

# Corporate structure of yamaha

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Yamaha Group CSR Through business activities founded on sound and music, the Yamaha Group strives to achieve its corporate objective of " Creating 'Kando\*' Together. " Yamaha Group's philosophy of management is customer-oriented and quality-conscious, transparent and sound, values people and is in harmony with society, and we work to fulfill this philosophy in our activities. We consider corporate activities in alignment with this philosophy to be CSR-oriented management. In February 2010, we established the Yamaha Corporation Group CSR Policy, a summary of the Group's approach to CSR.

Based on this policy, we intend to work as a whole to further promote CSR activities. \*'Kando' (is a Japanese word that) signifies an inspired state of mind. In April 2010, we launched our new medium-term management plan, " Yamaha Management Plan 125" (YMP125), under which we will aim to create the foundations for future growth in the lead up to Yamaha's 125th anniversary in 2013. We also established a vision for what Yamaha should be: a trusted and admired brand, with operations centered on sound and music, and an achiever of growth through both products and services.

Promoting CSR-oriented management is a crucial component of our effort to be a trusted and admired brand. CSR-oriented management as practiced by the Yamaha Group is distinguished by the fact that we contribute to the development of musical culture and the enrichment of society through our business activities themselves, not as an afterthought. By making the most of Yamaha's strengths to provide products and services that satisfy all

customers who love music, we can contribute to the development of musical cultures and enrich lives worldwide.

In tandem, as the Yamaha Group develops operations on a global scale, we believe it is vital to do our part to address the issues faced by local communities, as well as worldwide concerns such as global warming and biodiversity. The Yamaha Group will continue promoting efforts to address social problems in a variety of ways, focusing on those activities best suited to the particular nature of our businesses. We will make efforts to support cultural and educational development in each region, use raw materials more efficiently, and reduce the environmental impact of our development and production activities.

We will also support forest revitalization as a company that utilizes wood materials to manufacture its products. 2010 CSR Report This fiscal year, our CSR Report includes features an effective utilization of wood materials and tree-planting, representing Yamaha's relationship to trees in our quest to achieve a sustainable society. We also offer examples of social contribution through sound and music, contributions to local communities, and environmental conservation initiatives, among others.

The policies and systems underlying these activities, as well as environmental data and other basic information, can be found in the digital version of the report available on Yamaha's corporate website. We welcome any opinions or suggestions you may have. September 2010 President and Representative Director, Yamaha Corporation Management Emphasis on CSR The Yamaha Group seeks to implement our corporate philosophy, pursue sustainable business, leverage our core technologies and assets and deepen

communication with all stakeholders. Constantly creating 'Kando\*' and enriching culture—that is the Yamaha Group's CSR. 'Kando' (is a Japanese word that) signifies an inspired state of mind. Yamaha Corporation Group CSR Policy - Our Aim is " Creating 'Kando' Together" The objective of the Yamaha Corporation Group is to continue to create“ Kando\*” and enrich culture with technology and passion born of sound and music, together with people all over the world. Based on this Corporate Objective, Yamaha conducts its CSR activities according to the following guidelines to further strengthen the bonds of trust with its stakeholders through its corporate activities and contribute to the sustainable development of society. . Yamaha provides support to people who want to perform music and people who want to enjoy it by contributing to the popularization and development of music and musical culture. 2. Yamaha works to maintain a healthy global environment by understanding the significance of protecting the natural environment, maintaining biodiversity, and reducing the burden on the environment, as well as promoting the proper use of wood resources, and cooperating with forest protection activities. . As a " corporate citizen" that is a member of society, Yamaha contributes to creating a better society by actively participating in many kinds of activities that further the development of the community and culture. 4. Yamaha complies with laws and high ethical standards, works to create an environment in which its personnel can draw fully on their sensitivities and creativity, and aims to build a corporate culture that will enable it to offer better products and services. 5.

For its shareholders, who support its corporate activities financially, Yamaha aims for a high degree of transparency by disclosing management information and engaging in active and sustained communication. For its business partners, Yamaha conducts transactions fairly and transparently, endeavors to deepen mutual understanding, and works to build strong relationships of trust. (Established in February 2010) Corporate Governance Yamaha seeks not only to pursue efficient management and to ensure global competitiveness and a high level of profitability, but also to fulfill its social responsibility through fair and sustainable management.

In keeping with its corporate philosophy, Yamaha is working to develop an organizational structure and mechanisms for management that will form the basis for transparent and high quality corporate governance. Creating a Management Structure Through the Board of Directors and Executive Officers As of June 25, 2010, Yamaha has five directors, including two outside directors. In order to accelerate decision-making by the Board of Directors and enhance supervisory functions, in fiscal 2011 we have decreased the number of directors serving concurrently as executive officers by four, and added one outside director.

Outside directors also act as members of the Corporate Governance Committees and serve to ensure transparency of management decision-making. The Board convenes once monthly in principle, and is responsible for the Group's management functions, including proposing Group strategy and the monitoring and directing of business execution carried out by the divisions. In order to clarify responsibilities, directors are appointed for a term of one year. Yamaha also employs an executive officer system, with the

purpose of strengthening consolidated Group management and business execution functions by divisions.

As of June 25, 2010, the executive officer system comprises 16 executive officers, including two managing executive officers, who are allocated to business or administrative divisions dealing with important management issues. The executive officers support the President, the chief officer in charge of business execution. Managing executive officers, who serve concurrently as Company directors, are assigned to oversee the operation of businesses and administrative divisions, in accordance with the importance of these responsibilities.

