



Environmental and Social Report
2005



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Editorial Policy

With a focus on corporate social responsibility (CSR) as in the previous year, efforts for customers, shareholders, those who work with Yamaha and society are respectively reported in each chapter, while further enhancing the quality of the report. Feature articles are inserted to introduce a variety of environmental conservation efforts of the enterprise group engaging in diversified business. Information on resort facilities is added to the environmental performance data this year, which are compiled as separate and bound-in document.

The report was prepared on the basis of the Environmental Reporting Guidelines (2003 editions) published by the Ministry of the Environment of Japan and the Sustainability Reporting Guideline 2002 by the Global Reporting Initiative (GRI).

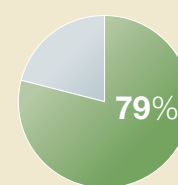
Scope of Reporting Organizations

Yamaha's policy is that the organization covered by Environmental and Social Report should be as close as possible to the ones covered by the consolidated financial statement.

For environmental conservation activities, this report covers 34 sites* that have acquired ISO 14001 certification. The scope of the reporting organizations in the Environmental Performance Data is expanded, as information on resort facilities are added this time. Some items, however, may not cover information from the above-listed 34. Therefore, each section clearly specifies the scope covered.

For sections of the report other than environmental conservation activities (see pages 21 to 27), this report primarily covers Yamaha Corporation but some parts contain reports regarding the activities of Group affiliates. We will include more reports from Group companies in the future.

* Headquarters and all factories of Yamaha Corporation in Japan, and all production affiliates in Japan and overseas and resort facilities are included. (See page 3 of the Environmental Performance Data) "the Yamaha Group" used in this report means these are 34 sites.



Ratio of employees belonging to the 34 sites with ISO 14001 certification

The number of employees who belong to the 34 facilities that have acquired ISO 14001 certification totals 18,799. This is 79% of the total of 23,828 employees of the companies within the range of the consolidated accounting.

Period of Terms Covered by This Report

From April 1, 2004 to March 31, 2005

* The above period is referred to as FY2004 in this report.

* Part of the report includes information as of April 2005 or later.

Issuance of the Next Report

The next report will be issued in November 2006.

For inquiries regarding this report, please contact the following:

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Cover Photo
Iai Pond, Yamaha Resort Tsumagoi™

Estimate, anticipation, and plan for the future

This report includes not only the facts in present or past but also estimates, anticipation, and plans for the future about Yamaha Corporation and its affiliate companies (the Yamaha Group). These are the results of assumptions or judgments based on the information that could be obtained when this report was prepared and thus may contain uncertainties. Therefore, they may be different from the results of future business activities or phenomena that may occur in the future. Please note that the Yamaha Group is not liable for any damages that may arise from this information.

Message from the President

In February 2001, we at Yamaha Corporation formulated our corporate philosophy and settled on a policy of fulfilling our responsibilities to "customers, shareholders, those who work with Yamaha, and society", the stakeholders at its core. To achieve this goal, we have been working since April 2004 to implement "YSD (Yamaha Sustainable Development) 50*" a three year medium-term business plan that continues on from our previous medium-term plan, "Creating Kando 21".

In YSD50, we focus on three basic policies: "Achieving sustainable development and stable, high earnings" and "creating and developing innovative, high quality products and businesses", "emphasizing corporate social responsibility (CSR)".

In accordance with these policies, we will endeavor to consolidate our operating base and increase profit, increasing annual consolidated operating income to ¥50 billion while effectively reducing the balance of actual interest-bearing debt to zero in the fiscal year ending March 2007.

We were able to reduce actual interest-bearing debt to zero in FY2004, the first year of our medium-term plan. We hope to reach our profit target in FY2005, and would like to achieve further success from these basic policies.

Yamaha Corporation is particularly aware of the policy of "emphasizing corporate social responsibility (CSR)" as the basis on which we must implement corporate philosophy, and is actively promoting its adoption. Our initiatives towards the customers, shareholders, business partners, employees, and society at large that make up our diverse stakeholder base cover a broad range of themes, including global environmental conservation, maintaining and improving strict compliance controls, improving the quality of both products and operations, and creating better working environments.

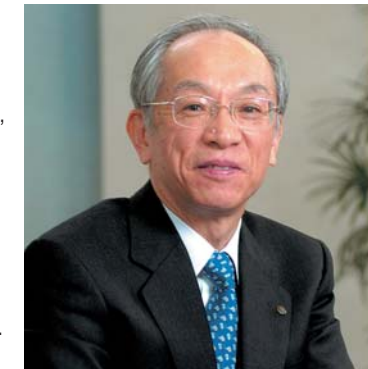
Far-reaching governance covering the entire Group is essential to successful execution of these undertakings, a fact which

prompted us to establish the "CSR Committee" in April 2004 to aid in their implementation. The CSR Committee defines the priority and status of each theme the Yamaha Group chooses to adopt, drafting and implementing concrete plans that allow sound results to be obtained from each initiative. Our initiatives towards environmental conservation, a theme important to all of our stakeholders, produced tangible results in 2004, and we are hoping to continue these successes in 2005.

Our policy of emphasizing CSR answers the expectations of many of our stakeholders and can only deepen the trust between us. We will therefore give our full attention to individually address any and all problems encountered by the Group. Moreover, we will disclose information regarding these problems appropriately, paying attention to your opinions and endeavoring to reflect them in our business activities. It is our belief that initiatives such as these increase brand value and make sustained development possible.

We will endeavor to examine all of the diverse problems we encounter, always thinking of how best to fulfill our responsibility to all of our stakeholders as we continue to actively pursue our initiatives.

Your continued support and encouragement is highly appreciated.



Shuji Ito,
President and Representative Director

September 2005

* YSD50: "50" means the target to increase annual consolidated operating income to ¥50 billion while effectively reducing the balance of actual interest-bearing debt to zero in the fiscal year ending March 2007.

Corporate Philosophy

Corporate Objective

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.

Commitment 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.

Commitment 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.

Brand Slogan
Creating 'Kando'
Together

Commitment to Those Who Work with Yamaha

Yamaha will develop relationships of mutual trust with all of those who work with Yamaha in accordance with fair rules based on social norms, and strive to be an organization in which individuals can demonstrate their abilities fully, have confidence, and have pride.

Commitment 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.

Outline of the Reporting Organizations

Company Outline

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 and Representative Director
 Stated capital: 28,534 million yen
 Number of employees: Consolidated: 23,828
 (Of which 5,254 on average are part-time employees)
 Unconsolidated: 5,798
 Number of consolidated subsidiaries: 86 (including overseas companies)
 Number of companies accounted for by the equity method: 2

Business Segment

Musical Instruments

Yamaha produces and sells musical instruments, professional audio equipment, and soundproof rooms, and is broadening its sphere of operations to include the running of music schools and English language schools, and content distribution business such as ring tones for mobile phones.

Yamaha has expanded its operations as a manufacturer of musical instruments around the globe to the point where it now provides a complete lineup of musical instruments, ranging from acoustic instruments such as pianos, winds, strings, and percussion, electronic and digital instruments such as Electone™, synthesizers, through to hybrid instruments like player pianos that combine elements of both.



AV / IT

Yamaha produces and sells AV (Audio and Visual) equipment and information communication devices.

Yamaha leads the AV market in the digital home theater sound system field with its original Cinema DSP™ (Digital Sound field Processor) technologies, and offers comprehensive home theater systems equipped with visual devices, including proprietary digital cinema projectors.

In its IT business, Yamaha produces and sells routers with excellent security capabilities and data transmission speed, keeping pace with the diffusion of broadband networks.

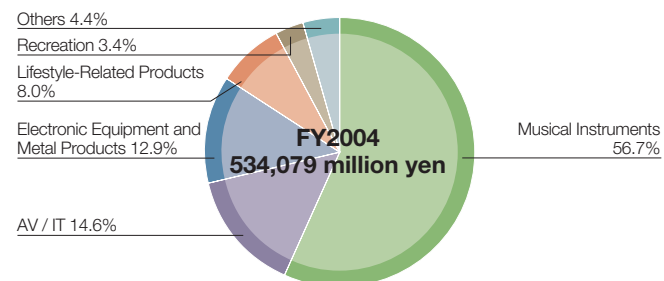


Lifestyle-Related Products

Yamaha produces and sells a wide variety of the modular kitchen and bathroom, suite for homes. Our suggestions for a comfortable dwelling space include a rounded kitchen unit that utilizes a curved counter to encourage smoothness of movement, and an ergonomically designed bathroom equipped with various relaxation functions which provide a combination of sound, wave, mist, and light.



Consolidated Net Sales by Business Segment

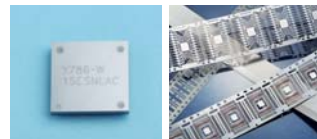


Electronic Equipment and Metal Products

Yamaha produces and sells special alloys used as raw materials for semiconductors and electronic metals.

Yamaha semiconductors, which center on sound source LSIs, are used in numerous sound-and network-related devices such as mobile phones, home-theater AV amplifiers, telecommunication equipment, and amusement devices.

In its electronic metal business, Yamaha supplies highly functional copper and nickel alloys and manufacturing parts for a wide range of purposes such as personal computers, connectors for mobile phones, and electrical components for the automotive industry.



Recreation

Yamaha operates six resort facilities in Japan.

Kiroro™ offers the enjoyment of communing with the magnificent natural environment of Hokkaido while enjoying all the outdoor sports each season has to offer. Tsumagoi™ is equipped with both sports and music facilities surrounded by a vast expanse of greenery. Katsuragi-Kitanomaru™ features a fusion of Japanese-style buildings and the warmth of wood. Overlooking the sea, Toba Hotel International™ places an emphasis on tradition and formality. Nemunosato™ is a tranquil resort facing Okushima beach. Haimurubushi is Japan's southernmost resort, located in Kohama on the Yaeyama Islands. All the facilities offer recreational opportunities integrated with the natural environment of their locations.



Others

The Golf Products Division produces and sells golf clubs that meet the needs of a broad range of golfers.

The automobile interior wood component business produces and sells automobile interior wood components for luxury cars, making the most of the beauty of natural wood.

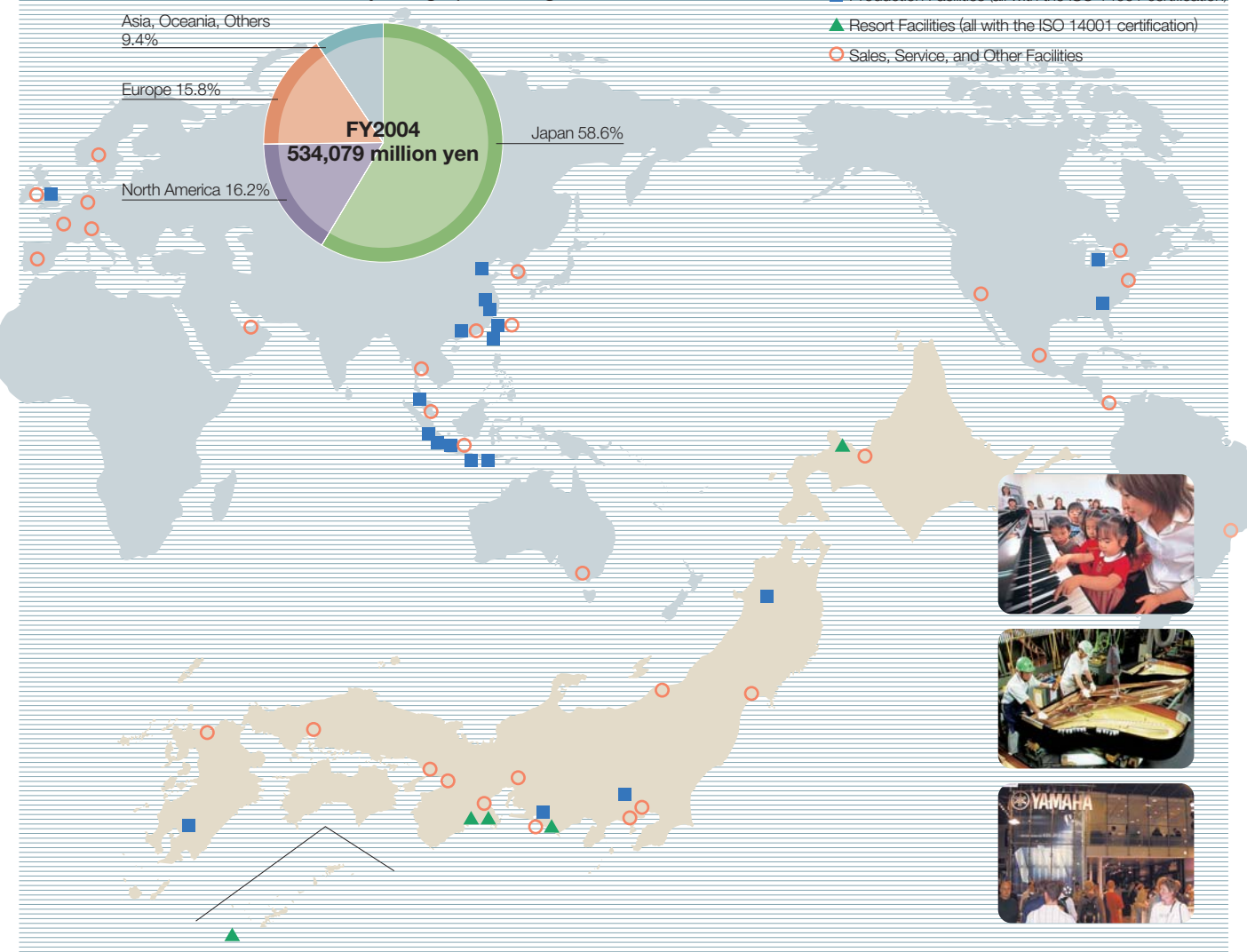
The mold and component business produces and sells magnesium and plastic components for electric home appliances, telecommunications, and precision equipment industries.

The FA business produces and sells precision machines and robot systems.



Major Business Sites

Consolidated Net Sales by Geographical Segment



The Relationship between Yamaha Corporation and Yamaha Motor Co., Ltd.

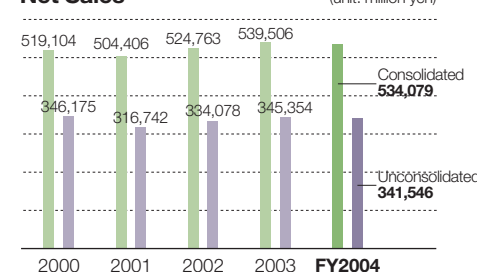
Yamaha Motor produces and sells motorcycles, sailboats, snowmobiles, and other related products. Yamaha Motor separated from Yamaha Corporation and became independent in 1955. Yamaha Motor is affiliated by equity method, but is not included in the scope of this report.

Both companies use the "Yamaha" brand, working in collaboration to maintain product and corporate images and synergy in business.

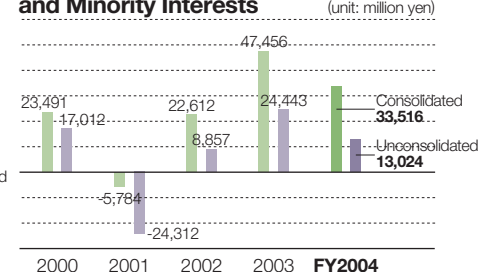


Transition of Major Financial Indices

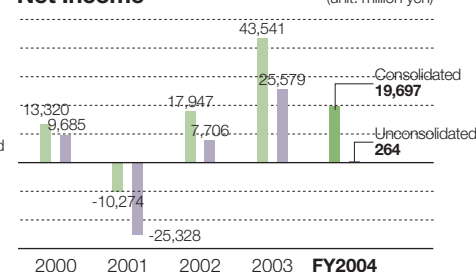
Net Sales (unit: million yen)



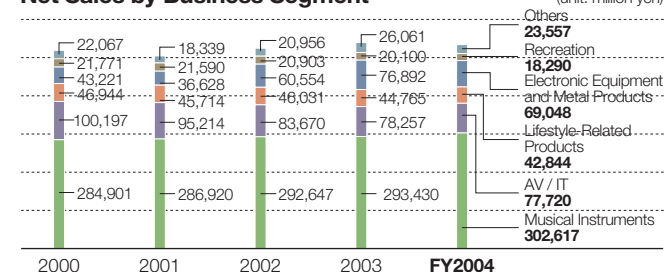
Income before Income Taxes and Minority Interests (unit: million yen)



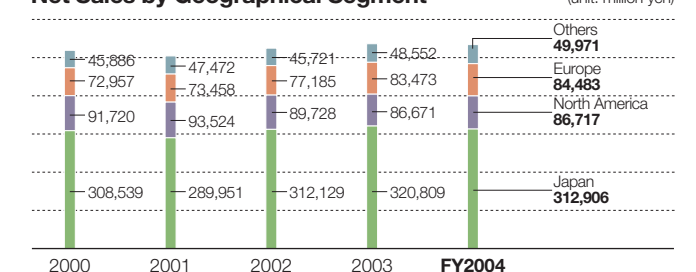
Net Income (unit: million yen)



Net Sales by Business Segment (unit: million yen)



Net Sales by Geographical Segment (unit: million yen)



Enhancing Corporate Governance

Yamaha Corporation aims for transparent and high-quality corporate management able to respond to the trust and expectations of a wide range of stakeholders. Management has therefore made the strengthening of corporate governance a major theme, expanding the supervisory function of the Board of Directors, clarifying the roles of directors and executive officers, and creating a linked management structure for group companies.

