

# Corporate Governance

## Basic Corporate Governance Policies

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

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

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

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

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

### Basic views on corporate governance

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

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

### <Corporate Governance Guidelines>

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

For the full text of "Yamaha Motor's Corporate Governance Guidelines," please visit our website:  
[http://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](http://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

## Summary of Corporate Governance and Reasons for Adopting the System

### 1) Reasons for adopting current system

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

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

To sustainably develop operational activities that are capable of flexibly responding to customer diversity, product diversity and the globally expanding market, we acknowledge that adequate risk-taking and decisive decision-making are necessary. We also place importance on multilaterally understanding and appropriately overseeing issues and risks associated with the implementation of management strategies. We believe it is effective to structure a corporate governance system consisting of the Board of Directors, made up of Directors of the Company who are familiar with the Company's customer characteristics, products, business operations and functions and Outside Directors who have a wealth of knowledge in global corporate management, and the Audit & Supervisory Board whose members include Outside Audit & Supervisory Board Members

with professional knowledge in areas including accounting, legal affairs, and management administration.

Under this corporate governance system, Executive Officers are appointed to execute operational duties in a timely manner, and the Board of Directors delegates matters related to the execution of business operations to the Executive Officers.

### 2) Summary of current system

#### Composition of the Board of Directors and Audit & Supervisory Board

The Board of Directors and the Audit & Supervisory Board, which implement corporate governance, consist of eight (8) Directors, three (3) Outside Directors (including two (2) Independent Outside Directors), two (2) Standing Audit & Supervisory Board Members, and two (2) Independent Outside Audit & Supervisory Board Members. Of the fifteen (15) Directors and Audit & Supervisory Board Members in total, five (5) are Outside Officers.

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

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

#### Roles of the Board of Directors

To ensure the implementation of the Company's growth strategies for the future, the Board of Directors establishes an environment that

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

To ensure prompt execution of business operations, the Board of Directors appoints Executive Officers and delegates matters related to execution of business operations to them.

In accordance with the policies outlined above, matters to be judged and determined by the Board of Directors and matters to be delegated to Executive Officers are as follows:

1. Mattered to be judged and determined by the Board of Directors
  - Determining matters provided for in laws and regulations and the Articles of Incorporation
  - Overseeing the execution of Directors' duties
  - Determining strategies and policies
  - Determining Corporate Philosophy, Code of Ethics, Basic Policies on Internal Control, Basic Policies on CSR, Governance Policies on the Yamaha brand, Long-term Management Visions, Medium-Term Management Plan, etc.
  - Overseeing execution of business operations
    - Approval of annual management plans, approval of financial statements, oversight of the execution of duties, approval of internal auditing plans, oversight of the status of development of internal control systems and risk management systems in accordance with Basic Policies on Internal Control, etc.
2. Matters to be delegated to Executive Officers
  - Matters related to the execution of business operations
    - Formulating the Medium-Term Management Plan, annual management plans and other plans and decision-making on the execution thereof, preparing the draft of financial results, formulating individual business strategies, decision-making on the execution of operations such as development, production and sales, developing risk management systems, and other related matters
  - Other matters delegated by the Board of Directors, excluding matters to be judged and determined by the Board of Directors

#### Executive Personnel Committee

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

positions, and to determine their remuneration.

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

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

The Executive Personnel Committee consists of Representative Directors and Outside Directors of the Company, and the current members are as follows:

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

Committee member: Outside Director Takuya Nakata  
 Committee member: Outside Director (Independent) Atsushi Niimi

**Audit & Supervisory Board Members and the Audit & Supervisory Board**

The Audit & Supervisory Board Members are made up of two (2) Standing Audit & Supervisory Board Members and two (2) Outside Audit & Supervisory Board Members. On the basis of fiduciary responsibilities to shareholders, Audit & Supervisory Board Members and the Audit & Supervisory Board, as a body independent from the Board of Directors, request the Company and its subsidiaries to submit reports on their business activities in accordance with laws and regulations, survey the status of business operations and property, exercise rights in respect of appointing or dismissing an External Accounting Auditor and audit compensation, attend meetings

of the Board of Directors and other important meetings, and provide opinions as needed. Through these tasks, Audit & Supervisory Board Members and the Audit & Supervisory Board audit the legality and appropriateness of Directors' execution of duties, internal control systems, and the performance and financial position of the Company and its subsidiaries. An Audit & Supervisory Board Members' Office, with a dedicated staff of two (2) persons, has been established to assist the Audit & Supervisory Board Members with their audit and supervisory operations. In principle, the Audit & Supervisory Board meets monthly, and additionally from time to time as necessary.

