



ENVIRONMENTAL REPORT
2003

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For enquiries concerning this Report, please contact:

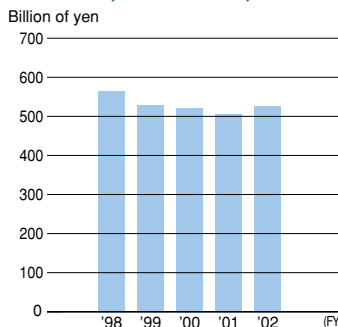
YAMAHA CORPORATION

Environmental Planning Section
 Environmental Management Division
 10-1, Nakazawa-cho, Hamamatsu
 Shizuoka 430-8650, Japan
 Tel: 81-53-460-2834
 Fax: 81-53-466-3598
 e-mail eco-rep@post.yamaha.co.jp
 For further information please visit our website below:
<http://www.global.yamaha.com/>

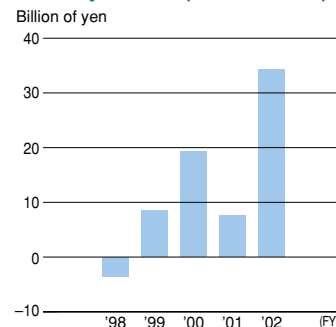
Corporate Data

Company outline (as of March 31, 2003)
 Company name: Yamaha Corporation
 Head office: 10-1, Nakazawa-cho, Hamamatsu Shizuoka 430-8650, Japan
 Date of establishment:1887
 Incorporated: October 12, 1897
 Representative: Shuji Ito, President
 Paid-in capital: 28,533 million yen
 Results (April 2002 - March 2003)
 Unconsolidated : Net sales: 334,078 million yen
 Ordinary income: 22,218 million yen
 Net income: 7,706 million yen
 Consolidated : Net sales: 524,763 million yen
 Ordinary income: 33,839 million yen
 Net income: 17,947 million yen
 Primary Businesses:
 •Musical instruments:Pianos, digital musical instruments, wind, string and percussion instruments, educational musical instruments, professional audio equipment, soundproof rooms, music schools, English schools, content distribution, tuning
 •AV&IT: Audio products, IT equipment
 •Lifestyle-related: System kitchens, system bathrooms, washstands, furniture, parts for housing facilities
 •Electronic equipment and metals: Semiconductors, speciality metals
 •Recreation: Management of sightseeing facilities, accommodation facilities, ski resorts and sports facilities
 •Other: Golf products, automobile interior components and fittings, industrial robots, molds and magnesium parts
 Number of employees: Consolidated 18,547
 Unconsolidated 6,109
 Number of consolidated subsidiaries: 84 (including overseas companies)
 Number of companies accounted for by the equity method: 2

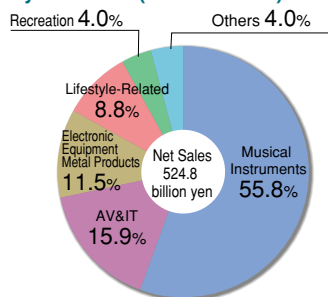
Net Sales (Consolidated)



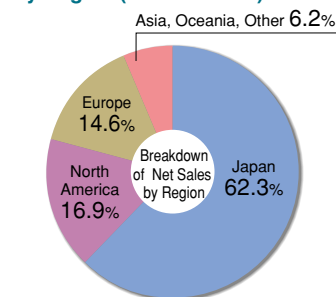
Ordinary Income (Consolidated)



Breakdown of Net Sales by Business (Consolidated)



Breakdown of Net Sales by Region (Consolidated)



Note Concerning Publication of this Environmental Report

In compiling this Environmental Report, Yamaha Corporation utilized the Environmental Reporting Guidelines published by the Ministry of the Environment and made reference to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

Scope of reporting:
 Domestic production factories and affiliated companies of Yamaha Group

- Main changes from FY2002 Report:
- 1) More comprehensive reporting of Group companies
 - 2) Inclusion of initiatives in compliance and personnel system, as well as communication and contributions to communities
 - 3) Inclusion of section on Environmental Risk Management

This report covers FY2002 (April 2002 to March 2003).
 Some items may include more recent information in order to explain progress subsequent to March 2003.

The next Environmental Report is scheduled to be published in July 2004.



Yamaha's Policy on the Environment and History of Environmental Initiatives

Yamaha has positioned environmental preservation as a priority corporate activity and in 1994 adopted Yamaha's Policy on the Environment as an expression of the company's fundamental thinking on the environment. Since then, Yamaha has taken every opportunity to promote this policy among its employees through training and education.

YAMAHA'S POLICY ON THE ENVIRONMENT

Premise

Earth exists not only for those of us who currently live on it, but also for our descendants. We must live in a way that will ensure a future for our children and grandchildren. It is, therefore, our duty to protect our valuable environment so that all living creatures can continue to live on this planet forever.

Policy

Yamaha's corporate objective 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. We have to be aware that corporate activities are deeply related to the environment, and we at Yamaha acknowledge our responsibility to nature. We are dedicated to enriching people's lives and helping to preserve the environment as we live together harmoniously in society.

The Six Principles of Yamaha's Corporate Environmental Activity

1. Make efforts to develop technology and provide products that will be as sensitive as possible to the earth's animals, plants and environment.
2. Promote energy-saving activities and make effective use of resources in the areas of research and development, production, distribution, sales and service.
3. Minimize and recycle waste products, and simplify waste disposal procedures at each stage of production and distribution, as well as during and after use.
4. Strictly follow environmental rules and regulations, encourage environmental protection activities, and ensure the well-being of employees and citizens by practicing sound environmental management.
5. In developing operations overseas, make environmental protection a priority through investigation and understanding of the environmental standards of the host country.
6. Actively distribute information, contribute to the community and carry out educational activities concerning environmental preservation.

History of Environmental Initiatives

- 1974 ● Established the Environmental Management Division
- 1975 ● Started company-wide energy conservation activity
Started local clean-up activity
- 1981 ● Started electrical power generation using wood chips (at Tenryu Factory)
- 1990 ● Completely abolished the use of trichloroethylene and tetrachloroethylene
- 1993 ● Abolished the use of specified CFCs and trichloroethane
Market debut of the Silent Piano that takes living space into consideration; the first of a series of instruments developed and marketed as The Silent Series
- 1994 ● Created Yamaha's Policy on the Environment and the Action Policy
Created the Environmental Committee and five specialist groups
- 1995 ● Started recycling and reuse of waste casting sand
- 1997 ● Announced intention to acquire ISO 14001 certification
Yamaha Kagoshima Semiconductor Inc. becomes the first YAMAHA company to acquire ISO 14001 certification
- 1998 ● Kakegawa Factory acquires ISO 14001 certification
Started disclosure of information regarding soil contamination by chlorinated organic solvents and initiated countermeasures
- 1999 ● Iwata Factory and Saitama Factory acquire ISO 14001 certification
Started ISO 14001 certification acquisition support business
- 2000 ● Toyooka Factory acquires ISO 14001 certification
Published the first edition of Yamaha Environmental Report
Introduced environmental accounting
Completed soil remediation measures; continued purification of groundwater
- 2001 ● Main Factory and Tenryu Factory acquire ISO 14001 certification
(All factories in Japan acquire ISO 14001 certification)
- 2003 ● All YAMAHA manufacturing bases in Japan and overseas acquire ISO 14001 certification



Yamaha's Community Activities Praised by External Organization

Yamaha has been selected as a component of the FTSE4Good Global Index, a representative global indicator of social responsibility investment. The FTSE Group originated as a joint venture between the Financial Times and the London Stock Exchange and evaluates ethical, social and environmental criteria. In FY2002, 617 companies (including 60 Japanese companies) were selected, and Yamaha was selected for the second consecutive year.



Foreword

Ten years after the 1992 Rio Earth Summit (United Nations Conference on Environment and Development), the World Summit on Sustainable Development was held in Johannesburg in August of last year.

The World Summit was intended to review activities during the past decade and to agree on a global action plan geared towards achieving sustainable development. At the summit, it was emphasized that in addition to principles and plans, real action is also needed. Today, activities intended to create sustainable, recycling-oriented societies have begun in various areas in countries around the world.

Yamaha has completed the introduction of ISO 14001 environmental management systems and has put in place systems for promoting environmental conservation activities at all its domestic and overseas production facilities. Yamaha is also conducting group-wide environmental conservation activities to prevent global warming by conserving energy, to reduce substances harmful to the ozone layer, to conserve resources used in business activities, and to reduce waste.

Yamaha believes that the starting point of environmental management, which coordinates business activities and environmental conservation activities, is the creation of products with universal characteristics and the provision of services that enhance the appeal of products. We also believe that putting this belief into action in all business activities from product development to materials procurement, production, sales, and service is the only path that ensures acceptance of the company by society and ensures sustainable development.

In the future, Yamaha will continue to promote activities intended to improve consolidated group-wide environmental management based on our corporate principles.

We will continue to play an active role in making the very world we live in a sustainable society so that sound and music can be handed down to peoples around the world for many years to come.

