

CSR Report 2017

Digest Edition



Corporate Philosophy

Yamaha Philosophy

The Yamaha Philosophy expresses the philosophical framework of the Yamaha Group and consists of five elements: the Corporate Slogan, Corporate Philosophy, Customer Experience, Yamaha Way (mindset and manners), and Yamaha Quality (criteria for quality). Three of these, the Corporate Slogan, Corporate Philosophy and Customer Experience, describe the Yamaha Group's reasons for existence, and represent the fundamental principles that form the foundation of the Yamaha Group. In order for Yamaha to achieve this ideal, the Yamaha Way and Yamaha Quality must be adopted and practiced by all employees, and drawn from for daily inspiration and guidance.



Corporate Slogan Sharing Passion & Performance

The Corporate Slogan is a more concise statement of the Yamaha Philosophy.

Corporate Philosophy

The Yamaha Philosophy defines the reason for Yamaha's existence as a company and the goals that we seek to achieve through our work together.

Customer Experience

The Customer Experience exemplifies the meaning of "Sharing Passion & Performance" from the customer's viewpoint. When customers experience, use, or own Yamaha products and services they should experience a profound response that will stimulate both their emotions and senses.

Yamaha Quality

The Yamaha Quality is a set of criteria that supports Yamaha's insistence on quality in products and services and our dedication to excellence in manufacturing. These criteria assist in making the Corporate Philosophy a reality.

Yamaha Way

The Yamaha Way explains the mindset that all employees of the Yamaha Group should adopt, and the manner in which they should act on a daily basis, in order to put the corporate philosophy into practice.

Promises to Stakeholders

The entire Yamaha Group shares promises to its stakeholders—customers, shareholders, the people who work with Yamaha, and society—working to improve the satisfaction of each stakeholder and making effective use of our management resources to achieve sustainable growth in order to maximize its corporate value.

Customer-Oriented and Quality-Conscious Management

Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional technologies as well as refined creativity and artistry.

Transparent and Sound Management

Yamaha delivers proper returns to shareholders by ensuring solid business performance and achieves lasting development through transparent and sound management.

Valuing People

Yamaha strives to be an organization where each person's individuality and creativity are respected and all can demonstrate their full potential through their work.

Harmony with Society

Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.

Yamaha Corporation Group CSR Policy

– Our Aim is “Sharing Passion & Performance” –

The Corporate Philosophy of the Yamaha Corporation Group is, “With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world.”

Based on this philosophy, Yamaha conducts its CSR activities according to the following guidelines, seeking to contribute to the sustainable development of society and to further strengthen the bond of trust with its stakeholders through sound, transparent management methods, and corporate activities that balance social and environmental concerns.

1. By creating new values through products and services focused on social and environmental issues, Yamaha contributes to the sustainable development of society.
2. Through business development and social contributions based in each region of the globe, Yamaha contributes to the promotion and popularization of music, and to the development of communities.
3. By understanding the significance of protecting the natural environment and maintaining biodiversity, and by promoting the reduction of environmental burden through measures such as sustainable procurement of timber and lowering greenhouse gas emissions, Yamaha works to maintain a healthy global environment.
4. Yamaha observes laws, ordinances, and social norms, and moreover, conducts business in a fair and impartial manner throughout the entire value chain, including activities such as socially responsible procurement carried out in cooperation with business partners.
5. Yamaha endeavors to prevent abuses of human rights, responding appropriately to the effect of its business activities as well as to any attendant risks to human rights, with the goal of achieving a society that safeguards the dignity of all.
6. Yamaha works to create an atmosphere that holds in high regard the employee diversity that is a source of the new values created within the company, and which allows each person to fully demonstrate their sensibilities and creativity through training and use, without regard to race, nationality, gender, or age.

Formulated in February 2010 and revised in June 2016

The United Nations Global Compact

The United Nations (UN) Global Compact was proposed by the Secretary General of the UN in 1999 and consists of 10 universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. The top management of companies that become signatories to the Global Compact pledge their commitment and, within the scope of their enterprises, promise to work consistently to achieve the objectives espoused under the 10 principles. Since signing the Global Compact in June 2011, Yamaha has actively worked to cooperate with the Global Compact Network Japan in conducting subcommittees.

The 10 Principles of the United Nations Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



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Message from the President

Contributing to sustainable social development as we continue to create excitement and cultural inspiration together with people around the world

Aiming for “Becoming an Indispensable, Brilliantly Individual Company”

With its activities based on sound and music as the origin, for 130 years, since its founding in 1887, the Yamaha Group has worked to share passion and performance with its customers and society as a whole. Music is a powerful and noble force that soothes and refreshes people’s minds and hearts, and, going beyond language, shares feeling with people around the world. Yamaha will contribute to the sustainable development of society as it takes initiatives to spread and further develop musical culture through its business activities.

In June this year, Yamaha reviewed its corporate governance system and made the transition to a Company with Three Committees (Nominating, Audit, and Compensation). As a consequence, Yamaha has made a clear separation between the oversight and execution in the management of its activities and, thereby, is working to enhance the overall management oversight functions, and accelerate the execution of business. In tandem with these measures, Yamaha appointed a woman to its Board of Directors as an Outside Director for the first time in order to reflect a diversity of viewpoints into management decision making. Going forward, Yamaha aims to attain sustainable growth and increase its corporate value through these initiatives in the medium-to-long term.

During the next fiscal year, Yamaha will set up its

“Innovation Center” at the Headquarters, which will be a development building that will gather its research and development personnel together. Moreover, Yamaha is establishing new factories in Indonesia and India, and, by creating closer ties with local markets, will respond to the expanding needs of markets in emerging countries. Going forward also, Yamaha will accelerate its future growth with the aim of realizing its management vision of “Becoming an Indispensable, Brilliantly Individual Company,” and contribute to the creation of a sustainable society through the conduct of sound and highly transparent management as well as business activities with an eye to addressing social issues.

Integrating CSR into Management

In fiscal 2017, ended March 2017, which was Yamaha’s first year under its three-year medium-term management plan “NEXT STAGE 12,” Yamaha was able to make a steady start toward attaining its plan target of a 12% operating income ratio, which it has positioned as a key performance indicator. This was despite the negative impact of foreign currency fluctuations and was made possible through the contributions of many products with distinctive individuality, enhanced customer interaction, improvements in productivity, and other factors. To continuously realize growth like this in the medium-to-long term, Yamaha is aware that it will be necessary to position CSR at the core of its management and integrate CSR into its

management. To do this, last year Yamaha identified the CSR issues that it should pursue more actively, designated them as strategic CSR themes, and included them in its medium-term management plan. By reviewing the progress toward realization of these themes in the Management Council, the Yamaha Group as a whole is taking initiatives to promote CSR through its business activities.

Addressing Strategic CSR Themes

Yamaha believes that the area where it can contribute the most to the creation of social value through its businesses is the activities and innovation for further spreading and developing musical culture. Initiatives Yamaha has taken to attain its strategic CSR theme of “development of regional community-based businesses” include its “School Project” that it is conducting mainly in the countries of Southeast Asia. This project is being implemented to offer opportunities to learn to play musical instruments to children who may have never had such opportunities before. Under this project, Yamaha is providing musical instruments, textbooks, and training programs as a package to public schools in Indonesia, Malaysia, and Russia. In fiscal 2017, Yamaha conducted these activities in 248 schools in these three countries. In Vietnam, Yamaha has begun to provide support for introducing musical instruments education, including recorders, and, in November 2016, Yamaha’s initiative was selected as a Certified Project of the “Public-Private Initiative to Disseminate Japanese-Style Education Overseas” (EDU-Port Japan) of Japan’s Ministry of Education, Culture, Sports, Science and Technology.

A representative example of Yamaha’s initiative of “development of products and services with a focus on social issues” is its beginning to offer its Smart Education System to school music education classes, which is an ICT solution that nurtures the creativity of children and enhances the active learning experience. Also, in a series of events entitled “Geidai Arts Special—Disability & Arts,” which explores the possibilities of artistic endeavor above and beyond disabilities, held at the Tokyo University of the Arts as a base, Yamaha drew on its technologies to provide support for richer performance expression by persons who have hand and foot or hearing disabilities. In addition, with these activities as a source of opportunities, using AI technology, Yamaha overcame the restrictions of time and space to recreate performances of the late Sviatoslav Richter, one of the greatest pianists of the 20th century, with a string quartet drawn from the Berlin Philharmonic Orchestra. Looking ahead, through research and development and technical collaboration with other organizations, Yamaha will continue to contribute to the creation and succession of musical culture into the future.

On the other hand, the principal area of risk where Yamaha’s business activities may impair social value is in the procurement of timber for use in manufacturing musical

instruments. Forests and ecosystems are valuable shared social assets that should be passed on to future generations, and it is Yamaha’s responsibility to use these assets in a sustainable manner. Yamaha has indicated that “sustainable procurement of timber” is one of its strategic CSR themes, and in fiscal 2017, with the cooperation of its suppliers, Yamaha conducted a traceability study on the wood resources that it procures, and, to ensure that the wood Yamaha uses has been derived from proper sources, it has begun strict risk assessments. Moreover, regarding African Blackwood, which is used in the manufacturing of woodwind instruments, based on a partnership with NGOs, Yamaha has begun activities aimed at realizing sustainable resource management and procurement in Tanzania, the source of these resources.

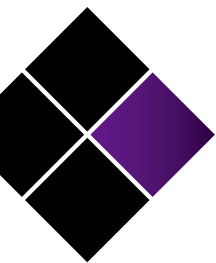
In the area of “promotion of diversity and human resources development,” Yamaha is proceeding with activities to create a workplace environment where diverse human resources can be fully motivated and work energetically. In February this year, Yamaha’s employee health management and promotion of a good work life balance were recognized by Japan’s Ministry of Economy, Trade and Industry as a Health and Productivity Management Organization 2017. In addition, Yamaha Group company Yamaha Business Support Corporation received a best award in improvement activities by the Japan Management Association because of a high evaluation of its improvements in processes related to payroll processing, principally by female employees. Looking ahead, all members of the Yamaha Group will work to pursue the essence of their business activities to improve efficiency and put “true work style reforms” into practice to create time for creating new value in daily work and their lives.

Aiming to Contribute to Attaining Sustainable Development Goals (SDGs)

As a signatory to the United Nations Global Compact, Yamaha observes the Compact’s Ten Principles of corporate behavior and also wants to contribute to the attainment of the Sustainable Development Goals (SDGs) that have been cited as common issues that societies around the world are confronting. Going forward, as business activities become increasingly global in scope, Yamaha recognizes the importance that each and every member of the Yamaha Group will incorporate the proper understanding of SDGs and put them into action in our management and business activities. The Yamaha Group will continue to position CSR as the core of its management and work to find solutions to social issues through its business activities.



President and Representative Executive Officer
Yamaha Corporation



Corporate Data

Corporate Profile (as of March 31, 2017)

Company Name : Yamaha Corporation

Headquarters : 10-1, Nakazawa-cho, Naka-ku,
Hamamatsu Shizuoka 430-8650, Japan

Year of Foundation : 1887

Date of Incorporation : October 12, 1897

Paid-in Capital : ¥28,534 million

Number of Employees (Consolidated) : 20,175 (Excluding average number of temporary employees: 7,938)

Number of Subsidiary Companies : 70 (of which 66 are consolidated companies)

Number of Affiliated Companies : 6

Consolidated Financial Results : Annual Sales: ¥408.2 billion
Operating Income: ¥44.3 billion
Net income attributable to owners of parent: ¥46.7 billion

Business Domains

Musical Instruments

Yamaha manufactures and sells musical instruments, operates music schools and English language schools, distributes music and video content, operates a record company and conducts other business such as publishing.

