

## Yamaha Motor's Corporate Governance Guidelines

\* Numbers in brackets ([ ]) indicate principle numbers of Japan's Corporate Governance Code. Underlines indicate disclosure items.

### Basic Corporate Governance Policies [3-1 (i) (ii)] [4-2]

#### 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.

We carry out measures to achieve sustainable growth and enhancement of corporate value under our Long-term Vision, with an eye on the 2030 and the Medium-Term Management Plan that runs for three years from 2019.

Specifically, as we implement "Advancing Robotics" as our core technologies, we carry out strategic investments for growth in such efforts as "Rethinking Solution" unique to Yamaha and "Transforming Mobility". We also expand human possibilities and contribute to the realization of better society and more fulfilling life (through our concept of "ART for Human Possibilities").

Under the medium-term management target, we will take on the renewed challenge of achieving net sales of ¥2 trillion by continuing to grow our existing businesses and developing new ones, targeting an operating income ratio at the 9% level. At the same time, we will enhance returns to our shareholders.

\**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

(Chapter 1)

Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders

1-1. Ensuring shareholders' rights and equality [1] [1-1 (3)]

We treat all shareholders equally based on the class and number of shares held by them. We provide sufficient consideration for the exercise of rights allowed for minority shareholders.

1-2. Basic views on dialogue with shareholders [5]

To facilitate effective and constructive dialogue with shareholders and investors, we are actively engaged in dialogue, led primarily by the President and Representative Director, the Chief General Manager of the Corporate Planning & Finance Center, and the division in charge of IR and SR. These activities include individual meetings and briefing sessions for shareholders and investors, which are held in a systematic manner in Japan and overseas. Opinions, inquiries, and other information obtained through these activities are shared with the management and Directors (including Outside Directors).

The Company also utilizes the results of periodic shareholder surveys and related efforts to monitor the sufficiency of information disclosed and appropriateness of the method of explanation for fostering continuous dialogue.

We also develop disclosure policies for the management of insider information and take appropriate measures based on those policies.

1-3. General Meeting of Shareholders [1-1] [1-2] [1-2 (1)] [1-2 (2)] [1-2 (4)]

Yamaha Motor endeavors to create an environment that enables all shareholders to appropriately exercise their voting rights upon due consideration of agenda items of the General Meeting of Shareholders.

Agenda items of the General Meeting of Shareholders that are deemed to require a sufficient period of consideration for shareholders are posted on the websites of the Tokyo Stock Exchange and the Company in a prompt manner after they are resolved by the Board of Directors. The notice of convocation for the Ordinary General Meeting of Shareholders is dispatched at least three weeks prior to the meeting date. The notice of convocation is also posted, along with its English translation, on the websites of the Tokyo Stock Exchange and the Company prior to the day on which the notice is dispatched.

1-4. Basic capital policies [1-3]

Under the Medium-Term Management Plan (2019-2021), we will continue to grow our existing businesses and develop new ones. At the same time, we will take on the renewed challenge of achieving net sales of 2 trillion yen, targeting an operating income ratio at the 9% level. We will also actively engage in strategic investments for growth to enhance returns to our shareholders. Major target figures are as follows. The Company strives to achieve these targets.

- (1) As a guideline to build a stable financial base, an equity ratio target of 40% or higher.
- (2) To maintain a stable and continuous distribution of dividends as returns to shareholders, achieve a consolidated dividend payout ratio of 30%.
- (3) To promote the effective use of shareholders' equity, we consider return on equity (ROE) to be one of the most important management indicators, and target ROE of around 15%, which exceeds the capital cost.

#### 1-5. Cross-shareholdings [1-4]

- (1) 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 each cross-shareholding to determine whether the purpose of shareholdings is appropriate and if benefits and risks associated with the shareholdings are commensurate with capital costs, among others. The Board of Directors appropriately discloses a summary of the results. In addition, Yamaha Motor upholds a policy to reduce cross-shareholdings if, as an outcome of the examination, the shareholdings cannot be justified.

- (2) 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.

- (3) 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.

We exercise particular caution in examining and discussing our decision to exercise voting rights in the following situations.

- Continued poor business performance;
- Concerns over governance are confirmed, such as scandals; and
- Other situations in which the corporate value of the issuer or Yamaha Motor may be damaged.

1-6. Related party transactions, transactions with competitors, and transactions involving any conflict of interests [1-7] [4-3]

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.

