



Revs Your Heart

Integrated Report 2020

Fiscal year ended December 31, 2019



Creating *Kando*



What we value most in our efforts to create *Kando*

Yamaha Motor expresses the “unique style of Yamaha” with its shared values of **Innovation, Excitement, Confidence, Emotion, and Ties**. Incorporating the unique style of Yamaha into all processes and levels of our corporate and business activities will further enhance Yamaha’s unique qualities. We believe that doing so is the way to meet customer expectations and the fuel to further improve our competitiveness.



Corporate Mission

Kando* Creating Company

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

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

Management Principles

1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customers' evolving needs. We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

2. Establishing a corporate environment that fosters self-esteem

We must build a corporate culture that encourages enterprise and enhances corporate vitality. The focus will be on nurturing the creativity and ability of our employees, with an equitable system of evaluation and rewards.

3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We must conduct our corporate activities with concern for the environment and communities and fulfill our social responsibility with honesty and sincerity.

Action Guidelines

Acting with Speed

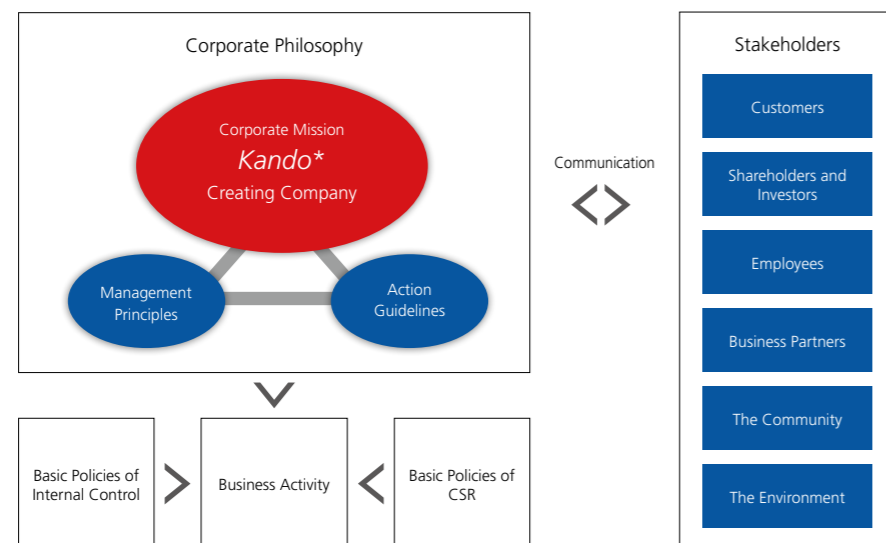
Meeting change with swift and informed action

Spirit of Challenge

Courage to set higher goals without fear of failure

Persistence

Working with tenacity to achieve desired results, and then evaluating them



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Editorial Policy

In addition to the Long-Term Vision and the strategies to achieve it contained in the current Medium-Term Management Plan (both formulated in December 2018), Integrated Report 2020 contains a wealth of information about how we will grow going forward through environmental, social, and governance (ESG) initiatives. This report is edited to give shareholders, investors, and other stakeholders a multifaceted understanding of Yamaha Motor's sustainable growth.

The report was edited referencing the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework (released in December 2013) and the Ministry of Economy, Trade and Industry (METI)'s Guidance for Collaborative Value Creation.

Financial, sustainability-related, product, and other information not contained in this report is available on Yamaha Motor's official website.

* The 2020 in the title refers to the year this report was published.

Structure for Information Disclosure

Financial Information	Non-Financial Information
Integrated Report 2020	
<ul style="list-style-type: none"> • Information for Investors https://global.yamaha-motor.com/irr/ • Securities Report (in Japanese only) • Fact Book 	<ul style="list-style-type: none"> • Corporate Website https://global.yamaha-motor.com/ • Technical Review https://global.yamaha-motor.com/about/technical_review/ • Sustainability-Related Information https://global.yamaha-motor.com/about/csr/ • Corporate Governance Report

Notice Regarding Forward-Looking Statements

The statements in this report, except for historical facts, are forward-looking statements about the future performance of the Company and its Group companies. These are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements.

Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences, and currency exchange rate fluctuations.

A History of Creating *Kando* through Technology

Yamaha Motor Co., Ltd. (Yamaha Motor) was founded in July 1955 when the motorcycle division of Nippon Gakki Co., Ltd. (today's Yamaha Corporation) was spun off to form an independent company. Since then, with the consumer-oriented development approach of its Nippon Gakki roots as a starting point, Yamaha Motor has continuously been working to create new value through its motorcycles and other products in a variety of fields for over 60 years.

Taking on the motorcycle business amid Japan's post-war economic recovery

Genichi Kawakami, the fourth president of Nippon Gakki Co., Ltd. and later the founder of Yamaha Motor, decided to enter the motorcycle market as a stepping-stone to future business development outside the realm of musical instruments. The compact chassis, high quality, and striking design of the first Yamaha motorcycle, the YA-1, attracted a great deal of market attention.

Expanding business fields and working to popularize recreational culture

Adapting the engine technology garnered through the motorcycle business, we turned our hand to building outboard motors, fiber-reinforced plastic (FRP) fishing boats, snowmobiles, and other products, thereby expanding our range of business. Moreover, we engaged in activities to popularize a culture of leisure and recreation and to grow our fan base. Other initiatives included work to raise awareness of safety in motorsports.

Creating demand and building a business platform

Not restricting ourselves to preconceived ideas, we analyzed customer needs with a market-oriented approach and later released the Passol, a model well-suited to women riders, and thus created a new "soft bike" market segment. We also leveraged the technological development know-how and expertise acquired in creating our own robots while diversifying our production model lineup to begin development and practical implementation of Yamaha-brand industrial robots.

Helping resolve societal issues with products combining technologies

To alleviate the burdens accompanying strenuous manual labor tasks, such as spraying agricultural chemicals by hand in the agricultural sector, we began developing industrial-use unmanned helicopters utilizing our small-engine, FRP, and electronic control technologies. Today, these helicopters not only contribute to labor savings and greater efficiency in agriculture but are also utilized by research institutions and other bodies for academic studies and research, disaster response, surveys and observation, and more.

Working for both *Kando* and the environment

Applying the electronic control technologies developed with the PAS electrically power-assisted bicycle launched in 1993—the first mass-produced vehicle of its kind in the world—and the latest in human-interface technology, we successfully practicalized an eco-friendly electric commuter vehicle that produced no emissions and little noise. The research on fuel cell vehicles (FCVs) we were also conducting at the time directly contributed to our current development of new forms of mobility.

Diverse *Monozukuri* contributing to a more sustainable society

We are pairing our core technological competencies with advanced technologies to further evolve and diversify our motorcycle and marine product lineups, but we are also moving forward with our Yamaha Clean Water Supply System project for emerging markets, an initiative first started in the 1990s. By making the system operable by the local residents themselves, the resulting stable supply of clean water helps resolve social issues they face.





1955
The first Yamaha motorcycle
YA-1



1960
Our first catamaran
FRP boat
CAT-21



1960
Our first
outboard motor
P-7



1977
"Soft bike" allowing
women to ride with peace of mind
Passol



1967
Joint project with
Toyota Motor Co., Ltd.
Toyota 2000GT



1978
Our first 6-horsepower snow
blower, suited to Japanese snow
YT665



1968
Our first snowmobile
SL350



1975
Our first golf car
YG-292



1987
Industrial-use
unmanned helicopter
R50 (L09)



1995
Wheelchair
electric power unit
JW-I



1993
Japan's first electrically power-assisted bicycle
PAS



2002
Electric commuter vehicle
Passol



2014
Our first LMW*
Tricity



2017
Cell picking &
imaging system
CELL HANDLER™



2018
Sport LMW*
NIKEN



2010
Small-scale water
purification system
Yamaha Clean Water
Supply System



1987
Surface mounter for printed circuit boards
YM4600S

* Leaning Multi-Wheel: Yamaha Motor's designation for vehicles with three or more wheels that lean like a motorcycle through turns

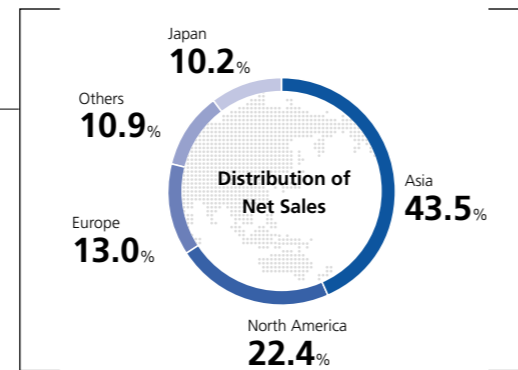
Yamaha Motor's Presence

Yamaha Motor conducts its operations in the Land Mobility, Marine Products, Robotics, Financial Services, and Others business segments. Overseas sales currently account for approximately 90% of the Company's consolidated net sales.

Consolidated Financial Results

Net sales
 ¥1,294.1 billion → ¥1,664.8 billion
 (Fiscal 2010)

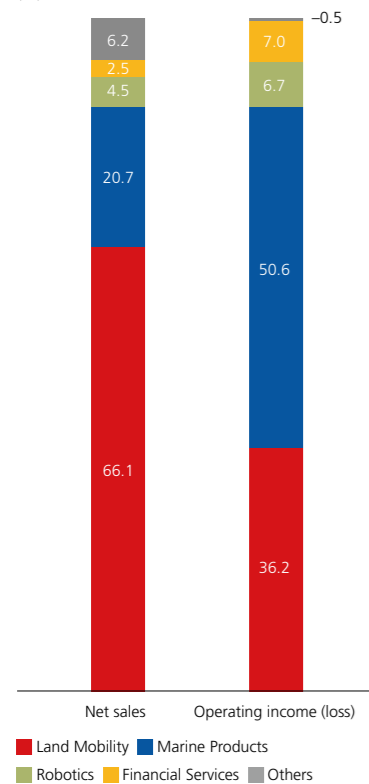
Operating income
 ¥51.3 billion → ¥115.4 billion
 (Fiscal 2010)



Business Domains

As of fiscal 2019, ended December 31, 2019, the Company changed its business segments from Motorcycles, Marine Products, Power Products, and Industrial Machinery and Robots to Land Mobility, Marine Products, Robotics, and Financial Services. Although the Land Mobility segment accounts for some 60% of consolidated net sales, the Marine Products segment is the driver of operating income.

Distribution of Net Sales and Operating Income (Loss) by Business Segment (%)



Segment	Main products and services
Land Mobility	Motorcycles, Leaning Multi-Wheel (LMW), all-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), snowmobiles, and electrically power-assisted bicycles
Marine Products	Outboard motors (marine engines), personal watercraft, boats, FRP pools, fishing boats, and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots, and industrial-use unmanned helicopters
Financial Services	Sales finance and leases related to the Company's products
Others	Golf cars, generators, multipurpose engines, snow blowers, automobile engines, automobile components, and electric wheelchairs

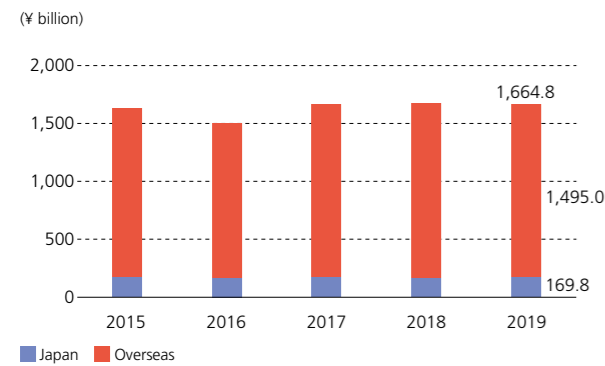
Multi-Axial Business Approach Applying Our Core Technological Competencies

The powertrain, chassis and hull, electronic control, and manufacturing technologies that we have honed since our founding serve as our core technological competencies, and as we continue refining these competencies we offer a wide variety of products that create *Kando* by leveraging our technologies and keen sensitivities.



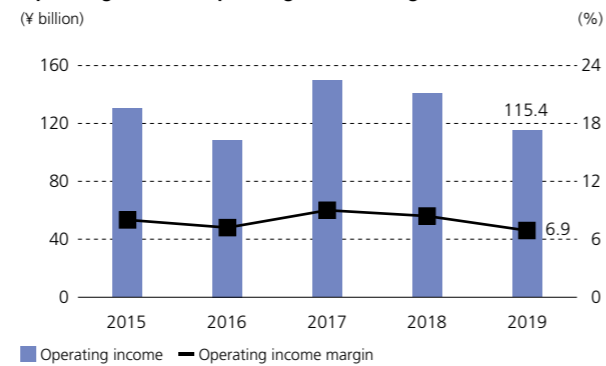
Financial and Non-Financial Highlights

Net Sales



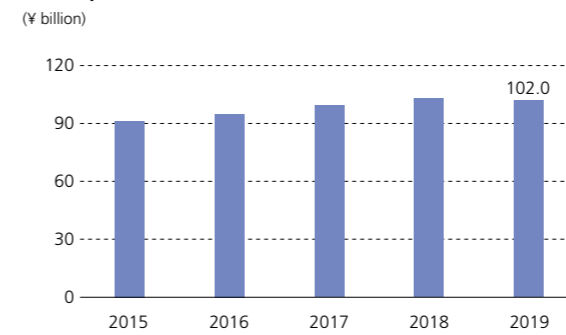
Sales grew in the Marine Products and Financial Services segments, but fell in the Land Mobility and Robotics segments (excluding the impact from M&As), resulting in a net sales decline of ¥8.4 billion year on year, to ¥1,664.8 billion.

Operating Income / Operating Income Margin



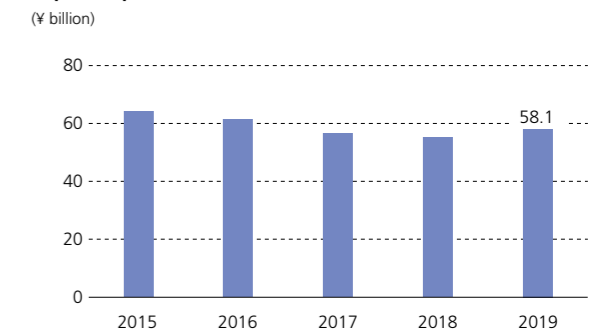
Profitability improved in the motorcycle business—a continuation from fiscal 2018—but operating income fell ¥25.4 billion year on year, to ¥115.4 billion, owing to weaker sales in the Robotics (excluding the impact from M&As) and other segments, higher expenses from growth strategies, foreign exchange rates, etc.

R&D Expenses



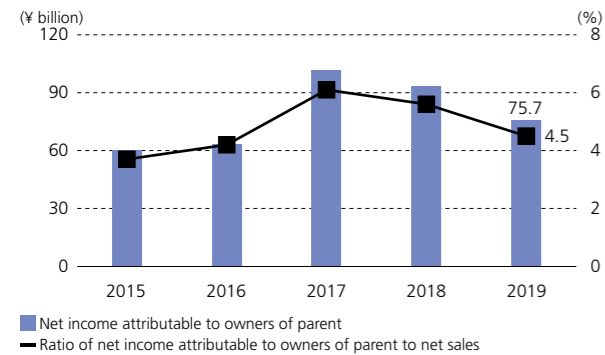
R&D expenses were ¥102.0 billion, essentially on par with the previous fiscal year.

Capital Expenditures



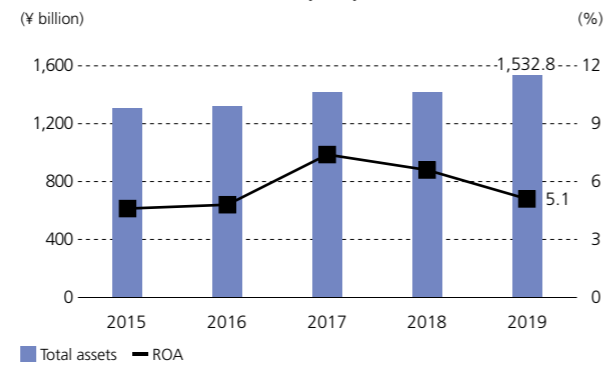
Capital expenditures totaled ¥58.1 billion, targeting sustained growth and greater efficiencies in existing businesses.

Net Income Attributable to Owners of Parent / Ratio of Net Income Attributable to Owners of Parent to Net Sales



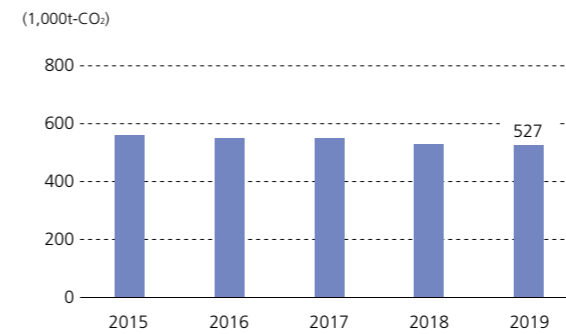
Net income attributable to owners of parent declined ¥17.6 billion year on year, to ¥75.7 billion, and the ratio to net sales decreased 1.0 percentage points year on year, to 4.5%.

Total Assets / Return on Assets (ROA)



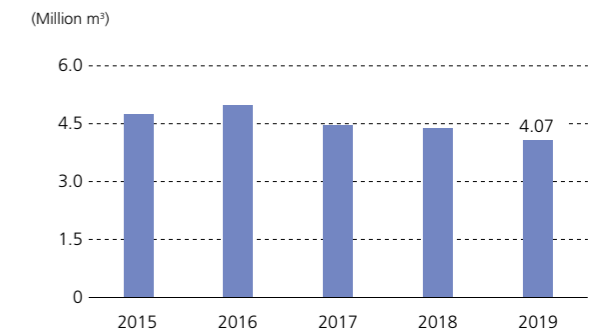
Total assets grew ¥112.0 billion from the previous fiscal year-end due to the consolidation of Yamaha Motor Robotics Holdings Co., Ltd. (YMRH) and its subsidiaries.

CO₂ Emissions



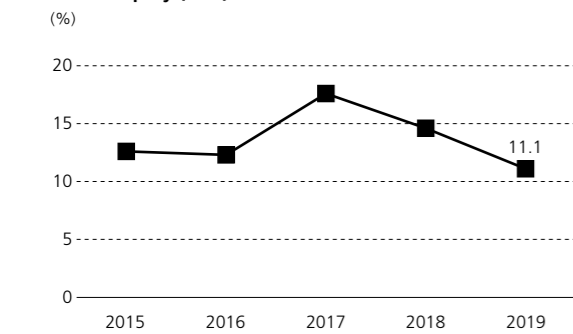
The Group has been working to reduce greenhouse gas emissions in its manufacturing activities with an eye on achieving its target for reducing CO₂ emissions PLS. by 50% by 2050 (compared with 2010).

Water Intake



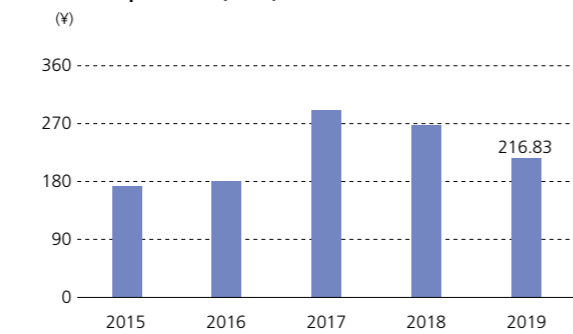
We will continue our efforts to measure our global use of water resources and reduce the amount of water intake through promoting the reuse of coolant water and water collection (rainwater and other sources) at factories.

Return on Equity (ROE)



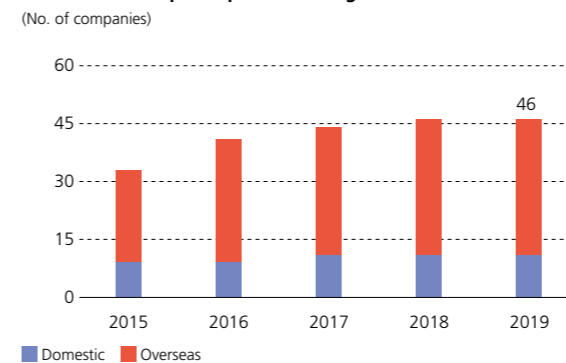
The decline in net income attributable to owners of parent led to a 3.5 percentage point decrease in ROE compared with the previous fiscal year-end.

Net Income per Share (Basic)



Net income per share (basic) declined from the previous fiscal year due to the decrease in net income attributable to owners of parent.

Number of Group Companies Joining Unified Certification Program



We have been working toward global environmental ISO 14001 unified certification at Group companies in Japan and overseas since 2012. A total of 46 companies have joined the unified certification program, mainly manufacturing companies in Asia (including Japan), Europe, the United States, and South America.

Brand Ranking*



* Brand value ranking of Japan-based brands carried out by Interbrand Japan (Best Japan Brands 2020)

The Yamaha brand, calculated by combining the brand value of both Yamaha Motor and Yamaha Corporation, was valued at US\$1,369 million (compared with US\$1,195 million in 2019 and US\$998 million in 2018).



Yoshihiro Hidaka

President, Chief Executive Officer and Representative Director

We will overcome the challenging external environment and aim to create prosperity and happiness for people while working in harmony with society and the environment.

Overview of Fiscal 2019

In fiscal 2019, ended December 31, 2019—the first year of our current three-year Medium-Term Management Plan set to conclude in fiscal 2021, net sales increased in the Marine Products and Financial Services businesses but fell in the Land Mobility and Robotics businesses (excluding the impact of M&As), resulting in an overall net sales decline. Despite an improvement in profitability thanks to 1) structural reforms and heightened operational efficiency at factories producing developed market motorcycles in Europe and our headquarters, and 2) more premium-segment motorcycle models in Indonesia, operating income also contracted overall due to the aforementioned decrease in net sales in the Robotics business and other segments, an increase in expenses for implementing growth strategies, the impact of foreign currency exchange rates, and other factors.

Our Medium-Term Management Plan was rolled out looking to achieve earnings by securing and improving the profitability of existing businesses and then making investments and embarking on challenges for future growth. However, balancing these differing goals has proved difficult. Excluding the expenses for strategic growth and the impact of foreign currency exchange rates, we were able to secure earnings on a par with the previous fiscal year for the former, but were unable to achieve the results we wanted. However, we succeeded in sowing various seeds for the latter. The Medium-Term Management Plan's policies are to further advance the growth strategies we have pursued thus far and allocate the management resources to accelerate them. However, we currently have not been able to raise the performance of our existing businesses to the extent necessary to facilitate this. With our results for fiscal 2019, expenses for corporate growth and reinforcing our business

platforms proved to be a burden and the increase in expenses greatly exceeded the rise in marginal profit.

Looking at individual businesses, we saw an improvement in earnings with developed market motorcycles in the Land Mobility business from greater unit sales in Europe and the accompanying increase in marginal profit at our headquarters. However, profits declined in the emerging market motorcycle business due to falling unit sales in Vietnam, Taiwan, and India stemming from the market and competitor environment, and the impact of issues with logistical operations in the Philippines. In addition, during the current Medium-Term Management Plan, we will move toward implementing specific measures for structural reform in the developed market motorcycle business, an issue present since the Lehman Brothers bankruptcy triggered the 2008 global financial crisis.

In the Marine Products business, the shift toward large outboard motors continues and while net sales proceeded broadly in line with our expectations, profits fell due to the heavy impact of foreign currency exchange rates.

In the Robotics business, sales increased due to the establishment of Yamaha Motor Robotics Holdings Co., Ltd. (YMRH) through the business integration of Yamaha Motor, SHINKAWA LTD., and APIC YAMADA CORPORATION in February 2019, but lasting stagnant market conditions from U.S.–China trade friction led to a significant decrease in profits. Furthermore, in April 2020 we converted YMRH into a wholly owned subsidiary. Going forward, Yamaha Motor will expedite post-merger integration (PMI) and raise YMRH's management speed to create a more integrated management channel with the Company from which to improve the Robotics business' profitability as a whole.

Promoting Medium- to Long-Term Strategies

In fiscal 2018, Yamaha Motor formulated its Long-Term Vision for 2030 under the slogan of “ART for Human Possibilities.” This vision clearly states the objectives and values Yamaha Motor would like to offer society amid the dramatic changes in the external environment and faster diversification of people’s values. I believe that the range of fields in which the Company can make a contribution is broadening due to societal changes that include the tightening of regulations on exhaust emissions, electrification, aging populations in developed countries, and the advances in information technology (IT) and artificial intelligence (AI) technology. By combining the core technological competencies we have developed to date with cutting-edge technologies and pursuing co-creation with our business partners, we will seek to create a better society and better daily lives by offering products and services that build on people’s innate capabilities and possibilities.

The strategy for achieving this goal is “ART for Human Possibilities.” The “robotics” in the strategy broadly refers

to advanced technologies such as electronic control and AI, and forms the foundation for the next stage of growth in all our business activities. Another aspect of the strategy is “Uniquely Yamaha Solutions.” This refers to systems like the automated low-speed mobility (LSM) service we are conducting real-world testing for and the provision of non-hardware solutions. “Transforming Mobility,” another component of the strategy, concerns the offering of hardware solutions, headed by our Leaning Multi-Wheel (LMW)* technology and electric vehicles (EVs).

The current Medium-Term Management Plan is positioned as the first three years for advancing reforms aimed at realizing our Long-Term Vision, and we are working to reform our management platforms and promote growth strategies. Although our aforementioned business results in fiscal 2019 were unfavorable, we were still able to move our growth strategies forward according to plan.

* Yamaha Motor’s designation for vehicles with three or more wheels that lean like a motorcycle through turns

Reforming Our Management Platforms

We are reforming our management platforms using the latest digital technologies and data in our R&D, manufacturing, and corporate fields.

In the R&D field, we are advancing model-based systems engineering (MBSE). Utilizing simulation models in the development process covering initial design to verification, we can perform strength and fluid analyses, etc., to identify and solve problems at an early stage and thereby conduct more efficient development and manufacturing.

In the manufacturing field, we are moving toward the use of smart factories. This entails using a variety of sensors to collect digital data on the operational status of a factory,

carrying out big data analysis, and then feeding the results back into the operation of the factory. Doing so enables the early detection and prediction of irregularities, and in turn leads to more efficient management.

In the corporate field, we will promote the overhaul of enterprise resource planning (ERP). In seeking the best arrangement for a global corporation, we will standardize and unify our core systems. We will work to reduce costs and implement our growth strategies by increasing the efficiency of indirect processes and shifting resources to growth fields.

Promoting Growth Strategies

Taking on new challenges in our core businesses

We have been taking on—and beginning to see the results of—a variety of challenges, such as our quest “To someday create bikes that lean but do not fall” showcased by our MOTORiD and LMW models, efforts to promote the development and commercialization of EVs, and efforts aimed at more automated watercraft operation in the Marine Products business.