In addition, five senior executive officers oversee the entire Company organization. As group managers, they are responsible for the performance of key divisions within the Company, and manage and direct in a manner appropriate for bringing the functions of each group to the fore. An Audit System to Ensure Fair and Transparent Business Practices Yamaha is a company with a Board of Auditors as defined under Japanese law, and has worked to enhance governance functions by introducing an executive officer system, as well as by setting up Corporate Governance Committees and an internal control system.

These actions, in conjunction with consistent audits conducted by the Company's system of fulltime auditors, combine to raise the effectiveness of governance. As of June 25, 2010, Yamaha has four auditors, including two outside auditors. In principle, the Board of Auditors convenes once monthly. Based on audit plans, auditors periodically perform comprehensive audits of



all divisions and Group companies, and participate in Board of Directors' meetings and other important meetings such as management councils.

Yamaha has also established a Corporate Auditors' Office (with one staff member as of June 25, 2010) as a dedicated staff for the auditors, to ensure an environment conducive for performing effective audits. With respect to accounting audits, the suitability of such audits is determined based on periodic progress reports from the accounting auditors of their audits of the Company's financial statements. The Internal Auditing Division (10 staff members as of June 25, 2010) is under the direct control of the President and Representative Director.

Its role is to closely examine and evaluate systems pertaining to management and operations, as well as operational execution, for all management activities undertaken by the Company and Group companies from the perspective of legal compliance and rationality. The evaluation results are then used to provide information for the formulation of suggestions and proposals for rationalization and improvement. In parallel, Yamaha strives to boost audit efficiency by encouraging close contact and coordination among the corporate auditors and the accounting auditors. ; ;

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Registration of Independent Officers Yamaha has registered outside director Haruo Kitamura and outside auditor Kunio Miura as independent officers in accordance with the stipulations of the Tokyo Stock Exchange. Fiscal 2009 Activities by Outside Director and Outside Corporate Auditors Outside director Takashi Kajikawa attended 13 of the 14 meetings of the Board of Directors held in fiscal 2009. Utilizing his ample experience and considerable

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insight as a representative director of a publicly owned company, he made necessary statements as appropriate during the consideration of meeting agenda items.

Outside corporate auditor Kunio Miura attended 12 of the 14 meetings of the Board of Directors held in fiscal 2009. He also attended 12 of the 15 Board of Auditors' meetings, and made statements mainly from his specialist standpoint as an attorney. Outside corporate auditor Yasuharu Terai attended all 14 of the meetings of the Board of Directors held in fiscal 2009. He also attended all 15 Board of Auditors' meetings, making statements based primarily on his experience and insight as a management executive. Outside corporate auditor Haruo Kitamura attended 10 of the 11 meetings of the Board of Directors held after his appointment.

He also attended all 10 of the Board of Auditors' meetings held during his term, and made statements based primarily on his experience and insight as a chartered accountant. Support System for Outside Directors and Outside Corporate Auditors For agenda items at meetings of the Board of Directors and the Board of Auditors to be attended by outside directors and corporate auditors, full-time staff members send documents and other materials to the outside directors and corporate auditors prior to the meeting and provide explanations as necessary to enable them to perform a complete preliminary study.

When necessary, outside directors are also individually provided explanations regarding proposals and reports to be submitted to the Board of Directors. As for outside corporate auditors, with regard to other material matters, the Company strives at all times to maintain an effective auditing

environment, including by providing information, supplying materials, listening to opinions, and supporting research and data collection.

#### Fundamental Concept of the Internal Control System

Yamaha has established an internal control system pursuant to Japan's Company Law and the Enforcement Regulations of the Company Law. Along with pursuit of the optimal corporate governance for enhancing both corporate value and the Yamaha brand, the Company endeavors to qualitatively enhance the internal control system, in recognition that doing so will improve the efficiency of business activities, increase the trustworthiness of Yamaha's accounting and financial data, and lead to stronger compliance, asset soundness, and risk management capabilities.

The Yamaha Group has defined an internal control policy as a specific measure pertaining to the Group-wide internal control system. In line with this policy, the Company is standardizing the rules in place at its subsidiaries, and implementing Company-wide monitoring liaison committees in connection with the internal control system operated by corporate staff divisions, with the goal of making monitoring activities more comprehensive. Business Continuity Plan (BCP)

From fiscal 2008, Yamaha has embarked on the development of a Business Continuity Plan (BCP), designed to enable it to quickly resume operations in the event of an earthquake in Japan's Tokai region or other major natural disasters that could cause damage to its structures or facilities. Yamaha has formulated its BCP Guidelines as a fundamental Company-wide policy in this regard. In April 2009, Yamaha established and initiated activities by the Corporate Committee, chaired by the President and Representative Director.

In June 2010 the Risk Management Committee began activities at all operational sites and at Group companies, while putting the necessary systems and countermeasures in place to respond to new flu strains and various other risks. Compliance The Yamaha Group aims to achieve a high level of compliance management not only by conforming with laws and regulations, but also through adherence to social norms and corporate ethics. Compliance Oriented Management

Yamaha began conducting compliance activities in Japan in 2003 with the establishment of the Compliance Committee and the formulation of the Compliance Code of Conduct. Revisions were made to the Compliance Code of Conduct in fiscal 2006, including additions regarding the prohibition of forced and child labor, and other information essential for Group Companies with overseas business interests in order to contribute to the establishment of a structure suitable for global business development.