(Chapter 2)

Appropriate collaboration with various stakeholders

2-1. Relationships with stakeholders [2] [2-1]

Yamaha Motor has consolidated subsidiaries and equity-method affiliates in approximately 30 countries and regions. About 90% of our consolidated net sales are generated overseas. The Company's development, procurement, production, and sales activities have expanded globally, and our products are sold in more than 180 countries and regions. 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 partners, communities, the greater society, and the global environment that interact with Yamaha Motor worldwide.

We have been sharing the brand slogan "Revs your Heart," adopted in 2013, with Group employees around the world. "Revs your Heart" has the meaning of "uplifting and exciting your heart just like revving up an engine." The slogan is trying to convey the Group's strong wish to provide exceptional value and experiences that enrich the lives of its customers by exceeding the expectations of all stakeholders. To this end, we think very carefully about what "the unique style of Yamaha Motor" means in our overall operations including planning, development, production and sales, and

place great importance on the spirit of challenge.

2-2. Putting Code of Ethics into practice [2-2] [2-2 (1)]

Yamaha Motor has formulated the “Code of Ethics,” which describes topics including appropriate collaboration with stakeholders, respect for their interests, and sound business activity ethics, and shares these with our subsidiaries. Directors, Executive Officers and employees always act in accordance with the “fair and honest business” and “rules on business activities” provided for in the Code of Ethics in daily activities, so that we can continue building a corporate culture that can strengthen the trust of society.

The Board of Directors periodically reviews whether the Company’s corporate culture has been established in a way that respects the objective and spirit of the Code of Ethics, and confirms the degree of awareness of and compliance with the Code throughout the Company’s business activities in Japan and overseas.

2-3. Handling issues concerning sustainability [2-3] [2-3 (1)]

Yamaha Motor contributes to solutions to issues that involve realizing a sustainable society in a variety of countries and regions by utilizing its businesses and human resources, tangible assets and know-how built through its business operations. At the same time, we aim to be a sustainable company, as a member of the global society.

Therefore, under the Group-wide “Basic Policies of CSR,” we position “environment and resources,” “transportation, education and industry,” “innovation” and “life/work balance, productivity” as important social issues that require the attention of Yamaha Motor in the medium- to long-term growth strategies in order to achieve SDGs, which are internationally agreed components. We also set the KPIs associated with goals of each business and take the lead in seizing growth opportunities.

Meanwhile, we believe that dealing with social issues is an important part of risk management. We have signed the UN Global Compact, and we appropriately deal with global risks that impede sustainability by practicing the principles of “human rights,” “labor,” “environment” and “anti-corruption.”

We properly disclose information so that our stakeholders can easily obtain information on these initiatives.

The Board of Directors formulates policies on dealing with issues concerning sustainability and regularly reviews their implementation status.

2-4. Ensuring diversity [2-4]

To ensure sustainable growth, Yamaha Motor places importance on incorporating various perspectives and values reflecting different experiences, skills, and attribution. Therefore, we aim to secure diverse human resources.

To this end, we have established a Global Human Resources Development Division at the corporate headquarters to implement globally common, training programs to develop senior management and to adopt a global human resource system designed for developing and appointing individuals with a competitive edge. We also work on creating an organization that can effectively make use of global experience and knowledge.

To facilitate global management, we promote talented individuals for senior management positions regardless of gender, age, nationality, background or any attributes. With regard to management executives at overseas subsidiaries in particular, we actively promote local talent, aiming to attain a localized ratio of 60%. At the same time, we strive to develop headquarters talent on an ongoing basis, to create an organization that can maximize management potential by mutually complementing experiences and skills with locally developed talent.

In addition, to promote career development for women, we aim to double by 2020 the number of women in management positions as of 2014, and triple by 2025. We disclose these target figures and promote them.

#### 2-5. Whistle-blowing systems [2-5] [2-5 (1)]

Yamaha Motor has established a Compliance Hotline and a Harassment Hotline to which employees, etc., can report any unlawful behavior or conduct that may result in harming trust in the Company, without fear of being treated unfavorably. A Compliance Hotline, in particular, is established in an external third-party organization so that Audit & Supervisory Board Members can directly collect information.

The Board of Directors carries out a review on the implementation status of these whistle-blowing systems on a regular basis.

#### 2-6. Roles of Corporate Pension Funds as Asset Owners [2-6]

Yamaha Motor manages its pension assets through THE PENSION FUND OF YAMAHA MOTOR. In order to ensure the stable management of pension assets, the Fund has formulated a “Basic Policy on the Management of Pension Assets.” In accordance with this policy, Yamaha Motor carries out initiatives based on the guidelines of the Ministry of Health, Labour and Welfare, including reporting to the Conference of Representatives on the selection of fund managers and the results of evaluations.