Clarifying the Role of Directors and Executive Officers

The Board of Directors at Yamaha Corporation is comprised of eight directors, including two Representative Directors, and one outside director who usually convene once a month for a Board of Directors' meeting. In FY2001 we implemented a system utilizing executive officers to reinforce group management and accelerate administrative decision-making within the Board of Directors, with the simultaneous goal of strengthening executive functions. We also clearly defined the roles between directors and executive officers. Directors do not perform the role of departmental heads, but take responsibility for overall management of the company, undertaking strategy formulation, planning, and decision making for the entire Group, while monitoring and directing the execution of business at a departmental level. Executive officers are responsible for business execution within their respective departments, and endeavor to maximize departmental performance.

Enhancing the Audit System

Yamaha Corporation utilizes a group of two outside and two internal auditors. They convene once a month for a meeting of the Board of Auditors, also performing periodic comprehensive audits of all executive divisions and group companies.

The Auditing Division is under the direct control of the President and Representative Director. Its function is to examine and evaluate managerial and administrative systems for the various activities of Yamaha Corporation and its group companies from a legal and rational standpoint. The Auditing Division makes suggestions and proposals for rationalization and improvement based on the information gained from these activities.

It also attempts to improve the efficiency of audits through close communication and coordination with auditors and independent auditors.

The "Company-wide Governance Committee"

In June 2004 Yamaha Corporation established the "Company-wide Governance Committee" with the aim of strengthening corporate governance. The committee consists of the Compliance Committee, the CSR Committee, and the Corporate Officer Personnel Committee.

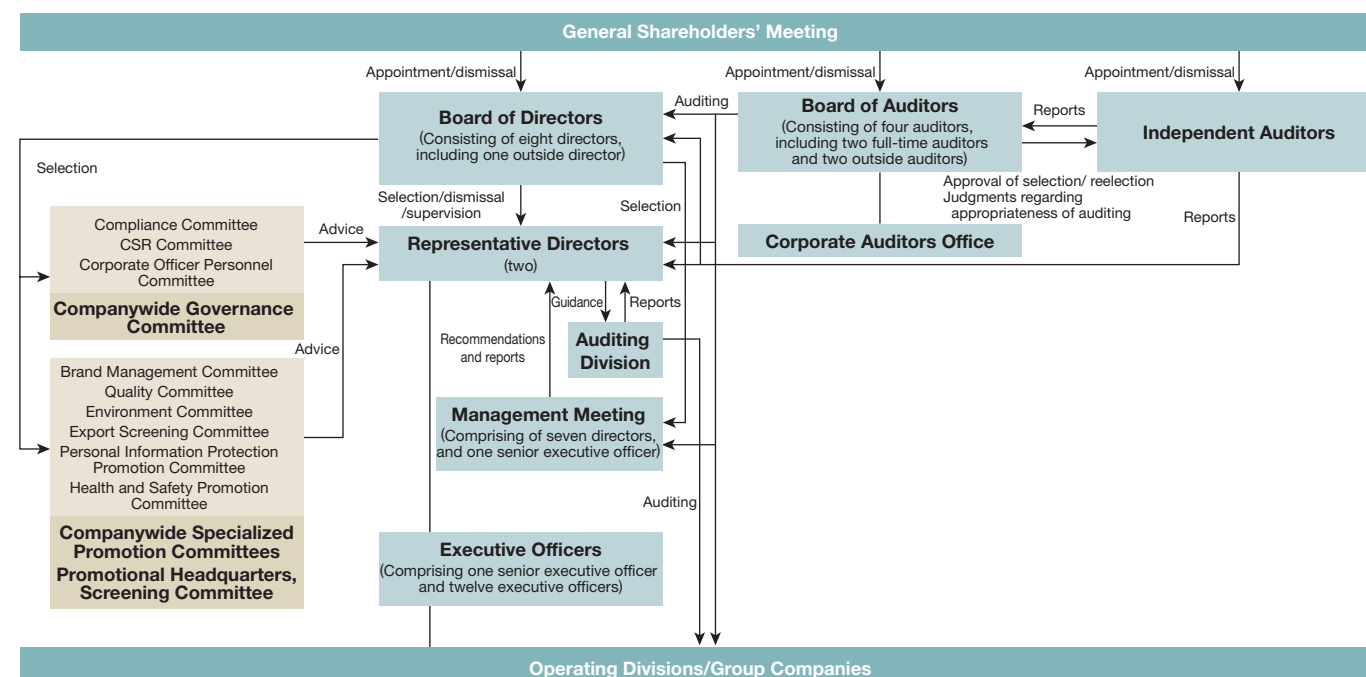
The Chairman and Representative Director heads the Compliance Committee, which promotes company-wide activities aimed at attaining a high level of compliance from the standpoint of social norms and corporate ethics rather than legal observance.

The President and Representative Director chairs the CSR Committee, which promotes group management from the standpoint of "emphasizing corporate social responsibility (CSR)", one of the three main policies in the Group's "YSD50" (Yamaha Sustainable Development) medium-term business plan. In FY2004 the CSR Committee held meetings to both evaluate progress, and expand on future policies for the following themes: "Zero Emissions", "Prevention of Global Warming", "Protection of Forest Resources", "Industrial Safety", "Promotion of Activities by Female Employees", "Site Safety", "Quality Management", "Disclosure of Information", and "Crisis Management".

The Corporate Officer Personnel Committee is comprised of all members of the Board of Directors, who cooperate to elect candidates for positions as board members, auditors, and executive officers, in an endeavor towards a clearer, more impartial system of election. The committee is also considering education and study programs to train future corporate officer candidates, as well as systems of remuneration for these positions.

At present, remuneration is set individually for each officer within a predefined budget, taking into account the achievements of the individual and the performance of the company.

Corporate Governance Structure



Guaranteeing Compliance

Ensuring that management is based on both laws and ordinance and the conventions of society is a fundamental principle of corporate governance, and essential to the realization of our brand slogan of "Creating Kando Together". With this in mind, the Yamaha Group is moving to strengthen measures on compliance.

Establishing the "Compliance Committee"

The "Compliance Committee" was established in January 2003 to enforce compliance throughout the entire group.

The Chairman and Representative Director heads the committee, which is comprised of ten corporate directors, executive officers, and lawyers from outside the company, who deliberate and make determinations on the improvement of company ethics and the observance of both corporate laws and ordinances and in-house regulations.

Familiarization with Compliance

In April 2003 we created the "Compliance Guide", a code of practice that defines and explains rules of conduct based on social norms, corporate ethics, and internal regulations in addition to compliance. The guide was distributed to all group directors, permanent employees, contract employees, and temporary members of staff. Explanatory meetings were held in each workplace to familiarize all affected employees with its contents.

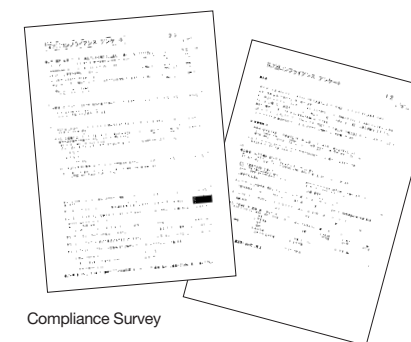


Compliance Guide

The Compliance Help Line was also established in 2003, through which the Compliance Committee and lawyers from outside Yamaha provide consultation and accept reports on matters related to compliance. The Compliance Help Line dealt with approximately forty calls and reports in FY2004.

We also conducted our second "Compliance Survey" in January 2005, following on from the first, which we undertook in May 2003. This survey assesses employee awareness and the state of each workplace periodically and quantitatively, and is intended to improve the level of compliance achieved, maintaining the effectiveness of compliance management.

The second compliance survey contained questions on thirteen fields, covering such areas as underlying risks and the state of compliance in the workplace, in addition to questions on the Yamaha Group employees' awareness and understanding of compliance. It was expanded in scope to include not only permanent employees but also those without direct contracts of employment such as temporary staff and contracted vendors in Japan. All answers were compiled into a database and will be reflected in future measures for the promotion of compliance.

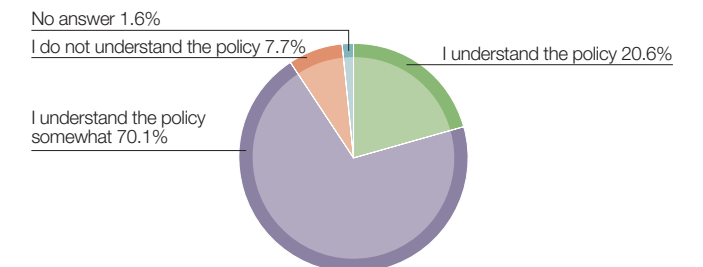


Compliance Survey

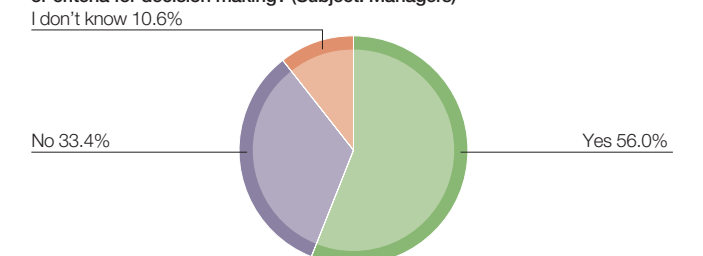
Results of the Second Compliance Survey (excerpt)

Respondents: 11,074 (84.4% of recipients)

Q. Do you understand the policy of the Yamaha Group with regard to compliance?



Q. Do you think there has been any change in your work habits or criteria for decision making? (Subject: Managers)



Personal Information Protection and Control

In September 2004 we established the Personal Information Protection Promotion Committee to provide appropriate protection for personal information within Yamaha Corporation and Group companies in Japan. The following October we put a system of "Personal Information Protection Regulations" into place, appointing an administrator in each group, completing an infrastructure that is able to deal appropriately with personal information.

We also published our "Privacy Policy" on our website in accordance with the general enforcement of the "Act on the Protection of Personal Information".

The Personal Information Protection Promotion Committee is chaired by a director, and comprised of the administrators from each operational and management group. The committee is responsible for ensuring that the policies and regulations of the Yamaha Group with regard to the handling of personal information and prevention of accidental disclosure are in compliance with the law. It also plans and promotes activities such as coordination between groups and related education and training, and provides broad-reaching solutions to related problems.

In addition to establishing systems and regulations to deal with protection and management of personal information, the committee published the "Personal Information Protection Guide" in 2004 for distribution to all employees. The guide is designed to instill an understanding of essential points in laws related to personal information protection, and in the handling of personal information.

The committee also published the "Disclosure Countermeasures Manual" as an aid to crisis management, designed to help staff take appropriate measures in the event of an accidental disclosure.

At present authorized dealers running Yamaha Music Schools and English Schools handle personal information received from many customers who attend their classes. Yamaha Corporation published a manual for these dealers entitled "On the Handling of Personal Information Protection in School Management Operations" which provides information on correct handling of personal information.

Personal Information: Defined under the "Act on the Protection of Personal Information" as "information about a living individual which can identify the specific individual by name, date of birth or other description contained in such information".

WEB "Privacy Policy" <http://www.global.yamaha.com/privacy.html>

Harmonizing with the Global Environment

As a diversified enterprise, Yamaha promotes environmental conservation activities matched to the characteristics of each of its businesses.

The Yamaha Group conducts a wide variety of business, from production and sales of musical instruments to production and sales of AV/IT equipment, home equipment, semiconductors, specialty metals, automobile interior wood components, golf clubs, and operation of resort facilities. For sustainable development of all businesses in harmony with the global environment, the Group promotes environmental conservation activities matching the characteristics of each business.

Case 1 Reducing the Environmental Impact of Our Products

We go further than legal compliance, proactively moving to reduce the environmental impact of our products.

Electronic musical instruments and AV/IT products compliant with the RoHS Directive.

Global environmental conservation is a task shared by all mankind. One of the measures it calls for is a reduction in the use of substances which place a burden on the environment when used in a product. Chemical substances contained in products may have an impact on the environment unless properly treated when disposed of and are now subject to strengthened management and restrictions in many countries around the world. In the EU, for example, the use of six substances including lead and hexavalent chromium in electrical/electronic devices sold in and after July 2006 is prohibited under the RoHS Directive*.

Taking this trend into consideration, the Yamaha Group began considering the introduction of lead-free soldering in the mounting process of semiconductors and substrates in 2000. In FY2002 we also began examining the parts and materials used in products, and are now in the process of establishing a system to supply products that do not contain substances subject to the RoHS Directive. Switchover to parts that do not contain lead and hexavalent chromium will be completed for all newly developed routers and other IT products designed for the domestic market by the end of FY2005. Additionally, the Yamaha Group now uses lead-free balance weights in the weighted keyboards of its electronic keyboard instruments.

Leading the world in lead-free wind instrument manufacture

The Yamaha Group voluntarily promotes the replacement of lead and other harmful substances even in the manufacture of products not subject to the RoHS Directive. Of particular note is the introduction of lead-free solder in the manufacture of wind instruments in a successful process which is the first of its kind in the world.

Lead solder has long been used to join components of trumpets, flutes, and other wind instruments. Even the smallest change in the materials, processing, or assembly methods used may have a large effect on the quality of the finished instrument. Lead-free solder has a higher melting

point than conventional solder and requires processing at a high temperature, which is detrimental to the surrounding materials and affects sound quality. The Yamaha Group successfully developed a proprietary lead-free soldering technique that solved this problem, using repeated tests by top artists to ensure an identical level of quality in the finished instrument. In FY2003, it started production of wind instruments with lead-free soldering. It will totally abolish the use of lead in all wind instruments produced in Japan by the end of FY2005 and will do the same in overseas production facilities by the end of FY2006.

In addition, the Yamaha Group ceased all use of lead weights in its line of golf clubs in FY2004. The Group will continue its efforts to voluntarily reduce its impact on the environment and enhance safety, without restricting itself to pursuing only those initiatives required by law.



* RoHS stands for Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment. Six substances are subject to restriction: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB, brominated flame retardants) and polybrominated diphenyl ether (PBDE, brominated flame retardants).

Case 2 Promoting the Substitution of Rare Wood Species

In simultaneous pursuit of resource conservation and traditional musical instruments

Yamaha musical instruments - made from only the most carefully selected materials

Musical instruments are produced by utilizing the acoustic and vibrational characteristics of a variety of different types of wood, carefully chosen during the long history of instrument making. Each part in a musical instrument has different construction requirements, which are best matched by different materials. For example, low density pine woods such as spruce and *Picea jezoensis* with high sound conversion efficiency*1 are suitable for piano soundboards and violin tops. Stronger woods such as maple are best suited to the bridges of string instruments, which must support strings and transmit their vibrations to the soundboard or violin top. Since characteristics vary even for the same wood species depending on their grain and place of origin, the Yamaha Group is careful in selecting materials suited to the particular purpose and model of the product.

Finding substitute materials for musical instruments that take full advantage of the characteristics of wood is no easy task. However, some woods traditionally used in instruments are becoming rare. The Yamaha Group is pursuing the research and development of new materials with the same characteristics of these rare species in an attempt to protect valuable resources while maintaining product quality.

