

## From the Chairman of the Board of Directors

**Yamaha Motor aims to further enhance its corporate governance while prizing its corporate culture of taking on challenges to create *Kando*.**

**Hiroyuki Yanagi**  
Chairman and Director



**In fiscal 2020, despite the impact of COVID-19 on our business in markets around the world, we were able to keep decreases in sales and profits to a minimum. I would first like to record my appreciation for the concerted efforts of all Yamaha Motor Group employees. I also want to sincerely thank our shareholders for their understanding and support.**

**Experiencing the massive pressure generated by major external events—from the 2008 global financial crisis and 2011 Great East Japan Earthquake to 2020's COVID-19 pandemic—provides opportunities to engage in improving the resilience of management. With this in mind, the Board of Directors aims to bolster the value of the Yamaha brand within the contexts of our relationship with society and our customers while continuing to support structural reforms.**

### Initiatives by the Board of Directors in Fiscal 2020

The Board of Directors at Yamaha Motor puts together agenda items in a way that allows it to gain a bird's-eye view of corporate management in its entirety by integrating business line (vertical) and cross-functional line (horizontal) items. Looking first at our business lines, the Board examines initiatives such as growth strategies and business model reforms while for cross-functional lines, it scrutinizes initiatives pertaining to structural reforms and management functions toward raising competitiveness. Further, with cross-functional lines, we have made progress with initiatives not only for working divisions at our headquarters but also for initiatives on a global scale, such as the Global Execution Transformation. In particular, the Company has assigned global leaders for production, procurement, financial services, and human resources and is moving initiatives forward while reinforcing personnel networks. In each field, we have clarified objectives and targets as well as standardized approaches and are now sharing achievements and knowledge.

The following outlines the major topics addressed by the Board of Directors in fiscal 2020. I believe that deliberating these topics at greater length and in more detail in fiscal 2021 will put us in a better position for the next Medium-Term Management Plan, which will commence in fiscal 2022.

- **Contribution to the Sustainability of Society:** Deliberated on concept creation, feasibility verification, and technological development for achieving carbon neutrality and what role mobility should play in future societies.
- **Business Portfolio Management:** Deliberated on the future vision of the Company based on the potential for growth and return from invested capital with each business model and the creation of new customer value.
- **Digital Transformation:** Deliberated on digitalization in various fields and the shift to high-value-added business models resulting from the jump from single-point changes to across-the-board changes with digitalization.
- **Human Resource Strategy:** Deliberated on the progress of initiatives regarding diversity, workstyles, human resource development, and employment styles, among others.

In the course of these discussions, our outside directors and outside Audit & Supervisory Board members offer valuable advice and frank opinions based on their respective business experience and specialist knowledge to stimulate greater awareness of the issues at hand. For each of these topics, I want our Board meetings to serve as a forum that allows executive officers to create a uniquely Yamaha vision for the future while helping them construct broad scenarios and specific plans to build the Company into what they want it to be.

Board meetings were mostly held online in fiscal 2020, and we received numerous comments from outside directors, exceeding the number for the previous fiscal year. It is crucial that a diverse range of assessments and opinions, including those from internal and external standpoints as well as those

from perspectives shaped by different experiences and specialties, be shared and discussed to reach the best decision. I believe that the role of the chairman is to occasionally initiate discussions that do not fall into any particular category and those that encourage bold decisions by executive officers.

### Initiatives by the Executive Personnel Committee

Lively discussions also took place at meetings of the Executive Personnel Committee, which acts as an advisory body to the Board of Directors.

In matters related to nominations, the committee established and carried out a roundtable conference with the chief executive officer (CEO) with the objective of determining executive officer appointments or dismissals based on a review and evaluation of the CEO's own performance. The conference was chaired by Takehiro Kamigama, an outside director, and the reviews and evaluations were carried out by six outside directors and outside Audit & Supervisory Board members. The primary goal of the conference was to establish corporate governance in which the best and most suitable members of management are tasked with running the business by first deciding on the appointment or dismissal of the CEO as an absolute precondition for the appointment or dismissal of executive officers each fiscal year. In particular, with the aim of carrying out a non-financial assessment regarding the CEO's management and operational performance, the conference provided a forum for the CEO to offer his own overview of operations and for the six outside directors and outside Audit & Supervisory Board members to provide candid assessments, exchanges of opinions, and advice in response. The Executive Personnel Committee will keep bringing improvements to the workings of the roundtable conference going forward.

In matters related to remuneration, after first verifying the appropriateness of executive officer remuneration standards, the Executive Personnel Committee carried out a financial and non-financial assessment of the Company's business performance in fiscal 2020, a year greatly affected by the COVID-19 pandemic. They then deliberated on executive officer bonuses and received approval from the Board of Directors. Although the Company has a fiscal year-end of December 31, it provided prior disclosure by first releasing specific details of remuneration in its convocation notice of the Ordinary General Meeting of Shareholders instead of waiting for the new remuneration system to come into effect.

Among other matters of importance handled by the Executive Personnel Committee, discussions are underway on developing future management-level human resources and optimizing the composition of the Board of Directors. Looking at human resource development, despite making progress with our global human resource hiring system and human resource development program, many women empowerment issues still remain. While the Company has surpassed its targets for promoting women to management positions, the number of women in such positions remains small. To address this issue, the Executive Personnel Committee is encouraging initiatives that include long-term recruitment and development.

The composition of the Board of Directors for fiscal 2021 has been changed and now comprises six internal directors (one fewer) and four outside directors. We also welcomed Eriko Kawai as an outside Audit & Supervisory Board member, bringing greater diversity to the Board alongside Outside Director Yuko Tashiro. At the same time, this new composition will bring greater depth to discussions surrounding sustainability, one of the Company's key issues for the future. Toward fiscal 2022, we look to raise the ratio of outside directors on the Board even further and continue enhancing diversity with members of varying experiences, specialties, nationalities, and more.