In managing the pension assets, the Fund, in an effort to maximize benefits of beneficiaries, consults with the Asset Management Committee comprising members selected from employers and representatives of the beneficiaries with appropriate qualifications for the management of pension assets, upon hiring asset management consultants and considering their recommendations.

Appropriate information disclosure and ensuring transparency

3-1. Appropriate information disclosure and ensuring transparency [3] [3-1(2)]

In order to carry out constructive dialogue with stakeholders in Japan and overseas, Yamaha Motor proactively provides non-financial information like its management strategies and risk governance in addition to disclosure items required by laws and regulations. We also strive to disclose information in English to the extent reasonably possible. The Board of Directors strives to ensure that disclosed and provided information is accurate, comprehensive and highly useful for users, and appropriately supervises the content of such disclosure.

3-2. External Accounting Auditor [3-2] [3-2 (2)]

To ensure adequate audits by an External Accounting Auditor, the Board of Directors and the Audit & Supervisory Board secure the following systems:

- (1) To secure sufficient time to enable high-quality audits, the division in charge of finance & accounting consults with the External Accounting Auditor in advance to decide upon an adequate auditing schedule.
- (2) The management arranges meetings with the External Accounting Auditor on a regular basis or when necessary upon request.
- (3) The Audit & Supervisory Board regularly receives reports on auditing plans and audit progress from the External Accounting Auditor, and deliberates on the content of the reports in order to adequately collaborate with the External Accounting Auditor. In addition, the Internal Auditing Division collaborates with External Accounting Auditors by exchanging information when necessary as well as sharing information concerning internal control and compliance.
- (4) If External Accounting Auditors find any fraud, inadequacy or issues and request the Company to take appropriate actions in this respect, the management, the Audit & Supervisory Board, Internal Auditing Division, Finance & Accounting Division and Risk Management Division take necessary measures in accordance with the degree of importance thereof.

(Chapter 4)

Responsibilities of the Board of Directors, etc.

4-1. Basic views on corporate governance [4]

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.

#### 4-2. Composition of the Board of Directors and Audit & Supervisory Board [4-8] [4-11] [4-11 (1)]

The Board of Directors and the Audit & Supervisory Board, which implement corporate governance in accordance with the "Basic views on corporate governance" outlined in 4-1, consist of seven Directors, four Independent Outside Directors, two Standing Audit & Supervisory Board Members, and two Independent Outside Audit & Supervisory Board Members. Of the fifteen Directors and Audit & Supervisory Board Members in total, six are Independent 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, and the number of Audit & Supervisory Board Members to be up to five.
- (2) Regardless of gender, age, nationality or any attributes, 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 customers' special characteristics, products, business operations, and functions, as well as global aspects of markets.
- (4) Outside Directors shall be individuals who have professional insight in management, and experience in global corporate management, or professional insight and knowledge of the

industry that will complement the knowledge, experience and ability of the Board of Directors.

- (5) At least one-half of Audit & Supervisory Board Members shall be made up of Outside Audit & Supervisory Board Members, including those who have sufficient insight in areas such as accounting, legal affairs and management administration.

#### 4-3. Roles of the Board of Directors [4] [4-1] [4-1 (1)] [4-3] [4-3 (2)]

To ensure the implementation of 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

- 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 of Internal Control, Basic Policies of 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 of 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

#### 4-4. Independent Outside Directors [4-6] [4-7]

Yamaha Motor appoints Independent Outside Directors in accordance with its “Standards for Selecting Independent Outside Officers,” which are disclosed to the public.

Independent Outside Directors are expected to independently and objectively oversee conflicts of interest between the Company’s management and shareholders from social perspectives and from the standpoints of various stakeholders including shareholders and investors. They are also expected to actively provide the Company with advice on management policies and improvements.

Independent Outside Directors and Outside Audit & Supervisory Board Members endeavor to understand a complete view of Yamaha Motor’s business operations by inspecting the minutes and reference materials of Management Committee meetings and other important meetings, and by visiting its worldwide development, procurement, production and sales locations, and markets. They attend the Management Discussion meeting held after the Board of Directors’ meetings on a regular basis, and the Executive Discussion meeting held more than once a year to openly exchange opinions on the Company’s medium- to long-term management strategies and important management matters.