In April 2008 we enhanced this structure to incorporate unified principles and guidelines for the entire Yamaha Group, including completion of codes of conduct that reflect the various local laws and regulations governing overseas Group companies. In fiscal 2009, we pushed compliance forward with the slogan “ Compliance and Communication: Creating a Corporate Culture of Doing the Right Thing in High Spirits. ” In June 2010, we reorganized the companywide Governance Committees and the compliance activities are now steered by the newly set-up Risk Management Committee through its CSR and Compliance Subcommittee.

For details on Compliance Initiatives, see: <http://www.yamaha.co.jp/about/corporate/compliance/> (Japanese only) Fiscal 2009 Compliance  
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Measures Compliance and communication: Creating an environment where employees can do the right thing, transparently and correctly The results of the Fourth Compliance Survey conducted in fiscal 2008 showed the need to fostering a healthy organizational culture and promote communication. Based on this recognition, from fiscal 2009, Yamaha has been conducting compliance promotion activities based on the keywords above.

Feedback was provided to various divisions and Group companies on the aspects of their organizational culture and compliance issues that came to light during the fiscal 2008 survey. The Compliance Committee (Secretariat) subsequently conducted follow-up interviews with the responsible managers, in order to reconfirm the features of the organizational culture and promote the resolution of individual issues. Starting with a lecture in Compliance Promotion Month (October), Yamaha has implemented the following initiatives to promote communication in the workplace. (1) 4th Compliance Seminar (lecture)

In addition to the 345 participants who attended the original lecture, a DVD recording of the lecture was screened at all workplaces, allowing a total of around 2, 000 employees, mainly managers and executives, to benefit from the seminar. (2) Promoting Compliance e-Learning for All Managers and Executives This e-learning program incorporates the concept of "assertion" as it encourages participants to think about ways of communication when faced with compliance issues. A total of 1, 247 people took part in this training between November 2009 and June 2010 (96. 1% completion rate). (3) Group Compliance Meetings

Approximately 70 responsible managers and others in charge of compliance at key divisions and domestic Group companies participated in the Compliance Meeting to share understanding of and information about compliance promotion activities. Participants both reviewed initiatives to date and were requested to provide training for all employees at their places of work. (4) Transparent and Correct Compliance Meetings (Training for all employees) The committee secretariat provided training tools, including presentation materials, for this training, which had been held 224 times as of April 2010, training a total of 3,340 employees.

The secretariat is providing individual support for all workplaces that have yet to hold the training, and working to ensure that all workplaces implement it successfully. ? Yamaha Music (Russia) LLC established in 2007) formulates a compliance code of conduct ? Conducted compliance survey (self-administered progress check) at overseas subsidiaries Overseas Initiatives Compliance Help Line (April 2009 to March 2010) A total of 43 communications were received throughout the year, 8 fewer than in the previous year. Of these, 37% were reports, and three came from overseas subsidiaries (one from Indonesia and two from Russia).

There have been 344 communications over the past 7 years. With Our Customers Group-wide Quality Assurance Structure Quality Management System Quality Risk Management Quality Improvement Measures Stronger Customer Support System Improving Convenience by Standardizing Customer Helpdesks Quality Management System The Yamaha Group considers customer satisfaction to be its top priority, and has put in place a

Company-wide quality management system to ensure the production of high quality products that meet the high expectations of our customers.

Under the Company-wide quality management system, quality policies and targets and important quality-related measures are deliberated by the Quality Committee, and then issued from the president to the operating divisions. Each business division is responsible for the quality of its own products and establishes its own divisional targets in line with the quality policies and objectives set by the president. Each business division follows ISO 9001 international standards for quality management systems and conducts activities designed to achieve quality targets.

The Quality Assurance Division, established in April 2010, audits whether the quality assurance systems of each operating division and the quality of their products meet the standard to which Yamaha aspires. The results of these audits are taken into account in improving the Company-wide quality management system. The Quality Management Representatives conference comprises people in charge of quality management for the operating divisions and works to disseminate Company-wide quality policies, targets and important quality-related measures.

The conference also conducts joint research with the operating divisions on improvement case studies. In January 2010, in order to enhance the effectiveness of the Company-wide quality management system, the Yamaha Group established Product Quality Guidelines, which stipulate the level of quality which all Yamaha products should meet. ;; Click to enlarge  
Acquiring ISO 9001 Certification As of March 31, 2010, the Yamaha Group had acquired certification under the ISO9001 international standards for  
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quality management systems at 25 business divisions, covering approximately 63% of the workforce on a consolidated basis.

**Quality Risk Management Measures to Prevent Product - Safety Issues** The Yamaha Group takes precautions during the development, design, and production stages to prevent any product safety issues. Development and design divisions have also tightened their design reviews concerning product safety while production divisions have introduced measures to strengthen FMEA (Failure Mode and Effects Analysis) during production processes. The Yamaha Group has put in place a system that enables faster responses to ensure the safety of customers.

For example, a product safety information database has been developed. In the event of a product safety issue in the marketplace, this database allows employees receiving information on a safety problem to report it immediately to the applicable department and the head of the Quality Assurance Division, who convenes an Emergency Action Committee Meeting\*. The committee then advances instructions on necessary inspections and corrective measures, decides a proper response with respect to customers, and notifies top management of the situation.

