

From the Chairman of the Board of Directors

Strengthening Corporate Governance

Under our corporate mission to be a *Kando* Creating Company, Yamaha Motor must continue to take on the challenge of creating *Kando* that surpasses customer expectations, and as it forms the basis for achieving that mission, we have promoted the strengthening of our corporate governance.

With the goal of incorporating objective opinions from outside the Company as well as knowledge and expertise we may sometimes lack internally, Yamaha Motor raised the proportion of outside directors on the Board of Directors. In 2019 and 2020, respectively, we welcomed as outside directors, Yuko Tashiro, a corporate manager with a wealth of experience in global business and who possesses considerable knowledge of finance, marketing, and more, and Tetsuji Ohashi, a corporate manager with extensive knowledge of matters that include technology and manufacturing as well as digital transformation. Today, the Board consists of four independent outside directors and seven internal directors, putting the proportion of independent outside directors on the Board at over one-third. We have thereby struck a fine balance in terms of the experience and specialties of said directors, as clearly indicated by our skill map.

Our free and open-minded corporate culture is also reflected in meetings of the Board of Directors. In fiscal 2019, we conducted lively discussions regarding 129 proposals, of which roughly 61% were made by directors and Audit & Supervisory Board members, approximately 26% by executive officers, and some 13% by other managers. During these discussions, opinions were exchanged on 551 issues, with the majority of these coming from outside directors and outside Audit & Supervisory Board members. In addition to pointing out issues to the Board of Directors from a third-party standpoint, we receive the proactive opinions of our outside officers from the perspective of their individual specialties. Thus, I believe that they are fully performing both their offensive and defensive roles.

Furthermore, the Executive Personnel Committee, which is comprised of four outside directors and three representative directors, is fulfilling its advisory role in relation to nominations and remuneration, and implemented a new executive remuneration system in fiscal 2019. Moreover, the committee is focusing on initiatives to ensure that profits are shared with the Company's shareholders over the medium to long term, including taking part in the selection and training of future management-level human resources.



Yamaha Motor aims to further enhance its corporate governance in order to respond to major societal changes and continue to be a company that creates new value.

Chairman and
Representative Director

Hiroyuki Yanagi

Corporate Governance to Go Even Higher

Creating Opportunities and Human Resources to Energize Our Value-Creation Process

I want to further energize Yamaha Motor's value-creation process in order for the Company to achieve sustainable growth.

I believe that opportunities and human resources are the Company's platform for creating value, and the Board of Directors is also placing importance on nurturing global talents that embody the Yamaha brand. With that in mind, we are making further additions to the management training program we implement for globally selected candidates as well as providing to those chosen for future company management the opportunities to gain work experience in multiple fields, while stationed overseas, and as presidents of our subsidiaries in order to foster the sense and sensibility for management, business execution capabilities, and leadership skills. Furthermore, we are advancing the promotion of non-Japanese management-level human resources, with the number of non-Japanese executive officers increased from two to five in 2020.

In addition, we established the Global Execution Transformation (GET) in 2020 seeking to create a framework to enable cross-functional business execution on a global scale from anywhere in the world. The executive officers in charge of each corporate function and globally capable human resources with high specialist expertise will be jointly responsible for promoting global activities related to management and business functions, such as standardizing and enhancing management methods, advancing issues, and cultivating human resources.

Further Developing Our Corporate Governance

In our daily analysis of market data in order to address the global COVID-19 pandemic, we are beginning to see new and unprecedented market developments. The values of customers and of society as a whole are starting to change rapidly, and this diversification is expected to further pick up speed going forward.

In particular, we are seeing greater calls for the digitalization of work styles, operations, and marketing, as well as the personalization and "smartification" of mobility. Yamaha Motor will strive to develop new forms of mobility while stepping up its digital transformation initiatives more than ever before. We also expect interest in and awareness of sustainability—headed by terms like ESG and the SDGs—to rise.

To respond to such major societal changes and grow as a company that continues to create new value, it is imperative that we establish management systems that spur innovation and improve sustainability. To that end, Yamaha Motor will aim to further enhance our corporate governance while continuing to prize our corporate culture of taking on challenges to create *Kando* by fusing cutting-edge technologies with human sensitivities.

Dialogue between Outside Directors



Takehiro Kamigama

Outside Director

Yuko Tashiro

Outside Director

We will further develop corporate governance so that we can continue to be a “Kando Creating Company.”

Outside directors Takehiro Kamigama and Yuko Tashiro discussed their respective assessments of Yamaha Motor’s corporate governance, its overall goals and direction, and their expectations of the Company.

An Assessment of Yamaha Motor’s Corporate Governance

Kamigama About a year and a half has passed since you became an outside director. What was your initial impression of Yamaha Motor’s corporate governance at the time?

Tashiro When I joined a Yamaha Motor Board meeting for the first time, I was quite surprised at how outside directors, including you, proactively and frankly voiced their opinions on each proposal. I have served as an outside director at other companies, but it’s rare for discussions to get as heated as they do at Yamaha Motor, so I had the impression that its Board of Directors functions very effectively.

Kamigama I became an outside director a year before you did, around the time Chairman Yanagi’s role became devoted to supervision. I believe that the move toward livelier discussions under his strong leadership may be what created the current atmosphere at Board meetings. It’s conducive to outside directors candidly speaking their mind and the

executive side responds to that with sincerity. I feel that Yamaha Motor’s Board meetings are occasions for really open discussions.

Tashiro I agree. When we outside directors advise caution or point out a possible flaw in a proposal, the executive officers respond in a highly flexible manner, offering to reexamine the proposal or even withdraw it in some cases. I feel this style or culture of discussion is still uncommon for a Japanese company. In a society where Board meetings are often held simply to vote on what has already been decided, it’s admirable that there is a process at Yamaha to repeatedly hold these kinds of discussions.

Kamigama The Board of Directors operates in a manner that conveys its intent to actively incorporate our input and opinions as much as possible, such as notifying outside directors in advance of proposals to be voted on at the next

Board meeting instead of voting on proposals right away. As a result, I believe Yamaha Motor’s corporate governance is steadily moving forward in a positive direction.

Tashiro Just recently, all the outside directors were given the opportunity to gather together and personally make recommendations directly to President Hidaka on the appropriate role of the Board of Directors. You had some rather harsh words to say.