Developing new materials that reproduce the characteristics of rare species

A certain variety of black ebony*2 has become rare and difficult to obtain in recent years. This variety is judged the most suitable material for black keys of the piano, due to its coloration which enables it to be clearly



Black keys of a piano using ebony-like natural wood

distinguished from white keys while maintaining its original color, appropriate rigidity, touch, and hygroscopic property of absorbing a small amount of sweat, which cannot be obtained from other woods or painted materials. Thus, substitution is extremely difficult. Despite this, the Yamaha Group was able to develop an ebony-like natural wood which reproduced these characteristics. Yamaha tested a variety of wood materials, and after finding an ideal composition for resin, was able to reproduce the touch and feel of ebony by impregnating this resin in the wood of *Mansonia* (*Mansonia altissima*).

To develop a substitute material, it is important to scientifically analyze the characteristics of the wood. It is truly difficult, however, to analyze sensory elements like tone quality and feel. To solve these problems, the Group used a simulation technique that made use of the finite element method*3 to analyze materials. This technique was used in the development of a new kind of tone bar for use in marimbas (a type of xylophone). The acoustic characteristics of the honduras rosewood traditionally used in marimbas were analysed, and the results used to develop the fiberglass reinforced plastic Acoustolon™, which has been in mass production since 1985.

The Yamaha Group, while respecting traditional materials, will develop new materials with higher capability and is committed to the simultaneous pursuit of conservation of rare wood species and continuous provision of high-quality traditional musical instruments.

*1. **Sound conversion efficiency:** The efficiency with which a material converts vibration energy into sound energy. Sound conversion efficiency increases if sound is traveling with the grain of the wood, and if attenuation of vibration is minimized.
*2. **Ebony:** Generic name of the Ebenaceae wood with black heartwood.
*3. **Finite element method:** Numerical analysis technique used to analyze structure and intensity.



Case 3 Pursuing symbiosis with nature

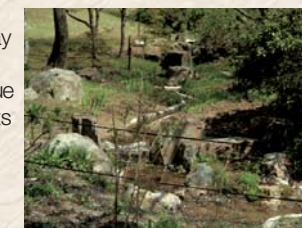
People and natural forest — toward ideal harmony

Working with researchers to protect and cultivate animals and plants

Yamaha Resort Tsumagoi™ was developed and opened in 1974, taking advantage of the surrounding natural environment and landscape. It is equipped with tennis courts, horse-riding facilities, and a variety of other recreational facilities, and conserves a great deal of the natural forest on its extensive premises, which cover as much as 1.7 million square meters. In 2003, an academic investigation of this large forest confirmed the existence of animals and plants designated as endangered by the Ministry of the Environment, including *Gastrodia pubilabiata**1, *Calanthe**2, and the Goshawk*3 (*Accipiter gentilis*). Tsumagoi™ is examining the role of its natural environment and investigating plans to protect and cultivate animals and plants, obtaining cooperation from researchers from university laboratories and

other specialists. It has formulated a new policy with the goal of becoming a resort facility in harmony with nature, and it is attempting to create "biotopes", pristine environmental areas where organisms such as the rare "Genji" fireflies may flourish.

Tsumagoi™ will continue to endeavor to conserve its rich natural environment, and to create resort facilities that maximize the appeal of nature.



*1 A plant inhabiting the warm temperate zone. Current population is estimated at 2,000 individual plants. *Gastrodia pubilabiata* is at risk of extinction in the next eighty years.
*2 A plant inhabiting hilly and mountainous regions. Current population is estimated at 20,000 individual plants. *Calanthe* is at risk of extinction in the next hundred years.
*3 A type of hawk living in temperate and subarctic zones. It is designated as a rare species by Red Data Book of the Ministry of the Environment and under the Law for the Conservation of Endangered Species of Wild Fauna and Flora.

Environmental Conservation

Policy on the Environment

The Yamaha Group positions environmental conservation as one of the priority issues of business activities and established the "Yamaha's Policy on the Environment" on 1994 showing the basic principles for the environment. The Group endeavors to instill the policy among all employees through continuous environmental education and enlightening and tackles environmental conservation based on the policy.

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 the 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.

Message from the Director, Environmental Management



We focus on environmental conservation activities to realize a sustainable society.

Shinya Hanamoto
Director, Environmental Management

We chose to emphasize corporate social responsibility (CSR) as one of the three basic policies in the Group's new medium-term business plan (YSD50) and set concrete objectives for environmental conservation as listed below. The objective of achieving Zero Emissions from the factories of Yamaha Corporation by the end of 2005 was achieved seven months earlier than specified at the end of May 2005. The company also participated in Team Minus 6% advocated by the Ministry of the Environment and implemented a no-tie policy to promote a company-wide initiative to prevent global warming as a whole.

To enhance the Group's environmental management, major sales offices of the Group set out to work toward ISO 14001 certification, following all production sites in Japan and overseas, and all resort facilities. The Group currently plans to acquire it for Tokyo Office in FY2005 and the Nagoya and Osaka Offices in FY2006. We are convinced that the Group's comprehensive and continuous efforts for environmental conservation, including not only production facilities but also sales offices, would help realization of sustainable society.

Concrete Objectives for Environmental Conservation defined in YSD50:

- **Compliance with the RoHS Directive (green procurement and environmentally conscious design)**
Promote green procurement and environmentally conscious design and build a structure to supply products that do not contain any substances specified in the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) by the end of FY2005.
 - **Promoting Zero Emissions***
Further promote the recycling of industrial wastes and reduce the volume of final disposal to landfill to achieve Zero Emissions from the factories of Yamaha Corporation by the end of 2005.
 - **Reducing release of substances specified in the PRTR Law**
Promote substitution and restrain release of the substances specified by the PRTR Law and reduce the amount of released substances by 20% in FY2006 in comparison with the figure in FY2002.
 - **Reducing CO₂ Emissions**
Reduce CO₂ emissions by 6% in FY2010 in comparison with the figure in 1990 in line with the Kyoto Protocol.
- * **Zero Emissions:** The Yamaha Group defines this as "restricting the volume of final disposal to landfill to 1% of the waste generated or less."

Goals and Achievements

	Goal	Achievements in FY2004	Plans for the coming years
Environmental management system (pp. 13-15)	Acquisition of ISO 14001 certification by major sales offices (Tokyo, Nagoya and Osaka) by FY2006 (Yamaha's headquarters and factories, and production affiliates in Japan and overseas have already acquired the certification.)	<ul style="list-style-type: none"> ● Tokyo Office started building a system toward acquisition of the certification. ● Nagoya and Osaka Offices started preparation for acquisition. 	<ul style="list-style-type: none"> ● Major sales offices (Tokyo, Nagoya and Osaka) shall acquire ISO 14001 certification by FY2006.
	Global expansion of Yamaha's environmental information system (Yecos)	<ul style="list-style-type: none"> ● Yecos introduced to sales offices. 	<ul style="list-style-type: none"> ● Introduce Yecos into resort facilities and overseas production affiliates.
	Promotion of environmental training and education	<ul style="list-style-type: none"> ● Internal environmental auditor training 62 employees were qualified as Internal environmental auditors in Yamaha and 17 in affiliates in Japan. (Total number was 619) ● Environmental seminar (443 participants) "To realize a sustainable society — efforts for a resource-recycling society" ● Zero Emissions explanatory meeting/announcement (83 participants) ● Waste risk seminar (168 participants) ● New employee training 	<ul style="list-style-type: none"> ● Hold internal environmental auditor training seminars as in the previous year. ● Hold environmental seminars as in the previous year. ● Hold new employee training as in the previous year.
Product development (pp. 16-17)	Promotion of development of environmentally conscious products	<ul style="list-style-type: none"> ● Promoted lead-free soldering → Expanded use of lead-free soldering on wind instruments → Completed facility renewal to respond to the use of lead-free soldering in the assembly line of printed-circuit boards. ● Implemented measures to achieve standards for formaldehyde emission from the products. ● Implemented LCA on pianos and electronic musical instruments. 	<ul style="list-style-type: none"> ● Expand use of lead-free soldering on wind instruments. (to be completed in December 2005) ● Achieve 50% reduction in formaldehyde emission from products using wood from year 2006 models, compared to the year 2003 model from FY2006 models. ● Implement LCA on pianos and electronic musical instruments.
	Completion of response to the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive) by FY2005	<ul style="list-style-type: none"> ● Built a database of compliant component. ● Completed preparation for hexavalent chromium-free technology 	<ul style="list-style-type: none"> ● Complete compliance with RoHS Directive by FY2005.
	Promotion of green procurement	<ul style="list-style-type: none"> ● Conducted research on all suppliers. 	<ul style="list-style-type: none"> ● Requested suppliers to enhance their environmental management.
Prevention of global warming (p. 18)	<ul style="list-style-type: none"> ● 6% reduction of CO₂ emissions in FY2010 compared to FY1990 (Yamaha's headquarters and factories, and production affiliates in Japan) ● 1% improvement in CO₂ emissions per unit of sales compared to FY2003 	<ul style="list-style-type: none"> ● CO₂ emissions: 2% reduction compared to FY1990 (4% increase compared to FY2003, CO₂ emissions: 106,000 tons-CO₂/year) ● CO₂ emissions per unit of sales: 6% increase compared to FY2003 (23.5 tons-CO₂/100 million yen) 	<ul style="list-style-type: none"> ● Reduce CO₂ emissions by 6% in FY2010 compared to FY1990. (Yamaha's headquarters and factories, and production affiliates in Japan)
	Waste reduction (p. 19)	<ul style="list-style-type: none"> ● Achievement of Zero Emissions by the end of FY2005 (Yamaha's 6 factories including the headquarters) ● Determination of the target year of Zero Emissions achievement by each production affiliate in Japan 	<ul style="list-style-type: none"> ● Achieved Zero Emissions by 2 factories. ● Held an explanatory meeting on Zero Emissions for production affiliates in Japan. ● Each affiliate set the target year.
Ozone layer protection (p. 19)	Elimination of the use of CFC substitutes by FY2010	<ul style="list-style-type: none"> ● Use of CFC substitutes: Reduced by 57% compared to FY2003. (0.8 tons) 	<ul style="list-style-type: none"> ● Realize total elimination of the use of CFC substitutes in FY2005. (Achieved in April 2005)
Management of chemical substances (p. 20)	20% reduction of emissions of PRTR-designated substances in FY2006 compared to FY2002 (Yamaha's headquarters and factories, and production affiliates in Japan)	<ul style="list-style-type: none"> ● Emission of PRTR-designated substances: 4% reduction from FY2002 (158 tons) 	<ul style="list-style-type: none"> ● Reduce emissions of PRTR-designated substances by 20% compared to FY2002. (Yamaha's headquarters and factories, and production affiliates in Japan)
Groundwater purification (p. 20)	Continued purification of groundwater (3 sites)	<ul style="list-style-type: none"> ● The contamination in 2 sites improved to the level under the environmental standards. 	<ul style="list-style-type: none"> ● Continue purification of groundwater with the pumped water aeration/activated carbon absorption method.
	Information disclosure Environmental communication Social contribution (pp. 15, 27)	<ul style="list-style-type: none"> ● Enhancement of the scope of information in the environmental and social report ● Promotion of environmental education ● Participation in local clean-up campaign ● Promotion of employees' efforts for environmental conservation at home. 	<ul style="list-style-type: none"> ● Inclusion of overseas production affiliates ● The environmental report renamed "the environmental and social report" to reflect the enhancement of the report in terms of corporate social responsibility. ● Prepared an environmental study section for elementary school students in the guesthouse. ● Distributed leaflets on the environment to the visitors to the factories. (Leaflets on the environment for elementary school students and leaflets on photovoltaic power generating system) ● Held environmental seminars during factory tours for elementary, junior and high school students. ● Held environmental seminars during the factory tours for corporate customers and residents of local communities. ● Held environmental ISO seminars for the local companies. ● 624 employees and family members participated in local clean-up campaign. ● Approximately 2,000 employees, or one third of Yamaha's total employees, participated in the initiative of keeping an environmental household account book "Smart Life Guide" to contribute to the prevention of global warming.

History of Environmental Initiatives

- 1974 ● Established the Environmental Management Division
- 1975 ● Started company-wide rationalization of energy consumption
- Started local clean-up activities
- 1981 ● Started electric power generation fueled by wood waste at Tenryu Factory
- 1990 ● Completely prohibited the use of trichloroethylene and tetrachloroethylene
- 1993 ● Prohibited the use of specified CFCs and trichloroethane
- Brought out the Silent Piano that was invented with special consideration of the residential environment, the first product of the newly developed and marketed Silent Series of musical instruments
- 1994 ● Laid down Global Environmental Policy and the six principles of corporate environmental behaviors
- Established the Environmental Committee and five specialist groups
- 1995 ● Commenced the recycling and reuse of waste castings sands
- 1997 ● Announced the challenge to acquire ISO 14001 certification
- Yamaha Kagoshima Semiconductor Inc. acquired ISO 14001 certification as the first organization in the Group
- 1998 ● Kakegawa Factory acquired ISO 14001 certification.
- Disclosed facts related to soil and groundwater contamination by chlorinated organic solvents in the factory at Yamaha headquarters, Yamaha Toyooka Factory, and Yamaha Metanix Corporation and started purification

- 1999 ● Iwata Factory and Saitama Factory acquired ISO 14001 certification.
- Environment Management Division started a new business to support the acquisition of ISO 14001 certification
- 2000 ● Toyooka Factory acquired ISO 14001 certification
- Published the first Environmental Report
- Introduced environmental accounting
- Completed purification of soil in the factory at Yamaha headquarters, Yamaha Toyooka Factory, and Yamaha Metanix Corporation, while continuing purification of groundwater
- 2001 ● The headquarters and Tenryu Factory acquired ISO 14001 certification, resulting in all factories of Yamaha Corporation in Japan acquiring the certification
- 2003 ● The Group's all production affiliates in Japan and overseas acquired ISO 14001 certification
- Yamaha Kagoshima Semiconductor Inc. achieved Zero Emissions
- 2004 ● The Group's all resort facilities acquired ISO 14001 certification
- Toyooka Factory and Kakegawa Factory achieved Zero Emissions
- 2005 ● Tenryu Factory, Saitama Factory, the headquarters and Iwata Factory achieved Zero Emissions, resulting in all factories of Yamaha Corporation achieving Zero Emissions
- A photovoltaic power generating system is installed in the factory at Yamaha headquarters

Environmental Management

To promote environmental conservation activities continuously as a group, not only production sites but also sales offices are currently building environmental management systems in line with the international standards.