Today, responding to the trend for “connected, autonomous, shared & services, and electric” (CASE) vehicles has become an urgent priority in the transportation equipment industry. In this context, electrification has become a key word and Yamaha Motor has set a target of reducing CO₂ emissions from its products by 50% by 2050 (compared with 2010). As part of these efforts, we are promoting the manufacture and sale of electric products, including the electrification of motorcycles. Given that engine development is our traditional strength and that it remains an important element of differentiation for us, electrification in the transportation equipment industry has the potential to threaten our survival.

However, while the mobility needs of people may change, those needs are not likely to disappear. Although I feel that a diverse change will come to the values regarding mobility, due partly to the global COVID-19 pandemic, I would like to establish as soon as possible a model for generating steady

earnings even when electric products become the norm, while ascertaining market and customer needs. To that end, we have positioned EV-related investments as an issue of the highest priority for our core business framework and will undertake these without constraint.

Promoting the development of new businesses

With an eye on developing prominent new businesses by 2030, I envisioned a three-phase process: the three years of the current Medium-Term Management Plan as a period for identifying opportunities; a subsequent three-year period for investing management resources in a focused manner in the chosen fields; and another three-year period in which the newly developed businesses begin to contribute to earnings. I believed that these periods were realistic based on my own personal experience. However, the incredibly impactful changes to the external environment brought by the global COVID-19 pandemic has brought to the fore various societal issues, and amid this we have fast-tracked our new business opportunity identification plan and narrowed down the fields to pursue to four: mobility services, LSM, agriculture, and medical. Going forward, we will focus on these four fields and invest our management resources to create new businesses and grow their scale.

Forecast for Fiscal 2020

At the financial results briefing in February 2020, I conveyed our intention to focus in fiscal 2020 on restoring the profitability of our existing businesses and moving forward in coordination with each business and corporate function, in light of growing uncertainty about the global economic outlook, the signs of a recessionary environment, and our business performance in fiscal 2019.

However, the global COVID-19 pandemic is having an enormous impact not only on economies and business but also human life. Yamaha Motor has also implemented countermeasures, including production control based on careful assessment of demand and extensive cuts to expenses and investment spending.

In addition, we have proactively and quickly provided donations and carried out support activities in our various regions of operation. In Japan, we manufactured plastic face shields and sterilizing detergent and distributed them to medical institutions as well as donating and offering free motorcycle rentals to physicians overseas (Thailand, Germany, and Sweden).

In recent years, the Company has overcome several crises that have cut off its supply chain, from the large-scale floods in Thailand to the Great East Japan Earthquake and heavy rains in Japan. In the process, the level of the Company’s various initiatives related to our Business Continuity Plan (BCP), such as the preservation of our supply chain, has risen considerably. Accordingly, when an event occurs in a

given region, we have become able to swiftly determine how it will affect us and how best to deal with it.

Nevertheless, the global spread of COVID-19 marked the first time that we have been forced to suspend operations simultaneously around the world. Based on this experience, we are implementing three countermeasures. The first is the promotion of e-commerce. As it becomes increasingly difficult to maintain our physical touchpoints with customers due to limits or restrictions on people leaving their homes, we will broaden our businesses' digital touchpoints with customers and establish an optimal combination of digital and face-to-face customer interaction.

The second is transitioning to new work styles. The extent to which we can ensure production efficiency at our plants while taking all possible measures to prevent infection on the frontlines will be vital. For our office-based employees, we must also revise our personnel systems so that they can achieve results while working from home. I believe that once this new work style becomes established, we will see each employee place greater value on the time they are able to save on commuting or make the most of their spare time.

The third measure is further strengthening our supply chain. Yamaha Motor products are sold around the world and many are manufactured in countries outside of their destination market. Our production structure is such that when manufacturing—including parts and components—ceases in one country, many other countries where our products are sold are significantly affected. In light of current circumstances, we are working to stabilize and strengthen our supply chain by

reviewing our global production structure and logistics functions, the appropriate products and parts by type as well as inventory volumes for each country, etc.

A comparatively large proportion of our products are used for leisure and recreation, and as governments throughout the world begin to lift restrictions on going out, spending money on hobbies and leisure may remain a low priority, even if governments enact economic stimulus policies. On the other hand, I am also hopeful that demand for our products as accessible outdoor vehicles and tools will be stimulated in the post-COVID-19 world. Demand for Yamaha Motor products such off-road motorcycles, sport boats, and personal watercraft is already recovering due to a growing trend for enjoying nearby places and the outdoors following the easing of lockdown restrictions primarily in Europe and the United States.

Furthermore, in regions with extensive and well-developed public transportation, calls to avoid closed spaces, crowded gatherings, and close contact with others have reminded people of the advantages of personal mobility options like motorcycles and electrically power-assisted bicycles. In the logistics industry where essential workers support people's daily lives, motorcycles are being reappraised for their mobility and ability to avoid or better navigate traffic congestion. I believe that these developments will lead to new demand going forward.

As for our Robotics business, although I expect global capital expenditures to remain sluggish for a time, I am certain that the bolstering of communications infrastructure and other developments will prompt a growth in demand over the medium to long term. We must steer management while accurately assessing conditions. Naturally, our policy is to prevent the further spread of COVID-19 by prioritizing the lives of our employees and stakeholders first and then minimizing our business losses. Although we have yet to announce our performance forecasts for fiscal 2020, we intend to do so as soon as possible and are currently scrutinizing the impacts of COVID-19 on our supply chain, plans, and business performance.

I know that this will be a particularly challenging year. We will do our utmost to calmly assess market conditions and tenaciously work toward achieving the Medium-Term Management Plan while maintaining a constant sense of urgency.



We will calmly assess market conditions and tenaciously work toward achieving our goals.

Shareholder Return Policy

Yamaha Motor views increasing shareholder returns as an important management issue and strives to raise corporate value. With regard to the dividend payment, we seek to maintain as well as strengthen our financial foundations and increase new growth investments and returns to our shareholders. We have set a benchmark of 30% for the dividend payout ratio of net income attributable to owners of parent.

For fiscal 2019, we paid a full-year dividend of ¥90 per share, consisting of a ¥45 interim dividend and a ¥45

year-end dividend, surpassing this benchmark. In regard to fiscal 2020 dividend payments, as we anticipate challenging conditions in the first half of the fiscal year, we have decided not to pay an interim dividend with the goal of securing liquidity on hand. We will promptly make an announcement regarding a year-end dividend when we are able to make a forecast.

Further Improving Brand Value

The corporate mission of Yamaha Motor is to be a *Kando* Creating Company and we aspire to always be a company offering new value that inspires customers to look to us for new *Kando*. With our origins in Yamaha Corporation, a leader in musical instruments and audio products, we have engaged in *Monozukuri* that appeals to human sensibilities through our consumer-oriented development ideal. With the Yamaha brand, the *Kando* that we offer entails an emphasis on appealing to human sensibilities, and we operate a joint Brand Committee together with Yamaha Corporation to share the brand's direction and alternative indicators of value as well as our respective targets to that end.

We have made raising our brand value an important management task at Yamaha Motor. With the electrification of mobility I mentioned earlier and other technological advances, it has become increasingly difficult to differentiate ourselves with product specifications and hardware performance, so I believe that customers will choose products based on their trust in and connection with a brand. As such, I expect the role and importance of the brand to grow going forward. Historically, nearly 130 years have passed since the Yamaha brand was born and over 65 years since we turned our hand to motorcycles. The brand value we have today was won through the quality that earned customers' trust in the brand and their recognition of our commitment to the value we create. I believe that this is a strength of the Company.

Yamaha Motor clearly defines the fundamental elements of the "unique style of Yamaha" with the following key words expressing its shared values: Innovation, Excitement, Confidence, Emotion, and Ties. I firmly believe that exhaustively refining these five elements and incorporating the unique style of Yamaha into all processes and levels of our corporate and business activities is the way to meet customer expectations and the fuel to further improve our competitiveness. One top internal undertaking that aims to improve brand value is the Brand Strength Score (BSS),*¹ a qualitative indicator for measuring understanding and penetration of the brand. Four internal indicators and six social- and customer-related external indicators are used to gauge brand strength. Through an interview format, we constantly research our positioning in relation to our competitors and clarify our strengths and weaknesses in each country and by product category. Based on these efforts, we revise our action plans annually and engage in the plan-do-check-act (PDCA) cycle while monitoring score trends. Furthermore, under the goal of augmenting our organizational structure to strengthen quality assurance and ensure safety and compliance with laws and regulations, we established the Quality Assurance Center in 2020 to minimize risks that directly impact our brand image and to continuously lift our corporate value.

Moving forward, I want the Company to express its

commitment to appeal to human sensibilities and create *Kando* not only through tangible aspects (products) but also to embody this commitment through the services and experiences it offers to customers. This falls under the Confidence and Ties elements of the unique style of Yamaha. For example, we operate the bLU cRU*² rider support program as part of our marketing activities in developed markets. bLU cRU's most distinguishing feature is its all-around support for further enriching the riding lifestyles of Yamaha product owners. The program fosters interactions between Yamaha Motor and its customers—and among customers themselves—and embodies the goal behind the Company's "Revs your Heart" brand slogan of delivering exceptional value and experiences that enrich the lives of our customers.

Aiming to Create Social Value

To realize continuous growth, the Company identified in 2019 four important societal issues (materiality issues) that it can help resolve by leveraging its strengths: Environment and resources; Transportation, education, and industry; Innovation; and Human capital management. It is my belief that all these issues are directly connected not only to the Company's brand value but its survival as well. With that in mind, we intend to focus our efforts on a range of initiatives in line with materiality issues. In particular, as a manufacturer selling products that emit exhaust gases, measures for the environment are a must for us and as mentioned previously, we are working to reduce CO₂ emissions from our products while proactively developing electric mobility.

Meanwhile, examples of the Company applying the technologies, knowledge, and expertise it has garnered through its diverse range of businesses in order to help local communities include the clean water business in emerging and developing economies and our longtime work to help modernize the fishing industry in Africa and elsewhere. I believe that these efforts not only contribute to the resolution of societal issues but also help raise our brand value in the course of establishing relationships of trust with local communities, and that this will lead to greater corporate value over the long term.

Looking ahead, amid rising incomes and living standards in Southeast Asia and emerging markets, I believe that we will be able to put our branding efforts to work there when the role of motorcycles shifts from a means of daily commuting to a tool of choice for recreation.

Through these initiatives, Yamaha Motor will strive to be a company chosen by customers that achieves continuous growth by constantly maintaining and improving its brand reputation and brand value.

*1 A method of assessing brand strength provided by Interbrand Japan

*2 An amateur racing contingency program for riders using Yamaha motorcycles and other products

Among the materiality issues identified, I view Innovation as the platform for the Company's growth that is indispensable for fulfilling its Long-Term Vision. Going forward, we will work on innovations such as developing new forms of mobility and providing solutions through robotics to supplement labor shortages. Within Yamaha Motor's *Monozukuri* is its exclusive development ideal of *Jin-Ki Kanno*. This refers to technologies that seek to deliver to users the seductive exhilaration felt when they truly become one with their machine. We quantify and fine-tune this kind of exciting performance, which we call *Kanno Seino*, and build it into our products. For example, when creating a motorcycle, test riders systematically ride and evaluate it in the final stages of development, making confirmations and repeated improvements. This process is how Yamaha Motor creates a machine with response tuned to suit human sensibilities, enjoyable handling, chassis behavior bringing peace of mind, and more. In solving Innovation issues, we will use the same approach of exhaustively developing products with characteristics that appeal to all five senses. We will continue to provide new value to society through our technologies and sensibilities as a *Kando* Creating Company by infusing our core technological competencies and *Jin-Ki Kanno* into our products.

Taking on the Challenge of Further Growth

In 1953, when Japan was embarking on its road to recovery, Genichi Kawakami, the fourth president of Nippon Gakki Co., Ltd. (today's Yamaha Corporation), gave the order to enter the motorcycle industry. Despite being a latecomer, Yamaha Motor was able to survive in an era in which the industry had already begun weeding out the weaker players and go on to establish its current brand value. This is thanks to the Spirit of Challenge passed on to each and every employee—to always try to create new *Kando* for society—but I also believe that it is thanks to the free and open-minded corporate culture we have that facilitates this spirit.

People are the greatest source of value creation and hence management should be concerned first with how it can maximize the performance and motivation of organizations and individuals. In terms of human resource development, each year we are improving our human resource training programs aimed at a variety of employees. For example, we have established training tailored to employee position levels, training to hone specialist skills, schemes for gaining frontline experience outside Japan and overseas trainee programs for employees aspiring to be active on the global stage, and coaching to raise organizational performance by enhancing team strength.

As a company operating globally, the promotion of diversity is essential in order to share as knowledge the environments, cultures, and approaches of various countries and regions. In widely sharing such knowledge, the occasional

clash of values leads to the creation of new values. Specifically, we convene the Global Executive Committee twice a year for our highest-ranking executives and global meetings several times a year for specific functions for executives in the rank below. In this way, we are creating opportunities for executives and employees from different countries and regions to inspire one another.

Business trends are approaching a major paradigm shift due to the electrification of mobility, the rapid development of digital technologies, accompanying changes in various social frameworks, and other factors. In such a context, the advanced technologies and wide-ranging business platforms that we have built and developed as well as the capabilities of our people to turn ideas and concepts into reality will surely be a major driving force for the Company as it takes on the challenge of reaching the next stage of growth.

While continuing to work in harmony with society and the environment, Yamaha Motor will endeavor to deliver joy, surprise, and delight as well as prosperity and happiness to people around the world through its products and services.

Yoshihiro Hidaka

President, Chief Executive Officer and Representative Director

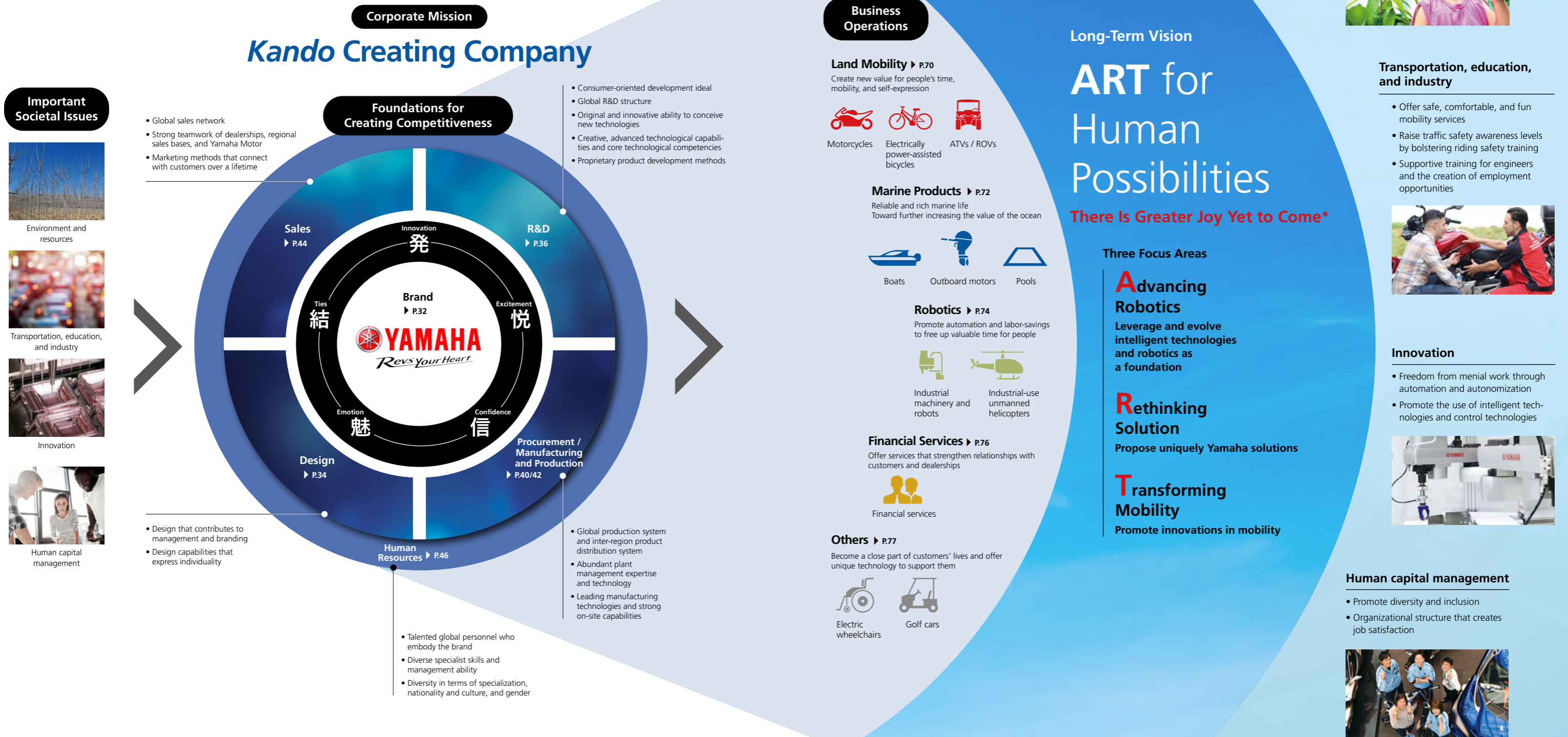
In a business environment approaching a major paradigm shift, we will create new *Kando* by exhaustively refining the unique style of Yamaha.



Yamaha Motor's Value Creation Process

Yamaha Motor's business model is to provide unique, high-quality products and services that accurately reflect societal and customer needs by applying the Spirit of Challenge that has been handed down as the Company's DNA and the technologies it has created and refined to date. The very reason for the Company's existence as a *Kando* Creating Company is to give society and customers experiences of *Kando* unique to Yamaha Motor that intertwine technologies and human sensitivities.

By expanding human possibilities and through our products and services that create *Kando*, we are aiming to achieve sustainable growth as well as create a better society and more fulfilling lives.



Important Societal Issues (Materiality Issues)

To achieve sustainable growth together with society, Yamaha Motor intends to help resolve a variety of societal issues in uniquely Yamaha ways.

In formulating its Long-Term Vision and Medium-Term Management Plan, the Company identified important societal issues that it can help resolve by leveraging its strengths and has incorporated initiatives to resolve these issues into the Medium-Term Management Plan.

Process for Identifying Important Societal Issues



Selected societal issues

	Important issue areas			
High	<ul style="list-style-type: none"> Financial crisis in important economic zones Unmanageable inflation Failure of national governance Failure of regional or global governance Inter-government conflict over regional problems Deepened social uncertainty Abuse of technological progress 	<ul style="list-style-type: none"> Introduction of industrial processes taking into account clean technologies and efficient use of resources Heightened awareness of sustainability Promotion of economic growth based on fair work environments Reduction of waste materials Curtailement of corruption and bribery 	<ul style="list-style-type: none"> Improved energy efficiency (including promotion of use of renewable energy) Promotion of use of inexpensive, reliable energy Promotion of safe and secure work environments Advancement of diversity and inclusion Effective use of water resources and prevention of pollution Securing of clean water resources 	
Importance to stakeholders	<ul style="list-style-type: none"> Abolition of inequality Responses to multistakeholders Promotion of innovation (active use of global partnerships) Implementation of fair taxation Promotion of sustainable industrialization 	<ul style="list-style-type: none"> Elimination of discrimination against women / protection of human rights Use of women's skills Strengthened disaster prevention and response Eradication of forced labor, human trafficking, and child labor Increased employment for socially vulnerable people 	<ul style="list-style-type: none"> Prevention of pollution and damage from harmful chemical substances Strengthened measures to address climate change Sustainable use of natural resources Promotion of innovation (promotion of sustainable industrialization) Promotion of innovation (promotion of sustainable forms of consumption and production in developing countries) 	
Low	<ul style="list-style-type: none"> Strengthened support for emerging and developing economies 	<ul style="list-style-type: none"> Promotion of protection and recovery of land ecosystems Provision of a stable living environment Halting of deforestation Protection and recovery of marine ecosystems 	<ul style="list-style-type: none"> Expansion of educational systems (including vocational training) Enhanced education environment in developing countries Promotion of social infrastructure development Prevention of traffic accidents Protection of small-scale agricultural and fishing industries Advancement of sustainable fishing industry Improved access to fishing areas and markets in least developed countries 	
	Low	Importance to Yamaha Motor		High

Consolidated into Four Materiality Issues

To clarify the respective positioning of the four important societal issues (materiality issues) we identified, we systematically categorized the materiality issues formulated in 2018.

* We renamed "Work-life balance" to "Human capital management."



Important Societal Issues (Materiality Issues)

Targets and Progress

Important societal issues	Risks and opportunities	Uniquely Yamaha initiatives for resolving issues	Vision for 2030	Medium-term targets (2019 to 2021)	Progress in 2019	SDGs goals
Environment and resources	Risks <ul style="list-style-type: none"> Tightening of regulations and declining net sales due to the progression of global warming Declining profits due to rising costs Negative impact on corporate image Delays in the economic independence of developing countries because of marine pollution Impact of marine pollution on the fishing industry and marine leisure Opportunities <ul style="list-style-type: none"> Growing trend of EVs replacing existing forms of mobility Heightening demand for smaller forms of mobility 	Initiatives for realizing a low-carbon society	25% reduction in CO ₂ emissions from products (CO ₂ /unit sales compared with 2010) * 2050 target: 50% reduction	Reduce by 13.75% (compared with 2010)	13.1% reduction (compared with 2010)	
		Initiatives for achieving a recycling society	25% reduction in CO ₂ emissions generated during production (CO ₂ /net sales compared with 2010) * 2050 target: 50% reduction	Reduce by 17.36% (compared with 2010)	32.4% reduction (compared with 2010)	
		Bringing safe water to people worldwide	18.7% reduction in waste generated during production (compared with 2010) * 2050 target: 50% reduction	Reduce waste volume by 10.3% (compared with 2010) * Yamaha Motor on a non-consolidated basis	15.7% reduction (compared with 2010) * Yamaha Motor on a non-consolidated basis	
		Creating a technology platform for electrification	Assisting in village development by contributing to the provision of safe water	Enhance living and sanitary environment by improving access to potable water Bring the number of water purification systems (Yamaha Clean Water Supply System) installed to 60	Number of water purification systems installed: 41	
		Achieving a more sustainable maritime society	Monitoring the electric power policies and battery technology innovations of various countries while promoting EV development in order to launch products in a timely manner	Launch electric products in the unique style of Yamaha in many product areas, such as motorcycles, marine products, electrically power-assisted bicycles, electric wheelchairs, and drones, while establishing a development platform for electric products	Launched the EC-05 electric scooter in Taiwan Conducted field testing for the TRITOWN standing electric micromobility model with twin front wheels Developed the HARMO electric propulsion system Total number of drive units for electrically power-assisted bicycles topped five million units Developed the YMR-08AP agricultural-use multirotor drone	
Transportation, education, and industry	Risks <ul style="list-style-type: none"> Shift away from motorcycles due to more traffic accidents Rise in traffic accidents caused by the elderly in developed nations Fewer means of transportation in underpopulated areas Opportunities <ul style="list-style-type: none"> Growing demand for motorcycles due to rising populations and incomes in developing countries Greater need for smaller forms of automated mobility Addressing and supplementing the aging workforce and labor shortages in the agriculture, fishing, and manufacturing industries Increased automation with the development of AI technologies New mobility demand with CASE vehicles and Mobility as a Service (MaaS) 	Traffic congestion relief and environmental countermeasures	Selling electrically power-assisted bicycles in two or more emerging and developing economies	Launch sales of electrically power-assisted bicycles in the Indian market	Commenced test sales in India in September 2019	
		Training to reduce traffic accidents	Reduced number of fatalities due to traffic accidents	Safe riding training opportunities (Yamaha Riding Academy): Hold 2,000 courses with 180,000 participants in 2021 Number of countries with trainers: 20	Riding safety training opportunities: Held 1,272 courses with approximately 117,000 participants Number of countries with trainers: 15	
		Achieving a more sustainable maritime society	Conserving marine resources	Offer a number of solution proposals in the fishing industry	Commenced consultations with fishing industry-related companies regarding smartification of the fishing industry, such as fish farming	
		Popularizing diverse forms of mobility for the elderly	Established electrically power-assisted bicycles as an alternative form of mobility for elderly people in Japan who surrender their driving license	Supply several thousand electrically power-assisted bicycles to local governments through cooperation with the national government	Began considering supporting test-ride opportunities of electrically power-assisted bicycles in light of the conclusion by a METI committee promoting the proliferation of diverse forms of mobility that such bicycles could be an alternative to automobiles for the elderly	
		Equipping products with digital devices for sound maintenance	Equipping an aggregate total of four million units by 2024 (target year)	Supply 200,000 motorcycles equipped with digital devices to the market per year	Developed a new version of the NMAX scooter equipped with a communication control unit (launched in February 2020)	
		Offering low-speed mobility services	Selling unmanned transportation systems	Establish prospects for commercialization of low-speed mobility services	Accumulated expertise by conducting field testing (aggregate total of 20 tests) with local governments, various business organizations, and other entities	
Innovation	Risks <ul style="list-style-type: none"> Declining competitiveness in the market and business environment Opportunities <ul style="list-style-type: none"> New forms of mobility that drive business Offering solutions for the agricultural sector using robotics Increased competitiveness due to the spurring of innovation 	Developing new forms of mobility	Selling new forms of mobility and having in place a model to drive business	Market penetration of LMWs and new value through the improvement of the model lineup	Developed the Tricity 300 Commenced field testing of the TRITOWN Exhibited the MW-VISION at the Tokyo Motor Show	
		Promotion of economic growth	Increased production efficiency	Develop highly efficient, multifunctional platforms and high-speed platforms for the robotics sector	Developed the YRM20 as a first step toward using a high-efficiency multifunctional platform (launched sales in April 2020)	
		Freedom from menial work through autonomization	Optimizing entire factories	Collaboration for factory-use Automatic Guided Vehicles (AGVs)	Made preparations for establishing a joint-venture company for automated transporter solutions	
		Offering solutions for the agricultural sector using robotics	Achieved unmanned agricultural processes for several varieties of crops	Launch sales of autonomous drones	Developed the YMR-08AP (launched in March 2020)	
Human capital management	Risks <ul style="list-style-type: none"> Labor shortages from falling birth rates and aging populations in developed nations Unfair labor practices of suppliers and business partners Opportunities <ul style="list-style-type: none"> Acquisition of new capabilities through the promotion of diversity and inclusion Increased drive with the recruitment of diverse and talented human capital from various countries 	Promotion of diversity and inclusion	A leading company for female employees to work at	Promote activities for increasing the ratio of local talent in management positions to 60% at overseas subsidiaries Continue global recruitment (over 10% of new graduates in regular positions at headquarters)	52% 10%	
		Promotion of diversity and inclusion	Highly international personnel at the headquarters	Number of women in management positions (2014: 16) 2020: 32 2025: 48 Implement trial of an after-school care program in the unique style of Yamaha for schoolchildren Obtain Eruboshi, Kurumin, and Platinum Kurumin national certification (Japan)	Number of women in management positions: 34 Implemented trial of an after-school care program for schoolchildren in July 2020 Implementing supplemental measures to address inadequate factors toward receiving certification	

Climate Change-Related Information Disclosure

(Based on the TCFD's Recommendations)



Yamaha Motor has announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB).