Kamigama I may have been overly harsh. However, when I served as president and representative director of TDK Corporation, I also received forthright opinions from outside directors and found it very valuable to hear recommendations from an outside perspective because they were things that we would not have realized on our own. For that reason, I will continue to speak up without hesitation and I ask that you also offer the Board of Directors your candid feedback.

The Overall Goal and Direction of Corporate Governance

Tashiro I would like to discuss some areas I want the Company to focus on going forward. Yamaha Motor offers an extremely wide range of products, not just motorcycles and marine products. Moreover, with bases in over 100 countries globally, its areas of operation are also wide-ranging, and this makes it a challenge to run the Company from a corporate governance standpoint. The recent global COVID-19 pandemic is a case in point. As different countries and regions face different circumstances, the measures that need to be taken in response to this single event differ accordingly by country and region. Therefore, I think it’s vital to create an environment that allows management to quickly get information, gauge the situation, and promptly make decisions on urgent matters at Board meetings. As things proceed, I would like the Company to gear more of its efforts toward establishing such a structure.

Kamigama I feel the same way. I think the most important factor in effective corporate governance is establishing a structure for providing to management all manner of information influencing the operation of the Company. Furthermore, if an event is urgent, it should be put before the Board of Directors at once. And even if a case does not require urgency, if there is the slightest possibility that an event may drastically affect the Company in the future—such as a compliance-related matter—we outside directors should also be notified beforehand and the matter in question discussed at a Board meeting. Doing so will help prevent impacts from becoming significant.

Tashiro Information is indispensable for not only improving the quality of discussions at Board meeting but also for making appropriate decisions. The more drastically the external environment changes, the more crucial communication channels and a structure for gathering information from around the world become.

Kamigama We are both members of the Executive Personnel Committee, so I would like to hear your thoughts on its role as a committee member. I think that the remuneration system for executives as well as the program for training successors are being developed with good reasoning and transparency, and both are at a level worthy of praise.

Tashiro Indeed. The remuneration system incorporates a results-oriented approach while the successor training program has been systematically designed with aspects that facilitate the input of external viewpoints, such as outside directors also getting the opportunity to interview executive officer candidates. However, there are no female or non-Japanese members among the current internal directors and only a few among the incumbent executive officers. While I feel that this remains an issue, there is both female and non-Japanese representation among the executive officer candidates, so I believe that the Company is moving in a good direction. With an overseas sales ratio of approximately 90%, the promotion of non-Japanese people is surely a necessity given that overseas operations account for most of the Company’s business. The Company is also making concerted efforts toward systems and structures for fostering the advancement of women, including the establishment of shorter working hours and childcare facilities. However, it’s important to be aware that the creation of frameworks alone is not a corporate goal. I have always felt that if we are not conscious of the likely advantages to be gained through the active role of women, such as an increase in sales, a reduction in costs, and the bringing forth of new ideas, we will not resolve this issue.

Kamigama With Japanese manufacturers in general, not just at Yamaha Motor, there has been little progress in the promotion of women to executive and management positions. Yet if we look overseas, we can see women are actively promoted to



The fact that Yamaha Motor is a global company makes it even more important to establish a worldwide communication network that responds quickly and in a multifaceted manner to dramatic changes in the business environment.

positions where they leverage their talents. In Singapore, for example, almost all of those in charge of procurement are women. Incorporating this kind of perspective is key because if simply increasing the number of executive and management positions held by women becomes the goal, it does not necessarily lead to positive outcomes in many cases.

Tashiro The same can be said for the promotion of non-Japanese employees. In a context where most of Yamaha Motor's customers are not Japanese, there are various effects that we can expect through the promotion of non-Japanese people. We should discuss such topics more often, including at meetings of the Executive Personnel Committee.

Our Expectations of Yamaha Motor

Kamigama Lastly, I would like to discuss our expectations of Yamaha Motor without being confined to the corporate governance sphere. In terms of the duties required of outside directors, the supervisory role comes first and foremost, but I do want the Company to grow, and for that to happen I sincerely want to see new, uniquely Yamaha products developed. My background is in engineering and I have, in fact, been making recommendations regarding Yamaha Motor's technological initiatives and been given the opportunity to exchange opinions directly with the general managers of several technical divisions. I would like to see an increase in opportunities to communicate not only with upper management but also with others in management positions and frontline employees, and I would be delighted if the Company could leverage my experience in the development of a new product.

Tashiro The global COVID-19 pandemic is likely to fundamentally change society going forward and that may bring forth dire business conditions for many companies. Nevertheless, such conditions also provide the chance to create something new. The demand for unmanned technologies and automation is expected to grow even more, and I believe that new forms of leisure, recreation, and transportation unlike any before are certain to emerge. If Yamaha Motor can quickly gather information on what people really want and what kind of products they are looking for, I know that it is capable of turning that information into something tangible and innovative. For that reason, as I stated earlier, the creation of a global communication network will become even more important.

Kamigama Once the COVID-19 pandemic reaches some kind of conclusion, the post-COVID-19 world so to speak, one can expect Yamaha Motor's customer base to change significantly and I'm looking at the possibilities for developing a new customer base from here onward. For example, consumers who had yet to show even the slightest interest in marine leisure may begin turning their attention to marine products. The Company must conduct marketing research on potential developments that include this kind of scenario and tailor a suitable strategy. If it does so, the Company will surely discover a new and different approach. In terms of unmanned technologies and automation, robotics is likely to become increasingly vital so there will be a wealth of business opportunities for Yamaha Motor. Also, we obviously must anticipate the societal changes that the technological advances in AI, IoT, and the like will bring about. In this context, I hope that the Company will take charge and push forward in order to create products unique to Yamaha and ones that astound the world. I would like the Company to make products that receive acclaim from people across the globe, reaffirming their high regard for the Yamaha brand.

Tashiro I agree. Yamaha Motor has some amazing technologies and plenty of potential to grow significantly in this era of dramatic change. Nevertheless, the Company will likely

encounter difficulties when it attempts to move into a new market instead of an existing one if it's done solely with its own personnel. To make a breakthrough, I think it would be worth Yamaha Motor taking on the challenge of approaching matters from the perspective of those with completely different ideas. For example, having non-Japanese people take part in important investment decisions or seeking the opinions of individuals from markets that Yamaha Motor has not previously targeted. The Company has carried out ample research on existing markets and I am well aware of the fact that it has initiated various measures. However, the breakthrough I speak of must incorporate outside perspectives. Outside directors are one way to provide these perspectives, so I personally intend to offer the views of an outsider and actively voice my insights.