**Executive Officers and Management Committee, etc.**

The Company has twenty-nine (29) Executive Officers, of whom eight (8) serve concurrently as Directors. A Management Committee, comprising eleven (11) Executive Officers with specific posts, has been established to deliberate on matters of business execution, speeding up the Company's decision-making process. In principle, the Management Committee meets at least monthly, and additionally from time to time as necessary.

In addition, a Global Executive Committee has been established to deliberate on important management policies and issues related to the Group's management. The Global Executive Committee includes the Company's President and Chief Executive Officer, all Executive Officers with specific posts, and senior local managers of major Group companies, and has thirty-seven (37) members, of whom twenty-five (25) are Japanese and twelve (12) are non-Japanese. In principle, the Global Executive Committee meets at least once annually, and additionally from time to time as necessary.

**Risk Management and Compliance Committee**

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

**Internal auditing**

The Integrated Auditing Division, with twenty-six (26) members and reporting directly to the President and Chief Executive Officer, has been established as an internal auditing sector to audit the appropriateness of operational activities at the Company and its subsidiaries. In addition, internal audit functions have been installed at major subsidiaries, working together with the Company's internal auditing sector to audit divisions and subsidiaries.

**Basic Policy Regarding the Internal Control System and the State of Its Development**

The Company, in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, passed a resolution at a Board of Directors' meeting regarding development of a system to ensure the conduct of its business is appropriate. The Company considers risk management and compliance its most important issues, and is therefore continuing to develop the internal control system.

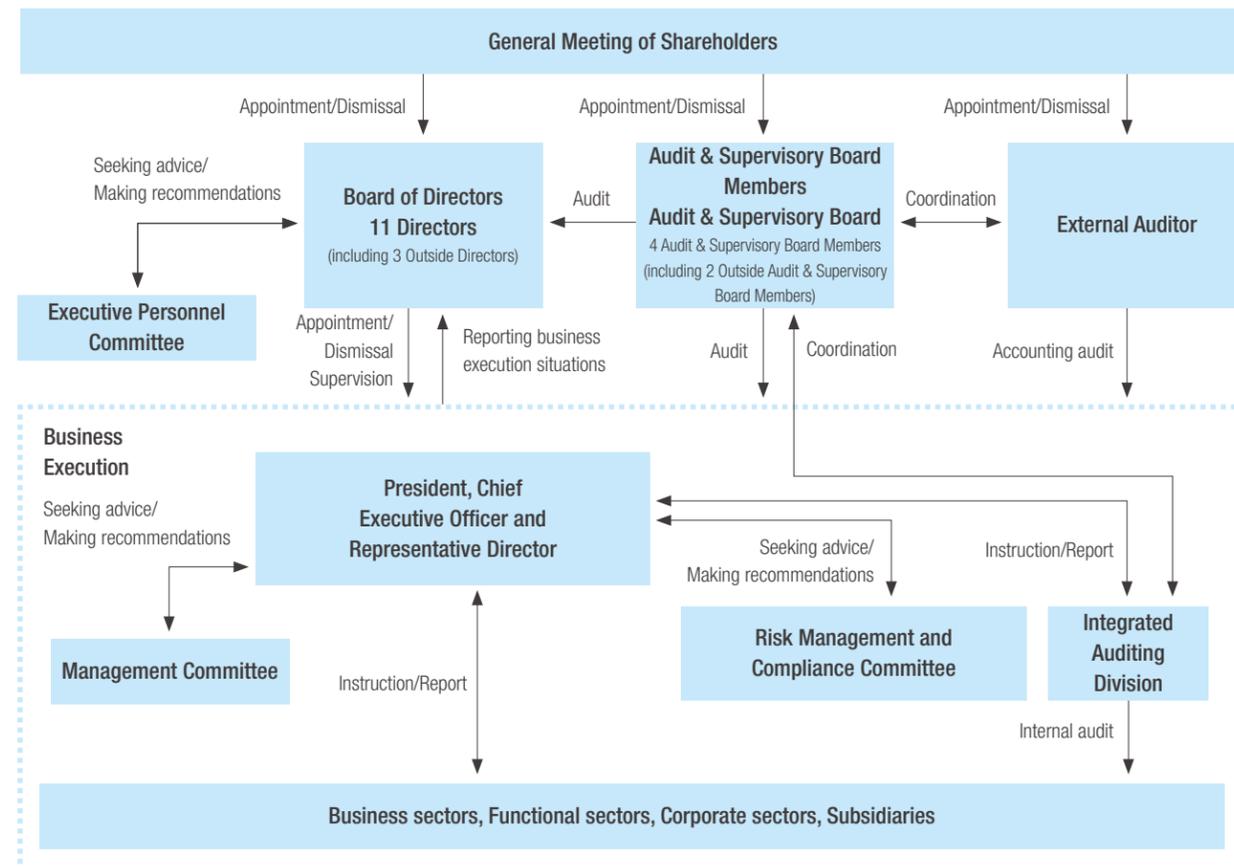
**1) Systems to ensure the Directors compliance with acts, regulations and the Company's Articles of Incorporation**