In December 2018, the Company formulated the Yamaha Motor Group Environmental Plan 2050 (hereinafter, "Environmental Plan 2050"), which sets out its stance, goals, and action plan as a company that strives to realize a sustainable society. The TCFD's recommendations are congruent with the Company's approach of more proactively disclosing information on the environmental initiatives it pursues through its business activities and on the achievements of these initiatives.

Governance

The Board of Directors formulates policies on dealing with issues concerning sustainability and regularly reviews their implementation status. With regard to issues concerning sustainability, the Board of Directors oversees the Sustainability Committee, chaired by the president and chief executive officer and comprised of executive officers appointed by the Board of Directors.

With regard to issues concerning sustainability, we positioned the environmental field in particular as an important area to be tackled by

management, and established the Environment Committee, chaired by an executive officer in charge of environmental activities. The Environment Committee meets three times a year to discuss policies concerning the environment and vision for the future, assess Environmental Plan 2050, and conduct annual reviews of how each operating division has performed against its targets. The committee reports its findings to the Board of Directors at least twice a year.

Strategy

In formulating Environmental Plan 2050, Yamaha Motor understood and incorporated the business risks and opportunities it may face by the projected global population increase by 2050, global resource shortages, and energy shortages, in addition to international greenhouse gas emission reduction scenarios, such as the 1.5°C and 2°C targets. As such, we have reflected adaptation and mitigation measures for climate change in our business strategy.

Aiming to realize a low-carbon society, a recycling society, and a society in harmony with nature, Environmental Plan 2050 sets milestones for 2025, and promotes environmental activities designed to achieve the plan's long-term targets through the Company's businesses.

Climate-Related Risks and Opportunities

In our scenario analysis, which assumes physical risks based on a 1.5°C and a 2°C scenario, we have classified and identified the major risks and opportunities for our businesses associated with the transition to a low-carbon society as regulatory, information disclosure, technological, market, reputational, and customer risks. In addition, we have evaluated

the importance of climate change-related risks based on whether they are likely to materialize in the short term (0–3 years), medium term (3–6 years), or long term (6+ years), and the resulting estimated scale of the resulting financial impact.

Risks and Opportunities Regarding Important Environmental and Societal Issues, Including Climate Change

Important Environmental and Societal Issues	<ul style="list-style-type: none"> Strengthened measures to address climate change Improved energy efficiency 		<ul style="list-style-type: none"> Effective use of water resources and prevention of pollution Reduction of waste materials Introduction of industrial processes taking into account clean technologies and efficient use of resources Sustainable use of natural resources 		<ul style="list-style-type: none"> Promotion of protection and recovery of land ecosystems Halting of deforestation Protection and recovery of marine ecosystems 	
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Action Themes	Low-carbon society	Recycling loops in society	A society in harmony with nature
Risks	<p>Short term</p> <p>Costs for addressing regulations may increase significantly, with each country and territory moving to tighten motorcycle emission standards, and the U.S. introducing more stringent EPA and CARB emission standards for marine engines.</p> <p>Medium term</p> <p>Rising demand in India, Africa, and other regions may increase CO₂ emissions from the distribution of goods, and the introduction of carbon taxes may increase logistics costs.</p> <p>Long term</p> <p>Heightened environmental awareness may lead to decreased sales of products that use fossil fuels. Introduction of carbon taxes may increase manufacturing costs.</p>	<p>Short to medium term</p> <p>In emerging economies and elsewhere, severe air pollution from the use of motorcycles may lead to tighter regulations, including a ban on riding motorcycles in cities.</p> <p>Long term</p> <p>Increased consumption of resources accompanying the economic growth of emerging markets may heighten procurement risks, including a shortage of resources and cost increases.</p>	<p>Short to long term</p> <p>Climate change may trigger abnormal weather events, including forest fires, droughts, extreme temperature changes, storms, and snowfall, destroying the ecosystems of the oceans, mountains, and forests where our products are used.</p>
Opportunities	<p>Short to medium term</p> <p>Sales of models with improved fuel economy may increase. In emerging economies, motorcycles may be widely adopted as an inexpensive means of transportation with minimal social infrastructure costs.</p> <p>Long term</p> <p>Electric models may be widely adopted.</p>	<p>Short term</p> <p>Lightweight and compact low-speed mobility vehicles (land cars) may be widely adopted as a means of transportation that helps minimize use of social infrastructure resources and related costs.</p> <p>Medium term</p> <p>Motorcycle and marine rental businesses may grow.</p> <p>Long term</p> <p>In terms of engineering, manufacturing, and marketing, ultra-compact mobility vehicles that are small, lightweight, and resource-saving may be incorporated into social infrastructure.</p>	<p>Short to long term</p> <p>Increased awareness of the need to conserve the natural environment may trigger growth of the outdoor market where people seek and cherish interactions with nature.</p>

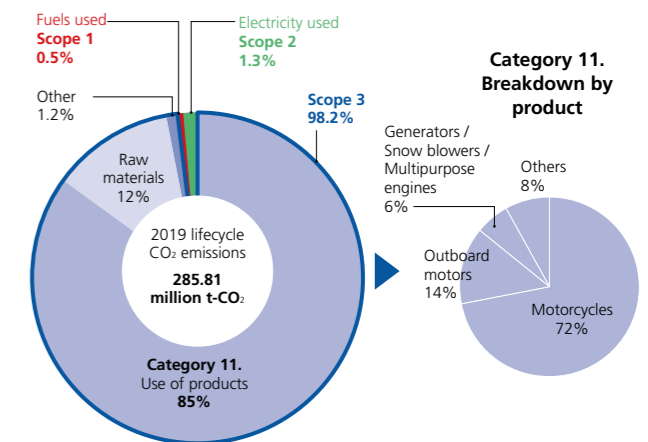
Yamaha Motor's Climate Change Mitigation Measures

Promotion of Low-Carbon Products

The products we provide, including our core product line of motorcycles, are characterized by their light weight and compact forms. They have small environmental impacts in terms of resource use during the manufacturing phase, while throughout the use phase they serve as a convenient means of transportation with excellent maneuverability for freely traveling short distances. Motorcycles, a relatively compact and inexpensive type of mobility vehicle, meet the demand for transportation of goods and services, particularly in emerging markets that are undergoing rapid economic growth. They also expand the spheres in which people live their daily lives, giving them more options in terms of work and educational opportunities.

We have designated Scope 3, Category 11, "Emissions from the use of products," which account for 85% of our CO₂ emissions in the product lifecycle, as one of our most important initiatives. Under our "BLUE CORE" motorcycle engine design ideal, which strikes a balance between fuel economy and environmental performance, we globally launch new models with improved fuel economy every year.

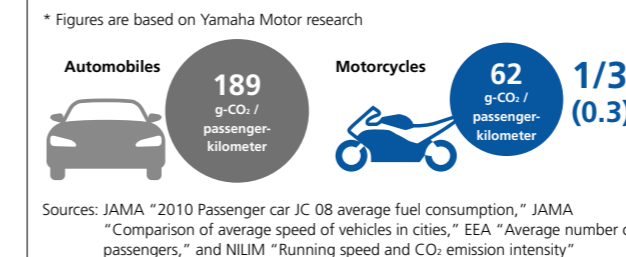
Breakdown of CO₂ Emissions for the Entire Lifecycle



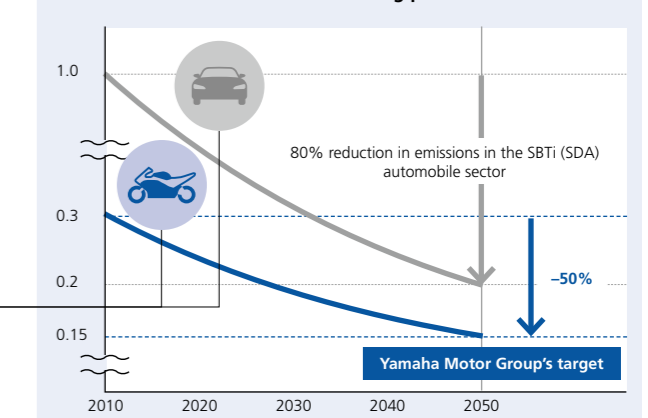
Setting of Targets for Environmental Plan 2050

Motorcycles are the fastest means of transportation for urban mobility and boast good fuel economy, while having one-third the impact in terms of CO₂ emissions per km per passenger compared with automobiles. When setting our 2017 targets, we formulated reduction scenarios for motorcycles, our primary business, with reference to the Sectoral Decarbonization Approach (SDA) developed by the Science Based Targets initiative (SBTi), to set a reduction in CO₂ emissions of 50% by 2050 as a shared reduction target for all our businesses.

Impact of CO₂ Emissions per km per Passenger in an Urban Environment



Environmental Plan 2050: 50% reduction in CO₂ emissions during product use



Climate Change-Related Risks

Identification of Risks

Each operating division and functional division categorize short-term, medium-term, and long-term climate change-related risks into "risks related to transitioning to a low-carbon economy" and "risks related to physical changes caused by climate change." Then, after considering the financial impacts of these risks on business, as well as the financial impacts on business when viewing climate change mitigation measures and adaptation measures as opportunities for management reform, they identify risks and opportunities in medium-term management plans.

Evaluation of Risks

The Environment Committee evaluates specific initiatives undertaken as part of a business strategy on risks and opportunities identified by each operating division and functional division. The Sustainability Committee evaluates specific initiatives on significant Groupwide risks—particularly companywide business continuity risks, including climate change-related risks—that need to be addressed and prevented to the greatest possible degree.

Process of Managing Climate Change-Related Risks

We incorporate climate change-related risk management into the risk management structure for the entire Group. The Environment Committee manages the annual progress toward the goals and targets of specific initiatives undertaken as part of a business strategy on risks and opportunities identified by each operating division and functional division. The Environment Committee reports the results to the Sustainability Committee, which consists of the same members as the Management Committee, and to the Board of Directors.

Indicators and Targets

Each operating division and functional division considered short-term, medium-term, and long-term risks and opportunities, their business, strategic and financial impacts, and the climate change-related risks based on a 2°C scenario, in accordance with the designated climate change materialities of a "low-carbon society," "recycling society," and "society in harmony with nature." These divisions then formulated specific numerical targets for 2025 and 2050 (reduction of use-phase

CO₂ emissions by 19% per unit sale by 2025, 50% by 2050, from 2010 levels; and reduction of production-phase CO₂ emissions by 19% per net sale by 2025, 50% by 2050, from 2010 levels). The Environment Committee manages progress and deliberates matters that have a significant impact on business, and submits reports or resolution matters to the Board of Directors at least twice a year.

Long-Term Vision and Medium-Term Management Plan

The Company has positioned the three years covered by the current Medium-Term Management Plan beginning in fiscal 2019 as the first stage of transformation toward realizing its Long-Term Vision of "ART for Human Possibilities."

Amid dramatic changes in the external environment and the further diversification of people's values going forward, the Company will contribute to the resolution of societal issues based on its longstanding values. At the same time, we will reform our business and management platforms and promote growth strategies centered on the development of new businesses in order to achieve sustainable growth.

Medium-Term Management Plan

Basic Policy

Reforming our business and management platforms and promoting the development of new businesses

Financial Strategy

Balancing growth investments and shareholder returns within the range of our cash flows while maintaining the earnings power of existing businesses

See pages 30 and 31 for details on and the status of progress of quantitative targets

Quantitative Targets for Fiscal 2021

Net Sales	¥2 trillion	Equity Ratio	49.9%
Operating Income	¥180 billion	ROE (three-year average)	Approx. 15%
Operating Income Margin	9.0%		

Note: We may revise the above targets in lieu of the impacts of the COVID-19 pandemic.

Medium-Term Priority Measures in Core Businesses

Land Mobility

Establishing business platforms ready for a new era of mobility

- Bolstering current capabilities**
Increasing the efficiency of manufacturing and sales functions
- Swifter management**
Improving the speed of decision-making using management systems
- Shifting to new business fields**
Taking part in the emerging and new economic zones for mobility

Marine Products

Strengthening our high-profitability model and building platforms for sustainable growth

- Marine Long-Term Vision**
Reliable and rich marine life
Toward further increasing the value of the ocean
- Global production layout for outboard motors**
Improving production capacity and flexibility
- Expansion of comprehensive marine business strategy**
Evolving as a system supplier
- Product development strategies**
Offering attractive products and services

Robotics

Business scale and area expansion and bolstering profitability

- Growth strategies**
Optimizing entire factories and strategies focused on the logistics, agriculture, and medical sectors
- Firming of business platforms**
Strengthening in-house manufacturing technologies and systems

See pages 70 to 75 for progress by business

Long-Term Vision

ART for Human Possibilities

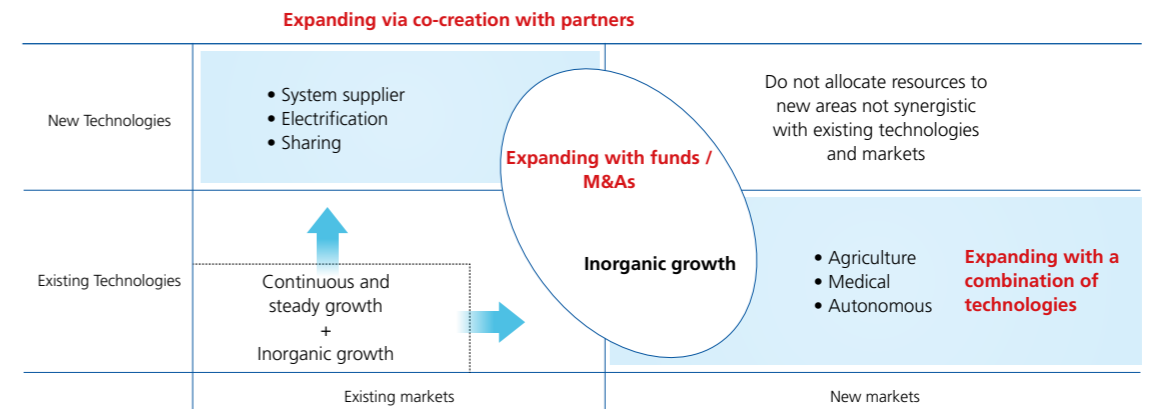
Advancing
×
Robotics

Rethinking
×
Solution

Transforming
×
Mobility

We will Advance the use of Robotics, Rethink Solutions, and Transform Mobility to expand human possibilities for a better society and more fulfilling life.

Growth Strategy: Four categories based on technologies and markets



Progress of Medium-Term Management Plan Measures for "ART for Human Possibilities"

	Executed projects	Prospects for commercialization
CASE		
MaaS / Autonomous Driving	<ul style="list-style-type: none"> Low-speed autonomous driving field tests (Wajima City, Iwata City, Unnan City) 	<ul style="list-style-type: none"> Aiming for commercialization in 2021
Autonomous Driving	<ul style="list-style-type: none"> Invested in AI computing company DMP Invested in autonomous driving technology developer Tier IV Joint development of the SC-1 with Sony and start of services in Okinawa 	<ul style="list-style-type: none"> Considering business venture in an all-new field by acquisition of core technologies Business development and application in the tourism / entertainment sector
EVs	<ul style="list-style-type: none"> Announced participation in electric motorcycle battery consortium Launched battery-swapping electric scooter in Taiwan Development of electric motor units for EVs 	<ul style="list-style-type: none"> Continuing to develop model products while closely monitoring electrification policies in various countries and battery technology innovations
Sharing	<ul style="list-style-type: none"> Strategic business tie-up with Grab and investment of US\$150 million 	<ul style="list-style-type: none"> Promoting collaboration and establishing a business model
ART		
Advancing Robotics	<ul style="list-style-type: none"> Business integration with SHINKAWA and APIC YAMADA and investment of ¥10 billion Invested in Tokyo Robotics 	<ul style="list-style-type: none"> Advancing the pace of YMRH's PMI and implementing structural reforms
Rethinking Solution	<ul style="list-style-type: none"> Started trialing agricultural UGVs Land Link Concept exhibited at the Tokyo Motor Show 	<ul style="list-style-type: none"> Considering commercialization through collaborations with start-ups
Transforming Mobility	<ul style="list-style-type: none"> Field testing of the TRITOWN standing electric micromobility model Tricity 300 announced as fourth LMW model MW-VISION exhibited at the Tokyo Motor Show 	<ul style="list-style-type: none"> Expanding the LMW lineup Accelerating R&D and promoting production model creation / commercialization

Specific Initiatives toward Resolving Societal Issues

The Company is proactively advancing a range of initiatives to contribute toward the resolution of designated important societal issues by providing uniquely Yamaha solutions that leverage the technologies and expertise garnered by the Company to date, all while collaborating with its partners and coordinating with industry, academia, and government.

Innovation

Contributing to labor savings and automation in agriculture through the application of robotics

Labor shortages in agriculture have become a concern for developed countries across the board, and there is an urgent need for automation and labor savings in the sector. Yamaha Motor is providing solutions for the agriculture industry through its robotics expertise. By combining articulated robots that are adept at sophisticated and delicate movements via intricate electronic control with unmanned ground vehicles (UGVs) for agriculture, we are aiming to realize fully unmanned harvesting of fruit—currently done by hand—and in 2019, we conducted field testing for grape harvesting at a winery in Yamanashi Prefecture, Japan.



Transportation, education, and industry

Tackling local transportation issues with low-speed mobility

Japan has the world's most aged society and is facing a variety of societal issues, including ensuring modes of transportation for the elderly and regional disparities between urban and rural areas. Countries around the world whose societies are also aging are paying close attention to developments in Japan. By offering small, low-speed forms of mobility like compact electric carts as first/last-mile mobility solutions, the Company looks to contribute to community-building with slow mobility and create uniquely Yamaha value in mobility to not only address important societal issues such as transportation, health, and industrial promotion but also bring fun values to mobility. In 2019, we took part in the Green Slow Mobility field testing project together with the city of Unnan in Shimane Prefecture, Takenaka Corporation, and the NPO Entrepreneurial Training for Innovative Communities (ETIC), in which compact, low-speed EVs based on our long-proven golf cars circulated major city facilities in downtown Unnan.



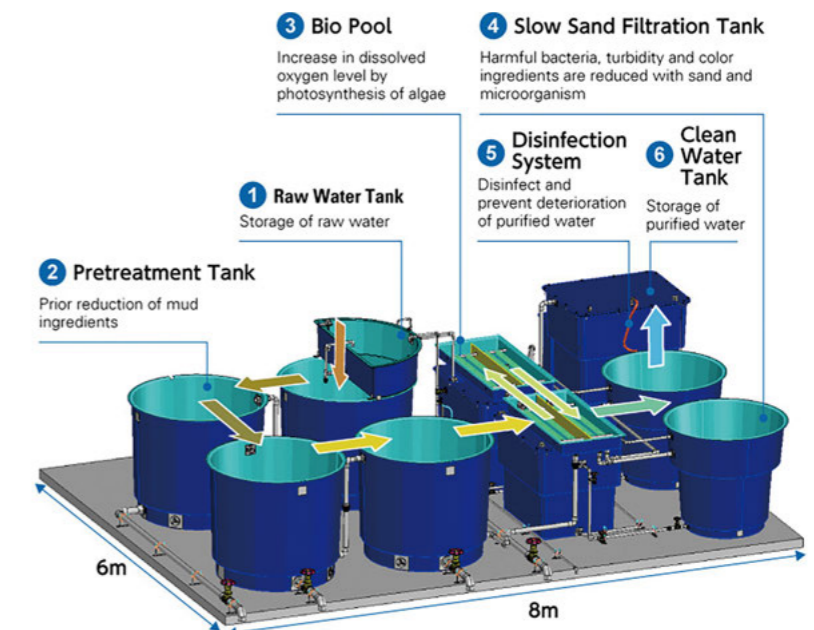
Environment and resources

Providing a stable supply of potable water and changing people's lives

According to the World Health Organization (WHO), approximately 525,000 children under the age of five die from diarrhea-related illnesses worldwide each year (as of 2017), and permanent access to safe water remains a pressing issue. Yamaha Motor is confronting this with the Yamaha Clean Water Supply System, a water purification facility using a simple construction and slow sand filtration, a natural water purification method.

The system was first developed more than 20 years ago and requires neither significant electric power nor maintenance by a specialist engineer. It can also be operated independently by the local residents and the water from nearby rivers and lakes can be made safe to drink. In villages where the system has been installed, cases of diarrhea, fever, abdominal pain, and skin disease have fallen significantly. Moreover, beyond creating a stable supply of clean drinking water, installing the system changes people's lives in a variety of ways. These include freeing people from having to draw water and allowing them to work and learn instead, and spurring village development through new businesses such as water delivery, water filtration, and ice-making.

In 2019, we installed 10 systems in the Senegal River Basin and officially handed them over to the Senegalese government. At the same time, we conducted educational activities to help raise awareness of proper sanitary practices among local residents, including a picture story show in which some 350 children listened with great enthusiasm about the importance of drinking clean water. Yamaha Motor is proceeding with the introduction of these purification systems through collaboration and cooperation with public institutions such as the Ministry of Foreign Affairs of Japan, the Ministry of Economy, Trade and Industry (METI), the Japan International Cooperation Agency (JICA), and the Japan External Trade Organization (JETRO), as well as international institutions like the United Nations Development Programme (UNDP).



From the Director, Chief General Manager of Corporate Planning & Finance Center



Through management that places greater emphasis on the balance sheet and capital efficiency, we will restore the earnings power of existing businesses and aim to realize our growth strategies.

Tatsumi Okawa

Director, Senior Executive Officer,
Chief General Manager of Corporate
Planning & Finance Center

Review of Fiscal 2019

The Company has made balancing within the range of its cash flow investments for new growth and returns to shareholders as its standard financial policy. However, in order to realize our Long-Term Vision of “ART for Human Possibilities” announced at the end of 2018, we are more conscious than ever before of growth-oriented capital allocation.

In fiscal 2019, the first year of the current three-year Medium-Term Management Plan, the New Venture Business Development departments as well as various existing businesses worked proactively to explore new fields of business. Up until 2018, we had been unable to use all the funds allocated for strategic growth investments, so we have made progress in this regard. On the other hand, we saw signs of stagnation in some existing businesses that are essential for generating the cash necessary for these growth investments.

Free cash flow was a higher ¥19.5 billion, in part due to the

effect of stricter inventory management compared with 2018. Nevertheless, we were unable to reduce our inventory levels as initially planned and must therefore carry out more meticulous management of working capital.

While ROE was 11.1%, down 1.2 percentage points versus our initial target, this was due to missing our target for net income ratio, one of the components of ROE. In other words, our earnings power was weak. In particular, the impacts of the Robotics business and motorcycle business in ASEAN markets—which are generally highly profitable—were significant. Although the primary cause of stagnation in the Robotics business was a worsening of market conditions, it was a decline in competitiveness and operational weaknesses in some regions that became an issue for the motorcycle business in ASEAN markets.

Policy for Fiscal 2020

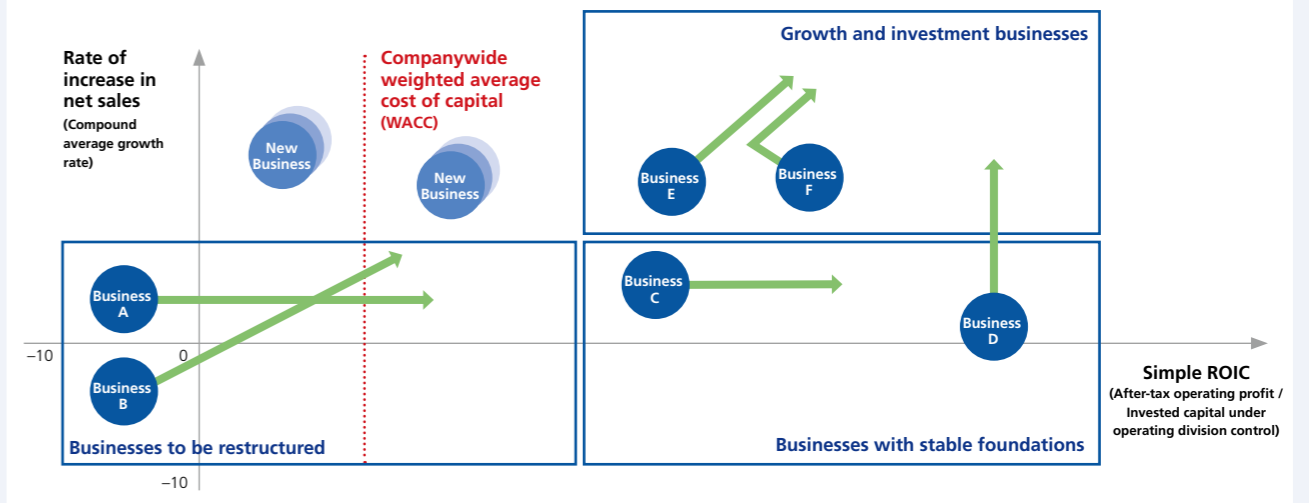
First and foremost, our priority is responding to the global COVID-19 pandemic. To prepare for uncertainties in the business environment, we will ensure that we have sufficient liquidity on hand. To that end, we decided not to pay an interim dividend in 2020. We will keep a close eye on the recovery of each market while controlling the implementation of investments and expenses more strictly than usual. However, we will follow a basic policy of equally engaging in both offensive and defensive tactics by remaining exhaustive in our assessments of new opportunities that are already beginning to emerge as we move toward a post-COVID-19 world.

Based on that policy, we will bolster the earnings power of our existing businesses, which has been an issue since 2019. Specifically, in the motorcycle business for ASEAN markets, we will train particular focus on reinforcing marketing and brand strength and

augmenting our logistics capabilities to overcome the weaknesses we have. Furthermore, we will expand to all regions of the ASEAN market and India our premium model segment strategy that is starting to take hold in Indonesia. In the Robotics business, we will leverage the conversion of Yamaha Motor Robotics Holdings Co., Ltd. (YMRH) into a wholly owned subsidiary in order to accelerate structural reforms for unifying the Group and prepare for market recovery.

In carrying out our growth strategies, we will narrow down candidates for resource allocation by fully utilizing the findings to date from our explorations for new business areas, and then make sound investments of management resources and strive to reap the rewards of those investments. At the same time, we will clearly specify fields for growth for existing businesses in order to develop both fronts.