Kamigama It was clear during the formulation process for the Long-Term Vision and the current Medium-Term Management Plan that the Company is really striving to break out of its shell. I think that we outside directors are a group for supporting and facilitating those efforts, so let's continue to work hard so that Yamaha Motor can make further progress as a "Kando Creating Company."

I would like the Company to continue providing people around the world with products only Yamaha Motor can create.



Directors and Audit & Supervisory Board Members (As of April 1, 2020)

Directors



Chairman and Representative Director
Hiroyuki Yanagi

April 1978: Joined the Company
March 2009: Senior Executive Officer, Chief General Manager of Manufacturing Center
November 2009: Senior Executive Officer, Senior General Manager of MC Business Section, MC Business Operations
March 2010: President, Chief Executive Officer and Representative Director
June 2011: Outside Director of Yamaha Corporation
January 2012: President, Chief Executive Officer and Representative Director, Chief General Manager of MC Business Operations
January 2015: President, Chief Executive Officer and Representative Director
January 2018: Chairman and Representative Director (to present)
March 2019: Outside Director of AGC Inc. (to present)
March 2019: Outside Director of Kirin Holdings Company, Limited (to present)



President, Chief Executive Officer and Representative Director
Yoshihiro Hidaka

April 1987: Joined the Company
July 2010: Vice President of Yamaha Motor Corporation, U.S.A.
March 2017: Senior Executive Officer and Director, Executive General Manager of Corporate Planning & Finance Center
January 2018: President, Chief Executive Officer and Representative Director (to present)
June 2018: Outside Director of Yamaha Corporation (to present)



Executive Vice President and Representative Director
Katsuaki Watanabe

April 1982: Joined the Company
March 2011: Senior Executive Officer and Chief General Manager of Manufacturing Center
April 2013: Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of Manufacturing Center
January 2015: Senior Executive Officer and Director, Chief General Manager of MC Business Operations and Executive General Manager of 1st Business Unit, MC Business Operations
March 2016: Managing Executive Officer and Director, Chief General Manager of MC Business Operations
January 2018: Executive Vice President and Representative Director (to present)



Director
Managing Executive Officer
Toshizumi Kato

June 1986: Joined the Company
January 2011: Director and President of Yamaha Motor Corporation, U.S.A.
March 2012: Senior Executive Officer
March 2014: Senior Executive Officer and Director
January 2016: Senior Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations
March 2016: Managing Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations
January 2018: Managing Executive Officer and Director (to present)
July 2019: Chairman and Representative Director of Yamaha Motor Robotics Holdings Co., Ltd. (to present)



Director
Managing Executive Officer
Katsuhito Yamaji

April 1982: Joined the Company
April 2003: Director of Yamaha Motor da Amazonia Ltda.
March 2015: Senior Executive Officer, Chief General Manager of Manufacturing Center
March 2017: Senior Executive Officer and Director, Chief General Manager of Manufacturing Center (to present)
January 2018: Senior Executive Officer and Director
March 2019: Managing Executive Officer and Director (to present)



Director
Senior Executive Officer
Makoto Shimamoto

April 1983: Joined the Company
March 2015: Senior Executive Officer, Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit
January 2017: Senior Executive Officer, Chief General Manager of Technology Center and Chief General Manager of PF Model Unit
March 2017: Senior Executive Officer and Director, Chief General Manager of Technology Center and Chief General Manager of PF Model Unit
January 2018: Senior Executive Officer and Director, Chief General Manager of Mobility Technology Center (to present)
January 2020: Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center of the Company (to present)



Director
Senior Executive Officer
Tatsumi Okawa

April 1986: Joined the Company
January 2015: Director and President of Yamaha Motor Corporation, U.S.A.
March 2018: Senior Executive Officer and Director, Chief General Manager of Corporate Planning & Finance Center (to present)



Outside Director
Takuya Nakata

April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)
October 2005: General Manager of PA/DMI Division of Yamaha Corporation
June 2006: Executive Officer of Yamaha Corporation
June 2009: Director & Executive Officer of Yamaha Corporation
April 2010: President of Yamaha Corporation of America
June 2010: Senior Executive Officer of Yamaha Corporation
June 2013: President and Representative Director of Yamaha Corporation
March 2014: Outside Director (to present)
June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)



Outside Director
Takehiro Kamigama

April 1981: Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
June 2002: Corporate Officer of TDK Corporation
June 2003: Senior Vice President of TDK Corporation
June 2004: Director & Executive Vice President of TDK Corporation
June 2006: President & Representative Director of TDK Corporation
June 2016: Chairman & Representative Director of TDK Corporation
June 2017: Outside Director of OMRON Corporation (to present)
March 2018: Outside Director (to present)
June 2018: Outside Director of SoftBank Corp. (to present)
June 2018: Mission Executive of TDK Corporation (to present)



Outside Director
Yuko Tashiro

June 1986: Joined KPMG LLP
July 1995: Partner of KPMG LLP
November 2000: Sourcing Leader of GE Corporate Japan of General Electric International Inc.
July 2003: Chief Financial Officer of PHOENIX RESORT CO., LTD.
April 2005: Director, Chief Operating Officer and Chief Financial Officer of Aon Holdings Japan, Ltd.
April 2010: Representative Director of TS Associates, Ltd.
June 2012: Outside Director of Accordia Golf co., Ltd.
March 2016: Auditor (External) of McDonald's Holdings Company (Japan), Ltd. (to present)
June 2016: Representative Director, President and Chief Executive Officer of Accordia Golf co., Ltd.
January 2018: Director and Chairman of the Board of Accordia Golf co., Ltd.
April 2018: Representative Director, Chairman of the Board and President, CEO of Accordia Golf co., Ltd. (to present)
March 2019: Outside Director of the Company (to present)
Chairperson, CEO and Representative Director of NEXT GOLF MANAGEMENT CORPORATION (to present)



Outside Director
Tetsuji Ohashi

April 1977: Joined Komatsu Ltd.
January 2004: President and Chief Operating Officer (COO) of Komatsu America Corp.
April 2007: Executive Officer of Komatsu Ltd.
April 2008: Senior Executive Officer of Komatsu Ltd.
June 2009: Director and Senior Executive Officer of Komatsu Ltd.
April 2012: Director and Senior Executive Officer of Komatsu Ltd.
April 2013: President and Representative Director, and CEO of Komatsu Ltd.
April 2019: Chairperson of the Board and Representative Director of Komatsu Ltd. (to present)
March 2020: Outside Director of the Company (to present)