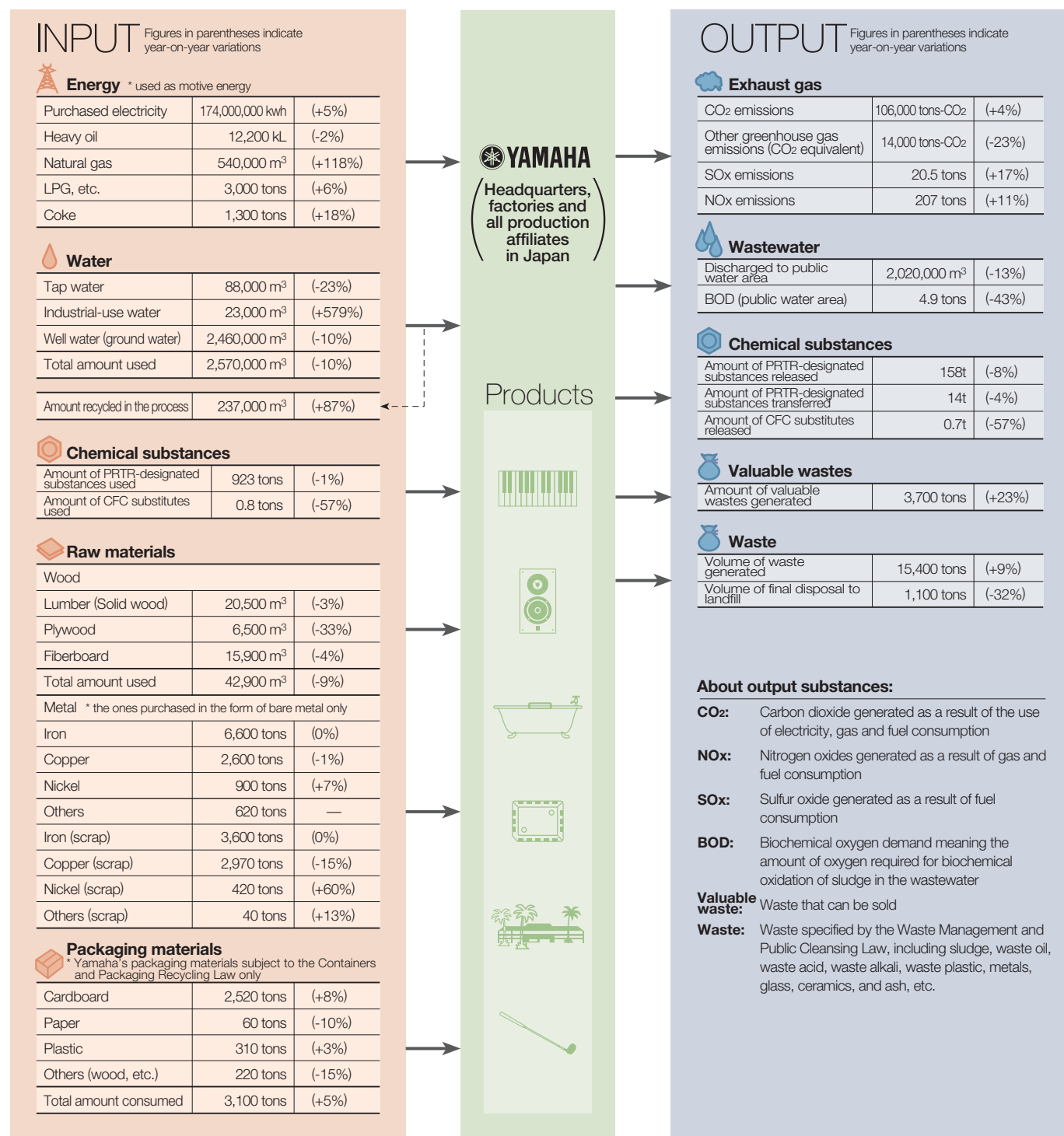
Material Balance

The Yamaha Group produces a wide variety of products, including musical instruments, AV/IT equipment, home equipment, semiconductors, specialty metals, and automobile interior wood components.

To clarify the relationship between these varied business activities and environmental impact the Group studies and discloses the material balance that indicates volume of input and output of

materials. This is an important measure to reduce environmental impact.

Regarding input items in FY2004, the scope of reporting sites for wood was expanded to include all divisions, and metal scrap was added. Emission of CFC substitutes and final disposal to landfill were added to the output items.



Environmental Management System

Yamaha Corporation established the Environmental Management Section in 1974 and the Global Environment Division (present Environmental Management Division) in 1992, and has totally promoted environmental conservation activities. A company-wide cross-sectional organization, the Environmental Committee, was established in 1994. Under the committee, working groups were set to discuss individual objectives. Thus, the whole company strives to conserve the environment.

From 1998, Yamaha Corporation established Divisional Environmental Committees one by one in the divisions that have already attained ISO 14001 certification. Each committee is composed of a division head as chairman and representatives from each division and department as committee members. The committee has subcommittees, each of which specializes in a specific theme and moves toward achievement of concrete objectives like energy saving, Zero Emissions, compliance with the RoHS Directive, and environmentally conscious product development.

In FY2003, the Yamaha EcoSystem (Yecos), a Yamaha Group's Intranet-based environment-related information system, was introduced in all factories and major sales offices of Yamaha Corporation and all production affiliates in Japan. Utilization of the system to collect the Group's environment-related information including environmental performance data enables the Group to increase efficiency in information management at each site, to share information between headquarters and divisions, to unify management of the Group's environment-related information at the headquarters, and to grasp necessary

information when required, as well as to disclose necessary information promptly to fulfill internal and external requests. The system will be introduced into the overseas production affiliates as well.

Acquisition of ISO 14001 Certification

As a part of mechanisms to realize environmental management, the Yamaha Group has promoted acquisition of ISO 14001 certification in accordance with the international standard of environmental management systems. As planned, 34 sites including all production facilities in Japan and overseas and resort facilities have successfully obtained the certification in FY2003. From FY2004, major sales offices (Tokyo, Nagoya and Osaka) will endeavor to obtain the certification as their new target. The Tokyo Office held a kick-off meeting for certification acquisition in October 2004 and started to build an environmental management system. Its plan is to acquire ISO 14001 certification in September 2005. The Nagoya and Osaka Offices are aiming at acquisition in September 2006.



A kick-off meeting for certification acquisition (Tokyo Office)

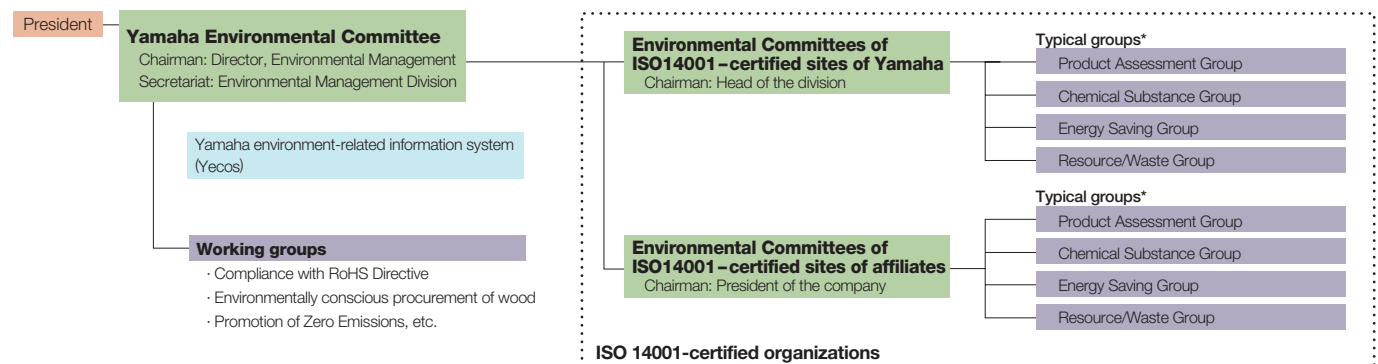
Environment-related Accidents and Lawsuits

In FY2004, no fine, minor fine or lawsuit was imposed on the Yamaha Group in terms of the environment. However, two accidents which exercised an influence on the external environment occurred. The Group took emergency actions, while taking permanent measures after identifying the causes in both cases. It also reported circumstances of the accidents, their influence, and measures to be taken to the government.

Outline of the accidents exercising an influence on external parties and measures taken

Leakage of water paint	
Outline of the accident	While the outer wall of a factory was painted using water paint in the rain, the paint was washed down by rainwater and spilled into a river.
Influence on the environment and measures taken	Slightly opaque water was spilled into a river near the factory. No abnormality in pH or leakage of oil and harmful substances were observed. The Group gave guidance to the subcontracting painting company that they should suspend the work in the rain and take thorough preventive measures for paint leakage.
Leakage of lubricating oil from a power generator	
Outline of the accident	Lubricating oil leaked out from inside the equipment adjacent to a power generator due to a failure in the equipment. It spilled into a river via the drainage of the factory.
Influence on the environment and measures taken	The volume of spilled oil was a very small amount and leakage was found at the earliest stage. Employees collected the oil using absorbent 20 meters downstream from the outlet. The procedure was amended by adding the item "checking the oil level" to the watch list for the equipment inspection.

Environmental Management System Structure



* Different specialist groups are set according to the circumstances of offices and group companies.

Emergency Response Training

The Yamaha Group evaluates the states of emergency that may have a significant impact on the environment, including leakage of harmful substances and oil, based on the standards for the environmental aspect evaluation in the environmental management system. It also prepares facilities and supplies to respond to such states, and has a responsible organization and a procedure manual in case of emergency. It provides an opportunity for regular emergency response training to be prepared for taking prompt and appropriate emergency measures and to confirm the validity of facilities, supplies, and the procedures.

In the emergency response training, involved employees get together to read the procedure manual and the MSDS,* check the details of such documents and to simulate the specified procedures and measures required for the anticipated accident at the site according to the manual. In the drill assuming oil leakage, water is poured in place of oil and the flow is checked. This is an example of our efforts to improve the effectiveness of the training. If any defect should be found in the procedure in the course of the training, the procedure manual shall be revised. Then, the training shall be repeated to validate the effect of the revision.

* MSDS stands for the Material Safety Data Sheet. It is a document where information required for safe handling of chemical substances and raw materials including chemical substances is provided.



Stopper in case of emergency (Yamaha Kagoshima Semiconductor Inc.)



Emergency response procedure and MSDS read and checked (Saitama Factory of Yamaha Corporation)

Case example Yamaha Kagoshima Semiconductor Inc.

Risk management by replacement of facility

To enhance the environmental risk management, Yamaha Kagoshima Semiconductor Inc replaced the centralized drain outlet in June 2003.

Rainwater and treated sewage from the production processes are collected in one tank, the pH is determined, and then the water is discharged to outside of the site through this centralized drain outlet. Conventionally, if any abnormality should be found in this area, emergency process to be taken was to block the drainage manually. It was revealed in the course of the emergency response training that the risk would become high if the timing of blockage was delayed. The new outlet is equipped with a function that automatically redirects the water to an emergency pit if any abnormality is detected. This dramatically reduces the risk of draining abnormal wastewater and of the accompanying shutdown.

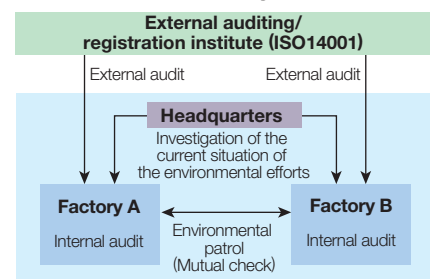


New centralized drain outlet

Environmental Audit

The Yamaha Group is subject to regular external environmental audits by an external auditing/registration institute in accordance with the ISO 14001 standard, while each facility conducts internal environmental audits by itself. The 34 sites including all production sites in Japan and overseas and all resort facilities that acquired ISO 14001 certification shall go through the audits.

Environmental audit system



Environmental audit in FY2004*

Corrective actions were immediately taken for the issues pointed out by in the external environmental audit in FY2004, and the environmental management system was improved so that it could function effectively.

Employees qualified for the internal environmental audit visit the facility and conduct the internal audit, where operation status of the management system based on the PDCA cycle and compliance with applicable laws and regulations, requirements of ISO 14001, and standards laid down by each facility are checked and evaluated. If any imperfection is observed, corrective actions are taken, and their results are also evaluated to verify their effectiveness.

In FY2004, 45 internal environmental audits were conducted in 34 facilities. Communicating the audit results to other departments in the same facility helps continuous improvement and enhancement of the environmental management system of the division.

* For coverage and results of the environmental audits in each division, see pages 3-4 of the Environmental Performance Data.

Environmental Patrol

Yamaha Corporation conducts an environmental patrol in June every year, targeting 6 factories in Japan. In the patrol, employees of the factory qualified for internal environmental auditor, the staff responsible for the facility management, and the staff from the Headquarters' Environmental Division are organized into groups and mutually examine the status and effectiveness of the factory's environmental management system, as well as the circumstances of the management of environment-related facilities.

In the patrol conducted in each factory in FY2004, 46 issues were pointed out in total,* which shows a significant decline from 72 in FY2003. Consequently, the effect of Zero Emissions initiative, the number of issues pointed out in terms of waste was reduced to 15, which is less than half of the 33 in FY2003. The environmental patrol contributes to improvement in the level of environmental conservation technologies of each factory and the accuracy of the audits conducted by internal environmental auditors.

* Forty-six issues include indirect impact on the environment, issues in consideration of the compliance with the environment-related laws and regulations, and ones to accelerate information sharing with other departments. For the breakdown of the issues, see page 4 of the Environmental Performance Data.

Environmental compliance/risk survey

To reduce environment-related risks and to enhance the environmental management as a group, the Yamaha Group started an environmental compliance/risk survey for nine domestic production affiliates. Staff from the Headquarters' Environmental Division visit the affiliates to check compliance with laws and the existence of potential environmental risks. Each affiliate takes corrective measures, if any issue is pointed out.



Environmental compliance/risk survey (Yamaha Music Craft Corporation)

Internal Environmental Auditors

The Yamaha Group devotes its energies to training internal environmental auditors to maintain/improve the environmental management system.

An internal environmental auditor training seminar is held quarterly, inviting lecturers from ISO auditing/registration institutes. Thus, the company cultivates internal environmental auditors based on an educational program. In FY2004, 62 employees were qualified as internal environmental auditors in Yamaha Corporation and 17 in affiliates in Japan. This means a total of 619 employees have been qualified since 1996 (excluding retired employees).

Environmental Training and Education

To maintain and improve the level of environmental conservation activities, the Yamaha Group places an emphasis on environmental training and education for all employees.

The education system consists of general, specialist, and ISO 14001 courses according to the employee's echelon in the organization, and employees participate in the course that meets the business operation or specialty for which they are responsible. Among all, the specialist course provides targeted environment-related facility operation managers and employees engaging in product planning, development, and design with enhanced training programs to facilitate in-depth understanding of environmental issues.

Environmental Communication

The Yamaha Group endeavors to communicate its environmental conservation activities to a wide variety of stakeholders aiming at accurate information disclosure.

Case example Headquarters and Toyooka Factories of Yamaha Corporation

Introduction of their environmental conservation activities to the visitors to the factory

The factory at the headquarters of Yamaha Corporation distribute the leaflets on the environment explaining the environmental conservation activities to approximately 5,000 local elementary school students touring the factory. An environmental study section equipped with touch-panel displays was prepared in the exhibition space of the guesthouse within the site, providing students with an opportunity to learn environmental issues from familiar examples.

Toyooka Factory of Yamaha Corporation welcomes participants to factory tours and holds social gathering with local residents annually.



Leaflet on the environment

Case example

Yamaha Corporation

Environmental household account book "Smart Life Guide"

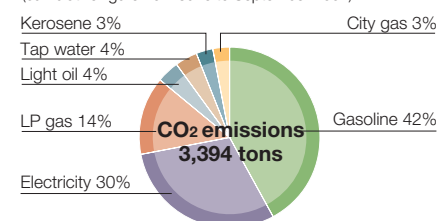
Yamaha Corporation has published an environmental household account book titled "Smart Life Guide" for employees and their families every year since FY2003. This is an initiative where employees record energy consumption at home every month to accelerate energy saving. FY2004 is the second year and approximately 2,000 employees, or one-third of Yamaha's total employees, participated in the initiative.

Yamaha Corporation endeavors to have employees and their families understand the importance of energy saving and works hand-in-hand with them to achieve it, considering the effectuation of the Kyoto Protocol.



Smart Life Guide

Sources of CO₂ emissions from the households participating in the "Smart Life Guide" initiative (cumulative figure from June to September 2004)



List of Training Programs held in FY2004

	Name	Participants
General education	New employee training	New employees
	Product manufacturing seminar	All applicants
	Environmental management course at Yamaha Advanced Skill School	Employees enrolled in the school
	Environmental management course at Yamaha Technical Training Center	Employees enrolled in the course
Specialist training	Environmental seminar "To realize a sustainable society — efforts for a resource-recycling society" by Masako Unoura (Environmental Management Producer at EXPO 2005)	Directors and all employees
	Wastewater treatment facility operation manager training	Operation managers at factory's wastewater treatment facilities
	Zero Emissions seminar/Environment-related information system training/Waste risk seminar (Upgrade seminar for inspecting skills about waste disposer) RoHS Directive compliance explanatory meeting	Employees in charge of environment and in the related departments
Education on ISO 14001	Explanatory meeting on the trend of laws and regulations in terms of products "Standard for chemical substance content in products"	Suppliers, employees in the related departments in charge of overseas procurement, and employees in the related department
	General education (environmental policy, purpose, objective, etc.)	All employees
	Special education (environmental procedure, etc.)/education for qualified persons	Employees in charge of environment and in the related departments
	Cultivation of internal environmental auditors	Internal environmental auditor candidates
	Emergency response training	Employees in charge of environment and in the related departments

Producing Environmentally Conscious Products

To reduce the environmental impact on society and to recycle resources, producing environmentally conscious products is an important challenge. When we develop and design products, we focus on the reduction of substance with environmental impact, saving energy and resources, and the improvement of efficiency in recycling.

