

THE YAMAHA MUSIC EUROPE
MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT
For the Financial Year Ended 31 March 2018

Yamaha Music Europe is committed to practices which combat slavery and human trafficking. This statement sets out the steps that we have taken to ensure that slavery and human trafficking is 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 in the European market including UK. YME, which is a part of Yamaha Corporation, works with both individual and corporate customers. The Yamaha Group operates in approximately 30 countries and has over 20,000 employees (approximately 120 in UK) worldwide. 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, which YME imports and merchandises, are manufactured (final product assembly) in factories of the Yamaha Group companies in Japan, China, Indonesia and Malaysia. 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 factories source their raw materials and components from our suppliers worldwide.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

The Yamaha Group bases its entire business, including dealings with the 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.

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 expresses the Group's clear support for human rights, and is aligned with the United Nations Guiding Principles on Business and Human Rights. The policy states that the Yamaha Group endeavors to prohibit the use of forced labor, child labor, any forms of discrimination in employment practices, and inhumane treatment in Yamaha's entire business activities through human rights due diligence in line with internationally recognized human rights norms. To effectively eliminate the risk of modern slavery in our business practices, we received advices from the experts, collected comments from all the Yamaha Group companies, discussed at the Managing Council, and received an endorsement from the President of the Yamaha Corporation in the policy formulation process.

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 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, also associated with business partners of the Yamaha Group's factories, the Yamaha Group clearly expresses its commitment to responsible procurement, including protection of human rights, by implementing Yamaha Group Purchasing Philosophy and Supplier Selection Standards. 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 accordance with the Human Rights Policy, we have developed a checklist for human rights due diligence. We are now confirming the compliance status of the checklist and the condition of internal rule systems. We are in the process of incorporating the list into the company regulations in the months ahead in order to establish a system to monitor human rights risks.

The Yamaha Group performs CSR risk assessment by requesting raw material and component suppliers of the Group factories engaging in the assembly of final products to conduct a self-assessment. The CSR risk assessment for all existing suppliers is conducted approximately every 3 years, whereas new suppliers are requested to take the assessment when we start a relationship. Irregular assessments and monitoring are also conducted if necessary. The risk assessment is performed using the Self-assessment questionnaire (SAQ) which was developed in accordance with the Yamaha Supplier CSR Code of Conduct. . When any risks or doubtful situations arise, the Yamaha Group works with the suppliers based on mutually-agreed improvement plans. In 2016-2017, the Yamaha Group requested approximately 4,000 existing suppliers and new suppliers, and 79 new suppliers in 2018 to conduct a self-assessment. No issues related to slavery and human trafficking were found. To reflect social demands and to improve the effectiveness of the next assessment for existing suppliers, we are now updating the Yamaha Supplier CSR Code of Conduct and SAQ, while reviewing the evaluation methods and following corrective actions.

To ensure the effectiveness of our human rights due diligence system, we consider external insights to be important. The Yamaha Corporation endeavors to comprehend

issues associated with human rights risks and demands from society through participating in the Human Rights subcommittee of the Global Compact Network Japan (GCNJ) and dialogues with NGOs and experts. The labour-employer assessment and the supplier assessment have been carried out based on advices of the NGOs and experts.

OPERATION OF HOTLINE

The Yamaha Group believes that openness, transparency and accountability are essential features of ethical business including supply chain management, and is committed to providing a safe environment for whistle-blowers. The Yamaha Group has been operating Compliance Hotline since 2003 to provide consultations and receive reports related to compliance-related matters. 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 the Group employees. To make the hotline more accessible to the Group employees, it became available in 16 languages in FY2018. No cases were reported in relation to slavery and/or human trafficking risk in the reporting year.

EDUCATION AND TRAINING

The Yamaha Group makes efforts to increase the awareness of its employees on human rights and labour issues by providing relevant information. In addition, e-learning programs focusing on the newly formulated Yamaha Group Human Rights Policy are now being planned. To ensure respect for human rights in its supply chain, the Yamaha Group employees in charge of procurement are requested to participate in the seminars on CSR procurement aligned with Yamaha Supplier CSR Code of Conduct and Yamaha Supplier CSR Self-Assessment Questionnaire. The next seminars for those in charge of procurement will be conducted in 2019.

Thomas Schöpe
President
Yamaha Music Europe GmbH