Amid changes seen in the value systems of society and customers as well as the emergence of specific sets of values, the value of the Yamaha brand was trusted in global markets beset by the COVID-19 pandemic. This fact has helped further clarify the direction in which we will transform our corporate management. While augmenting our management resilience, it is pivotal that we build a leadership style that contributes to the sustainability of society and births innovations. Yamaha Motor will strive to further enhance its corporate governance while continuing to prize its corporate culture of taking on challenges to create *Kando*, by fusing cutting-edge technologies with human sensitivities.

## Dialogue between Outside Officers

**Tetsuji Ohashi**  
Outside Director



**Masatake Yone**  
Outside Audit &  
Supervisory Board Member



## We will evolve our corporate governance systems toward achieving further growth in today's highly unpredictable external environment.

Developments such as the global COVID-19 pandemic and the trend toward decarbonization highlight the changes underway in the external environment. In what ways must Yamaha Motor evolve its corporate governance systems to achieve its Long-Term Vision amid these changes? Outside Director Tetsuji Ohashi and Outside Audit & Supervisory Board Member Masatake Yone discussed their thoughts on this topic.

### Overall Assessment of Yamaha Motor's Corporate Governance

**Yone** I would like to begin by talking about the discussions we have at meetings of the Board of Directors. As of 2021, I am in my third year as an outside Audit & Supervisory Board member at Yamaha Motor and I feel that every Board meeting sees open and frank discussions. This leads to my belief that Yamaha Motor is fortunate to have such a proactive Board of Directors.

**Ohashi** I agree. Board meetings present an atmosphere in which it is easy for outside officers like myself to voice our opinions and proceedings are highly transparent. When I pose a question, I often receive an answer on the spot, but there are also occasions in which additional materials are prepared to provide more in-depth explanations during the hiatus before the next meeting. This level of diligence is a clear indicator that the

Company is earnest in its reception of our input.

The basic role of outside directors is to oversee management and the execution of duties, but I believe that finding ways to push a company forward toward sustainable growth and higher corporate value is another important role. When I served as the president of a company in the past, I remember receiving multifaceted opinions from outside officers on the growth scenarios and strategies formulated by the executive team, and I found them very informative. Similarly, I believe that the perspective and insight I gained in B2B operations can offer extra benefits to the B2C operations of Yamaha Motor. I therefore intend to continue proactively offering my input to help Yamaha Motor achieve more robust growth and higher corporate value.

**Yone** I serve as an outside director at other companies, but at Yamaha Motor, my position is that of an outside Audit & Supervisory Board member. For this reason, I focus on offering advice and pointing out issues pertaining to compliance and other aspects of internal control.

However, Yamaha Motor is engaged in a wide range of businesses on a global scale, so with compliance, for example, the relevant issues that must be considered will vary by country, region, or business. In that sense, the scope of issues that fall under the domain of internal control is incredibly broad, a fact that makes my job as an outside Audit & Supervisory Board member all the more difficult. Fortunately, the staff at the Audit & Supervisory Board Members' Office aids me by sharing a wide range of information in a timely manner, and I coordinate well with the two standing Audit & Supervisory Board members, who are well versed in Yamaha Motor's business. This support has proved invaluable.

**Ohashi** Listening to the input of auditors at Board meetings, it is clear that in-depth discussions are held on a regular basis and that makes me confident that Yamaha Motor's Audit & Supervisory Board is functioning effectively. However, that alone is not sufficient for preventing compliance issues or corporate scandals. It is vital that there be a corporate culture in which compliance is deeply rooted, with every employee highly aware of its importance. The types of statements made by President Hidaka and other internal officers exude such a culture of compliance. When outside officers like ourselves pose compliance-related questions at Board meetings, internal officers reply with confidence while providing evidence. I have high praise for Yamaha Motor's work to thoroughly instill this type of culture.

**Yone** President Hidaka is a very candid individual and I am sure that some of the points raised by us outside officers are not easy to hear, but he is still earnest and open in how he receives and discusses such input. Fiscal 2020 is when we began our CEO roundtable conferences with the Board's outside directors

and President Hidaka to decide whether or not the CEO will be reappointed based on performance reviews and evaluations. This earnest side of President Hidaka was often clear to see even in these roundtable conferences as well.

**Ohashi** At a standard Board of Directors meeting, there are not a lot of opportunities to ask questions unrelated to agenda items, so I found the CEO roundtable conferences to be an intriguing undertaking. Yamaha Motor's outside officers come from diverse business backgrounds, so the conferences saw questions and input from various angles. I suspect that, for President Hidaka, it felt much like talking directly to shareholders.

**Yone** The roundtable conferences with the CEO also revealed points to improve with how we run Board meetings. From mid-2020, a 10-minute slot was allotted to the start of Board of Directors meetings for President Hidaka to talk about management subjects to which he is paying particular attention, changes that have occurred since the previous Board meeting, and recent topics of interest. I think this new addition has made it even easier to voice opinions at meetings. President Hidaka does not limit himself to good news; he sometimes puts the bad news first, reporting on unfavorable developments without trying to hide anything. This has made for even greater transparency. As I recall, these 10-minute talks were started based on your input, Ohashi-san.

**Ohashi** I arranged for such talks at board meetings when I was the president and representative director and CEO of Komatsu Ltd., and outside officers told me that it made it easier for them to speak openly. There are a lot of internal circumstances and other matters that are not readily apparent to outside officers. For this reason, it is incredibly beneficial to have President Hidaka speak a little about how he views the operating environment at the moment, what changes he is currently mindful of, and things of that nature. I am very appreciative that the Company was so quick to incorporate a suggestion I made at a roundtable conference with the CEO.

### Response to the Global COVID-19 Pandemic

**Yone** As COVID-19 evolved into a serious worldwide socio-economic issue, Yamaha Motor's executives took quick and decisive action in enacting its business continuity plan in response to the pandemic, and the results of this decisiveness showed in the Company's fiscal 2020 performance figures. The worst-case scenario we anticipated threatened the very

existence of the Company, so I applaud Yamaha Motor for its success in maintaining this level of business performance.