Product's Lifecycle Assessment (LCA)

LCA is an effective evaluation method for promoting environmentally conscious design in view of the total lifecycle of the product, including material procurement, production, transport, use, and disposal.

Yamaha Corporation started preparation for LCA in FY2002 and applied it to the representative products in AV/IT in FY2003, followed by an Electone™ STAGEA™ and a C3L grand piano in musical instrument business in FY2004.

Examples of LCA application

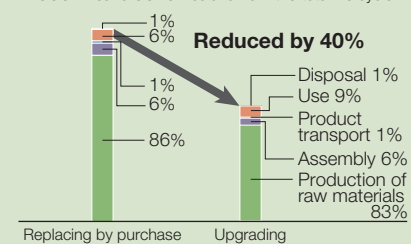
Electone™ STAGEA™

STAGEA™ was brought out commercially in March 2004. It is a product where components including keyboard and sound generator boards are unitized. This unitization enables the upgrade of a standard model to a high-end model simply by replacing the existing unit with a component having new functions (called the upgrade kit).

In October 2004, Yamaha Corporation applied LCA to this product, and compared CO₂ emissions at each stage of a lifecycle from production of materials to assembly and disposal of waste products between the two cases: upgrading a standard model using upgrade kits to the level of the high-end model and replacing a standard model with a high-end model by purchase. The result shows that environmental impact of upgrading is smaller than the one of replacing by 40% in terms of CO₂ emissions. It is also confirmed that using returnable package, which enables repetitive use of the package, for the logistics of upgrade kits reduces the environmental impact.

Comparison of LCCO₂* between replacing and upgrading an electone™

* LCCO₂ means CO₂ emissions from the total life cycle.



Management of Chemical Substances Contained in Products

Recently, laws and regulations have been strengthened in terms of chemical content in products. The Yamaha Group defined 'the Standards for Chemical Content in Products' in February 2003 and has managed chemical substances contained in products in the product development and design processes according to standards to secure compliance with the law and to reduce environmental impact.

In March 2004, the Group issued the second edition of the Standards for Chemical Content in Products, after examining the latest information about

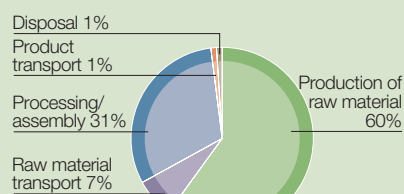
The C3L grand piano

When we evaluated the environmental impact that the C3L exerted at each stage of its life cycle in CO₂ equivalents, it was revealed that the impact at the raw material production stage was the highest, followed by the process and assembly stage.

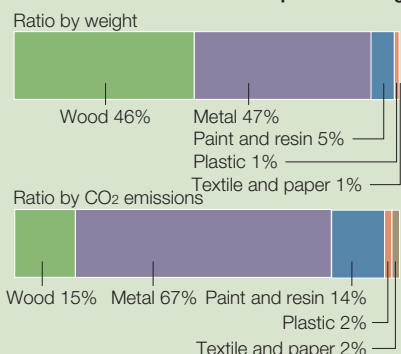
Wood accounts for 46% of the total raw material by weight, while CO₂ emissions from wood processing makes up only 15%, which means the material has low impact on the environment. Based on this fact, the Yamaha Group will continue to produce products with low environmental impact by most utilizing wood.



CO₂ emissions from C3L by stage



Ratio of raw materials of C3L by weight and by CO₂ emissions in the raw material production stage



environmental laws and regulations in various countries of the world. The Standard is defined with reference to the Japan Green Procurement Survey Standardization Guideline (issued by Japan Green Procurement Survey Standardization Initiative) and includes the substances subject to the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS*) and the special items defined by the Yamaha Group. The Group will complete the compliance with RoHS Directive by the end of March 2006.

* RoHS stands for Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment.

Promoting Green Procurement

In order to manage chemical substances contained in a product, it is important to grasp and manage chemical substances contained in the parts and material to be incorporated in the product.

The Yamaha Group asked for suppliers' cooperation and started research about parts and materials from June 2002. From FY2003, the Group conducted questionnaire-style research on almost all suppliers in Japan and overseas and received response from more than 90% of suppliers.

The research asks whether the six substances specified in RoHS Directive are contained in any component or material of the products subject to the Directive or not. Based on the response, the Group is steadily promoting switchover from parts and materials containing such substances to the ones not containing them as well as renewal of production facilities concurring the switchover. For example, steel sheets and screws containing hexavalent chromium were replaced by the ones plated with trivalent chromium compounds. The solder bath was switched over to the one that can be used for lead-free soldering to respond to the demand for lead-free soldering. The Group will perfect compliance with the RoHS Directive by the end of March 2006.

The research also confirms that other substances defined by the Group's standard for chemical substance content in products in addition to the ones subject to RoHS Directive are not contained, for specific business and products based on their characteristics.

* Six substances specified in RoHS: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB, brominated flame retardants) and polybrominated diphenyl ether (PBDE, brominated flame retardants)

Measuring content of chemical substances

In FY2004, Yamaha Corporation established a system to confirm in the company's analysis section that its products do not contain substances specified by the RoHS Directive and ELV Directive. The system enables simplified measurement by a fluorescent X-ray analyzer as well as precision measurement by an ICP emission spectrometer and a mass spectroscope.

* ELV Directive stands for Directive on End-of-Life Vehicle. To reduce environmental load and secure safety of workers when disposing end-of-life vehicles, inclusion of four substances (lead, mercury, cadmium, or hexavalent chromium) is restricted. Introducing products containing such substances exceeding the standards to the EU market was prohibited in July 2003.

Developing Environmentally Conscious Products

Case example

Car Parts Division of Yamaha Corporation

Automobile interior wood components compliant with ELV Directive

Yamaha Corporation checks with suppliers that materials used for the automobile interior wood components do not contain substances subject to ELV Directive.

The company measures the content of four substances, use of which is prohibited, in the product and ensures that the product is compliant with the ELV Directive.



Example of interior wood components mounted on a car

Case example

PA/DMMI Division of Yamaha Corporation

Reducing chemical substances used in electronic musical instruments

In FY2004, Yamaha Corporation adopted paints containing less toluene and xylene, or PRTR-designated substances, for the outsourced painting process of electronic musical instruments and PA products produced in Japan.

As a result, emission of toluene and xylene from the painting process of these products into the air was reduced by approximately 2 tons compared to the conventional paints.

Case example

Yamaha Livingtec Corporation

Utilizing scrap wood to produce molded material

Yamaha Livingtec Corporation successfully developed a technology named Wood Plastic Composite (WPC), which utilizes scrap wood generated from the production process. Chips and sawdust used to be disposed but now they are mixed with plastic and extruded for recycling. By raising ratio of wooden material to as high as 85%, the molded plastic board reproduces a realistic texture of wood. Yamaha Livingtec Corporation uses the technology to produce a molded board for the base riser of a bathroom cabinet. The molded board currently accounts for 10% of all models of the bathroom cabinet and will expand its share by degrees.



A bathroom vanity unit and base riser (black plate on the floor)

Case example

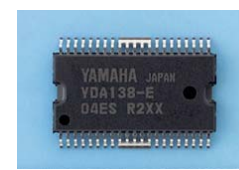
Semiconductor Division of Yamaha Corporation

Developing high-efficiency energy-saving LSI for digital amplifiers

There is a constant demand to reduce the power consumed by amplifiers built AV equipment, while maintaining the level of power output.

To answer the needs, Yamaha Corporation developed LSI for digital amplifiers that have such characteristics as high efficiency, low power consumption, and low heat generation. The latest model, the YDA-138, realized high performance with three-fold power efficiency, one-fourth the power consumption during operation, and one-seventh the power loss caused by heat generated by an amplifier at the maximum compared with the current product (all measured by Yamaha Corporation).

Adopting this LSI, a variety of thin-shaped and small-sized equipment with built-in speakers with high sound quality and low power consumption, including LCD televisions, LCD PC monitors, portable audio equipment, and PC speakers, are introduced into the market.



YDA-138

Case example

AV/IT Business Group of Yamaha Corporation

Accelerating development of energy-saving products

Yamaha Corporation promotes energy saving in AV/IT products utilizing evaluation methods such as LCA.

In FY2004, the company developed six models of AV systems, receivers and sub-woofers with 0.5 watts or less standby power consumption, and six models of AV receivers and DLP projectors with 0.1 watts or less standby power consumption. In the same year, it also developed six models of products equipped with high-efficiency digital amplifiers, including the Digital Sound Projector™ YSP-1. Power consumption of the models during operation is dramatically reduced compared with the conventional products with analog amplifiers.

In FY2005, we will further expand the lineup of environmentally-conscious products, with the objectives of developing 15 or more models of products with 0.1 watts or less standby power consumption and developing 5 or more models of products equipped with high-efficiency digital amplifiers.



YSP-1

Case example

PA/DMMI Division of Yamaha Corporation

Improving the recyclability of components

Yamaha Corporation developed decorative PET sheet with thermal exfoliation capability, jointly with an adhesive agent manufacturer. This enabled material recycling of ABS resin used in the arm component of the Electone™ STAGEA™.

To decorate the surface of ABS resin, the conventional method was to coat it or to paste a decorative adhesive sheet of polyvinyl chloride. Weakness of these methods lies in difficulties in exfoliating coating and peeling off the sheet and the possible disposal method is landfilling or thermal recycling only. Conversely, the new PET sheet can be easily peeled off only by applying heat. To prepare for the substantial recycling of ABS resin in the future, the company will promote adoption of the PET sheet.

Environmentally Conscious Production and Logistics

To reduce the environmental impact, the Yamaha Group makes continuous efforts in preventing global warming by saving energy, reducing generation of wastes, recycling wastes and managing of chemical substances.

Efforts in Preventing Global Warming

Reducing CO₂ emissions by fuel conversion

To prevent global warming, the Yamaha Group makes every effort to reduce Greenhouse gas emissions, typically CO₂, in each division. The target we set and aim at achieving is 6% reduction of CO₂ emissions in FY2010 compared to FY1990 in Yamaha's headquarters and factories, and production affiliates in Japan.

As an effort to reduce CO₂ emissions of energy origin, the factory at Yamaha Corporation's headquarters converted fuel for boilers from heavy oil to natural gas. We estimate that CO₂ emissions will be reduced, as a result, by 200 tons per year from FY2005. On the other hand, each division tries to choose energy-saving models when replacing facilities and promotes introduction co-generation systems.

Although we have made utmost efforts for energy saving, CO₂ emissions from the Yamaha Group in Japan amounted to 106,000 tons in FY2004, or a 4% increase from FY2003, as a result of an increase in production in some factories.

Case example Factory at Yamaha Headquarters

Installing a photovoltaic power generating system

As a countermeasure for global warming, the factory at Yamaha headquarters installed a photovoltaic power generating system. (Reduction of CO₂ emissions amounted to approximately 46 tons per year.) Photovoltaic panels were installed on the roof of the office building near the guesthouse, and they are shown to the guests visiting the factory. We consider it as a symbol of energy saving and prevention of global warming and use it to enhance awareness of employees.



Photovoltaic power generating system

Case example

Yamaha Livingtec Corporation

Energy saving by spraying water to the outdoor units of air conditioners

In FY2004, Yamaha Livingtec Corporation installed water sprayers for fourteen outdoor units of air conditioners. They utilize the technology to control sensible heat generated from outdoor units, one of the countermeasures against urban heat island phenomena.

To control the temperature rise in the outdoor units in summer and to maintain their operational efficiency, the equipment applies the principle of cooling by water evaporation that draws heat from surrounding areas.

It detects the rise in the temperature of the unit and starts operation automatically, thus consuming no excessive water and electricity. Introduction of the equipment improves cooling ability by approximately 7% per unit and makes possible an approximately 20% reduction per year in electricity consumption.



Water sprayer

Case example

Yamaha Metanix Corporation

Energy saving by replacing lighting fixtures

Yamaha Metanix Corporation started to implement a plan for replacing 383 mercury lamps used at the site with high-pressure sodium vapor lamps over three years. Replacement will result in reduction of energy consumption by 62%. In FY2004, the first year of the plan, 161 lamps were replaced, which accounts for 42% of the total number and brought savings of 28 kWh/month.

Reducing CO₂ emissions from logistics by reducing the number of destinations

In FY2004, total domestic traffic volume of the Yamaha Group amounted to 80.8 million ton kilometers, which was a 4% reduction from the 83.8 million ton kilometers in FY2003. Converting the figures into CO₂ emissions equivalent, it will be 20,700 tons-CO₂, a 4% reduction from the 21,600 tons-CO₂ in FY2003 and a 22% reduction from FY2002.

The major reason for this outcome is the reduction of traffic volume by 7.47 million ton kilometers, which is the result of an integration of destinations* by Asahi Kasei Homes Corporation, a customer of Yamaha Livingtec Corporation.

* **Integration of destinations:** Asahi Kasei Homes Corporation started transport to the construction site by themselves, so that Yamaha Livingtec Corporation is only required to distribute the products to the logistics center of Asahi Kasei Homes Corporation.

Reducing greenhouse gas emissions by introduction of exhaust gas treatment systems, etc.

Greenhouse gases used by the Yamaha Group in Japan include perfluorocarbons (PFC), sulfur hexafluoride (SF₆) and hydrofluorocarbons (HFC) at Yamaha Kagoshima Semiconductor Inc. To reduce emissions of such gases, the company introduced two greenhouse gas treatment systems in FY2004.

As a result, emissions of Greenhouse gases other than CO₂ amounted to 13,800 tons, or a 4,000-tons reduction compared to FY2003.



Exhaust gas treatment system (Yamaha Kagoshima Semiconductor Inc.)

Case example

Yamaha Fine Technologies Co., Ltd.

Magnesium molding method eliminating SF₆

Yamaha Fine Technologies Co., Ltd. uses magnesium alloy, which is attracting attention as "eco material," for production of precision components such as cases for mobile phones, digital cameras and single-lens reflex cameras. It also adopts a thixotropic molding method that does not use any greenhouse gas to reduce environmental impact in the production process.

The conventional mainstream method, die cast molding (fusion in high temperature and under high pressure), uses a large volume of SF₆, a powerful greenhouse gas with a global warming potential of 22,200, as a fireproof agent. On the other hand, the thixotropic molding method does not have to use such agents, as chips of magnesium alloy are fused and molded in a cylinder. It also enables more precise thin-walled molding than die cast molding and thus contributes to the reduction of raw material by trimming the weight of the molded articles.

Yamaha Fine Technologies Co., Ltd. has been accumulating molding and die machining technologies since the initial stage of the thixotropic molding method invention. It has secured its place as one of the major manufacturers specialized in thixotropic molding in Japan.



Molded with magnesium alloy



Thixotropic molding machine

Efforts to Protect the Ozone Layer

The Yamaha Group had totally phased out the use of specified CFCs*¹ by the end of 1993 to protect the ozone layer. After this, the Kakegawa Factory of Yamaha Corporation and D.S. Corporation have used CFC's substitutes*² (HCFC) in the cleaning processes of piano wires and assembly jigs for printed-circuit boards.

In FY2004, the Kakegawa Factory totally abandoned the use of CFC substitutes. As a result, use of such substitutes was reduced to 0.8 tons. In April 2005, D.S. Corporation relinquished the use, and the total abolishment in all processes of the Group was finally achieved. As CFC substitutes have high global warming potential, total abolishment largely contributes to the prevention of global warming.

*¹ **Specified CFCs:** 15 types of chlorofluorocarbons (CFCs) are specified among all CFCs subject to restriction due to their serious influence on the ozone layer depletion.
*² **CFC substitute:** Substitutes of specified CFCs, due to their smaller influence on the ozone layer depletion. A typical example is hydrofluorocarbons (HFC).

Efforts to Reduce Wastes

All factories of Yamaha Corporation achieving Zero Emissions*

The Yamaha Group promotes the Zero Emission initiative to minimize the volume of final disposal to landfill by recycling wastes generated from its business activities.