Approach to Portfolio Management



Direction of Our New Financial Strategy

For our budget for growth strategies in the current Medium-Term Management Plan, we had apportioned ¥70.0 billion for research and development expenses and ¥140.0 billion for investments, including M&As. However, the COVID-19 pandemic has made securing these funds difficult. Nevertheless, as our policy and general direction of allocating cash earned through existing businesses toward new business fields will remain unchanged, we must develop and implement a financial strategy that places greater emphasis on cash flow and the balance sheet in each business.

As new metrics for this strategy, we introduced the cash conversion cycle (CCC) and a simplified return on invested capital

(ROIC) calculation as important key performance indicators (KPIs). We commenced full-fledged CCC-based monitoring from 2019, and approaches focusing on cash flow generation are already becoming widespread among business segment and regional management. While ROIC is primarily utilized as an indicator for companywide portfolio management, we will be applying it to each business to increase capital efficiency.

Through these initiatives, I would like to change to a management style that puts together a balance sheet under a clear financial strategy, rather than a style that is the result of the balance sheet.

Increasing Corporate Value

Yamaha Motor is a multi-industry conglomerate under a single brand. However, we have never demonstrated an awareness that we are a conglomerate or adequately put into practice accurate portfolio management for maximizing the value of that position. We are currently moving forward with the implementation of portfolio management centered on growth (compound annual growth rate (CAGR)) and capital efficiency (ROIC). As a key agenda item for the Board of Directors, not just those in charge of business execution, we will clearly define the direction to take for each business.

For example, under conditions like that of the COVID-19 pandemic, our diversity as a conglomerate should prove invaluable and there have in fact been many instances of specific businesses

or regions rescuing us when we have encountered a variety of crises. I am convinced that strengthening our portfolio management will enable us to further exercise our strength of diversity. Seeing the pandemic as a prime opportunity to review our portfolio, we will promote a dynamic portfolio strategy and continue creating new value unique to Yamaha Motor and thus achieve operations as a conglomerate premium.

Turning to shareholder returns, we will do our utmost to promptly restore business conditions to normal and review the dividend payout ratio, which has traditionally been an indicator for shareholder returns, or introduce new guidelines for the total return ratio and other facets.

Creative Branding

We believe that an important objective of management is to further raise the value of the Yamaha brand and make it shine. With that in mind, the Company established the Creative Center in April 2020 to boost the drivers of the brand and is engaging in a range of initiatives aimed at enhancing brand value.



Akihiro Nagaya

Executive Officer,
Chief General Manager of
Creative Center,
Brand Committee Chairman

Establishment of the Creative Center

The Creative Center was newly established with the goal of creating synergies by merging the product design and advance design roles of the former Design Center with the Company's brand marketing and brand strengthening operations. To that end, we newly established the Brand Marketing Division, which integrates certain communication design duties, content creation as well as website creation and management, and placed it under Creative Center jurisdiction. Under the banner of "creativity," we intend to promote these efforts in a comprehensive manner as activities for proposing value in a new era.

To Create What Only Yamaha Motor Can Create

"There Is Greater Joy Yet to Come." Behind this theme for the 2019 Tokyo Motor Show is the belief that we must make more proposals for bringing people happiness. In order to realize our Long-Term Vision of "ART for Human Possibilities," we considered what specific approaches to take, the kind of value we would create, and how we could bring joy. Adhering to the unique style of Yamaha in every facet, from our way of thinking and creating to our development of products and their applications, as well as our ways of communicating, we assembled in the Creative Center to establish a platform for putting all our efforts into doing not only more of what we can do but also more of that which only we can.

What can we communicate globally through marketing as Yamaha from a cross-business perspective instead of that of individual businesses, so that our bases and business units can engage in all aspects of branding with a sense of ownership? We look to create real meaning with these efforts and then implement them accordingly.

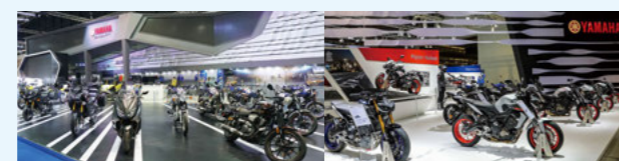
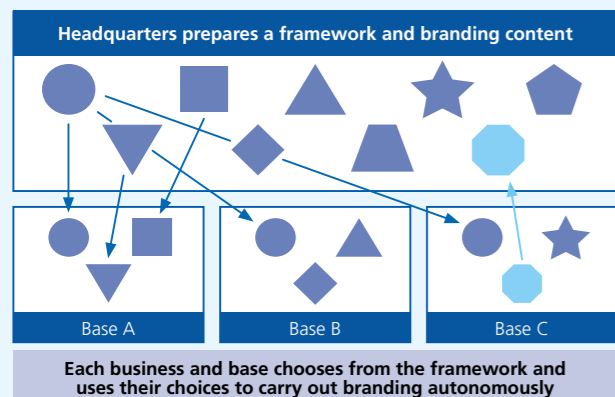


Autonomous Branding®

Autonomous Branding®—the autonomization of branding activities—is an approach unique to Yamaha Motor and forms one of its foundations. Autonomous Branding® is an initiative that departs from limiting branding to a single form or optimization on a case-by-case basis for our diverse, expansive product lineup or by each individual region. It instead creates a framework based on the unique style of Yamaha in which each involved party takes ownership and implementation of branding with the attitude of "diverse but one at heart."

The headquarters' role in Autonomous Branding® is none other than to create and provide a range of tools that are uniquely Yamaha. We implement branding using the *Kando* Cycle brand building tool and measure the results as "brand strength" while galvanizing branding efforts through workshops held in our regions and business areas.

We believe that the unique style of Yamaha is the answer that we pursue as well as our method to conducting branding as a whole.



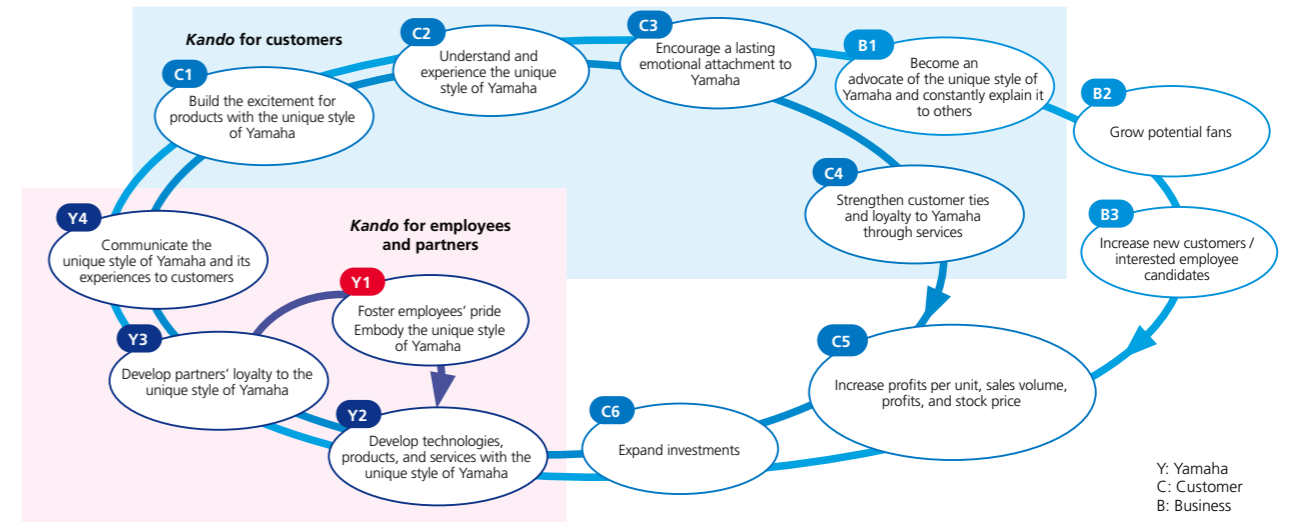
Example 1: BooM display booth design



Example 2: Yamaha Day event

Kando Cycle

- The *Kando* Cycle describes how we conduct our business from a branding perspective.
- As a *Kando* Creating Company, we continuously generate new *Kando* by expanding the linkage of *Kando* experiences and thereby increase both our brand value and our corporate value.



Promoting the Global Branding PDCA Cycle

- In order to relay and reflect the results of brand value analyses in our corporate activities, periodically conduct surveys to assess brand strength using uniform tools at principal bases around the world.*
- Examine issues and formulate an activity plan based on those results.

Evaluation via Common Indicators

	Evaluation segment (country, region, product)															ALL	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O		
Clarity																	
Commitment																	
Governance																	
Responsiveness																	
Authenticity																	
Relevance																	
Differentiation																	
Consistency																	
Presence																	
Engagement																	

Headquarters
Identify common global issues and plan and promote countermeasures



Regions
Identify issues and formulate activity plans at Global Branding Workshops

* Uses the Brand Strength factors of Interbrand's Brand Valuation™ methodology

Creative Design

Yamaha Motor believes that design contributes to both management and branding. With branding, we communicate the meaning behind creations and endeavors unique to Yamaha, and here we describe the role of design along with some of our design-related initiatives and achievements.

Designing “Meaning”

Traditionally, the primary role of design was to communicate to people the trends and demands of the market and technological advancements through the lens of colors and forms. Today, the meaning of design has broadened and its role is no longer limited to simply promoting values.

With this being the case, we are advancing initiatives related to designing “meaning” in particular. Based on uniquely Yamaha contexts, such as the Company’s history, perspectives, and future prospects that are ours alone, we engage in design while asking

ourselves what is meaningful value for people’s happiness and what are meaningful solutions for society going forward.

Specifically, we carry out our consultations in a workshop format that we advance alongside the various business departments. Deciphering the meaning required for a new era, we comprehensively design everything, from business strategies and end products to our touchpoints with customers and society. We believe that doing so will allow more people to identify with the value and solutions we offer.

A Yamaha Mentality—Value-Driven Thinking

We have developed our own mentality for deriving uniquely Yamaha meaning, which begins by stimulating human creativity. Even if confronted by situations in which an answer seems unimaginable, this instead spurs our motivation to resolve the situation rather than shy away in fear.

Today, we have begun using this mentality with a variety of business departments. Eventually, we hope that it will enrich the creativity of everyone involved with Yamaha and lead to a plethora of new ideas and solutions that will bring happiness to future generations.

Establishment of Innovation Tokyo

We established Innovation Tokyo in the Tokyo metropolitan area to serve as a hub for innovation, a place to create new meaning through collaboration with outside companies, academic institutions, and creators who share our attitude. Looking ahead, through its functions as a hub for new value creation, we hope to deliver the next era of *Kando* to more people and society as a whole together with the new partners we meet.



Concept Models for the 2019 Tokyo Motor Show with a “Designed Meaning”

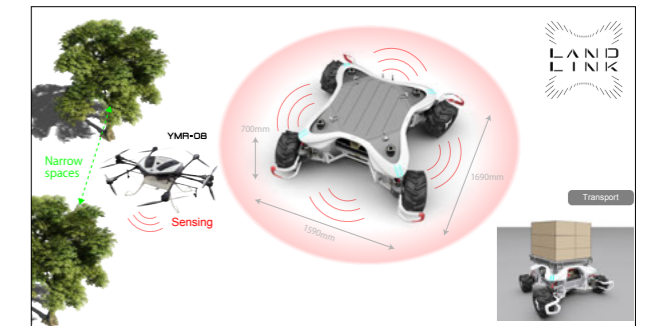
Mobility in tune with human sensibilities: MW-VISION

The MW-VISION is a next-generation form of mobility that proposes a new relationship between people and their vehicles. In response to environmental and societal issues such as traffic congestion, accidents, and adverse weather, we designed the plan and concepts of the MW-VISION based on the “peace of mind” yielded by the LMW platform’s two front wheels, the “comfort” of a roofed, cocoon-like body, and the “fun” of interactive communication through sound and light.



AI-equipped autonomous vehicular solution: Land Link Concept

The Land Link Concept is a land drone capable of a variety of tasks via autonomization. Together with our advanced research departments, we designed this model according to the Advancing Robotics focus area of our Long-Term Vision. Focusing on the relationship between the drone and those working alongside it, we visualized the development concept of an “Inter-Responsive Link” by producing a layout that allows the drone to move in every direction, coordinated movement with several other drone units, greater utility by fitting attachments, and more.



Design focusing on interactions with workers alongside it

Product Design Visualizing the Intent of the Business and Users

Surface mounter with an all-new platform: YRM20

Designers took part in the formulation of the concept for the Company’s surface mount technology (SMT) business—Unique & Proven!—and adopted a new product design echoing this concept. Things began with the design of a single surface mounter, but we also created a product design manual aimed at making the unique style of Yamaha obvious at a glance when surface mounters are lined up alongside our industrial machinery for other processes. We wish to develop trust in our surface mounters in the same way that factory managers ensure trust and efficiency through tidy, orderly operations.



Design depiction of the SMT product lineup

Satisfying adventurous minds: Ténéré 700

We designed the latest entry for our Ténéré brand, which pioneered the adventure motorcycle category, at our design base in Milan, Italy, the closest location to the target market among our five overseas design centers.

Approaches to motorcycle design often consist of creating a beautiful design based on a certain motif, but the Ténéré 700’s design envisioned actual use scenarios and thus sought to include a variety of functions. By incorporating an approach for the above heavily emphasizing simplicity, the Ténéré 700 emerged as a tool embodying the key essences of a rally-bred machine.



Italian design team



Research and Development

Since launching the PAS as the world's first electrically power-assisted bicycle in 1993, Yamaha Motor has worked to address energy diversification by promoting electrification of its wide-ranging product lineup, from scooters and golf cars to electric wheelchairs and industrial-use unmanned helicopters. By further advancing research and development centered on our traditional specialty of compact, high-performance forms of mobility with little environmental impact, the Company aims to contribute to the resolution of numerous societal issues.

Continuing Our Challenge with LMW Technology



Under the concept "To someday create bikes that lean but do not fall," we have developed a variety of production models using our proprietary LMW technology, which allows vehicles with three or more wheels to lean like a motorcycle through turns. At the 46th Tokyo Motor Show in 2019, we exhibited the MW-VISION concept model utilizing this technology. The cocoon-like vehicle body is easy to handle and maneuver while the vehicle itself is equipped with attitude control technology, reverse drive, and a self-standing assist mechanism for peace of mind and easy control when stopped. The Company is continuing its challenge of creating new demand for personal mobility through *Monozukuri* that is close to people and by pursuing mobility that delivers peace of mind, comfort, and fun to users.

Developing EV Technology for Lower Environmental Impact

As a pioneer of electric motorcycles, Yamaha Motor has continuously brought electric mobility to the market for approximately 25 years. While we anticipate that it will still be some time before electric motorcycles become a mainstay of commuting, the Company is working from all angles to prepare for the arrival of that era. At the 46th Tokyo Motor Show in 2019, we exhibited the E01 and E02 urban commuter concept models, the former comparable to a 125cc gasoline engine and the latter on par with a 50cc engine. They represented proposals taking the use environment on the horizon into account, such as easily detachable batteries and fast-charge infrastructure.

Our proposals for electrification are not limited to motorcycles; we have begun accepting orders for prototype electric motor units that boast industry-leading output density for use in automobiles and other mobility. Through the technologies and sensibilities we have garnered through our engine development work to date, we sought to develop uniquely Yamaha "Emotional EV Motors," and thanks to our casting and machining technologies—also honed by developing engines—and the use of high-efficiency segment conductors, these units generate high output despite their compact size.



Self-Driving Technology Addressing the Declining Labor Force

Growing demand for high-mix, low-volume production combined with chronic labor shortages is making it difficult for logistics operators to maintain an efficient production structure for meeting demand with conventional equipment and operations premised on the deployment of workers. Yamaha Motor and Tier IV, Inc. have established eve autonomy, Inc. as a joint-venture company for operating an automated transporter solutions business to tackle this issue. Both companies are engaged in the joint development of automated transport pilot products at our Hamakita Factory (Hamamatsu, Shizuoka Prefecture). The units commenced operations on the logistics line of the plant on March 2020 as we

aim to create smart factories taking advantage of Internet of Things (IoT) technologies.

Our autonomous vehicle initiatives are not limited to the logistics of factory floors. The Company concluded a Partnership Agreement for Low-Speed Autonomous Driving Technology Evaluation Trials within Iwata City (Iwata, Shizuoka Prefecture) and has been conducting field tests on public roads with low-speed autonomous vehicles since July 2019. The purpose of the trials is to evaluate and ascertain any issues with the autonomous driving system and to study the driving environment toward real-world rollouts of low-speed autonomous vehicles.



Yamaha Motor's Intellectual Property Activities

Portfolio in Growth Areas

Based on current and future market, technological, and socio-environmental trends, Yamaha Motor has designated growth areas in its Long-Term Vision of "ART for Human Possibilities" as well as its medium- to long-term growth strategies to foster sustainable growth, and is promoting the creation of new value. To that end, we are working to transform the intellectual properties that support these efforts into advanced "assets" in line with each respective growth area.

Intellectual Property Activities Strategy

Based on the approach outlined in the Portfolio in Growth Areas, the Company has laid out its Four Policy Pillars of Intellectual Property Activities with an eye on growth areas and on potential growth areas for the future, all under the banner of "IP for Business." Today, the departments of each business segment and the relevant intellectual property departments communicate closely and coordinate to drive various initiatives based on these four pillars.

Through the above, we will examine new technologies that further the Company's strengths, the exploration of new markets and business fields, business collaborations, M&As, and technical tie-ups from the perspective of intellectual property. In these ways, we will buttress further improvements in the competitiveness of the Yamaha Motor Group and sustainable growth while linking our efforts to new intellectual properties.

Four Policy Pillars of Intellectual Property Activities

- 1 Move one step ahead of conventional intellectual property activities that consist primarily of intellectual property creation linked to product and technology development in existing businesses.
- 2 Pursue intellectual property activities that preempt technological developments and the expansion of business areas by looking beyond our existing technologies and markets.
- 3 Indicate advanced fields that target further preemption and business area expansion through analysis of the intellectual property landscape.
- 4 Contribute to management decisions and strategy formulation from the perspective of intellectual property analysis in addition to market and technological growth analysis.

Digital Transformation

To make greater strategic use of state-of-the-art digital technologies and data toward realizing our Long-Term Vision, the Company has dubbed its digital transformation (DX) as "Yamaha Motor to the Next Stage" and we are driving three linked initiatives simultaneously to carry out this transformation.

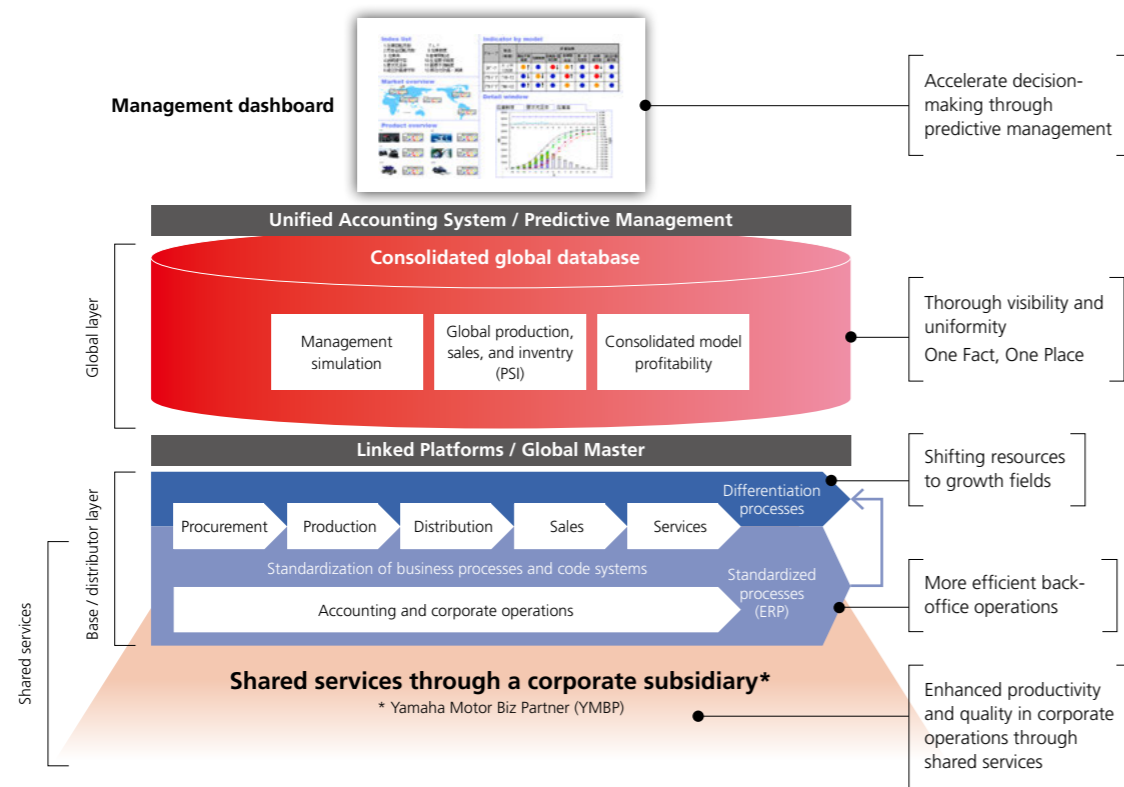
Y-DX1: Reform Management Platforms

Based on Yamaha Motor's Ten Principles of Management,* we are revamping our management platforms to achieve the following three objectives:

- (1) Accelerate decision-making via thorough efforts to make information visible and uniform
- (2) Enhance the efficiency of back-office operations and shift resources to growth areas
- (3) Use new information to better visualize our customers and achieve predictive management

At the same time, by standardizing core business processes and systems, we will promote the use of shared services and aim to enhance the productivity and quality of corporate operations.

* The ten principles defining our system of management established by top management toward next-generation growth



Medium- to Long-Term Plans

Action Themes	2019–2021	2022–2024	2025–2027
Y-DX3. Create the Future	Search and trial	Building and implementation	Expansion
Y-DX2. Strengthen the Present	Four core domains and DAP	Application in four core domains and global rollout	Advance and update
Y-DX1. Reform Management Platforms	Global consolidated database and Japanese accounting ERP	Principal base / distributor ERP	ERP at all bases / distributors

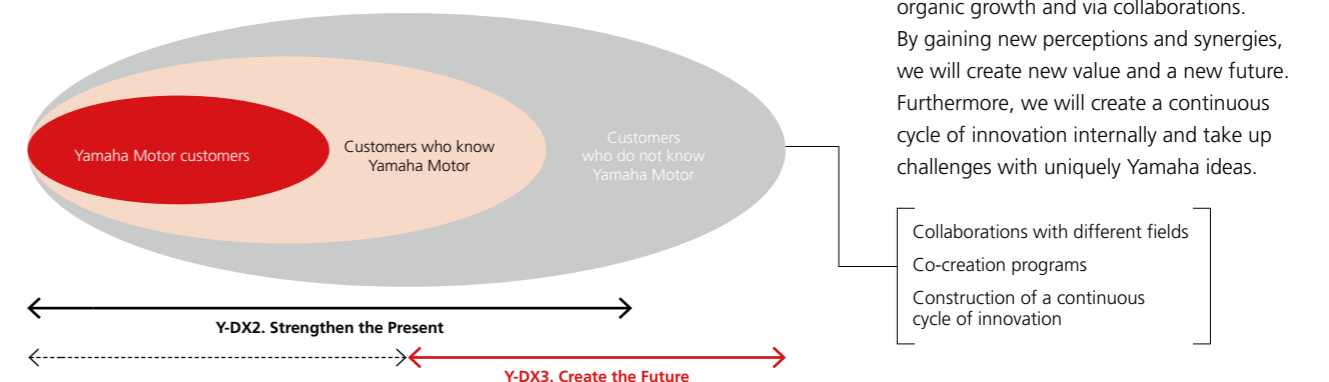
Y-DX2: Strengthen the Present

We will offer new *Kando* to customers through initiatives in four core digital domains.



Y-DX3: Create the Future

We will create the future by connecting with our 200 million customers.



Procurement

To deliver our unique, high-performance, high-quality products throughout the world, procuring a diverse variety of quality parts and materials with a global perspective becomes crucial. By proactively communicating with our suppliers and business partners, we develop trusting relationships and the strong teamwork we build in this way leads to the Yamaha *Monozukuri* that creates *Kando*.

“Theoretical-Value-Based Procurement” and the Supply Chain

Monozukuri Procurement That Incorporates Our Partners

“Theoretical-value-based procurement” is an initiative unique to the Company underway in collaboration with its business partners.

This approach—implemented with our partners—extends to procurement the theoretical-value-based production approach applied to our manufacturing and production processes, i.e., first drawing up an ideal vision and then conducting improvement activities striving to achieve high-quality output. With theoretical-value-based procurement, we share issues we are facing with the top management of our partners and emphasize putting dialogue and goal consensus at the forefront in order to uncover the key points for contributing to improved procurement management.

To promote these activities, we train “theoretical-value instructors” and dispatch them to suppliers. In addition to improving production processes, the target area for theoretical-value-based procurement extends to reducing energy use, trimming inventory,

enhancing quality, and more. Going beyond simply procuring the parts and components required per product blueprints, we work with our partners to create the best possible products in terms of materials and manufacturing as well.

As of 2019, 416 suppliers have adopted our theoretical-value-based production approach, and we are creating a robust procurement network.

Cultivating Teamwork through Horizontal Deployment

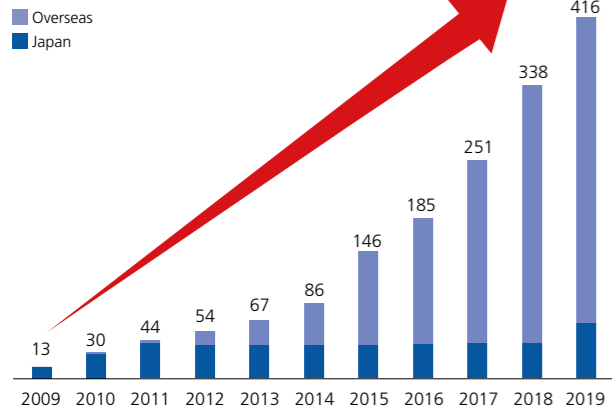
The Company holds an annual Global Suppliers Conference gathering together our major business partners and suppliers from around the world, and some 600 people attended the seventh event in 2019, with attendees hailing from 135 companies in Japan, 92 companies in 13 other countries in addition to Company executives, employees, and subsidiaries. In addition to sharing our vision and introducing initiatives at this event, we present awards to outstanding partners in each business, share examples of successful deployments of theoretical-value-based procurement, and display new products. The conference not only helps participants get to know Yamaha but also helps grow the number of Yamaha fans and enhance the brand.

Building Information Networks to Support the Company

Building strong teamwork with our business partners facilitates a more attuned response to risks. To be able to quickly collect information on damage affecting our supply chain stemming from natural disasters like earthquakes, floods, and typhoons, we have established a framework with our partners for checking the supply chain not only with our primary suppliers in Japan, but also one that extends to secondary and tertiary business partners as well as those further upstream. Even amid the chaos seen with global supply chains due to COVID-19, the ability to quickly gauge the status of operations of our suppliers together with individual reports greatly aided in making swift management decisions.