**Ohashi** I had only just become an outside director when the pandemic struck, and I remember listening to reports on Yamaha Motor's March performance and its May forecast at the



**In running a global operation, it is vital that we all move forward in the same direction with our employees around the world.**

Board meeting in April 2020. President Hidaka's prompt decision to enact the business continuity plan after gleaning the hints of the great changes to come from those reports left a strong impression. Actions addressing external stakeholders were also swift, including rescinding the business targets for the fiscal period that had just been disclosed to shareholders and investors in February. I feel the speed at which Yamaha Motor moved was much faster than its peers, especially those that also have December fiscal year-ends. This episode exhibits the high crisis control capabilities of Yamaha Motor's management as well as its ability to unite the entire Company in action.

**Yone** That is true. However, I believe that the process of responding to the COVID-19 pandemic also cast light on some of the issues Yamaha Motor faces in its global operations, specifically with the degree to which close, coordinated relationships have been forged between the headquarters and its overseas bases. From a legal affairs perspective, it is crucial for all employees around the world to maintain an awareness that they are part of a global company and to exercise the responsibility this represents in their daily actions. Doing so is important because it is this awareness that allows for major compliance issues to be addressed swiftly and accurately, no matter where in the world they may occur. I hope that Yamaha Motor will increase its efforts to communicate this importance to employees across the globe in the future. For example, every employee must be aware that, even if an issue presents no violation of local laws, it may constitute a massive problem when looking at international standards.

**Ohashi** Fiscal 2020 was the second year of the current Medium-Term Management Plan, and I think Yamaha Motor was able to advance its growth strategy initiatives while striking a very good balance with management given the extreme circumstances. Meanwhile, steady progress was made in reinforcing management platforms, making structural reforms, promoting digital transformation, and carrying out other measures that will be needed to realize the Long-Term Vision for 2030. Although the pace of some efforts did slow somewhat due to implementing COVID-19 countermeasures, our current discussions include devising ways to make up for these delays under the next Medium-Term Management Plan, which is slated to begin in fiscal 2022.

**Yone** One concern I have is how the impacts of the COVID-19 pandemic have spread to all corners of society, and as sustainability topics like the United Nations' Sustainable Development Goals gain greater attention, the world is rapidly changing course away from what has been the long-held norm. From that, I personally feel that Yamaha Motor needs to further accelerate its CO<sub>2</sub> emissions reductions and other

sustainability initiatives. To that end, I will continue looking at how such moves can be made to fit in with the Company's growth strategies.

**Ohashi** I agree. Given the current global decarbonization trend, there will likely be a need to discuss whether Yamaha Motor's

current approach and speed will be sufficient to accomplish its goals for 2030 and 2050. However, the Company has already implemented various initiatives laying the groundwork for the realization of its Long-Term Vision, and I believe Yamaha Motor will be able to adapt to the current trends by expanding upon them going forward.

### Ongoing Efforts to Raise Corporate Value

**Ohashi** You touched on compliance a little while back, Yone-san. I was made well aware of the challenges with global operations from my experiences at Komatsu, and these difficulties extend beyond compliance. For example, climate change is a topic of high concern in Japan, but there are some regions where it is still not seen as a high priority. So while acknowledging that the importance of certain issues can vary between country and region, I feel it is vital that we all move forward with our employees around the world in the same direction. While fostering such a sense of unity takes time, it is something that a company operating on a global scale cannot neglect. Significant risks may emerge if this is neglected and I hope that Yamaha Motor will bolster its efforts to create such unity going forward. In the meantime, I will continue to proactively offer feedback at Board meetings and other venues based on my own experience in order to contribute to taking Yamaha Motor's corporate value higher.

**Yone** To conclude, I would like to speak on a matter that goes beyond internal control. As outside officers, we are also afforded opportunities to test-ride Yamaha Motor's new products. These opportunities are always very exciting as they communicate just how much the Company is constantly coming up with new ways to offer dreams to its customers in uniquely Yamaha ways. I know that the global movement toward carbon neutrality and other developments mean Yamaha is facing big challenges, but I still hope that the Company will continue to capitalize on its technological prowess and release products that deliver excitement to customers around the world. To support these efforts, I think the Company should actively work to increase diversity—and not just on the Board of Directors and the Audit & Supervisory Board—that goes beyond only gender and encompasses diversity from a wide variety of perspectives. While this is only a suggestion from me, Yamaha Motor's B2C operations are not limited only to Japanese people. In bringing such diversity, I hope Yamaha Motor will continue to fulfill its corporate mission as a *Kando* Creating Company around the world.

**Raising the awareness of each employee is imperative to strengthening compliance.**



# Directors and Audit & Supervisory Board Members (As of March 25, 2021)

## Directors



**Chairman and 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 2018: Chairman and Representative Director  
 March 2019: Outside Director of AGC Inc. (to present)  
 March 2019: Outside Director of Kirin Holdings Company, Limited (to present)  
 March 2021: Chairman and Director (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)



**Outside Director**  
**Takuya Nakata**  
 April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)  
 October 2005: General Manager of PADM1 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 2015: President of Yamaha Music Foundation (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)



**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**  
**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  
 March 2019: Managing Executive Officer and Director (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)  
 Chairman, 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)



**Director**  
**Managing 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  
 March 2021: Managing Executive Officer and Director (to present)



**Director**  
**Senior Executive Officer**  
**Heiji Maruyama**  
 April 1986: Joined the Company  
 March 2019: Senior Executive Officer, Chief General Manager of Powertrain Unit and Senior General Manager of Powertrain Planning Section, Powertrain Unit  
 January 2021: Senior Executive Officer, Chief General Manager of Technical Research & Development Center  
 March 2021: Senior Executive Officer and Director, Chief General Manager of Technical Research & Development Center (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)**  
**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  
 September 2005: Outside Corporate Auditor of BANDAI NAMCO Holdings Inc.  
 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)  
 January 2020: Senior Counsel at Mori Hamada & Matsumoto (to present)



