

# GOVERNANCE INFORMATION

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# 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:

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

## Chapter 1

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

#### 1-1. Ensuring shareholders' rights and equality

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

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

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

Under the Medium-Term Management Plan (2016–2018), we will proactively make strategic investments for growth and provide our shareholders with enhanced returns while maintaining and strengthening a stable financial base. 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) Basic policies on cross-shareholdings

Yamaha Motor's development, procurement, production, and sales have expanded globally. We believe that strengthening business relationships with business partners and maintaining stable relationships with financial institutions and other parties are necessary for achieving continuous growth. In considering our business strategies, business relationships with our business partners, and enhancement of our financial base, we intend to hold shares under cross-shareholdings when it is deemed necessary and appropriate in order to enhance corporate value from a medium- to long-term perspective.

The Board of Directors annually examines medium- to long-term economic rationality and future outlook concerning its major

cross-shareholdings, taking into account factors including return and associated risks.

### (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.

### 1-6. Related party transactions, transactions with competitors, and transactions involving any conflict of interests

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

Yamaha Motor has consolidated subsidiaries and equity-method affiliates in 30 countries and regions. Approximately 90% of its consolidated net sales are generated overseas. The Company's development, procurement, production, and sales activities have expanded globally, and its products are sold in more than 200 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

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

Issues regarding sustainability, including ongoing global warming, energy and water use, and conservation of biodiversity are growing in intensity on a worldwide level. We believe that handling these issues is

an important risk management task, which leads to the generation of growth opportunities.

We have successfully delivered technological innovations in compact engines with little environmental impact and commercialized Smart Power products like electrically power assisted bicycles and electric motorcycles, conducted research and development in next generation power sources, and promoted social contribution activities by making use of human resources, tangible assets and know-how built through our business operations, while maintaining harmony with the global environment. Yamaha Motor continues to engage in these initiatives to develop further an internal promotion system.

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

#### 2-4. Ensuring diversity

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 nationality or background. With regard to management executives at overseas subsidiaries in particular, we actively promote local talent, aiming to attain a localized ratio of 60% by 2018. 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

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.

## Chapter 3

### Appropriate information disclosure and ensuring transparency

#### 3-1. Appropriate information disclosure and ensuring transparency

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

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

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

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 nine Directors, four Outside Directors (including three Independent Outside Directors), two Standing Audit & Supervisory Board Members, and two Independent Outside Audit & Supervisory Board Members. Of the seventeen Directors and Audit & Supervisory Board Members in total, six 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, and the number of Audit & Supervisory Board Members to be up to five.
- (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 customers' 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 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.

#### 4-3. Roles of the Board of Directors

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

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

| Position                                  | Name              | 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.  |
|   | Genichi Tamatsuka | Having served as representative director at several major companies, Genichi Tamatsuka provides management with advice and supervision as an Outside Director, based on his extensive experience in corporate management and wide range of insights. Mr. Tamatsuka 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 | Tomomi Yatsu      | Tomomi Yatsu uses her significant expertise as a certified public accountant and attorney as well as her knowledge and experience as an outside officer for a corporation in performing her duties as one of the Company's Audit & Supervisory Board Members (Outside). Ms. Yatsu meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer. |
|   | Masahiko Ikaga    | Masahiko Ikaga uses his significant expertise as a certified public accountant, as well as his extensive experience and wide-ranging knowledge as a corporate executive, in performing his duties as one of the Company's Audit & Supervisory Board Members (Outside). Mr. Ikaga 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.  |

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

#### 4-4. Independent Outside Directors

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

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

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

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

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

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

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

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

#### Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for Directors and Audit & Supervisory Board Members for fiscal 2016 is as follows:

(Millions of yen)

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

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

2. The above Directors' bonuses in Compensation linked to performance are the amount scheduled to be paid.

3. In addition to the remuneration listed above, ¥39 million was paid as salaries to Directors who serve concurrently as employees.

#### 4-8. Remuneration system for Directors and Executive Officers

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

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

#### 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                 | Compensation linked to each Director's individual performance |                         |       |
| Hiroyuki Yanagi | Director               | The Company            | 80                 | 70                                 | —   | 11                      | 162   |
| Takaaki Kimura  | Director               | The Company            | 68                 | 60                                 | —   | 9                       | 138   |

#### 4-9. Roles and responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board

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

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

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

- 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.
- 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.
- 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.