

# **Yamaha Motor Co., Ltd.: Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members**

(Changes and deletions of these standards shall be decided by resolution of the Board of Directors.)

**I.** If directors and audit & supervisory board members (hereinafter, “Directors / Audit & Supervisory Board Members”) 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 / Audit & Supervisory Board Members 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 Directors / Audit & Supervisory Board Members 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 Directors / Audit & Supervisory Board Members 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 Directors / Audit & Supervisory Board Members 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 Directors / Audit & Supervisory Board Members 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 Directors / Audit & Supervisory Board Members 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 a director or an audit & supervisory board member, 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 Directors / Audit & Supervisory Board Members 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, in order to be reappointed as an Independent Director / Audit & Supervisory Board Member, the individual'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 Directors / Audit & Supervisory Board Members of the company if they, in view of their personality and insight, are believed suitable as independent outside Directors / Audit & Supervisory Board Members 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 Directors / Audit & Supervisory Board Members of the company.

(Revised on February 13, 2018)