A handwritten signature in black ink that reads "Shuji Ito". The signature is fluid and cursive, with a long horizontal stroke at the end.

Shuji Ito, President

Corporate Principles

Yamaha will continue to create 'Kando' and enrich culture with technology and passion born of sound and music, together with people all over the world.
'Kando' is a Japanese word that signifies an inspired state of mind.

To Customers

Yamaha will fully satisfy the customer, by offering high quality products and services, which use new and traditional technologies, as well as creativity and artistry, and continue to be a known, trusted and loved brand.

To Employees

Yamaha strives to create an open atmosphere where employees can realize goals, be given opportunities, and be evaluated fairly. Yamaha will be an organization where employees can demonstrate their abilities fully, have confidence, and earn pride.

Brand Slogan
**Creating 'Kando'
Together**

To Shareholders

Yamaha will increase the satisfaction and understanding of its shareholders by striving for healthy profits and returns, and by achieving productivity, using high quality, transparent management, and practicing disclosure.

To Society

Yamaha will give first priority to safety, and will care for the environment. Yamaha will be a good corporate citizen, and observe laws and work ethically, developing the economy, and contributing to local and global culture.

Adopted in February, 2001

Environmental Responses Based on New Values

In order to transform from the high-volume production and high-volume consumption society of the twentieth century to the recycling-oriented society of the twenty-first century, corporations must undertake responses for environmental conservation based on new values.

Based on Yamaha's Policy on the Environment and its corporate principles, Yamaha has positioned the environment as a priority management issue and is using technology to conduct environmental conservation.

Our activities in the future will include the following priorities:

1. Following the completion of acquisition of ISO 14001 certification by all domestic and overseas production facilities in FY2002, we will strengthen group-wide consolidation of environmental conservation activities and promote environmental management.
2. We will promote green procurement and environmentally-friendly design and work to increase environmentally-friendly products.
3. We will promote further reductions in landfill waste and recycling of waste materials to achieve zero emissions in 2005.
4. We will strictly observe all applicable environmental laws and regulations as well as voluntary management standards.

Based on a strong awareness of our responsibilities as a good corporate citizen, we will ensure that our environmental activities are both sound and effective.



Director in Charge of
Environmental Affairs
Yoshihiro Umeda

Environmental Management

Results of Activities in FY2002

Activities at domestic production factories and affiliated companies of Yamaha Group are described here.

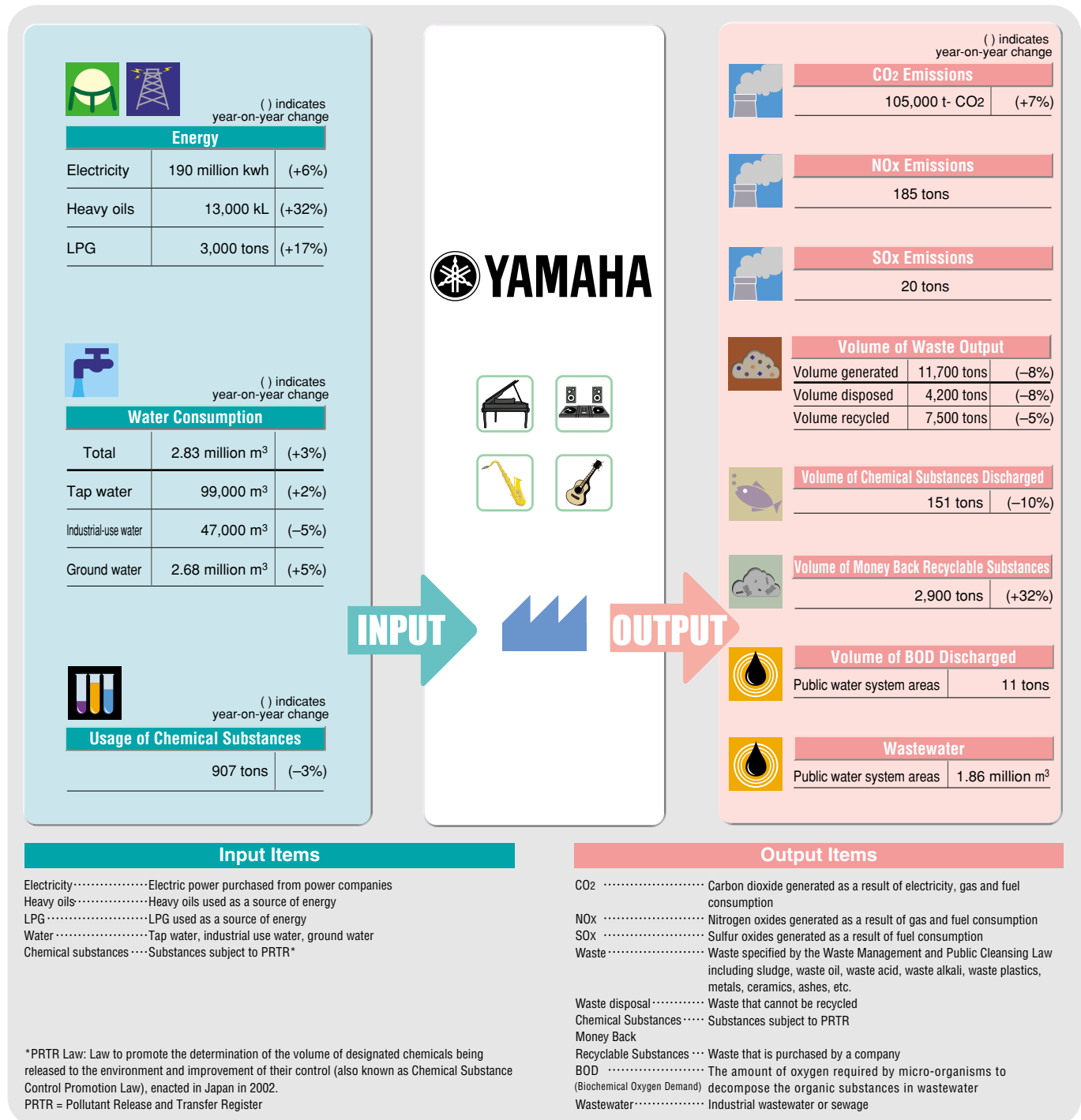
	Goal	FY2002 Results	Future Action
Environmental management system	Acquisition of ISO 14001 certification by domestic and overseas affiliates (production and resort facilities) by FY2002	·All production affiliates acquired ISO 14001 certification	·Acquisition of ISO 14001 certification by all resort companies in FY2003
	Expansion of companies subject to environmental accounting	·Expanded to encompass domestic production affiliates	·Expanded to encompass all production affiliates
	Promotion of environmental education and training	<ul style="list-style-type: none"> ·Internal environmental auditor training 27 employees of Yamaha and 33 employees of affiliates received certification (502 persons certified) ·Environmental Seminar (330 participants) "Communication between Companies and Communities in the Twenty-First Century" ·Product Environmental Seminar (190 participants) Responses to RoHS(EU Directive on Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment) ·New employee training ·Training on environment-related laws (factory patrols) 	<ul style="list-style-type: none"> ·Hold internal environmental auditor training seminars (4 times) ·Hold training programs to raise the level of internal environmental auditors ·Hold Environmental Seminars ·Hold Product Environmental Seminars ·Conduct new employee training
Product development (product and packaging)	Promotion of the development of environmentally-friendly products and implementation of LCA	<ul style="list-style-type: none"> ·Shipments of products that use lead-free solder begun ·Formaldehyde-free materials used in piano construction ·Achieved standby power consumption of 1W or less by home theater products ·Light-weight wooden sound insulating flooring for use in apartments developed ·Eliminated the use of PVC in kitchen products ·Internal LCA training held 	<ul style="list-style-type: none"> ·Introduce internal approval system for environmentally-friendly products ·Expand the use of lead-free solder ·Implement responses to RoHS ·Increase the number of environmentally-friendly products ·Implement LCA
	Reduction in packaging materials by the following amounts compared to FY1999 levels by FY2002	Usage compared to FY1999 levels: <ul style="list-style-type: none"> ·Wood-based packaging materials: 55% reduction (6.5% increase from the previous year) ·Foam cushions: 6.2% reduction (9.7% less than the previous year) ·PVC packaging material: 76% reduction (59% less than the previous year) 	·Continuation of activities toward reduction of wood-based packaging materials, and foam cushions
Green procurement	Promotion of green procurement	<ul style="list-style-type: none"> ·Yamaha Green Procurement Standards Issued ·Surveys of main domestic suppliers conducted ·Standards concerning the use of certain chemical substances in products adopted ·Heavy metals eliminated from painting and printing materials ·Chrome-free sheet metal adopted ·Use of lead in electronic component terminals eliminated 	<ul style="list-style-type: none"> ·Expand surveys to overseas suppliers ·Put the procurement standards into practice ·Expand the type of products subject to green procurement
Prevention of global warming	1% improvement in CO ₂ emissions per unit of sales compared to FY2001	CO ₂ emissions per unit of sales: 1% improvement over the previous year (2.4 t-CO ₂ /billion yen) (CO ₂ emissions: 105,000 t-CO ₂ /year)	·Achieve 1% improvement in CO ₂ emissions per unit of sales over the previous year
Protection of the ozone layer	Elimination of the use of substitute CFCs by 2010	Volume used: 11% reduction from the previous year (1.7 tons/year)	Elimination of the use of substitute CFCs by 2010
Waste	Reduction of waste disposal volume and promotion of recycling	Waste disposal volume: 8% reduction from the previous year (4,200 tons/year) Volume recycled: 2% increase over the previous year (64%)	·Achieve zero emissions at factories on an unconsolidated basis in 2005
Chemical substances	Reduction in discharge volumes of substances subject to PRTR	Discharge volumes of substances subject to PRTR: 10% reduction from the previous year (151 tons/year)	<ul style="list-style-type: none"> ·Reduction in discharge volumes of substances subject to PRTR ·Create control standards for chemical substances
	Reduction in the discharge volume of formaldehyde by 64% by FY2003 (compared to FY1995)	75% reduction compared to FY1995 (36% reduction compared to the previous year) Volume discharged: 76 kg/year	·Reduce the discharge volume of formaldehyde by 5% from the previous year
Ground water remediation	Continue remediation of ground water	Reduced ground water contamination to 1/3 or less of initial levels Achieved better levels than environmental standards in some areas	·Continue remediation of ground water using a pumping method and by filtering through activated charcoal
Information disclosure Communication Social contributions	Enhance scope of information in the environmental report	<ul style="list-style-type: none"> ·Consolidated reporting by domestic production affiliates ·Addition of corporate social responsibility ·Addition of environmental risk management 	<ul style="list-style-type: none"> ·Expansion to all production affiliates ·Increase reporting on corporate social responsibility
	Implementation of local clean-up activities	·830 persons participated in local clean-up activities	·Continue participation in local clean-up activities