Global Implementation of Theoretical-Value-Based Production

(No. of companies)



We asked Indian automotive parts manufacturer Fiem Industries Ltd. (FIEM) to produce our ultra-compact LED headlight created with an emphasis on cost and quality, and based on our theoretical-value-based production approach. Adopted on the 2019 MT-03 model, it greatly raised its product appeal, and for their work FIEM received the Excellence in Technology and Development award at the 2019 Global Suppliers Conference.

Promoting Sustainability Across the Entire Supply Chain

We ask our partners to support the Yamaha Motor Group’s Basic Policies of CSR and expect them to act on the basis of these policies. Our current Medium-Term Management Plan (2019–2021) calls for the rollout of these policies to cover approximately 90% of our total worldwide procurement value, translating into more than 1,000 companies across the supply chain. So far, we have received declarations of conformity from around 600 companies.

As part of our environmental response initiatives, we issued our Green Procurement Guidelines and are accordingly working with suppliers to manage and curtail use of environmentally hazardous substances and to use resources and energy more efficiently, among other undertakings. And in 2018, we incorporated into the guidelines information from the Yamaha Motor Technical Standards on chemical substances uniformly defined throughout

the automotive industry, and have made a thorough effort to ensure supplier awareness of and conformity with these changes.

To ensure legal compliance, the standard purchasing contracts we sign with individual suppliers call for compliance with related laws, ordinances, official notices, and guidelines.

CSR Guidelines for Suppliers

- Safety and quality
- Human rights and working environment
- Concern for the environment
- Implementation of risk management (crisis management and response)
- Thorough compliance
- Appropriate information disclosure

Conducting Assessments of Working Environments in Indonesia

On a monetary basis, Southeast Asia accounts for 47% of the parts we procure for our major products, but it is also a region in which human rights risks are generally considered to be high.

In 2019, we commissioned a third party to conduct trial assessments of working environments, including aspects of human rights violations. Specifically, we selected three suppliers in Indonesia—our largest motorcycle production base—in categories

where work environment risks tend to be high. The assessments included judging the degree to which policies were being maintained and followed; interviewing members of management; evaluating labor practices, actual working conditions, and remedial measures; and conducting site inspections. We provided those suppliers with feedback and proposals, and are working on making improvements.

Message from Management

Contributing to strengthening procurement strategy and governance over the next 10 years through a unique perspective

I have been working for the Yamaha Motor Group for 26 years, and especially my three years of management experience at the Procurement Center in Japan was very insightful, and helped me to better recognize the importance of the global procurement governance.

The COVID-19 pandemic has put ongoing pressure on both supply and demand and affected our operations as a whole. We have a responsibility as management to reflect on this and consider how our procurement strategy, activity management, governance, and human resources should evolve over the next 10 years within a rapidly changing business environment. This subject must be discussed on a global level and common decisions must be implemented.

As joint leader of the Global Execution Transformation (GET) strategy for the procurement field, I will lead our team to take our global procurement capabilities to the next level.



Olivier Prevost
 Director,
 PTW Manufacturing & Engineering,
 Yamaha Motor Europe N.V. (YMENV)

Manufacturing and Production (*Monozukuri*)

We create high-quality products interweaving our technologies and sensibilities through a combination of our craftsmanship that brings added value to our products and our production processes that eliminate waste. Moreover, we will further strengthen our production schemes through the application of production and manufacturing technologies.

Striking a Balance between Theoretical-Value-Based Production and Yamaha Motor Craftsmanship: The Yamaha Touch

The Company implements its unique theoretical-value-based production approach at its Group companies and business partners. Conducting improvement activities after first drawing up an ideal vision leads to ideas different from a conventional, incremental approach and this has generated higher production output. In addition, we seek to contribute to management goals by linking these activities with the Company's profit and loss statement and balance sheet.

Theoretical-value-based production is a Yamaha improvement method through which fully productive time—a common metric for productivity—is further categorized into work with value, quasi-value, and no value, and any elements of no value are thoroughly analyzed and minimized. Moreover, it focuses on not only the productivity of people and facilities but also the lead times for items. By moving forward with synchronized production processes based on a comprehensive optimization approach, we seek to realize shorter lead times and thus improve our adaptability to the market. This work first began in Japan in 2004 and was subsequently rolled out to Group companies and business partners across the world, continuously achieving noteworthy results.

However, the key to maintaining the Company's competitive edge is the delicate balance we strike between our efforts to create value and what seems to be the stark opposite of that—the illogical yet invaluable extra steps we take in the process. This is what we call the Yamaha Touch of Yamaha Motor Craftsmanship, and we will bolster our production branding efforts going forward. Examples of the extra steps we make to enhance the appeal and draw of our products are aiming for bullseye precision rather than simply within acceptable parameters, or the careful eye and hands that buff a rough surface to its final finish since the machine cannot. The Yamaha Touch has evolved and been passed on as part of our workplace culture. Yamaha motorcycles receive particularly

high acclaim from customers for their handling, design, color schemes, and other features, but it is only through the Yamaha Touch that they can be brought to life as products. In addition to producing exactly what the blueprints sent by the designers and engineers contain, it is in the DNA of the factory frontlines to produce work that surpasses specifications, and cross-departmental exchanges of opinions and feedback are part of our ever-present efforts to improve. The Yamaha Touch has been cultivated and refined through Yamaha's keen sense for quality and detail, our factory and workplace traditions, and the professionalism of each individual, and it creates immense added value in the varied and vital processes of creating lighter chassis, more efficient engines, and more beautiful designs for Yamaha motorcycles.

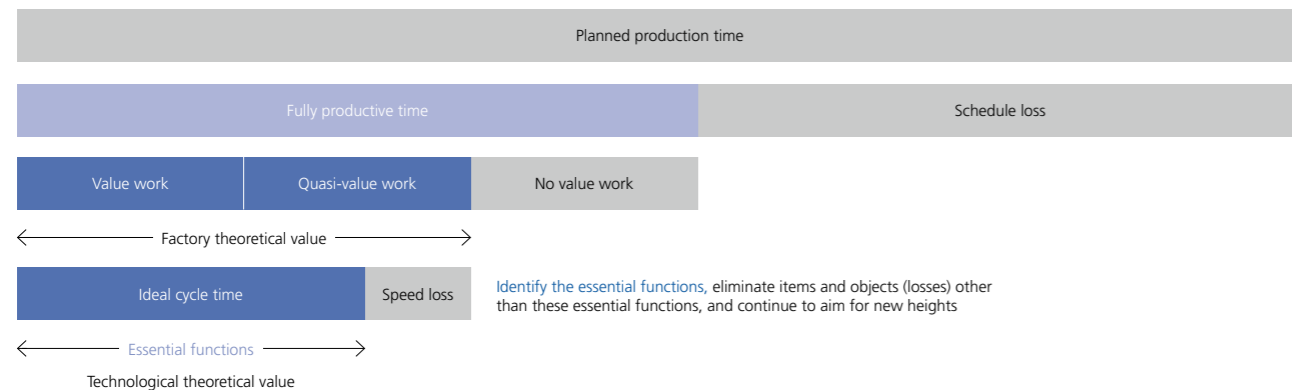


Our long-selling SR400 model is assembled through "cell manufacturing" in which the entire motorcycle is put together by a two-person team.



The fuel tank of the YZF-R1M flagship model is buffed to its final finish by a master craftsman.

Theoretical-Value-Based Production Chart



Yamaha Motor Smart Factory Initiatives

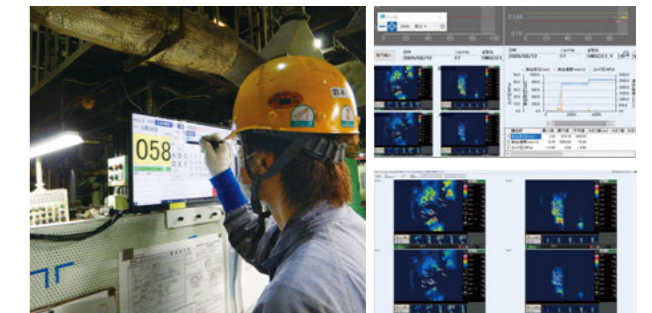
The incorporation of technology trends and practices such as Industry 4.0, IoT, and AI at production sites is drawing greater attention. The Company defines a "smart factory" as a system that links and unifies data on people, equipment, products, and information in manufacturing, markets, and engineering; and visualizes disparities and fluctuations between theoretical value and effective value in real time. The Company is moving forward

with the establishment of smart factories as this system provides greater clarity to issues while efficiently reforming management methods, thereby contributing to enhanced corporate activities as a whole. This initiative is planned for ASEAN markets as well, and by becoming better able to gauge the manufacturing situations of our domestic as well as international bases, we are working to globally augment management efficiency.

Case Study

Big data analysis improves casting process

Cast parts are created using molds, so the individual points and shapes being formed cannot be seen from the outside. Accordingly, it is a process that relies heavily on simulations and the experience of longtime engineers in order to improve quality. As a smart factory initiative, we acquired casting process-related data spanning over 200 items and conducted big data analysis of their correlation with quality. Through this, we successfully cut defect-induced losses of ¥100 million over the course of 2019. In addition to quality-related loss reductions through data analysis, we have begun developing automation technologies such as AI imaging inspection, and will implement them at factory sites as we move forward. By leveraging these technologies, we will realize high-quality, cost-competitive *Monozukuri* on a global scale.



Employees are able to check a variety of manufacturing site data on location in a timely manner, leading to prompt improvements.

Message from Management

Bolstering our competitiveness by instilling the *Monozukuri* Way globally

The Global Execution Transformation (GET) initiative was established in January 2020 as a global activity organization pertaining to management and business functions. My role in the GET initiative involves jointly overseeing our global efforts in the manufacturing industry as well as promoting global activities therein.

Specifically, we will instill Yamaha Motor's vision for *Monozukuri* (*Monozukuri* Way) globally by promoting *Monozukuri* global management through the annual *Monozukuri* Conference. At the conference, I would like to not only share our *Monozukuri* Way but also focus on transforming the manufacturing industry and improving our brand value. Furthermore, I would like to create a global manufacturing team as part of efforts to more actively promote the *Monozukuri* Way at our overseas bases, in addition to domestic bases. By mutually sharing information and successful examples and developing best practices, we will raise the expectations of employees from overseas bases participating in the team and promote our *Monozukuri* Way while being able to pinpoint areas of improvement going forward. Moreover, a global manufacturing team would also greatly enhance our ability to identify talented global manufacturing personnel and develop such personnel over a short period.

My goal is to lead our manufacturing bases around the world to improve our business performance while increasing the value we provide to customers, thereby raising the value of the Yamaha brand.



Michael Chrzanowski

Deputy Executive Officer,
President,
Yamaha Motor Manufacturing Corporation of
America (YMMC)

Sales (Marketing)

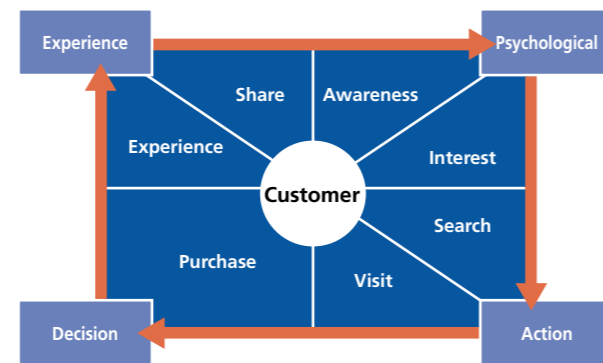
Marketing positions customer needs as the starting point of all corporate endeavors and our endless pursuit of greater customer satisfaction is how we seek to achieve sustainable growth.

Marketing That Showcases and Augments Yamaha Motor's Strengths

The Company established "The Global Yamaha Way in Marketing in Sales" to clarify our shared values for conducting marketing in the realm of sales. The overarching vision of this manifesto is "Continuing to Create Lifetime Yamaha Customers," and the program itself brings Yamaha sales bases around the world together to globally share, teach, and learn from one another the knowledge they have cultivated individually while spurring each other to greater heights.

Yamaha Motor divides the customer journey into its own seven steps and conducts customer-centric activities for each. This provides a common framework for deliberation among our bases around the world in order to define the objectives, identify the target customer, and thoroughly determine aims and actions

aligned with said customer. In sharing successful marketing cases, we employ a "teach and learn" approach that examines why the case was successful, what difficulties were faced, and what is needed for continued success. This leads to in-depth study and discerning of the key factors of the case, and the knowledge born from the discussions is then formulated, accumulated, and shared globally, leading to new successes. Having members from around the world that share the same values gather in the same location for meaningful, customer-centric discussion not only enhances teamwork but also enables the application of knowledge from other countries and will propel us to the front of global competition.



Seven Steps of the Customer Journey as defined by Yamaha Motor



Initiatives in Indonesia to Instill the Yamaha Way Among Dealership Staff

To further promote the Marketing in Sales (MiS) activities that leverage the Company's strengths, each country is working to introduce the MiS approach into their operations. In Indonesia, we are conducting MiS activities for our internal sales and marketing personnel as well as the staff at our Yamaha dealership partners.

We engage in sales work aligned with The Global Yamaha Way in Marketing in Sales together with dealerships to spark interest in our products, encourage customers to visit, make a purchase, and then continue to make purchases. With after-sales service in particular, the Company introduced its Time Commitment Service (TCS) in which a dealership makes a commitment to the customer for performing regular maintenance or an oil change within a specified amount of time. For the customer, this removes the

stress of not knowing when the work will be complete and their machine ready for pick up. Raising customer satisfaction at each touchpoint leads to creating lifelong Yamaha customers.



Digital Marketing Initiative in Brazil Shared at Our Global Marketing Meeting

Since 2015, we have held the Global Marketing in Sales Meeting (GMSM) as a forum for sharing the marketing knowledge we have accumulated at a global level. In addition to existing marketing methods, the meeting serves as a venue for reporting case studies of initiatives that take advantage of new technologies and viewpoints.

One success story was the Digital Marketing and Leads Management case from our sales base in Brazil. They established a single, unified system for managing the entire flow of acquiring information about customers that had shown an interest to purchase online (leads), encouraging those customers to visit their local dealership, and ensuring a successful sales meeting. The sales base visually tracked customer actions and quantified dealer response time and close ratio. As the result of thorough improvements based on customer data, this approach netted the subsidiary a steady rise in its market share despite the challenging business environment. Several sales bases took the lessons of this case home and are implementing them in their own marketing activities.



Message from Management

Engaging in 5S Value Package activities in Mexico as One Team

In addition to our traditional Marketing in Sales activities premised on Sales, Services, and Spare parts (3S), we have included financial services and safety as two new forms of value (5S), in order to acquire new fans as well as existing customers, as we seek to realize our company mission of creating loyal customers. Based on these five types of value, we are formulating events and activities for customers integrally with our sales channels.

Among these events and activities, we are implementing the safety education and training of the Yamaha Riding Academy (YRA) with the goal of keeping customers riding their motorcycles safely and with peace of mind. We are proactively operating riding courses tailored to our customers, such as implementing safety training in conjunction with test-riding sessions for acquiring new customers.

Today, there are many traffic accidents in Mexico and nowhere to properly learn traffic rules. At YMMEX, we will continue to endeavor to improve customer safety by providing YRA training to a greater number of customers while focusing our efforts on training the instructors in our sales channels.



Yuki Doi

President,
Yamaha Motor de Mexico, S.A. de C.V.
(YMMEX)



Human Resources

Taking on a global perspective, we aim to create an organizational structure based on the Company and its employees having mutually high goals and ambitions; learning, growing, and working together; and sharing in the joys of our work. To that end, we are creating workplaces that respect and encourage diversity.

Our Fundamental Perspective

Based on our fundamental belief that all corporate activities originate from people, we believe it is crucial that our workforce incorporates diverse viewpoints and values, reflecting differing experiences, skills, and characteristics to create new *Kando*. To achieve this, we have developed and run standardized

management development programs around the world, and have introduced global human resource systems to train and promote talented staff as we work to build an organization that utilizes global experience and knowledge.

Human Resource Development

While conducting its business on a global scale, the Company has designated Independence and Improvement, Teamwork, and Global as the prime vectors of its human resource development and is conducting human resource training programs targeted toward each.

These include not only training tailored to each employee level but also training to hone specialist skills and systems for employees seeking to work globally, such as having employees experience working overseas in their fourth year or overseas postings as trainees. We also conduct coaching to create more cohesive teamwork and thus boost performance as an organization overall. In 2019, each Yamaha Motor employee spent on average 11.3* hours toward developing their own skills.

* Excludes time spent on training for laws and regulations such as compliance, health and safety, as well as training for new hires

Development of Global Talent

We run a Global Executive Program (GEP) for particularly talented employees to provide them with greater experience on the global stage and knowledge for the future. The Yamaha Business School Global (YBS-G) is also in place as a training program for future executives that we conduct in a highly diverse environment. These programs are to encourage the promotion of outstanding human resources to management positions regardless of nationality or place of birth, and to increase the percentage of local talent in management positions at our overseas subsidiaries to 60%.

Yamaha Motor's Human Resource Development Program

	Self-Value Design (SVD)					Training by Level	Independence and Improvement	Teamwork	Global	Selection				
	Management	General	Yamaha Flex School (correspondence education)	Language classes (voluntary)	Finance, accounting, and computer training	Self-Value Design (SVD) training	Self-Value Challenge (SVC open call in-house)	Marketing	Administration	Technology	Manufacturing	Domestic OJT	Overseas trainees	Overseas experience for fourth-year employees
For newly assigned executives at subsidiaries							Specific specialist skills						Global Executive Program (GEP)	
For newly promoted general managers													Coaching	
For newly promoted managers													Yamaha Business School Global (YBS-G)	
For newly promoted foremen														
Team management and study abroad for senior supervisors														Study abroad
Team leadership for supervisors														
Skill enhancement for office workers														
For new employees														

Promoting Diversity

As an aspect of its diversity efforts, from 2016 the Company began appointing individuals employed at overseas subsidiaries to general manager or higher posts at the headquarters as well. Currently, we are working to promote the placement of the right people in the right jobs at the right time by going beyond the "headquarters and overseas base" relationship and have begun expanding the scope of international transfers among Group companies to include non-executive employees. We have also set targets of doubling the number of women hired for managerial positions in 2014 by 2020 and tripling it by 2025. In 2019, we achieved our target for 2020 ahead of time.

care leave, and family illness leave, as well as systems for flexible or shortened working hours, and the rehiring of employees who resigned to accompany their spouse on overseas postings.

Employee Health

In February 2020, the Company was recognized for the third consecutive year under the Certified Health & Productivity Management Outstanding Organizations Recognition Program conducted jointly by METI and Nippon Kenko Kaigi. We consider employee health to be a key management issue for the Company's development, and are working with all employees to maintain and promote their health.



Supporting Work-Life Balance

The Company supports the creation of workplaces that promote a healthy work-life balance for its employees. We are enhancing our systems so that employees can work in ways that suit their individual circumstances, such as providing childcare leave, nursing

New Work Styles Arising from the COVID-19 Pandemic

In the first half of fiscal 2020, we actively implemented new work styles due to the COVID-19 pandemic, namely remote working for office-based employees. Although remote working has benefits that include the changing of commuting time and spare time into time of greater value, improved productivity, and the promotion of good work-life balance, we have learned that it also creates a

dilution of communication and other issues. Going forward, we plan to establish new work styles premised on co-existing with COVID-19 as permanent systems that will lead to improved corporate value while taking into account the safety, health, and work-life balance of our employees to the fullest extent.

Message from Management

By stepping up hiring of non-Japanese personnel, we are prompting internal changes and promoting further growth for the Company.

We consider the hiring of non-Japanese personnel to be one aspect of our diversity and inclusion efforts, which include the promotion of active participation by women and the employment of people with disabilities. The Company is highly global, deriving 90% of its net sales outside Japan. Taking this characteristic into account, we recognize that embracing a broad and diverse range of values is essential to our sustainable growth.

Without a doubt, non-Japanese personnel stimulate their Japanese colleagues. The Company is adopting a more global feel, allowing us to gradually promote "inner globalization," and this is beginning to influence the Company's systems. For example, being "global" is being taken into account for promotions. I will continue doing my utmost to help build a truly global company by working alongside our non-Japanese employees, which represent excellent talent from around the world.



Tamami Kawai

General Manager of
Human Resources Division,
Human Resources & General Affairs Center

TOPICS Initiatives for Improving Employee Engagement

Yamaha Motor views spurring internal communication and improving engagement, not only among employees themselves but also between management and employees and between employees and the organization, as a crucial element for achieving continuous growth in our corporate value. To that end, we are enhancing our internal communication tools centered on the publication of the company newsletter.

Yamaha Motor's Internal Communication Tools

Our internal communication tools are comprised of the monthly company newsletter, which we have been publishing since 1964, an online version of the newsletter, videos produced for employee audiences, and digital signage. We are energizing internal communication by tailoring content to suit each medium and its

characteristics. All the tools share a common editorial policy and the two main goals of 1) sharing and facilitating understanding of upper management visions and policies, and 2) improving internal brand awareness.

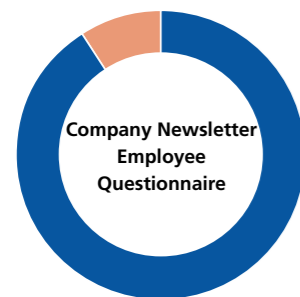
A Company Newsletter Commended by Employees

We distribute 20,000 printed copies of our company newsletter in Japan every month. In addition to management-related information such as messages from management figures, the newsletter features running columns like *A Life with Yamaha* and *Yamaha from the Outside*. These are intended to encourage employees to adopt customer and stakeholder perspectives, and both have garnered a favorable reception from employees. Amid a growing lack of interest in reading among young people, over 90% of employees read the company newsletter and have indicated their satisfaction, with this metric standing at over 70% for employees in their 20s. By introducing series featuring younger employees—such as *Yamaha from the Inside* and *Power of the Factory Floor*—and adopting a more creative design and modern layout, we grew the previously low readership of employees in their 20s and those in manufacturing divisions.

The *Power of the Factory Floor* series focuses on employees on the factory floor who endeavor to maintain and improve quality, and presents a faithful picture of the wisdom and ingenuity handed down from generation to generation, the growth process as they acquire know-how and technical skills in production technology, their attitudes toward their work, and more. Communicating what it is like on the *Monozukuri* frontlines helps to maintain as well as raise the motivation of factory employees while also serving to remind those not involved in manufacturing of the Company's identity. These articles have been selected by factory employees as their favorite newsletter content and are also highly regarded by administrative departments and among employees of all ages.



Revs company newsletter



91.1%
of employees responded that they either read the entire newsletter or read only the articles of interest

Enhancing Our Internal Communication Tools

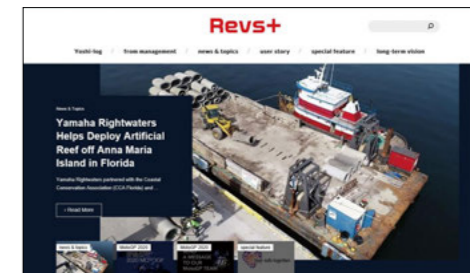
As employees in manufacturing typically do not use the internet as part of their main duties, they do not usually see information posted on the company intranet. Furthermore, space is limited with the printed company newsletter and the amount of information we can communicate must be narrowed down.

To address this, we installed digital signage in the factories and employee dining areas to transmit information on Group companies around the world and new products, videos related to management policies, and other content. This created an environment that allows manufacturing floor employees to naturally come across company information in the course of their daily work. This measure received a strong reception from over 90% of factory floor employees, and in response to requests from other workplaces, we are currently moving forward with digital signage installations Companywide.

We are also working to bolster internal communication for employees overseas. Headed by topics contributed by correspondents at our major bases abroad, we regularly update the president's blog and upload a variety of videos to an intranet site in English. In 2019, we held a global meeting gathering together these correspondents and exchanged information on the state of internal communication in their respective countries and shared model examples.



Revs+TV video portal



Online version of Revs, Revs+



Power of the Factory Floor series bringing real imagery and content from manufacturing workplaces

External Evaluation

Received the Gold Award in the Special Category of the 2019 Company Newsletter Awards

A special edition of our company newsletter compiling every *Power of the Factory Floor* article to date received the Gold Award in the Special Category of the 2019 Company Newsletter Awards, a national competition for company newsletters held by wis works, Inc. The award was granted in recognition of the approach to the project, its themes as well as the high quality of the writing and page design.

We also use this edition in recruitment, and it has received praise from job-hunting students, commenting that it sparked their interest in the Company, that they instinctively picked it up and read it, and that it gave them a picture of working at Yamaha Motor.

Message from Management

For this project, we wanted to raise the motivation of employees working on the frontlines of manufacturing. So we decided to focus on the feelings and pride these employees hold toward their respective jobs as well as depicting them in their daily endeavors, thereby expressing what makes us unique as a company. This approach was not only well received by the employees themselves but also resonated with their families, people seeking employment, and others. The high marks this special edition received in an objective review is very encouraging, and I would like to continue to play a role in connecting employees, departments, and others with little cross-division interaction due to their work through communication.



Yuko Kurabe

Internal Communication Group Manager,
Corporate Communication Division,
Corporate Planning & Finance Center

Topics

Yamaha Motor's Sporting Activities

Our wide-ranging participation in and promotion of sports, from the racing and sailing efforts that have continued uninterrupted since our earliest days to the work of the Yamaha Motor Foundation for Sports, are prime examples of the corporate activities that we are engaged in over the long term as we seek to share *Kando* with people around the world. Among these activities, rugby is the sport we participate in with a company team as it strongly expresses the passion for sports in our corporate culture. Our rugby effort not only contributes to local communities but also helps foster internal unity and greatly adds to our corporate value.

Embodying the Spirit of Challenge—Yamaha Motor Jubilo

Our corporate culture includes a passion for sports and we view rugby as bringing benefits to corporate management and raising the motivation of our employees.

Formed in 1982 as the Yamaha Motor Rugby Club, Yamaha Motor Jubilo won the Kansai A League in 2002 while overcoming many adversities before moving to competition in the Japan Rugby Top League in 2003. The team finished as the league runner-up in the 2014–2015 season and won the 52nd All-Japan Rugby Football Championship. Since then, the team has continued to feature in the standings as a title contender.

Despite a smaller corporate size compared to other teams in the Top League, Yamaha Motor Jubilo takes strength from rugby tactics that combine players of outstanding ability and leverage their respective strengths by identifying their latent capabilities; and from its strong connection with Group employees, people from the local community, and its fans; as well as from their loud cheers of support. This strong connection was built through close community-oriented activities using the advantages of Yamaha Motor Jubilo's more regional location, and the team will continue to take on challenges going forward.