**Audit & Supervisory Board Member (Outside)**  
**Eriko Kawai**  
 October 1981: Joined Nomura Research Institute, Ltd.  
 September 1985: Management Consultant of McKinsey & Company, Inc.  
 October 1986: Fund Manager of Mercury Asset Management / S. G. Warburg  
 November 1995: Director and Chief Investment Officer (CIO) of Yamaichi Regent ABC Polska  
 July 1998: Senior Pension Funds Administrator of the Bank for International Settlements  
 October 2004: Senior Pension Funds Administrator of the Organization for Economic Cooperation and Development (OECD)  
 March 2008: Representative of Kawai Global Intelligence  
 April 2012: Professor of Kyoto University's Center for the Promotion of Excellence in Higher Education  
 April 2013: Professor of Kyoto University's Institute for Liberal Arts and Sciences  
 April 2014: Professor of Kyoto University's Graduate School of Advanced Integrated Studies in Human Survivability (to present)  
 December 2017: External Audit and Supervisory Board Member of CMIC HOLDINGS Co., Ltd.  
 June 2018: Outside Director of Daiwa Securities Group Inc. (to present)  
 December 2019: Outside Director of CMIC HOLDINGS Co., Ltd. (to present)  
 March 2021: Outside Audit & Supervisory Board Member (to present)

## Directors and Audit & Supervisory Board Members (As of March 25, 2021)

### Executive Officers

President and Chief Executive Officer

**Yoshihiro Hidaka**

Executive Vice President

**Katsuaki Watanabe**

Managing Executive Officers

**Katsuhito Yamaji**

**Tatsumi Okawa**

Senior Executive Officers

**Heiji Maruyama**

Chief General Manager of Technical Research & Development Center

**Kazuhiro Kuwata**

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

**Hirofumi Usui**

Chief General Manager of Marine Business Operations

**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.

**Hiroyuki Ota**

Chief General Manager of Solution Business Operations

**Itaru Otani**

Chief General Manager of Human Resources & General Affairs Center

**Takuya Kinoshita**

Chief General Manager of Land Mobility Business Operations and Executive General Manager of Motorcycle Business Unit, Land Mobility Business Operations

Executive Officers

**Akihiro Nagaya**

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

Chief General Manager of Powertrain Unit and Senior General Manager of Powertrain Planning Section, Powertrain Unit

**Satoshi Hirose**

Chief General Manager of Quality Assurance Center and Executive General Manager of Customer Experience Business Unit

**Takeo Noda**

Chief General Manager of Corporate Planning & Finance Center

**Toshiaki Ibata**

Senior General Manager of Development Section, Marine Business Operations

**Toyoshi Nishida**

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

**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

**Koutarou 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**

Deputy Chief General Manager of Land Mobility Business Operations, Senior General Manager of 3S Southeast & East Asia Section, Motorcycle Business Unit, Land Mobility Business Operations, and Senior General Manager of 3S Advanced Countries Section, Motorcycle Business Unit, Land Mobility Business Operations

**Shin Yokomizo**

Deputy Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit

**Yasutaka Suzuki**

General Director of Yamaha Motor Vietnam Co., 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 Finance Corporation, U.S.A.

**Michael Chrzanowski**

Chairman of Yamaha Motor Manufacturing Corporation of America

**Olivier Prevost**

Director of PTW Manufacturing & Engineering, Yamaha Motor Europe N.V.

PF: Platform

## 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 appropriate risk-taking and decisive decision-making by management, and it 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 as well as appropriate, transparent, and fair supervision and monitoring as the Company's corporate governance. Accordingly, we have formulated 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](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

### History of Strengthening the Corporate Governance System

	2001	2007	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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													
	Abolition of takeover defense measures													
Executive structure	Introduction of executive officer system													
	Appointment of outside directors													
	Delegation agreement with executive officers													
	Appointment of women 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	10
Number of internal directors				7	8	7	7	9	8	8	10	7	7	6
Number of outside directors				4	3	3	3	3	3	3	4	4	4	4
Independent outside directors				3	2	2	2	2	2	2	3	4	4	4
Of whom, women directors				1	1	1	0	0	0	0	0	0	1	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	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 flows)														
Taking on the renewed challenge of achieving net sales of ¥2 trillion														