Material Balance

Environmental Impact Arising from Business Activities and Action Toward Realizing a Recycling-Oriented Society

Yamaha Group has some impact on the global environment in all phases of its business activities including product development, procurement of parts and materials, production, sales, distribution, use of products by customers, and disposal. Within these processes, various resources are used, and different forms of energy including electricity, oil, and water are consumed.

In order to express more clearly the relationship between business activities and environmental impact, Yamaha determines the material balance between the volume of materials input and the volume of materials output, while working to reduce environmental impact in every phase of the product lifecycle.

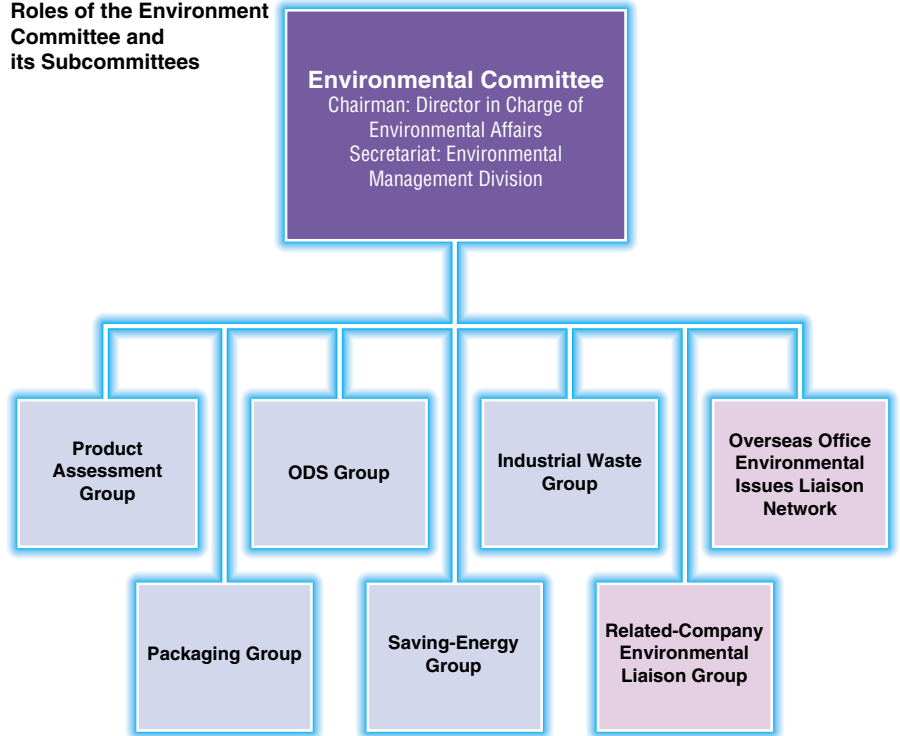


System of Promotion/ISO 14001/Environmental Training and Education

Organization for Environmental Activities

Yamaha established the Environmental Management Section (currently the Environmental Management Division) in 1974, and in 1994 created the Environmental Committee with the director in charge of environmental matters serving as its chairman. Since then, the Environmental Committee has adopted policies, set goals, and promoted and evaluated activities, while five separate groups address individual issues.

Roles of the Environment Committee and its Subcommittees



All YAMAHA Manufacturing Bases in Japan and Overseas Acquired ISO 14001 Certification

Following the completion of acquisition of ISO 14001 certification by the Yamaha Head Office and all domestic manufacturing bases in FY2000, Yamaha Group has been expanding certification to domestic and overseas affiliates. In FY2002, three domestic and eight overseas companies acquired certification. As a result, all manufacturing bases throughout the world have now acquired certification.



Xiaoshan Yamaha (China)



Yamaha Musical Products, Inc. (U.S.A.)

Acquisition of ISO 14001 Certification

Yamaha

Facility	Date Acquired
Takegawa Factory	Nov. 1998
Iwata Factory	Mar. 1999
Saitama Factory	Sep. 1999
Toyooka Factory	Jun. 2000
Main Factory	Feb. 2001
Tenryu Factory	Mar. 2001

Affiliates in Japan

Facility	Date Acquired
Yamaha Kagoshima Semiconductor Inc.	Nov. 1997
Yamaha Metanix Corporation	Mar. 1999
Yamaha Music Craft Corporation	Jul. 2000
D.S. Corporation	Feb. 2001
Yamaha Livingtec Corporation	Dec. 2001
YP Winds Corporation	Feb. 2002
Sakuraba Mokuzai Co., Ltd.	Sep. 2002

Resort Companies

Facility	Date Acquired
Katsuragi Corporation	Nov. 2001
Nemunosato Corporation	Feb. 2002
Kiroro Associates Corporation	Feb. 2002
Tsumagoi Corporation	Jan. 2003
Toba International Hotel Corporation	Mar. 2003

Overseas Affiliates

Facility	Date Acquired
Yamaha Electronic Manufacturing (M) Sdn.Bhd. (Malaysia)	Dec. 1998
Kaohsiung Yamaha Co., Ltd. (Taiwan)	Nov. 1999
Tianjin Yamaha Electronic Musical Instruments, Inc. (China)	Dec. 1999
Yamaha Music Manufacturing, Inc. (U.S.A.)	Dec. 2000
P.T. Yamaha Musical Products Indonesia (Indonesia)	Jan. 2001
Yamaha Electronique Alsace S.A. (France)	Mar. 2001
P.T. Yamaha Music Manufacturing Indonesia (Indonesia)	Dec. 2001
Yamaha Musical Products, Inc. (U.S.A.)	Apr. 2002
P.T. Yamaha Indonesia (Indonesia)	May 2002
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd. (Taiwan)	Jun. 2002
P.T. Yamaha Music Manufacturing Asia (Indonesia)	Jul. 2002
Guangzhou Yamaha-Pearl River Piano Inc. (China)	Sep. 2002
Kemble & Company Ltd. (U.K.)	Dec. 2002
P.T. Yamaha Electronics Manufacturing Indonesia (Indonesia)	Jan. 2003
Xiaoshan Yamaha Musical Instrument Co.,Ltd. (China)	Mar. 2003

* Acquired certification in FY2002

Environmental Training and Education

In order to raise awareness and increase knowledge concerning the environment in Group companies, Yamaha holds rank-specific general and specialized training. Yamaha also promotes the acquisition of environment-related public qualifications and environment-related certifications and encourages participation in a variety of external specialized courses and study groups.

In FY2002, training was conducted as indicated in the table below. Yamaha also provides environment-related information including information on environmental activities and recent regulatory trends in company newsletters and on the Intranet. Yamaha takes every opportunity to actively conduct environmental training and education.



President Ito addressing participants at the Environmental Seminar



Product Environmental Seminar

Environmental Training
General Training

Title	Participants
New employee training	New employees
Yamaha Advanced Skill School (Environmental management)	Employees assigned to the Yamaha Advanced Skill School
Yamaha Technical Training Center	Employees assigned to the Yamaha Technical Training Center
ISO 14001: General training	All employees of divisions that have acquired ISO 14001 certification
Environmental Seminar: Communication between Companies and Communities in the Twenty-First Century	Directors and all employees

Specialized Training

Title	Participants
Seminar on environmental laws	Environmental managers and related departments at factories
Internal environmental auditor training	Persons planning to become internal environmental auditors
Training to improve the skills of internal environmental auditors	Internal environmental auditors
Wastewater treatment facility operation manager training	Wastewater treatment facility operation managers at each factory
Internal green procurement seminar	Persons in charge of procurement
Lead-free technology briefing	Design engineers
Product environmental seminar: RoHS (The EU Directive on Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment)	Engineers
LCA seminar	Product assessment personnel
LCA study group	Product assessment personnel
ISO 14001 special training and courses	Employees in charge of each process

Environmental Accounting

FY2002 Environmental Accounting Results

From FY2002, the scope of environmental accounting was expanded from Yamaha Corporation on an unconsolidated basis, to all domestic production affiliates.

