures to manage the Company, we are carrying out quality business management in a transparent manner through the appropriate disclosure of information.

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

[Yamaha Philosophy]

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

*1 The Customer Experience exemplifies the meaning of "Sharing Passion and Performance" from the customer's viewpoint. When customers experience, use, or own Yamaha products and services they should experience a profound response that will stimulate both their emotions and senses.
*2 The Yamaha Quality is a set of criteria that supports Yamaha's insistence on quality in products and services and our dedication to excellence in manufacturing. These criteria assist in making the Corporate Philosophy a reality.
*3 The Yamaha Way explains the mindset that all employees of the Yamaha Group should adopt, and the manner in which they should act on a daily basis, in order to put the Corporate Philosophy into practice.

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

technologies as well as refined creativity and artistry.

◆ Transparent and Sound Management

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

◆ Valuing People

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

◆ Harmony with Society

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

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

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

We fully comply all aspects of the Corporate Governance Code.

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

[Principle 1-4] Cross-holdings

It is Yamaha's basic policy to have cross-holdings only to the extent that this is reasonable because it contributes to the Company's sustainable growth and the enhancement of enterprise value over the medium-to-longer term. "Reasonable because it contributes to the Company's sustainable growth and the enhancement of enterprise value over the medium-to-longer term" refers to enhancing the value of our brand, supporting sustainable growth, and ensuring a strong financial base by maintaining stable relationships with companies with which we have important cooperative relationships, business partners, and financial institutions.

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

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

In exercising the voting rights associated with cross-holdings, the decision of how to vote is made comprehensively from the standpoint of whether the resolution enhances the enterprise value of the company in question over the medium-to-longer term, whether it is in accordance with our "Basic policy concerning cross-holdings," and whether it leads to the enhancement of our enterprise value over the medium-to-longer term. The Company exercises the voting rights in accordance with such decision.

[Principle 1-7] Transactions with related parties

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

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

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

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

[Principle 3-1] Improving information disclosure
In addition to disclosing information as required by laws and regulations, including the regulations of the Tokyo Stock Exchange, Yamaha discloses information in a timely, suitable, and proactive manner through our Corporate Governance Report and other reports, which are also published in English. These reports contain our basic policies for corporate governance, including our Corporate Philosophy, business strategies, and business plans; the policies and procedures by which director candidates are nominated; descriptions of the individual appointments and nominations; the policies and procedures by which compensations for the Directors and the Executive Officers are set

1. We have formulated a Corporate Philosophy and a Medium-Term Management Plan. They can be seen here:
Corporate Philosophy https://www.yamaha.com/en/about/philosophy/
Medium-term Management Plan https://www.yamaha.com/en/ir/presentations/slideshow_201904/

2. Our Corporate Governance Policies contains our basic concept of corporate governance. It can be found on our Website here:
https://www.yamaha.com/en/ir/governance/

3. The compensation of members of the Board of Directors, excluding Outside Directors and Auditing Committee members, and the compensation of the Executive Officers, excluding the officer in charge of the Internal Audit, shall consist of basic compensation and a bonus that reflects short-term Company performance. In addition to these forms of compensation, restricted stock of the Company will be paid with the objective of reflecting the medium-term performance of the Company in compensation and aligning the interests of the corporate officers with those of the shareholders. Compensation is determined by the Compensation Committee after due consideration.
Please note that that compensation of Outside Directors, director of members of the Audit Committee, and the officer in charge of the Internal Audit will consist of basic compensation only, in view of the roles these officers must play.
The compensation of Operating Officers shall be determined after deliberation in the Compensation Committee based on a similar compensation structure
For details, see the section on “Matters related to remunerations for Directors and Executive Officers”, under “1. Matters related to the structure, operation, etc. of the organization” on Part II.

4. The Nominating Committee determines the contents of proposals regarding the election and dismissal of the Directors to be submitted to the General Shareholders’ Meeting, and the election and dismissal of the Executive Officers and the Operating Officers to be submitted to the Board of Directors.
Regarding the selection of candidates for Director, the Nominating Committee selects candidates based on basic personal qualities and capabilities, competency, experience and record of achievements that are required of internal directors and outside directors as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the General Shareholders’ Meeting.
Regarding the selection of members and the chairs of the Nominating Committee, Audit Committee, and Compensation Committee, the Nominating Committee select candidates based on personal qualities and capabilities as defined by the roles of the committee. The Nominating Committee then decides on the content of selection proposals to be submitted to the Board of Directors. Note that for the selection of candidates for members and the chair of the Audit Committee, the Nominating Committee gathers opinions from the Audit Committee in advance.
For Executive Officers, the Nominating Committees selects candidates based on basic personal qualities and capabilities, competency, experience, and record of achievements that are required of Executive Officers as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors.
For Operating Officers, the Nominating Committee selects candidates based on personal qualities and capabilities they are required to play as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors.