In fiscal 2009, we decided to directly notify customers and repair free of charge possible defects in one product that could have potentially resulted in injury to customers, filing a recall report with Japan's Ministry of Economy, Trade and Industry. \* Emergency Action Committee Meeting: A meeting attended by representatives from relevant production and sales divisions, the Service, Legal, and Public Relations Divisions, as well as from any other division named by the head of the Quality Assurance Division.



Conformance with Product Regulations and Standards Worldwide Yamaha has developed a structure for full compliance with regulations and standards worldwide pertaining to product quality and safety, and environmental protection. Under this structure, the Company is able to collect information on regulations and standards in each country and to respond quickly to these regulations or issues that may arise.

In addition, to monitor the status of legal compliance while developing products that conform to standards, Yamaha Corporation's headquarters includes a quality evaluation facility equipped with an array of measuring, analytical, and evaluation devices, including state-of-the-art electromagnetic wave-measuring facilities. Anechoic chamber used for electromagnetic wave measurement Quality Improvement Measures The Yamaha Group strives to ensure product safety and improve quality. At the same time, the Yamaha Group works to strengthen quality management training, while pursuing quality, ease of use and convenience in order to satisfy customers.

Quality Management Training To develop quality human resources, Yamaha's personnel training system contains expert training related to "quality assurance," as well as training tailored to individual job positions. The goal of this system is to raise awareness and enhance skills with respect to quality management. In fiscal 2009, approximately 150 people took courses offered in various areas, including Quality Engineering and FMEA/FTA\*1. Furthermore, the Yamaha Group revised its training program in order to enhance the training system geared to enhancing safety and environmental awareness and skills. 1 FMEA: Failure Mode and Effect Analysis FTA: Fault Tree Analysis Methods of systematically analyzing potential malfunctions and

defects in products and other items Measures to Improve Usability The Yamaha Group always makes an effort to develop products from the customer's perspective. For example, employees act as product testers, and the results of their tests are reflected into product specifications. In this and other ways, Yamaha is working to improve usability. Piano Division, Yamaha Corporation

Yamaha's Piano Division is developing new types of pianos that incorporate digital technologies into a traditional piano. Examples include the Disklavier™ E3 player piano released in 2009, as well as silent pianos and hybrid pianos. The Disklavier in particular actively incorporates new functions such as Internet connection and simultaneous video recording and playback, offering users a multitude of ways to enjoy the product. The most important question for any product, however, is whether such functions are easy for customers to use and operate.

The Piano Division is conducting usability tests\*2, with the aim of making the Disklavier a more approachable and user-friendly product. These tests involve not only the product development division, but also sales divisions and the Quality Assurance Division. Sharing issues with each other facilitates a rapid response to any problems by the relevant division. For usability tests, the division creates a situation in which testers can try all the functions included in the Disklavier. Test subjects operate the products or prototypes in a special testing room.

Representatives from the various divisions watch the test subjects from a separate room, taking notes. Observers pay particular attention to details such as hand movements, which are recorded on video, and following the <https://assignbuster.com/corporate-structure-of-yamaha/>

test they analyze and verify the results. This type of testing identifies unanticipated problems and allows the relevant divisions to modify specifications in order to enable more user-friendly, natural operation by customers. \*2 Usability tests: In-house tests to confirm product usability have employees operate the product on a trial basis.

Improving Convenience by Standardizing Customer Helpdesks Customer Support Department, Domestic Sales & Marketing Division, Yamaha Corporation The Yamaha Group has numerous business divisions, and has taken steps to put a robust support structure in place. Among other actions, in April 2008, the Group reorganized the Customer Support Department within the Domestic Sales & Marketing Division, coupled with the opening of a Customer Communication Center, as a means of integrating product-specific helpdesks in an effort to improve customer convenience.

Moreover, in fiscal 2008, we took steps to improve our support structure, building a unified nationwide support system by clarifying helpdesk names and installing a standardized phone system using navi-dial,\*1 among other means. For customers, these changes have resulted in more intuitive helpdesks for each product, and enabled a smoother customer service response. In fiscal 2009, we overhauled our phone management system by transitioning to a cloud model, supervising phone response service levels and strengthening system maintenance.

Through these and other initiatives, we are constantly working to improve the system. At the same time, in order to improve the level of service, we have attached numerical values for various aspects of service quality, such as ease of reaching a representative by telephone and the speed of response

to e-mail inquiries, and we are managing service based on these indicators. Through steady efforts in operator training and creating databases of the details of customer inquiries, we are continuously striving to improve the indicators for service quality. 1 " Phone system using navi-dial": A phone system that utilizes a " navi-dial" number, which automatically connects callers to helpdesks at local dialing rates wherever they call from in Japan, resulting in a more efficient provision of guidance and services to customers.

>> Click to enlarge Staff field calls at the Customer Communication Center  
With Our Shareholders Policies for Retained Earnings and Returns to Shareholders Proactive Investor Relations Efforts to Promote Understanding of the Company Inclusion in Socially Responsible Investment Indexes Policies for Retained Earnings and Returns to Shareholders

Yamaha Corporation has adopted a basic profit allocation policy linked to the level of consolidated net income in the medium term that provides for increasing return on equity (ROE) by retaining earnings as appropriate for strengthening Yamaha's management position through investments in R, sales capabilities, capital equipment and facilities, and other areas, while also emphasizing higher shareholder returns to reflect consolidated performance. Specifically, Yamaha endeavors to provide continuous, stable dividends and has set a target consolidated dividend payout ratio of 40%.