Sales Ratio

63.1 %
(¥257.7 billion)



Pianos & Digital musical instruments



Percussion instruments



Wind instruments



String instruments



Educational musical instruments



Music software

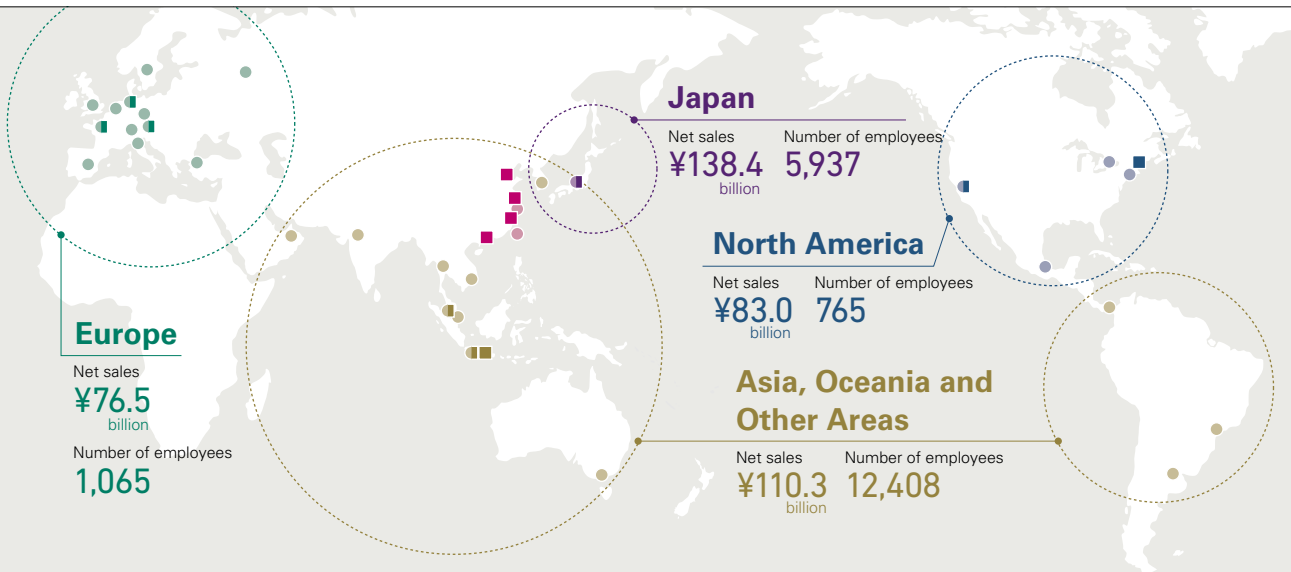


Music schools, English language schools

Business Overview

Global Network (net sales and number of employees by region)

● Sales, services, etc. ■ Production, development, etc.



Audio Equipment

For professional-use and for consumers, Yamaha manufactures and sells items such as AV equipment, PA equipment, musical production equipment and software, online karaoke for commercial use, network equipment, and voice communication devices.

Sales Ratio

28.3%
(¥115.5 billion)



AV equipment



Voice communication devices



Musical production equipment and software



Network devices



PA equipment



Soundproof rooms

Others

Along with businesses producing electronic devices such as semiconductors and thermoelectric elements, golf equipment, automobile interior components and factory automation (FA) equipment, Yamaha also operates resort facilities.

Sales Ratio

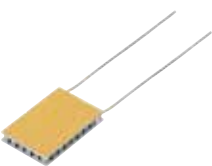
8.6%
(¥35.1 billion)



Electronic devices



Automobile interior components



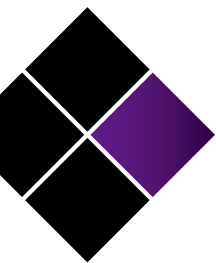
FA equipment



Resort facilities

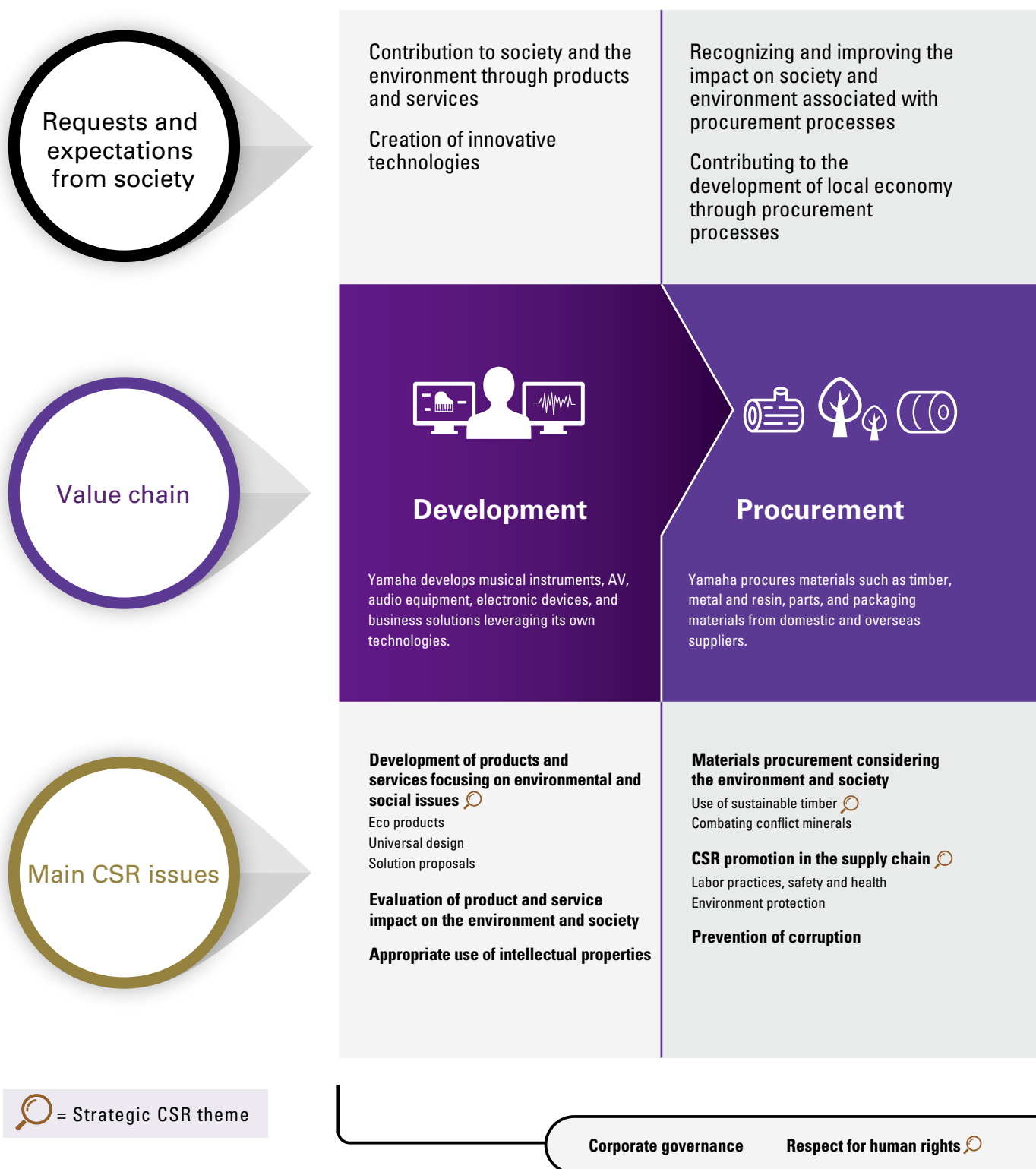


Golf products



CSR Issues and Initiatives in the Value Chain

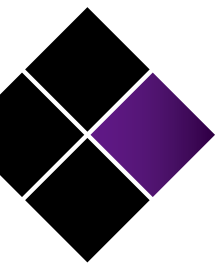
The Yamaha Group provides various products and services, including musical instruments. Yamaha is fulfilling its social responsibilities by addressing issues related to the value chain by focusing on the impact of its products, services, and production processes on society and the environment.



Value Chain and Social Issues



Promotion of diversity and inclusion  Develop human resources  Contribution to local community 



CSR Management

To respond to societal expectations and requests with integrity, Yamaha promotes CSR activities based on medium-to long-term perspectives while inspecting the status of our own activities according to international guidance.

CSR Management Applying ISO 26000

The Yamaha Group continues to engage in a variety of CSR issues by offering products and services and engaging in business processes and corporate activities in regional societies.

In promoting CSR initiatives, it is important to respond as well as possible to the needs and expectations of society in addition to the issues on which the Yamaha Group itself focuses.

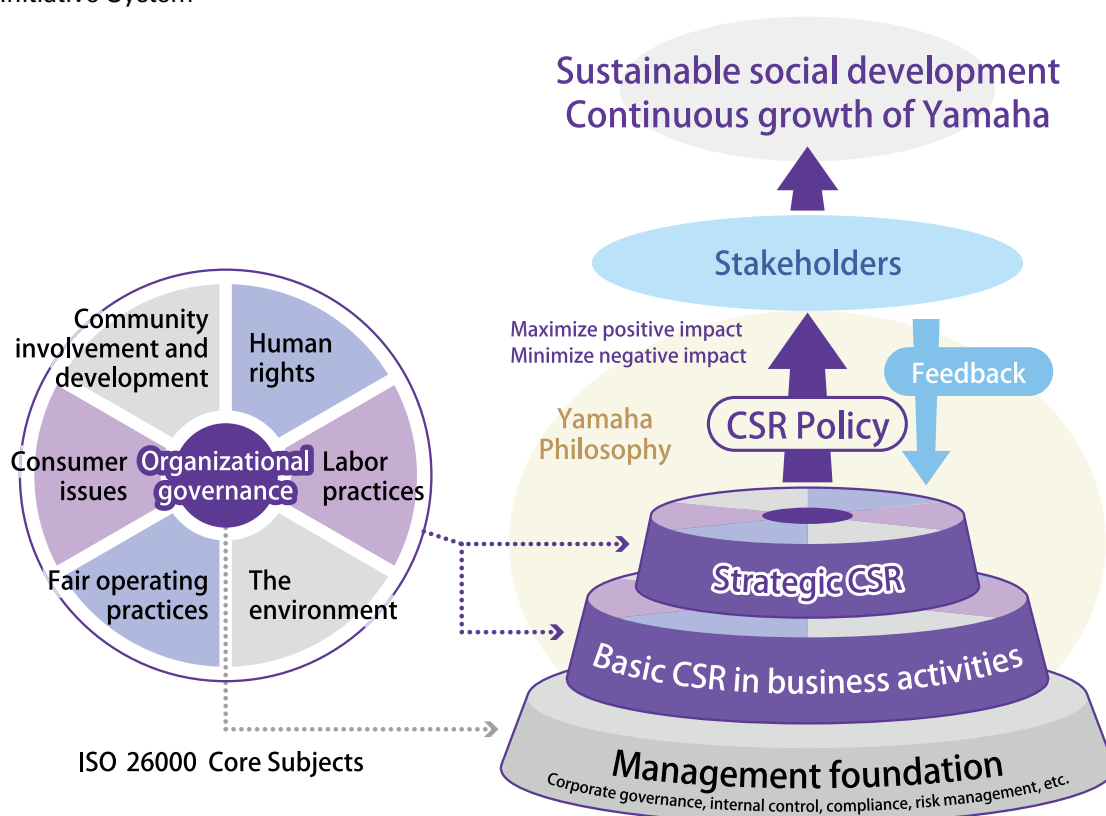
Based on this recognition, as of fiscal 2014, the Yamaha Group has been applying ISO 26000 Guidance on Social Responsibility to inspect the status of CSR behavior. We are also organizing activities in accordance with the core subjects of ISO 26000, and managing the promotion plan and progress of CSR activities.

Promotion of Strategic CSR Themes

In fiscal 2016, the Yamaha Group made sure that we understood the demands and need of our customers, the local communities in which we work, NPOs and NGOs, our employees, socially responsible investment (SRI) research organizations and others, and listened to external experts. From this, we then devised the themes necessary for further promotion. On the basis of medium- and long-term management strategies, those themes were discussed at the executive level and we formulated “The Strategic CSR Themes” with a medium-to long-term focus.

Based on the strategic CSR themes, in fiscal 2017, we revised our Yamaha Corporation Group CSR Policy, and incorporated these themes in our mid-term business plan as an ESG challenge. We make effort to manage progress and promotion by monitoring the status of each theme activity and conducting reviews in the Management Council which is overseen by the president.