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

achievements and insights, etc.

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

Masatoshi Ito Having been involved in management as Chief Executive Officer at one of the largest global food manufacturers in Japan, Mr. Masatoshi Ito has a wealth of experience and achievements alongside broad insight as a corporate manager. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

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

Taku Fukui With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Taku Fukui has a high degree of expertise, wealth of experience and achievements alongside broad insight. Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his high degree of expertise, wealth of achievements and insights, etc. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Yoshihiro Hidaka Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshihiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate manager. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2018, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc., and improve the Yamaha brand value.

Mikio Fujitsuka Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate manager, as well as adequate knowledge of finance and accounting. He has been nominated as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

Paul Candland Having been involved in management as the person responsible for the Asian region and Japanese arm of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a manager. He has been nominated as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc.

[Supplementary principle 4-1-1] Scope of delegation to the management team
With the aim of achieving sustainable growth and the enhancement of enterprise value over the medium-to-longer term, the Board of Directors makes decisions on important matters as specified in laws and regulations, the Articles of Incorporation,

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

[Supplementary principle 4-1-3] The Successor Plan for CEO and other officers
Regarding the succession plans for the CEO and other officers' successors, the Board of Directors oversees appropriately through the system planning and oversight by the Nominating Committee.

[Principle 4-9] Standards and qualities of independence of the independent outside directors
In addition to the requirements for independence established by the Companies Act and the Tokyo Stock Exchange, the Company has established independence criteria.
The Company's standards for the independence of independent outside directors are:
(1) Persons for whom any of the following apply may not serve as independent outside directors of the Company. If after the appointment of an independent outside director any of the following are found to apply, the appointment shall be nullified.
1. Persons who do not meet the requirements and qualifications of an outside director as stipulated in the Companies Act.
2. Persons or executives with whom the Group is a significant business partner, or persons or executives which are significant business partners for our Group.
Here, "significant business partner" means, in any one of the most recent three years, any company for which the amount the Company receives from the group of business partners exceeds 2% of the Company's consolidated net sales, or the amount to be paid to the Company that exceeds 2% of those companies' consolidated net sales or any of the top five banks with which we transact business.
3. Principal shareholders in the Company or executives of the Company, or directors or corporate auditors of companies in which the Company is a principal shareholder.
Here, "principal shareholder" means any entity holding more than 10% of the outstanding shares or other form of equity investment.
4. Persons who are directors or corporate auditors of companies in a mutual secondment relationship with the Group.
5. Consultants, accounting specialists or legal specialists who receive large sums of money or other assets – other than executive remuneration – from the Company. (If the entities receiving said assets are corporations, unions or other groups, then persons associated with these organizations.)
Here, "large sums of money or other assets" means the amount of more than 10 million yen that is to be paid by the Company in any one of the most recent three fiscal years. (In cases of non-monetary compensation, this refers to the market value at the time of payment.)
6. Close relatives of anyone for whom (a) through (c) below apply (relations within the second degree).
(a) Persons for whom 2. through 4. apply.
(b) Executives of the Company or any of its subsidiaries.
(c) Persons for whom (b) above applied at the time of the most recent General Shareholders' Meeting when persons were appointed as directors.
(2) Even persons for whom 2. through 6. above apply may be appointed as independent outside directors, or not have their appointment nullified, if it can be clearly determined there exists no possibility of conflict with the interests of ordinary shareholders, and those reasons are clearly stated.

[Supplementary principle 4-11-1] Composition of the Board of Directors
The makeup of the Board of Directors is diverse and comprises persons with expertise and experience who have the necessary insight, high ethical values, sense of fairness, and integrity. The Board of Directors shall have the number of people that allows the Board of Directors to perform its functions effectively and efficiently. Moreover, to exercise oversight functions with a high degree of transparency and objectivity, a significant proportion of independent outside directors on the Board of Directors shall be appointed.

[Supplementary principle 4-11-2] Concurrent services by directors
If a director concurrently serves as a director and other positions at listed companies other than the Company, the scope of service will be kept within reason, and the circumstances will be presented in the business report attached to the notice for the General Shareholders' Meeting.

[Supplementary Principle 4-11-3] Analyzing and evaluating of the effectiveness of the Board of Directors
<Evaluation Process>
Yamaha carried out evaluations, including evaluations by outside specialists using the following processes.

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

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

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

<Summary of the Evaluation>

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

Oversight of the management team from an independent and objective standpoint is conducted highly effectively.