Popularizing Rugby and Contributing to the Community

Rugby Classes at Local Schools

Yamaha Motor Jubilo operates a program for schools in Yamaha headquarters' hometown of Iwata and neighboring communities with the aim of communicating to children and students the fun of sports and the importance of having dreams and goals through rugby and tag rugby. In cooperation with Shizuoka Prefecture's Rugby World Cup legacy initiative, Yamaha Motor Jubilo players visited 72 elementary schools around the prefecture in 2019 to foster interest in rugby. The interactions with the children also energize the players and lead to their own growth as well.

Operating a Rugby School

Yamaha Motor Jubilo is the only Japan Rugby Top League team to directly manage and operate school activities, and the outreach program marked its 19th year in 2020. With current and former rugby club members as well as members of local club teams serving as instructors, approximately 300 participants—from children to adults—play rugby on the same pitch used by top teams.

Unlocking the Full Potential of Players through the Yamaha Style

The Yamaha Style employed by Yamaha Motor Jubilo aims to embody Yamaha through rugby and designates as its mission the creation of new *Kando* through innovation and passion. We are working to unlock the individual capabilities of players to the fullest by instructing them using the Japanese *shuhari* (learn, reflect, and transcend) method as our coaching philosophy.

This is because we are convinced that every team member continuously giving their maximum of their own volition—regardless of the circumstances—will ultimately lead to the maximization of our team's strength overall, as indicated in this season's team slogan of *Maximize*.

The evolution of our Yamaha Style is about creating a lasting cycle of the *shuhari* philosophy, and we will endeavor to carry on Yamaha's legacy and aim for further growth.

Yamaha Motor Jubilo's Team Vision

- A strong team that is No.1 in Japan and can take on the world's best
- A team that is loved and supported by employees and the community
- A team that can share exhilarating moments



Takanoju Horikawa
General Manager and Coach

Yamaha Style

The integration of science, non-science, and art
Never be trapped by rigid preconceptions about what is normal
Be innovative and passionate
Envision something new and bring it to life
The courage to not fear failure
The ingenuity and determination to turn failure into success
Think and cooperate as a team, as you cannot succeed alone
Take on challenges only Yamaha can

Workplace Colleagues Supporting the Players

Yamaha Motor Jubilo rugby players carry out their strenuous daily training as well as their duties as Yamaha Motor employees. "They obtain the knowledge and certifications needed for their work just like everyone else." "They are popular at work and supported by many fellow employees. They also look out for and are looked up to by younger employees." These are some of the comments received, showing how the players are held in high regard and supported by many of their workplace colleagues.

The Company currently has 80 employees who are former members of its rugby club, and 37 of them—over 40%—have previously been stationed overseas. There are currently 19 such employees active in markets and production sites overseas, while 36 former members are demonstrating leadership in management positions and seven serve as general managers.



The Challenge of a Second Career

After retiring from professional play in 2016, I was given the opportunity for onsite training overseas and I am currently handling sales for the southern areas of India at YMIS, our subsidiary in the world's largest motorcycle market of India. I feel that my rugby experiences are proving useful in terms of adapting to changing environments, communication skills, stamina, teamwork, and other areas. Under our goal of creating more Yamaha fans, I'm conducting a variety of marketing activities as a team with YMIS employees, and I'm glad the first challenge of my second career is here in India.

Yoshinori Sogabe

Yamaha Motor
India Sales Pvt. Ltd. (YMIS)



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.
April 2016: CSO of Deloitte Touche Tohmatsu LLC
April 2016: Established Masahiko Ikaga Certified Public Accounting Office
May 2016: Representative Director of PrajnaLink Co., Ltd. (to present)
June 2016: External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. (to present)
March 2017: Outside Audit & Supervisory Board Member (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

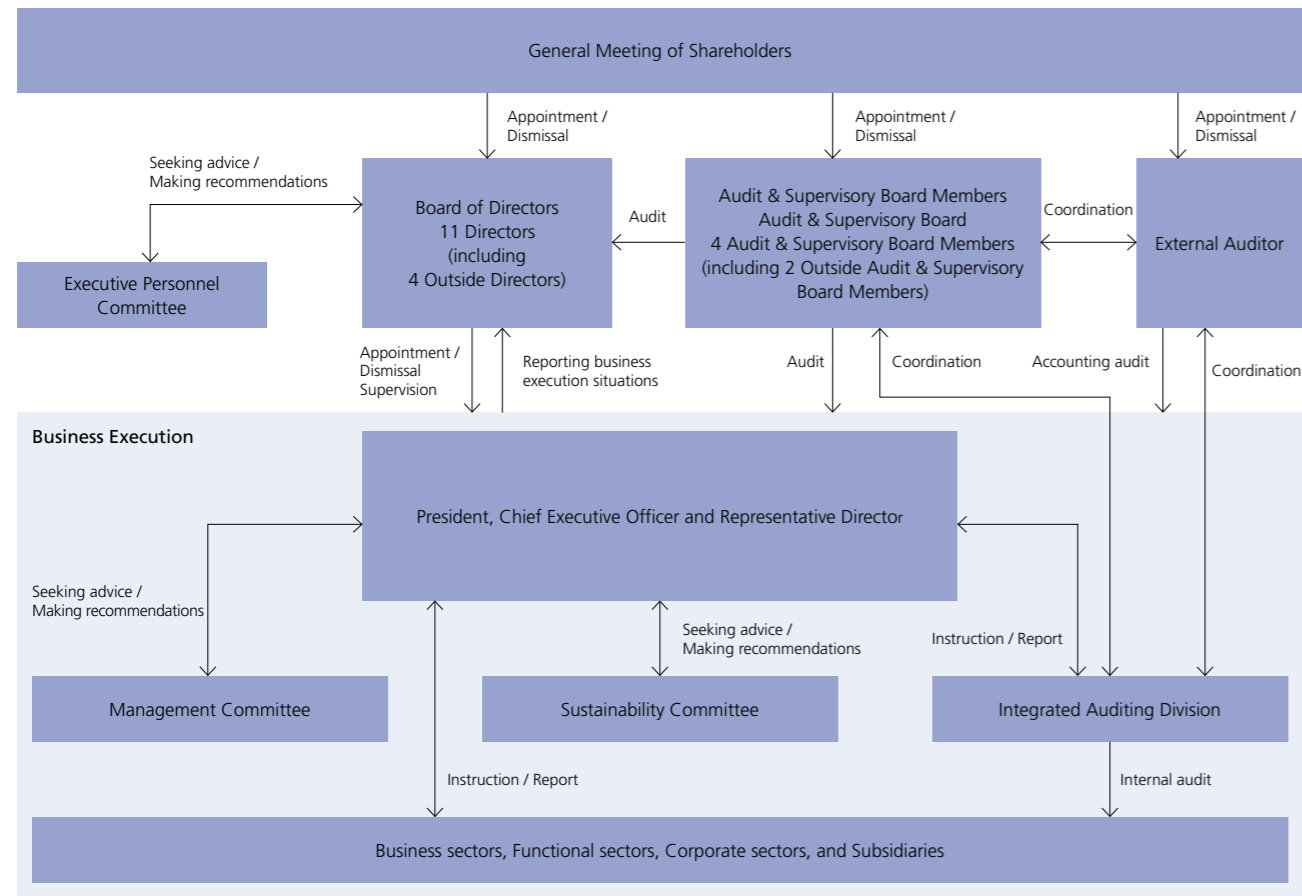
Yamaha Motor supplies various kinds of products and services to markets around the world, including personal mobility solutions, marine products, industrial robots, vehicle engines, and unmanned helicopters. Overseas sales account for approximately 90% of the Company's consolidated net sales. Starting 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 x Preset percentage x Evaluation coefficient based on ROA 0–2x (including adjustments based on other business performance metrics)	Financial Evaluation 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	Non-Financial Evaluation 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
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

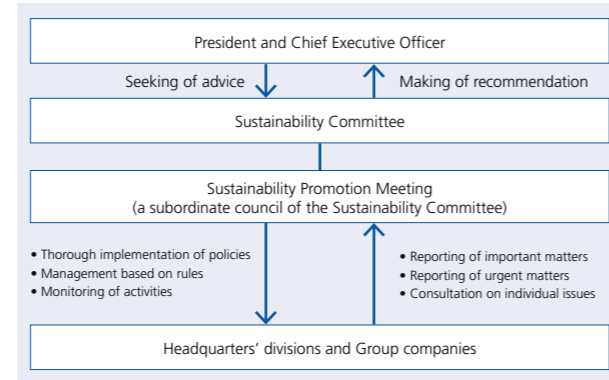
The Yamaha Motor Group is working on risk management, crisis management, and business continuity as follows.

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.

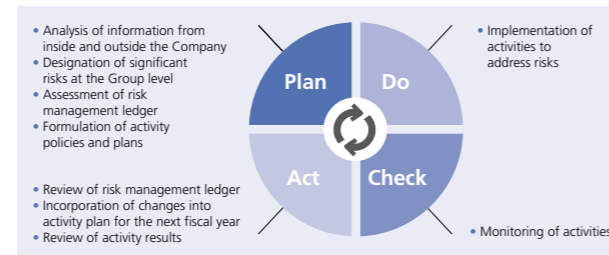
Furthermore, the divisions in charge of risk management formulate response policies and rules for the risks under their charge, promote activities to address risks based on these response policies, etc., and monitor activities at headquarters' divisions and Group companies.

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.



Takuya Kinoshita

Executive Officer,
Chief General Manager of
Motorcycle Business Operations

Opportunities

- Expansion of middle-income markets in ASEAN and emerging economies
- Evolution of marketing through digital technologies
- Global rollout of models compliant with emissions regulations

Risks

- Lack of interest in mobility among young people in Japan
- Shift in industrial structure due to innovative technologies and new competitors
- Tighter emissions regulations in each country

Strengths

- Established global brand position for motorcycles
- Diverse product lineup combining both high performance and quality through our cultivated core technologies
- Relationship of trust with customers through products and services

Overview of Primary Products and Main Competitors

	Markets and conditions at Yamaha Motor	Main competitors
Motorcycles and commuter vehicles for developed markets	Motorcycles with a high sport / recreational focus are popular but overall demand has remained largely flat since the 2008 global financial crisis. We are making timely rollouts of models compliant with new emissions regulations.	Honda, Suzuki, Kawasaki, Harley-Davidson, BMW, Ducati, Triumph, KTM, Aprilia, Piaggio, Kymco
Motorcycles and commuter vehicles for emerging markets	We are introducing models compliant with new regulations in India, the world's largest motorcycle market. Despite the presence of many competitors in emerging markets, our brand strength has helped drive sales growth of premium-segment models in Indonesia.	Honda, Suzuki, Kawasaki, Hero, Bajaj
ROVs / ATVs	The North American market accounts for the majority of demand and its scale is increasing year by year as uses for recreational off-highway vehicles (ROVs) broaden.	Polaris, BRP, Honda, Kawasaki
Electrically power-assisted bicycles and OEM drive units	Yamaha Motor is the pioneer of e-bikes and OEM shipments have been rising in step with the growth of the European market in recent years.	Panasonic, Bosch, Shimano

We will answer the diverse needs of the new era of mobility by harnessing our creative capabilities.

Comprising the motorcycle, recreational vehicle (RV), and the Smart Power Vehicle (SPV) businesses, Land Mobility is one of the Company's core operations. Leveraging the engine technologies, development and manufacturing technologies, and expertise cultivated through the motorcycle business the Company has developed since its founding, the Land Mobility business offers a wide range of products in line with the characteristics of its markets, from practical, everyday means of transportation and recreational products to ones for commercial use and motorsport.

In recent years, the image and concepts surrounding mobility have been changing significantly due to technological advancements, changes in emissions regulations, and diversifying values with regard to life and lifestyles. Going forward, while many people will seek the conveniences yielded by autonomous driving and other technologies, I believe they will also seek the self-fulfilling value in driving themselves and enjoying experiences more than ever. We are a brand that has always excelled in the innate leisure and recreational focus of the latter, so while ascertaining the needs of the former, we intend to offer products and services that not only provide convenience but also allow the new time generated by autonomous driving and labor-saving technologies to be used for self-fulfillment.

Also, as a company specializing in personal mobility, this entails a responsibility to our customers' safety and peace of mind. As such, we are continuing the development of Leaning Multi-Wheel (LMW) models—which offer greater rider confidence—under the slogan “To someday create bikes that lean but do not fall,” proceeding with the creation of vehicle safety communication systems in coordination with other manufacturers, and engaging in safety promotions and training programs around the world. The Yamaha Riding Academy (YRA), for example, aims to reduce traffic accidents and currently has certified instructors in 15 countries holding riding safety courses. The YRA holds courses 1,300 times annually with approximately 120,000 people participating. The goal is to expand the program to 20 countries and hold courses 2,000 times with 180,000 participants in 2021.

We will continue delivering *Kando* to customers through products and services that answer diverse needs, and aim to create a more sustainable society.



Medium-Term Priority Measures by Market and Product



Overview of Fiscal 2019

We saw an improvement in overall earnings in the motorcycle business in developed markets thanks to an increase in unit sales centered on models compliant with new European emissions regulations and the accompanying increase in marginal profit at our headquarters. However, the business in emerging markets saw sales volume decrease in the highly profitable countries of Vietnam, India, and Taiwan. As a result, net sales decreased 1.6% year on year, to ¥1,100.4 billion, and operating income decreased 14.1% year on year, to ¥41.8 billion. These decreases include losses of ¥29.3 billion on net sales and ¥12.0 billion on operating income due to adverse foreign exchange effects.

Measures Going Forward

For developed markets, we will continue promptly introducing models compliant with new regulations while moving forward with our plan to increase efficiency of the Iwata Main Factory with the aim of improving profitability through restructuring.

For emerging markets, we will focus on sales of high-value-added products as we aim to increase unit sales and improve profitability in our various markets with measures that include bolstering our brand strength in Vietnam, introducing models compliant with new emissions regulations in India, and expanding sales of electric motorcycles in Taiwan.

For RVs, we will improve earnings through new platforms and strengthened marketing efforts.

With electrically power-assisted bicycles, we are seeing diversifying demand due in part to social factors, such as an increase in health and environmental awareness, changes in traffic environments, and fluctuations in the price of gasoline. In anticipation of continued market scale expansion, the Company will continue working to grow the electrically

Progress of Priority Initiatives

- In anticipation of greater demand, resolved to enhance production capacity at the motorcycle factory in the Philippines
- Commenced field testing of the TRITOWN electric micromobility LMW model to verify usability in real-world environments and feasibility for the tourism industry
- In cooperation with Gogoro Inc., developed and launched the EC-05 as a new electric scooter in line with the Company's electric product strategy
- Established a consortium comprised of Yamaha Motor, Honda Motor Co., Ltd., Kawasaki Heavy Industries, Ltd., and Suzuki Motor Corporation with the goal of popularizing electric motorcycles in Japan

power-assisted bicycle business in step with the continuously expanding market by introducing newly developed models with power-assist control features and allocating more tasks to regional bases to strengthen sales capabilities.

Although demand decreased in markets throughout the world due to the effect of lockdown measures and staying home following the outbreak of the COVID-19 pandemic in the first half of 2020, we are beginning to see signs of demand recovery as we enter the second half of the year. Trends toward an expansion in demand are particularly pronounced in developed markets as the value of our products as a means of personal transportation for avoiding closed spaces, crowded gatherings, and close contact with other people and as handy outdoor tools are being reaffirmed. We will implement measures tailored to each market while carefully monitoring demand fluctuations going forward.

Message from Management

As a growing new middle class emerges in Indonesia, we are increasing sales by filling out the lineup of mid-range commuter models targeting that sector. In particular, we are running sales promotions for the XMAX, NMAX, Aerox, and LEXi models under the MAXI brand, and this is helping establish a strong brand image of MAXI offerings as bikes admired and desired by many. These models were also all chosen as “Best Bike of the Year” between 2015 and 2020. In addition, YIMM has gained recognition for its high production quality in producing and exporting the NMAX, YZF-R25, and other global models to developed markets like Europe and Japan and several other countries worldwide.

As chief operating officer, I will devote myself to improving the value of the Yamaha brand in the ASEAN market, including Indonesia, and enhancing the product value of global models as well as business value.



Dyonisius Beti

Executive Officer,
Chief Operating Officer,
PT. Yamaha Indonesia Motor Manufacturing (YIMM)

Marine Products



Hirofumi Usui

Senior Executive Officer,
Chief General Manager of
Marine Business Operations

Opportunities

- Growing demand for large outboard motors centered on developed markets
- Expansion of peripheral equipment business due to advances with integrated control technologies
- Changes in values regarding marine leisure triggered by the impact of the COVID-19 pandemic

Risks

- Making flexibility adjustments to manufacturing and sales structures in response to recent demand fluctuations due to the COVID-19 pandemic, etc.
- Creating a business structure resilient against changes in exchange rates and regulations

Strengths

- Overall business strength of the Marine Products business (wide-ranging fields of operation and product lineup)
- Unquestioned product reliability centered around integrated control technologies
- Sales and service capabilities spanning the global market

Overview of Primary Products and Main Competitors

	Markets and conditions at Yamaha Motor	Main competitors
Outboard motors	As demand for outboard motors is increasing with the rise in demand for pleasure-use boats, primarily in North America and Europe, we will build a global production structure with the flexibility to keep pace with demand.	Mercury Marine, Suzuki, Honda, Tohatsu, Evinrude
Boats	The domestic boat market is relatively stable and we will offer higher value-added pleasure-use boats. With "Sea-Style" and our other service-based businesses, we will strengthen our development of services in line with customer preferences.	Yanmar, Toyota, Suzuki, Tohatsu
Personal watercraft	The North American market accounts for the majority of demand and is growing in scale yearly as uses for personal watercraft broaden.	BRP, Kawasaki

We aim to offer enriching marine lifestyles by building a base for sustainable growth.

The Marine Products business portfolio includes marine engines, boats, personal watercraft, and pools, and is the Company's second largest operation after the Land Mobility business. The business has built its presence as a global leader in the marine products market with its strengths of cutting-edge and highly reliable engine and hull technologies, and its worldwide service network.

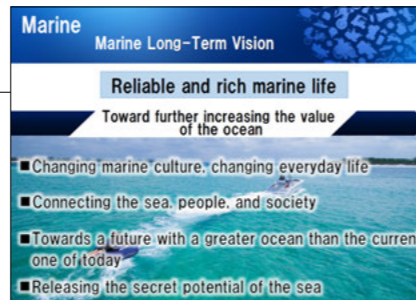
In fiscal 2019, the first year of the current Medium-Term Management Plan, we were able to steadily move forward with priority objectives. Demand for large outboard motors of over 200 horsepower in North America and Europe—our main markets for outboard motors—showed solid growth and the shift away from propulsion units such as inboard motors and stern drives is proceeding.

In light of this market environment, we set bolstering the global production structure for outboard motors as a priority measure in the current Medium-Term Management Plan. In fiscal 2019, we began increasing our production capacity for large outboard motors and enhancing production flexibility between Yamaha Motor's Iwata Main Factory, Yamaha Kumamoto Products Co., Ltd., and Thai Yamaha Motor Co., Ltd. as planned, and are making progress.

In addition, with the aim of furthering our system supplier strategy, we are focusing on promoting the development of sophisticated boat control support features using integrated control technologies—a Company strength—and we launched in fiscal 2019 a new steering device to the market in a sport boat. Over the long term, we intend to advance technology and product development with an eye on introducing highly reliable and high-value-added automated boat control systems and more.

In 2020, we anticipate a dramatic change in the business environment due to the worsening economic conditions accompanying the global COVID-19 pandemic. Nevertheless, from a medium- to long-term perspective, we believe that the culture of marine leisure fostered to date will remain unchanged, and we may even see positive changes. To help offer reliable and rich marine lifestyles as laid out in the Marine Long-Term Vision, we will seek to fortify our high-profit business structure and to build a base for sustainable growth, despite the severity of the current business environment.

Progress: In addition to continuing our activities to date, in fiscal 2019, we took part in survey work aimed at resolving the issue of ocean plastic waste.

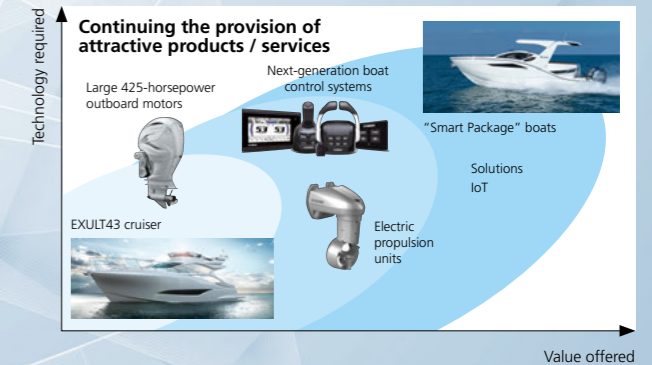


Integrated Marine Business Strategy

Product Development Strategies

Toward reliable and rich marine lifestyles

- **System supplier strategy:** To provide more reliable boats, we will shift from an outboard motor-focused business to growing the peripheral systems business, including boat control systems.
- **Over the long term, we will introduce products such as highly reliable and high-value-added automated boat control systems to evolve the business from one that provides products to one that provides experiences.**



Overview of Fiscal 2019

In North America and Europe, our main markets for outboard motors, the transition toward large outboard motors continues and net sales increased due to an improvement in the product mix stemming from this rising demand. However, foreign exchange effects incurred losses of ¥6.4 billion on net sales and ¥4.1 billion on operating income, resulting in an overall net sales increase of 2.0% year on year, to ¥345.1 billion, while seeing operating income fall 3.9%, to ¥58.4 billion.

Progress of Priority Initiatives

- Increased production capacity for large outboard motors
- Developed DRiVE, an innovative next-generation boat control system which offers easy, comfortable, and enjoyable boat operation
- Developed and commenced sales of the 275SD sport boat, a large craft that provides sharp, sporty handling thanks to a newly designed hull and boasts elegant styling and spacious onboard comfort

Measures Going Forward

In fiscal 2020, we had planned to capture more of the ongoing steady demand for large outboard motors, personal watercraft, and large boats in North America, Europe, and other markets. However, we anticipate a significant impact on our plans from the global COVID-19 pandemic. While swiftly and flexibly implementing adjustments to production and

sales in response to demand fluctuations, we will continue our product development and R&D efforts unfazed in anticipation of a recovery over the medium to long term.

Message from Management

COVID-19 showed Americans that social distancing at home provided more time to spend in the great outdoors. When more people spend time with their family boating and fishing, it can create growth opportunities for Yamaha Marine while the economy slowly recovers.

We see new buyers are purchasing more premium products with greater feature content. The 200+ horsepower market has seen the most positive recovery due to more advances, reliable power, and integrated boat control systems. We plan to continue to focus on our new XTO425 platform as well as the new Helm Master EX, the next generation of integrated boat control systems with fully electric steering.

Like most companies, boat manufacturing plants paused production in March and April; now nearly all our core customers are back to pre-COVID-19 capacity. With the lack of package-boat supply during the shutdowns and retail remaining above previous fiscal years' volume, our dealers are low on inventory. This means we need to listen and respond more quickly to match supply to demand for the remainder of 2020. Going forward, I will lead our team to make quick decisions to respond while listening carefully to market demand in order to sufficiently supply products to our customers.



Ben Speciale

Deputy Executive Officer,
Senior Vice President, Yamaha
Motor Corporation, U.S.A. (YMUS)
President, U.S. Marine Business Unit



Hiroyuki Ota

Executive Officer,
Chief General Manager of
Solution Business Operations

- Opportunities**
- Growing need for automation due to labor shortages in Japan and rising labor costs in emerging markets
 - Progression of more advanced automation in line with the development of new fields such as the IoT and “connected, autonomous, shared & services, and electric” (CASE) vehicles

- Risks**
- Deterioration of demand due to changes in world affairs
 - Intensifying competition resulting from new players entering the market

- Strengths**
- Ability to mass-produce with high quality and at low cost
 - A mixture of technologies via business integration with YMRH and provision of complete solutions for clients

We will free up new time for clients by offering solutions to problems present in various fields.

Our Robotics business began with the commencing of development aimed at streamlining the production of our motorcycles. Today, the business’ offerings include industrial robots used for automating processes at various client factories, surface mount technology (SMT) devices and equipment used for manufacturing the electronic circuit boards built into all kinds of products, and industrial-use unmanned helicopters and drones leveraging Yamaha’s core competency in electronic control.

With the increase in demand for automation in recent years, we set “business scale and area expansion and reinforcement of high profitability” as a medium-term priority measure, and we will move to expand our lineup of products and services for accelerating factory automation while also examining new fields where we can contribute to labor savings, including outside the factory sphere.

In July 2019, the Company acquired SHINKAWA LTD., renaming it Yamaha Motor Robotics Holdings Co., Ltd. (YMRH) in the process, and is working to set up a structure to offer complete solutions, from semiconductor post-processing through to surface mounting processes, by combining the technologies and products of both companies. In addition, we intend to move toward a platform model for surface mounting processes to increase the value delivered to clients.

Furthermore, in the Robotics business we are focusing our efforts on the agricultural sector in particular in order to realize the Long-Term Vision. Developed markets are starting to see increasingly higher labor shortages in fruit and vegetable farming, so to further increase labor savings and productivity in agriculture going forward, we will apply the expertise we have accrued both domestically and internationally in the unmanned helicopter space and more aggressively bring drones and unmanned ground vehicles (UGVs) to market. In this way, we will contribute toward a more stable provision of foodstuffs.

Utilizing robotics, we will free up new time for clients by offering solutions to problems present in a variety of sectors, including manufacturing, agriculture, and medical research.