#### 4-5. Responsibilities of Directors [4-5]

On the basis of fiduciary responsibilities to shareholders, Directors collect adequate information, understand relevant laws and regulations and other necessary rules, actively express opinions, discuss and make decisions at Board of Directors’ meetings, Management Discussion meetings and other important meetings in order to obtain sufficient knowledge on viewpoints and standpoints of various stakeholders including shareholders, and to achieve sustainable growth and medium- to long-term enhancement of corporate value.

#### 4-6. The Board Evaluation [4-11 (3)]

Pursuant to Yamaha Motor’s Corporate Governance Guidelines, the Board of Directors analyses and evaluates the effectiveness of roles and responsibilities of the Board as a whole on a yearly basis. The analysis and evaluation are carried out from the following perspectives and a summary of the results is appropriately disclosed.

(Evaluation perspectives)

- 1) Roles and responsibilities of Directors and the Board of Directors
- 2) Relationships between the Board of Directors and senior management (Executive Officers)
- 3) Organizational design and composition of the Board of Directors, etc.
- 4) Qualifications held and knowledge of Directors and the Board of Directors
- 5) Deliberation at the meetings of the Board of Directors

- 6) Relationships and dialogue with shareholders
- 7) Dealing with stakeholders other than shareholders

4-7. Executive Personnel Committee [3-1 (iv)] [4-3] [4-3 (1)] [4-10] [4-10 (1)]

Yamaha Motor has established an Executive Personnel Committee, which is involved in nominations and remuneration, as a voluntary advisory body of the Board of Directors, to improve transparency and validity in appointments and dismissals of executives and determining their remuneration, among other objectives. Matters deliberated upon at the Executive Personnel Committee are reported to the Board of Directors.

In the role related to “nominations,” the Executive Personnel Committee deliberates upon the appointments and dismissals of the Chief Executive Officer, Directors, Audit & Supervisory Board Members and Executive Officers, as well as the selection of candidates for such senior management positions and their development plans, while confirming future management strategies and personnel requirements for putting them into practice, among other things.

In the role related to “remuneration,” the Executive Personnel Committee deliberates upon and determine the evaluation standards and remuneration system for the Chief Executive Officer, Directors and Executive Officers. The Executive Personnel Committee also evaluates the performance of the Company and individuals based on contributions to medium- to long-term corporate growth and business performance for the said fiscal year, in order to deliberate upon the compensation linked to performance for such senior management within the limits of total remuneration resolved at the General Meeting of Shareholders.

To ensure the transparency and effectiveness of the deliberation process, which is the purpose for establishing the Executive Personnel Committee, as well as to ensure the validity of matters reported to the Board of Directors’ meetings, the majority of the members of the Executive Personnel Committee consists of Outside Directors, and the meeting of the Executive Personnel Committee is held more than six times a year, in principle. The current members are as follows:

Chairman:	Chairman and Representative Director	Hiroyuki Yanagi
Committee member:	President and Representative Director	Yoshihiro Hidaka
Committee member:	Representative Director	Katsuaki Watanabe
Committee member:	Outside Director (Independent)	Takuya Nakata
Committee member:	Outside Director (Independent)	Genichi Tamatsuka
Committee member:	Outside Director (Independent)	Takehiro Kamigama
Committee member:	Outside Director (Independent)	Yuko Tashiro

4-8. Remuneration system for Directors and Executive Officers [3-1 (iii)] [4-2] [4-2 (1)]

Remuneration is to be comprised of basic compensation (fixed remuneration), compensation linked to performance, and share remuneration. The proportions of basic compensation: compensation linked

to performance: share remuneration for the President and Representative Director is to be set at roughly 50%:30%:20% of the reference amount. For other Directors and Executive Officers, the amounts are to be determined bearing in mind their duties and remuneration level etc., with reference to the President and Representative Director. As the role of Outside Directors and Audit & Supervisory Board Members is to provide supervision and advice regarding management from an objective and independent perspective, they are only paid fixed basic compensation.

The Representative Director is to only be paid the whole-company performance-based bonus component of the compensation linked to performance. The compensation linked to performance of other Directors and Executive Officers are to be comprised of a whole-company performance-based bonus and an individual performance-based bonus. The total amount of the whole-company performance-based bonus of Directors is to be payable up to 0.5% of the net income attributable to owners of parents of the previous consolidated fiscal year. The individual performance-based bonus will be determined within the scope of 0-2 times the reference amount specified for each position, bearing in mind the extent of target achievement or the degree of progress etc. for each evaluation indicators set in advance.

Share remuneration will be provided through issuing shares with restriction on transfer once each year based on the reference amount specified for each position.