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

Regarding awareness of those issues related to effectiveness in the previous evaluation, steps are being taken toward improvement. In particular, the evaluation highly evaluated improvements in the establishment of systems for internal controls and risk management, their reporting systems, and various measures devised for the management and deliberations of the Board of Directors.

On the other hand, regarding the further strengthening of the oversight functions of the Board of Directors and the management of each Committee, constructive opinions have been expressed.

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

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

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

In addition, they gain a deeper awareness of management issues by participating in sessions such as the management meeting to review business challenges.

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

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

The Legal Division, IR Department, and Corporate Finance Division will cooperate and assist the responsible Director to ensure that dialogue with shareholders and investors is conducted in a reasonable and orderly manner.

In addition to the respective dialogue with shareholders and investors, the Company offers presentations on its medium-term management plan and quarterly earnings presentations as well as business briefings, facilities tours, and presentations for individual investors. The Company also posts its management plan and the explanatory materials used in earnings presentations on the Company website.

The results of the dialogue with shareholders and investors are reported to the Board of Directors by the Director responsible, Executive Officers, or Operating Officers on a timely basis, and they will be appropriately reflected in the management of the Company, leading to the Group’s sustainable growth and enhancing enterprise value over the medium-to-longer term. Additionally, the voting is analyzed for each resolution at the Ordinary General Shareholders’ Meeting, and this is reported to the Board of Directors.

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

2. Capital Structure

Percentage of shares owned by foreign shareholders	More than 20%, Less than 30%

【Major Shareholders】

Name	Number of shares held (shares)	Ratio to total (%)
The Master Trust Bank of Japan, Ltd. (trust a/c)	27,608,000	15.48
Japan Trustee Service Bank, Ltd. (trust a/c)	14,922,600	8.37
Yamaha Motor Co., Ltd.	10,326,701	5.79
The Shizuoka Bank, Limited	7,525,455	4.22
Sumitomo Life Insurance Company	7,300,000	4.09
Mitsui Sumitomo Insurance Co., Ltd.	7,177,500	4.02
Mizuho Bank, Ltd.	5,958,794	3.34
Nippon Life Insurance Company	5,002,252	2.80
Japan Trustee Service Bank, Ltd. (trust a/c No. 7)	2,918,500	1.64
Trust and Custody Services Bank, Ltd. (trust a/c)	2,856,700	1.60

Existence of majority-owning shareholders (excluding parent company)	None
Existence of parent company	None

Supplementary explanation

1. Please note that the current status of our capital structure and major shareholders are stated as of September 30, 2019.

2. In a statement of major shareholdings dated July 6, 2015, and submitted for public inspection, BlackRock Japan Co., Ltd. said it and eight of its joint holders held 9,990 thousand shares as of June 30, 2015 (5.06% of shares outstanding); as of September 30, 2019, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.

3. In a statement of in major shareholdings dated October 1, 2018, and submitted for public inspection, Mitsubishi UFJ Financial Group, Inc. said it and three of its joint holders held 9,707 thousand shares as of September 24, 2018 (5.07% of shares outstanding); as of September 30, 2019, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.

4. In a statement of changes in major shareholdings dated December 19, 2018, and submitted for public inspection, Nomura Asset Management Co., Ltd. said it and one of its joint holders held 14,890 thousand shares as of December 14, 2018 (7.77% of shares outstanding); as of September 30, 2019, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.

5. In a statement of changes in major shareholdings dated December 21, 2018, and submitted for public inspection, Sumitomo Mitsui Trust Bank Limited said it and two of its joint holders held 13,911 thousand shares as of December 14, 2018 (7.26% of shares outstanding); as of September 30, 2019, the Company has not been able to verify the actual number of shares held, so we have not included it in our listing of major shareholders, above.

3. Corporate Attributes

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

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

None

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

None

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

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

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

【Matters related to the Directors】

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

【Matters related to the Outside Directors】

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

Relations with the Company (1)

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

* Categories for “Relationship with the Company”
* “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past
* “●” when a close relative of the director presently falls or has recently fallen under the category; “▲”when a close relative of the director fell under the category in the past

a: He/She executes business of the Company or an Affiliated Company.
b: He/She executes business or a non-executive director of a Parent Company.
c: He/She executes business of a Fellow Subsidiary.
d: He/She is a person/entity for which the Company is a major client or a person who executes business for such person/client.
e: He/She a major client of the Company or a person who executes business for such client.
f: He/She is a consultant, accounting expert, or legal expert who receives large amounts of cash or other assets

in addition to director compensation from the Company.

g: He/She is a major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation.)

h: He/She executes business for a client of the Company (excluding persons categorized as any of d, e or f above.)

i: He/She executes business for another company holding cross-directorships/ cross-auditorships with the Company.

j: He/She executes business for an entity receiving contributions from the Company.

k: Other relations

Relations with the Company (2)

Name	Member of:			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Masatoshi Ito	○	○		○	———	(Reason for being elected) Having been involved in management as Chief Executive Officer at one of the largest global food manufacturers in Japan, Mr. Masatoshi Ito has a wealth of experience and achievements alongside broad insight as a corporate manager. Since assuming the position of Outside Director of the Company in June 2016, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. (About independence) There are no transaction relationships between the Company and Ajinomoto Co., Inc., where Mr. Masatoshi Ito serves as Director and Chairman of the Board, and neither party is classified as a major shareholder of the other. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Masatoshi Ito is an independent director under the provisions set forth by the Tokyo Stock Exchange.