■ CSR Initiative System



Strategic CSR Themes and Progress

Theme	Related core subject/ GRI-G4 indicator	Progress	Future issues and activity targets
Development of products and services with a focus on social issues Universal design, environmentally friendly products, application of sound technologies, etc.	The Environment Consumer issues Community involvement and development EN7, EN27, PR3	<ul style="list-style-type: none"> Incorporation of social viewpoints in product plan guidelines Over 300 products certified as environmentally friendly products Proposal of solutions to social issues (Omotenashi Guide, etc.) 	<ul style="list-style-type: none"> Contribute to important social issues such as SDGs Effective provision of information to customers Promote development of viable businesses
Development of regional community-based business and social contribution activities Resolution of regional issues through music, contribution to the development of regional communities, etc.	Community involvement and development EC1, EC7, SO1	<ul style="list-style-type: none"> Music Time program: Introduced to 248 schools in three countries. Introduction of musical instrument education in Vietnam: Certification of MEXT-approved project and launching recorder club activity in 10 Hanoi schools Creation of music education infrastructure in Latin America: Includes musical instrument maintenance and the development of a training program for repair technicians Promotion of Oto-Machi project (vitalize local community) 	<ul style="list-style-type: none"> Develop Music Time for new countries and regions (1,000 schools in five countries by the end of fiscal 2019) Vietnam: Introduce music instrumental instruction to Course of Study Latin America: Establish a technician training program, develop human resources Ongoing promotion of the Oto-Machi project
Lowering of greenhouse gas emissions Emission management that expands the scope of emissions throughout the entire supply chain, etc.	The Environment EC2, EN3-7, EN15-19	<ul style="list-style-type: none"> Promotion of greenhouse gas emissions reduction at production sites (saving energy, etc.) Expansion of scope for greenhouse gas emissions calculation (Scope 3) 	<ul style="list-style-type: none"> Establish mid-to long-term strategies for reducing GHG emission such as shifting to renewable energy Develop a GHG emission calculation system
Sustainable procurement of timber Stringent verification of traceability and lawfulness, expanded use of certified timber, etc.	The Environment EN12, EN14	<ul style="list-style-type: none"> Request timber suppliers to ensure legitimacy of logging and to make considerations for sustainability Risk evaluation such as supplier self-assessment Development of business model for sustainable use of African Blackwood timber 	<ul style="list-style-type: none"> Organize due diligence procedures Confirm 100% legality in tree logging based on in-house standards Expand use of certified timber African Blackwood: Research of forest management, timber processing, and distribution. Establishing a tree nursery production to forestation scheme carried out by local communities.
Socially responsible procurement Confirming adherence to the Yamaha Supplier CSR Code of Conduct and making requests for improvements when necessary, etc.	Fair operating practices EN32-33, LA14-15 HR5-6, HR9-11, SO9-10	<ul style="list-style-type: none"> Primary supplier research (Self-assessment requested to 4,044 companies / 3,981 companies responded / 4 companies requested for correction in writing) Stipulation of compliance with Yamaha Supplier CSR Code of Conduct in basic business agreement 	<ul style="list-style-type: none"> Respond to additional requests from society (to be reflected to CSR Code of Conduct, etc.) Train procurement personnel Establish batch inspection (supplier self-assessment) items and evaluation methods
Systematic initiatives for the respect of human rights Evaluating the influence of our business activities on human rights, etc.	Human rights HR1-12	<ul style="list-style-type: none"> Gap analysis to compare actual action with social requirements, and establishment of an action plan Promotion of understanding towards human rights-related issues such as the UN Guiding Principles and SDGs 	<ul style="list-style-type: none"> Establish a human rights policy and due diligence system Maintain consistent response to societal demand such as the UK Modern Slavery Act
Promotion of diversity and human resources development Promotion of the active role of female workers, cultivation of global human resources, etc.	Labor practices EC6, LA1, LA3, LA11-12	<ul style="list-style-type: none"> Systematic formation of global managerial human resource management and development Increase the ratio of female managers by developing a work-life balance support system for a more favorable work environment. (Yamaha Corporation had improved from 4.8% to 5.0% as of April 1, 2017) 	<ul style="list-style-type: none"> Establish and implement a global human resources development plan Expand and promote utilization of the work-life balance support system. Create female manager development program (increase ratio of female managers to 7% by the end of fiscal 2019)

Initiatives for Sustainable Development Goals (SDGs)

The Yamaha Group intend to contribute to the attainment of the “Sustainable Development Goals” (SDGs) established as common global goals at the “UN Sustainable Development Summit” in September 2015.

To contribute to the achievement of SDGs through business activities such as creating products and services that help solve issues related to society and the environment, the accurate understanding of the meaning and content of SDGs is essential to develop an appropriate action plan in each business. In the Yamaha Group, we share information at the Management Council and through Intranet, so that all company personnel fully understand SDGs. Moving forward, we will add and arrange goals as needed by

comparing currently focused CSR themes and SDGs with each goal and target.

The 17 Goals of SDGs





Enriching Education in Vietnamese Schools through the Introduction of Instrumental Music Education

The educational effects of learning to play musical instruments are so well documented that such instruction is standard in schools around the world. However, in some countries, lack of equipment or trained teachers, or inadequate curriculum often limits to what extent schools can offer. As a project to provide the chance for as many children to experience the joys of playing instruments, Yamaha is currently expanding the School Project.

In 2016, Yamaha's initiative to introduce instrumental music education into music classes at the elementary and secondary schools in the Socialist Republic of Vietnam (hereinafter Vietnam) as a part of the School Project, received official recognition under the Public-Private Initiative to Disseminate Japanese-Style Education Overseas (EDU-Port Japan) of Japan's Ministry of Education, Culture, Sports, Science, and Technology (hereinafter MEXT). Yamaha will continue to contribute to the dissemination of instrumental music education and the development of music education in Vietnam, in cooperation with the Japanese government.

Key point to creating value

Development of music education

Supporting children's growth

Overview

The "School Project" Conveying the Joys of Playing Instruments

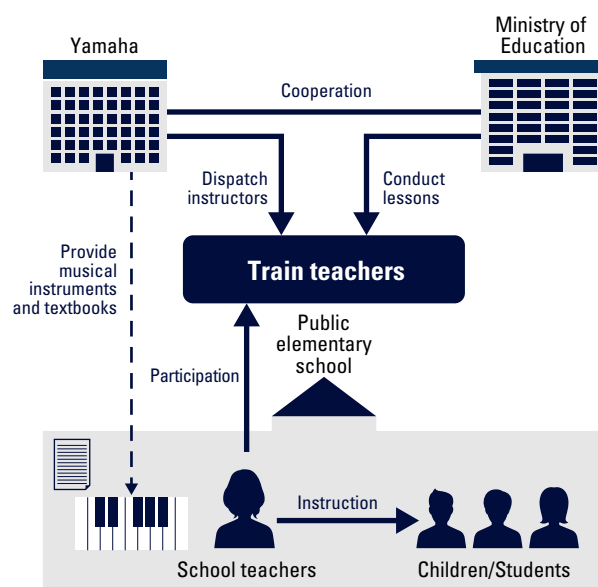
The School Project is a program unique to Yamaha, taking into account its position as a musical instrument manufacturer and its possession of know-how concerning the music education business. While starting the introduction of its uniquely developed Music Time program in Malaysia, Indonesia and Russia from 2015, Yamaha also initiated implementing instrumental music education as a part of compulsory education in Vietnam in 2016.

By enabling children to become familiar with musical instruments in the course of school education, we make it possible for children to experience the joys of music while facilitating their growth. Additionally, we help enrich musical education by providing the infrastructure required for carrying out classes. Research concerning the educational values of this program is conducted in cooperation with the Faculty of Education of Yokohama National University.

Music Time Program

Yamaha's Music Time program offers musical instruments, textbooks, and training programs to public elementary schools in one package. Instructors who have gone through Yamaha training teach classes using instruments and class materials specially developed for the Music Time program. Currently, we are developing instructional materials for portable keyboards (PKs) and guitars, and are organizing recorder and Pianica programs.

Music Time Structure



Music Time Implementation Status

(as of the end of March 2017)

Country	Year Started	Number of Participating schools	Instruments used
Malaysia	February 2015	100 schools	PK/guitar
Indonesia	August 2015	141 schools	PK
Russia	September 2016	7 schools	PK



Supporting the Introduction of Instrumental Music Education in Vietnam

From January 2016, Yamaha started supporting the introduction of instrumental music education in music classes for elementary and secondary education in Vietnam. In Vietnam, no “Course of Study” is provided in the elementary and secondary schools for teaching pupils to actually learn to play musical instruments. In order to develop music education in the country, Yamaha, with an eye to the revisions in course of study for elementary and secondary schools scheduled after 2018, is promoting the introduction and establishment of instrumental music education in cooperation with

Vietnam’s Ministry of Education and Training.

The population in Vietnam is increasing by approximately one million persons per year*, thus an increase in the number of children is expected in the future. Through this initiative, this program will not only contribute to promoting music education in the country, but also expand the market for musical instruments due to the expected increase in the number of instrument players.

*Source: UNESCO

Comment

I Will Continue to Support New Music Education

The introduction of instrumental music education is a natural step for the development process of music education, and I feel Vietnam has just opened its doors to take its first steps in new music education.

The business know-how that Yamaha has gained through its global expansion is a large advantage. I was able to perceive Yamaha’s strong passion to go beyond the boundaries

of the company in order to contribute to the development of music culture around the world, and I empathize to this strongly as a collaborator. I would like to support Vietnam’s music education through the introduction of instrumental music education, by steadily integrating it with the local music culture without imposing our own culture during the process.



Masafumi Ogawa

D.M.E., Professor of Music Education, Faculty of Education, Yokohama National University

Point 1 Development of Music Education

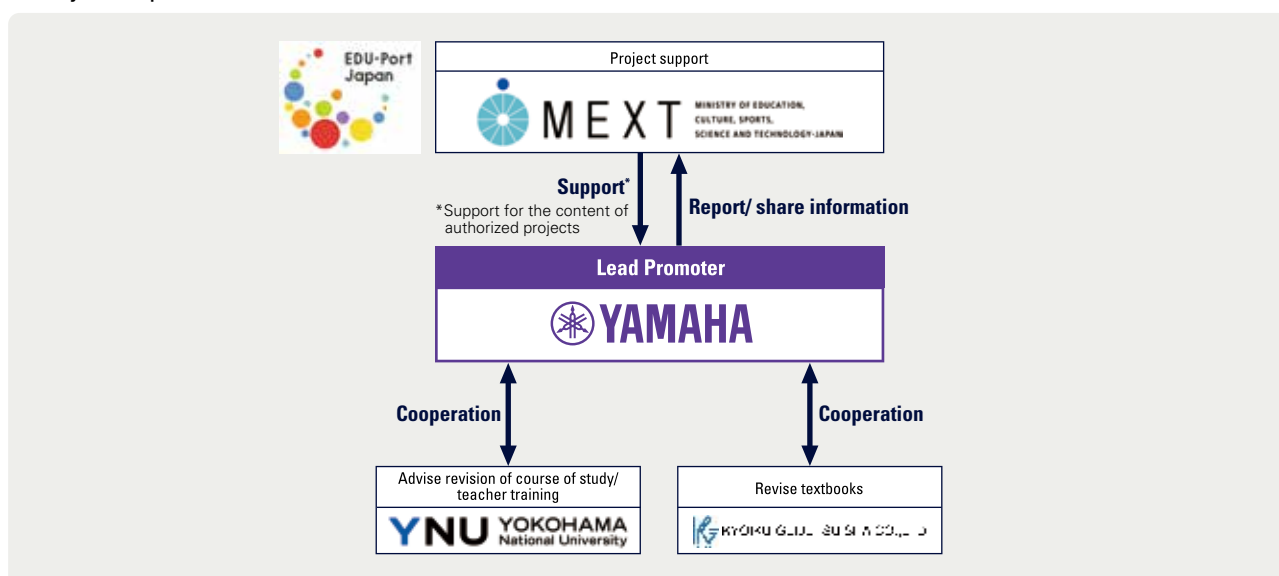
Improving the Quality of Music Education through Collaboration of Industry, Government and Academia

Recently, Japanese education, which cultivates both basic study knowledge and lifestyle habits, has drawn considerable positive attention from abroad. However, the provision of educational contents to foreign countries have been mostly carried out only by individual efforts of companies and organizations. Under these circumstances, MEXT began the Public-Private Initiative to Disseminate Japanese-Style Education Overseas (EDU-Port Japan) through a framework involving the collaboration of all-Japan public private sectors. Through this project, MEXT aims to revitalize the Japanese education industry through overseas expansion, and

strengthen its relationships of trust and cooperation between foreign countries through education.

This project proposed by Yamaha was evaluated based on our long-standing performance in Japan, and correspondence with the domestic needs of our counterparts, and received certification as an official project. From now on, Yamaha, along with MEXT support, will conduct negotiations and make arrangements with the Vietnam government and local educational associations, and will continue to support the introduction and establishment of instrumental music education in Vietnam.