- The Board of Directors shall supervise Directors in the implementation of their responsibilities, to ensure that they exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.
- Audit & Supervisory Board Members, in accordance with the criteria and methodology established by the Audit & Supervisory Board, shall audit the business conduct of the Directors.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form such organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

**2) Maintenance and administration of information concerning the business conduct of Directors**

- Documents and other forms of information on the business conduct of Directors shall be prepared, maintained and administered appropriately by establishing and operating necessary arrangement involving internal regulations.
- Confidential information including documents and other forms of information on the business conduct of Directors shall be handled appropriately by establishing and operating necessary arrangement involving internal regulations.
- The Company shall form such organizations and develop such rules as necessary to ensure timely and appropriate disclosure of significant company information.

**Yamaha Motor's Corporate Governance System and Internal Control System (As of March 28, 2016)**



### 3) Rules relating to risk control against loss

- The Company shall establish a Risk Management and Compliance Committee as an organization carrying out deliberation on its risk management measures, and shall establish a risk management supervising section for developing regulations concerning risk management of the Company and its subsidiaries, conducting risk assessment and structuring system for monitoring the risk management.
- Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
- The Company shall develop and operate internal regulations, etc. as necessary to ensure integrated control of individual departmental risk management activities.
- If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the internal regulations, etc., with the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

### 4) Systems to ensure efficient execution of Directors' duties

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

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

- The Company shall establish the Risk Management and Compliance Committee as an organization carrying out deliberation on its compliance measures, and shall establish a compliance supervising section for enhancing and educating its Code of Ethics to the Company and its subsidiaries.
- The Company shall establish an internal reporting hotline in a

third-party organization outside of the Company which enables one to directly report on any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company, which directly informs Audit & Supervisory Board Members and the President and Chief Executive Officer concerning such report.

- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form organizations and develop rules necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

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

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

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

- The Group Companies Management Rules of the Company

stipulates that Directors, etc. of its subsidiaries must report to the Company on their financial status and other important information.

- The Company shall request Directors, etc. of its significant subsidiaries to make a report on their business execution at the Management Committee meetings, etc. of the Company on a regular basis.

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

- The Company's risk management supervising section shall set out rules on managing risks of the Company and its subsidiaries, and establish a system to monitor the risk assessment and its implementation plans and results.
- The Company's risk management supervising section shall provide subsidiaries with guidance and education with respect to risk management initiatives carried out by each subsidiary.
- Standards of conduct shall be set out in the internal rules, etc. to allow the Company to promptly and adequately deal with significant issues about the Company and its subsidiaries when they arise and to minimize the damage from such issues.

### 9) Systems to ensure efficient execution of duties by Directors, etc. of the Company's subsidiaries

- Decision-making processes, responsibilities and authority shall be clarified by strengthening the Board of Directors Rules, Decision-making Rules and other important rules.
- The Group Medium-term Management Plan and the budget for the fiscal year shall be set out.
- A common management control system shall be adopted by the Company and its subsidiaries.
- Global Executive Committee meetings, comprising Executive Officers of the Company and its major subsidiaries, shall be held regularly to share information on the group management policy and deliberate on the policy to deal with important issues.