Environmental Costs

Environmental investment in FY2002, for updating wastewater treatment facilities, etc. was 490 million yen on a domestic consolidated basis. On an unconsolidated basis, environmental investment was 300 million yen, a decrease of 6 million yen from FY2001.

Environmental expenditure, for appropriate disposal and recycling of waste, etc. was 2.98 billion yen, on a domestic consolidated basis and 2.12 billion yen on an unconsolidated basis, an increase of 36 million yen from FY2001.

(1) Environmental Effects

In conjunction with an increase in Group production, CO₂ emissions increased by 7,000 tons-CO₂ and water consumption increased by 100,000m³.

As a result of the effects of exhaust processing equipment, however, the volume of chemical substances released decreased by 16 tons and increased recycling reduced the waste disposal volume by 350 tons.

(2) Economic Effects

As a result of energy conservation activities, purchase of electricity decreased and utility expenses were cut by 17 million yen. Although the waste disposal volume was reduced, an increase in the processing cost per unit of waste resulted in a 12 million yen increase in waste disposal expenses. In addition, the sale of money-back items resulted in an income of 64 million yen.

Costs and Effects

Scope of accounting: Yamaha on an unconsolidated basis and domestic production affiliates
Period: April 1, 2002 - March 31, 2003

Environmental Costs

(Unit: million yen)

Classification	Details	Investment*1		Expenses*2	
		Consolidated	(Unconsolidated)	Consolidated	(Unconsolidated)
Business area costs	1. Pollution prevention	197.3	167.0	552.2	390.5
	2. Energy conservation, etc.	151.3	80.2	102.0	78.8
	3. Waste, etc.	137.6	50.8	736.9	471.6
Upstream/downstream costs	Recycling of products, improvements in distribution, etc.	0.1	0.1	184.0	113.8
Management costs	Environmental education, ISO 14001, greening of premises Monitoring of measurements, information disclosure, etc.	1.5	1.4	742.9	581.8
Research and development costs	Development of environmentally-friendly products, specifications, etc.	—	—	601.9	441.6
Social activities costs	Social contributions, etc.	0.0	0.0	33.0	24.1
Environmental damage remediation costs	Groundwater remediation, etc.	3.2	3.2	31.3	13.9
Total		491.0	302.7	2984.2	2116.1

*1. Investment amount refers to investment in factories and equipment made with environmental preservation objectives. The figure is calculated by multiplying the purchase price by a quantity determined by the proportions of the objectives of purchase (e.g., 0.1, 0.5, 1.0).

*2. Expenses refer to personnel and other costs expended for environmental preservation activities. Personnel expenses are calculated by multiplying the time spent on environmental preservation activities determined by the manager of each department by a common unit. Costs are determined by multiplying the amounts paid externally by a certain quantity as in the case of investment amounts (e.g., 0.1, 0.5, 1.0). Depreciation costs are not included.

Environmental Preservation Effects

Details	(Unit)	FY2001	FY2002	Change
CO ₂ emissions volume	t-CO ₂	98,000	105,000	+7,000
Water consumption	Million m ³	2.73	2.83	+0.1
Waste disposal volume *3	t	4,600	4,200	-400
Volume of chemical substances released *4	t	167	151	-16

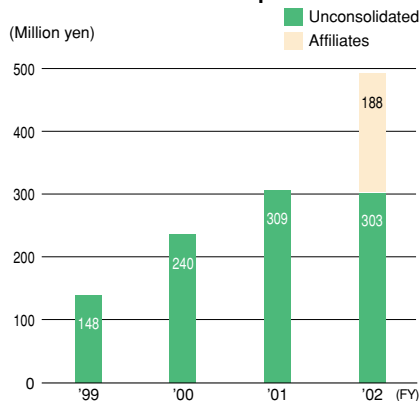
*3. Waste disposal expenses include subcontracting expenses, recycling expenses, and internal interim processing expenses.

*4. Chemical substances refers to chemical substances subject to PRTR that are used by Yamaha.

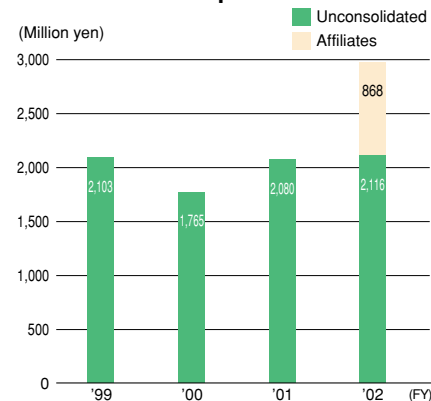
Economic Effects (Million yen)

Details	Amount
Saving from utility costs	17
Saving from water conservation	2
Waste disposal expenses	-12
Total savings	7
Income from sale of money-back items	64
Economic Effects	71

Environment-Related Capital Investment



Environmental Expenses



Future Action

Yamaha Group is promoting the use of environmental accounting as an environmental management tool in an effort to reduce environmental impact while continuing business activities. In the future, we will expand the scope of consolidated environmental accounting to include overseas affiliates and create indexes of environmental performance to enhance internal environmental management and accounting.

Environmental Risk Management

Leakage Accident Prevention Measures

Yamaha Group has implemented measures to prevent leakage of chemical substances in the case of earthquakes or other accidents. In FY2002, a fluid-retention barrier was installed at the wastewater treatment facility in the Saitama Factory.

Additionally, in the wind instrument production process at the Toyooka Factory, the size of the nickel chemical bath was reduced to 1/3; it was made more resistant to earthquakes, and a fluid-retention barrier was installed.



Fluid-retention barrier at the wastewater treatment facility in the Saitama Factory

Emergency-Response Training

Yamaha Group conducts emergency-response training on a regular basis. For example, in a training session involving a mock leakage accident, actual conditions are simulated by spilling water and through other means. Any problems in the emergency-response procedure are corrected, thus improving the level of risk management.



Training for handling underground tank leakage (Katsuragi Corporation)

Reduction of Volume of Stored Chemical Substances

An upper limit for the volume of each chemical substance to be stored is specified, and the actual volume is maintained at or below this level.

In the Head Office region, Yamaha implemented storage volume reduction and in FY2002 reduced the total storage volume to 2/3 of the FY1999 level.



Storage of chemical substances

Stricter Management of Poisonous/Deleterious Substances

At Yamaha, poisonous/deleterious substances are strictly managed according to the Chemical Substance Control Rules. The management structure has been further enhanced by, for example, introducing a computerized monitoring system.

In FY2002, the following measures were implemented throughout the entire Yamaha Group:

- (1) More careful handling of substances designated in the Poisonous and Deleterious Substances Control Law (72 poisonous substances and 289 deleterious substances) and other chemical substances.
- (2) Adherence to legal procedures during purchasing of chemical substances; proper management using dedicated storage areas; strict implementation of measures to prevent theft/leakage/accidental discharge; daily accounting of purchased, used, and remaining volumes; and neutralization before disposal.
- (3) Cooperation with the biannual volume audits conducted by Yamaha Environmental Management Division and implementation of any corrective actions identified.

PCB Storage

In accordance with the Law Concerning Special Measures Against PCB put into force in 2001, all Yamaha Group operations throughout Japan re-checked the capacitors and stabilizers containing PCB and reported the quantities and other details to the government.

PCB is controlled according to the PCB Control Standard and is stored in leak- and theft-proof locations.



PCB storage

Remediation of Ground Water

With respect to the status of remediation measures to clean ground water at two factories and one affiliate, where the presence of chlorinated organic solvents was voluntarily disclosed in November 1998, contamination levels have already been reduced to about 1/3 or less of initial figures, and in some areas have been restored to levels better than environmental standards.

Yamaha will continue to implement remediation measures to achieve further improvements.



Remediation facilities (Main Factory)

Environmental Measurements and Environmental Technology Center

To comply with laws and further reduce substances of environmental concern, Yamaha Group has established voluntary standards on wastewater, exhaust emissions, noise, vibration, offensive odors, etc. that are stricter than legal regulations.

Environmental measurements are taken by trained staff members of the Environmental Technology Center. The Center provides guidance on environment-preservation technologies and is developing technologies for reducing substances of environmental concern in production processes.



Wastewater analysis at the Environmental Technology Center

Environment-Related Accidents/Litigation

In FY2002 also Yamaha Group was not subject to any environment-related fines or penalties. It was also not involved in any litigation.

There were, however, two accidents that had an impact outside the company. Responsive measures were immediately taken, the causes determined, and permanent measures implemented.