Audit & Supervisory Board Members



Audit & Supervisory Board Member (Full-time)
Kenji Hironaga

April 1982: Joined the Company
February 2010: General Manager of Human Resources Development Division, Human Resources & General Affairs Section
September 2014: Chief General Manager in charge of planning, Audit & Supervisory Board Members' Office
March 2015: Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Full-time)
Junzo Saito

November 1985: Joined the Company
February 2008: General Manager of Legal & Intellectual Property Division
April 2011: Representative Director and President of Yamaha Motor Espana S.A.
May 2012: Vice President of Yamaha Motor Europe N.V.
March 2017: Senior Executive Officer
March 2019: Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Outside)
Masahiko Ikaga

October 1979: Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
March 1988: Registered as a certified public accountant
May 1988: Director of Tohmatsu Touche Ross Consulting Co., Ltd. (currently Abeam Consulting Ltd.)
May 1990: Partner of Tohmatsu Awoki & Co.
April 1993: Director of Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)
March 2000: Representative Director and President of Tohmatsu Consulting Co., Ltd.
October 2010: Chairman and Director of Tohmatsu Consulting Co., Ltd.
November 2013: Established Masahiko Ikaga Certified Public Accounting Office
April 2016: Representative Director of PrajnaLink Co., Ltd. (to present)
May 2016: External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. (to present)
June 2016: Outside Audit & Supervisory Board Member (to present)
March 2017: Outside Director of RYOBI LIMITED (to present)
June 2017: Outside Director of RYOBI LIMITED (to present)



Audit & Supervisory Board Member (Outside)
Masatake Yone

April 1981: Registered as an Attorney
March 1987: Registered as a New York State Attorney
July 1987: Joined Mori Sogo (currently Mori Hamada & Matsumoto)
January 1989: Partner Attorney of Mori Hamada & Matsumoto (to present)
April 2000: Lecturer at Graduate School of International Corporate Strategy, Hitotsubashi University
March 2008: Outside Director of GCA Savian Group Corporation (currently GCA Corporation)
April 2011: Vice President of Daini Tokyo Bar Association
June 2011: Outside Corporate Auditor of BANDAI NAMCO Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (to present)
June 2013: Audit & Supervisory Board Member (External) of Terumo Corporation
June 2015: Independent Director (Audit & Supervisory Committee Member) of Terumo Corporation (to present)
March 2016: Outside Director (Audit & Supervisory Committee Member) of GCA Corporation (to present)
March 2019: Outside Audit & Supervisory Board Member (to present)
December 2019: Outside Director of Skymark Airlines Inc. (to present)

Corporate Governance

Directors and Audit & Supervisory Board Members (As of April 1, 2020)

Executive Officers

President and Chief Executive Officer

Yoshihiro Hidaka

Executive Vice President

Katsuaki Watanabe

Managing Executive Officers

Toshizumi Kato

Katsuhito Yamaji

Senior Executive Officers

Makoto Shimamoto

Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center

Tatsumi Okawa

Chief General Manager of Corporate Planning & Finance Center

Kazuhiro Kuwata

President of Yamaha Motor Corporation, U.S.A.

Hirofumi Usui

Chief General Manager of Marine Business Operations

Heiji Maruyama

Chief General Manager of Powertrain Unit, Senior General Manager of Powertrain Planning Section, Powertrain Unit, and Chief General Manager in charge of Automotive Development and Mobility Planning Promotion, Mobility Technology Center

Satohiko Matsuyama

Chief General Manager of Manufacturing Center

Minoru Morimoto

President of PT. Yamaha Indonesia Motor Manufacturing

Eric de Seynes

President of Yamaha Motor Europe N.V.

Executive Officers

Akihiro Nagaya

Chief General Manager of Creative Center and General Manager of Brand Marketing Division, Creative Center

Yasuo Tanaka

Chief General Manager of CS Center, Deputy Chief General Manager of Quality Assurance Center, and Senior General Manager of Spare Parts Section, CS Center

Motofumi Shitara

Managing Director of Yamaha Motor India Pvt. Ltd., Managing Director of India Yamaha Motor Pvt. Ltd., and Managing Director of Yamaha Motor India Sales Pvt. Ltd.

Dyonisius Beti

COO of PT. Yamaha Indonesia Motor Manufacturing

Toshihiro Nozue

Senior General Manager of Marine Engine Section, Marine Business Operations

Satoshi Hirose

Chief General Manager of Quality Assurance Center and Deputy Chief General Manager of CS Center

Hiroyuki Ota

Chief General Manager of Solution Business Operations

Itaru Otani

Chief General Manager of Human Resources & General Affairs Center

Takeo Noda

Deputy Chief General Manager of Corporate Planning & Finance Center

Toshiaki Iбата

Senior General Manager of Boat Section, Marine Business Operations

Toyoshi Nishida

Chief General Manager of PF Model Unit and Senior General Manager of Motor Sports Section, PF Model Unit

Takuya Kinoshita

Chief General Manager of Motorcycle Business Operations

Norio Yamada

Chief General Manager of IT Center

Tatsuya Masuda

Chief General Manager of Procurement Center

Kenichi Muraki

Chief General Manager of Manufacturing Technology Center

Kotaro Ueda

Deputy Chief General Manager of Manufacturing and Production Engineering Center and Senior General Manager of Manufacturing Section, Manufacturing and Production Engineering Center

Eishin Chihana

Senior General Manager of 3S Advanced Countries Section, Motorcycle Business Operations, Senior General Manager of 3S Southeast & East Asia Section, Motorcycle Business Operations, and Managing Director of Yamaha Motor Asia Pte. Ltd.

Deputy Executive Officers

Ben Speciale

Senior Vice President of Yamaha Motor Corporation, U.S.A., and President of U.S. Marine Business Unit

Jeffrey Young

President of Yamaha Motor Corporation, U.S.A.

Michael Chrzanowski

President of Yamaha Motor Manufacturing Corporation of America

AM: Automotive
CS: Customer Service
ME: Marine Engine
PF: Platform
MC: Motorcycle
IT: Information Technology

Corporate Governance

As a “Kando Creating Company,” our corporate mission is to offer new excitement and a more fulfilling life for people all over the world. To achieve this mission, Yamaha Motor aims to enhance corporate value through sustained growth attained via its medium- and long-term strategies and measures. To this end, the Company has put into place systems and frameworks that enable rapid decision-making and the proper supervision and monitoring of business execution.

