

Collaborating with Suppliers in the Pursuit of Continuous Growth

Nobuya Hideshima

Executive Officer and Executive General Manager of Procurement Center

Yamaha Motor group products are constructed using many different parts and materials, and we collaborate with various suppliers in Japan and overseas. As our business becomes more global, the rate of local procurement at our overseas manufacturing bases has increased and the overall supply chain has thus become broader and more complex. As a result, procurement from the perspective of corporate social responsibility has become even more important.

Our Basic Purchasing Policies and the CSR Procurement Guidelines adopt an open door policy. This means that we provide broad access to our procurement process in Japan and overseas regardless of nationality, company size, or past transactions. When selecting suppliers, we impartially disclose information to all candidate suppliers and perform comprehensive assessments that include compliance, risk management, and management policies to ensure that we conduct fair and impartial trading.

We also place particular emphasis on issues that are essential for us to carry out our corporate social responsibility, such as compliance with the Code of Ethics and applicable laws and regulations, maintaining confidentiality, environmental preservation, and conservation of resources. To do this, we work to raise awareness through internal and external classes and seminars, day-to-day communications, questionnaire surveys, and other means, to streamline the supply chain as a whole, and to encour-



age procurement that is in line with CSR.

One recent priority issue has been the creation of new procurement systems on a global scale. A new Procurement Center was established in January 2009 as an inter-departmental organization. At the same time, we have identified “contributing to the continuous development of suppliers and the products business” as the mission of the Center with “mutual trust and mutual benefit” at its foundations. We are committed to achieving continuous growth with our suppliers despite the current difficult economic circumstances.

Yamaha Motor's Basic Purchasing Policies

Open Door Policy

We do not limit business to suppliers we have traded with before but seek to do business with new suppliers and search for such suppliers throughout the world.

Fair and Impartial Trading

Selection of suppliers is made on the basis of fair and impartial assessments of quality, price, delivery time, continuity and reliability such as the ability to provide stable supplies as well as past performance. We strictly manage information on the specifications, volumes, and transactional conditions for purchased goods and impartially disclose this information to all candidate suppliers that seek to do business with us and conclude agreements.

Compliance and Confidentiality

When purchasing goods, we comply strictly with both the letter and the spirit of laws and regulations applicable to those transactions. We do not disclose to third parties any confidential information on the operations or technology of the supplier learned through such transactions without the supplier's consent.

Emphasis on the Global Environment

When procuring goods, we strive to use resources effectively and take active measures to protect the environment and conserve resources.

Mutual Trust and Mutual Benefit

We place particular importance on mutual trust with suppliers, and we collaborate with and purchase goods from suppliers based on the idea of continuous and mutual benefit.

adopted in 2000



Advancing Green Procurement that Contributes to a Sustainable Society

Yamaha Motor group products are comprised of parts and materials procured from numerous suppliers. We believe that partnerships with suppliers are essential for us to fulfill our social responsibilities and provide goods and services that satisfy customers.

Furthermore, as a manufacturer that is involved in mobility, we take active measures in our business and with respect to our products to reduce the use of environmentally hazardous substances and to use energy resources efficiently, and we share with suppliers all standards and information including the Green Procurement Guidelines (adopted in 2003, 10th revision released in August 2008).

We require all suppliers to submit a Report of Completion of Substitution for Environmentally Hazardous Substances and Non-Use Declaration as well as to establish environmental management systems, and we perform supplier auditing.

As a result of recent developments in the global economy, it is now necessary to adopt standards for the entire supply chain and to build information systems such as information management systems. We will continue to cooperate closely with suppliers and encourage management and continuous reduction of environmentally hazardous substances.

The Yamaha Motor Group Green Procurement Guidelines (Japanese, English, and Chinese versions in PDF format) can be found at the following website.

<http://www.yamaha-motor.co.jp/global/about/csr/>

Strengthening Partnerships through Daily Efforts



Yasuhiro Ishikawa
Chairman, Yamaha Motor Suppliers Association
President, Kyoei Manufacturing Co., Ltd.

There are 195 member companies in the Yamaha Suppliers Association.* For more than 30 years, the association has collaborated with Yamaha Motor in a wide range of fields including improving quality, reducing environmentally hazardous substances, improving work environment safety, and risk management in such as measures regarding natural disasters such as earthquakes. The concept of and awareness concerning corporate social responsibility has expanded in the past several years, resulting in a broadening and deepening of the issues addressed by the association. As supply chains globalize, it is becoming increasingly important to make sure that the understanding and implementation of Yamaha Motor procurement policies is spread throughout the domestic and overseas supply chains.

Specific activities of the association to support the activities of member companies include holding lectures and study groups and the provision of information and discussions through site visits and other opportunities. With the association including companies of various sizes in many industries, the number of issues that must be

addressed will likely increase in the future, and we must maintain and improve achievement levels, making it necessary to review and strengthen cooperative structures with Yamaha Motor.

Yamaha Motor has continuously provided support concerning quality and operational issues such as environmental measures. As the importance of CSR-conscious procurement increases even further, the burdens on individual companies will become heavier. I look forward to activities and support from Yamaha Motor including the provision of information and holding courses in fields in which it has expertise and systems as well as activities to raise awareness such as necessary statutory information like the compliance study group that was held in November 2008.

Amidst a rapidly changing business environment, the Yamaha Motor Suppliers Association is committed to achieving continuous development by strengthening the sense of unity with Yamaha Motor and building partnerships based on mutual trust.

* As of March 2009

Strengthening preparedness for responding to Natural Disasters and other Emergencies

Many Yamaha Motor group business sites and suppliers are concentrated in the "area under intensified measures against earthquake disasters" where the Tokai earthquake is predicted to occur. Considering that possibility, we at Yamaha Motor believe that close collaboration with our suppliers is also necessary to ensure stable supplies of goods long-term.

Specifically, the group encourages suppliers to adopt business continuity plans (BCP) and assess risks, implement measures to reduce those risks, prepare and distribute manuals, and conduct regular education and training so they can recover rapidly from an earthquake or other disaster.

The Yamaha Motor group supports the development and introduction of disaster recovery systems not just by group companies, but by suppliers as well, and in 2008, hardware related countermeasures were implemented for production and other facilities. The group has adopted a policy of confirming the safety of personnel within two days after the occurrence of a disaster and a policy of completing preparations for the recommencement of production within two weeks after a disaster.



Training on how to operate recovery equipment (a generator)

As reference, at the time of the Iwate-Miyagi Nairiku earthquake in June 2008, the safety of just 87.2% of personnel was confirmed within two days. In 2009, priority management issues will be addressed with a focus on those matters that concern human life and safety and additional measures will be taken to reinforce operational aspects.

Fair Trading and Strict Compliance

Relations founded on trust are essential for continuous and progressive business activities, and we believe that this requires fair trading throughout the entire supply chain.

The Yamaha Motor group strives to maintain strict compliance with applicable laws and regulations such as the Subcontracting Law based on the Automobile Industry Equitable Transaction Guidelines issued by the Ministry of Economy, Trade and Industry. We also share information with suppliers and request in our transactions with each company that they take similar measures.

Standards for business are not limited to laws and regulations, and we disclose the Yamaha Motor group Code of Ethics and hold briefings to build the foundations for relations of trust with suppliers. Going forward, we will make the safety and assurance of customers the pillar of our business while building comprehensive relations with suppliers that fulfill our social responsibilities. We will do so by respecting human rights, cultures and customs, taking into consideration our relations with local communities and the global environment, and protecting and managing information.



A Code of Ethics briefing for suppliers



Excerpts from documents used at the Suppliers Conference held at the end of each year