We also apply information gained from shareholders and investors to the management of our businesses, with the aim of improving corporate and shareholder value always in mind. Personnel responsible for investor relations support management by supplying top management with opinions and suggestions gathered through communication with market participants,

institutional investors and shareholders. Proactive Investor Relations Efforts to Promote Understanding of the Company Yamaha Corporation adheres to a disclosure policy that ensures fair and timely disclosure of information to institutional and individual investors around the world.

In addition to holding quarterly results conferences for institutional investors in Japan, Yamaha conducts conferences and briefings for individual business segments as well as factory and facility tours on occasion. For institutional investors in other countries, along with making available English translations of all information provided to institutional investors in Japan, we visit investors overseas several times a year to foster mutual understanding through direct communication.

For individual shareholders Yamaha runs a special benefit plan designed to encourage more shareholders to become active proponents of Yamaha's products and philosophy. Additionally, we utilize our website to provide corporate information in an easy-to-understand format, distribute an e-mail magazine with important information, and are stepping up other activities, including Yamaha's active participation in events for individual shareholders. Through these initiatives, we work to enhance communication with investors, and use the results of feedback and other information gained to improve investor relations activities and management performance.

Inclusion in Socially Responsible Investment Indexes Socially Responsible Investment (SRI) indexes and funds in Japan and other countries evaluate potential investments not only from a financial perspective, but from CSR environmental viewpoints as well. Yamaha Corporation continues to be listed in some of the world's most prominent SRI indexes, including the FTSE4Good

Global Index (managed by Britain's FTSE), and the Morningstar Social Responsibility Index (MS-SRI). As one way of measuring financial soundness, each year Yamaha Corporation requests a long-term bond credit assessment from bond ratings agencies.

The results are shown below. For the People We Work with Initiatives for Employees Basic Policy on Hiring and Employment Job-Tailored Training and Education Systematic Transmission of Skills Initiatives for a Better Work-Life Balance Assisting Women's Careers Measures to Prevent Harassment Occupational Health and Safety Policy Administration Initiatives for Business Partners Fair Evaluation and Selection in Partner Relationships Survey of CSR Measures of Business Partners Basic Policy on Hiring and Employment

The Yamaha Group observes employment and labors laws in the countries where it does business and conducts appropriate labor management based on labor practices and labor-management relations. We respect human rights in hiring and employment and work to maintain fair hiring practices and provide employment opportunities to a diverse range of people. Utilizing the Senior Partner System Yamaha Corporation instituted an employment extension program in April 2004 called the Senior Partner System that provides willing employees with the opportunity to work beyond age 60, the normal retirement age.

There were 195 people working under the system as of the end of March 2010. The system allows us to effectively utilize personnel with a wealth of operational knowledge, skills and experience, and it provides financial benefits to employees past the normal retirement age. Younger employees also receive instruction and training through the system. We revised the <https://assignbuster.com/corporate-structure-of-yamaha/>

application process and how benefits are structured in fiscal 2008 in order to facilitate more active use of the system. Group companies have also established similar programs in an effort to provide employment to people beyond the normal retirement age.

**Employing People with Disabilities** Yamaha Corporation established a special subsidiary\*1 in 1989, Yamaha Ai Works Co. , Ltd, to promote employment for people with disabilities and the development of conducive working conditions. An application was made in fiscal 2008 for Yamaha Business Support Corporation under the Group Application system\*2 and the scope was expanded accordingly. \*1 Subsidiaries recognized under the Act for Employment Promotion, etc. of Persons with Disabilities. Special subsidiaries must meet certain criteria in connection with the number and ratio of employees with disabilities.

People with disabilities employed by such subsidiaries are counted as employees of the parent company when calculating its employment ratio. \*2 A system under which the parent company of a special subsidiary may treat other related subsidiaries as a single unit when calculating employment ratios, etc. upon approval by the director of the public employment security office. **Job-Tailored Training and Education** Yamaha believes that creating a mutually beneficial relationship between the employee and the Company inspires motivation.

Therefore, the Company works to create a system that is equally focused on education and training and career development. Each training program is tailored to a specific objective in one of the following categories: Strategic Personnel Development, Function-Specific Training, Stratified Training, and

Self-Development Education. The Strategic Personnel Development program includes the flagship Yamaha Global Institute, which aims to mold the personnel who will be the backbone of the Company in the future, both in Japan and overseas.

Another program designed to cultivate the next generation of core employees is the Yamaha Advanced Skill School, held at production facilities in Japan. The Function-Specific Training program trains employees in core technologies, Monozukuri Education seminars and international awareness. The Stratified Training program, meanwhile, provides training at career turning points, such as when an employee has been promoted or made a manager. Finally, in the Self-Development Education program, Yamaha provides support for employees' self-directed studies, including through the Yamaha Business School, a distance learning-based program.

Yamaha also provides employees approaching the age of 50 opportunities and information to help them consider their individual life paths, and offers "Life Design Seminars" to support their future careers. Going forward, Yamaha will further strengthen its programs for providing each employee with the highly specialized job-specific training and education they need to perform at a higher level in fulfilling the Yamaha values of being customer-oriented and quality-conscious. Systematic Transmission of Skills

Many highly skilled employees in manufacturing positions have been reaching the retirement age in recent years. Moreover, over the next several years, around 100 employees a year will be leaving the production floor. Given this state of affairs, Yamaha Corporation has been conducting skill transmission initiatives to ensure that core production skills are faithfully



passed down to younger workers. In order to develop a framework for skill transmission and personnel development, in 1996 we first registered the skills possessed by the Company using the Skill Registration System, which was created for that purpose.