In 2004, the Toyooka and Kakegawa Factories achieved Zero Emissions. The Tenryu, Saitama and Iwata Factories and the factory at headquarters achieved the same by the end of May 2005. This means the target of achieving Zero Emissions in all factories of Yamaha Corporation by the end of December 2005 was achieved, over seven months earlier than the initial target. The production affiliates in Japan also endeavor to achieve Zero Emissions by the end of FY2007.



Zero Emission certificate

* **Zero Emissions:** The Yamaha Group defines this as "restricting the volume of final disposal to landfill to 1% of the waste generated or less".

Achievement of Zero Emissions

(as of the end of May 2005)

Yamaha Corporation	
Location	Achievement time
Toyooka Factory	The end of Apr., 2004
Kakegawa Factory	The end of Jun., 2004
Tenryu Factory	The end of Mar., 2005
Saitama Factory	The end of Apr., 2005
Headquarters area (Headquarters and Factory)	The end of Apr., 2005
Iwata Factory	The end of May., 2005

Production-related Affiliates in Japan

Location	Achievement time
Yamaha Kagoshima Semiconductor Inc.	The end of May., 2003
Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)	Endeavoring to achieve Zero Emissions by the end of FY2007
Yamaha Metanix Corporation	
Yamaha Music Craft Corporation	
D.S. Corporation	
Yamaha Fine Tech Co., Ltd.	
Sakuraba Mokuzai Co., Ltd.	
YP Winds Corporation	
Yamanashi Kogei Co., Ltd.	

Thoroughly separating wastes

While each factory is individually exerting efforts separating wastes, the company as a whole basically aims at separating them when discharging them from the production processes and offices. Segmentalization of wastes from production processes into wood, plastic, metal, liquid and sludge is promoted than ever to reuse and recycle them. In the offices, separation and collection of used paper and processing food waste from canteens into animal feed are promoted.



New waste depot with more segmentalized separation. (Toyooka Factory of Yamaha Corporation)

Reducing environmental load when collecting/transporting wastes

In the past, the headquarters of Yamaha Corporation and its nearby factory individually outsourced collection and transportation of waste PCs and other information equipment. The company, however, started to visit and collect them by itself from FY2004. This reduces CO₂ emissions from vehicles when transporting such equipment.



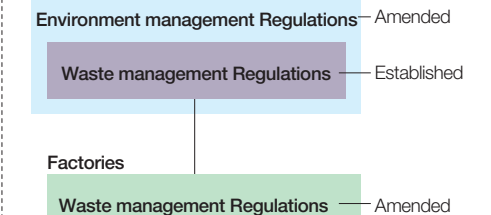
Collection of waste information equipment

Enhancing risk management in terms of wastes

Recently, illegal dumping by waste disposers has become an issue nationwide. From 2000, the Waste Management and Public Cleaning Law and other waste-related laws were amended and the responsibility of companies who discharge wastes was strengthened. For example, if any illegal dumping was conducted, the company who outsourced the disposal to the disposer shall assume the responsibility for it. The Yamaha Group has delegated the manage of wastes to divisions. In this context, however, it established the Group's waste management system in January 2005. The Group's regulations on selection of waste disposers, outsourcing contracts and continuous management were clarified and a management mechanism to avoid risk of illegal dumping was strengthened.

Regulations in terms of wastes enforced in January 2005

Company-level



Holding seminars and trainings concerning wastes

To have the waste management system function effectively, a lawyer was invited as a lecturer and a risk management seminar in terms of wastes was held for 168 waste manager of factories. To improve accuracy of on-site factories on waste disposers, two group trainings were held for 58 waste managers in charge from each division.



Risk management seminar in terms of wastes

Reducing water consumption and reusing wastewater

The Yamaha Group has been recycling wastewater from the production processes since the early 1970s. In FY2004, the Group consumed 2.57 million m³, a 10% reduction from FY2003. It reused 237,000 m³ out of total water consumption.

In FY2004, the Kakegawa Factory of Yamaha Corporation started an initiative of treating used water discharged from the factory in the wastewater treatment equipment within the site and reusing approximately 3,400 tons annually, or 6% of total water consumption, in the production process.

The Toyooka Factory of Yamaha Corporation moved the well water tank and pipes laid underground to above the ground and reinforced to prevent water leak and to find leakage at the earliest stage. As a result, water consumption was reduced by approximately 200,000 tons annually.



Well water tank (Toyooka Factory of Yamaha Corporation)

Management of Chemical Substances

Response to the PRTR Law

To depend on the PRTR Law having been enforced, each facility shall report to the Competent Minister, the amount of the designated substances released or transferred in each fiscal year, submitted via the governors of the prefectures where the reporting facilities are located.

In FY2000, the Yamaha Group estimated the quantities of the designated substances released during FY1999. Since then, the Group has endeavored to reduce the amount released.

As a result, the amount of released to the environment was reduced to 158 tons in FY2004, down 15 tons from FY2003.

This was achieved by changing raw materials to the ones that do not include designated substance and adding a regenerative exhausted gas decomposition system to the painting process (Tenryu Factory of Yamaha Corporation).

* PRTR stands for Pollutant Release and Transfer Register. The PRTR Law is an abbreviation of the Law Concerning Reporting, etc. of Releases to the Environment of designated Chemical Substances and Promoting Improvements in their Management.

Storing PCB

The Yamaha Group stores and manage 72 high voltage capacitors and approximately 4,400 fluorescent light ballasts containing PCB*1 in ten sites in Japan.

These will be stored in leak- and theft-proof locations according to the PCB management standards specified in ISO 14001 until treatment becomes possible. In accordance with the Law Concerning Special Measures Against PCB, the Group reports the quantities and the circumstances of the storage to the government on a regular basis.

*1 PCB stands for Poly Chlorinated Biphenyl.

Response to the Pollution of Soil, Groundwater and Water

In two facilities and one subsidiary of the Yamaha Group, soil and groundwater pollution by chlorinated organic solvent was detected by a voluntary survey in 1997. Since then, the Group has continued purification efforts. As of the end of FY2004, purification advanced to the level where it met and exceeded the standard value in the Toyooka Factory and Yamaha Metanix corporation and near to the standard in the factory at the headquarters. Purification of groundwater with the pumped water aeration method and activated carbon adsorption method still continues. The purification of the soil was completed in 2000.



Purification equipment (Factory at the headquarters of Yamaha Corporation)

Case example

Katsuragi Co., Ltd.

Katsuragi Golf Club™ enhanced the septic tank.

Katsuragi Golf Club™ enhanced its integrated septic tank in FY2004 by introducing the contact oxidation method to improve purification capability. As a result, quality of treated water will be improved and the volume of sludge will be reduced to less than 50% of the FY2003.



Enhanced septic tank

Efforts for Packaging Material and Logistics

The Yamaha Group tackles reduction of environmental impacts in the packaging and logistics processes.

For example, even in 1960's when no such concept as simplified packaging was born, the Group adopted the futons (comforters) as cushioning materials when packing grand pianos for the domestic market. By repeatedly reusing the futon, it has endeavored to reduce packaging materials for more than forty years. It also introduced the returnable package for the upgrade kit of the Electone™ STAGEA™ in FY2004 and reduced the environmental impacts caused by the use of packaging materials when upgrading the product by 65% (see page 16).

On the other hand, in logistics, consolidated transport routes were established to improve transport efficiency.

Case example

Yamaha Livingtec Corporation

Utilizing "Green Containers" and Returnable Packaging Units

Yamaha Livingtec Corporation introduced the use of "green containers" for the transport of knockdown bathroom suites in FY2000. By loading all facility components required by a construction site on a rack specially designed by the company and thus enabling repetitive use over four or five years, the volume of corrugated cardboard used for one shipping was significantly reduced to 25% compared to the conventional way of packing all components one by one. The utilization ratio* of the green container method in all knockdown bathroom suites was improved from 40% in FY2003 to 55% in FY2004.

In February 2004, the company developed a returnable packaging unit for kitchen sink cabinets, which is made of waste paper and enables repeated use up to 20 to 30 times, in collaboration with Asahi Kasei Homes Corporation. The unit was introduced in the Kansai area in April 2004, and expansion of the application to all products related to kitchen and bathroom vanity products is planned.

* Utilization ratio = number of shipments using green containers / number of all shipments

Initiatives for Our Customers

We at the Yamaha Group wish to satisfy our customers through our lineup of quality products and services. We constantly strive to provide the assurance of safety and to improve the quality of our products, paying close attention to our customer's needs and expectations for convenience and ease of use. We offer information, services, and after-sale support both domestically and abroad to ensure our customers enjoy our products to the fullest extent possible.

Pursuing Quality in Our Products

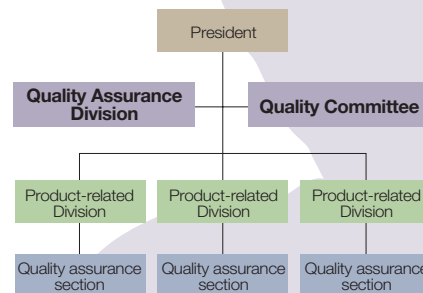
An Organizational Structure that Assures High Quality

The Yamaha Group gives priority to customer satisfaction, utilizing a quality management system that results in the manufacturing of high-quality products that meet the needs of our customers.

Each division takes responsibility for the quality of its products, using a quality assurance system based on the ISO9001 international standard. Our Quality Assurance Division also provides further monitoring of the quality assurance system and the quality of products from each division. The Division uses techniques such as internal audits in conformance with ISO9001, purchase and inspection of products manufactured by the group, as well as analyses of internationally-based manufacturing facilities in order to assess the level of quality control the Yamaha Group should aim for in its products and to implement policies aimed at continual improvement. It also assists each division in the implementation of effective quality engineering for use in design and development, and in the application of such techniques in the manufacturing process.

The Quality Assurance Division works closely with each Yamaha division through the Quality Committee in order to raise awareness regarding (1) safety assurance, (2) reflection of customer requirements (3) compliance with relevant laws and regulations (4) preventative and curative measures regarding product defects at each stage of product planning, design, and manufacturing, accumulating and applying the techniques and know-how required to provide safe, high quality products that meet our customers' requirements.

Quality Assurance Structure



Implementation of Product Risk Management

The Yamaha Group endeavors to manufacture products free from defects that might threaten safety, working proactively at each stage of development, design, and production to prevent such occurrences. We instituted a framework which allows the Quality Assurance Division to call emergency action committee meetings, and rapidly take preventive measures such as informing customers and recalling products should any safety-related defect be found in a product which has been released to the market.

Compliance with Safety Standards from around the World

Assuring the safety of the products we provide to our customers is a fundamental manufacturing concept, and one of the Yamaha Group's highest priorities. We have established a system that ensures compliance with laws and regulations, allowing our customers to use our products with peace of mind.

The Quality Assurance Division gathers information on safety standards for electric and electronic products from around the world and verifies that the Yamaha Group products are in compliance with any applicable standards. The Division compiles the results of these verifications into a database, and has built a system allowing the Division to check of these results from the Yamaha Group locations around the world.

It has also compiled the "Indication Guide" which defines the standards for display of product safety information on products and in user manuals. The Yamaha Group companies follow these guidelines in order to provide appropriate labeling.



Indication Guide, Parts Guide

Acquiring International Standard ISO9001 Certification

In a move to strengthen and improve product quality and quality assurance systems, the following divisions of the Yamaha Group have acquired International Standard ISO9001 certification:

Acquisition of ISO 9001 Certification (As of April 31, 2005)

YAMAHA Corporation		
Division	Registration Certificate Number	Date Acquired
AV / IT Business Group	JQA-Q381	1994/1/18
Semiconductor Division	JQA-Q862	1995/4/28
Piano Division	JQA-1549	1997/1/17
Sound Proofing Division	JQA-QM5802	2000/12/22
Wind, String & Percussion Instruments Division	JQA-QM6245	2001/3/9
Car Parts Division	JQA-QM8474	2002/7/5
PA/DI Division (Including PT. Yamaha Music Manufacturing Asia, Kachung Yamaha Co., Ltd., Xiaoshan Yamaha Musical Instrument Co., Ltd.)	00593-2002	2002/9/19
Material & Component Development Center	JQA-QM9731	2003/3/2

Yamaha Affiliates

Division	Registration Certificate Number	Date Acquired
Yamaha Kagoshima Semiconductor Inc.	JQA-Q448	1994/3/29
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd. (Taiwan)	4T2Y001-00	1995/10/4
FA Division, Yamaha Fine Technologies Co., Ltd.	JQA-1614	1997/2/28
Yamaha Metanix Corporation	JQA-1963	1997/11/14
PT. Yamaha Musical Products Indonesia (Indonesia)	Q11915	1998/2/2
D.S. Corporation	JQA-2167	1998/2/20
P.T. Yamaha Electronics Manufacturing Indonesia (Indonesia)	Q14502	1998/10/14
Yamaha Electronic Manufacturing (M) Sdn.Bhd. (Malaysia)	AR 0420	1999/3/8
Guangzhou Yamaha-Pearl River Piano Inc. (China)	60895	1999/9/10
Yamaha Music Tokai Co., Ltd. (Hamamatsu Branch)	0005398	2000/6/23
Toba Hotel International Co., Ltd.	200695	2002/8/2
Kroro Associates Co., Ltd.	CI/1881	2001/1/8
Tsumagoi Co., Ltd.	CI/2606	2001/10/30
Xiaoshan Yamaha Musical Instrument Co., Ltd. (China)	0201035	2002/3/6
Yamaha Livingtec Corporation (Including Yamaha Living Products Corporation)	JUSE-RA-748	2003/1/20
Yamaha Sound Technologies Inc.	JBC4002129/J	2003/4/3
Yamaha Travel Service Co., Ltd.	QC04J0276	2005/3/10

Enhancing the Customer Support System

In an effort to provide better service to our customers, the Yamaha Group has implemented a framework allowing customers to make inquiries, express opinions, and make requests regarding products. We compile all opinions and requests received through this framework, as well as all details on repairs and after-sale service into a database to aid in the development of new products, and the improvement of product functionality, quality, and customer service.

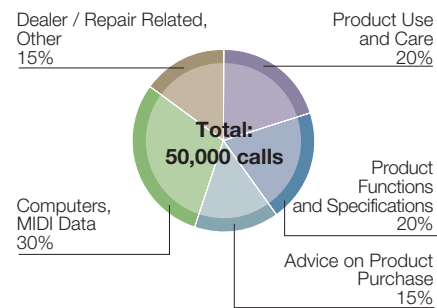
Improving the Musical Instruments Information Center

The Musical Instruments Information Center at Yamaha headquarters provides information on pianos, Electone™, wind, string and percussion instruments, and other musical instruments the company produces.

It handles around fifty thousand cases per year, advising on such matters as the care, use, and purchase of instruments. In recent years the appearance of "Net Instruments" that connect directly to the internet has resulted in a surge of queries regarding downloading tunes and connecting to the internet. The Center makes use of a CTI* system to deal with such complicated inquiries quickly and effectively, and also began using wireless IP phone headsets in the FY2004, freeing operators to move away from their seats while speaking with customers. This has enabled operators to use the products and computers at the Center to emulate the procedures that customers are attempting, making it easy for them to clarify any uncertainties and to give detailed explanations.

* **CTI system:** An integrated system of telephones and computer systems used for interacting with customers. CTI is an abbreviation of Computer Telephony Integration.

Comparative Numbers of Inquiries for FY2004



Improving the Convenience of the Repair Reception Center

Yamaha receives many customer service calls requesting repair of electric products such as electric and electronic Musical Instruments and HomeAudio and Video Products, at the Repair Reception Center located at its headquarters in hamamatsu, Japan. From FY2004 the centralized Repair Reception Center was established with a CTI system, and some full-time receptionists were employed, to provide prompt service and precise advice to customers. Also, business hours for telephone reception was expanded to provide a more convenient service to customers.

Catering to Customer Needs for Products and Services

The CLP-F01 Electronic Piano: for Grown-ups with a Passion for Design
In December 2004 Yamaha released the CLP-F01 Clavinova™, in response to the perceived needs of our adult customers. The design of the CLP-F01 emphasizes the role of the instrument in the interior of a room. Customers can choose a color tone to suit the atmosphere of their rooms, and the configuration of the instrument with its minimal depth allows it to fit very closely to walls.