In order to ensure the appropriateness as well as the transparency and feasibility of the discussion process regarding items relating to executive remuneration, determination will be made by the Board of Directors after discussion and reporting by the Executive Personnel Committee, which the Company has established voluntarily.

4-9. Roles and responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board [3-2 (1)] [4-4] [4-5]

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.

4-10. Cooperation between Outside Directors and Audit & Supervisory Board Members [4-4 (1)] [4-8 (2)] [4-13] [4-13 (3)]

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 the management, the Audit & Supervisory Board Members' Office assists with the duties of the Corporate Planning Division and Audit & Supervisory Board Members.

4-11. Status of Directors and Audit & Supervisory Board Members who also serve as directors, etc., at other companies [\[4-11 \(2\)\]](#)

When Directors and Audit & Supervisory Board Members serve as executives of listed companies other than Yamaha Motor, the number of these positions shall be within a reasonable extent in consideration of their own fiduciary responsibilities. The status of Directors and Audit & Supervisory Board Members who also serve as directors, etc., at other companies is disclosed every year in the Business Report and Reference Documents of the "Notice of the Ordinary General Meeting of Shareholders" posted on the Company's website.

4-12. Training for Directors and Audit & Supervisory Board Members [\[4-14\]](#) [\[4-14 \(1\)\]](#) [\[4-14 \(2\)\]](#)

- (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.

(Supplementary Provision)

Revision or abolition

Revision or abolition of this policy shall be decided by a resolution of the Board of Directors.

Formulated December 23, 2015

Revised as of March 23, 2017

Revised as of January 1, 2018

Revised as of March 23, 2018

Revised as of December 27, 2018

Revised as of March 27, 2019

## Attachment 1

### Standards for selecting independent outside officers

I. If directors and audit & supervisory board members (hereinafter, "Officers") do not apply to any of the following, they are considered to possess independence from the company:

#### 1. Members and former members of the Yamaha Motor Group

(1) At our company, in order to ensure that directors and audit & supervisory board members (hereinafter, "Officers") possess independence, they may not be a managing director, executive officer, manager, or other employee (hereinafter collectively referred to as "Managing Director, etc.") of the company, nor may they have been a Managing Director, etc. of the company during the past 10 years (or if they have been a non-managing director, audit & supervisory board members, or accounting advisor of the company at any time during the past 10 years, then during the past 10 years from an appointment of such position). Moreover, they may not be a spouse, a second-degree relative, or a cohabiting relative, of a managing director, director, executive officer, manager, or other important employee of the company.

(2) At our company, in order to ensure that Officers possess independence, they may not be a Managing Director, etc. of a current subsidiary of the company, nor may they have been a Managing Director, etc. of a current subsidiary of the company during the past 10 years (or if they have been a non-managing director, audit & supervisory board members, or accounting advisor of a current subsidiary of the company at any time during the past 10 years, then during the past 10 years from an appointment of such position). Moreover, they may not be a spouse, a second-degree relative, or a cohabiting relative, of a managing director, executive officer, manager, or other important employee of a current subsidiary of the company.

#### 2. Individuals in a "major shareholder" relationship with Yamaha Motor

At our company, in order to ensure that Officers possess independence, they may not be any of the individuals mentioned below. Moreover, they may not be a spouse, a second-degree relative, or a cohabiting relative of such individuals.

(1) A major shareholder (a shareholder who holds 10% or more of the voting rights; the same definition to apply below) and a director, audit & supervisory board members, accounting advisor, executive officer, manager, or other employee of a corporation who is currently a major shareholder of our company; or a major shareholder in the past five years, and an individual who was, in the past five years, a director, audit & supervisory board members, accounting advisor, executive officer, manager, or other employee of such corporation.



(2) A director, audit & supervisory board members, accounting advisor, executive officer, manager, or other employee of a company of which our company is a major shareholder.

3. Individuals in a “major customer” relationship with Yamaha Motor

At our company, in order to ensure that Officers possess independence, they may not be any of the individuals mentioned below. Moreover, they may not be a spouse, a second-degree relative, or a cohabiting relative of such individuals.

(1) An individual for whom our company is a major customer (an individual who, in their most recent fiscal year, received payment of 2% or more of their consolidated gross sales from our company; the same definition to apply below), or, if that individual is a company, then a managing director, executive officer, manager, or some other employee of the company; or an individual for whom our company has been a major customer in any of the three fiscal year preceding the most recent fiscal year, or, if that individual is a company, then a managing director, executive officer, manager, or some other employee of the company.