Registered skills are categorized and prioritized, and the data is used to make lists of essential skills and who possesses them and to design programs for their transmission. The From-To Program was created to aid in the transmission of especially important skills in a very practical way. Under the program skilled veterans pair up with younger workers on a man-to-man basis (sometimes in groups depending on the skill) and provide systematic training in order to pass down their skills. To date, around 150 sets of workers have completed training.

Workers in their thirties and forties who received training when the program was initiated are now in the position of conveying their knowledge to younger workers and are doing their best to maintain and pass down their skills. In recent years, more and more employees in their teens and twenties who have only been with the Company for a short time are succeeding our veteran employees, so the program is also helping to foster a younger generation of employees who will support production activities in the years to come.

We will continue to promote skill transmission initiatives and develop our personnel with the goal of being a world-leading manufacturer in our core field of sound and music. Initiatives for a Better Work-Life Balance The Yamaha Group considers cooperation between labor and management in achieving a better work-life balance to be fundamental to realizing corporate

growth and a fuller life for all employees. Based on this philosophy, Yamaha Corporation has for many years worked on a range of initiatives to shorten total work hours and provide support for both work and family.

In order to help employees combine work with caring for a family, Yamaha has made proactive efforts, including the introduction of child care and nursing care leave ahead of statutory requirements. In April 2006 Yamaha established the Work-Life Balance Committee to provide individual employees with support for both work and a fuller life outside of work, and to help them combine the two. Specific measures focused on reducing working hours and implementation and improvement of work/family support systems for the variety of circumstances encountered by employees. Basic Policy on Work-Life Balance

In order to realize both expanded business activities and lifestyles that offer personal fulfillment, we will proactively promote work-life balance that respects a wide range of values and lifestyles. People can use the extra time created by increases in the quality and productivity of work in many different ways, and doing so leads to enhancement of overall quality of life and energize body and mind. This energy can provide the power for new value creation, and serves as a source for a continued good work, enhancement of corporate value, and the realization of a fulfilling life.

We will work toward the creation of this type of virtuous cycle at Yamaha. Self-Directed and Highly Productive Work Styles (Reduced working hours) In an effort to prevent overwork, management and labor have jointly established and implemented guidelines for overtime, and encouraged employees to utilize paid holidays, take special leave, and revise their work

styles. We have established structures and conduct ongoing operational checks aimed at reducing the work hours of each employee, and allowing for a self-directed, highly productive work style.

In fiscal 2007, we re-introduced a system allowing employees to take their accumulated paid vacation time all at once, which increased the average number of holidays taken by all employees during the year by two days. In fiscal 2008, we added an initiative that mandates at least one "No Overtime" day per week throughout the entire Company, in an effort to further reduce the number of hours worked. We have continued these efforts, including reducing overtime and holiday working hours, maintaining the "No Overtime" day, and prohibiting work past 10 p. . , and as a result, the total number of hours worked per employee in fiscal 2009 declined by 64. 4 hours year on year. A Dynamic Organization with Flexible Working Conditions(Building and improving work-life balance support systems responsive to the diverse circumstances of individual employees) In response to the enactment in 2003 of the Act for Measures to Support the Development of the Next Generation, Yamaha created a three-year action plan starting in fiscal 2005 and submitted it to the Ministry of Health, Labour and Welfare.

Through consultations with labor, the Company established concrete goals for the three-year period, and began working to achieve its objectives, receiving Ministry recognition of its efforts in 2008. Yamaha also formulated a new five-year plan that began in fiscal 2008, and is working to achieve its objectives. As the first step, during the spring 2008 labor negotiations,

management and labor reached an agreement on further expanding systems for a work-life balance.

We extended the period of eligibility for shortened work hours for employees with small children, and established a scheme of shortened work hours for parents to participate in school events. We also implemented a program of shortened work hours for employees enrolled in adult self-development courses, as well as introduced an employee assistance program (EAP). Yamaha will continue to pursue measures to develop its corporate culture and implement programs responsive to the varied situation of individual employees, promoting the establishment of a friendlier work environment and seeking to create a truly dynamic organization.

Ministry of Health, Labor and Welfare mark recognizing Yamaha's support for the development of the next generation Principal Measures for Better Work-Life Balance (from fiscal 2005) Fiscal 2005 Revision of programs for childcare leave and shortened work hours for childcare Flexible work hours introduced for employees raising small children. Receipt of the Fiscal 2005 Family Friendly Company Award from the Ministry of Health, Labor, and Welfare The award recognized Yamaha's programs to provide broad support for work and family, and to create a friendlier work environment.

Fiscal 2006 Extensive revision to employee benefit programs Lifestyle-related benefits were newly established or revised, providing expanded support to employees struggling with economic burdens arising from childcare, education, disability or nursing care. A wide range of membership-based welfare benefit services were also introduced. Fiscal 2007 Introduction of Company-wide vacation The Company has established a labor agreement

stipulating three days per year when all workers take paid vacation, two days more than in the previous fiscal year.