Accidents that Resulted in External Impact

Details of the Accidents	Response Measures
<ul style="list-style-type: none"> Processing of chemicals following disinfection of wastewater processing facilities was inadequate. As a result some of the chemicals remained and were released into a wastewater discharge pipe. 	<ul style="list-style-type: none"> A manual of procedures for maintenance work was prepared and training was conducted to clarify the key points for non-periodic maintenance. A report was made to the administrative authorities.
<ul style="list-style-type: none"> Reducing agents flowed into a wastewater processing area and the volume of iodine consumed exceeded the sewage standards. 	<ul style="list-style-type: none"> A report was immediately made to the administrative authorities concerning tentative measures taken and future investigations of the causes and countermeasures. Functions for processing reducing agents were added, a manual of guidelines created, and training conducted.

Environmental Audits

Environmental Audits

Yamaha Group environmental audits include external audits based on ISO 14001 standards and internal audits of each site as well as “environmental patrols” conducted during Environmental Month each June where auditors from each plant conduct reciprocal audits.

External Audits

In FY2002, external audits were conducted at 18 sites (12 domestic affiliates including resorts and other companies).

The audit results indicated six areas that needed improvement, and the companies involved immediately took corrective measures to improve the systems indicated.

Internal Audits

In FY2002, internal audits of 18 sites were conducted.

Corrective measures were taken with respect to all matters in need of improvement. The measures were also expanded to other divisions to achieve overall improvements.

Yamaha's Production Factories in Japan

Factory	Date audited	Audit type
Kakegawa Factory	Oct.02	Periodic surveillance
Iwata Factory	Dec.02	Periodic surveillance
Saitama Factory	Aug.02	Update audit
Toyooka Factory	May 02	Periodic surveillance
Main Factory	Feb.03	Periodic surveillance
Tenryu Factory	Feb.03	Periodic surveillance

Affiliates in Japan

Facility	Date audited	Audit type
Yamaha Kagoshima Semiconductor Inc.	Oct.02	Periodic surveillance
Yamaha Metanix Corporation	Mar.03	Periodic surveillance
Yamaha Music Craft Corporation	Jul.02	Periodic surveillance
D.S. Corporation	Jan.02	Periodic surveillance
Yamaha Livingtec Corporation	Nov.02	Periodic surveillance
YP Winds Corporation	Feb.03	Periodic surveillance
Katsuragi Corporation	Oct.02	Periodic surveillance
Nemunosato Corporation	Oct.02	Periodic surveillance
Kiroro Associates Corporation	Feb.03	Periodic surveillance
Sakuraba Mokuzai Co., Ltd.	Aug.02	Main audit
Tsumagoi Corporation	Dec.02	Main audit
Toba International Hotel Corporation	Mar.03	Main audit

Environmental Patrols

On June 6 and 13, 2002, environmental patrols were conducted at Yamaha's six production factories in Japan. Groups made up of internal environmental auditors from each factory and staff of the Environmental Management Division made reciprocal on-site inspections of environmental facilities at each factory.



Environmental patrol (Main Factory)

Improvement Items Indicated by Environmental Patrols in FY2002

Category	No. of Items
Waste-related	37
Water quality	10
Chemical substance storage	4
Noise	0
Air	0
Offensive odor	1
Other	4
Total	56

Training Internal Environmental Auditors

In order to raise the levels of internal audits and environmental patrols, Yamaha Group is putting its energies into training internal environmental auditors. In FY2002, 27 Yamaha employees and 33 employees of affiliated companies in Japan acquired internal qualifications as auditors, bringing the total number of qualified auditors in Japan to 502.

In addition, in order to raise the skills of employees who have already acquired qualifications, training to improve the skills of internal environmental auditors was held in July 2002.



Training to improve the skills of internal environmental auditors

Environmental Considerations in the Product Development Stage

Continuous reducing of environmental impact by the product through its lifecycle is one of the most important steps that a manufacturer can take in order to build a recycling-oriented society.

Yamaha Group is pursuing resource and energy conservation, reduction of environmental impact from parts and raw materials, and recyclability improvement in the product development stage.

In order to reduce the use of chemical substances, Yamaha Group is taking various measures, such as setting standards for the amount of chemical substances contained in its products and promoting green procurement.



Management of Chemical Substances Contained in Products

Yamaha collected information on and investigated the trends in environmental regulations from around the world to create the Standards for Chemical Content in Products in February 2003. These standards clearly identify prohibited substances, restricted substances, and controlled substances. By ensuring that the Design Department and Procurement Department strictly adhere to these standards, Yamaha Group ensures legal compliance and helps reduce environmental impact.



Standards for Chemical Content in Products

Promotion of Green Procurement

Yamaha Group determines the requirements for parts to be procured based on the Standards for Chemical Content in Products established by Yamaha and using the guidelines set by JEITA (Japan Electronics and Information Technology Industries Association) as a reference.

Green procurement efforts have resulted, for example, in the elimination of lead from the resin coatings of wires and the adoption of chromium-free steel plates. The elimination of lead from the terminals of electric parts is also rapidly progressing with cooperation from suppliers.

In the future, Yamaha plans to focus on the substances covered by RoHS (the EU Directive on Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment), which is an especially important environmental regulation, and to promote compliance by domestic and overseas suppliers. (RoHS will go into effect on July 1, 2006.)

Introduction of LCA

In FY2002, in order to introduce the concept of LCA (Life Cycle Assessment), Yamaha held study groups and carried out LCA analyses for the major products of each Department on a trial basis. While these trials helped employees understand LCA implementation methods, they also identified problems such as the lack of parts inventory data. Therefore, Yamaha Group is currently accumulating relevant data and continuing activities that will lead to the actual application of LCA.

Product Resource and Energy Conservation

Substantial Reduction in Standby Power Consumption of AV&IT-Related Products

An important step in reducing CO₂ emissions is reducing the power consumption and standby-power requirements of AV products, such as audio equipment, power amplifiers (PA), and home theater systems; and of IT products, such as routers for broadband networks and LSI (Large Scale Integration) chips.

Yamaha reduced the standby power consumption of nearly all models of home theater products to 1W or less by FY2002. In two home theater systems (DVX-S100 and AVX-S80), Yamaha achieved standby power consumption of 0.4W, while that of the digital cinema projector DPX-1000 was reduced to 0.1W.



DPX-1000

Example of Environmental Initiatives

Green Procurement

When procuring office supplies, Yamaha gives priority to environmentally-friendly products and services that use recycled materials and reduce substances of environmental concern during disposal, and are designed with energy conservation in mind.

In FY2002, YP Video, a subsidiary that produces catalogs and web sites, adopted employee uniforms made of fibers made from recycled PET bottles.



Employee uniforms made from recycled fibers

Weight Reduction of the Soundproof Chamber Avitecs™ (Mini Type)

In October 2002, Yamaha Group introduced the Avitecs™ (Mini Type) Series 52, which offers better soundproofing performance but is lighter in weight. By improving the shape and positioning of the sound-absorbing materials as well as the positioning of vibration-suppression materials inside the paneling, Yamaha achieved a weight reduction of 15% to 20%.

Yamaha also used PVC-free materials for the walls, ceiling, and door trim.

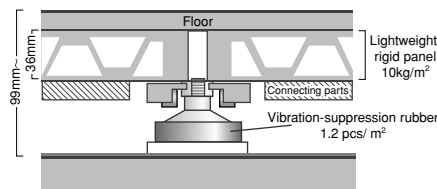


Avitecs™ (Mini Type)

Development of Lightweight, Wooden, Soundproof Flooring

In October 2002, Yamaha Group developed the Dry Double Floor for impact sound insulation (YDF: Yamaha Double Flooring), which achieves the objectives of resource conservation, weight reduction, and high soundproofing performance against heavy weight floor impact sound. YDF is a flooring system that is ideal for use in condominiums and apartments where preventing noise transmission between floors is important. YDF is much lighter than conventional flooring systems.

Yamaha's newly developed hollow, wooden paneling is made from a recycled resource called "OSB (Oriented Strand Board)" in order to help conserve tropical rain forests.



Sectional view of YDF

Resource Conservation In and PVC Elimination from Kitchen Products

Yamaha Livingtec Corporation has established a highly precise technology for forming artificial marble kitchen counters, thus greatly reducing the machining steps required in the back-end process. As a result, the volume of materials that must be discarded has been reduced, achieving resource conservation of at least 10% compared to conventional processes.

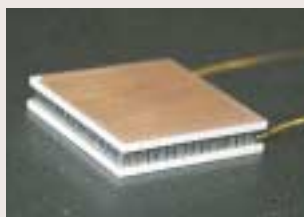
Two-thirds of the scrap machining chips are crushed and reused as raw material for kitchen counters. Yamaha has also completely eliminated PVC from the decorative panels on all kitchen products.



DOLCE series D650

Development of a New Thermoelectric System to Help Reduce Global Warming

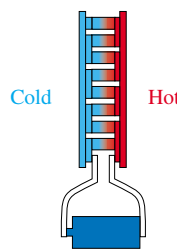
As part of the Japanese Ministry of Economy, Trade and Industry's initiative, Development of Innovative Technologies to Reduce Global Warming, Yamaha is proceeding with the development of a thermoelectric system that uses the Yamaha High-Efficiency Thermoelectric Conversion Element, which generates electricity using thermal energy. If this new system is successfully commercialized, it will be able to effectively generate electricity utilizing energy that is normally wasted as heat. Therefore, this system is promising as a next-generation energy-saving technology that can help reduce global warming.