CLP-F01

The YSP-1: Multi-channel Surround Sound from a Single Unit

With the spread of satellite and above-ground digital broadcasting, and DVD players becoming commonplace, home theater systems are becoming increasingly popular. Consequently, demands for ways to reduce the space taken by high-quality multi-channel surround sound systems, which require you to place speakers in multiple places around the room are increasing.

In response, Yamaha created the YSP-1 Digital Sound Projector™, which allows the user to enjoy 5.1 channel surround sound*1 from a single component. Just 11.3cm (4-1/2") deep, the body of the YSP-1 contains a high-efficiency amplifier, forty compact speakers, and 2 subwoofers (speakers that output low-frequency sound). Using special technology*2 to control the direction of the sound it outputs, the YSP-1 reflects individual beams of sound from the walls of the room, enveloping the listener in real 5.1 channel surround sound.



YSP-1

*1 **5.1 Channel surround sound:** A system that combines three front, two rear, and one subwoofer sound channel to give three-dimensional sound playback.

*2 **Special technology:** The digital sound technology developed in a collaboration between Yamaha Corporation and 1 Ltd (Headquarters: Cambridge)

The EZ-SERIES™ EZ-TP™ trumpet: Now Anyone Can Enjoy the Pleasure of Performance

In 2004, Yamaha released the EZ-SERIES™ EZ-TP™ trumpet, an electronic instrument which lets anyone experience the pleasure of performing live. Singing into the mouthpiece causes the instrument to output a trumpet sound using the pitch and volume of the player's voice as a base. The instrument can also use internally stored sounds to provide accompaniment for the player's performance.

During development of the EZ-TP™, Yamaha sought ideas and opinions from the general public through its own internet-based music portal sites and the make-to-order website "Tanomikomu"™.

Many of the suggestions received for design, materials, and sounds were used in the final product.

* **Tanomikomu:** A website run by the Engine Corporation URL: <http://www.tanomi.com/>



EZ-TP™

The Unistyle™ School: Reflecting the Changing Needs and Lifestyles of the Era

Unistyle™ is a new type of English / Music education school designed to afford a high quality service that meets the changing needs and lifestyles of the current era. Expanding mainly into suburban areas, Unistyle™ schools provide a broad range of courses designed to cater for all ages, and are equipped with ample parking, spacious lobbies and reception areas, and single level flooring. As of June 2005, there were 37 schools established around Japan.



*Unistyle™ (Onda Gakki Ltd. Tochigi Center)

Initiatives for Our Shareholders

The Yamaha Group utilizes transparent management practices to ensure sound results and provide appropriate dividends to its shareholders. Furthermore, we proactively disclose information regarding management. Carrying out these practices continuously increases the knowledge and satisfaction of our shareholders with regard to the Yamaha Group.

Guidelines for Return on Shareholder Base and Internal Reserves

The general policy of Yamaha Corporation is to work towards maximizing return on equity (ROE), while strengthening management foundations and maintaining sufficient internal reserves to permit the capital investment necessary for operational growth. Yamaha Corporation provides stable dividends to its shareholders while taking into consideration profit for the entire the Yamaha Group.

The Group uses information received from shareholders and investors in its operations, always aiming to maximize shareholder value. Since 2002 personnel involved with Investor Relations have reported the results of biennial attitude surveys of institutional investors and questionnaires presented to shareholders to senior management, using them for dealing with shareholder-related matters.

* **IR:** An abbreviation of Investor Relations (Corporate communication for stockholders and investors)

Dividends per Share (Units: Yen)



Communicating with Shareholders and Investors

Towards Open General Shareholder meetings

When possible, Yamaha Corporation holds general shareholder meetings on different days to other companies, in order to have as many shareholders attend as possible. The general shareholder meeting for the fiscal year ending March 2005 was held in the hall at Yamaha headquarters on June 24 2005, with a performance by the Yamaha Symphonic Band after the meeting closed.



The Concert after the General Shareholders' Meeting

Promoting Understanding of the Enterprise through Proactive Investor Relations

In accordance with our "Disclosure Policy" which was enacted in December 2004, Yamaha discloses identical information to institutional and private investors both domestically and abroad. We use e-mail newsletters and the Yamaha website, as well as the annual report and documentation from financial presentations to publish management information in a timely manner.

Every quarter we hold a presentation of financial statements in

Tokyo for domestic security analysts and institutional investors, where the company President and other managerial staff give a first-hand explanation of the company's performance. Individual operations within the group also hold their own operational strategy briefings and factory tours whenever required.

We also translate all information published domestically into English for institutional investors from abroad, ensuring that they have the same information available with the same timing as investors in Japan. The company President and executives travel internationally several times a year to visit direct investors, giving explanations of corporate activities and receiving valuable information through subsequent dialog. In 2005, we are visiting investors from the United States, the United Kingdom, France, Italy, Hong Kong, and Singapore.

Further to these efforts, we also field inquiries from securities analysts and institutional investors, and visit private investors both domestically and internationally over two hundred times a year.

We are also working to improve our relations with private shareholders and investors. In December 2004, we opened a booth at the "Nomura Asset Management Fair 2004", a combined exposition sponsored by Nomura Securities aimed at private investors, at which we were able to meet directly with more than 2,200 people. We also opened a website aimed at Japanese private investors in September 2005, which provides information in an easy-to-understand format for people without specialist knowledge in securities and finance. We hope that initiatives such as these will help draw on our relationship with the general public to broaden our base of private shareholders as a business to consumer enterprise.



IR Site

Gaining Recognition from Socially Responsible Investment

"Socially Responsible Investing (SRI)" is becoming increasingly popular in Japan. The SRI philosophy encourages investors to consider not just economic factors but also the social responsibility of an organization when selecting opportunities for equity investment.

In addition to being listed on the internationally recognized SRI index "FTSE4Good Global Index" ("FTSE"*1) every year since March 2002, we were listed in the "Ethibel Sustainability Index" ("Ethibel"*2) for the first time in April 2005. We have also appeared for two successive periods in the Morningstar Inc. Socially Responsible Investment stock price index (MS-SRI), started in Japan in 2003. At present we are included in more than one third of the SRI funds in the Japanese market, including the Asahi Life Social Responsible Investment Fund "Asunohane" and the UBS Japan Equity Fund Eco "Dr. Eco" amongst others*3. Indications are that SRI funds such as these will become increasingly popular in the future.

Furthermore, Yamaha Corporation has been highly evaluated in the "Integrex survey" (Integrex Inc.) a comprehensive survey of the ethical and compliance (legal observance) initiatives of all publicly-held corporations in Japan. We hope to continue to be thought of as a socially responsible organization in the future, and are working diligently towards this goal.



FTSE4Good Index certification



Ethibel Sustainability Index

*1 **SRI:** Socially Responsible Investment

*2 **FTSE:** U.K.-based joint venture between Financial Times Ltd and the London Stock Exchange.

*3 **Ethibel:** Belgium-based independent consulting company that advises banks, brokers, and institutional investors on socially responsible investing.

*4 Data on numbers and listing of funds taken from a survey carried out by Morningstar Inc.

Evaluation criteria used by each Index

FTSE4Good Index evaluates corporations on environmental practices, sociality, and human rights. ESI evaluates enterprises from the standpoint of "People / Planet / Profit", while the MS-SRI looks at corporate governance, accountability, market/employment practices, contribution to society, and environmental practices. "Asunohane" (Feather of tomorrow) is an SRI fund that proactively attempts to solve social problems through business by investing in corporations that make a contribution to society.

Initiatives for the People Who Work with Yamaha

The Yamaha Group is only able to conduct business thanks to the cooperation of employees, temporary staff, cooperative factories, authorized dealers, and the many other people who work with us.

We commit ourselves to making every effort to encourage those who work with Yamaha to display their maximum abilities and become mutually prosperous with the Yamaha Group.

Employment

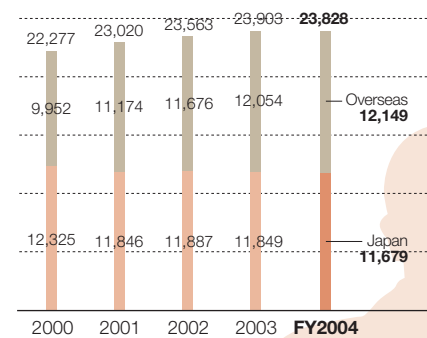
Hiring and Employment Policies

The Yamaha Group offers fair selection and employment opportunities under the principle of respect for human rights.

As part of a policy to realize an appropriate and efficient personnel structure, the Group actively recruits university graduates, while continuing the practice of mid-career recruitment to obtain readily available human resources in order to meet the requirements of each division.

Number of Employees in Japan and Overseas

(unit: no. of people)



The Senior Partner Scheme

In April 2004, Yamaha Corporation introduced the "Senior Partner System" where employees are given the opportunity to continue working past the compulsory retirement age of 60.

We see this as a response to both social demand and individual needs at a time when the age at which people begin receiving a pension is steadily increasing, and do our best to offer this opportunity to all personnel who request it. We recognize that utilizing the wealth of operational knowledge, talent, and experience of these people not only helps them in their post-retirement lives but contributes training and guidance to their successors. Every six months we invite applicants for the scheme from those approaching retirement age and match them with a positions available in the company before deciding on employment.

In FY2004 we were able to place forty-seven out of ninety-two applicants, thirty-four of whom were still working in May 2005.

Promoting Employment of Disabled People

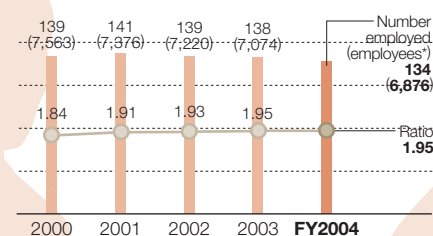
Yamaha has promoted the active employment of disabled people and broadened the range of work it is able to offer to them through initiatives such as the establishment of the YP Business Service Corporation as an exceptionally authorized subsidiary* in 1989. We have sustained a ratio of disabled people on our staff above that required by law for many years and give great consideration to providing an environment that is easy for disabled people to work in. As of the end of FY2004, disabled people make up 1.95% of our staff.

Our initiatives prompted the Minister of Health, Labor, and Welfare to award us with a public commendation in FY2004 as an excellent workplace for disabled people.

* **Exceptionally authorized subsidiary:** A subsidiary authorized by the Law for Employment Promotion, etc., of the Disabled. This can be established if a company meets specific requirements such as number and ratio of disabled employees vs. total number of employees. This ratio includes those disabled people working in subsidiary companies.

Number and ratio of disabled employees

(unit: no. of people)



* The numbers in parentheses refer to the number of full-time employees at Yamaha.

A Personnel and Educational Training System

Training and Education with a Purpose
The Yamaha Group has created a system of education and career development based on the philosophy that cooperation between a company and individuals touches peoples' hearts. This system provides programs suitable for specific purposes in categories such as the strategic development of human resources, functional skills training, level-based training, and a self-development support system.

For example, in FY2002 we implemented the "New leader training program" as part of our strategic development of human resources, aimed at the selection and cultivation of young, ambitious employees who show promise. 2002 also saw the addition of line manager training to our level-based training program. This initiative is designed to develop and strengthen the managerial abilities and leadership of line managers, who must be effective in motivating their workers and gaining the best from their abilities.

Evaluation and Reward Systems

A Fair and Transparent Results-Based System of Evaluation and Rewards

Yamaha Corporation reformed personnel policies for management in FY2000 and for general employees in FY2001, in a move that significantly reduced the emphasis placed on length of service. All employees are now evaluated and rewarded fairly, based on individual results.

We implemented a system that evaluates all general employees in two areas: a "results evaluation", which assesses the degree to which an employee has achieved expected goals, and an "action evaluation", which evaluates how well an employee has worked towards improving results achieved. Managers meet with their staff every six months to confirm goals and discuss expected actions for the coming half-year, and discuss the results and achievements of the previous six months, for a better understanding of the reasons behind the evaluation received.

At the management level, we have implemented a system of "mission management" whereby the mission, goals, and strategy of each group is broken down based on overall company policy, and used to define the duties (individual missions and important tasks) of each manager, who is then evaluated by how well those duties are achieved. Managers are evaluated every six months in the same manner as general employees through interviews which confirm each person's duties and evaluate their achievements and contributions.

The results of these evaluations are reflected through bonuses, raises in salary, and promotions for both managers and general employees.

Support for Personnel Systems Reform in all the Yamaha Group Companies

Yamaha Corporation strives to implement fair and transparent ability and results-based personnel and rewards systems both internally and in each of the companies in the Yamaha Group. To this end, we actively interact with top managers and personnel staff at Group companies, giving advice and guidance on the reforms of the various systems in place at each organization. We would like to extend these initiatives even further, and are working to improve and maintain systems throughout the entire group, both domestically and abroad.

A "Patent Commendation Scheme" that Rewards Inventors of New Technology

The Yamaha Corporation has established an in-house scheme that encourages employees to create new technology, paying cash bonuses to the inventor of a new technology when new patents are applied for, registered, and the technology is used in Yamaha, or licensed to another company.

As an additional measure, we established the "Patent Commendation Scheme" in FY2004, a new initiative aimed at promoting a corporate culture more active in the acquisition of patents, which constitute valuable intellectual property. This scheme awards inventors who actively pursue new technologies and the application and registration of patents, and obtain particularly promising results.

Creating a Comfortable Workplace

Initiatives Regarding the "Next Generation Law"

In 2003, the Japanese government enacted the "Law Concerning Promotion of Supportive Measures for Raising the Next Generation (Next Generation Law)" to help support working people with families. In response, the Yamaha Corporation began to create an action plan in March 2004, which involved much consultation between labor and management.

Labor and management reached final agreement in March 2005, and the plan was released in April. The action plan published "(1) The taking of annual leave by employees and the reduction of overtime work (2) The taking of child-care leave by employees (3) The implementation of measures such as shortened work time for employees with young children" as its goals, and will be implemented over the three year period from FY2005 to FY2007. We hope that working steadily to achieve these goals will help all of our employees to produce constructive attitudes and behavior, and reconsider unconstructive work habits, improving the productivity of our workplace.

* **Next Generation Law:** A law that requires all companies with more than three hundred employees to submit an action plan to the government by the end of March 2005 regarding the improvement of support for employees with children.

Action Plan Goal List

Reduction of Overtime work and Encouragement to Use Annual Leave.	Encouragement to Use Child-Care Leave	Implementation of Measures Allowing Shortened Work Hours for Employees with Infants
Overtime work: Reduce the amount of overtime and holiday work by one hour every month* (Target total work hours per person for the year 2007: 1,975 hours) Paid leave: Every employee should take at least ten days of paid leave per year (Actual figure for FY2004:11.1 days)	Child-care leave: At least one man should take child-care leave, and at least 70% of women should take child-care leave Creation of other infrastructure promoting child-care leave ● Reform of the period of child-care leave (to the end of April after the child reaches one year of age) ● Greater flexibility in the period of child-care leave ● Financial support should be paid from the mutual aid system during child-care leave	(1) Reform of the system of shortened work hours for child-care (2) Establishment of a system for the exemption from overtime work. (3) Establishment of a system allowing leave to employees to care for sick children (until the child completes the first year of elementary school)

The "Positive Action Project": Promoting the Success of Women

In May 2004 the Yamaha Corporation inaugurated the "Positive Action Plan", aimed at the creation of a working environment and in-house rules and systems which allow women to work comfortably. The eleven-member team (consisting of ten female and one male employee) was selected through a process of open recruitment, and was tasked with creating a concrete action plan to counter the attitudes favoring a gender-based division of roles during its agreed one-year term.

Centered around their monthly meetings, the members of the group undertook inquiries and research through activities such as the study of examples set by other companies and participation in seminars, forming subcommittees to individually consider the themes of "Personnel Systems and Evaluation", "Hiring, Training, and Job Rotation", and "Welfare Programs and Environmental Improvement".

The committee also attempted to change employee attitudes through the creation of related websites and the convening of lectures by speakers from outside the company. As a result of these activities, the committee authored a broad-reaching action plan that included the establishment of career advancement training aimed at female employees, promotion of job rotation methods that take staff training into account, education aimed at reforming the attitudes of all staff including executives and managers, and the expansion of systems to allow for a variety of work styles, presenting it to the head of the personnel division on schedule in April 2005. The personnel division plans to review the proposal and incorporate it into in-house rules and systems.

