

THE YAMAHA MUSIC EUROPE
MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT
For the Financial Year Ended 31 March 2019

Yamaha Music Europe is committed to practices that combat slavery and human trafficking. This statement sets out the steps that we have taken to ensure that slavery and human trafficking are not taking place in our supply chains or in any part of our business.

OUR STRUCTURE AND SUPPLY CHAINS

Yamaha Music Europe (YME) headquartered in Rellingen, Germany, imports and sells musical instruments and audio equipment to individuals and corporate customers in the European market including the UK. YME, which is a wholly owned subsidiary of Yamaha Corporation, handles products manufactured by Yamaha. The sales ratio of musical instruments and audio equipment in the Yamaha Group is 64% and 28%, respectively. The Yamaha Group employs approximately 20,000 employees (approximately 120 in the UK) and has approximately 20 manufacturing subsidiaries and 30 sales subsidiaries and branches.

The Yamaha Group operates in approximately 30 countries and the Yamaha Group's consolidated annual turnover is approximately £3 billion.

More details on our business can be found at
<https://de.yamaha.com/index.html>

Most of the Yamaha products that YME imports and merchandises are manufactured (final product assembly) in factories of the Yamaha Group companies in Japan, China, Indonesia Malaysia, and India. Locations of these companies can be found at
<https://www.yamaha.com/en/about/locations/>
https://www.yamaha.com/en/about/locations/group_companies_worldwide/
https://www.yamaha.com/en/about/locations/group_companies_japan/

These Yamaha Group manufacturing subsidiaries source their raw materials and components from suppliers worldwide. The Group's manufacturing subsidiaries have approximately 4,000 Tier-1 suppliers (if the business partner is a trading company, this figure includes their manufacturing firms), mainly located in China, Southeast Asian

countries, and Japan. We have established long-term cooperative relationships with these Tier-1 suppliers and expects their compliance with the Yamaha Supplier CSR Code of Conduct.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

In accordance with the Guiding Principles on Business and Human Rights, the Yamaha Group bases its entire business, including transactions within its supply chain, on ethical conduct and integrity, and the Group continuously works in accordance with the policies listed below in order to realize its commitment to eliminate modern slavery and human trafficking.

The Yamaha Group also respects the principles set out in the United Nations Global Compact, which stipulate norms of human rights and labour practices. The Yamaha Group has been a signatory of the United Nations Global Compact since 2011.

https://www.yamaha.com/en/csr/csr_management/global_compact/

The Yamaha Compliance Code of Conduct sets out the Group's commitment towards human rights, the prohibition of forced and child labour, and the protection of labour rights.

The full text of Yamaha Compliance Code of Conduct can be found at

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

In FY2018 ended March 2018, the Yamaha Group formulated the Yamaha Group Human Rights Policy, which states that the Yamaha Group endeavours to prohibit human rights violations including poor labour practices such as the use of forced labour and child labour, any forms of discrimination in employment practices, and inhumane treatment throughout Yamaha's entire business, through human rights due diligence in line with internationally recognized human rights norms.

When formulating the Yamaha Group Human Rights Policy, to effectively eliminate the risk of modern slavery in our business activities, we received advice from experts, collected comments from all the Yamaha Group companies, discussed the issues at the Managing Council, and received an endorsement from the President of the Yamaha Corporation.

The Yamaha Group Human Rights Policy applies to all officers and employees of Yamaha Corporation and its consolidated subsidiaries, and it is expected that all of the Yamaha Group's business partners to uphold the policy.

The full text of the Yamaha Group Human Rights Policy can be found at

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

To eliminate modern slavery in the Group's supply chain, including business partners of the Group's factories, the Yamaha Group clearly expresses its commitment to responsible procurement, including protection of human rights, by implementing the Yamaha Group Purchasing Philosophy, which includes selection criteria for suppliers. In addition, the Yamaha Supplier CSR Code of Conduct, which suppliers of the Yamaha Group are requested to comply with, establishes detailed requirements aimed at preventing modern slavery in their operations.