(2) An individual who is a major customer of our company (an individual who paid our company 2% or more of our consolidated gross sales in its most recent fiscal year; the same definition to apply below), or, if that individual is a company, then a managing director, executive officer, manager, or some other employee of the company; or an individual who was a major customer of our company in any of the three fiscal year preceding the most recent fiscal year, or, if that individual is a company, then a managing director, executive officer, manager, or some other employee of the company.

4. Individuals from companies that have accepted a director from the Yamaha Motor Group

At our company, in order to ensure that Officers possess independence, they may not be a director, audit & supervisory board members, accounting advisor, or executive officer of a company, or of a subsidiary thereof, that has accepted a director (either full-time or part-time) from our company or a subsidiary of our company. Moreover, they may not be a spouse, a second-degree relative, or a cohabiting relative of such individuals.

5. Individuals with a vested interest in the Yamaha Motor Group

At our company, in order to ensure that Officers possess independence, they may not be any of the individuals mentioned below. Moreover, they may not be a spouse, a second-degree relative, or a cohabiting relative of such individuals.

(1) Directors and other business managers at organizations that have received donations or grants

Directors (only those engaged in business management) and other business managers (officers, employees, or other staff members engaged in business management; the same definition to apply below) of organizations (public interest corporate foundations, public interest corporate associations, non-profit corporations, etc.) that have received donations or grants exceeding a certain amount (an annual average, over the past three fiscal year, of either 10 million yen or 30% of the organization's total expenses, whichever is larger) from our company.

(2) Major Creditors, etc.

A director, audit & supervisory board members, accounting advisor, executive officer, manager, or other employee of a financial institution or other major creditor of our company that is indispensable for our company's fundraising and on which we depend to the extent that it is irreplaceable for us (hereinafter collectively referred to as "Major Creditor, etc."), or someone who in the past three years has been a director, audit & supervisory board members, accounting advisor, executive officer, manager, or other employee of what is currently a Major Creditor, etc.

(3) Accounting auditors, etc.

A certified public accountant (or tax accountant), or an employee, partner or other member of an auditing firm (or tax accountant office), who is an accounting auditor or accounting advisor of our company or a subsidiary of our company; or an individual who is a certified public account (or tax accountant), or an employee, partner or other member of an auditing firm (or tax accountant office), and who served as an accounting auditor or accounting advisor of our company or a subsidiary of our company in the past three years, and who played a primary (but not secondary) role in the actual auditing operations conducted at our company or a subsidiary of our company (including individuals who are currently retired or have left the organization).

(4) Attorneys, certified public accountants, tax accountants, other consultants, etc. (individuals)

An attorney, certified public accountant, tax accountant, or other consultant who does not correspond to any of the individuals mentioned above in (3) and who, in addition to his/her remuneration as an officer, has obtained, from our company, cash and property benefits that have averaged at least 10 million yen a year over the past three years.

(5) Law firms, auditing firms, tax accountant offices, other consulting firms, etc. (organizations)

An employee, partner, associate or other member of a law firm, auditing firm, tax accountant office, consulting firm, or other advisory firm that does not correspond to any of the firms mentioned above in (3) and for which our company is a major customer (a firm that, on average over the past three fiscal year, received payment of at least 2% of its consolidated gross sales from our company; the same definition to apply below).

6. Individuals who might have a conflict of interest with general shareholders

To ensure that its Officers possess independence, our company requires that they be individuals regarding whom there is no risk that a substantive conflict of interest will ever occur, between them and any of the company's general shareholders, for a reason not covered by the provisions in 1 through 5 above.

7. Individuals whose time in office exceeds, or will exceed, 8 years

The company requires that, for an Officer possesses independence of the company to be reappointed, the Officer's total time in office may not exceed eight years.

- II. Individuals, despite being applicable to any of the 2 to 5 above, may be elected as independent outside officers of the company if they, in view of their personality and insight, are believed suitable as independent outside officers of the company on the condition that the individuals meet the requirements of an outside director as required under the Companies Act, and that a public disclosure is made to explain the reasons for electing them as independent outside officers of the company.

(Revised on February 13, 2018)

## Attachment 2

### Policies to promote constructive dialogue with shareholders [5-1] [5-1 (1)] [5-1 (2)]

#### 1. Systems for managing dialogue with shareholders

To enhance dialogue with shareholders and investors, the division in charge of IR and SR is 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 set up an interview with 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 the 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 the 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 following day of the end of each quarter period and the date of release of financial results (“silent period”).