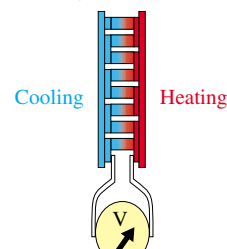
Yamaha High-Efficiency Thermoelectric Conversion Element, which is being used in the research on a next-generation thermoelectric system

Operating Principle of a Thermoelectric Module

Heating & cooling functions
Carries heat when an electric current is applied



Electricity-generating function
Generates electricity when a temperature difference exists

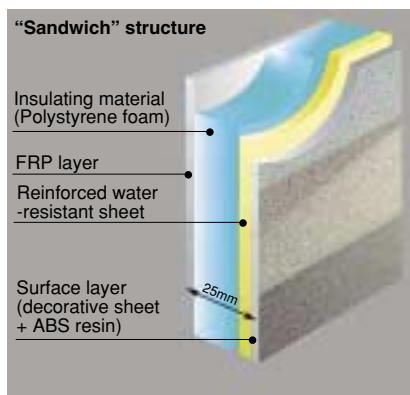


Resource and Energy Conservation in Modular Bath Systems

Yamaha Livingtec Corporation has reduced the weight of the wall material used in its bath systems by approximately 30%. At the same time, the insulation performance (resistance to heat transmission) of the wall material has also been improved by approximately 2.5 times compared to conventional materials, thereby resulting in energy savings as well.



Modular bath system NUG model



Structure of wall material

Reduction of Environmental Impact from Parts and Raw Materials

Elimination of Formaldehyde from Piano Structural Materials

Sakuraba Mokuzai Co., Ltd. has been working on improving the gluing process for piano structural materials, and has established and partially implemented a new gluing specification that eliminates formaldehyde. As a result, the annual usage of formaldehyde has been reduced by approximately 140kg.



Grand piano GCISN

Use of Water-based Paint for Interior Walls of Drums

In the painting process for drums (wooden type), the base coat for the interior walls of the drum body has been switched to a water-based paint in all models. Furthermore, by using UV-curing paints Yamaha has reduced the usage of topcoat paints by approximately 10%.



Maple Custom

Efforts to Eliminate Lead from Solder

In FY2002, Yamaha Group completely eliminated lead-containing solder from the power supply boards of RTX1000 and RT105e/105p routers. Furthermore, the audio speaker factory of P.T. Yamaha Electronics Manufacturing Indonesia started a dedicated lead-free line and began shipping lead-free subwoofers. In FY2003, a lead-free line will be added to Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.

Yamaha Group has also completed preparations for introducing lead-free solder into digital musical instruments, power amplifiers, LSI chips, lead frames and thermoelectric modules. Additionally, Yamaha is conducting research and development aimed at eliminating lead usage in acoustic musical instruments, while maintaining the traditional quality and sound characteristics.

Products That Use Lead-Free Solder



Router RT105p



Subwoofer YST-SW015



Subwoofer YST-SW105



Subwoofer YST-SW205

Reduced Usage of Substances Subject to PRTR

Yamaha Group switched the exterior paint for electronic keyboards and power amplifiers to products that are free of substances subject to PRTR, such as xylene and toluene. As a result, the usage of substances subject to PRTR at painting subcontractors was reduced by approximately 400kg/month.

Applicable models

- Electone™ exterior finish (representative model No.: EL Series EL100)
- Digital piano exterior finish (representative model No.: CLP955, CVP700, P120, etc.)



Electone™ EL100

Recyclability Improvement

Organs for School Use

Yamaha Group now uses key covers made of PET resin and steel stands, both of which are highly recyclable, for the organs (SE-4000 and SE-3000 models) used for general music lessons in regular schools. Yamaha Group has also adopted a fresh new exterior design for the organs, reduced their weight, and achieved better durability and safety than in the existing models.



SE-4000 organ used for music lessons

Increase in Reconditioned Pianos

Yamaha Piano Service Co., Ltd. buys back unused pianos, repairs them, refinishes both their interiors and exteriors, tunes them, and sell them as Yamaha “renewal pianos” with quality guarantees through authorized Yamaha dealers (approximately 1,400 units/year).

Yamaha Group also offers a service of upgrading Yamaha upright pianos to Silent® pianos by installing silencer units in them.

These measures prevent these pianos from being discarded and places them back in market circulation so that they can be used for their intended lifespan.



Yamaha “renewal piano”



Piano reconditioning workshop

Creation of a New Reuse Market Musical Instruments Rental System

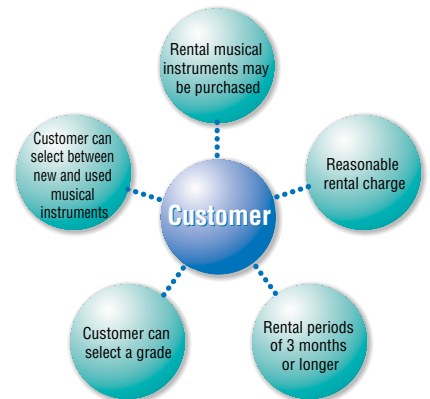
In July 2002, Music Lease Corporation began a new musical instruments rental system on a trial basis, incorporating the concept of reuse.

This is an innovative rental system that allows a customer to choose between new and used instruments, and also gives the customer the option to purchase the leased instrument, applying the lease charges already paid toward the purchase price.

Returned musical instruments are cleaned, tuned, and offered again on lease as used instruments.

Flutes, saxophones, violins, digital pianos, guitars, etc. and the Silent Series of instruments are included in the rental program.

Conceptual Diagram of the Musical Instruments Rental System



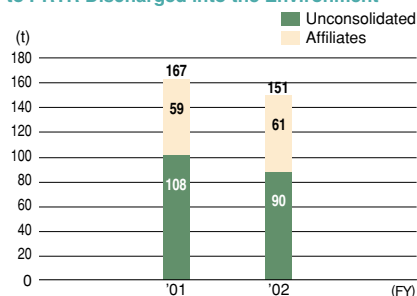
Musical instruments rental handbook

Environmental Considerations in the Production Stage

Responses to the PRTR* Law

In FY2002, Yamaha Group reduced the total volume of substances subject to PRTR* used at its Japanese production facilities to 907 tons, down by 26 tons from the previous year. The volume of substances discharged into the environment was reduced to 151 tons, down by 16 tons from the previous year. The main substances were styrene, toluene, and xylene from painting processes. These three substances account for 73% of the total usage and 90% of the discharged volume.

Volume of Substances Subject to PRTR Discharged into the Environment



*PRTR Law: Law to promote the determination of the volume of designated chemicals being released to the environment and improvement of their control (also known as Chemical Substance Control Promotion Law), enacted in Japan in 2002.
PRTR = Pollutant Release and Transfer Register

Reduction of Discharge Volume of Styrene

At the Tenryu Factory, Yamaha installed a regenerative exhaust-gas heat treatment system.

This system removes 98% of VOCs (volatile organic compounds), such as styrene and toluene, from exhaust gases. The Tenryu Factory also worked on reducing the amount of paint used, and in FY2002 improved its painting efficiency by 10% through improvements to the automated painting line for automobile interior panels.

At the Iwata Factory, which manufactures piano frames, Yamaha reduced the volume of styrene discharged per piano by 15%, by improving the paint formulas and upgrading the painting robots.



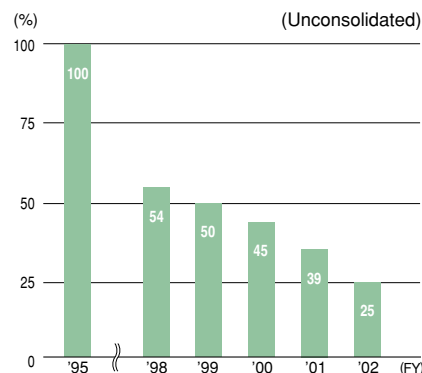
Regenerative exhaust-gas heat treatment system (Tenryu Factory)

Reduction of Discharge Volume of Formaldehyde

The volume of formaldehyde discharged to the atmosphere in FY2002 was reduced by 75% from the FY1995 level, achieving the original goal of 64% reduction (from the FY1995 level) by FY2003, one year early.

Yamaha will continue to take actions to further reduce the discharge volume of formaldehyde.