More details on this can be found at

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

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

DUE DILIGENCE AND RISK ASSESSMENT PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

It is important to us that the Yamaha Group's suppliers share our principles and values, and that they too respect human rights and work towards eliminating slavery and human trafficking throughout the supply chain.

The Yamaha Group recognises the importance of formal systems and procedures for managing and overseeing complex supply chains.

In order to implement human rights due diligence, Yamaha Corporation strives to understand issues associated with human rights risks and the demands from society through participating in the subcommittee of the United Nations Global Compact Network Japan (GCNJ) on human rights, and through communication with NGOs and experts. The Yamaha Group is monitoring human rights risks in the supply chain of countries and regions identified in the TRAFFICKING IN PERSONS REPORT issued by the United States Department of State. The Group's factories are located in China, Indonesia, Malaysia, and India, which are classified as Tier 2 and Tier 3 risk regions. Because their suppliers are also in Tier 2 and Tier 3 countries, the Yamaha Group is aware of human risks for labourers in the supply chain, and we are working to identify,

reduce, and avoid in these regions as well as globally.

To assess human rights risks at each Yamaha Group company, we developed a checklist that incorporates opinions of external experts to understand the human rights risks. We confirmed that our internal regulations covered the checklist items and reviewed the status of labour-management dialogues in each group company set up by the Human Resources Department of Yamaha Corporation.

The Yamaha Group requires compliance with the Yamaha Supplier CSR Code of Conduct as part of the basic transaction agreement with raw material and component suppliers of the Group's factories that engage in the assembly of final products. We also assess risks by requesting that suppliers fill out self-assessment questionnaires (SAQs) developed in accordance with the Supplier CSR Code of Conduct. When any human rights risks of labourers or doubtful situations arise as a result of the assessment, the Yamaha Group works with the suppliers based on mutually-agreed improvement plans. In 2015 – 2016, the Yamaha Group conducted SAQs for 4,044 existing suppliers, requested 4 suppliers' corrective actions, and confirmed their improvements in writing. In 2019, we conducted the second risk assessment of existing suppliers. We also require SAQs for new suppliers at the start of a transaction, and out of the 104 new suppliers in 2018, there were no particular issues found. In 2018, we updated the supplier risk assessment process to enhance the effectiveness of human rights due diligence. We listened to opinions of experts and NGOs, added more items to the SAQ, raised the assessment standards, and developed a supplier verification tool for use during onsite visits. Supplier risk assessments are conducted for suppliers providing components for Yamaha brand musical instruments and acoustic products, electronic components, golf products, automobile interior parts, and factory automation parts.

OPERATION OF HOTLINE

The Yamaha Group believes that openness, transparency, accountability, and grievance mechanisms are essential features of an ethical supply chain. The Yamaha Group has been operating the Compliance Hotline since 2003 to provide consultations and receive reports related to compliance. Whistle-blowing management regulations and hotline operations regulations have been formulated with provisions for non-disclosure of information regarding the reporter and prohibition of unfair treatment. Both anonymous and non-anonymous reports are accepted through multiple channels. The hotline is mainly open to Group employees. To make the hotline more accessible to Group employees, it became available in 16 languages in FY2017. No cases were reported in

relation to slavery and/or human trafficking risk in the reporting year.

EDUCATION AND TRAINING

The Yamaha Group works to increase the awareness of its employees on human rights and labour issues by providing training through the intranet. To ensure respect for human rights in its supply chain, the Yamaha Group employees in charge of procurement are requested to participate in seminars on CSR procurement aligned with the Yamaha Supplier CSR Code of Conduct and the Yamaha Supplier CSR Self-Assessment Questionnaire. From February through June 2019, we held 10 trainings for the employees in charge of procurement at domestic production sites, and 193 employees participated. Also, we held a seminar that covered the theme of business and human rights for suppliers in Japan, and 76 persons participated.

Hirofumi Yamashita

President

Yamaha Music Europe GmbH

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