### 10) Systems to ensure that the execution of duties by Directors, etc. and employees of the Company's subsidiaries complies with acts, regulations and the Company's articles of Incorporation

- The compliance supervising section of the Company shall enhance the Code of Ethics to be complied with by the Company and its subsidiaries, and shall provide subsidiaries with education on compliance.
- The compliance supervising section of the Company shall provide

subsidiaries with guidance and education in respect of compliance initiatives taken by each subsidiary.

- The Company and its subsidiaries shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company and its subsidiaries shall reinforce this commitment in their Code of Ethics.
- The Company and its subsidiaries shall form organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.
- The internal auditing sector of the Company shall work in collaboration with the internal auditing functions of its subsidiaries and perform audits on the system for compliance with acts and regulations of the subsidiaries.
- Audit & Supervisory Board Members of the Company shall perform audits on the status of Directors' execution of duties, internal control, risk management, measures to deal with compliance, and asset management status, etc. of its subsidiaries in accordance with the criteria and methodology established by the Audit & Supervisory Board.

### 11) Employee to assist Audit & Supervisory Board Members

- An Audit & Supervisory Board Members' Office shall be established with a full-time employee dedicated to assisting the Audit & Supervisory Board Members in the execution of their duties.

### 12) Employee assisting Audit & Supervisory Board Members independence from Directors

- The internal rules provides that the authority to give instructions and orders to the employees assisting Audit & Supervisory Board Members shall be delegated to each Audit & Supervisory Board Member.
- Any dismissal or personnel changes concerning the employee assisting Audit & Supervisory Board Members in the execution of their duties shall be approved by the Audit & Supervisory Board in advance.

### 13) Matters in respect of ensuring the effectiveness of instructions given by Audit & Supervisory Board Members to the employees assisting Audit & Supervisory Board Members

- No employee assisting Audit & Supervisory Board Members in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Audit & Supervisory Board Members, whose opinions shall be taken into consideration in evaluating the employee.

### 14) Rules concerning Directors and employees reporting to the Audit & Supervisory Board Members

- Directors and employees shall report to Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors or employees, fact which violates the law and the Company's Article of Incorporation, and incidents that could cause the Company considerable damage, depending on the importance and urgency thereof.
- Directors and employees shall report the following matters to the Audit & Supervisory Board Members periodically, or when necessary, at their request:
  - Establishment and operation of internal control systems, and related subjects
  - Results of internal audits conducted by the internal audit section
  - Operation of the internal reporting system, and receipt of reports

### 15) Rules to submit a report to Audit & Supervisory Board Members by the subsidiaries' Directors, Audit & Supervisory Board Members, employees who execute business, any other person in an equivalent position and employees or any person who received reports from aforementioned persons

- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees, and any person who received reports from these persons shall report to the Company's Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors and employees of the Company and its subsidiaries, fact which violates the law and Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, when they recognize that such facts are present, depending on the importance and urgency thereof.
- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers and employees and any person who received reports from these persons shall report to Audit & Supervisory Board

Members of the Company, at their request, on the following matters on a regular basis or when needed.

- Matters in respect of the business execution
- Result of audits performed by Audit & Supervisory Board Members of the domestic subsidiaries
- Result of internal audits performed by the Company's internal auditing sector
- Status of compliance and risk management, etc.

### 16) Systems to ensure that any person who reports as described in the preceding paragraph will not receive any disadvantageous treatment due to such reporting

- The Company shall stipulate in its internal rules that any person who reports as described in the preceding paragraph will not receive any disadvantageous treatment due to such reporting.

### 17) Matters regarding the policy for handling expenses or liabilities incurred in relation to the procedures for the advance payment or reimbursement of expenses incurred during the execution of duties by Audit & Supervisory Board Members, and other expenses or liabilities incurred during execution of the said duties

- In order to pay expenses, etc., incurred in the course of the Audit & Supervisory Board Members' execution of duties, a certain amount of budget shall be allocated annually.
- When requests such as payment of expenses in advance are made by Audit & Supervisory Board Members in accordance with Article 388 of the Corporation Act of Japan, payment of such expenses or liabilities shall be made or discharged in a prompt manner.