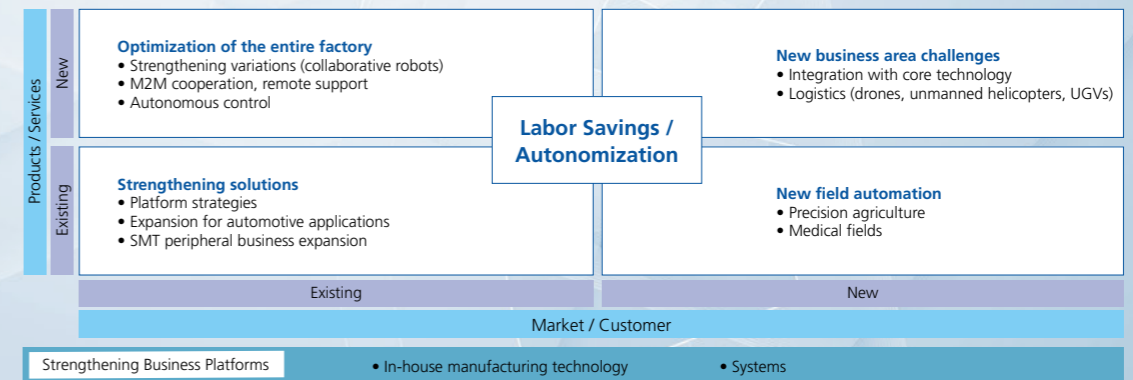


Overview of Primary Products and Main Competitors

	Markets and conditions at Yamaha Motor	Main competitors
SMT	We are pursuing both tangible and intangible commonalities under our platform strategy to expand our business scale and reinforce our profitability.	Fuji Machine, Panasonic, ASM Pacific Technology, JUKI, Hanwha Techwin
Industrial robots	We are strengthening model variations while pursuing both tangible and intangible commonalities to expand our business scale and reinforce our profitability.	Epson, Mitsubishi, Denso, IAI
Unmanned helicopters and drones	We are launching multirotor drones in addition to our proven unmanned helicopters and will also establish a track record for precision agriculture.	DJI
Semiconductor post-processing equipment	We are working to further build our customer base by building a seamless collaborative system that offers one-stop proposals that cover the entire semiconductor manufacturing process.	ASM, Besi, Fuji, Towa

Medium- to Long-Term Growth Strategies

Aim for growth in each field with labor savings and autonomization as core values



Overview of Fiscal 2019

Although revenue increased thanks to the creation of YMRH as a subsidiary, unit sales of surface mounters and industrial-use robots declined due to stagnant market conditions triggered by trade friction between the United States and China. As a result, net sales in fiscal 2019 increased 1.1% year on year, to ¥75.6 billion, while operating income fell 53.9% year on year, to ¥7.7 billion.

Measures Going Forward

In terms of market conditions from 2020 onward, we are seeing investments in 5G-related base stations and mobile devices and signs of recovery with built-in CASE systems for vehicles. Keeping a close watch on demand trends and anticipating changes in lifestyles from the COVID-19 pandemic, we will accelerate the offering of bundled product proposals and mutual sales channel utilization by leveraging the synergy born from new model introductions and business integration.

Furthermore, to augment business synergy, Yamaha Motor made YMRH a wholly owned subsidiary in April 2020 with a takeover bid and we look to raise the Robotics business’ rate of growth with more unified

Progress of Priority Initiatives

- Following the establishment of YMRH, proceeded with restructuring efforts that included the reorganization of bases and integration of procurement schemes. Initiatives such as joint product development and cross sales underway as planned.
- Released a precision agricultural platform
- Invested in a Taiwanese industrial equipment manufacturer to strengthen market competitiveness. Expecting stable supply of high-quality parts at low prices.

management. In addition, as we aim to expand the industrial robot business by entering the collaborative robot field, we will proceed with investments in and technical cooperation with Tokyo Robotics Inc.

To achieve sustainable growth for the future, we will move forward with robotics R&D and strengthen our production structure and thereby contribute to labor savings and autonomization in the manufacturing field.

Message from Management

In the Robotics business, we are carrying out a platform strategy focused on increasing shared elements and efficiencies in manufacturing. By introducing shared hardware and software, we will not only reduce development lead time and achieve greater parts standardization but also provide more value to clients, such as reducing upkeep costs, standardizing operations, and shortening equipment delivery times. As a first step, we have developed the new YRM20 premium, high-efficiency modular surface mounter. By sharing the platform for manufacturing high-speed, high-added-value models as well as highly cost-efficient economical models, we will offer unique and highly effective products that embody the “Unique & Proven!” concept of the SMT business.

As leader of the Robotics business, I will strive to achieve ongoing growth.



Ayako Egashira

Executive Chief General Manager
of Robotics Business Unit,
Solution Business Operations

Financial Services



Overview of Fiscal 2019

During fiscal 2019, the Company established Yamaha Motor Finance France S.A.S (YMFF) in France, where Yamaha motorcycles command a significant share of the market, and commenced operations. As a result of this and other measures, our outstanding receivables balance for the region steadily grew.

However, due to temporary profits recorded in Brazil in 2018 and other effects, the business saw a rise in sales but a fall in profits, with net sales climbing 4.8% year on year, to ¥40.9 billion, while operating income fell 34.2% year on year, to ¥8.0 billion.

Message from Management

To enable financial services to be a driver of Yamaha Motor's growth going forward, we have launched the Global Execution Transformation (GET) initiative in the business, with the aim of ensuring it has a global and sustainable business model into the future. The GET initiative's vision for financial services entails sharing the best practices of various countries and improving overall management of business operations and risks, in addition to contributing to business performance by driving unit sales and establishing an appropriate corporate governance system.

As joint leader of the GET strategy, I will establish a global business strategy and business structure with the goal of ensuring that the financial services we provide are the best in the industry for our dealers and all our customers and clients.



Jeffrey Young

Deputy Executive Officer, President,
Yamaha Motor Finance Corporation, U.S.A. (YMFUS)

Overview

To create an environment that makes it easier for dealerships to sell Yamaha Motor products and easier for customers to purchase them, the Financial Services business offers financial services such as retail and wholesale financing, leasing, and insurance packages for dealerships and customers through sales finance subsidiaries in the United States, Canada, Australia, France, Mexico, Brazil, and other markets. In addition, the Financial Services business is conducted through approaches tailored to the various regions in which we operate via our own operations, local partnerships, and other means in order to stay in line with local business environments, regulations, etc.

The Financial Services business is involved in all the Company's businesses and products, including motorcycles, all-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), and marine products. With this in mind, the Company has positioned the Financial Services business as one of its key medium- to long-term strategies, and is aiming to enhance its ties with dealerships and customers while securing stable earnings.

Measures Going Forward

In fiscal 2020, we will promote more autonomy in our financial operations in North America while moving ahead with business development in Europe. In January 2020, Yamaha Motor Finance Corporation, U.S.A. (YMFUS) replaced its financing program for "Prime" customers, which it had hitherto operated in a tie-up with American financial institutions, with an in-house service. As a result, YMFUS is now able to provide its own financial services for individual customers and sales channels across the spectrum in the United States.

By continuing to put forward attractive financing programs, the Company will establish an environment that facilitates the purchase of Yamaha Motor products by customers and thus help grow sales.

Others



The Other Products business engages in the development of golf cars, portable generators, snow blowers, multipurpose engines, automobile engines, automobile components, electric wheelchairs, and other products. The following are two of the many products that fall under this segment.

Power Products

First created by adapting the Company's small-engine technology, Yamaha generators are utilized not only for camping and other recreational activities but also as a backup power source in times of emergency such as during power outages or in disaster-afflicted areas. We also manufacture and sell products like snow blowers—a welcome tool in regions with heavy snowfall—and multipurpose engines.

Yamaha golf cars, which originated from the development of land cars for resort facilities, are produced in Japan, the United States, and Thailand, where aggregate production exceeds one million units. North America in particular accounts for over 75% of global demand, making it the leading market for golf cars and the focus of the Company's sales. In recent years, our golf cars have attracted a great deal of attention beyond golf courses and resort facilities as a means of automated low-speed first/last-mile mobility for underpopulated areas and villages with narrow roads.

Electric Wheelchairs

By adapting the Company's technologies for electronic control, drivetrains, and more to develop power units for converting manual wheelchairs into electric ones, we created a new market for simpler electric wheelchairs that are foldable and easy to carry. In addition to fully electric wheelchairs, we currently manufacture and sell electrically power-assisted units for installation on manual wheelchairs as well as complete electrically power-assisted wheelchairs, both employing technologies from our power-assisted bicycles.

Through such products, we will facilitate the mobility of the elderly and persons with disabilities, seek to deliver greater comfort and convenience for users, and help alleviate the burdens and more placed on caregivers.



Message from Management

In 2020, we will celebrate the 25th anniversary of our electric wheelchairs and the role they play in contributing to the health and welfare field as well as in addressing the issues of an aging society. While awareness has grown in recent years of various forms of electric mobility serving as means of transportation, we believe there is tremendous potential in electric wheelchairs as an electric single-passenger form of mobility.

Moving forward, we will aim to establish a business model that enables us to contribute to society by offering people the freedom of mobility through our products.



Michiyo Yamazaki

General Manager of JW Wheelchairs Division,
Smart Power Vehicle Business Unit,
Solution Business Operations

11-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries (Years ended December 31)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018	2019	% change 2019/2018
Millions of yen													
% change													
For the year:													
Net sales	¥1,153,642	¥1,294,131	¥1,276,159	¥1,207,675	¥1,410,472	¥1,521,207	¥1,631,158	¥1,502,834	¥1,670,090	¥1,673,137	¥1,673,137	¥1,664,764	(0.5)
Sales by product:													
Motorcycles	817,058	914,211	887,556	798,676	928,203	977,580	1,032,560	930,112	1,045,211	1,022,174		1,100,430	(1.6)
Marine Products	150,113	167,141	178,929	196,320	243,362	276,367	309,337	297,216	323,838	344,658		345,058	2.0
Power Products	100,577	102,968	100,257	103,588	126,722	142,204	169,495	152,310	151,622	153,778		75,644	1.1
Industrial Machinery and Robots	—	34,758	34,326	30,813	32,261	38,942	46,501	46,871	67,571	69,891		40,928	4.8
Other Products	85,893	75,051	75,089	78,276	79,922	86,113	73,262	76,322	81,845	82,634		102,703	(0.6)
Gross profit	202,292	295,565	276,046	235,068	318,765	372,849	436,525	402,660	458,629	455,173		442,331	(2.8)
Operating income (loss)	(62,580)	51,308	53,405	18,598	55,137	87,249	130,329	108,594	149,782	140,787		115,364	(18.1)
Ordinary income (loss)	(68,340)	66,142	63,495	27,267	60,092	97,279	125,231	102,073	154,826	137,969		119,479	(13.4)
Net income (loss) attributable to owners of parent	(216,148)	18,300	26,960	7,489	44,057	68,452	60,023	63,153	101,603	93,366		75,736	(18.9)
Net cash provided by (used in) operating activities	74,096	104,531	33,328	(2,385)	66,976	93,618	28,475	143,163	126,342	58,858		99,127	68.4
Net cash used in investing activities	(45,285)	(37,632)	(46,517)	(51,081)	(62,679)	(72,470)	(68,475)	(46,541)	(53,194)	(48,274)		(79,662)	65.0
Free cash flow	28,810	66,899	(13,189)	(53,466)	4,296	21,148	(40,000)	96,622	73,147	10,584		19,465	83.9
Net cash provided by (used in) financing activities	(32,022)	5,296	(51,927)	15,761	3,620	(8,908)	6,845	(67,627)	(52,830)	(26,423)		(36,760)	39.1
Capital expenditures	46,035	33,939	45,049	48,788	56,800	65,871	64,064	61,330	56,532	55,068		58,053	5.4
Depreciation expenses	53,701	36,594	33,578	34,278	36,407	37,667	44,324	42,434	45,457	46,405		49,689	7.1
At year-end:													
Total assets	¥987,077	¥978,343	¥900,420	¥962,329	¥1,146,591	¥1,310,040	¥1,305,236	¥1,318,776	¥1,415,845	¥1,420,854	¥1,420,854	¥1,532,810	7.9
Net assets	249,266	310,809	309,914	341,561	422,792	503,224	531,700	575,404	665,232	695,743	695,743	751,828	8.1
Interest-bearing debt	399,942	322,443	274,721	326,976	382,929	403,652	410,148	364,381	353,490	356,688	356,688	364,951	2.3
Ratios:													
Operating income margin (%)	(5.4)	4.0	4.2	1.5	3.9	5.7	8.0	7.2	9.0	8.4		6.9	
Return on equity (ROE) (%)	(71.2)	7.5	9.7	2.5	12.7	16.2	12.6	12.3	17.6	14.6		11.1	
Equity ratio (%)	21.5	28.0	31.2	32.0	33.5	35.1	37.6	40.5	44.0	46.3		46.0	
Price/earnings ratio (times)	—	23.8	12.6	44.2	12.5	12.5	16.0	14.2	12.7	8.1		10.2	
Debt/equity ratio (%)	188.3	117.6	97.8	106.2	99.7	87.8	83.6	68.2	56.8	54.3		51.8	
Per share amounts:													
Net income (loss)—basic	¥(755.92)	¥ 55.50	¥ 77.23	¥ 21.45	¥ 126.20	¥ 196.06	¥ 171.89	¥ 180.84	¥ 290.93	¥ 267.35	¥ 267.35	¥ 216.83	(18.9)
Net income—diluted	—	55.50	77.23	—	126.20	196.04	171.88	180.83	—	—	—	—	—
Net assets	743.04	785.61	804.26	881.88	1,099.84	1,316.58	1,405.35	1,529.53	1,783.35	1,882.64	1,882.64	2,018.84	7.2
Cash dividends	0.00	0.00	15.50	10.00	26.00	40.00	44.00	60.00	88.00	90.00	90.00	90.00	0.0
Share performance (at year-end):													
Price per share (yen)	¥ 1,166	¥ 1,323	¥ 974	¥ 949	¥ 1,577	¥ 2,442	¥ 2,744	¥ 2,574	¥ 3,695	¥ 2,159	¥ 2,159	¥ 2,203	2.0
Market capitalization	333,300	461,855	340,018	331,288	550,585	852,683	958,264	898,931	1,290,413	753,989	753,989	771,079	2.3
Other data (at year-end):													
Number of shareholders	30,013	31,615	32,259	32,873	29,474	30,416	34,214	42,031	34,566	51,113	51,113	67,741	32.5
Number of employees	49,994	52,184	54,677	53,958	53,382	52,662	53,306	53,150	53,579	53,977	53,977	55,255	2.4

• References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31.
 • With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.
 • From the fiscal year ended December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under "Selling, general and administrative expenses," "Non-operating income," and "Non-operating expenses" to recording under "Net sales," "Cost of sales," and "Selling, general and administrative expenses." To reflect this change in presentation method, the consolidated financial statements for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015 have been reclassified.

• Figures for the fiscal year ended December 31, 2009 are as per the previous segment classifications.
 • Starting from the fiscal year ended December 31, 2019, reporting segments have changed from "motorcycles," "marine products," "power products," and "industrial machinery and robots" to "land mobility," "marine products," "robotics," and "financial services." These changes are reflected in results for the fiscal year ended December 31, 2018.
 • The presentation method has changed from the fiscal year ended December 31, 2019, and the figures for the fiscal year ended December 31, 2018 have been adjusted retrospectively.

Environmental and Social-Related Data

Climate Change Mitigation Measures

Item		Unit	2015	2016	2017	2018	2019
Sales of low-carbon products	Number of fuel-injected motorcycles sold	Thousands of vehicles	3,288	3,203	3,524	3,564	4,246
	Number of motorcycles featuring a BLUE CORE engine sold		1,556	1,994	2,538	2,800	2,901
	Number of electrically power-assisted bicycles sold (including number of drive units)		356	448	489	569	648

SASB Requirements

SASB Index*	Item	Unit	2019	
Activity Metric	TR-AU-000.A Number of vehicles manufactured	Thousands of vehicles	4,960	
	TR-AU-000.B Number of vehicles sold	Thousands of vehicles	5,056	
Product Safety	TR-AU-250a.2 Number of safety-related defect complaints, percentage investigated	%	100 * Investigated all complaints that the Ministry of Land, Infrastructure, Transport and Tourism of Japan has requested to investigate	
	TR-AU-250a.3 Number of motorcycles recalled (in Japan)	Number	17,696 (in Japan)	
Labor Practices	TR-AU-310a.1 Percentage of active workforce covered under collective bargaining agreements	%	58	
	TR-AU-310a.2 Number of work stoppages due to strikes and lockouts	Number	0	
Fuel Economy & Use-Phase Emissions	TR-AU-410a.1 Sales-weighted average passenger fleet fuel economy, by region	Asia	km/L	49
		Europe	gCO ₂ /km	89
		North America	mpg	56
		Japan	km/L	42
		Oceania	km/L	26
		Central and South America	km/L	48
	Other	km/L	48	
TR-AU-410a.2 Number of (1) zero emission vehicles (ZEVs) sold, (2) hybrid vehicles (HEVs) sold, and (3) plug-in hybrid vehicles (PHEVs) sold	Number	Not applicable		
TR-AU-410a.3 Strategy for managing model-year fuel economy and emissions risks and opportunities	Short-term, Medium-term, and Long-term Risks and Opportunities > Short-term Risks (0-3 Years)			
Materials Sourcing	TR-AU-440a.1 Management of risks associated with the use of critical materials	Major Risks Associated with Transitioning to a Low Carbon Society > Technological Risks		
Materials Efficiency & Recycling	TR-AU-440b.1 Weight of end-of-life products recovered	t	64,748	
	TR-AU-440b.1 Percentage of above waste recycled	%	70.1	
	TR-AU-440b.2 Weight of end-of-life products recovered	t	—	
	TR-AU-440b.2 Percentage of materials recycled from end-of-life products	%	97.4 (on a weight basis) * FY2018 domestic recycling results	
TR-AU-440b.3 Recyclability of products	Percentage (%) by sales-weighted metric tons (t)	Target value: Set at 90%		

* A disclosure index for the automotive industry required by the Sustainability Accounting Standards Board (SASB)
TR: Transportation; AU: Automobiles

Management Discussion and Analysis of Operations

Overview

During the fiscal 2019, the global economy saw its rate of growth weaken amid uncertainties that stemmed from investment being curtailed amid U.S.–China trade friction and Britain’s exit from the European Union. In developed markets, economic growth tapered off in the United States and Europe, while Japan’s economy staged a modest rebound. In emerging markets, economic growth strengthened in Vietnam and the Philippines, but lost momentum in Indonesia, Thailand, and India.

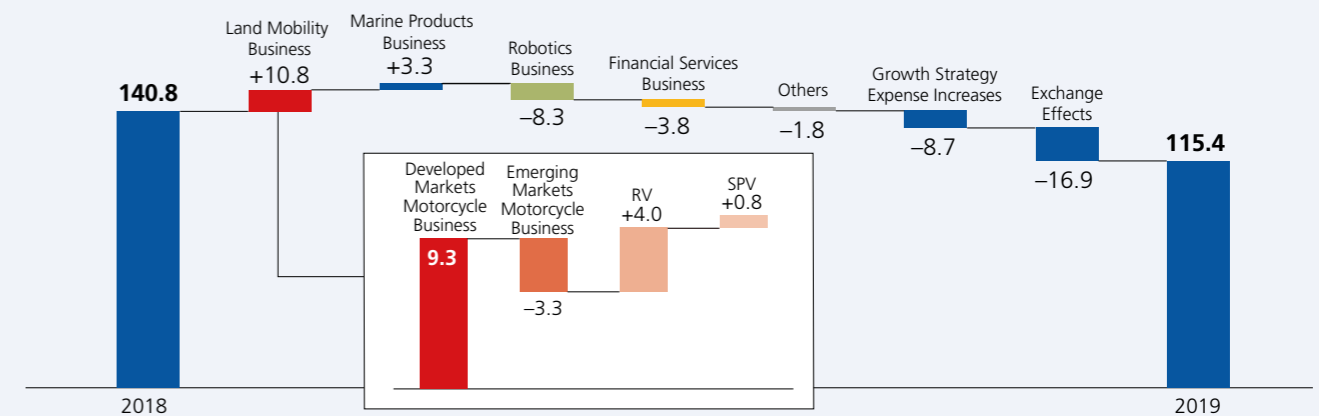
In this business environment, the Company’s consolidated net sales for the fiscal year under review declined ¥8.4 billion, or 0.5%, year on year, to ¥1,664.8 billion; operating income fell ¥25.4 billion, or 18.1%, to ¥115.4 billion; ordinary income decreased ¥18.5 billion, or 13.4%, to ¥119.5 billion; and net income attributable to owners of parent declined ¥17.6 billion,

or 18.9%, to ¥75.7 billion. The average foreign exchange rate during the year was ¥109/US\$1 (¥1 higher than in the previous fiscal year) and ¥122/1 euro (¥8 higher).

Net sales increased in the Marine Products and Financial Services segments, but decreased in the Land Mobility segment and the Robotics segment, excluding the impact from the business integration of YMRH and its subsidiaries, for an overall decline in net sales. Operating income was lower overall, owing to weaker sales in the Robotics segment, higher expenditures related to growth strategies, and fluctuations in foreign exchange rates, despite improvements in profitability resulting from higher operating rates and structural reforms in motorcycle production in Europe and head offices in developed markets, as well as an increase in sales of high-priced motorcycle models in Indonesia.

Factors Impacting Operating Income

(¥ billion)



Change in Reporting Segments

Beginning with the fiscal year under review, the reporting segments have changed from “Motorcycles,” “Marine Products,” “Power Products,” and “Industrial Machinery and Robots” to “Land Mobility,” “Marine Products,” “Robotics,” and “Financial Services.” The reporting segments were changed in tandem with a reorganization of business management divisions in order to better implement measures to achieve our targets in the three-year Medium-Term Management Plan from 2019 through 2021. In the Land Mobility segment, the Company aims to build a business foundation that is able to respond to a new era of mobility. In the Marine Products segment, we will establish a foundation for sustainable growth while reinforcing our high-earnings structure. In the Robotics segment, Yamaha Motor intends to expand its business scale and scope while strengthening profitability. In the Financial Services segment, we will target growth through the establishment of a financial subsidiary in France to complement

bases in the United States, Australia, and Brazil.

Specific Changes:

- All-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), and snowmobiles, which were previously in the Motorcycle and Power Products segments, as well as electrically power-assisted bicycles that were included in the Other Products segment, now belong to the Land Mobility segment.
- Industrial-use unmanned helicopters, which were previously included in the Industrial Machinery and Robots segment and the Other Products segment, now belong to the Robotics segment.
- Earnings from financial services were previously included in each reporting segment, but have been carved out into its own Financial Services segment in accordance with changes in business management divisions.

Management Discussion and Analysis of Operations

Products and Services in Each Segment

Segment	Main products and services
Land Mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles (ROVs), snowmobiles, and electrically power assisted bicycles
Marine Products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats, and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots, and industrial-use unmanned helicopters
Financial Services	Sales finance and lease related to the Company's products
Others	Golf cars, generators, multi-purpose engines, small-sized snow blowers, automobile engines, automobile components, and electrically powered wheelchairs

Performance by Business Segment

Land Mobility Segment

In this segment, net sales declined ¥17.3 billion, or 1.6%, to ¥1,100.4 billion, while operating income fell ¥6.9 billion, or 14.1%, to ¥41.8 billion.

In developed markets, sales of motorcycles decreased ¥5.2 billion, or 2.3%, to ¥223.1 billion, and the operating income margin was -6.4%, a 1.6 percentage point improvement from the previous fiscal year. Overall demand increased in Europe, was unchanged year on year in North America, and declined slightly in Japan. Yamaha Motor was able to reduce losses through restructuring, while sales volume grew, mainly for models compliant with new emissions standards in Europe. In emerging markets, sales of motorcycles decreased ¥19.4 billion, or 2.5%, to ¥755.7 billion, and the operating income margin worsened 1.7 percentage points, to 6.9%. Demand strengthened in Brazil, the Philippines, and Taiwan. Demand for electric scooters rose strongly in Taiwan as a result of government subsidies, but demand for gasoline models declined. In other regions, overall demand fell in India, Indonesia, Vietnam, and Thailand. At Yamaha Motor, sales volume increased for high-priced models in Indonesia, and sales volume also expanded in the Philippines and Brazil, but decreased in Vietnam, India, and Taiwan, resulting in weaker sales and profits overall. Total sales of motorcycles was 5.9% lower than the previous fiscal year, at 5.06 million units. In developed markets, the Company restructured operations and proactively introduced models compliant with new standards. In emerging markets, while focusing efforts on the sale of high-value-added products, Yamaha Motor aims to improve profitability and expand sales volume in each market by strengthening its brand power in Vietnam, launching models compatible with new standards in India, and increasing sales of electric motorcycles in Taiwan.

In recreational vehicles (ATVs, ROVs, and snowmobiles), net sales increased ¥1.3 billion, or 1.7%, to ¥77.5 billion, and the

operating income margin improved 4.0 percentage points, to -3.3%. In North America, losses narrowed on higher sales of ATVs and snowmobiles.

In electrically power-assisted bicycles, net sales grew ¥6.1 billion, or 15.9%, to ¥44.1 billion, while the operating income margin worsened by 0.7 percentage point, to 14.6%. Growth in sales and profits was driven by stronger sales of E-kit (drive unit for electrically power-assisted bicycles) in Europe and higher sales volume in Japan. Yamaha Motor aims to expand business in growing markets by enhancing its sales capabilities and launching newly developed models with assistance controls.

Marine Products Segment

In the Marine Products segment, net sales increased ¥6.9 billion, or 2.0%, to ¥345.1 billion, while operating income decreased ¥2.4 billion, or 3.9%, to ¥58.4 billion. Worldwide, demand decreased for outboard motors, which make up the bulk of sales in the segment, but demand continued to shift toward more powerful outboard motors in North America and Europe, which are key markets for the Company's outboard motors.

At Yamaha Motor, sales volume increased in North America and Europe for high-end outboard motor models with 200+ horsepower. Due to unfavorable weather in freshwater environments during the first half of the fiscal year under review, however, sales declined for mid-range and smaller horsepower models. Overall sales volume was down as a result. Meanwhile, sales volume grew in water vehicles and sport boats. Foreign exchange rates also had a major impact, leading to higher sales but lower profits in the segment.

While rapidly and flexibly responding to market trends, the Company is advancing a system supplier strategy and strengthening relationships with boat builders.

Robotics Segment

Net sales rose ¥0.8 billion, or 1.1%, to ¥75.6 billion, but operating income dropped ¥9.0 billion, or 53.9%, to ¥7.7 billion. Of note, segment earnings for the fiscal year under review newly reflect net sales of ¥12.0 billion and operating losses of ¥2.8 billion for YMRH and its subsidiaries' second and third quarters (from July to December 2019).

Excluding the impact from YMRH and its subsidiaries, sales and profits would have decreased, owing to lower sales volume of surface mounters and industrial robots amid trade friction between the United States and China. Restructuring proceeded as planned after YMRH and its subsidiaries were added to the scope of consolidation.

While eyeing trends in demand, Yamaha Motor plans to accelerate the mutual use of sales channels and offer integrated proposals of products that leverage synergies through the introduction of new models and business consolidation.

Financial Services Segment

In this segment, net sales expanded ¥1.9 billion, or 4.8%, to ¥40.9 billion, but operating income decreased ¥4.2 billion, or 34.2%, to ¥8.0 billion.

In all regions, the outstanding receivables balance steadily expanded, thanks in part to the commencement of business development in France. Sales increased while profits decreased, reflecting the absence of one-off gains in Brazil recorded in the previous fiscal year.

The Company will continue to provide unique and convenient services while expanding its customer base and presence to new regions.

Others Segment

In this segment, net sales were down ¥0.6 billion, or 0.6%, to ¥102.7 billion, and operating losses amounted to ¥0.6 billion, compared with operating income of ¥2.4 billion in the previous fiscal year.