Yoshimi Nakajima			○	○	———	(Reason for being elected) Having been involved in management as the person responsible for the Asian region and Japanese arm of a global financial institution, Ms. Yoshimi Nakajima has a wealth of experience and achievements alongside broad insight as a corporate manager. Since assuming the position of Outside Director of the Company in June 2017, she has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on her wealth of achievements and insights, etc., as a corporate manager. She has been nominated as a director on expectations that she will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. (About independence) The Company files documentation with the Tokyo Stock Exchange to establish that Ms. Yoshimi Nakajima is an independent director under the provisions set forth by the Tokyo Stock Exchange.

Taku Fukui			○	○	———	(Reason for being elected) With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Taku Fukui has a high degree of expertise, wealth of experience and achievements alongside broad insight. Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his high degree of expertise, wealth of achievements and insights, etc. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. (About independence) There are no transaction relationships between the Company and Kashiwagi Sogo Law Offices, where Mr. Taku Fukui serves as Managing Partner. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Taku Fukui is an independent director under the provisions set forth by the Tokyo Stock Exchange.
Yoshihiro Hidaka	○	○		○	Yoshihiro Hidaka doubles as Representative director of Yamaha Motor Co., Ltd. with which the Company conducts transactions for the lease of real estate, etc. Also, Takuya Nakata, the Company's Representative Executive Officer, doubles as an outside director of Yamaha Motor Co., Ltd. The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.1% of consolidated net sales of both companies.	(Reason for being elected) Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshihiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate manager. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2018, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate manager. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of

						Directors through these achievements and insights, etc., and improve the Yamaha brand value. (About independence) As the Company and Yamaha Motor Co., Ltd., where Mr. Yoshihiro Hidaka serves as President and Representative Director, share the Yamaha brand, the two companies are in a relationship such that enhancements to the brand value via the Company's sustainable growth also provides a positive effect on said company's corporate value, while damage to the brand due to violations of laws and regulations or deficient governance, etc., by the Company will have a negative effect on said company's corporate value. Mr. Yoshihiro Hidaka is a person with one of the deepest understandings of the Yamaha brand, which is the source of the Company's brand corporate value, and he shares an interest with ordinary shareholders regarding improvement of the Company's brand value. Furthermore, not only there are no significant transaction relationships between the Company and Yamaha Motor Co., Ltd., but as the Company is no longer a major shareholder of said company since 2017, there are no concerns that Mr. Yoshihiro Hidaka will have conflicts of interest with ordinary shareholders, and the Company believes that he can fulfill his duty for supervision, etc., of management from an independent standpoint in order to maximize profits for shareholders of the Company. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Yoshihiro Hidaka is an independent director under the provisions set forth by the Tokyo Stock Exchange.

Mikio Fujitsuka			○	○	———	(Reason for being elected) Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate manager, as well as adequate knowledge of finance and accounting. He has been nominated as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc. (About independence) There are no transaction relationships between the Company and Komatsu Ltd., where Mr. Mikio Fujitsuka served as Director until June 2019, and neither party is classified as a major shareholder of the other. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Mikio Fujitsuka is an independent director under the provisions set forth by the Tokyo Stock Exchange.
Paul Candland	○	○		○	The amount of transactions between the Company and The Walt Disney Company and The Walt Disney Company (Japan) Ltd. is less than 0.1% of consolidated net sales of any of the companies.	(Reason for being elected) Having been involved in management as the person responsible for the Asian region and Japanese arm of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a manager. He has been nominated as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc. (About independence) There are no transaction relationships between the Company and PMC Partners Co., Ltd., where Mr. Paul Candland serves as Managing Director, and neither party is classified as a major shareholder of the other. Furthermore, there are no significant transaction relationships* between the Company and The Walt Disney Company (Japan) Ltd., where Mr. Paul Candland served until December 2017, and neither party is classified as a major shareholder of the other. The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Paul Candland is an independent director

						under the provisions set forth by the Tokyo Stock Exchange.