Corporate Governance Structure

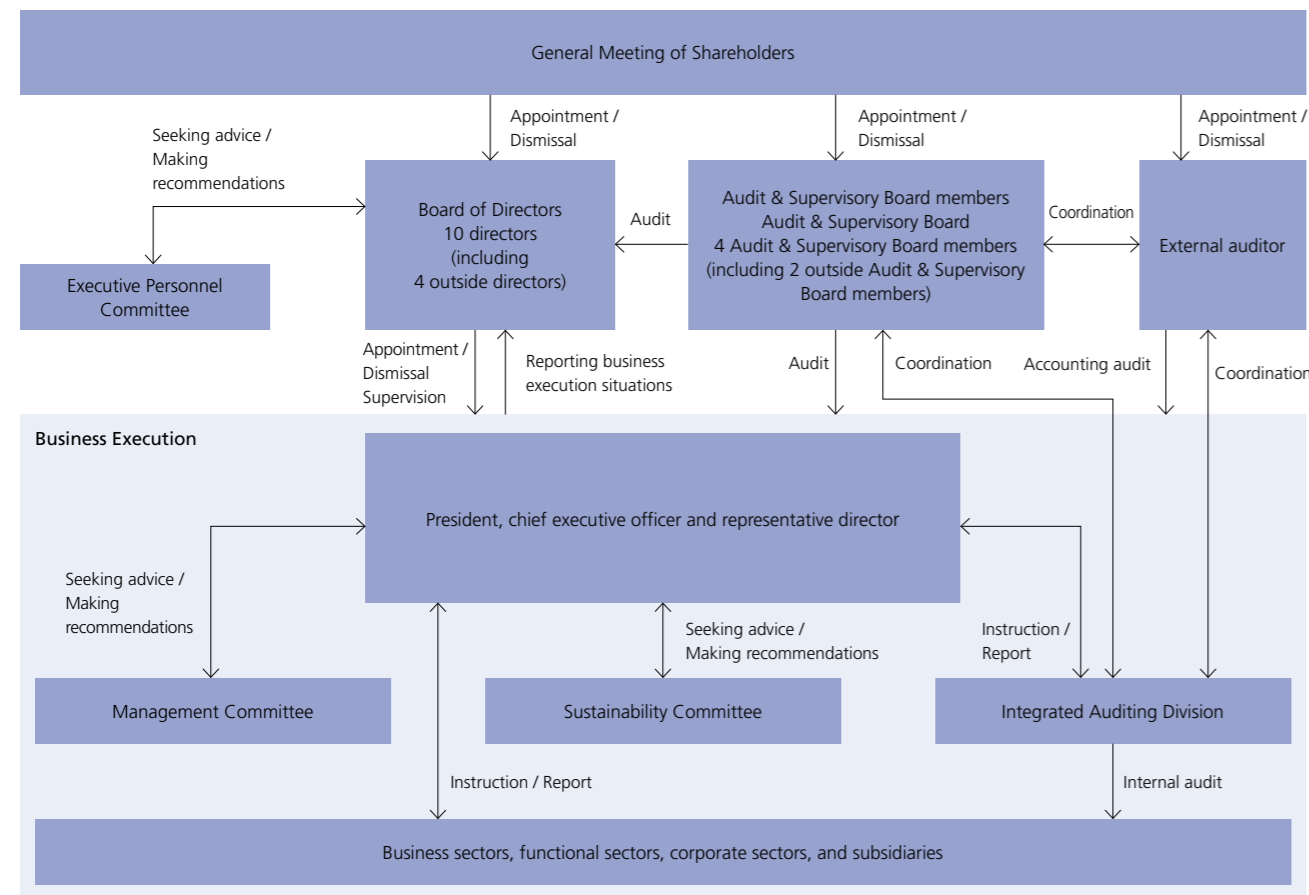
Yamaha Motor supplies various kinds of products and services to markets around the world, including personal mobility solutions, marine products, industrial robots, vehicle engines, and industrial-use unmanned helicopters. Overseas sales account for approximately 90% of the Company's consolidated net 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 of 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 executive officers.

Corporate Governance System Overview

<b>Organizational design</b>	Company with Audit & Supervisory Board
<b>Number of directors (number of outside directors)</b>	10 (4)
<b>Number of Board of Directors meetings in fiscal 2020 (average attendance rate by directors)</b>	13 (100%)
<b>Number of Audit &amp; Supervisory Board members (number of outside Audit &amp; Supervisory Board members)</b>	4 (2)
<b>Number of Audit &amp; Supervisory Board meetings in fiscal 2020 (average attendance rate by Audit &amp; Supervisory Board members)</b>	12 (97.9%)
<b>Directors' term of office</b>	One year
<b>Use of executive officer system</b>	Yes
<b>Optional committees of Board of Directors</b>	Executive Personnel Committee
<b>Auditor</b>	Ernst & Young ShinNihon LLC

Corporate Governance System (As of March 25, 2021)



Professional Qualifications and Experience of Directors and Auditors

Name	Area(s) 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	Sustainability / ESG	Global Experience	Attendance at meetings of Board of Directors and Audit & Supervisory Board during FY2020
Hiroyuki Yanagi	—										Board of Directors: 13 / 13
Yoshihiro Hidaka	—										Board of Directors: 13 / 13
Katsuaki Watanabe	Quality Assurance / Land Mobility / Market Development / Customer Experience										Board of Directors: 13 / 13
Katsuhito Yamaji	Manufacturing / Manufacturing Technology / Procurement / Solution / Power Products										Board of Directors: 13 / 13
Tatsumi Okawa	Human Resources & General Affairs / Corporate Planning & Finance / IT / Digital / Creative / Marine										Board of Directors: 13 / 13
(Newly appointed) Heiji Maruyama	Powertrain Unit / Vehicle Development / Technology / Research										Appointed in March 2021
Outside Independent Takuya Nakata	—										Board of Directors: 13 / 13
Outside Independent Takehiro Kamigama	—										Board of Directors: 13 / 13
Outside Independent Yuko Tashiro	—										Board of Directors: 13 / 13
Outside Independent Tetsuji Ohashi	—										Board of Directors: 10 / 10 (After appointment on March 25, 2020)
Kenji Hironaga	—										Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
Junzo Saito	—										Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
Outside Independent Masatake Yone	—										Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
(Newly appointed) Outside Independent Eriko Kawai	—										Appointed in March 2021

## Directors and the Board of Directors

The Board of Directors consists of 10 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, and 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 2020, Management Discussion meetings were held seven times, and the Executive Discussion meeting was held once.

## Board Effectiveness Evaluation

The Board of Directors analyzes and evaluates the effectiveness of the roles and responsibilities of the Board as a whole on a yearly basis with the Corporate Planning Division acting as the administrative office.

### Evaluation Process

- Conduct a self-evaluation by questionnaire updated based on the seven evaluation perspectives for the aims of the Board of Directors as well as past evaluation results
- Confirm the status of improvements by comparing the results against the evaluation implemented in fiscal 2019
- Share the analysis-based results of the effectiveness evaluation and deliberate the issues to be addressed at Board meetings

### 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 meetings of the Board of Directors
6. Relationships and dialogue with shareholders
7. Dealings with stakeholders other than shareholders

## Executive Personnel Committee

Yamaha Motor established the Executive Personnel Committee as a voluntary advisory body concerning the nomination and remuneration of members of the Board of Directors in order to improve the transparency and appropriateness of executive appointments and dismissals and the determination of their remuneration, among other objectives. Matters deliberated by the Executive Personnel Committee are reported to the Board of Directors. Furthermore, to ensure the transparency and effectiveness of the deliberation process—the primary purpose for establishing the

### Yamaha Motor's Standards for Independence

In addition to the required standards for independence established by Tokyo Stock Exchange, Inc., the Company has stipulated its own Standards for Selecting Independent Outside Directors / Outside Audit & Supervisory Board Members to objectively assess the independence of its outside directors and outside Audit & Supervisory Board members.