Fiscal 2008 Ministry of Health, Labor and Welfare Recognition for Yamaha's support for the development of the next generation Extension of period of eligibility for shortened work hours for employees with small children Introduction of system for shorter work hours for parents to participate in school events Introduction of an Employee Assistance Program (EAP) Introduction of a system for reemployment of spouses of employees on overseas assignment Childcare Leave for Male Employees Development Management Group Production Technology Department Digital Musical Instruments Division

I took one month of childcare leave when my first child was born in 2007 and when my next was born in 2009. The company has been encouraging male employees to take childcare leave, and I got on board with the idea. I wanted it to be my wife and I who raised our children and did not want to depend on my parents. I also wanted to go on record as taking childcare leave because I believe that an increase in childcare leave for men would make it easier for people raising children to work, for both men and women.

Taking this leave time, although shorter than the amount of childcare leave generally taken by women, allowed me to care for my children with my wife and gave me a real understanding of how hard it is, something I only had an abstract understanding of before. I also think I was able to partially share in how my wife was feeling, as she had to leave, albeit temporarily, a workplace where she was a key member. More and more male employees at our company are taking childcare leave, and I got the sense when I took time

off for my second child that everyone's acceptance had progressed from the time I took the leave time for my first child.

I think for future generations, it will be the norm for fathers to take the time to help raise their children like this. Balancing Work and Caring for a Loved One CP Production Management Section CP Business Department Automotive Component Division Yamaha Fine Technologies Co. , Ltd. My mother, who was full of life even in her eighties, was suddenly hospitalized last year and diagnosed with dementia. I currently care for her at home and use a nursing care facility during the day. At first I didn't know what to do at all. For about three months after she returned home from the hospital, I would be awakened in the middle of the night and had many sleepless nights. I consulted a care manager referred to me by my boss, who had experience with nursing care. That very day, the care manager arranged for a special nursing care bed and wheelchair and gave me instructions on how to apply for longterm care certification. It was at that time that I realized how important it was to have someone you could consult with.

After that, I reoriented myself to fully accepting my mother as she is now, and since that time her symptoms have been better. I have been blessed with understanding managers and an accommodating workplace, so I have been able to continue my job while caring for my mother. Of course, I prioritize my job. It is because of my job that I am able to provide nursing care for my mother while also supporting my family. And it is because of my situation that I have come to be attentive to my own health and the health of my family.

In our house, my wife takes care of housework and childcare, and I take responsibility for caring for my mother. In the morning I wake my mother up and care for her by changing her clothes and feeding her. I then take her to a daytime care facility and head off to work. During the day I have the peace of mind to totally dedicate myself to my job. After returning home, I resume caring for my mother, and in the evening we all try to have dinner together as a family. An hour before going to bed, I make time to talk with my mother.

We talk about her day at the care facility, memories from childhood and all sorts of other things. I believe that this is helping her recover. I have found that nursing care goes more smoothly when you don't think too hard on your own and find someone to consult with, and when you don't strain too hard and ease up on things when you can. Assisting Women's Careers The Yamaha Group holds the diversity of its employees in high regard, and aims to be a place where all employees can make the most of their abilities, regardless of their gender, nationality or other factors.

Measures implemented in the past have resulted in nearly an equal average number of years of continuous employment for male and female employees at Yamaha Corporation, and the proportion of women returning to work after childcare leave is nearly 100%. Positive Action Projects Establishment of the Diversity Development Department Yamaha Corporation inaugurated the Positive Action Project in May 2004 by inviting employees to apply for a position on the project group.

Over the course of a year, the project group examined the situation of women at Yamaha and other companies, held lectures and created an internal website in an effort to create a comfortable working environment

and employment system for women. The results of the activities over the course of the year were compiled into a recommended action plan. In order to further accelerate support for women's careers, based on this action plan, in March 2006 Yamaha established the Diversity Planning Department as a dedicated organization within the Human Resources Division.

The department is carrying out the following measures aimed at broadening opportunities for women to develop their abilities and play an active role, and creating a more comfortable working environment. Major Measures to Assist Women's Careers Proactive hiring of female employees Increase ratio of female new graduate hires, targeting 30% for the immediate future Securing outstanding human resources through hiring activities that include information about the active roles played by female employees and by creating a more comfortable working environment for women.

Actively recruiting and increasing opportunities to develop the abilities of female employees Increasing recruitment of women for managerial positions Planning and implementing various training programs Creating working environments that are comfortable for women Responding to next-generation laws on gender equality in employment, childcare and nursing leave Implementing the Yamaha Action Plans Promoting the operation of a balanced support system and revision and creation of structures

Changing workplace awareness and fostering a corporate culture Providing information through an internal website Conducting educational activities through training, conferences, and pamphlets Promoting efforts in the Yamaha Group Promoting Action Plans to support the careers of women throughout the Yamaha Group The Yamaha Group seeks to create

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workplaces where every employee can perform to his or her fullest potential. In order to achieve this goal, we will build comfortable workplaces, create more opportunities for both women and men to succeed, and support them in every challenge they take on.

Action Statement from the Yamaha Group's Action Plan to Support Women's Careers Report on Women's Career Support Project Yamaha Travel Service Co. , Ltd. Members and associates of the Women's Career Support Project In April 2009, Yamaha Travel Service Co. , Ltd. launched a Women's Career Support Project. The team, led by and consisting entirely of women, worked on project activities for approximately ten months. The team focused their efforts on learning what kind of awareness women need to have active careers, and what kinds of obstacles they face.

First, to get a better understanding of current conditions, the team conducted interviews with all employees. This not only helped to narrow the focus of the project, but also proved effective in generating more lively communication between employees. The team also held in-house lectures, attended seminars outside the company, and visited other companies. These activities enabled them to meet with a wide variety of people both inside and outside the company, and were a great source of inspiration. By February 2010, the team had compiled its final report, proposing new systems and activities.