【Committees】

Committees' Composition and Attribute of Chairpersons

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

【Executive Officers (Shikkouyaku)】

Number of Executive Officers (Shikkouyaku)	8 persons

Status of Additional Duties

Name	Reresentative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee	Compensation Committee	
Takuya Nakata	Yer	Yes	○	○	No
Shinobu Kawase	No	No	×	×	No
Satoshi Yamahataha	No	Yes	×	×	No
Shigeki Fujii	No	No	×	×	No
Akira Iizuka	No	No	×	×	No
Seiichi Yamaguchi	No	No	×	×	No
Takashi Dairokuno	No	No	×	×	No
Teruhiko Tsurumi	No	No	×	×	No

【Auditing Structure】

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

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

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

Collaboration among Audit Committee, Accounting Auditors and Internal Audit Division

Securing the Effectiveness of the Audit Committee

The Audit Committee's Office will be established as a specialized organizational unit that reports directly to the Audit Committee to assist the committee members in the performance of their work. The Audit Committee instructs General Manager of the Audit Committee's Office to attend important meetings and express opinions at

those meetings as well as to collect information inside the Company and conduct a survey. To secure independence from the Executive Officers and other persons engaged in the conduct of business, personnel evaluations, changes in personnel assignments, and rewards/disciplinary punishments of the staff of the Audit Committee's Office will require the approval of the Audit Committee.

Collaboration between the Accounting Auditor and the Internal Auditing Division

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

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

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

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

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

【Matters Related to Independent Directors】

Number of Independent Directors	6 persons

Other matters related to Independent Directors

———

【Matters Related to Incentives】

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

Supplementary Explanation on Related Matters

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

Persons to whom stock options are to be granted	

Supplementary Explanation on Related Matters

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

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

Supplementary Explanation on Related Matters

Amounts of remunerations, etc. paid to Directors, Executive Officers and Corporate Auditors for the 195th Fiscal Year

Directors:	8 persons	¥86 million	(including Outside Directors: 7 persons, ¥52 million)
Executive Officers:	7 persons	¥576 million	

Notes: The above numbers of Directors include one (1) Director who retired at the conclusion of the 194th Ordinary General Shareholders' Meeting on June 25, 2018.
The total amount of remunerations, etc. paid to the Executive Officers concurrently serving as Directors and the number of such Executive Officers are described in the section of Executive Officers.

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

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

The Compensation Committee which consists of 4 (four) Directors including 3 (three) Outside Directors establishes policies regarding the setting of remunerations etc. for Directors and Executive Officers and ,based on these policies, sets the remunerations etc. of Directors and Executive Officers individually.

The compensation of Directors, excluding Outside Directors and members of the Audit Committee, and compensation of Executive Officers, excluding the Executive Officer in charge of the internal audit, will consist of (1) fixed compensation, (2) performance-linked bonuses, and (3) compensation in the form of restricted stock. The approximate breakdown of total compensation of (1), (2), and (3) will be 5:3:2. "(2) Performance-linked bonuses" will vary according to the Company's consolidated net income and return on equity (ROE) in the previous fiscal year, and these bonuses will be calculated with consideration for the individual's record of performance. The evaluation of individual performance will be based on indicators of performance set by business and function in each area the individual is responsible for. "(3) The Restricted stock compensation plan" has been introduced with the intent of having the Directors and Executive Officers share a common interest for the long term with shareholders. Compensation based on Company performance has also been introduced to provide a motivation for reaching performance goals in the medium term, therefor the two thirds (2/3) of the total amount is linked to the Company performance. Conditions for performance will be measured with an indicator, which is contained in the medium-term management plan that gives equal weight to "core operating income ratio," "ROE," and "EPS." Transfer restrictions shall not be lifted till the retirement of Director or Executive Officer (the transfer restrictions are effective for thirty (30) years or till the retirement of Director or Executive Officer) for the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the medium-term management plan. In addition, in the event of serious cases of accounting fraud and/or major losses during the restricted period, depending on the responsibility of the officers in charge, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date.
Outside Directors and Directors who are members of the Audit Committee as well as the Executive Officer in charge of the internal audit will receive only the fixed compensation.

【Support system for Outside Directors】

In principle, materials for meetings of the Board of Directors are posted on the database system of the intranet at least three days prior to ensure that Outside Directors can share information, and each Outside Director receives explanations regarding proposals if necessary. Details of deliberations at the Managing Council and internal regulations are also shared through the same database system.
In addition, the secretariat provides Outside Directors with information regarding major events at the Company and analyst reports as needed.