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 corporate governance guidelines and put them into practice in an appropriate manner.



For more details, please see the Corporate Governance Guidelines.

https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf

History of Strengthening the Corporate Governance System

	2000	2001	2007	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Improvement of operating structure	Introduction of Executive Personnel Committee (Nomination / Remuneration Committee)													
	Operation of Board of Directors + Management Discussion meeting													
	Establishment of Corporate Governance Guidelines													
	Implementation of the Board evaluation													
Executive structure	Introduction of Executive Officer system													
	Appointment of Outside Directors													
	Delegation agreement with Executive Officers													
	Appointment of female Directors and Audit & Supervisory Board Members													
	Appointment of non-Japanese Executive Officers													
	Separation of Chairman of the Board of Directors and Chief Executive Officer (CEO)													
Number of Directors					11	11	10	10	12	11	11	13	11	11
Number of Internal Directors					7	8	7	7	9	8	8	10	7	7
Number of Outside Directors					4	3	3	3	3	3	3	4	4	4
Independent Outside Directors					3	2	2	2	2	2	2	3	4	4
Of which, female Directors					1	1	1	0	0	0	0	0	0	1
Executive remuneration system	Integration of stock options into stock compensation plan													
	Overall revision of the system (compensation further linked to performance and for long-term incentives)													
Medium-Term Management Plan	Taking on the renewed challenge of achieving net sales of ¥2 trillion													
	Stabilization of a profitable structure (V-shaped recovery in results)				Toward sustainable growth (expansion of business scale and enhancement of profitability)				A unique company that continues to achieve dynamic milestones (management emphasizing ROE and cash flow)					

Corporate Governance Structure

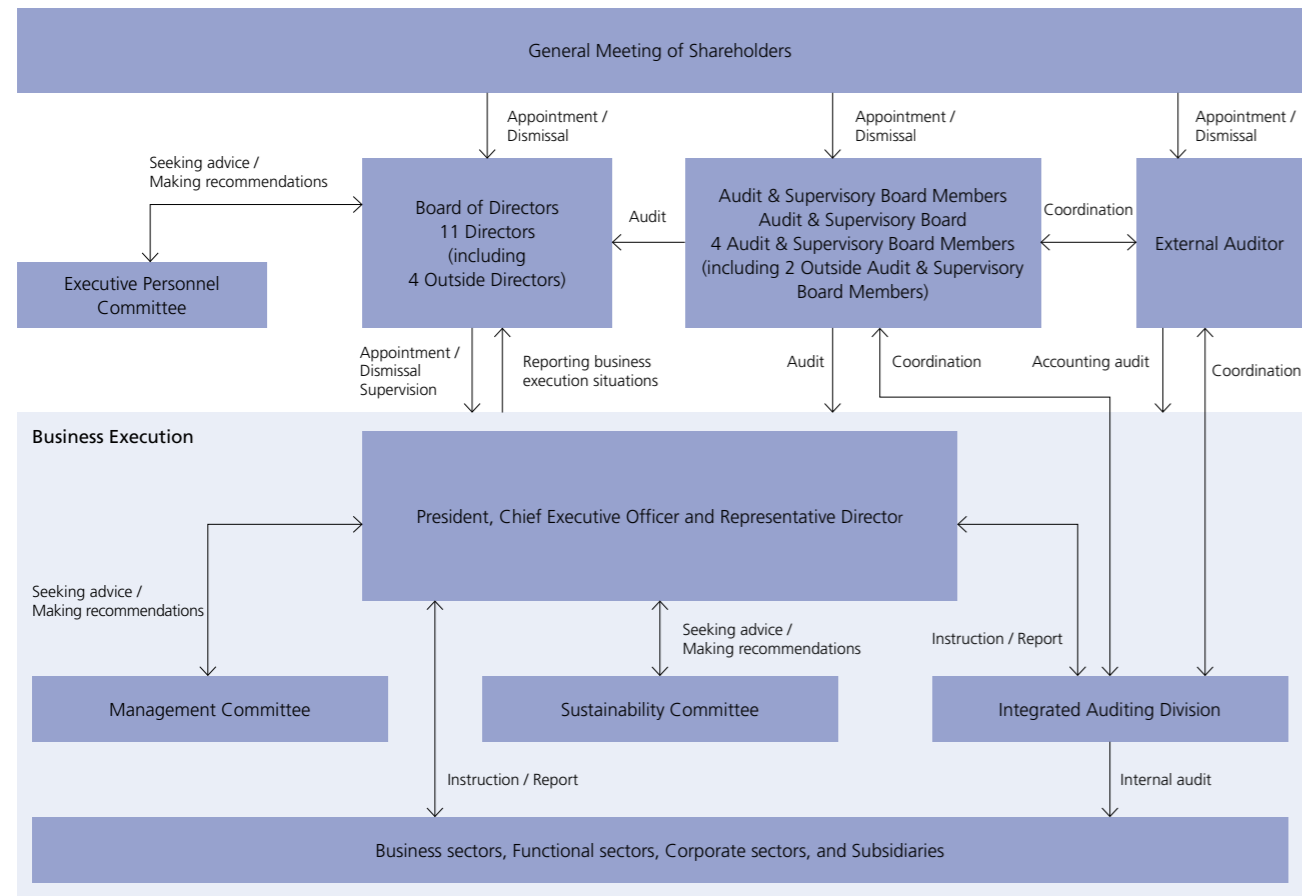
Yamaha Motor supplies various kinds of products and services to markets around the world, including personal mobility solutions, marine products, industrial robots, vehicle engines, and unmanned helicopters. Overseas sales account for approximately 90% of the Company's consolidated net sales. Starting with the principal concept of developing and producing locally where the products are consumed, we engage in development, procurement, production, sales, and other activities on the global stage.

To sustainably advance our business activities, we believe it is effective to structure a corporate governance system consisting of the Board of Directors, made up of Internal Directors 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, as well as 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.