### 18) Other systems to ensure effective auditing by Audit & Supervisory Board Members

- The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
- Audit & Supervisory Board Members shall attend important meetings of bodies including the Management Committee, Risk Management and Compliance Committee, and Executive Committee.
- The internal audit section shall explain its internal audit plan to Audit & Supervisory Board Members in advance.
- The minutes of the Management Committee meeting and any other meetings as the Audit & Supervisory Board Members may specify shall be made available for their perusal. The Audit & Supervisory Board Members shall be granted similar access to any approved

proposal memorandums they may specify.

- Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

### Communication among Outside Directors, Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), Accounting Auditor, Internal Auditing Division, and Internal Control Division

- Outside Directors assess the current status of the Group and identify issues of interest through regular receipt of internal audit reports from the Internal Auditing Division. Opinions are voiced at Board of Directors' meetings when necessary.
- In their association with the Accounting Auditor, Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, receive an auditor's report, in accordance with prevailing laws, and review the fairness of the report. Both sides pursue communication through the exchange of information and opinions whenever necessary. In their association with the Internal Auditing Division, Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, seek to improve the effectiveness and efficiency of auditors' audits through access to internal audit plans and reports on the results of audits.
- The internal control division offers reports, when necessary, to the Internal Auditing Division, Audit & Supervisory Board Members, and the Accounting Auditor on the status of internal control measures, specifically their establishment and application.

### Outside Directors and Outside Audit & Supervisory Board Members

#### 1) Function and role of Outside Directors and Outside Audit & Supervisory Board Members in achieving proper corporate governance

The Company had three (3) Outside Directors and two (2) Outside Audit & Supervisory Board Members. Outside Directors provide management with advice and supervision from an independent and objective perspective, based on extensive experience and wide-ranging knowledge as managers of global companies, and expertise in strategic planning and investing.

Outside Audit & Supervisory Board Members audit the Company using vast experience and knowledge as a corporate executive and professor at the graduate school level and significant expertise as a certified public accountant and attorney.

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

Summary of "Standards for Selecting Independent Outside Officers" Independent Outside Officers may not be:

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

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

For the full text of Yamaha Motor's "Standards for Selecting Independent Outside Officers," please visit:

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

2) Appointment of Outside Directors and Outside Audit & Supervisory Board Members

Positions	Names	Reasons for appointment
Outside Directors	Tamotsu Adachi	Tamotsu Adachi provides management with advice and supervision as an Outside Director, based on his ample experience in international business and in the formulation of management strategy, investment activities and wide range of insights. Mr. Adachi meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers" and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Takuya Nakata	As President and Representative Director of Yamaha Corporation, a major shareholder of the Company, Takuya Nakata provides management with advice and supervision as a corporate executive, and has been elected as an Outside Director to enhance the value of the Yamaha brand name that is used by both companies. Similarly, the Company's President and Representative Director, Hiroyuki Yanagi, concurrently serves as an Outside Director of Yamaha Corporation.
	Atsushi Niimi	Atsushi Niimi provides management with advice and supervision as an Outside Director, based on his extensive experience and wide-ranging knowledge as a corporate executive at several global organizations. Mr. Niimi meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
Outside Audit & Supervisory Board Members	Isao Endo	Isao Endo uses his vast experience and wide-ranging knowledge as a corporate executive and professor at the graduate school level in auditing the Company. Mr. Endo meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers" and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Tomomi Yatsu	Tomomi Yatsu uses her significant expertise as a certified public accountant and attorney as well as her vast experience and wide-ranging knowledge as an outside auditor for a corporation in performing her duty as one of the Company's Audit & Supervisory Board Members (Outside). Ms. Yatsu meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer.

3) Vested interests of the Outside Directors and Outside Audit & Supervisory Board Members at Yamaha Motor Co., Ltd.

Outside Director Takuya Nakata is President and Representative Director of Yamaha Corporation, which holds 12.19% of the Company's shares, as of December 31, 2015; the Company has transactions such as real estate leases with this company.

Outside Director Atsushi Niimi is Chairman & Representative Director of JTEKT Corporation, a company from which the Company procures parts for products. Payments made from the Company to JTEKT Corporation during the most recent fiscal year corresponded to 0.1% of the Company's consolidated net sales. The amount of these transactions is less than "2% of the Company's consolidated aggregate sales for the most recent fiscal year," stipulated in the "Standards for Selecting Independent Outside Officers," and Mr. Niimi is therefore deemed to have no conflict of interest with the Company's general shareholders.