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

(Directors and Board of Directors)
The number of Directors of the Company is eight (8) as of November 14, 2019 (six (6) of them are Outside Directors). The Board Meeting held monthly (in principle). In keeping with its fiduciary duty, the Board of Directors presses for the Group's sustainable growth and enhancement of enterprise value over the medium-to-longer term. The Board of

Directors oversees the conduct of duties by the Executive Officers and the Directors, and makes decisions on important matters that are specified in laws and regulations, the Articles of Incorporation, and Regulations of the Board of Directors, including basic management policy. In addition, the Board of Directors supervises overall management of the Company through overseeing the succession plan for the Chief Executive Officer and other officers, selecting the members and the chairs of the Nominating Committee, Audit Committee, and the Compensation Committee, appointing Executive Officers and Operating Officers, approving transactions with related parties, and supervising the development and operation of the Internal Control Systems.

In keeping with its fiduciary duties, the Directors act to ensure the Company's sustainable growth and enhance its enterprise value over the medium-to-longer term, taking into consideration the relationships with all stakeholders.

Directors understand relevant laws and regulations and the Company's Articles of Incorporation and gather sufficient information in order to proactively express their opinions and engage in constructive discussions at the Board of Directors' meetings as elsewhere.

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

The Board of Directors held a total of twelve (12) meetings during the fiscal 2018 (from April 1, 2018 through March 31, 2019; the same shall apply hereinafter).

(Nominating Committee)

The number of members of Nominating Committee is four (4) as of November 14, 2019 (three (3) of them are Outside Directors). The Nominating Committee decides on the content of the proposals to be submitted to the General Shareholders' Meeting for selection/dismissal of Directors and the content of proposals submitted to the Board of Directors for selection/dismissal of Executive Officers and Operating Officers. The Nominating Committee also implements the succession plan for the Chief Executive Officer and other officers through activities to develop human resources that can assume the positions of Director, Executive Officer, and Operating Officer.

The Nominating Committee held a total of five (5) meetings during the fiscal 2018.

(Audit Committee)

The number of members of Audit Committee is three (3) as of November 14, 2019 (three (3) of them are Outside Directors). The chair shall be an Independent Outside Director. The Audit Committee, either working in collaboration with the Internal Auditing Division or conducting audits directly on its own initiative, audits the structure and operation of the internal control systems of the Company and other Group companies. Based on the results, the Audit Committee conducts audits to determine the legality and appropriateness of the conduct of duties by the Executive Officers and Directors.

When deemed necessary, members of the Audit Committee report to or express their opinions to the Board of Directors, or may issue cease and desist orders to Executive Officers and/or Directors. In addition, the Audit Committee may decide on proposals to be considered in the General Shareholders' Meeting, including the selection/dismissal of the accounting auditor.

The Audit Committee held a total of sixteen (16) meetings during the fiscal 2018.

(Compensation Committee)

The number of members of Compensation Committee is four (4) as of November 14, 2019 (three (3) of them are Outside Directors). The Compensation Committee establishes policies regarding the setting of compensation for Directors, Executive Officers, and Operating Officers and, based on these policies, sets the compensation of such officers individually.

The Compensation Committee held a total of four (4) meetings during the fiscal 2018.

(Representative Executive Officer)

The number of Representative Executive Officer of the Company is one (1) as of November 14, 2019 (President and Representative Executive Officer). The Representative Executive Officer will represent the Company and, with supreme duties for matters of the Company, will be in overall charge of business under the basic policies set by the Board of Directors.

(Executive Officers)

The number of Executive Officers is eight (8) as of November 14, 2019 (one (1) of them is the Representative Executive Officer and two (2) of them are the Managing Executive Officers). The Executive Officers shall be responsible for the execution of business and will make important decisions from a Companywide perspective on matters related to the conduct of business that have been delegated to them by the Board of Directors and will be

subject to the oversight of the Board of Directors.

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

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

(Risk Management Committee)
The Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer. The Committee discusses risk management-related matters from a Company-wide perspective and reports its findings to the President and Representative Executive Officer.

(Operating Officers)
The number of Operating Officers is ten (10) as of November 14, 2019. The Operating Officers will execute the business activities they are responsible for from a Companywide perspective based on the important decisions related to conduct of business by the Board of Directors or the Executive Officers, under the oversight of the Executive Officers.

(Internal Audit)
The Company's Internal Auditing Division has been established (with 15 staff members as of November 14, 2019) to report directly to the President and Representative Executive Officer and the Audit Committee and performs the tasks of considering and evaluating the accuracy of managing and operational activities from the points of view of legality, effectiveness, and efficiency of the management activities of the Company and other Group companies from an overall perspective. The division provides information on the results of its activities as well as advice and suggestions for improvement.
The Company appoints an Executive Officer to be in overall charge of the internal audit with the objective of improving the internal auditing functions. In addition, based on policies aimed at assuring the effectiveness of the audits of the Auditing Committee decided on by vote of the Board of Directors, the Internal Auditing Division works with the Audit Committee to establish close ties of cooperation, and, through close contact and working with the accounting auditor, works to improve the efficiency of auditing activities.