Formaldehyde Discharge Volume



Yamaha Group PRTR Results (FY2002)

(Unit: tons)

Class 1 designated chemical substances		Volume Handled	Volume discharged into the environment				Volume transferred		Other Consumption, products, etc.
No.	Substance name		Volume discharged into atmosphere	Volume discharged into waterways	Volume discharged into soil	Volume buried inside sites	Volume transferred to sewage	Volume transferred as waste material	
177	Styrene	558.3	45.2					4.0	509.2
320	Methyl methacrylate	111.1	0.1					0.3	110.6
227	Toluene	70.8	62.6					6.3	2.0
231	Nickel	71.8							71.8
63	Xylene	29.2	28.5						0.7
283	Hydrogen fluoride and its water-soluble salts	23.4	3.4	2.4					17.6
145	Dichloromethane	7.3	1.9						5.4
40	Ethylbenzene	4.6	4.5						0.1
230	Lead and its compounds	4.5						0.1	4.4
68	Chromium (III)	4.2						3.6	0.6
232	Nickel compounds	2.8						0.4	2.3
310	Formaldehyde	2.7	0.1						2.6
69	Chromium (VI) Compounds	2.5							2.5
108	Inorganic cyanide compounds (except complex salts and cyanates)	1.9							1.9
144	Dichloropenta fluoropropane: HCFC-225	1.7	1.5					0.2	
272	Bis(2-ethylhexyl) phthalate	1.6							1.6
64	Silver and its water-soluble salts	1.4							1.4
270	Di-n-butyl phthalate	1.3						0.7	0.6
172	N,N-dimethylformamide	1.3							1.3
181	Thiourea	1.1						0.1	1.0
	29 other substances	3.8	1.2	0.1			0.1		2.4
Total		907.3	149.0	2.5	0.0	0.0	0.1	17.1	738.6

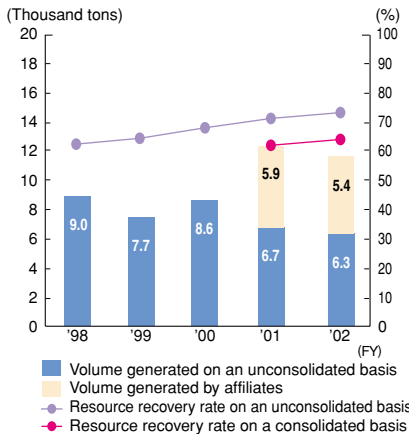
Reduction and Recycling of Waste

Since Yamaha Group produces a wide variety of products and provides a wide range of services, it generates many kinds of waste.

Each factory recycles these materials for use as pavement materials, raw materials for use in the cement and ceramic industries, and fertilizers, etc.

In FY2002, the total volume of waste generated reduced by 960 tons from the previous year to 11,700 tons. The volume of waste recycled was 7,500 tons, and as a result, the resource recovery rate was up by 2% over the previous year to 64%. The volume of waste disposed of (the volume of waste materials not recycled) was down by 350 tons from the previous year to 4,200 tons.

Volume of Waste Generated and Resource Recovery Rate



Recycling of Wood Chips

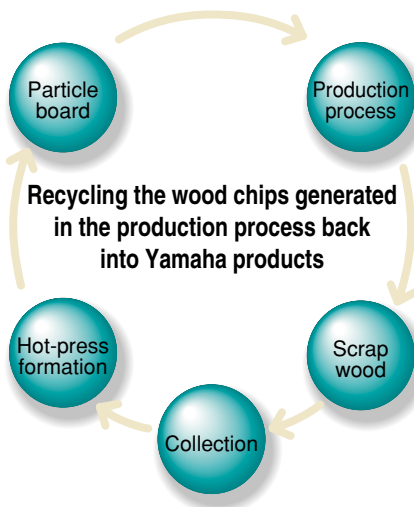
In FY2002, as a new activity, both the Kakegawa Factory and Yamaha Livingtec Corporation began recycling the wood chips generated from production processes into particleboard.*

Yamaha Group purchases this board and utilizes it in kitchen components, etc. Currently, the Kakegawa Factory and Yamaha Livingtec Corporation together recycle 100 tons/month of wood chips.

*Particleboard: Board made from crushed wood chips through hot-press formation



Containers made from wood chips and discarded pallets



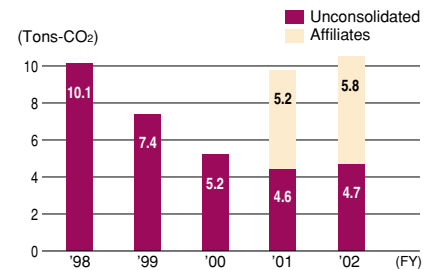
Prevention of Global Warming and Energy Conservation

In FY2002, CO₂ emissions volume by Yamaha Group at its Japanese production facilities increased by 7,000 tons to 105,000 tons. However, because of the energy conservation measures implemented at all of the factories, the emission volume per unit of sales improved by approximately 1% over the previous year to 24.0 tons-CO₂/100 million yen.

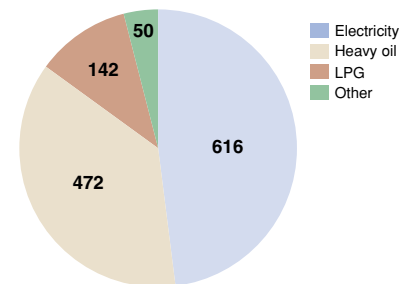
Total energy consumption was 1,280 TJ*. In terms of energy source, 50% was electricity, 40% was heavy oil, and 10% was LPG, natural gas, etc.

*TJ (tera joules) = 10¹² J

CO₂ Emissions Volume (From Various Energy Sources)



Energy Consumption Ratio (TJ)



Environmental Considerations

Utilization of Biomass Energy

Yamaha Group has been utilizing biomass energy* by using the wood scraps and sawdust generated in its production processes as boiler fuel.

In FY2002, a new thermal recycling program was begun that turns sawdust into pellets for use as boiler fuel at Sakuraba Mokuzai Co. Ltd. This has improved combustion efficiency, thus helping reduce waste by reducing the combustion residue.

*Biomass energy: Energy derived from renewable biomass sources such as wood

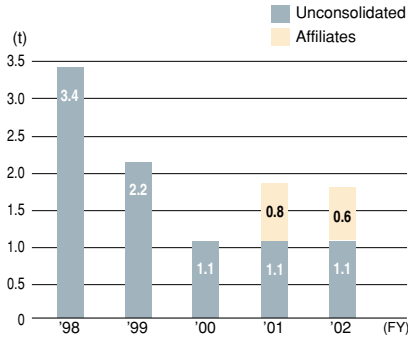
Reduction of Alternative Fluorocarbons

In order to help protect the ozone layer, Yamaha Group completely eliminated the use of CFCs in FY1993.

Yamaha has also been promoting the reduction of alternative fluorocarbons. The usage volume for FY2002 was 1.7 tons.

Yamaha will continue to promote a switch to alternative substances that have less impact on the ozone layer and contribute more to the prevention of global warming.

Alternative Fluorocarbons Usage Volumes



Reduction of Water Consumption and Reuse

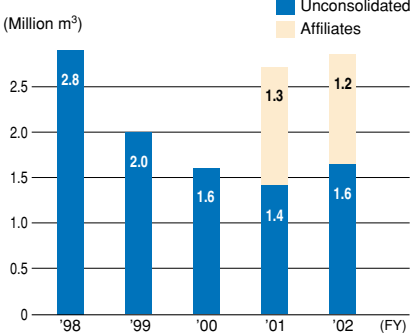
The volume of water used remained basically the same at 2.83 million m³ compared to the previous year, and the usage volume per unit of sales improved by 5.3% to 644 m³/100 million yen.

Ground water, tap water, and industrial-use water accounted for 2.68 million m³; 99,000 m³; and 47,000 m³, respectively.

Yamaha has also been taking active measures to reuse water. For example, the Toyooka Factory treats approximately 80,000 m³ of water discharged from production processes and reuses it in other processes.

Yamaha will continue to carefully use valuable water resources by enhancing leak-prevention measures and promoting reuse.

Water Consumption



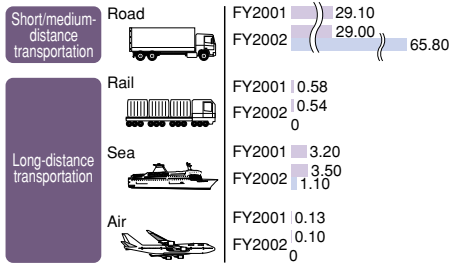
CO2 Emissions during Transport

Yamaha Group relies almost exclusively on outsourced transportation companies for its distribution needs.

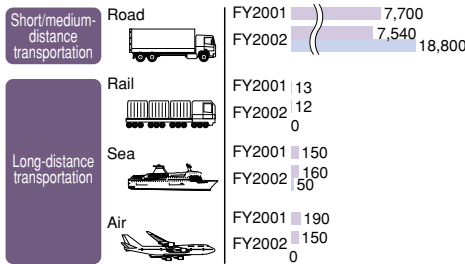
The total transportation volume in Japan in FY2002 was 100 million ton-kilometers (tons x km) and CO₂ emissions amounted to 26,600 tons-CO₂. Although the main mode of transportation used is trucks, Yamaha has been trying to reduce the environmental impact of its transportation needs by switching to trains (actual volume of 540,000 ton-kilometers transported) and ships (actual volume of 4,600,000 ton-kilometers transported) for transportation over long distances of 700km or more.

On an unconsolidated basis, transportation volume remained almost the same as the previous year at 33 million ton-kilometers, for a 2.2% decrease in CO₂ emissions. This reduction has been achieved by switching from chartered truck services to regular scheduled services and from small trucks to larger trucks, and by increasing the use of shipping services.