■ Project Implementation Structure



Interview

Q. Please explain the purpose of “EDU-Port Japan.”

Expanding Japanese-style education out to a foreign country does not only act as global contribution, but also allows us to find issues in Japanese education itself. We believe our purpose of carrying out EDU-Port Japan as MEXT is to provide our own country with feedback concerning those issues to further improve education in Japan.

Q. Please tell us about Yamaha businesses that support the introduction of instrumental music education.

This is a sustainable business model that the local businesses in the supported countries can maintain by themselves after implementation, and we expect it to lead to an instrument export business in the future. This is precisely the development model that EDU-Port Japan strives for. Some countries in the world attempt to learn Japanese discipline through Japanese moral education. We believe that in a similar way, music education can guide people in fundamental human education in the form of emotional education. We expect this business to expand all over Vietnam, and hope Yamaha will continue to carry on what they have worked on up until now.



Katsuhisa Sagisaka

Director, International Affairs Division
Minister's Secretariat (at the time)*
Ministry of Education, Culture, Sports,
Science and Technology, Japan

*interviewed on March 2017

Point 2 Supporting the Growth of Children

Nurturing Youth Enriched with Sensitivity and Cooperativeness

By playing musical instruments, children are provided the opportunity to express wider ranges of emotions, and gain options for self-fulfillment. Also, through playing in ensemble, children are given opportunities to learn about responsibility and cooperation. The foundation of Yamaha's music education business is the Yamaha Music School which has a history of more than 60 years. Yamaha utilizes this experience and know-how acquired in more than 40 countries and regions, in order to support the implementation of instrumental music education.

From here on, Yamaha will also promote the introduction and establishment of a recorder education program in Vietnam. The recorder can be easily played by anyone, and instruction is also relatively easy, making it a suitable starting point for students who are beginners of musical instruments. Along with this process, we plan to introduce other instruments, in order to contribute to the growth of children and the creation of a musical culture.

Achievements

January 2016	First recorder seminar for elementary, secondary school music teachers (Hanoi)
May	Recorder seminar (Hanoi)
July	Music Education Forum for people involved in the Ministry of Education and Training by Professor Ogawa of Yokohama National University
August	Recorder seminar (Hanoi)
September	Recorder club activities started in 10 elementary, secondary schools in Hanoi
December	Teacher training class for practicing music teachers by Professor Ogawa of Yokohama National University
April 2017	Recorder seminar for college students training to become teachers (Ho Chi Minh City)
May	Yamaha Recorder Festival held in cooperation with the Embassy of Japan in Vietnam (about 200 students from 10 schools participated)
	Recorder seminar (Hanoi/Da-Nang)

Comments

Enhancing Children's Talents for Future National Culture Development

In Vietnam, the quality of equipment and instructors greatly differ depending on the region or school, and I was aware of the problem that musical instrument classes were not included in the "Course of Study." Instrumental music education not only

improves children's abilities, but also gives them a chance to learn from different cultures. I have positive expectations for the improvement of music education in Vietnam and the further development of our national culture.



Le Anh Tuan

Music education director,
Vietnam National Institute of
Educational Science

A Learning Program Giving Equal Chances to Children

The recorder is easy to carry, making it easy to handle even for young children, and can be played in ensemble with many people. Therefore, this instrument is suitable for Vietnamese schools which have large number

of students in one class. I think Japanese style education, which gives the same experience to all of children, is a great system because it provides all of the children with equal opportunities for growth.



Can Thi Ngoc Bich

Principal,
Thanh Cong A Primary School

Enhancing Concentration and Sense of Unity through Playing Instruments

The children not only developed a better sense of rhythm by playing musical instruments, but also gained concentration through listening to each other's sounds when playing the recorder in ensemble. As a

result, a sense of class unity was built up and improved the class's teamwork. I am filled with happiness when I see fulfillment reflected on the children's faces.



Phung Ngoc Ha

Music teacher,
The Brendon Primary School



Classmates sing their grade song composed by using VOCALOID for Education. (Iinoya Elementary School, Hamamatsu city)

Propose Active Learning by Utilizing ICT (Information and Communication Technology) Tools

In line with the government's policy to promote ICT-based education, much effort is being exerted to introduce ICT in schools. The learning environment has changed significantly and we anticipate the demand for educational software, such as digital learning tools, will continue to increase. Accordingly, Yamaha has been developing a music education solution, Smart Education System (SES) which utilizes ICT. We propose a new solution for the field of education which primarily focuses on sound and music.

SES URL: <http://ses.yamaha.com> (Only available in Japanese)

Point of value creation

Children growth support

Support in learning environments



Overview

Smart Education System Achieving Enriched Learning

ICT-based advanced technologies instill both teachers and learners with a sense of excitement, and contain elements that enrich education. As such, ICT is expected to have a positive impact on children insofar as cultivating creative and cognitive processes and developing proactive learning for finding/solving problems. The Japanese government announced a new education policy as a part of its Japan Revitalization Strategy 2016, which was approved in a cabinet meeting in June 2016. This policy calls for obtainment of devices for each child as well as the establishment of classes leveraging ICT by 2020.

Effective Solutions for the Learning Environment, Smart Education System

Since 2014, Yamaha has been devising its own original ICT music educational solutions effective in learning environments. We held demonstrative classes at 20 Japanese elementary/junior high schools based on our accumulated know-how and technologies. We developed SES to solve concerns teachers have through discussion.

Following this, in February 2017, we began providing SES as a new business, and released digital music learning tools such as VOCALOID for Education, Guitar Class and Koto (a traditional Japanese musical instrument) Class as our initial products.

Digital Learning Tools to Enhance the Appeal of Music Education

VOCALOID for Education is a learning tool optimized by VOCALOID™, Yamaha's singing synthesis software, for use in music classes at schools. With this tool, children can input any lyrics or melody that come to their minds into devices such as PCs or tablets and then enjoy creating music, with consideration to notes, rhythm and harmony. As music creation develops both creativity and logical thinking, we believe that our solution would educate children with effective skills for "computational thinking education" which is scheduled to be implemented as compulsory classes at elementary schools in 2020. Therefore, Yamaha will continue to holding demonstrative lessons.

Guitar Class and Koto Class are the learning tools for instrument learning based on video and various lessons. Rich instruction and sample play videos by specialists are included, and students can learn to play by visually confirming key points using functions to adjust playback tempo or angle.



VOCALOID for Education (left) Guitar Class (middle), Koto Class (right)

Point 1 Helping Children Grow

Developing Creativity by Active Learning

One of the features of VOCALOID for Education is the visualization of melodies on screen. Users can try various melodies by intuitive operation to create music and learn about scale and score through this process. This task stimulates children's curiosity and encourages self-initiative, in other words, encourages active learning. It is an optimum platform for collaborative learning among children as well.

By repeating demonstrative classes, we discovered

that even children who are not so good at music could still learn and gain understanding, easily by arranging notes at will, and that children are motivated once they gain an understanding of this. Yamaha provides comprehensive solutions including more musical instruments and network equipment, and would like to support new forms of music education based on the innate power of music and active learning.

Trial Example

Creation of a Grade Song Using VOCALOID for Education – Iinoya Elementary School, Hamamatsu city –

In December 2016, a project to create grade songs was launched at Iinoya Elementary School in Hamamatsu city. This was triggered by 5th grade students. The students found a newspaper article about another school that created a song for their class using VOCALOID for Education, and asked their teacher saying, "We want to do it too." The students' inspiration made the teachers decide to start trial lessons.

Students learned the basics of music creation through "VOCALOID for Education," and were challenged to create an original song for 5 months. The children sang the song for their teachers at the end-of-school-year closing ceremony in March as a gesture of their appreciation.



Students creating a song
(5th grade, Iinoya Elementary School)

Comments

We Used Digital Learning Tools Effectively

We value our students' self-initiative. In this case, we thought the students' request to create a song by themselves was a good opportunity for them to mature, so we decided to provide the challenge.

Digital learning tools have technologies that cannot be taught using a stick of chalk and

a blackboard. On the other hand, we have something that we want to teach in our own words on a meaningful level. By combining the benefits of these two methods, we wish to continue developing lessons which students can learn while enjoying the classes.



Keigo Takabayashi

Teacher

Iinoya Elementary School, Hamamatsu City (at that time)

Learning Something Unobtainable from a Textbook

Creating music is the ideal opportunity for children to learn about important social matters such as communication with their peers. In music lessons also, they grasp a sense of the chord and structure of music naturally through music creation, and I believe this project produced a great achievement that cannot be obtained through textbooks.

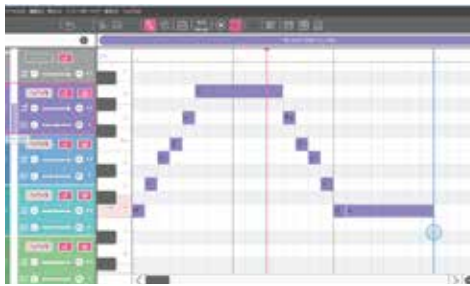
Also, creating a song by using VOCALOID for Education was so simple that students not naturally adept at music could participate too. The song was created by everyone, so they have a very strong sense of the song as "our song." I hope they will continue to sing and treasure this song.



Shoko Ikuma

Teacher

Iinoya Elementary School, Hamamatsu City (at that time)



Creating music with VOCALOID for Education



Practicing in Koto Class

Point 2 Teacher Support

Balancing Fulfillment of Lessons and Teacher Workload Reduction

The curriculum guideline specified by MEXT requires for one or more Japanese musical instruments in the three years of secondary school so that students may experience the good points of Japanese traditional music culture. Koto Class is a digital learning tool focusing on “koto,” one of the Japanese musical instruments most used in classrooms.

When we started development of musical instrument learning tools, we pursued the learning affect and workload reduction of teachers as well. The accompanying “Lesson model pack” provides teachers,

with a way of conducting lessons and considering teaching based on the curriculum guideline. Basic knowledge required for performing can be learned via video, so teachers teaching koto for the first time can give lessons without problem.

In this way, streamlining of fulfilling lessons using ICT allows teachers more time for one-on-one lessons or student care instead of lesson preparation. Yamaha will support fulfillment of school education multilaterally through the development of such learning tools.

Comment

Both Students and Teachers Improve Their Knowledge and Skills

To convey Japanese traditional music culture and aesthetics to students, I chose the koto. Yamaha Koto Class instructs with videos as well as illustrations. Students can learn using their visual and auditory senses, therefore their skills can be effectively improved. In addition, even a teacher who cannot play koto

can give lessons. This is a huge advantage. The process of listening to sample play, practicing, solving any issues that arise and polishing their skill is very effective, not to mention useful for teachers to improve their skill.



Miho Yamashita

Teacher

Hamamatsu Junior High School, Faculty of Education Shizuoka University

Create New Art Expression through Technologies Which Accommodate People's Needs

In our long history, Yamaha has endeavored on a day-to-day basis to accumulate research on how we can best deliver the joys of sound and music to people all over the world, and we have been developing our own technologies to this end. By proposing Yamaha's new value, the opportunity for anyone and everyone to enjoy music, we provide many people the happiness of playing music. As a part of this, in terms of universal design, Yamaha proposes to develop content and infrastructures that enable more people to experience music. As a participant of the Center of Innovation (COI), Tokyo University of the Arts since 2015, we have cooperated with their COI Program which aims at foreseeing and resolving future social issues with our technologies.

Point of value creation

Universal design

Succession and development of music culture

Overview

Pursuing New Potential of Art by Business-Academia Collaboration

COI STREAM* was launched by Ministry of Education, Culture, Sports, Science and Technology, Japan (MEXT) and Japan Science and Technology Agency (JST) in fiscal 2014. Holding a vision for the ideal future society and lifestyle, this project aims to identify innovative research and development issues with a 10-year outlook. Upon doing this, the COI STREAM removes barriers of existing fields and organizational walls in order to promote practical applications from the fundamental research level. The COI STREAM intends to provide a business-academia collaboration platform to create innovation that could not be achieved independently as either a company or a university.

One of the sites that promotes this program is the Center of Innovation, Tokyo University of the Arts where Yamaha is a participant. This center attempts to establish a society filled with not only material richness but also spiritual happiness, and to develop abundant

cultural contents for the next generation's infrastructure by introducing "research to cultivate culture" themed on "Synesthetic innovation using art and science technologies that create emotion," and "research to foster the human spirit" to realize a society where all people live in harmony."