Overall, both sales and profits deteriorated, owing to the impact from additional tariffs in the United States and market-related expenses in golf cars and power generators, even though sales were up for high-priced golf cars.

R&D Expenses

In total for the Yamaha Motor Group, R&D expenses amounted ¥102.0 billion in the fiscal year ended December 31, 2019.

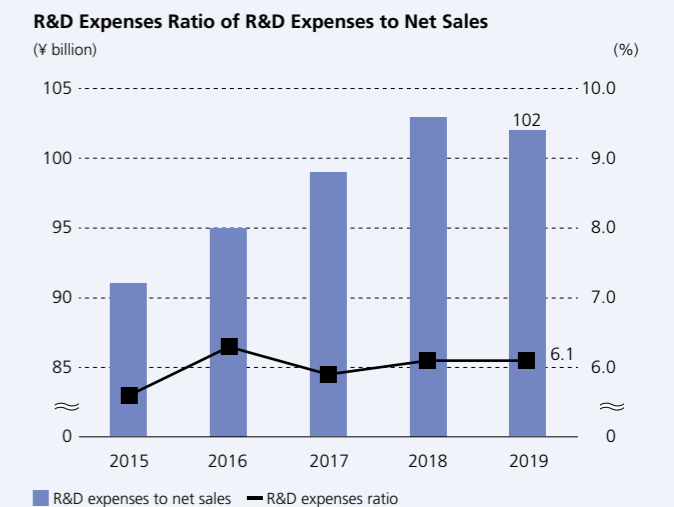
The Yamaha Motor Group's corporate mission is to be a "Kando Creating Company." We aspire to offer new excitement and a more fulfilling life for people all over the world. To this end, we provide unique and high-quality products and services made available through our technology to interweave human logic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

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

We carry out measures to achieve sustainable growth and enhance corporate value under our Long-Term Vision, with an eye

on 2030 and the Medium-Term Management Plan that runs for three years from 2019.

Specifically, we carry out strategic investments for growth in such efforts as "Rethinking Solution" unique to Yamaha and "Transforming Mobility," as we implement "Advancing Robotics" as our core technologies. We also expand human possibilities and contribute to the realization of a better society and more fulfilling life (through our concept of "ART for Human Possibilities").



Management Discussion and Analysis of Operations

Capital Resources and Liquidity

The Group's fund requirements are primarily to cover the cost of procuring materials and parts used in product manufacturing and costs incurred in the manufacturing process, as well as purchasing costs for products and merchandise, selling, general and administrative expenses, working capital, and capital expenditures.

Group companies acquire short-term loans payable denominated in local currencies to use as working capital. Meanwhile,

funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings.

On managing capital liquidity, Yamaha Motor secures necessary liquidity by creating and updating cash flow schedules on a timely basis, and properly maintains cash and equivalents.

Capital Expenditures

Capital expenditures totaled ¥58.1 billion during the fiscal year under review.

In the Land Mobility segment, ¥36.3 billion was spent on new motorcycle products overseas, expansion of production capacity in the Philippines, and R&D in Japan. In the Marine Products segment, ¥11.7 billion was used to expand production capacity and

upgrade aging manufacturing facilities in Japan, mainly for out-board motors. In the Robotics segment, ¥2.3 billion was spent on new product R&D for surface mounters and industrial robots. In the Others segment, ¥7.8 billion was invested in new golf carts and R&D into automotive engines.

Cash Flows

Operating Cash Flow

Net cash provided by operating activities was ¥99.1 billion (¥58.9 billion in net cash provided in the previous fiscal year). This mainly reflected cash provided from ¥120.6 billion in income before income taxes (¥136.9 billion) and ¥49.7 billion in depreciation expenses (¥46.4 billion), and other factors, against cash used for an increase in notes and accounts receivable-trade and sales finance receivables of ¥29.5 billion (an increase of ¥35.0 billion), an increase in inventories of ¥17.4 billion (an increase of ¥36.6 billion), and a decrease of ¥7.1 billion in notes and accounts payable-trade (a decrease of ¥8.3 billion), and other factors.

Investing Cash Flow

Net cash used in investing activities was ¥79.7 billion (¥48.3 billion in net cash used in the previous fiscal year), primarily reflecting ¥58.7 billion used for purchase of property, plant and equipment and intangible assets (¥54.0 billion) and ¥23.4 billion used for purchase of investment securities (¥2.9 billion).

Financing Cash Flow

Net cash used in financing activities was ¥36.8 billion (¥26.4 billion in net cash used in the previous fiscal year), primarily reflecting cash dividends paid.

As a result of the activities discussed above, free cash flow for the fiscal year ended December 31, 2019, was a positive ¥19.5 billion (a positive ¥10.6 billion for the previous fiscal year), and interest-bearing debt at the end of the fiscal year was ¥365.0 billion (an increase of ¥8.3 billion from the end of the previous

fiscal year), and cash and cash equivalents totaled ¥122.7 billion (a decrease of ¥15.4 billion from the end of the previous fiscal year). Interest-bearing debt includes ¥290.2 billion in bonds and borrowings for sales finance (an increase of ¥27.3 billion).

Cash Dividends

The Company considers enhancing the interests of shareholders an important management issue, and endeavors to enhance corporate value.

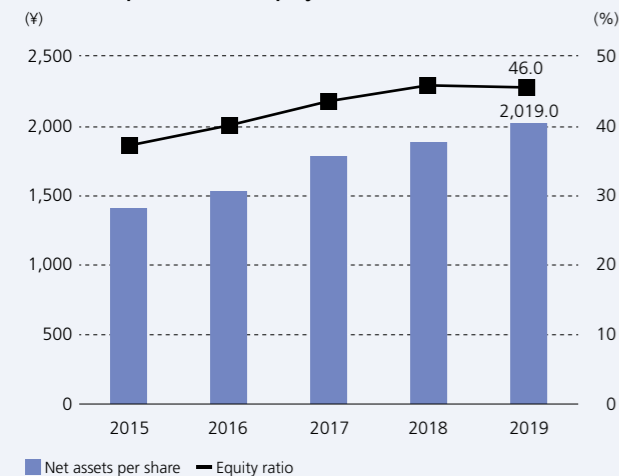
In regard to dividends, the Company seeks to "strike a balance between investments for new growth and returns to shareholders within the range of its cash flow, while maintaining and reinforcing the earning power of its existing businesses," and sets a benchmark for its dividend payout ratio as 30% of net income attributable to owners of parent.

The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for

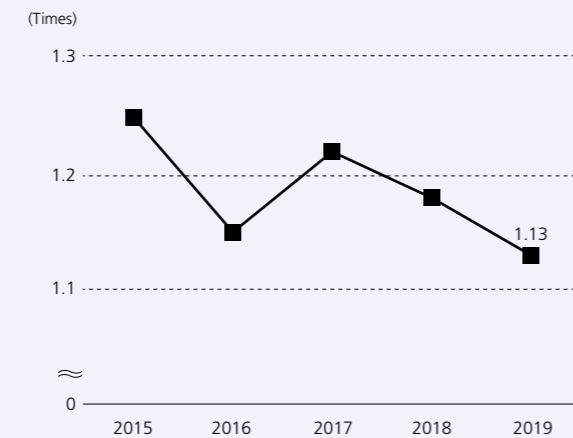
dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company's Articles of Incorporation provides that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company decided to pay a year-end dividend of ¥45 per share for fiscal 2019. Added to the interim dividend (¥45 per share), this added up to a total dividend for the year of ¥90 per share.

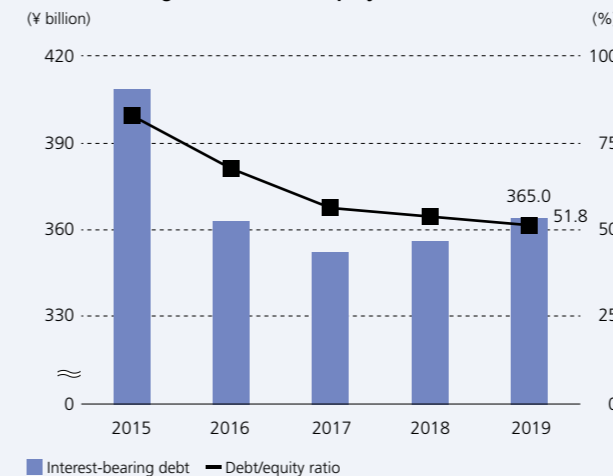
Net Assets per Share and Equity Ratio



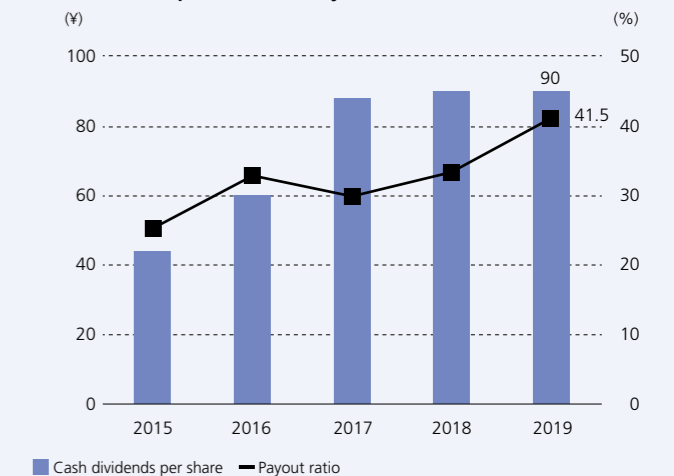
Total Asset Turnover



Interest-Bearing Debt and Debt/Equity Ratio



Cash Dividends per Share and Payout Ratio



Global Group Network (As of December 31, 2019)

Yamaha Motor's diverse range of products, offered by its consolidated subsidiaries and equity-method affiliates in 30 countries and regions, are sold in over 180 countries and regions around the world. The Company's main subsidiaries and affiliates engaged in global operations are listed below.

Europe (Abbreviations)

- The Netherlands**
Yamaha Motor Europe N.V. (YMENV)
- Germany**
Yamaha Motor Deutschland GmbH (YMG)
- Italy**
Motori Minarelli S.p.A.
Yamaha Motor Research & Development Europe S.r.l. (YMRE)
Yamaha Motor Racing S.r.l. (YMR)
Selva S.p.A.

- France**
MBK Industrie
YAMAHA MOTOR FINANCE FRANCE SAS (YMFF)
- Spain**
Motor Center BCN S.A.
- Turkey**
Yamaha Motor Sanayi ve Ticaret Limited Sirketi
- Finland**
Inhan Tehtaat Oy Ab

- Russia**
LLC Yamaha Motor CIS (YMCIS)
- Greece**
Motodynamics S.A.

Africa (Abbreviation)

- Nigeria**
CFAO Yamaha Motor Nigeria Ltd. (CYMNG)

Asia (Abbreviations)

- Indonesia**
PT. Yamaha Indonesia Motor Manufacturing (YIMM)
PT. Yamaha Motor Parts Manufacturing Indonesia (YPMI)
PT. Yamaha Motor Nuansa Indonesia (YMNI)
PT. Toyo Besq Precision Parts Indonesia (TBI)
PT. Yamaha Motor Electronics Indonesia (YEID)
PT. Yamaha Motor Mold Indonesia (YMMID)
PT. Yamaha Motor R&D Indonesia (YMRID)
PT. Sakura Java Indonesia
PT. Kyowa Indonesia
PT. Bussan Auto Finance (BAF Indonesia)

- The Philippines**
Yamaha Motor Philippines, Inc. (YMPH)
LIYAM Property, Inc.

- Thailand**
Thai Yamaha Motor Co., Ltd. (TYM)
Yamaha Motor Parts Manufacturing (Thailand) Co., Ltd. (YMPT)
TYMA Co., Ltd.

- Yamaha Motor Electronics Thailand Co., Ltd. (YETH)
Yamaha Motor Asian Center Co., Ltd. (YMAC)
Siam Yamaha Motor Robotics Co., Ltd.

- Malaysia**
HL Yamaha Motor Research Centre Sdn. Bhd. (HLYR)
Hong Leong Yamaha Motor Sdn. Bhd. (HLYM)
Hicom Yamaha Manufacturing Malaysia Sdn. Bhd.

- Vietnam**
Yamaha Motor Vietnam Co., Ltd. (YMVN)
Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. (YPMV)
Yamaha Motor Electronics Vietnam Co., Ltd. (YEVN)

- India**
Yamaha Motor India Pvt. Ltd. (YMI)
India Yamaha Motor Pvt. Ltd. (IYM)

- Yamaha Motor India Sales Pvt. Ltd. (YMIS)
Yamaha Motor Electronics India PVT. Ltd. (YEIN)
Yamaha Motor Research and Development India Pvt. Ltd. (YMRI)
Yamaha Motor Solutions India Pvt. Ltd. (YMSLI)
KYB Motorcycle Suspension India Pvt. Ltd. (KMSI)
Bussan Auto Finance India Pvt. Ltd. (BAF India)

- Pakistan**
Yamaha Motor Pakistan (Private) Limited (YMPK)
- Singapore**
Yamaha Motor Asia Pte. Ltd. (YMAP)
Yamaha Motor Distribution Singapore Pte. Ltd. (YDS)

- Taiwan**
Yamaha Motor Taiwan Co., Ltd. (YMT)
Topmost Consulting Co., Ltd. (TCC)
Yamaha Motor R&D Taiwan Co., Ltd. (YMRT)
Yamaha Motor Taiwan Trading Co., Ltd. (YMTT)
Yamaha Motor Electronics Taiwan Co., Ltd. (YETW)

- China**
Yamaha Motor (China) Co., Ltd. (YMCN)
Shanghai Yamaha Jianshe Motor Marketing Co., Ltd. (YMSM)
Zhuzhou Yamaha Motor Shock-absorber Co., Ltd. (ZYS)
Yamaha Motor R&D Shanghai Co., Ltd. (YMRS)
Yamaha Motor Powered Products Jiangsu Co., Ltd. (YMPJ)
Yamaha Motor Electronics Suzhou Co., Ltd. (YESZ)
Yamaha Motor Solutions Co., Ltd. Xiamen (YMSLX)
Yamaha Motor IM (Suzhou) Co., Ltd. (YIMS)
Chongqing Jianshe Yamaha Motor Co., Ltd. (CJYM)
Zhuzhou Jianshe Yamaha Motor Co., Ltd. (ZJYM)
Jiangsu Linhai Yamaha Motor Co., Ltd. (LYM)
Sichuan Huachuan Yamaha Motor Parts Manufacturing Co., Ltd. (SHY)
Chongqing Pingshan TK Carburetor Co., Ltd. (PTK)

Oceania (Abbreviations)

- Australia**
Yamaha Motor Australia Pty Limited (YMA)
Ficeda Pty Limited
Yamaha Motor Finance Australia Pty Limited (YMFA)
Australian Motorcycle and Marine Finance Pty Ltd.
Yamaha Motor Insurance Australia Pty. Ltd.

- New Zealand**
Yamaha Motor New Zealand Limited (YMNZ)
Yamaha Motor Finance New Zealand Limited (YMFNZ)
Yamaha Motor Insurance New Zealand Limited

- Micronesia**
TriFork Reinsurance Corporation

North America (Abbreviations)

- United States**
Yamaha Motor Corporation, U.S.A. (YMUS)
Yamaha Motor Manufacturing Corporation of America (YMMC)
Yamaha Marine Precision Propellers Inc. (YPPI)
Yamaha Marine Systems Company Inc.
Skeeter Products, Inc.
Yamaha Jet Boat Manufacturing U.S.A., Inc. (YJBM)
Yamaha Golf-Car Company (YGC)
INDUSTRIAL POWER PRODUCTS OF AMERICA, INC.
Yamaha Motor Finance Corporation, U.S.A. (YMFUS)

- Yamaha Motor Ventures & Laboratory Silicon Valley, Inc. (YMVSV)
Yamaha Motor Exploratory Fund GP, L.L.C. (YFGP)
Yamaha Motor Distribution Latin America, Inc. (YDLA)

- Canada**
Yamaha Motor Canada Ltd. (YMCA)
Yamaha Motor Finance Canada Ltd.

Central and South America (Abbreviations)

- Brazil**
Yamaha Motor do Brasil Ltda. (YMDB)
Yamaha Motor da Amazonia Ltda. (YMDA)
Yamaha Motor Componentes da Amazonia Ltda. (YMCDA)
Yamaha Motor Electronics do Brasil Ltda. (YEBR)
Yamaha Administradora de Consorcio Ltda. (YAC)
Yamaha Motor do Brasil Servicos Financeiros Participacoes Ltda.
Banco Yamaha Motor do Brasil S.A. (BYMD)
Yamaha Motor do Brasil Corretora de Seguros Ltda. (YMDCS)
Yamaha Motor do Brasil Logistica Ltda. (YMBL)

- Argentina**
Yamaha Motor Argentina S.A. (YMARG)
- Uruguay**
Yamaha Motor Uruguay S.A. (YMUU)

- Peru**
Yamaha Motor del Peru S.A. (YMDP)
Yamaha Motor Selva del Peru S.A. (YMSP)

- Colombia**
Industria Colombiana de Motocicletas Yamaha S.A. (Incolmos Yamaha)
- Mexico**
Yamaha Motor de Mexico, S.A. de C.V. (YMMEX)
Yamaha Motor Consorcio Mexico, S.A. de C.V.
Yamaha Motor Personnel Service Mexico, S.A. de C.V. (YMPSMX)

Japan

- Yamaha Motorcycle Sales Japan Co., Ltd.
YAMAHA MOTOR ENGINEERING CO., LTD.
SUGO CO., LTD.
YAMAHA KUMAMOTO PRODUCTS CO., LTD.
Yamaha Marine Hokkaido Manufacturing Co., Ltd.
Yamaha Amakusa Manufacturing Co., Ltd.
Yamaha Marina Co., Ltd.
Y'S GEAR Co., Ltd.
YAMAHA MOTOR POWERED PRODUCTS Co., Ltd.
Nishi Nippon Skytech Co., Ltd.
YAMAHA MOTOR ELECTRONICS CO., LTD.
SUNWARD INTERNATIONAL, INC.
YAMAHA MOTOR PRECISION PARTS MANUFACTURING CO., LTD.
HAMAKITA INDUSTRY CO., LTD.
YAMAHA MOTOR HYDRAULIC SYSTEM Co., Ltd.
Yamaha Motor Biz Partner Co., Ltd.
YAMAHA MOTOR MIRAI CO., LTD.
YAMAHA MOTOR SOLUTIONS Co., Ltd.
Ecole Toyohashi
Amagasaki kenkonomori
Kita Nihon Skytech Corp.
Tokai Skytech Corp.
Sakura Kogyo Co., Ltd.
A.I.S. Corporation
ENSHU Limited
KOYAMA Precision Works Inc.
Yamaha Travel Service Co., Ltd.
JUBILO Co., LTD.
Mikasa Unyu Co., Ltd.
KYB Motorcycle Suspension Co., Ltd.
EVEC, Inc
North Sails Japan
Izumisano Waterfront Co., Ltd.
Marine Wave Otaru, Co., Ltd.
Choshi Marina, Inc.
Marina Akita, Co., Ltd.
Hayama Marina, Co., Ltd.
Yokohama Bayside Marina Co., Ltd.
FISHARENA AMAKUSA CORPORATION
SHIN NISHINOMIYA YACHT HARBOR CORPORATION
Hiroshima Harbor Management
YAMAHA MOTOR ROBOTICS HOLDINGS CO., LTD.
SHINKAWA LTD.
APIC YAMADA CORPORATION

Corporate Information / Stock Information (As of December 31, 2019)

Company name Yamaha Motor Co., Ltd.
Headquarters 2500 Shingai, Iwata, Shizuoka 438-8501, Japan
 Telephone: +81-538-37-0134
 Fax: +81-538-37-4250

Date of establishment July 1, 1955
Capital ¥85,905 million
Number of employees Consolidated: 55,255
 Non-consolidated: 10,567

Stock listing Tokyo Stock Exchange
Stock code 7272

Transfer agent for capital stock Sumitomo Mitsui Trust Bank, Limited
 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Auditor Ernst & Young ShinNihon LLC

Inclusion in major indices Nikkei 225, JPX-Nikkei 400

Major consolidated subsidiaries Yamaha Motorcycle Sales Japan Co., Ltd.
 Yamaha Motor Powered Products Co., Ltd.
 Yamaha Motor Corporation, U.S.A.
 Yamaha Motor Manufacturing Corporation of America
 Yamaha Motor Europe N.V.
 PT. Yamaha Indonesia Motor Manufacturing
 India Yamaha Motor Pvt. Ltd.
 Yamaha Motor Vietnam Co., Ltd.
 Thai Yamaha Motor Co., Ltd.
 Yamaha Motor Philippines, Inc.
 Yamaha Motor do Brasil Ltda.

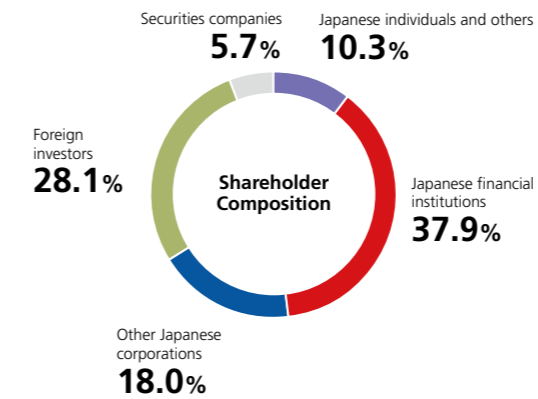
ESG Evaluations from External Institutions

FTSE4Good Index Series
 FTSE Blossom Japan Index
 S&P Japan 500 ESG
 SNAM Sustainability Index



Capital Stock

Authorized	900,000,000 shares (common stock)
Issued	350,013,146 shares
Number of Shareholders	67,741



Principle Shareholders

Shareholder	Ownership (%)
Yamaha Corporation	9.92
The Master Trust Bank of Japan, Ltd. (trust account)	9.60
Japan Trustee Services Bank, Ltd. (trust account)	6.16
SSBTC CLIENT OMNIBUS ACCOUNT	4.78
Toyota Motor Corporation	3.58
Mizuho Bank, Ltd.	2.37
SMBC Nikko Securities Inc.	2.12
Mitsui & Co., Ltd.	1.90
The Shizuoka Bank, Ltd.	1.62
Japan Trustee Services Bank, Ltd. (trust account 5)	1.51

Note: Percentage of ownership is calculated excluding treasury shares.

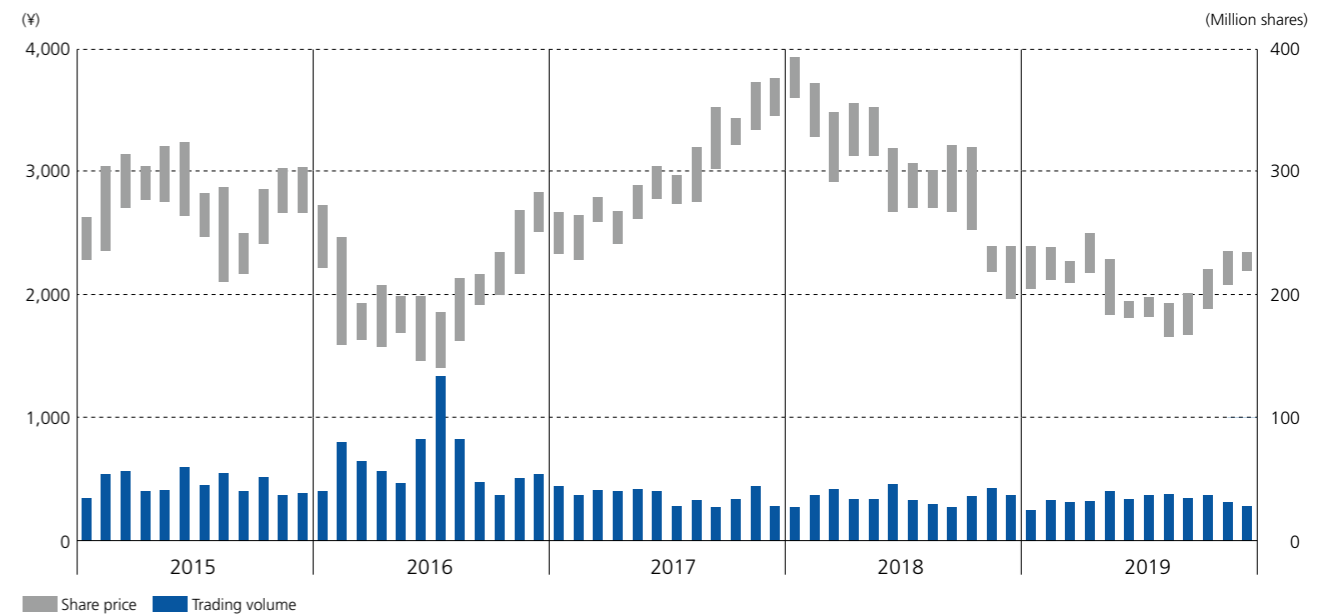
Shareholder Notes

Fiscal year	January 1 to December 31
Reference date for allocation of surplus for dividends	Year-end dividends: December 31 Interim dividends: June 30
General Meeting of Shareholders	March
Share unit number	100 shares
Method of public notice	Public notices are given by electronic notice. In unforeseen circumstances where electronic notices are impossible, public notice is made in the <i>Nihon Keizai Shimbun</i> .

Design Awards Won by Yamaha Motor in 2019

<p>NIKEN Flagship Sports LMW vehicle</p> <ul style="list-style-type: none"> Red Dot Award 2019 Best of the Best Chosen for the JIDA Design Museum Selection Vol. 21 	<p>YNF-01 Low-speed mobility vehicle (Concept model)</p> <ul style="list-style-type: none"> Red Dot Award 2019 Winner 	<p>YZF-R15 Motorcycle</p> <ul style="list-style-type: none"> India Design Mark 2019 	<p>SR400 40th Anniversary Edition Motorcycle</p> <ul style="list-style-type: none"> Good Design Award 2019
<p>MOTORiD Motorcycle (Concept model)</p> <ul style="list-style-type: none"> iF Design Award 2019 	<p>F425A Outboard motors</p> <ul style="list-style-type: none"> iF Design Award 2019 	<p>EC-05 Electric scooter</p> <ul style="list-style-type: none"> German Design Award Winner Taiwan Golden Pin Design Award Best Design 	<p>Parent-Child Engine Disassembly and Assembly Class Educational program</p> <ul style="list-style-type: none"> KIDS DESIGN AWARD 2019 Chief Juror's Special Award

Yamaha Motor's Share Price and Trading Volume on the Tokyo Stock Exchange



For further information, please contact:

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IR/SR Group, Corporate Communication Division

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 Fax: +81-538-37-4250
<https://global.yamaha-motor.com/ir/>

You are also invited to review the Fact Book and Financial Data on Yamaha Motor's website.
<https://global.yamaha-motor.com/>



YAMAHA MOTOR CO., LTD.

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