Breakdown of Total Transportation Volume in Distribution (million ton-kilometers)



Breakdown of CO₂ Emissions in Distribution (tons-CO₂)



Unconsolidated
Consolidated

in the Packaging and Distribution Stage

Introduction of Green Containers

Since FY2000, Yamaha Livingtec Corporation has been promoting the use of "green containers" for transportation.

Earlier, 20 to 30 parts for each product used to be individually packaged and shipped. However, by loading all the parts for each product together on a special rack made by Yamaha Livingtec Corporation, individual packaging of parts was simplified, thereby significantly reducing the weight of corrugated cardboard used for shipping each set of parts from 40kg to 10kg.



Before

Parts individually packaged in corrugated cardboard boxes



After: Use of "green containers"

Set of parts loaded on a rack equipped with casters

Reduction of Packing Materials and VOC Emissions

Yamaha is always striving to develop more efficient packing specifications.

Yamaha's usage of foam cushioning materials, which had been increasing until last year, was reduced to 530 tons, down by 57 tons from the previous year.

Yamaha also reduced the usage of PVC packaging materials by 1.3 tons from the previous year to 2.2 tons. On the other hand, the usage of wooden packaging materials increased by 34 tons to 487 tons.

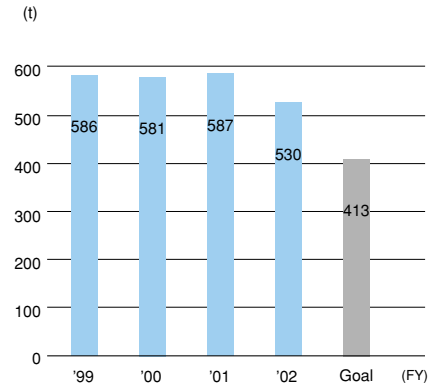
As a result, the end-of-FY2002 reduction goals for wooden packaging materials and foam cushioning materials were not achieved.

YP Package Corporation, which develops, designs and manufactures packing materials, made progress in reducing the usage of substances subject to PRTR in the adhesives and inks used for corrugated cardboard boxes.

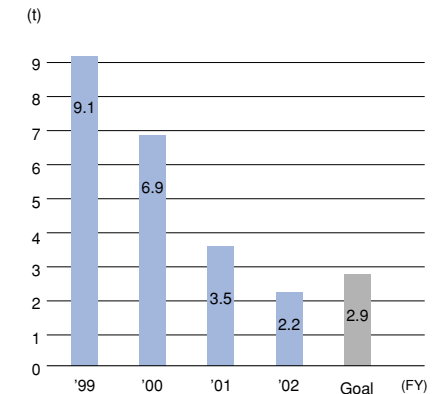


Reduction of substances subject to PRTR in adhesives and inks

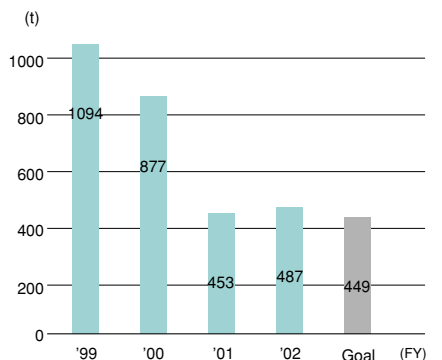
Usage of Foam Cushioning Materials



Usage of PVC Packaging Materials



Usage of Wooden Packaging Materials



Relations With Employees

Strengthening Compliance

In January 2003, Yamaha established the Compliance* Committee and adopted the 'Code of conduct.' In April, the Yamaha Group Compliance Guide was distributed to employees of all domestic group companies, a Compliance Committee web site was created, and a counseling hotline established to provide instruction and guidance.

In the future, Yamaha plans to expand compliance promotion activities to overseas affiliates. Yamaha will continue to conduct these types of activities to become a company that is needed and respected by society.

*Compliance: Observance of applicable laws and regulations as well as acting in conformity with the morals and ethics expected by society.



Compliance Seminar



YAMAHA Compliance Guide

Personnel System

Yamaha is engaged in a wide range of business activities, and this necessitates personnel management that is also diverse. In order to promote corporate competitiveness and continuous growth, a system is required that rewards skills and results, thereby raising employees' motivation.

Based on this view, the Personnel Division has adopted policies and created workplace environments designed to promote among individual employees a high level of expertise and the initiative to develop one's own career.

Yamaha also supports the building of new relationships that allow the company and the individual employee to grow together.

Structural Reforms

In FY2001, Yamaha Group shifted to a new personnel system that focuses on the following four areas:

- (1) Creating a system that is suited to each employee's role.
- (2) Introduction of performance-based systems.
- (3) Education to develop self-reliant professionals.
- (4) Creation of cooperative relationships between the company and individuals.

Yamaha is also introducing a variety of measures as part of its effort to create an environment that facilitates work by employees from diverse lifestyles.

For example, Yamaha has introduced an extremely popular child-care leave system (maximum leave of 2 years) and an internal recruitment system, in the hope of better coordinating the priorities of both the company and individual employees.

Employment of Disabled Persons

In December 1989, Yamaha established a special subsidiary, YP Business Service Corporation, as part of its ongoing effort to further promote the employment of disabled persons. YP Business Service

Corporation focuses on the employment of severely disabled persons and the expansion of fields where they might be employed. Yamaha's employment rate of disabled persons exceeds the rate required by law.

Safety and Health

Yamaha Group positively promotes management activities relating to safety and health.

Construction of a Health Care Center which is intended to serve as a center for promoting good health, was started in August 2002 at the Head Office site. In January 2003 it started providing medical yearly examinations that include guidance on maintaining good health, to address lifestyle-related conditions and promote prevention.

Also, to promote mental healthcare in a high-stress society, Yamaha promotes health education and consultations and provides information at the workplace.



Health Care Center

Relations with Society

Popularization of Music

Yamaha Group provides a variety of forums and opportunities to persons who wish to be inspired and share time through music. In FY2002, Yamaha Group conducted a variety of activities around the world including those described below.



1 Free Participation Concert 2002
November 2002 Japan (Tokyo)
Approximately 600 lovers of wind and percussion instruments aged 10 to 70 performed together for the first time.

2 Sarah McLachlan Music Outreach
June 2002 Canada (Vancouver)
Well-known artists offered free instruction to persons with few opportunities for music training. Yamaha provided 22 guitars and 18 keyboards.

3 Minoru Yoshizawa Recorder Seminar
June 2002 Indonesia (Jakarta)
A leading recorder instructor and performer taught teaching methods to local elementary school teachers and instructors.

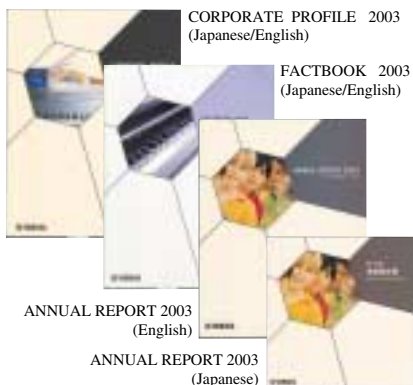
4 Infinite 2002 Concert
January 2002 Japan (Osaka)
758 persons performed at this concert that allowed performers to create music without restrictions based on the slogan "music you like on instruments you like with people you like."

Communication

Yamaha Group communicates with local communities through the active disclosure of information and reflects opinion received in its activities.

Information Disclosure

Each year, Yamaha discloses the results of its environmental preservation activities in an environmental report and on its web site. Yamaha also discloses information concerning its business activities, vision, and financial matters in the following publications and on its web site.



<http://www.global.yamaha.com/>

Social Contribution Activities

Disaster Support

Yamaha Music Central Europe G.m.b.H. (YMCE) donated a YAMAHA MPK70 Disklavier to the Dresden University of Music after the university suffered significant damage from the floods that afflicted Germany in August 2002. Also, at the employees' suggestion, sending Christmas cards to business partners was terminated. The money



saved, along with contributions from employees, amounting to 10,000 euros was sent to victims' organizations.

Thank you letter
from the Dresden
University of Music

Donation of Musical Instruments

In FY2002, a total of 100 harmonicas and recorders were donated to elementary schools in Cambodia and Vietnam and to facilities for AIDS orphans via the Kids Earth Fund, a non-profit organization. Some children expressed their happiness with the following words: "I was moved by the shiny instrument" and "I will study music even harder now."



Vietnamese children were extremely happy to receive the harmonicas and recorders

Yamaha Music Hamamatsu Co., Ltd. has retrieved musical instruments no longer needed by households, repaired and restored them, and donated them to social welfare organizations since 1999.



Guitars were donated to a special education school

Local Clean-up Activities

In conjunction with Environment Month each June, employees at each factory conduct local beautification activities. In FY2002, for example, about 300 employees and family members participated in the Clean-up Activity at Lake Hamanako collecting approximately 1.7 tons of trash.



The Lake Hamanako Clean Strategy



YAMAHA CORPORATION
Environmental Management Division
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