Outside Audit & Supervisory Board Member Tomomi Yatsu is employed by the law firm TMI Associates. During fiscal 2015, the Company paid TMI Associates ¥1 million as per a contract for

outsourced operations.

Outside Director Tamotsu Adachi and Outside Audit & Supervisory Board Members Isao Endo have no special interests in the Company other than Company shareholdings.

4) Support structure for Outside Directors and Outside Audit & Supervisory Board Members

When the Board of Director's meetings are held, the relevant Executive Officer or business department will provide Outside Directors with explanations of the resolutions to be proposed, as necessary and in advance, and Standing Audit & Supervisory Board Members will provide similar explanations to Outside Audit & Supervisory Board Members. In addition, a Management Research Committee has been established as a venue for Outside Directors and Outside Audit & Supervisory Board Members to regularly confer with Executive Officers who are responsible for the execution of business, and it meets following the conclusion of the Board of Directors' meetings.

The Company's Corporate Planning Division and the Audit &

Supervisory Board Members' Office that has been established to assist the Audit & Supervisory Board Members with their audit and supervisory operations work together to ensure that Outside Directors and Outside Audit & Supervisory Board Members receive the information they require, and that their contact and coordination with senior management is mutually appropriate.

State of Audit

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

- Shinji Tamiya  
*Designated Limited Liability and Engagement Partner*
- Takahiro Takiguchi  
*Designated Limited Liability and Engagement Partner*
- Masanori Enomoto  
*Designated Limited Liability and Engagement Partner*

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

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

Support staff for the audit includes fourteen (14) Certified Public Accountants and nineteen (19) other assistants.

Overview of Agreements That Limit Liabilities for Damages

The Company has entered into agreements with Outside Directors and Audit & Supervisory Board Members, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, which limit these executives' liabilities (as specified in Paragraph 1 of Article 423 of the Companies Act) for damages. The upper limit of liability for damages in the agreements is the amount as specified by laws and regulations.

The Company limits liabilities for damages charged to the Outside Directors and the Audit & Supervisory Board Members only when they acted with goodwill and the liability did not arise because they committed serious negligence in executing their duties.

Remuneration and Other Compensation for Directors and Audit & Supervisory Board Members

1) Policies on determining the amounts of remuneration or the calculation method thereof

The Company's Director's Remuneration Plan is comprised of basic compensation (monthly remuneration), Director's bonuses, reflecting the short-term consolidated performance of the Company overall, compensation linked to each Director's individual performance and a stock compensation plan reflecting the medium- to long-term consolidated performance of the Company overall.

Directors' bonuses shall not exceed 0.5% of the consolidated net income of the previous fiscal year, which is calculated correlating with net income and return on assets for the consolidated performance as well as taking into account dividends to shareholders and the level of consolidated performance against the budget. Then the amount calculated is resolved at the Board of Directors Meeting after the deliberation of the Executive Personnel Committee comprised Representative Directors and Outside Directors.

The stock compensation plan allows Directors to acquire a certain number of the Company's shares monthly through the Company's Director Shareholding Association, and to hold the shares while in office, thus further pegging Director remuneration to shareholder value. However, the performance based remuneration system and stock compensation plan do not apply to remuneration for Outside Directors and Audit & Supervisory Board Members.

2) Directors' remuneration

Remuneration and other compensation for the Company's Directors and Audit & Supervisory Board Members in fiscal 2015 are as follows.

(Millions of yen)

Officer classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Individual performance-linked		
Directors (14)	303	216	43	48	612
Outside Directors (4)	(25)	—	—	—	(25)
Audit & Supervisory Board Members (7)	77	—	—	—	77
Outside, Audit & Supervisory Board Members (3)	(18)	—	—	—	(18)
Total	381	216	43	48	689

**Notes 1.** The annual amount of remuneration for Directors excluding Directors' bonuses shall be ¥540 million or less (including ¥50 million or less for Outside Directors), and the annual amount of remuneration for Audit & Supervisory Board Members shall be ¥90 million or less.