For the full text of the Standards for Selecting Independent Outside Directors / Outside Audit & Supervisory Board Members, please refer to our website.

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

The analysis and evaluation are carried out from the following perspectives and a summary of the results is disclosed appropriately.

### Evaluation Results from Fiscal 2020

Amid dramatic changes in the management environment, 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. It was also confirmed that the Board of Directors was sufficiently effective in making progress toward the Company's Long-Term Vision that looks ahead to 2030 and in achieving the Medium-Term Management Plan that began in 2019.

As in the previous fiscal year's evaluation, it was recognized that comments made by outside directors and Audit & Supervisory Board members were properly respected by the Board, a climate exists in which constructive discussion and exchange of opinions are carried out, and the roles of directors and the Board of Directors are clear and understood among members. It was also confirmed that key issues regarding Yamaha Motor's management strategies were appropriately discussed.

In light of this evaluation, we will continue to promote ongoing improvements to address the issues identified and periodically involve a third party in the evaluation process to further improve the effectiveness of the Board of Directors.

committee—as well as the appropriateness of matters reported to the Board of Directors, the Executive Personnel Committee is composed of a majority of outside directors and meets at least six times a year, in principle.

In its role related to nominations, the committee deliberates on the appointment and dismissal of the chief executive officer (CEO), directors, Audit & Supervisory Board members, and executive officers, as well as on the selection of candidates for such senior management positions and their development plans, all while confirming future management

strategies and personnel requirements for their implementation, among other tasks.

In fiscal 2020, as part of its efforts to improve corporate governance, the Company established and carried out a roundtable conference with the CEO in a system for determining executive officer appointments or dismissals based on a review and evaluation of the CEO's own performance. Through strategic dialogue with CEO Yoshihiro Hidaka, the roundtable conference (composed of six outside directors and Audit & Supervisory Board members and chaired by Outside Director Takehiro Kamigama) carried out a non-financial evaluation that included Hidaka's operational performance as a member of management from the perspective of whether he possesses the qualities required to serve as the CEO and if he properly demonstrates those qualities. The outcome of the conference was reported to the Board of Directors by the Executive Personnel Committee, at which the appointment of executive

## Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board is 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 of 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 properties, 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. The Audit &

## Executive Officers and Management Committee, etc.

The Company has 32 executive officers, of whom five serve concurrently as directors. The Management Committee, comprising 10 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 2020, 26 meetings of the Management Committee were held.

In addition, the Global Executive Committee has been established to deliberate on important management policies and issues related to the

## Sustainability Committee

Yamaha Motor has established the Sustainability Committee, comprising 10 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.

officers—including the CEO—was finalized. In this way, through a process whereby objectivity and fairness are ensured, we will continue building up our corporate governance in which the best and most suitable members of management execute business operations.

In its role related to remuneration, the committee deliberates on and decides the evaluation standards and remuneration system for the CEO, directors, and executive officers. The committee also evaluates the performance of the Company overall and individuals based on their contributions to medium- to long-term corporate growth and business performance for the fiscal year in question. In addition, the committee deliberates on compensation linked to performance for the abovementioned senior management personnel within the limits of the total remuneration amount resolved at the Ordinary General Meeting of Shareholders.

Supervisory Board Members' Office, with a dedicated staff of two people, has been established to assist 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.

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 28 are Japanese and 18 are non-Japanese. In principle, the committee meets at least once annually, and additionally from time to time as necessary. In fiscal 2020, two meetings of the Global Executive Committee were held.

## Internal Auditing

The Integrated Auditing Division, with 27 members and which reports directly to the president and chief executive officer, has been established as an internal auditing body to audit the appropriateness of operational activities by the Company and its subsidiaries. In addition, internal audit functions have been installed at major subsidiaries, working together with the Company's internal auditing body to audit divisions and subsidiaries.

### Cross-Shareholdings

Yamaha Motor conducts development, procurement, production, and sales globally, and we believe that strengthening the business relationships with our partners and maintaining stable relationships with financial institutions and other parties are necessities for achieving sustainable growth going forward. In considering our business strategies, business relationships with our partners, the reinforcement of our financial foundations, and other factors, we hold cross-shareholdings only when it is deemed necessary and appropriate in order to enhance corporate value from a medium- to long-term perspective.

The Board of Directors examines each cross-shareholding annually to determine whether the purpose of the shareholdings is appropriate, if the benefits and risks associated with the shareholdings are commensurate with capital costs, among others. The Board of Directors then 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 2020 the Board of Directors verified the appropriateness of holding certain individual stocks and the Company sold a portion of its cross-shareholdings.

### 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 by dispatching directors. We believe that maintaining and improving the shared value of the Yamaha brand by building a relationship of monitoring and collaboration with Yamaha Corporation will contribute to the medium- to long-term enhancement of Yamaha Motor's corporate value.

### Remuneration System for Executives

Remuneration for directors and executive officers is composed of base compensation (monthly fixed remuneration), performance-based compensation, and share-based compensation. For the president and representative director, the ratios of base compensation, performance-based compensation, and share-based compensation are set at roughly 50%, 30%, and 20% of the base amounts, respectively. Ratios of compensation for other directors and executive officers are determined based on the compensation for the president and representative director in consideration of their responsibilities, remuneration levels, and other factors, with an upper limit of 60% set for the ratio of base compensation. As the role of outside directors and outside Audit & Supervisory Board members is to provide supervision and advice regarding management from an objective and independent perspective, they are only paid a fixed base compensation.

In order to ensure the appropriateness as well as the transparency and feasibility of the deliberation process regarding items relating to executive remuneration, the Executive Personnel Committee voluntarily established by the Company conducts pertinent examinations and reports its findings to the Board of Directors. The remuneration amounts for directors and other executives are decided at Board meetings based on these reports, but the representative director is responsible for deciding the distribution of Companywide performance-based bonuses based on the coefficients in place for each executive position. In addition, Audit & Supervisory Board members discuss and determine the specific amounts of their base compensation.

