

Tax Strategy for the United Kingdom, published in compliance with § 16 (2) Schedule 19 of the UK Finance Act 2016

Yamaha Group upholds its corporate philosophy, “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.” As part of implementing this philosophy for the people engaged in the “Yamaha” business worldwide, “compliance” for Yamaha means that Yamaha Group companies and their employees genuinely comply with the laws, ordinances, and internal regulations that are applicable to them, conform to business ethics and social norms, and take actions openly and impartially. Hence, the specific guidelines for compliance are distributed to all directors, officers, and employees of the Group as the “Yamaha Compliance Code of Conduct,” in order to ensure concurrence with the philosophy.

The Yamaha Group’s stance towards tax payment is the same as the philosophy. The basic policy of Yamaha Group is to comply with tax-related laws and regulations set by each country and region, as well as international rules, such as OECD Transfer Pricing Guidelines, and to pay tax appropriately in order to fulfill our company social responsibility. Grounded in this basic policy, the Yamaha Group operates a robust tax governance and risk management framework to ensure compliance with all our tax obligations.

1. Tax Governance

The Yamaha Group’s tax governance is based on the Group’s transfer pricing regulations and various operation manuals. Each company of the Yamaha Group, as well as its employees, are obliged to observe those procedures.

Yamaha Group’s transfer pricing regulations were established by responsible persons at the Corporate Finance Division of Yamaha Corporation, which is presided over by the Director who heads Corporate Management Unit HQ. The regulations are applied to maintain and establish tax governance.

In case of tax issues at individual group companies, such issues are quickly reported to top management, and the Group endeavors to minimize the risks in taxation through consultation with relevant divisions and active use of external experts, such as tax accountant corporations.

2. Tax Planning

The Yamaha Group effectively uses the available preferential tax treatments in each country in the ordinary course of business activities, attempting to pay an appropriate share of taxes. Meanwhile, the Group shall not engage in artificial tax planning with the primary aim to minimise tax, and will not act against the spirit of international and domestic laws.

3. Level of risk in relation to UK taxation that the group is prepared to accept

Yamaha group takes a reasonable approach to managing tax affairs. The Group will always comply with applicable tax laws and regulations in the countries in which it operates. When

valuating a tax risk, the Group considers corporate social responsibility as well as financial impacts.

When making decisions on tax the Group takes into account the materiality of any item as well as the costs of effective risk mitigation actions. There are no predefined limits of acceptable tax risk, it is judged on an issue by issue basis.

4. Transfer Pricing

The Yamaha Group understands that it is necessary to allocate international earnings appropriately according to the functions and risks of individual group companies, and to avoid transferring its incomes to other countries.

For this purpose, the Group regularly monitors profits and losses at each group company to maintain an arm's length price, and makes efforts to reduce tax risks by utilizing bilateral advance pricing agreements (APA) for the high-risk regions in transfer pricing.

5. Relations with Tax Authorities

The Yamaha Group shall maintain adequate and cooperative relations with tax authorities in the regions where the Group engages in business. In addition, the Group has been working on maintaining and improving corporate governance in terms of tax, by seeking clarifications from the tax authorities about important tax issues and unusual transactions in the regions before filing tax returns.

6. Ensuring Transparency

Yamaha Group shall disclose its tax policies and information on tax, while tax policies of multinational corporations have been growing. Moreover, the Group strives to easily explain its status to the tax authorities in Japan and overseas to ensure transparency.

Enactment: March 2018 for Fiscal Year 1.4.2017 – 31.3.2018