Corporate Governance System Overview

Organizational design	Company with Audit & Supervisory Board
Number of Directors (number of Outside Directors)	11 (4)
Number of Audit & Supervisory Board Members (number of Outside Audit & Supervisory Board Members)	4 (2)
Directors' terms of office	One year
Employment of Executive Officer system	Yes
Optional committees of Board of Directors	Executive Personnel Committee
Auditor	Ernst & Young ShinNihon LLC

Corporate Governance System (As of March 26, 2020)



Professional Qualifications and Experience of Directors and Auditors

Name	Area of responsibility	Corporate Management / Expertise	Manufacturing / Technology / R&D	Sales / Marketing	Accounting / Finance / M&A	IT / Digital Technology	Human Resources / Labor / Personnel Development	Legal / Risk Management	Global Experience	Attendance at meetings of Board of Directors and Audit & Supervisory Board during FY2019
Hiroyuki Yanagi	—									Board of Directors: 13 / 13
Yoshihiro Hidaka	Human Resources & General Affairs / Creative / Marine									Board of Directors: 13 / 13
Katsuaki Watanabe	Quality Assurance / Customer Service / Motorcycles / Market Development / Automotive									Board of Directors: 13 / 13
Toshizumi Kato	Solution / Power Products / Alliance Strategy									Board of Directors: 13 / 13
Katsuhito Yamaji	Manufacturing / Manufacturing Technology / Procurement / Powertrain									Board of Directors: 13 / 13
Makoto Shimamoto	Vehicle Development									Board of Directors: 13 / 13
Tatsumi Okawa	IT / Digital									Board of Directors: 13 / 13
Outside Independent Takuya Nakata	—									Board of Directors: 12 / 13
Outside Independent Takehiro Kamigama	—									Board of Directors: 12 / 13
Outside Independent Yuko Tashiro	—									Board of Directors: 8 / 10 (After appointment on March 27, 2019)
Outside (New) Independent Tetsuji Ohashi	—									Appointed in April 2020
Kenji Hironaga	—									Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
Junzo Saito	—									Board of Directors: 10 / 10 Audit & Supervisory Board: 9 / 9
Outside Independent Masahiko Ikaga	—									Board of Directors: 12 / 13 Audit & Supervisory Board: 12 / 12
Outside Independent Masatake Yone	—									Board of Directors: 10 / 10 Audit & Supervisory Board: 9 / 9

Directors and the Board of Directors

The Board of Directors consists of 11 Directors (including four Outside Directors). In principle, the Board of Directors meets monthly, and additionally from time to time as necessary. The Chairman of the Board of Directors is not in charge of any specific field and not involved in business execution.

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. In fiscal 2019, Management Discussion meetings were held seven times, and the Executive Discussion meeting was held once.

Board Evaluation

Pursuant to Yamaha Motor's Corporate Governance Guidelines, the Board of Directors analyzes 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

Evaluation process

The effectiveness of the Board of Directors was evaluated using the following process with the Corporate Planning Division acting as the secretariat.

- Self-Evaluation Survey by updated questionnaire, based on seven evaluation perspectives regarding the aims of the Board of Directors and past evaluation results.
- Conduct Board investigations, analysis of the Self-Evaluation Survey responses, and interviews implemented by a third party.
- Analyze the Self-Evaluation and Third-Party Evaluation results, and confirm the status of improvement, compared with the previous fiscal year's evaluation.
- Share the results of the evaluation of effectiveness and deliberate the issues to be addressed at the Board of Directors' meetings based on the results of the analysis.

Evaluation results

It was confirmed that the Board of Directors continued to proactively hold effective discussions and implement creative initiatives to realize the medium- to long-term enhancement of corporate value and sustainable growth, and the effectiveness was sufficiently assured toward the achievement of the Long-Term Vision, with an eye on 2030 and the Medium-Term Management Plan from 2019.

In particular, it was highly evaluated that the comments made by Outside Directors and Audit & Supervisory Board Members were fully respected, a climate was fostered in which constructive discussion and exchange of opinions were carried out, and the roles of Directors and the Board of Directors were clarified and shared. It was also confirmed that key issues regarding Yamaha Motor's management strategy have been appropriately discussed.

It was confirmed that there was no significant difference in the effectiveness of the Board of Directors between the prior Self-Evaluation and the Third-Party Evaluation.

We will continue to push ahead with improvement measures to address the issues highlighted based on the evaluation and implement creative initiatives to further improve effectiveness by regularly involving a third party in the evaluation process.

Executive Personnel Committee

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

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

In the role related to "remuneration," the committee deliberates upon and determines the evaluation standards and remuneration system for

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

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

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members are made up of two Standing Audit & Supervisory Board Members and two Independent Outside Audit & Supervisory Board Members. In principle, the Audit & Supervisory Board meets monthly, and additionally from time to time as necessary. 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 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 people, has been established to assist the Audit & Supervisory Board Members with their audit and supervisory operations.

Collaboration between Audit & Supervisory Board Members, Outside Auditors, and Internal Audit Section

Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) work with the External Auditor to facilitate audits based on appropriateness, and receive accounting audit reports in accordance with laws and regulations. Through collaboration that includes the mutual exchange of information as needed and related opinions with the internal audit section, Audit & Supervisory Board Members receive reports about internal audit plans and their outcomes, with the ultimate aim of improving the effectiveness and efficiency of audits.

Independent Outside Directors and Outside Audit & Supervisory Board Members

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.

Summary of "Standards for Selecting Independent Outside Officers"

- I. 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 the Yamaha Motor Group
 5. Individuals with some other type of vested interest in the 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.

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

 **For the full text of the "Standards for Selecting Independent Outside Officers," please visit our website.**
https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf

Executive Officers and Management Committee, etc.

The Company has 32 Executive Officers, of whom six serve concurrently as Directors. A Management Committee, comprising nine 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 fiscal 2019, 22 meetings of the Management Committee were held.

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 Representative Director, all Executive Officers with specific posts, and senior local managers of major Group companies, and has 46 members, of whom 30 are Japanese and 16 are non-Japanese. In principle, the committee meets at least once annually, and additionally from time to time as necessary. In fiscal 2019, two meetings of the Global Executive Committee were held.

Sustainability Committee

Yamaha Motor has established the Sustainability Committee, comprising nine Executive Officers with specific posts, as an entity to deliberate measures related to risk management and compliance, as well as to address issues concerning sustainability. In principle, the Sustainability Committee meets twice a year, and also holds additional meetings if necessary.

Internal Auditing

The Integrated Auditing Division, with 25 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.

Cross-Shareholdings

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

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

Based on this policy, in fiscal 2019 the Company decided to sell some cross-shareholdings based on an examination by the Board of Directors of each cross-shareholding.