### Basic Policy

- To be a *Kando* Creating Company, Yamaha Motor encourages its executives to the maximum extent possible to perform their duties in accordance with its Management Principles and Action Guidelines.
- Toward realizing the Company's Long-Term Vision, executive remuneration shall offer strong motivation for achieving management targets in the Medium-Term Management Plan and other plans.

- In order to function as a healthy incentive for achieving the sustainable growth of the Company, the ratio of remuneration linked to short-term results and performance of duties (performance-based compensation) and the ratio of remuneration linked to medium- to long-term results and corporate value (share-based remuneration) shall be set at an appropriate level.
- Remuneration amounts shall be set at a level capable of securing and retaining outstanding human resources suitable for the roles and responsibilities to be carried out by the Company's executives.

### Remuneration Structure

#### Base Compensation

An annual base compensation is set for each executive position, one-twelfth of which is paid in cash on a monthly basis.

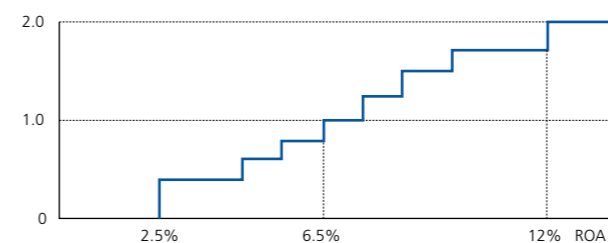
#### Performance-Based Compensation

The representative director shall only be paid the Companywide performance-based bonus. Performance-based compensation for other directors and executive officers shall comprise a Companywide performance-based bonus and an individual performance-based bonus. The total amount of the Companywide performance-based bonus for directors shall be payable up to 0.5% of the net income attributable to owners of parent recorded in the previous fiscal year. The individual performance-based bonus will be determined within the scope of 0–2 times the base amount stipulated for each executive position, taking into account the degree of progress in achieving various predetermined evaluation indicators.

#### Share-Based Compensation

With the aim of encouraging executives to share a common interest with shareholders and achieve sustainable improvements in corporate value, the Company shall issue restricted stock once a year in accordance with the base amount stipulated for each executive position. Executives are not able to transfer, establish security interests in the issued shares, or dispose in any other way of the issued shares until resigning from their position as a director or other positions held.

### Indicators Related to the ROA Evaluation Coefficient



The Company stipulates the three-year average of return on assets (ROA) as indicated in the graph.

Adjustments are made according to each indicator after deliberations by the Executive Personnel Committee.

- Level of achievement for consolidated net sales and consolidated operating income targets
- Level of progress with the Medium-Term Management Plan aimed at realizing the Long-Term Vision
- Other events affecting corporate value and brand value

### Breakdown of Compensation Linked to Consolidated Performance

Compensation Linked to Consolidated Performance	Compensation Linked to Individual Performance	
	Financial Evaluation	Non-Financial Evaluation
Pool of funds (up to 0.5% of net income attributable to owners of parent) Net income attributable to owners of parent x Preset percentage x Evaluation coefficient based on ROA 0–2x (including adjustments based on other business performance metrics)	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 future executive officers and candidates for senior management positions, and contributions to corporate value and brand value
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)		

### Executive Compensation in Fiscal 2020

In fiscal 2020, the Company's three-year ROA average was 7.7%. However, the long-term loans payable urgently raised to address the impacts of the COVID-19 pandemic have been excluded from the calculation. In accordance with remuneration rules, the ROA evaluation coefficient was set at 1.25 after carrying out a comprehensive assessment of business performance, including management efforts amid the effects of COVID-19 on the global market.

As a result, the total amount for the Companywide performance-based bonus came to ¥126 million (net income attributable to owners of parent of ¥53,072 million x fixed ratio of 0.19% x evaluation coefficient of 1.25). The total amount was distributed among executives in accordance with the coefficients determined for each position.

For individual performance-based bonuses, comprehensive assessments of each director were carried out and amounts were determined in consideration of predetermined financial and non-financial evaluation indicators.

Officer classification	Basic compensation	Compensation linked to performance		Remuneration of shares with restriction on transfer	Total
		Companywide performance-based bonus	Individual performance-based bonus		
Directors (12)	318	126	23	61	529
Of whom, outside directors (5)	(62)	—	—	—	(62)
Audit & Supervisory Board members (4)	98	—	—	—	98
Of whom, outside Audit & Supervisory Board members (2)	(31)	—	—	—	(31)
<b>Total</b>	<b>417</b>	<b>126</b>	<b>23</b>	<b>61</b>	<b>628</b>

Notes 1. The Companywide performance-based bonus component of performance-based compensation is the amount scheduled to be paid.  
 2. Figures include those for a director who retired on March 25, 2020.  
 3. Regarding the maximum compensation amount for directors (approved at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019), base compensation shall be within a yearly limit of ¥500 million (of which, a yearly limit of ¥100 million for outside directors), the Companywide performance-based bonus shall be within a limit of 0.5% of net income attributable to owners of parent, the individual performance-based bonus shall be within a yearly limit of ¥100 million, and restricted stock compensation shall be within a yearly limit of ¥200 million.  
 4. Maximum compensation for Audit & Supervisory Board members (also approved at the 84th Ordinary General Meeting of Shareholders) shall be within a yearly limit of ¥120 million.





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

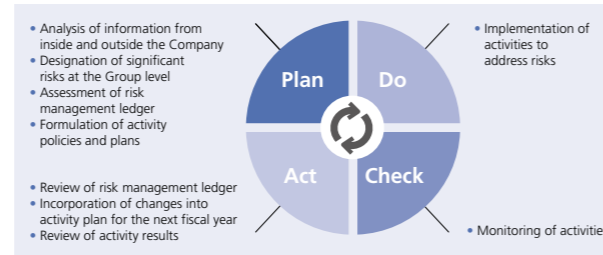
## Risk Management Structure

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



## Risk Management Activity Cycle

Risk management activities are promoted through the repetition of the plan-do-check-act (PDCA) cycle as detailed on the right. The Yamaha Motor Group has prepared a risk management ledger of all risks that need to be covered, and it works to reduce risks 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 assessments at the Group level, significant risks at said level can be comprehensively judged and designated based

on the Group's business strategy, legal and regulatory changes inside or outside the Group, or other developments including information concerning the likelihood of a risk event occurring or changes to the operating environment.