**2.** The Directors' bonuses under "Compensation linked to performance" are the amounts scheduled to be paid.

**3.** The figures above include amounts for three Directors and three Audit & Supervisory Board Members who retired as of the closing of the 80th Ordinary General Meeting of Shareholders, held on March 26, 2015.

**4.** In addition to the remuneration shown above, ¥66 million was paid as employee salaries to Directors concurrently serving as employees.

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

(Millions of yen)

Name	Officer classification	Company classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
				Directors' bonuses	Individual performance-linked		
Hiroyuki Yanagi	Director	The Company	80	69	—	11	161
Takaaki Kimura	Director	The Company	68	59	—	9	137

### Matters to Be Resolved at the General Meeting of Shareholders That Can Be Adopted at the Board of Directors' Meeting

- The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, acquire its own shares, in accordance with the provisions of Paragraph 2 of Article 165 of the Companies Act. This is to ensure that the Company can acquire its own shares through market transactions or other methods and implement a flexible capital policy response to changes in the management environment.
- The Company's Articles of Incorporation stipulate that in accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, the Company may, by a resolution of the Board of

Directors, exempt its Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liabilities for damages arising from negligence of their duties, within the limits prescribed by laws and regulations. This is to ensure that Directors and Audit & Supervisory Board Members can successfully fulfill their expected roles.

- The Company's Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends, with June 30 of each year designated as the record date, in accordance with the provisions of Paragraph 5 of Article 454 of the Companies Act. This allows the Company flexibility in returning profits to shareholders.

### Special Resolution Requirement for the General Meeting of Shareholders

The Company has stipulated a special resolution requirement at the General Meeting of Shareholders in the Articles of Incorporation, in accordance with the provision of Paragraph 2 of Article 309 of the Companies Act, as follows: The resolution shall be authorized by a two-thirds (2/3) majority of the voting rights held by the holders of shares present at the General Meeting of Shareholders. These voting shareholders must hold shares representing, in the aggregate, not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise the rights.

This relaxes the number of required votes for special resolutions at any General Meeting of Shareholders, enabling shareholder meetings to progress smoothly.

### Improving Investor Relations (IR)

The Company has been aggressively pursuing IR activities worldwide, designed to ensure accountability by providing shareholders and investors with appropriate, accurate, and timely information regarding the Company's management performance and business operations. Specific activities include quarterly financial results briefings, "IR road shows" for overseas investors, briefings to explain the Company's businesses, efforts to improve information disclosure on the IR website, individual meetings with analysts and media interviews.

### Equity Holdings

#### 1) Total number of companies and amounts on the balance sheet for equity holdings that are not held for the purpose of pure investment

69 companies ¥54,946 million

#### 2) Companies, number of shares, balance sheet amounts, and purpose of holding for equity holdings that are not for pure investment

## Fiscal 2014

Companies	Number of shares (Shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	18,536	To perpetuate a business relationship as companies utilizing a common brand
Toyota Motor Corporation	501,210	3,788	To maintain a stable business relationship
KOITO MANUFACTURING CO., LTD.	913,000	3,382	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	3,329	To maintain a stable business relationship
NGK SPARK PLUG CO., LTD.	545,000	2,002	To maintain a stable business relationship
NIPPON STEEL & SUMITOMO METAL CORPORATION	6,174,000	1,857	To maintain a stable business relationship
Imasen Electric Industrial Co., Ltd.	613,750	1,040	To maintain a stable business relationship
The Shizuoka Bank, Ltd.	825,706	914	To maintain a stable business relationship as a financial institution with which the Company has transactions
Mizuho Financial Group, Inc.	2,288,340	797	To maintain a stable business relationship as a financial institution with which the Company has transactions
Enshu Limited	6,457,395	749	To maintain a stable business relationship
Akebono Brake Industry Co., Ltd.	1,347,800	571	To maintain a stable business relationship
KAYABA INDUSTRY CO., LTD.	1,093,000	565	To maintain a stable business relationship
JTEKT CORPORATION	236,000	484	To maintain a stable business relationship
EXEDY Corporation	105,000	305	To maintain a stable business relationship
MIKUNI CORPORATION	618,794	277	To maintain a stable business relationship
STANLEY ELECTRIC CO., LTD.	100,000	262	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	202	To maintain a stable business relationship as a financial institution with which the Company has transactions
Ahresty Corporation	134,722	100	To maintain a stable business relationship
Mitsubishi UFJ Financial Group, Inc.	113,200	75	To maintain a stable business relationship as a financial institution with which the Company has transactions
Sumitomo Mitsui Trust Holdings, Inc.	149,000	69	To maintain a stable business relationship as a financial institution with which the Company has transactions
TOBA, INC.	10,000	18	To maintain a stable business relationship
Nomura Holdings, Inc.	20,600	14	To maintain a stable business relationship as a financial institution with which the Company has transactions
JEUGIA Corporation	33,000	4	To maintain a stable business relationship
Fuji Heavy Industries Ltd.	1,000	4	To collect information such as the method of providing information to shareholders
Hamamatsu Photonics K.K.	100	0	To collect information such as the method of providing information to shareholders
Kawasaki Heavy Industries, Ltd.	1,000	0	To collect information such as the method of providing information to shareholders
Eisai Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Bridgestone Corporation	100	0	To collect information such as the method of providing information to shareholders
Canon Inc.	100	0	To collect information such as the method of providing information to shareholders
SUZUKI MOTOR CORPORATION	100	0	To collect information such as the method of providing information to shareholders