(Accounting Auditor)
The Company employs Ernst and Young ShinNihon LLC as its Accounting Auditor. Three certified public accountants belonging to the said audit corporation, conduct the accounting audits of the Company. The said audit corporation has already introduced a voluntary shift system for Designated and Engagement Partners in order to ensure that the duration of the engagement does not exceed a certain fixed period. In addition, another seven (7) certified public accountants and sixteen (16) assistants help the aforementioned two certified public accountants conduct the auditing work.

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

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

Strengthening Oversight Functions
Regarding the composition of the Board of Directors, the Company has appointed a Board with two thirds (2/3) of the members from outside with a diversity of backgrounds and specialties, including persons with management experience in other industries. Also, by forming a Nominating Committee, Audit Committee, and Compensation Committee, as provided for by law, with a majority of Outside Directors, the Company will allows exercise of the oversight function with transparency and objectivity in its oversight functions.

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

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

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

Ⅲ Measures for Shareholders and Other Stakeholders and their Implementation

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

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

2. IR Activities

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

Placing department (or person) in charge of IR	Corporate Planning Division

3. Reinforcing respect for the stakeholders' positions

	Supplementary explanation
The provision of internal rules, etc. concerning respect for stakeholders' positions	As stated in the section on the Fundamental Concept of Corporate Governance, the Company declares its commitments to each of the stakeholders— "shareholders," "customers," "people who work with Yamaha," and "society"— and is aiming to fulfill those commitments. Further, specific action items are prescribed in the "Codes of Conduct for Compliance", in order to fulfill the responsibilities to stakeholders.
Environmental protection activities, CSR activities, etc.	The Company declares its support for the UN Global Compact's ten (10) principles in the four (4) areas of human rights, labor, the environment and anti-corruption, while also promotes business or social activities based on its sustainability concept such as respect for human rights or environmental preservation. The Company issues sustainability reports annually, and endeavors to disclose its activities status in an easy-to-understand manner for stakeholders..

Ⅳ Matters concerning the Internal Control System, etc.

1. Basic policies concerning the Internal Controls System and the status of improvement of the system

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

1. Systems to Ensure that the execution of duties of the Executive Officers, Operating Officers, and Employees Are Compliant with Laws and Regulations and the Articles of Incorporation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Items Related to Appointment of Employees When There Are Requests by the Audit Committee for Staff to Assist in the Committee's Work
As a specialized organizational unit with responsibility for assisting the Audit Committee, the Company has established the Audit Committee's Office, which reports directly to the Audit Committee.

7. Items Related to Ensuring the Independence of Employees Assisting the Audit Committee from the Executive Officers and Securing the Effectiveness of Instruction Given to These Employees
As a specialized organizational unit with responsibility for assisting the Audit Committee, the Company has established the Audit Committee's Office, which reports directly to the Audit Committee. To secure independence from the Executive Officers and other persons engaged in the conduct of business, personnel evaluations, changes in personnel assignments, and rewards/disciplinary punishments of the staff of the Audit Committee's Office will require the approval of the Audit Committee.

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

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

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

10. Matters Related to Policy for Handling of Expenses or Liabilities Incurred by Members of the Audit Committee in the Conduct of Their Duties
The Company bears the expenses related to the conduct of audits based on the audit plans of the Audit Committee. When duties other than those in the audit plan are necessary and expenses are incurred, these are paid when invoices are received from the Audit Committee.

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

The President and Representative Executive Officer exchanges views periodically with the Audit Committee regarding the structure and the status of operation of the Internal Control Systems and is promoting the continuing improvement of these systems.
When audits are conducted by the Audit Committee, the Company secures opportunities for collaboration with the Internal Auditing Division and the Accounting Auditor. The Audit Committee is allowed also to give instructions regarding audits to the Internal Auditing Division as necessary. In cases where instructions given by the Audit Committee conflict with those given by the President and Representative Executive Officer, the instructions of the Audit Committee will take precedence. When the manager of the Internal Auditing Division is going to be reassigned, the opinions of the Audit Committee must be heard in advance.
Note that, when the Audit Committee deems it necessary, support for the audit function may be obtained from outside specialists.

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

This approach is embedded into the Internal Controls System.

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

Ⅴ Other Matters

1. Matters concerning the anti-takeover measures

Matters concerning the anti-takeover measures	None

Supplementary explanation on related matters

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2. Other matters concerning corporate governance system, etc.