	Background	Measures
<b>Damage caused by natural disasters</b>	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 measures to raise awareness about the need for disaster preparedness.
<b>Major accidents involving Yamaha products</b>	Major accidents involving Yamaha products are one of the causes of market penalties such as large-scale recalls. The Group must make continuous efforts to ensure zero incidences of such accidents.	The Group is promoting information-gathering activities related to product accidents and making efforts to raise quality awareness among all employees.
<b>Cybersecurity</b>	The degree of reliance on and the importance of information systems within 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.	The Group has established a Cybersecurity Policy and is taking measures covering both the tangible and intangible aspects of cybersecurity to increase its defenses against external attacks, to detect attacks at an early stage, and to minimize damage in the event of an attack.
<b>Violation of laws and regulations concerning product quality</b>	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.	The Group collects information regarding the establishment of and changes to laws and regulations concerning product quality. In addition, the Group is creating systems that reflect this information appropriately in internal regulations and standards while advancing improvement activities and other efforts.
<b>Products containing environmentally hazardous substances</b>	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.	The Group takes steps for early prevention of violations of laws, regulations, and ordinances by maintaining an accurate understanding of legal information in relevant countries, by communicating accurate information internally and externally to relevant departments, by conducting rank-based training, by promoting the proper management systems as well as standardizing the steps for handling increasingly complex laws and regulations, and by efficiently utilizing IT systems.
<b>Improper import/export procedures</b>	In light of the growing number of bilateral and multilateral free trade agreements and the increasing need for import/export procedures for global logistics among Group companies, the Group must further enhance its system for preventing violations of laws, regulations, and ordinances.	Groupwide structures are being developed to prevent violations of laws, regulations, and ordinances by tracking information pertaining to the enactment and revision of free trade agreements, by standardizing work processes and properly educating relevant personnel in line with the management frameworks stipulated in the Group rules, and by monitoring the implementation status of these measures on a daily and regular basis.
<b>Pandemics</b>	The Group has experienced a pandemic with COVID-19, and in order to ensure business continuity while safeguarding the health of employees, there is a need to reexamine the effectiveness of internal rules by reviewing the activities carried out thus far.	The Group will alter its countermeasures in response to risks of the pandemic's spread, review the definitions of various items, revise level-based pandemic countermeasures, and otherwise improve the effectiveness of its internal rules to ensure a uniform level of countermeasures for both domestic and overseas Group companies.
<b>Violation of copyright laws regarding software licenses</b>	Computer software is protected as copyrighted work and requires proper management. However, due to the diversification of workstyles and changes in the operating environment, such as cloud computing, licensing systems are becoming more complicated and the risk of violating laws and regulations, even without intention, is increasing.	For the early prevention of software license violations, the Group is working to minimize risks by educating employees in order to raise their levels of awareness and strengthening IT asset management systems and their operating practices.
<b>Bribery</b>	Anti-corruption initiatives are being ramped up in every country and region, and as the Group conducts business activities on a global scale, there is a need to implement an effective system for early prevention of regulatory violations and to strengthen anti-bribery measures.	Based on the Yamaha Motor Group Anti-Bribery Policy, the Group is adhering to its anti-bribery commitment and implementing related management systems on a global basis. It also conducts training, monitoring, and risk assessments to address anti-bribery more effectively and systematically.

## 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 Planning

To prepare against envisioned risks that could impact the continuity of its 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 business continuity plan (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, night drills, and safety confirmation drills are carried out regularly at both the headquarters and Group companies located nearby. Also, regular initial response drills are held at both 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 potential outbreak of global pandemics. To prepare for such events, Group companies have developed infection prevention measures and identified issues that could affect the continuity of their operations in order to formulate response plans. Drills simulating actions to be taken in the case of a pandemic are carried out, and systems are in place to guarantee that businesses are able to continue operating.

In regard to the global COVID-19 pandemic that has wrought havoc in fiscal 2020, we took measures in accordance with our Business Continuity Guidelines (Novel Influenza Version) and set up a COVID-19 Task Force headed by the president, which collected information, set response policies, and disseminated directives and information. We instructed Yamaha Motor employees and their families stationed overseas in certain countries to return to Japan based on the spread of COVID-19 infections and local medical risks. For employees working at the headquarters, we adopted teleworking and staggered office hours. We also prepared an intranet site for sharing information between headquarters and Group companies and implemented a thorough range of other measures to prevent infections.

## Cybersecurity Efforts

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 its customers as well as its information assets.

In addition to the basic defensive measures already in place, such as a 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 to develop improvement plans, and makes other ongoing efforts to reduce cybersecurity risks.

## Information Management Initiatives

In fiscal 2013, the Yamaha Motor Group established its Group Operational Guidelines that stipulate Groupwide policies related to all areas of information management, including confidentiality management, document control, protection of personal information, and management of disclosed information. We have been carrying out activities in line with these guidelines since. The development of communications technologies and greater use of big data as well as the enactment of new personal information protection laws in Europe in fiscal 2018 triggered the gradual ratification of strict personal information laws and ordinances in various countries. In response, Yamaha Motor revised its Information Management Group Operations Guidelines in fiscal 2020, laying out provisions on the handling of personal information and designating organizational roles, in particular. Yamaha Motor and its Group companies in countries around the world are working together to

achieve global compliance with the new guidelines. The Yamaha Motor Group Global Privacy Policy was also revised in fiscal 2020 to promote compliance with personal information protection laws in the countries we operate in.

In relation to information management, each year, we monitor how information is handled among Group companies and make recommendations based on the results. At the same time, we conduct group training sessions, e-learning seminars, and other educational and awareness-building activities to ensure the appropriate handling of information.

In fiscal 2020, there were no allegations recognized by regulatory authorities as being violations of our customers' privacy.