In this center, an event called the Geidai Arts Special-Disability & Arts is held annually to provide a space to enjoy art and music regardless of disability as well as seek the potential of art in the context of modern society. Yamaha has worked with this event since 2015 and supported people who have disabilities resulting in hand, foot or hearing difficulties to express their music performance better by leveraging our own technologies. Moreover, we're working to create an innovation using AI by maximizing this event as an opportunity.

*COI STREAM: Center of Innovation Science and Technology based Radical Innovation and Entrepreneurship Program

Point 1 Universal Design

Supporting Music Expression of People with Disability

Automatic Support of Hand and Foot Operation along with the Performance

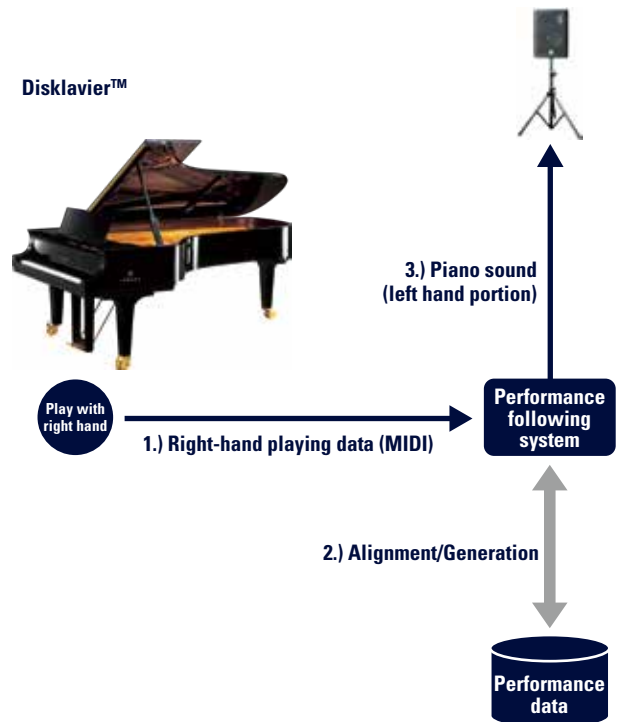
Geidai Arts Special 2015—Disability & Arts was held in December 2015. At the concert held during this event, a performance support system developed with Yamaha as the core developer assisted a piano performance by students of a special support school with hand or foot disability, and received a high level of attention.

This system combines Disklavier™*¹, an auto playback function piano, with following performance technologies*². It supports performance by automatically adding the music of the left-hand portion with the music of Disklavier played by the right hand. The system enables players with hand or foot disabilities to play piano by themselves more freely. Supporting people by machine expands the possibility of music expression and helps to make the dream of a high school student to play their favorite song come true.

*¹ Yamaha acoustic piano with automatic performance function that correctly records the performance information and replay.

*² Technologies to analyze the performance in real time and identify the playing part on the score. It is possible to automatically play accompaniment along with the performance, flipping score, and synchronize images.

■ Image of the performance support system



Nocturne of Chopin presented using the performance support system



A concert attracting much attention

Visualizing Drum Performance Loudness

At the concert in Geidai Arts Special 2016—Disability & Arts, elementary school students who have hearing difficulties were challenged to play drum. Yamaha Corporation, Tokyo University of the Arts COI and Special Needs Education School for the Deaf, University of Tsukuba developed a performance support system for students who have difficulty perceiving the volume of drum.

This system detects drum volume and shows loudness along with the score on iPad in real time, so students can play the drum while monitoring the volume on the iPad screen. When they played with Geidai Philharmonia Orchestra, they produced wonderful music by beating pianissimo to fortissimo correctly.

■ Performance support system that visualizes loudness

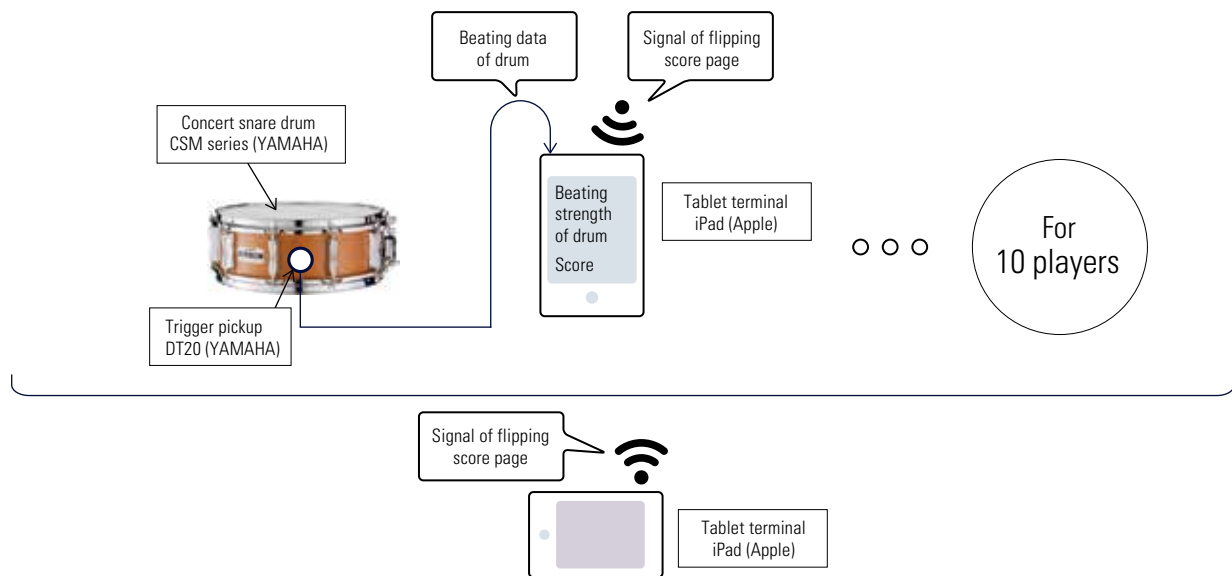


Photo (left): Students of Special Needs Education School for the Deaf, University of Tsukuba played with the Orchestra. (right): Concert snare drum and performance support system. Photo: Taira Tairadate, Tokyo University of the Arts

The Children's Ability Was Drawn Out

By being able to rehearse many times for the performance, the orchestra and the students could play ensemble in perfect order at the concert. The children's learning ability was

incredible, and I think it was made possible by the performance support system as this enabled the children to recognize their own sound visually.



Oko Arai

Project Associate Professor of the "Research on disabilities and expressions" group
The Center of Innovation, Tokyo University of the Arts

They Shared a "Common Language"

When I listened to perfectly synchronized sounds and precise pianissimo, I was touched beyond words. Thanks to the performance support system, the students

were able to play expressive music and all of the performers shared a "common language." Our goal was achieved.



Yukiyo Takahashi

Project Researcher of the "Research on Disabilities and Expressions" group
The Center of Innovation, Tokyo University of the Arts

It Led to Autonomous Learning

Thanks to the developed system, the students were able to recognize the strength of their own beating sound, and it led to independent learning. Likewise, it allowed

them to see the sound volume objectively by comparing the volume produced by their friends around them.



Kayoko Yamamoto

Music teacher of Special Needs Education School for the Deaf
University of Tsukuba

Point 2 Succession and Development of Music Culture

Challenging to New Music Expression by Using AI

Inspired by the Geidai Arts Special, Yamaha Corporation supports the COI Programme at the Tokyo University of the Arts by tackling with various needs through technology.

One example is an achievement of music expression that transcends space and time. To accomplish this, we developed "AI Ensemble Technology" that can understand the music played by human and play automatically along with the performance. By combining this system with Disklavier™, we enabled a music ensemble performance featuring the Scharoun Ensemble of the Berliner Philharmoniker and a recuperated performance of the late Sviatoslav Richter, a legendary pianist of the 20th century.

Moving forward, Yamaha will explore new possibilities with our technologies and products through further research, development, and technical cooperation with other organizations, and we will contribute to the creation and preservation musical culture for the future.

■ AI Ensemble Technology developed by Yamaha



Joint concert with Scharoun Ensemble of the Berliner Philharmoniker

Organizational Governance

To build trust with its stakeholders, the Yamaha Group is conducting sound and highly transparent management by reinforcing its corporate governance system, promoting compliance and risk assessment, and appropriately disclosing information.

Transition to a Company with Three Committees (Nominating, Audit, and Compensation)

Yamaha Corporation made the transition to a Company with Three Committees (Nominating, Audit, and Compensation) from June 22, 2017, with the objectives of making a clear separation between the oversight and the execution in management, thereby enhancing the oversight function of the Board of the Directors and speeding up the execution of business.

Regarding the composition of the Board of Directors, the Company has appointed a Board with two thirds (2/3) of the members from outside with a diversity of backgrounds and specialties, including persons with management experience in other industries. Also, by forming a Nominating Committee, Audit Committee, and Compensation Committee with a majority of Outside Directors, as obligated by law, the Company can execute its oversight function

with transparency and objectivity.

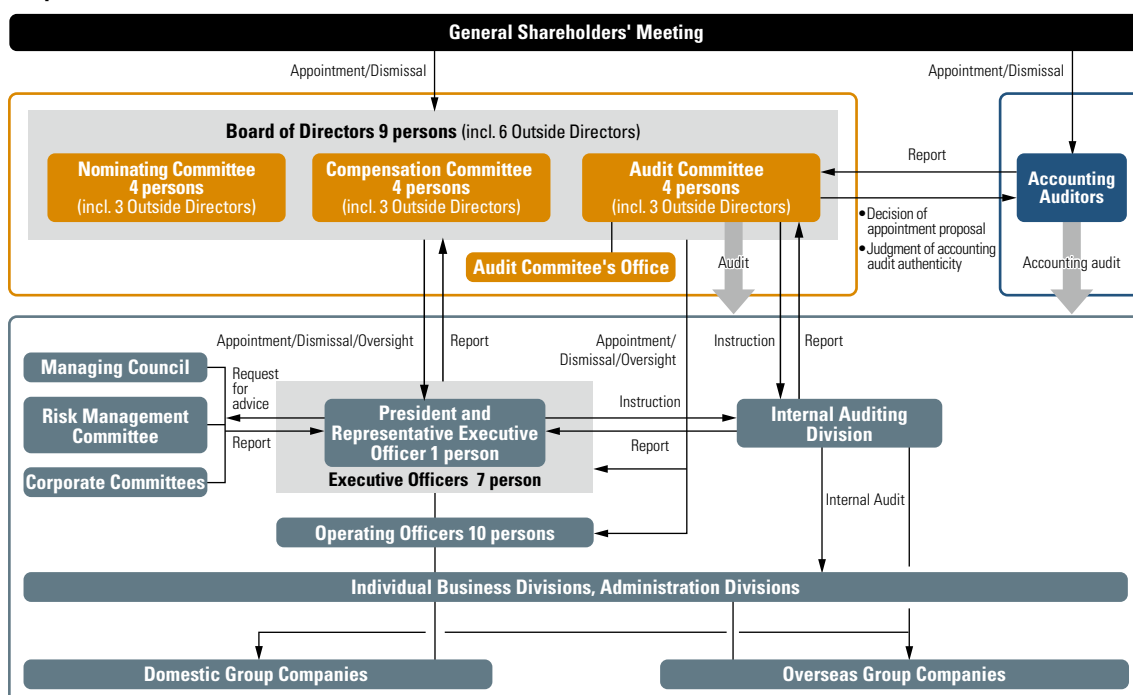
The Audit Committee, which replaces the Board of Corporate Auditors, will strengthen the oversight function through audit by implementing validity checks in addition to conventional legal checks, in cooperation with the Internal Audit Division.

Also, as an official function under the Companies Act, the Executive Officer position has been newly established. Persons in this role bear direct responsibility to shareholders and are delegated major authority from the Board of Directors.

By having the Executive Officers functioning as important decision-makers in the execution of business, the Company aims to speed up the execution of business.

By implementing the abovementioned measures to strengthen the oversight functions and speed up the execution, the Company endeavors to further strengthen corporate governance and increase corporate value on a sustainable basis.

Corporate Governance Structure (as of June 23, 2017)



Advancement of Risk Management

The Yamaha Group strives to develop a risk management system and mechanism to improve our capability to respond to risk. To accomplish this, we established a Risk Management Committee as an advisory body to the President and Representative Executive Officer. This committee deliberates on matters related to risk management from a company-wide standpoint and reports its findings to the President and Representative Executive Officer. Within this committee we also established the following working groups such as the working groups for the business continuity plan (BCP) and disaster countermeasures, internal control, compliance, export screening, and information security have been established to address companywide important issues.