As a result of these proposals, we are now working on concrete steps to implement a program encouraging employees to take their holiday time, improve the visibility of our employee evaluation system, and other measures. In the fall of 2009, Yamaha Travel Service Co. , Ltd. established a

gender equality declaration, which was subsequently registered with Shizuoka Prefecture. Measures to Prevent Harassment The Yamaha Group Compliance Code of Conduct prohibits any language, behavior, or unfair discrimination that could be construed as sexual harassment or other impropriety.

In an effort to prevent sexual harassment and other forms of harassment in the workplace, Yamaha has distributed the Code of Conduct to all employees, as well as clarifying and making all employees aware of the consequences for failure to comply with company rules and regulations. We also work to prevent harassment through workplace meetings and management training to better educate employees about the issues involved. We set up a counseling desk and helpline, and respond promptly in working to solve any problems that are brought up through these channels.

In 2008, we revised our company rules and regulations, altering them to more concisely and unequivocally prohibit sexual and other forms of harassment. These revisions provided an opportunity to embark again on awareness-raising campaigns to prevent sexual harassment in the workplace. Going forward, we remain committed to establishing a work environment that enables employees to fully utilize their skills, regardless of gender. Occupational Health and Safety Policy Administration Based on its management charter, on September 1, 2009 the Yamaha Group established its Group Health and Safety Management Policy.

This policy sets for the Yamaha Group's basic philosophy regarding health and safety, recognizing that ensuring the health and safety of everyone involved in Yamaha's business activities constitutes the foundation of those

activities, that all employees should work together to promote the formation of a healthy, safe, and comfortable working environment, while also maintaining our health and safety management standards with respect to our customers. Health and safety are fundamental conditions for leading a happy and rewarding life.

Based on this philosophy, the Yamaha Group has formed an Industrial Safety and Health Committee, headed by the Director in Charge of Industrial Safety and Health, with membership comprising branch managers, area leaders, and the chairs of various subcommittees. This committee is charged with managing occupational health and safety, traffic safety, and activities to promote good health. Striving for Accident-Free Workplaces To ensure employee safety, the Yamaha Group not only has in place safety measures related to machinery and equipment, but also promotes programs to identify and remove potential causes of accidents. For example, there is a set of routine confirmation motions and statements to ensure that all equipment is prepared properly, and a range of other activities designed to avoid near-miss incidents. In fiscal 2008–2009, Yamaha Corporation's headquarters and factories cooperated with specialists and worksite managers in conducting inspections based on the Occupational Health and Safety Work Standards Checklist\*1, a tool designed to enhance work safety, making improvements with reference to the actual work being conducted.

We also conducted training at each business site to stress the importance of occupational health and safety, targeting relatively inexperienced employees and recent transfers, as well as contracted and temporary employees at Yamaha Corporation. In fiscal 2010, as part of our efforts to reduce work-

related risks, we rolled out our Risk Assessment Program\*2, positioned it as a key priority for our domestic Group companies, and promoted it along with our other activities in this area. 1 Occupational Health and Safety Work Standards Checklist: A document listing critical points for performing each work procedure more safely, as well as the rationale behind each point. Particularly for production sites, this list is in place for every work procedure.

\*2 Risk Assessment Program: For each work procedure, factors including frequency, potential for injury, and degree of severity are assessed numerically. Activities then focus on reducing risk by making improvements in those areas with the highest numerical score.

Ensuring Employee Health Viewing both periodic health checks and special screenings as an opportunity to improve lifestyle habits, ensure greater caution at work, and improve workplace environments and procedures, the Yamaha Group has worked proactively to promote prevention of a number of lifestyle and work-related conditions. In fiscal 2009, for example, we offered individualized health guidance to employees working with organic solvents, using a healthinterviewsheet as part of a special screening.

Workplace health training based on workplace ranking data collated from screening results can then be linked to enhancing worker awareness and improving workplace methods and conditions. To protect the health of all of our workers, smokers and non-smokers alike, in 2008 Yamaha Corporation established a resolution introducing a policy that will bansmokingon all Yamaha Corporation property, including the removal of all smoking areas, beginning April 1, 2011.

In preparation for this move, in fiscal 2009 we began offering individual quitsmoking support, established smoke-free days once a month, sponsored no-smoking events, began plans to reduce the number of smoking areas, and promoted a variety of other anti-smoking activities. As a result, in ten years the percentage of smokers at Yamaha Corporation factories has fallen from 32. 3% (40. 1% for men) to 19. 7% (23. 1% for men).

In fiscal 2010, we will continue this push with weekly smoke-free days, group health education and support for smokers trying to quit, as we work towards achieving a completely smoke-free environment. In addition, we are also initiating measures to prevent workers from smoking outside of the workplace, contributing to the health of not only our employees, but of our customers and the people in our communities. Concerning mental health initiatives, in fiscal 2009 we worked to raise awareness by including a self-assessment and lectures on workplace stress in our employees' regularly scheduled health checkups.

We also worked to further enhance mental health care by providing internal training for production-line workers, individual services from our own industrial physician and counselors, a mental health counseling desk staffed by psychiatrists and clinical psychologists, and counseling provided by outside institutions through our Employee Assistance Program (EAP). In addition, we continued our efforts on both a Company-wide and individual business site level to encourage a self-help approach to promoting good health, including the Walk for Health, the Indiaca Tournament, and other events.

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