## Fiscal 2015

Companies	Number of shares (Shares)	Balance sheet amounts (Millions of yen)	Purpose of holding
Yamaha Corporation	10,326,701	30,453	To perpetuate a business relationship as companies utilizing a common brand
KOITO MANUFACTURING CO., LTD.	913,000	4,574	To maintain a stable business relationship
Toyota Motor Corporation	501,210	3,753	To maintain a stable business relationship
Nippon Seiki Co., Ltd.	1,217,502	3,379	To maintain a stable business relationship
NGK SPARK PLUG CO., LTD.	545,000	1,752	To maintain a stable business relationship
NIPPON STEEL & SUMITOMO METAL CORPORATION	617,400	1,491	To maintain a stable business relationship
Mizuho Financial Group, Inc.	4,823,160	1,174	To maintain a stable business relationship as a financial institution with which the Company has transactions
The Shizuoka Bank, Ltd.	825,706	975	To maintain a stable business relationship as a financial institution with which the Company has transactions
Imasen Electric Industrial Co., Ltd.	613,750	765	To maintain a stable business relationship
Enshu Limited	6,457,395	600	To maintain a stable business relationship
JTEKT CORPORATION	236,000	473	To maintain a stable business relationship
Akebono Brake Industry Co., Ltd.	1,347,800	407	To maintain a stable business relationship
KYB Corporation	1,093,000	402	To maintain a stable business relationship
EXEDY Corporation	105,000	308	To maintain a stable business relationship
STANLEY ELECTRIC CO., LTD.	100,000	267	To maintain a stable business relationship
MIKUNI CORPORATION	618,794	259	To maintain a stable business relationship
Sumitomo Mitsui Financial Group, Inc.	46,355	213	To maintain a stable business relationship as a financial institution with which the Company has transactions
Ahresty Corporation	134,722	97	To maintain a stable business relationship
Mitsubishi UFJ Financial Group, Inc.	113,200	85	To maintain a stable business relationship as a financial institution with which the Company has transactions
Sumitomo Mitsui Trust Holdings, Inc.	149,000	68	To maintain a stable business relationship as a financial institution with which the Company has transactions
TOBA, INC.	10,000	20	To maintain a stable business relationship
Nomura Holdings, Inc.	20,600	13	To maintain a stable business relationship as a financial institution with which the Company has transactions
Fuji Heavy Industries Ltd.	1,000	5	To collect information such as the method of providing information to shareholders
JEUGIA Corporation	33,000	4	To maintain a stable business relationship
Eisai Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
Hamamatsu Photonics K.K.	200	0	To collect information such as the method of providing information to shareholders
Kawasaki Heavy Industries, Ltd.	1,000	0	To collect information such as the method of providing information to shareholders
Bridgestone Corporation	100	0	To collect information such as the method of providing information to shareholders
Honda Motor Co., Ltd.	100	0	To collect information such as the method of providing information to shareholders
SUZUKI MOTOR CORPORATION	100	0	To collect information such as the method of providing information to shareholders

## 3) Pure investment equity holdings

No related items.