In fiscal 2017, we implemented a review of our risk management capabilities. We re-organized risk categories, definitions and scenarios to ensure complete coverage, and set the plan-do-check-act (PDCA) cycle of the activities based on a risk map. Moving forward, we will put the PDCA cycle on track, as well as systematize and sophisticate risk management activities.

Implementation of Disaster Management Headquarters Training

In our effort to improve the working capability of the Yamaha Group BCP, we implemented "The First Disaster Management Headquarters Training" at Yamaha headquarters on November 2016. Overall, 47 members of the BCP/Disaster Management Group and BCP Special Group participated. We set a goal of collecting and summarizing all damage to enable a recovery plan within 24 hours assuming an earthquake with an intensity over a lower 6 striking during business hours.

We verified that the actions were done according to the action guide and the instructions were appropriate. We will resolve problems and issues discovered through this training, and be ready for any disaster.



Disaster Management Training at Yamaha Headquarters

Revision of Compliance Code of Conduct

The Yamaha Group formulated the Compliance Code of Conduct in 2003 as the code of conduct for each company and individual employees. Since then, we have made revisions according to the changes in environment and social circumstances and developed individual language versions, promoting dissemination of the Compliance Code of Conduct.

In fiscal 2017, we unified our terminology and expressions to reflect the change to our Corporate Philosophy and group policies and, where appropriate, revised our expressions associated with Japanese laws to globally-accepted expressions.

Also, to confirm and improve compliance within the Yamaha Group, we sent a questionnaire to each department of Yamaha Corporation and Group companies on a regular basis. Moreover, we collected information regarding the implementation status of our compliance promotion system, and our communication and education methods regarding our Code of Conduct through a questionnaire in May, 2016.

Proactive IR Activities

Yamaha makes effort to communicate with stockholders and investors in both Japan and overseas through regular events such as result briefings, and other events including business briefings for securities analysts/institutional investors, factory/facility tours, and explanatory meetings for private investors. The opinions and information gathered through dialogue with our stockholders and investors are shared internally among related departments, and these findings are reflected in our IR activities and execution of management. In fiscal 2017, for instance, we held an explanatory meeting for private investors at Otemachi, Tokyo in September, and informed participants of the Yamaha Group business summary, business performance and recent topics.



An explanatory meeting for private investors



A more detailed report on a wider range of topics is given on the Yamaha website.

<https://www.yamaha.com/en/csr/governance/>

Human Rights and Labor Practices

Aiming to realize a society where all people are valued and dignity is preserved, the Yamaha Group endeavors to prevent violation of human rights by appropriately responding to the impact and risk that our own activities may have on human rights.

While respecting the diversity of our human resources, we endeavor to create a workplace environment that enables employees to leverage their creativity.



Strategic CSR Themes

- Systematic initiatives for the respect of human rights (evaluating the influence of our business activities on human rights, etc.)
- Promotion of diversity and human resources development (promotion of the active role of female workers, cultivation of global human resources, etc.)

Respect for Human Rights



The Yamaha Group strives to comply with the human rights and labor principles of the United Nations Global Compact, and as such states in its Compliance Code of Conduct respect for basic human rights, prohibition of discrimination, prohibition of forced and child labor, and executes its business activities accordingly.

In order to identify human rights impacts resulting from our activities and respond appropriately, along with communicating with stakeholders, we also engage in establishing and operating help lines, and providing human rights education.

In fiscal 2017, we reviewed our activities and conducted a gap analysis by checking those activities against principles related to human rights such as "Guiding Principles on Business and Human Rights." Moving forward, we will rebuild the policies and systems to evaluate the impact on human rights so that we can incorporate these concerns into our business processes more systematically.

Main Initiatives for Respect of Human Rights

Employee's human rights

- Hiring without discrimination
- Establishment of good employer-employee relationship
- Prevention of harassment or unfair discrimination

Consideration of human rights in the supply chain

Prohibition of forced/child labor

Organize and operate help line

Human rights education

Certified as Health and Productivity 2017 (White 500)

The Yamaha Group believes that one of the most important management issues is ensuring the health and safety of our employees. We have established a system aimed at creating a satisfactory occupational environment, and have a variety of health maintenance and improvement measures including in regular health check-ups.

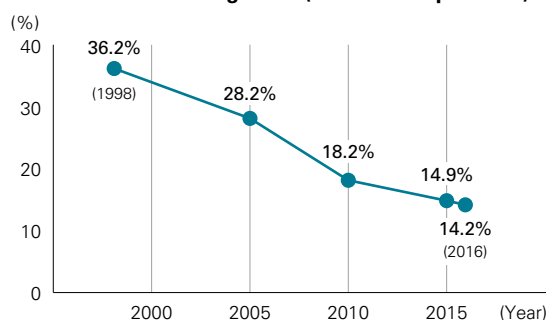
In February 2017, Yamaha Corporation was certified under the Health and Productivity (White 500) certification system hosted by the Ministry of Economy, Trade and Industry/Japan Health Conference.

This system certifies those companies that consider employee health management in its management and work strategically to achieve it. In the "Large Company Section" categorized by Yamaha, 500 companies will be selected by 2020.

Yamaha was evaluated on its measures for reducing long working hours and efforts at the promotion of work-life balance in addition to the regular health check, mental health and measures to prevent passive smoking.



Transition of Smoking Ratio (Yamaha Corporation)



Development of Global Personnel



The Yamaha Group appoints local personnel from each base around the world to important posts within the Group and exerts efforts to develop personnel who can play a strong role at a global level. In 2015, the Company established a Global HR Development Group within its Human Resources Division, and has been promoting the following 4 initiatives since:

- 1 Identifying global core human resources**
'Place the right core person in the right core position' regardless of nationality or company of origin.
- 2 Global Grading**
Promotion of personnel transfer among Group companies with Group standards.
- 3 Assessment and compensations**
Consistent evaluations based on Group-wide standards, acquiring and retention of excellent personnel
- 4 Succession Plan**
Creating succession plans for Group executive management

Re-employment System for Family Members Accompanying Expatriates and Workers Committed to Nursing Care



From fiscal 2009, Yamaha Corporation maintains a system to re-employ workers who left the company in order to accompany a spouse on an overseas assignment after returning to Japan. In fiscal 2017, the scope of this system that was limited to spouses of Yamaha Corporation employees, was expanded to all Yamaha Group employees. Furthermore, spouses of employees not working for the Yamaha Group are allowed to be re-employed within 5 years of their retirement.

We also introduced a system that allows an employee to be rehired if they retired to provide nursing care for a family member. In such cases, the valid re-employment period is within 5 years of the said retirement.

Introduction of New Personnel System and Assessment Training for Managers

Based on the progress of globalization and changes to management and business structures, Yamaha Corporation introduced a new personnel system in October 2016. This system expands on both fair evaluation and support for cultivation of human resources in order to utilize its diversity and encourage highly motivated employees.

To introduce the system, we held an orientation meeting to help employees understand the system, and conducted "Assessment Training" for management-level employees in charge of evaluating and instructing employees. Our intention is to communicate the plan and purpose of this system, and to produce a system that is appropriate and effective, as well as create fair working conditions and improve support for employees.

Awarded the Best Award for Improved Business Practices



The Payroll Group within the Human Resources Department of Yamaha Business Support Corporation was awarded the "Taiichi Ono/Tomoo Sugiyama Award" for its business improvement activities. This is the highest award for improvement activities offered by the Japan Management Association in fiscal 2017.

This group operates from November to December, working overtime to prepare for the Yamaha Group's annual year end adjustment. All members are challenged with improving work processes. Since 2015, documentation verification procedures have been streamlined and improved so that it is easy to divide work and manage progress. As a result, overtime work for year-end adjustment was reduced by 30% in fiscal 2016 in comparison to the previous year. This was the grounds for the award.



Members of the Payroll Group in the Human Resources Department of Yamaha Business Support Corporation



A more detailed report on a wider range of topics is given on the Yamaha website.

https://www.yamaha.com/en/csr/human_rights_and_labor_practices/

The Environment

The Yamaha Group operates the Yamaha Environment Management System based on the Yamaha Group Environmental Policy and endeavors to reduce the environmental load of our business processes, products and services by using sustainable resources, as well as develop products and technologies that contribute to the environment.



Strategic CSR Themes

- Development of products and services with a focus on social issues (environmentally friendly products, etc.)
- Lowering of greenhouse gas emissions (emission management that expands the scope of emissions throughout the entire supply chain, etc.)
- Sustainable procurement of timber (stringent verification of traceability and lawfulness, expanded use of certified timber, etc.)

Investigation of the Timber Resources Supply Chain



Because we use a variety of wood for the manufacturing of musical instruments and other product lines, the Yamaha Group took the following actions for the sustainable use of timber resources:

In the Yamaha Supplier CSR Code of Conduct established in fiscal 2015, we clearly requested our timber suppliers for compliance. Also, we rigorously confirmed sustainability and legality via a self-assessment questionnaire (SAQ), etc.

In fiscal 2016, Yamaha investigated African Blackwood (commonly known as granadilla), which is the material used for wood wind instruments, specifically regarding the amount of resources and forestry management status in the United Republic of Tanzania where the timber was being procured at that time. The investigation was conducted with the cooperation of a local NGO as a part of Japanese Forestry Agency's program "Promotion of Sustainable Forestry Management in Developing Countries." As a result, we received a number of ecological findings related to the distribution, growth and natural regeneration of African Blackwood and Yamaha also investigated the FSC-certified forest*¹ that was being operated by the local community, and confirmed the existing forest management system as well as the current status of processing and supply chain of wood.

In fiscal 2017, Yamaha began forming a business model for the African Blackwood as a sustainable instrument material, aiming for the effective utilization of existing resources and securing of sufficient future resources by systematic forest management and planting in cooperation with the Japan International Cooperation Agency (JICA)*². Currently, based on the investigation conducted in fiscal 2016, Yamaha is extracting the previous issues relating to a model for the sustainable timber procurement.

From fiscal 2018, Yamaha will conduct further forest investigations focusing on approximately 15 hectares of FSC-certified forest. Through this Yamaha aims to improve forest management techniques. In addition, an appropriate forestry system to produce

sustainable timber by local residents will be established based on investigation results. We will also conduct social economy investigation in local communities. The sustainable forest Yamaha aims for will be achieved through close collaboration with local people and our own technical support.

*¹ FSC-certified forests are believed to be guaranteed as having sustainable forestry management as certification is received after auditing by a third-party organization

*² These activities were adopted as "preparatory investigation for the sustainable timber procurement project from FSC-certified forests (cooperative promotion of BOP business)" for "corporate preparatory investigation (BOP business) (currently: investigation of problem-solving business on developing countries (SDGs business))" which is one of JICA's private cooperative businesses, (BOP Business) on August 2016.



Ecological survey



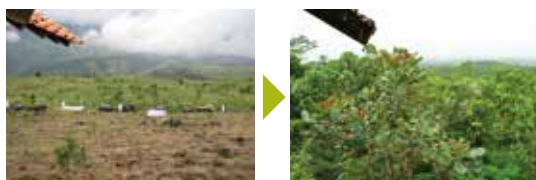
A cross-section of African Blackwood

Yamaha Forest Activities in Indonesia

Yamaha Corporation and six local Indonesian subsidiaries have carried out Yamaha Forest activities in the form of planting in Indonesia, thus contributing to the regional society.

Indonesia is a treasure trove of diverse world species. In recent years, however, the forests that produce the bounty of biodiversity have been in rapid decline. Phase 1 activities of the Yamaha Forest project begun in fiscal 2006 involved planting approximately 110,000 saplings over approximately 127 hectares of public land in Sukabumi, West Java in efforts to restore the functionality of the forest together with Yamaha Motor Group. This area is designated by the provincial government as "HUNTAN KOTA" (city forest preserve), and is managed appropriately. In Phase 2, which commenced in fiscal 2011, the project involved planting approximately 50,000 saplings over approximately 50 hectares of arid land in Ciremai National Park in Kuningan, West Java to regenerate the forest and recover the ecological system.

Afterwards, Yamaha conducted maintenance, such as cutting grass and addressing moisture retention, and transferred control of the newly grown trees to Ciremai National Park in fiscal 2017. Two of the Yamaha Forests are steadily growing and will be preserved for future generations through the management of the local government and people involved.