Shareholdings of Yamaha Corporation

Yamaha Motor was established by spinning off the motorcycle division from Nippon Gakki Co., Ltd. (currently 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.

Remuneration System for Executives

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

The Representative Director is to only be paid the whole-company performance-based bonus component of the compensation linked to performance. The compensation linked to performance of other Directors and Executive Officers are to be comprised of a whole-company performance-based bonus and an individual performance-based bonus.

The total amount of the whole-company performance-based bonus of Directors is to be payable up to 0.5% of the net income attributable to owners of parents of the previous fiscal year.

The individual performance-based bonus will be determined within the scope of 0–2 times the reference amount specified for each position, bearing in mind the extent of target achievement or the degree of progress, etc., for each evaluation indicators set in advance.

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

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

Breakdown of Compensation Linked to Consolidated Performance

Compensation Linked to Consolidated Performance		Compensation Linked to Individual Performance	
Pool of funds (up to 0.5% of net income attributable to owners of parent)		0–2x of base amount relative to achievement of and progress toward predetermined indicators	
Net income attributable to owners of parent	0–2x (including adjustments based on other business performance metrics)	Financial Evaluation	Non-Financial Evaluation
x Preset percentage		Takes into account year-on-year comparisons and degree of target achievement for net sales, operating income, and ROA in the division for which they are responsible	Takes into account degree of progress on initiatives in the Medium-Term Management Plan, grooming of successors for executive officer and candidates for senior management positions and contributions to corporate value and brand value
x Evaluation coefficient based on ROA		Ratio of financial and non-financial evaluation • Directors: 1 to 1 (Executive Officers: 1 to 1)	
Ratio of compensation linked to consolidated performance and compensation linked to individual performance • Representative director: 1 to 0 • Directors: 2 to 1 (Executive Officers: 1 to 3)			

Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for Directors and Audit & Supervisory Board Members for fiscal 2019 is as follows:

(¥ million)

Officer classification	Basic compensation	Compensation linked to performance		Stock compensation		Total
		Directors' bonuses	Individual performance-linked	Stock compensation plan	Remuneration of shares with restriction on transfer	
Directors (12)	341	215	20	12	101	691
Of which, Outside Directors (5)	(52)	—	—	—	—	(52)
Audit & Supervisory Board Members (6)	95	—	—	—	—	95
Of which, Outside Audit & Supervisory Board Members (3)	(26)	—	—	—	—	(26)
Total	436	215	20	12	101	786

Notes: 1. The Company introduced a Director compensation system with the approval of the 84th Ordinary General Meeting of Shareholders, held on March 27, 2019. Accordingly, in the fiscal year under review, basic compensation was based on the old system for January through March 2019, and then based on the new system for April through December 2019. Regarding performance-linked compensation, the Company plans to pay bonuses linked to consolidated performance based on the new system as compensation linked to consolidated performance in the fiscal year under review. As for compensation linked to individual performance, the Company plans to pay compensation linked to individual performance based on the old system for the fiscal year under review. Share remuneration shall be paid based on the old system for the portion from January to March 2019, and then the new system for the portion from April to December 2019.
2. The above figures include 1 Director and 2 Auditors who retired at the conclusion of the 84th Ordinary General Meeting of Shareholders, held on March 27, 2019.
3. In addition to the remuneration listed above, ¥52 million was paid as salaries to Directors who serve concurrently as employees.

Risk Management

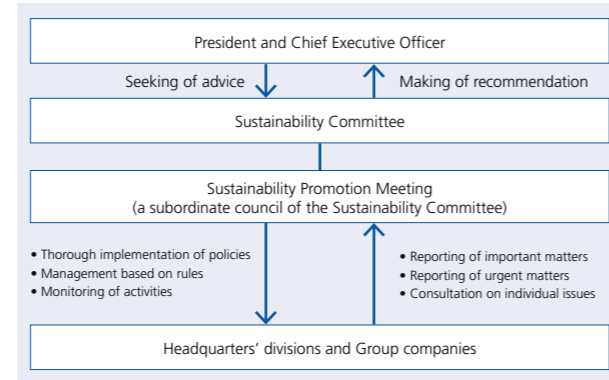
The Yamaha Motor Group is working on risk management, crisis management, and business continuity as follows.

Risk Management Structure

Based on the Rules of Risk Management, the risk management structure works toward the thorough reduction of risks on a Groupwide basis and is overseen by the Sustainability Committee and its subordinate council, the Sustainability Promotion Meeting, which comprises the risk management supervisory section and divisions in charge of risk management. The committee, chaired by the president and chief executive officer, monitors risk on a Groupwide basis while also designating significant risks at the Group level to be tackled as priorities and monitoring activities to address such risks.

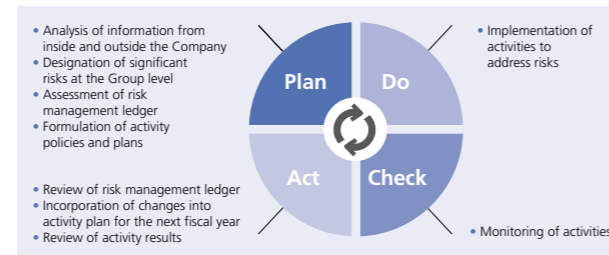
Furthermore, the divisions in charge of risk management formulate response policies and rules for the risks under their charge, promote activities to address risks based on these response policies, etc., and monitor activities at headquarters' divisions and Group companies.

Risk Management Structure



Risk Management Activity Cycle

Risk management activities are promoted through the repetition of the following plan-do-check-act (PDCA) cycle. The Yamaha Motor Group has prepared a risk management ledger of all risks that need to be covered and works to reduce risk by appropriately managing and operating the risk management ledger.



Significant Risks at the Group Level

Each year, risks that need to be prevented and addressed as special priorities are determined to be significant risks at the Group level. In addition to the results of risk assessment at the Group level, significant risks at the Group level are comprehensively determined and designated

based on factors like the Group's business strategy, legal and regulatory changes inside or outside the Group, changes in the operating environment, and information concerning the likelihood of a risk event occurring.