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

Outline of the Timely Disclosure System

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

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

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

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

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

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

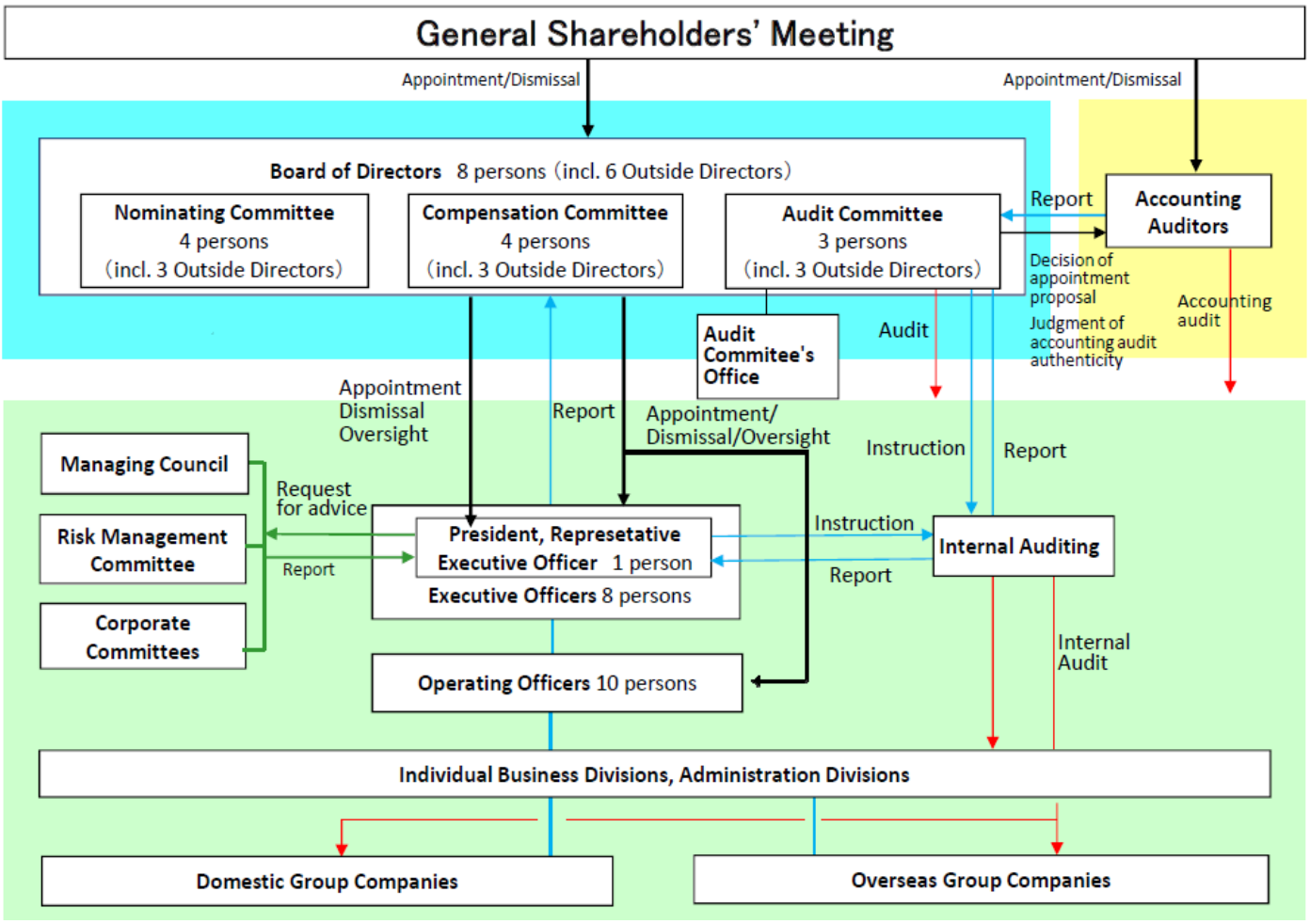
2. Internal systems of the Company for timely disclosure
(1) Responsibilities for timely disclosure
We appoint the Executive Officer in charge as an officer responsible for timely disclosure. The Legal Division is responsible for disclosures to the TSE, and the Corporate Communications Division is responsible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

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

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

(3) Judgment on the need for timely disclosure
The officer responsible for timely disclosure judges the need therefor and decides the content thereof.

(4) Implementation of timely disclosure
The President and Representative Executive Officer discloses information promptly after receiving the results of judgments on the need for timely disclosure and confirming the content thereof. Any timely disclosure of information subject to a resolution of the Board of Directors is disclosed promptly after such resolution.
(5) Monitoring of timely disclosure
The Audit Committee audits timely disclosure items and the implementation of disclosures.
Additionally, the President and Representative Executive Officer has the Internal Auditing Division audit disclosure operations by the disclosing divisions when necessary.



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