Start of planting (2011)

Steady growth (2017)

Evaluation of the Impact of Factory Wastewater on the Ecosystem

In 2016, Yamaha Corporation's Toyooka Factory conducted an evaluation to assess the impact of factory wastewater on the ecosystem.

At the Toyooka Factory, Yamaha Music Manufacturing Japan Corporation produces wind instruments, and detoxifies wastewater generated production processes before releasing it into waterways. In this investigation, we evaluated the effectiveness by using the WET Method*¹, and confirmed that the impact on the ecosystem is minimal.

*1 WET method: Whole Effluent Toxicity. This is the wastewater management method to evaluate whether the wastewater from factories/businesses is harmful to ecosystems by measuring the impact on the existence, growth and reproduction of aquatic organisms, such as algae, water fleas, and fish in diluted wastage.



A more detailed report on a wider range of topics is given on the Yamaha website.

<https://www.yamaha.com/en/csr/environment/>

Expand Scope of Greenhouse Gas Emission Management



Regarding measures against climate change, the Yamaha Group endeavors to reduce its greenhouse gas emissions through optimization of production methods and equipment configuration, improving air conditioning equipment operational methods, installation of equipment with high energy efficiency, and extensive energy management, including adjustments to facility operating hours and thermostat settings. The Group has also introduced cogeneration systems and fuel switching.

Emission volumes are controlled in accordance with the GHG Protocol*². The calculation and management of the whole process, including the supply chain (Scope3), began in fiscal 2017. We will continue advancing our reduction measures while improving the accuracy of GHG calculations.

*2 Standard for the calculation and reporting of greenhouse gas emissions

Yamaha Eco-Products Program Expansion of Products



The Yamaha Group launched the Yamaha Eco-Products Program in 2015. This initiative is designed to promote environmentally friendly products by Yamaha through clarifying the standard for environmental efforts.

A Yamaha Eco-Label is affixed to those products meeting our company standards, thus certifying them as Yamaha Eco-Products. Through this process, we aim to provide straightforward information on our environmental efforts and support our customers in the decision-making process when selecting a product.

As of the end of March 2017, the number of certified products exceeded 300 including existed products. Amongst these, 13 newly developed products are affixed with the Yamaha Eco-Label.



Example of certified products

AV Receiver "RX-V583"

Reason for certification: reduction of network-standby power consumption



Fair Operating Practices

The Yamaha Group is committed to fair operating practices. Based on the Yamaha Compliance Code of Conduct, Yamaha complies with the relevant laws, regulations and social norms at the same time as promoting CSR in its value chain, with one example being responsible procurement activities.



Strategic CSR Themes

- Socially responsible procurement (confirming adherence to the Yamaha Supplier CSR Code of Conduct and making requests for improvements when necessary, etc.)

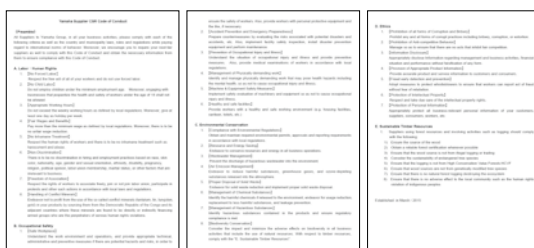
Socially Responsible Procurement



The Yamaha Group exerts efforts to promote CSR within its supply chain in cooperation with its business partners. As a part of this, in addition to informing suppliers about our procurement policies we request that suppliers comply with the CSR code of conduct (labor/human rights, occupational safety, environmental conservation, and ethics), and implement self-assessment, and make improvements when necessary.

CSR-related Requests to Suppliers

In March 2015, we established the “Yamaha Supplier CSR Code of Conduct,” which documents CSR-related requests for our suppliers, and began requesting suppliers to comply with the Code of Conduct and implement self-assessment. Also, from fiscal 2017, Yamaha clearly stipulates the Yamaha Supplier CSR Code of Conduct in every transaction agreement.



Yamaha Supplier CSR Code of Conduct

Status of Supplier CSR Self-Assessment

From fiscal 2016 to fiscal 2017 we requested Yamaha Group’s tier 1 suppliers (totalling 4,044 companies*) to conduct self-assessment. Based on responses from 3,981 companies, we requested correction in writing to 4 companies specifically in need of improvement and verified those corrections.

* The overall number is given as some suppliers may have conducted more than one self-assessment issued by multiple Yamaha sites.



Yamaha Supplier CSR Self-Assessment Questionnaire

Education for Employees in Charge of Procurement

The Yamaha Group promotes internal training for its employees in charge of procurement relating to fair trade, such as the Act against Delay in Payment of Subcontract Proceeds, etc. (Subcontract Act), and the Worker Dispatching Act, information security and protection of personal information. Also, we held orientation meetings for our employees who request suppliers to adhere to the Yamaha Supplier CSR Code of Conduct and introduce self-assessment. From fiscal 2016 to fiscal 2017, a total of 19 sites and 151 employees participated in the orientation meetings, gaining a deeper understanding of socially responsible procurement.



Socially responsible procurement orientation meetings (left: Malaysia, right: Indonesia)

Measures and Training for the Prevention of Corruption

The Yamaha Group strives to eliminate non-transparent relationships with clients, government/local government/public agencies, and to conduct fair trade as stipulated in our Compliance Code of Conduct.

In order to prevent unfair trade practices such as bribery, Yamaha Group companies, mainly overseas, take various measures, for example, making rules to regulate the implementation of training for employees and business partners, regular transfer of employees in high-risk departments, and prohibition of bribery, unfair entertainment and gift giving.

Also, we require both Japanese and overseas group companies to conduct self-checks in order to assess compliance status including prevention of corruption.

Legal Training for Fair Trade Practices

In Japan, the manufacturing industry in particular heavily relies upon subcontracting and, as such, fair trade is an important topic. Every year, the Yamaha Group conducts training on laws and regulations including the Subcontractors Act, the Antimonopoly Act and consumer laws. In fiscal 2017, a total of approx. 220 employees from domestic group companies participated in the Antimonopoly Act and the Subcontractors Act training programs. In addition to this legal training was held for Yamaha Music Entertainment Holdings Inc., whose main business is software, which differs from the manufacturing industry. Moreover, within a personnel development program suited to career stages, we disseminate knowledge regarding compliance points specifically relating to fair trade.

In Europe, we prevent unfair trade practices such as resale price fixing among retailers by stipulating this clearly in business agreements and educating employees.



Legal training

Lecture Presentation “Music Copyright from the Eyes of a Copyright Holder/Performer”

Yamaha Group endeavors to manage and use the intellectual property of music copyrights properly. Education and training on the proper use of copyright works are also provided to employees. In addition to holding annual copyright seminars, we invite experts from various industries relating to copyrights, to give lectures once a year. In fiscal 2017, Yamaha invited Mr. Minoru Mukaiya, a regular member of the Japanese Society for Rights of Authors, Composers and Publishers (JASRAC), and a composer, player and music producer, to give a lecture.

In his lecture entitled “Music Copyright from the Eyes of the Copyright Holder/Performer,” Mr. Mukaiya introduced various experiences in music production sites. A lively Q&A session followed.



Copyright lecture by Mr. Mukaiya

High Appraisal for Intellectual Property Activities

In January 2017, Yamaha Corporation was selected as one of the “2016 Top 100 Global Innovators” by Clarivate Analytics, based on the high appraisal of its intellectual property activities in Japan and overseas. Having also received this honor in 2011, 2014 and 2015, this year’s achievement took the total to four, as well as being the third consecutive year to be honored with this recognition.

In 2016, Yamaha received high evaluations for “globalization” in its patent activities, which was the key point that led to the selection.

Going forward, Yamaha will continue pursuing necessary measures to protect its business through accumulating its stock of global intellectual assets, including patents.



A more detailed report on a wider range of topics is given on the Yamaha website.

https://www.yamaha.com/en/csr/fair_practices/

Consumer Issues

With customers' security as our top priority, and in order to meet customer expectations, the Yamaha Group strives to ensure the management of high-quality/safe products and services, and the appropriate disclosure of information.

In addition, we propose products and services for solving social issues, including the introduction of universal design.



Strategic CSR Themes

- Development of products and services with a focus on social issues (universal design, application of sound technologies, etc.)

OMOTENASHI GUIDE—A Sound Support System Implementing



Since 2015, Yamaha Corporation has performed verification tests of the OMOTENASHI GUIDE—a service supporting the creation of an extremely convenient multi-language voice and character guide frequently used at businesses, public facilities, and tourist facilities that have inbound tourism promotion and barrier-free initiatives.

It is important to effectively transmit Japanese announcements in multiple languages due to the growing number of foreign tourists coming to Japan. It is also necessary to convey verbal information in an easy-to-understand format that enables the realization of a society where senior citizens with hearing disabilities and the hearing-impaired can live comfortably. With the OMOTENASHI GUIDE, people can receive text translations of Japanese announcements in their native language after downloading and installing the application on their smartphone or tablet. This

enables easy communication of the appropriate information in Japanese announcements to foreigners who do not understand Japanese, the elderly, and those who have hearing disabilities.

In December 2016, the Yamaha Group's OMOTENASHI GUIDE was awarded Gold Title for the "IAUD Award 2016^{*1}" by the International Association for Universal Design (IAUD), and "Award of Minister of State for Special Missions" in "Barrier Free Universal Design Promotion Honor in 2016" by the Cabinet Office. This is the first time that the Yamaha Group has been awarded these two prizes.

Yamaha will pursue the "universal design of sound" though spreading OMOTENASHI GUIDE.

^{*1} Honor awarded to an association or individual that executes or proposes remarkable activities for realizing the Universal Design (UD) society where many people can live in comfort and ease without feeling inconvenience in their life because of a difference in ethnic group, culture, custom, country, gender, age, or skill.

^{*2} Honor awarded to an individual or association that particularly promotes barrier-free universal design recommended/elected by Relevant Ministries and Agencies, Prefectural government and designated city. This is executed for spreading excellent initiatives.

See here for the latest information on OMOTENASHI GUIDE.
<http://omotenashiguide.jp/en/>



"OMOTENASHI GUIDE" image



Constructing an After-sales Service Management System

The Yamaha Group has created an After-sales Service Management System and is working to continually improve the quality of our customer response and support based on the slogan "ONE YAMAHA."

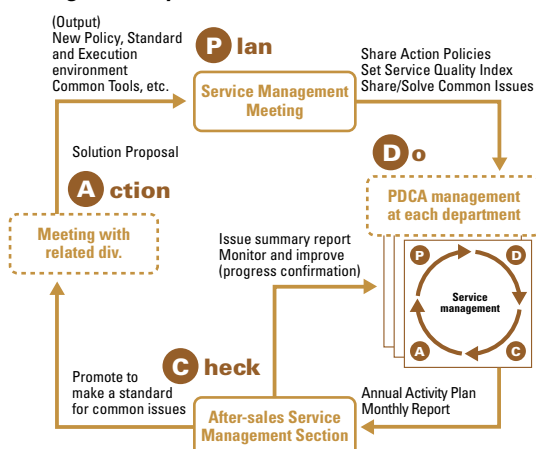
The Yamaha Group policy is shared at the annual Service Management Meeting and each sales company and manufacturing company with a service parts center in Japan and overseas set target values for improving After-sales Service quality. Each Group company conducts activities according to its plans, and Yamaha Corporation's Quality Assurance Division monitors their progress. In this way, the entire Yamaha Group works to make improvements to continuously enhance response to customers and customer support.

After-sales Service representatives from 22 Japanese and overseas companies participated in fiscal 2017's Service Management Meeting, and discussed a management program related to After-sales Service.



Service Management Meeting

Yamaha Group After-sales Service Management System



Initiatives for Customer Information Management

The Yamaha Group promotes the information security management of personal information at a practical level based on an "IT Management Policy" specifying IT management of personal information. In fiscal 2017, we endeavored to improve security by providing an auto-encryption feature for the storage of personal information.

Meanwhile, an incident arose in fiscal 2017 concerning a loss of a laptop computer which stored customer information. Yamaha directly reported the loss and apologized to approximately 370 affected customers. We also disclosed the event on our website. We have been unable to confirm the specific problems experienced by customers as a result. To prevent recurrence, we promoted employee awareness of the problem, and ensured PC encryption measures were taken.