2020 Significant Risks at the Group Level

	Background	Measures
Damage caused by natural disasters	Many manufacturing plants in Japan are concentrated near the epicenter of the predicted Nankai Trough Megaquake, and measures must be taken to prepare for typhoons, localized torrential rains, and other natural disasters that far exceed previous assumptions. Damage caused by natural disasters has, therefore, been designated a significant risk.	The Group is promoting measures to prevent damage from a Nankai Trough Megaquake or flooding due to heavy rains, and to raise awareness about the need for disaster preparedness.
Cybersecurity	The degree of reliance on and the importance of information systems for the Group's business activities are increasing. Measures are needed to prevent leaks of personal or confidential information, information system failures, etc., caused by cyberattacks and computer virus infections. Cybersecurity failure has, therefore, been designated a significant risk.	The Group has established a Cybersecurity Policy and is taking measures covering both tangible and intangible aspects of cybersecurity to increase protection against external cyberattacks, to detect such attacks at an early stage, and to minimize damage in the event of a cyberattack.
Major accidents involving Yamaha products	Major accidents involving Yamaha products are one of the causes of market penalties such as large-scale recalls. The Group must make continual efforts to reach zero incidence of such accidents. Major accidents involving Yamaha products have, therefore, been designated a significant risk.	The Group is promoting information-gathering activities linked to product accidents and making efforts to raise quality awareness among all employees.
Violation of laws and regulations concerning product quality	Compliance with regard to product quality is a fundamental and important issue for manufacturers. Further strengthening the structures put in place by the Group to prevent the violation of laws and regulations is necessary. Violations of laws and regulations concerning product quality have, therefore, been designated a significant risk.	The Group strives to gain information regarding the establishment of and changes to laws and regulations concerning product quality. In addition, the Group works to create systems that reflect this information appropriately in internal regulations and standards, while pursuing improvement activities and other efforts.
Improper import / export customs declaration procedures	In light of the growing number of bilateral and multilateral free trade agreements and the increasing need for appropriate import / export procedures for global logistics among Group companies, the Group must further enhance its systems for preventing any violations of laws, regulations, and ordinances. Improper import / export customs declaration procedures have, therefore, been designated a significant risk.	The Group strives to gain information regarding the establishment of and changes to free trade agreements. In addition, the Group works to create systems that reflect this information appropriately in internal regulations and training, while monitoring for their appropriate implementation by Group companies.
Products containing environmentally hazardous substances	Countries around the world have been steadily tightening regulations on environmentally hazardous substances, and the Group must strengthen control structures to prevent violations of laws and regulations by the products it manufactures. Products containing environmentally hazardous substances have, therefore, been designated a significant risk.	The Group strives to ensure information is obtained about laws and regulations in the countries where its products are sold, and accurate information is communicated to relevant divisions inside and outside the Company. The Group also provides relevant training where necessary and takes steps to prevent violations of laws, regulations, and ordinances by establishing proper control structures and methods to address laws and regulations that grow increasingly complicated.

Crisis Management Structure and Activities

The Yamaha Motor Group works to minimize the damage from and quickly resolve crisis situations as per the Rules for Initial Response to an Emergency.

In the event of a disaster, accident, or compliance-related incident at the Group, the division involved will report to the risk management supervisory section or the divisions in charge of risk management as per standards for determining the level of reporting, which are set in advance. If the reported event is of a scale significant enough to warrant the

involvement of Group management or multiple divisions and/or companies, the risk management supervisory section will refer the matter to a response team designated in advance, and an Emergency Countermeasure Headquarters, chaired by the president, will be established. The headquarters will work to understand the situation and formulate a provisional response and, if necessary, will promptly report on the matter to customers and related parties.

Business Continuity Plan (BCP) Formulation

To prepare against envisioned risks that could impact the continuity of our business, Yamaha Motor has formulated the Rules of Business Continuity and responds as per those rules.

Yamaha Motor's primary operations are concentrated in Shizuoka Prefecture and could be affected if a major earthquake were to occur in the Nankai Trough. To prepare for this, we have formulated a BCP to maintain the continuity of business operations, based on the damage projected by government bodies, and are placing foremost priority on the lives and safety of our employees.

Specifically, buildings and equipment have been made earthquake and tsunami resistant; emergency stockpiles of food, water, and other essentials are maintained; emergency methods for telecommunications are in place; and Companywide evacuation drills (including at Group companies

located nearby and night drills) and safety confirmation drills are carried out regularly. Also, regular initial response drills are carried out at the headquarters and individual business units, procedures to restore operations have been clarified, and a system for gathering supply chain information is in place. These and other measures addressing both tangible and intangible effects are carried out comprehensively and continuously.

Another concern is the outbreak of a potentially global pandemic. To prepare for this possibility, Group companies identify issues that could affect the continuity of their operations and formulate response plans. Drills simulating actions to be taken at various stages prior to the full-scale outbreak of a pandemic are carried out regularly, and a structure is in place to guarantee that businesses are able to continue operating.

Cybersecurity

Cyberattacks have become increasingly advanced and sophisticated in recent years, and businesses are faced with a heightened risk of infection by computer viruses, leakage of personal and confidential information, and information system failures. The Yamaha Motor Group has thus established a Cybersecurity Policy with the aim of protecting the products and services used by our customers, as well as our information assets.

In addition to the basic defensive measures already in place, such as monthly vulnerability analysis that includes anti-malware measures, the

Group has a Security Operation Center (SOC) that monitors for irregularities to enable early detection and response, and a Computer Security Incident Response Team (CSIRT) that responds to incidents to prepare for contingencies. The Group also provides training to increase employees' cybersecurity literacy, conducts assessments to ascertain the situation at each Group company and develop improvement plans, and makes other ongoing efforts to reduce cybersecurity risks.

Information Management Initiatives

The Yamaha Motor Group formulated the Yamaha Motor Group — Personal Information Protection Policy in 2003 and complies with the local laws and regulations related to the protection of personal information in each of the countries in which it operates.

In Japan, in line with the 2017 revisions to the Act on the Protection of Personal Information, we made corresponding changes to the Group Operational Guidelines for Protecting Personal Information that was already in effect at the headquarters and the Group's subsidiaries. As with measures like the General Data Protection Regulation (GDPR) enacted by the European Union in 2018, stricter regulations for the protection of personal information are being enacted in various countries

and the Company is working together with its regional subsidiaries toward global compliance.

Departments handling personal information are monitored annually for performance and/or subject to internal audits, and employees handling personal information undergo training and education via compliance seminars held by the risk management supervisory section and/or e-training. The divisions in charge of risk management also provide direct advice and guidance and other measures to ensure that customer information is handled appropriately. In fiscal 2019, no complaints were filed by any authority concerning violations of our customers' privacy.