Development of Wearable Sensors Applicable for Welfare and Medical Fields



Yamaha has developed rubber-like stretchable thin strain sensors that detect displacement by sensing changes in electric resistance. In the sensor, novel carbon nanotubes are aligned unidirectionally and sandwiched between elastomer layers.

The sensor can be incorporated to textile or clothing and can detect subtle motions of the human body surface movements that were previously difficult to measure by human eyes or camera. This "textile-based wearable sensor system" is used for real time human motion detection. So, we expect it to be applied in various fields ranging from Medical, welfare, game and entertainment.

In fiscal 2017, we developed prototype "Data Gloves" that are easier to wear due to the



Poster of "textile-based wearable sensor system"

incorporation of sensors along the finger joints on a surface of thin compression fabric gloves. We are also developing a Fiber-type Strain Sensor that is like string and can be sewn on cloth. We are targeting the practical use within fiscal 2019.



A more detailed report on a wider range of topics is given on the Yamaha website.

<https://www.yamaha.com/en/csr/consumer/>

Community Involvement and Development

The Yamaha Group pursues a diverse range of activities to promote and encourage the culture of music throughout the world.

We continue to focus on efforts that contribute to communities where we have bases in Japan and overseas. We provide support that helps to foster future generations, participate in donation drives and social welfare activities.



Strategic CSR Themes

- Development of regional community-based business and social contribution activities (resolution of regional issues through music, contribution to the development of regional communities, etc.)
- Development of products and services with a focus on social issues

Supporting Youth Development in Central and South America



In many countries in Central and South America, crime and poverty as well as social inequality are serious social problems. In order to enable the children in such environments to grow up with a healthy spirit instead of leaning towards crime, delinquency or violence, music education activities are provided free of charge as a country policy, including forming regional youth orchestras and band groups. In Latin America, Yamaha's local subsidiary companies have been providing support to these activities.

However, in promoting these activities, some issues of lack of maintenance for many musical instruments and technicians to repair damaged instruments have arisen.

Therefore, in cooperation with each subsidiary in fiscal 2015, Yamaha Corporation began a new project to teach maintenance of musical instruments as well as to train repair technicians. We contribute to further development of music education and culture, and to solving social issues, by providing techniques for, and knowledge of musical instruments to many people.

Cooperating with "El Sistema"

Yamaha Music Latin America S.A. (YMLA) has been supporting El Sistema, a music education project promoted by the Venezuelan government, for over 15 years. El Sistema is a delinquency prevention and poverty eradication system to stabilize society by promoting music activities for children and securing jobs for them in the future. YMLA provides musical instruments to this project, and also dispatch band instrument experts from Japan and Europe and hold seminars on maintenance and repair.

Supporting the Activities of "Cauca Wind Orchestra"

YMLA established the Cauca Wind Orchestra (OCV) in cooperation with a foundation (Polifonia Foundation) and an agency in Colombia (Incolmotos S.A.), and supports its activities. Cauca, Colombia is an unsettled region known for cocaine smuggling and frequent bombings, terrorism and kidnappings. The aim of the Orchestra's activities is to change the lives and minds of children through music.

Activity of "Sopro Novo"

Yamaha Musical do Brasil Ltda. (YMDB) formed the volunteer organization Sopro Novo in 2005. This organization holds seminars all over the country to train music teachers and popularize recorder music. In Brazil, music content is mandatory in public schools, but not as a discipline. This means that there is no regular music education in the country and the activity of Sopro Novo is a precious opportunity offering many people, from children to adults, their first music learning experience. In 2017, we plan to establish the non-profit organization Fundação Sopro Novo Yamaha, and launch activities to introduce music education to public schools.



Children with El Sistema founder José Antonio Abreu
Courtesy of FUNDAMUSICAL



Cauca Wind Orchestra



Sopro Novo

Creating Community through Music

Yamaha Music Japan Co., Ltd. developed the "Oto-Machi Project for Creating Musical Towns." Oto-Machi Project aims to revitalize the community and helps create shared value of companies and society by harnessing "the power of music to connect people." To solve the issues faced by communities and companies, Yamaha proposes and supports citizen participatory projects, events, and programs for community planning with music as a tool by using Oto-Machi Project mechanism. Yamaha aims to create sustainable, independent communities. The Oto-Machi Project promotes a new-style of social contribution project which supports early stages of community planning through building a scheme to provide the place and time for local people to participate freely and continue these activities.



"Kashiwa facilitator training lecture"

Piano Placement in National Railway Stations in France

Yamaha Music Europe GmbH, France has placed pianos at more than 100 premises in major French National Railway stations since 2015. Yamaha proposed this idea to France's National Railway, the SNCF (Société Nationale des Chemins de Fer Français), as they realized that this would allow many people to freely experience playing the piano. Several million people utilize the National Railway each day. Following this initiative we have received many positive comments about the joy discovered by playing the piano or listening to the music.

Along with placing pianos, we also established a video contest where users record their music then upload it to social media and get a chance to show their performance to viewers all over the world.

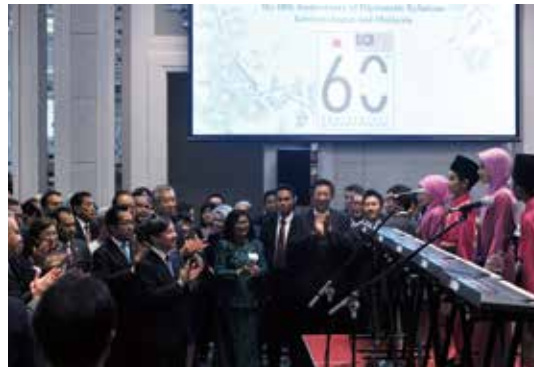


Piano attracting people

MusicTime Adopted to School Education In Malaysia

Yamaha supports musical instrument education within schools in developing countries through a "Music Time" program (→p.12). In Malaysia, this Music Time program has been ongoing since February 2015. The program was introduced with the approval of the Ministry of Education's Co-Curriculum Division as a co-curriculum activity in public elementary schools. In Malaysia, Music Time has been introduced at more than 100 public schools (as of end of March 2017), and is continuing to expand by this certification. We expect to develop it to all over Malaysia.

In April 2017, children who participated in the Music Time program played the keyboard in front of the Japanese Crown Prince in the 60th Anniversary of Diplomatic Relations between Japan and Malaysia celebration ceremony (sponsored by the Embassy of Japan in Malaysia). In the future Yamaha will continue to support children's education through music.



Play keyboard in front of Crown Prince
Photo: BERNAMA



Children play music
Photo: Embassy of Japan in Malaysia



A more detailed report on a wider range of topics is given on the Yamaha website.

<https://www.yamaha.com/en/csr/community/>

Editorial Policy

The Yamaha Group began issuing an annual CSR Report to communicate its CSR vision and initiatives to the Group's broad stakeholder base. Since we first published the report, we have worked to prioritize information that is of greater interest and crucial based on our ongoing communication with stakeholders. We have introduced a booklet report (digest edition) to present key points more concisely. We also publish detailed information (full report) on our website that includes the contents of the booklet report and various other data.

To enhance transparency and make the report as easy to understand as possible, in 2014, we reorganized it to reflect ISO 26000, which provides guidance for social responsibility. In preparing the report, we referenced ISO 26000 and "Environmental Reporting Guidelines (2012 Version)" of the Ministry of the Environment, Japan.

Organizations Included in the Scope of Reporting

In principle, the Yamaha CSR Report comprises Yamaha Group companies (Yamaha Corporation and its 66 consolidated subsidiaries in Japan and overseas). Certain sections of the report, however, such as those containing detailed numerical data, have specific targets.

Reporting Period

April 1, 2016 to March 31, 2017

* The above period is referred to as fiscal 2017 in this report. In the English version, the fiscal year written is based on the year ending March 31.

* Certain initiatives underway prior to March 2016 and information from April 2017 onward are also included in this report.

Date of Issue

Report Published: September 28, 2017

Previous Report Published: September 9, 2016

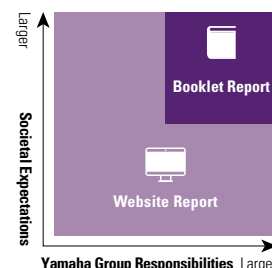
Next Report to Be Published: September 2018

For Information Regarding the CSR Report

CSR Group
General Administration Division
Yamaha Corporation
10-1 Nakazawa-cho, Naka-ku, Hamamatsu-shi,
Shizuoka 430-8650, Japan
URL: <https://www.yamaha.com/en/csr/>

Regarding Report Media

Since publishing the first report, we have given priority to information that, based on ongoing dialogue with stakeholders, is of the greatest interest to them. Starting in 2009, we have taken a two-pronged approach, posting detailed information and a variety of data on the Yamaha website (full report) and presenting key points more concisely in a booklet report (digest edition) to make content easier to read and understand.



CSR Report (digest edition)

This report outlines the Yamaha Group's approach to CSR and CSR activities considered top priority. The 2017 edition presents an overall review of our CSR activities, highlighting those in which we have made notable progress over the last fiscal year.



CSR website (full report)

<https://www.yamaha.com/en/csr/>

The Yamaha website features the full CSR Report, which presents a wide range of topics in detail, as well as the content of the booklet. This report contains Standard Disclosures from the Global Reporting Initiative (GRI)

Sustainability Reporting Guidelines (v. 4.0).



Third-party Opinion

Yamaha Group attempts to respond to each CSR issue on a global scale. To achieve further improvement in the future, we obtained a third-party opinion on Yamaha's CSR initiatives and report from Mr. Hidemi Tomita. The Yamaha Group accepts his opinions and concerns with sincerity, and will contribute to the creation of a sustainable society through business activities that originate in sound and music for the future.



Hidemi Tomita

Lloyd's Register Japan K. K.
Director

In regards to the content disclosed in Yamaha Group CSR Report 2017 and on its CSR website, from my professional view point, my opinion on items considered to be of particular importance are as follows. As a reference for future policy and information disclosure, I hope my feedback will help lead the company toward achieving an even higher level of CSR practices.

Relationship between CSR and Business

This year's CSR Report included the new addition of a figure expressing "CSR Issues and Initiatives in the Value Chain." This helps to clarify the expectations and demands of society toward each process of the Yamaha value chain, as well as the main CSR issues and strategic CSR themes. As a result, the related initiatives described in this report are clearer for readers. This is a noteworthy improvement. Particularly in regards to the GRI standards released last year, this addition satisfies the requirement to disclose material issues and their boundaries.

Disclosure of Data and Information

The outstanding feature of the Yamaha CSR Report is that it willingly discloses "negative" information such as the number of complaints and violations, as well as detailed numerical values that most Japanese companies are hesitant to disclose. This enhances the credibility of the report as the company's official media for disclosing information, not just as a material for reading pleasure. What is particularly noteworthy about this year's report in comparison with last year's is its expanded level of disclosure,

including the disclosure of labor union participation rates, political donations and the status of supply chain evaluation. I hope this stance on disclosure will continue, and the next report will be in accordance with the GRI standards aiming for information disclosure as a global leading company.

In addition, "Creating Value for the Next Generation" featured in this booklet and on the Yamaha website is an essential activity that takes advantage of Yamaha's distinctive feature. I expect ongoing monitoring including evaluation of its social impact.

Diversity and Work-Life Balance

Selecting the first female board director is a symbolic example of Yamaha's efforts to ensure equal opportunity in the workplace. Also, the number of male employees taking paid childcare leave is gradually improving. I feel these examples are the results of steady efforts so far. In addition to these examples, both initiatives and results of increased application for paid holidays are clearly disclosed, giving readers a good understanding of the situation. This issue is not one which can easily be improved in the short term, but following the examples mentioned above, I expect the company will improve its performance in this area by introducing creative measures.

Sustainable Procurement

Regarding socially responsible procurement, it is noteworthy that implementation of self-assessment has progressed gradually, and not only where these checks formally conducted, but corrective actions were also made. I can see the right effort was made by quantitative disclosure on the training of procurement. This effort is also emphasized in the newly issued ISO 20400 "Guidance on Sustainable Procurement."

Also, regarding activities on securing sustainable timber resources, which are essential to Yamaha's business, the company is making comprehensive efforts from a long-term perspective with the cooperation of external stakeholders. I expect the company to establish a long-term vision and disclose its progress in this area.



YAMAHA CORPORATION

General Administration Division

CSR Group

URL: <https://www.yamaha.com/en>



Yamaha is a signatory of the United Nations Global Compact.