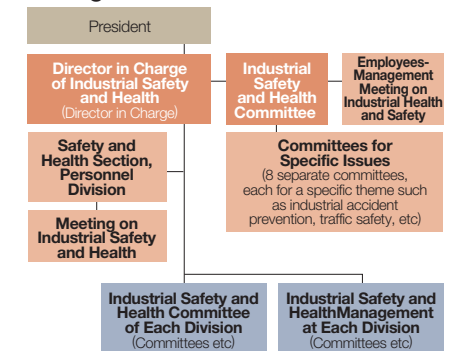


A Meeting of the Positive Action Project

Giving First Priority to the Safety and Health of Employees

Action Policy and the Administrative Structure of Industrial Safety and Health
Safety and health are fundamental conditions for a successful life. Yamaha and its affiliated companies within Japan and overseas have established an administrative structure where policies and measures are drawn up by the Industrial Safety and Health Committee headed by the Director in Charge of Industrial Safety and Health and composed of team leaders and the chairman of the Committees for Specific Issues. They tackle such issues as industrial safety and health, traffic safety, health promotion, and disaster prevention management.

Industrial Safety and Health Management Structure



Improving Preventative Measures Against Industrial Accidents

The Yamaha Corporation shares information on accidents and injuries suffered by its employees through its "Zero Disaster Bulletin", taking preventative measures to ensure that accidents do not reoccur, and using a periodic "Safety Patrol" which checks the state of disaster prevention and safety control measures to enforce our strict policy of "Safety First".

In FY2004 we were unable to meet our targets for the total rate of frequency for industrial accidents*, with a rate of 0.69 (Target Rate 0.3 or less) at headquarters and in the factories, and 1.69 (Target Rate 0.5 or less) for occupational accidents in sales offices. We have set the same safety goals for FY2005 and will continue our attempts to prevent industrial accidents.

* **Frequency ratio** = Deaths and injuries due to work related accidents / Total number of hours worked X 1,000,000

Prevention of Overwork

Yamaha Corporation has established guidelines to control overtime work effectively, and places a limit on overtime and holiday work of forty hours per month. Any overtime work above this limit must be applied for in advance, and be carried out only after consultation between management and the worker.

The above guidelines were revised following the reform of the Labor Standards Act in April 2004, so that unless extenuating circumstances exist, overtime will only be permitted to exceed forty hours per month six times a year even if application for the excess work is made in advance.

In addition to implementing classes on managing overtime work, Yamaha Corporation is moving to prevent overwork through such initiatives as providing consultation with industrial health specialists.

Mental Health Care

Since October 1997, the Yamaha Group has held the "Healthy Mind Clinic" once a week at the Health Control Center at corporate headquarters. This is part of a system of mental health counseling open to all group employees, where they can consult a counselor about any problems they face with their personal lives, work, or family. In recognition of how important it is that employees themselves and colleagues are aware of potential problems if they are to make use of this facility, we are also working to create a mental health care system built on a framework of "Self Care" and "Line Care".

"Self Care" is a system that encourages employees to be aware of their own mental health. It involves activities such as the development and provision of tools for self diagnosis, a regimen of stress checks performed during medical checks or at regular interviews with supervisors, and job-specific education in basic mental healthcare and methods of preventing and dealing with problems. "Line Care" involves the management of employees' mental health by their supervisors. It includes substantial training in the use of such methods as observing the day to day work of their staff and using interviews for early detection of problems they may be experiencing.

Labor Agreement with the Union

Yamaha Corporation and the union have, on an equal footing, entered into a labor agreement that is based on mutually fair understanding, trust, and sincerity. To promote mutual understanding between Yamaha and the union, a location for labor-management consultation has been established. Meeting frequency is determined by the scope of the meeting itself, with management council meetings held twice a year, labor-management meetings held whenever necessary, and the production/sales committee meeting held once a month for each division. Eighty-six percent of all employees, excluding management, are members of the union.

Creating a Harmonious Relationship between Labor and Management

Yamaha Corporation and the Yamaha Union work to build a harmonious and cooperative relationship, with the aim of creating a better workplace. For example, at management council meetings, senior managers explain the company's current status and management policy in detail to union officials, who for their part communicate the wishes of union members regarding matters such as company management and personnel systems. Also, information such as monthly balances and issues from each division are shared at monthly production/sales committee meetings, where policies aimed at improving performance and operations are discussed. These kinds of direct interactions are designed to facilitate the sharing of information between company and union, for the profit of both.

For Fair Trade

Trading Relationships based on Fair Selection and Evaluation

The Yamaha Group regards suppliers and subcontractors as partners who work with us to realize corporate objectives and seek fair trade based on the relationship of mutual trust.

We abide by laws and regulations and ensure fair selection and appropriate evaluation according to company regulations and standards when entering into business. According to the open procurement principle, we pursue openness, fairness, and nondiscrimination irrespective of whether it is inside or outside the country, regarding resource and environmental conservation as our basic policy.

We share this basic policy and concrete measures through meetings and other such opportunities with suppliers and subcontractors and strive to achieve our objectives together.

The Industrial Safety Workshop established by the "Council of Yamaha Corporate Affiliates"

Yamaha Corporation promotes improvement of industrial safety at all affiliate companies, with the goal of maintaining a sound, satisfactory business relationship with all customers and subcontracting organizations.

As part of this initiative, the council set up the "Industrial Safety Workshop" aimed at managers, safety officers, and line controllers at each company, which was attended by members of forty-four affiliate companies. Personnel responsible for safety education at Yamaha Corporation lead the workshop, and share practical methods and policies for safety control through activities such as group discussion and case studies of work-related injuries.

* The Council of Yamaha Corporate Affiliates:

An organization of representatives from factories affiliated with Yamaha entrusted with the manufacture of components. The goals of the organization are to help members of the council form mutual friendships and produce constructive attitudes and behaviour to promote proactive and independent study, preventative measures against pollution and work-related injury, and other activities related to environmental safety. All of these factors will contribute to the prosperity of the enterprise as a whole.



The Safety Workshop

Coping With the Implementation of the Reformed Subcontract Act*

To comply with the Subcontract Act, Yamaha Corporation has appointed personnel in all relevant groups to be responsible for dealing with subcontractors, and implemented measures for subcontractor control, inspection of order documentation, and other related matters. Furthermore, the legal department is taking part in the promotion of the standardization of order forms and operational systemization, in an attempt to prevent human error. The legal department gave individual seminars for groups which became subject to the Reformed Subcontract Act implemented in April 2004 as well as giving general presentations, ensuring familiarization with the procedures for legal compliance.

* **Subcontract Act:** An abbreviation of the Act against Delay in Payment of Subcontract Proceeds

Initiatives for Society

The Yamaha Group contributes to both local communities and global society as a company engaged in music and as a good corporate citizen. It provides not only products, but also places and opportunities to encounter the enrichment and inspiration that music gives.

Giving a Piano to Sick Children

Yamaha Piano Service Co., Ltd. donated a digital grand piano (GranTouch™) to the AFLAC Parents House in Asakusabashi operated by the Children's Cancer Association of Japan.

The facility provides accommodation for families of children from the provinces who are undergoing advanced cancer treatment at specialist hospitals in Tokyo. Besides economic assistance, the facility also aims to provide spiritual support for families in their time of need.



Presenting the digital grand piano

Giving Percussion Instruments to Disabled Children

Every year Yamaha Corporation's music popularization group holds "Gospel Night", an event aimed at spreading the popularity of music. In FY2004, the money raised at the event was used to donate percussion instruments from REMO Inc.* to four disabled children's institutions through non-profit organizations. The group also enjoyed spending time with the children at Health



Presenting the percussion instruments

Rhythm** sessions they held to demonstrate how to use the instruments.

* **Remo Inc.:** A percussion instrument maker based in the U.S.A.
 ** **Health Rhythms:** A program invented in the United States that helps to maintain and improve people's health through multifaceted group drumming. It was established for use in music therapy and wellness programs and is an activity people can enjoy and continue after the program has finished.

Taking an active part in Local clean-up campaigns

Every company in the Yamaha Group takes an active part in local clean-up campaigns such as the "Lake Hamana Clean-Up Campaign" (which Yamaha joined in 2004 for the twenty-second consecutive time since 1983) and the "Factory Environs Beautification Campaign". In FY2004, 624 Yamaha employees and family members attended local clean-up campaigns.



Clean-up campaign at Lake Hamana

Using Skills in "Sound and Music" to Contribute to Society

The Yamaha Group uses know-how from all of its groups to contribute to many kinds of events.

For example, at the "Hamanako Flower Expo"¹, some of the activities we undertook included conducting Japan's first internet-based auditions for a theme song, producing music for the "Sponsors' Garden", putting on a marching parade every day of the sixty-two days the Expo was open, and supplying instruments for concerts at the waterside theater. This was all done in the spirit of service and contribution as a local enterprise.

As a sponsor of the "Aichi World Expo"² we provided advanced fully digital surround sound systems for the EXPO domes and other halls on site where ceremonies and other events were held. We also provided a full-size concert grand piano and other instruments on permanent loan to the EXPO dome for use in other events. Other efforts by Yamaha at the Expo included supporting the event through the manufacture of the "Ongu" (A large xylophone-like instrument driven by the wind) for the Nagoya City pavilion, and the production of the "Blooming Parade" held on the eve of EXPO's opening.

¹ **"Hamanako Flower Expo":** A nickname for "Pacific Flora 2004", the Shizuoka International Horticultural Exposition. The exhibition was held from April 8 to October 11, 2004.

² **"Aichi EXPO":** A nickname for the 2005 World Exposition, Aichi, Japan. The exhibition was held from March 25 to September 25, 2005.



The Hamanako Flower Expo



The EXPO Dome at the Aichi EXPO.

Inviting Local People to Summer's Eve Festivals at Our Factories

Yamaha Corporation holds traditional Summer's Eve Festivals every year to foster relations with the local community to which it invites people who live in the neighborhoods surrounding its factories.

All factories that hold these festivals open their grounds to the public in the evenings, and host live bands on a stage, lotteries, and other activities, as well as stalls for refreshments. Attendance at the festivals is high, and everyone always enjoys themselves.



Summer's Eve Festival (Tenryu Factory, Yamaha Corporation)

Greenification Efforts at the Toba Hotel International™

The Toba Hotel International™, a member of the Yamaha Resort Group, began its "Green Card Exercise" in August 2004 in an attempt to protect the environment. Guests staying at the hotel who do not use the toothbrushes, razors, combs, or shower caps provided in their bathrooms, may bring a "Green Card" from their rooms to the front desk. The hotel then makes a donation to the "Children's Forest" afforestation program run by OISCA international after a certain amount of cards have been collected.

The Hotel hopes to give something back to society by donating to the afforestation plan in reflection of the efforts made by its guests to reduce the amount of disposable amenities used.



A certificate from the "Children's Forest" program.

Assistance for Indonesia's Earthquake and Tsunami Victims

In response to the devastating earthquake and tsunami that hit countries around the Indian Ocean in December 2004, the Yamaha Group employees raised over ¥20 million for UNICEF and other charities.

Besides the parent company, the Yamaha Group firms that contributed included Yamaha Insurance Service Co., Ltd., Yamaha Travel Service Co., Ltd., the Yamaha Music Foundation, and various local subsidiaries (six in Indonesia and two in Malaysia).

Editor's Note

This is the second year the CSR Committee from the Corporate Planning Division and the Environmental Management Division have collaborated to produce the "Environmental and Social Report", which expands on information previously published in the "Environmental Report". We would like to use this report to communicate the current state of the Yamaha Group activities to as many people as possible. We appreciate any suggestions you many have, and will continue in our endeavor to improve the quality of future reports.

September 2005



YAMAHA CORPORATION
Corporate planning Division / Environmental Management Division

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



Printed in Japan using soy-based inks on recycled paper.
It also uses waterless printing method that generates no
harmful waste liquid.

November 2005

Environmental Performance Data

Explanatory Note

The Yamaha Group in Japan: Yamaha Corporation Headquarter, Factories and all the affiliated manufacturers in Japan
 Unconsolidated: Yamaha Corporation Headquarter and Factories
 Affiliates: All the affiliated manufacturers in Japan

Environmental Accounting Statistics gathered between April 1, 2004 and March 31, 2005

The Yamaha Group in Japan

Environmental Costs

In FY2004, environmental equipment investment by the Yamaha Group in Japan amounted to 863.4 million yen and was decreased by 143.4 million yen compared with FY2003. Unconsolidated investment was directed to replacement of wastewater treatment equipment and installation of VOC elimination equipment and photovoltaic power generating systems. It amounted to 641.1 million yen, increased by 257.0 million yen compared to FY2003.

The environmental expenses were reduced by 79.2 million yen from FY2003 on an unconsolidated basis but amounted to 2,776.8 million yen, an increase of 54.1 million yen from FY2003 on a consolidated basis due to the abolition of wastewater treatment equipment of affiliates and increase in waste disposal cost.

Environmental Effects

1. Environmental Conservation Effects

As production increased, CO₂ emissions increased by 4,000 tons compared to FY2003. Water consumption was reduced by 270,000 m³ from FY2003 due to the increase in the volume of recycled water generated from the operation of wastewater treatment equipment of affiliates.

The volume of final disposal to landfill was reduced by 600 tons due to the promotion of recycling toward Zero Emissions and emissions of chemical substances was reduced by 15 tons due to the installation of exhaust gas combustion equipment, both compared to FY2003.

2. Economic Effects

As a result of the increases in energy consumption and volume of waste disposal, utility expenses increased by 252 million yen and the cost of waste disposal by 26 million yen, an increase on a year-on-year basis.

The sales of valuable wastes resulted in an income of 80 million yen, an increase by 14 million yen from FY2003. Each figure represents the cost actually paid out and does not reflect any estimate.

Environmental Costs

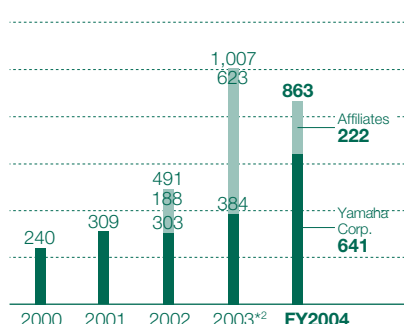
(Unit: million yen)

Details	Equipment Investment ^{*1}		Expenses ^{*2}		
	The Yamaha Group in Japan	(Unconsolidated)	The Yamaha Group in Japan	(Unconsolidated)	
Business area costs	Pollution prevention	572.3	430.2	611.1	376.1
	Energy conservation, etc.	177.7	111.5	84.8	70.5
	Waste, etc.	64.1	52.6	772.0	508.2
Upstream/downstream costs		0.1	0.1	234.6	109.3
Management costs		49.2	46.7	645.3	565.2
Research and development costs		—	—	373.5	294.4
Social activities costs		0.0	0.0	17.7	15.2
Environmental damage purification costs		0.0	0.0	37.8	30.4
Total	863.4	641.1	2,776.8	1,969.3	

^{*1} Equipment investment refers to investment in factories and equipment made for environmental conservation objectives. The figure is calculated by multiplying the purchase price of individual pieces of equipment by a figure determined by the proportion of the environmental conservation purpose to the whole purpose of the purchase of such equipment (e.g., 0.1, 0.5, 1.0).

^{*2} Expenses refer to personnel and other costs expended for environmental conservation activities. Personnel expenses are calculated by multiplying the time spent on environmental conservation activities determined by the manager of each department by a common unit cost of personnel expenses set in each company. Costs are determined by multiplying the amounts paid externally by a certain figure calculated using a proportional distribution method as in the case of investment amounts (e.g., 0.1, 0.5, 1.0). Depreciation costs are not included.

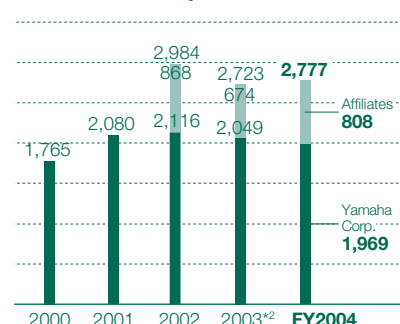
Environmental Investment^{*1} (Unit: million yen)



^{*1} Affiliated companies have no summed up data before FY2001.

^{*2} As for the FY2003 data, accuracy has been increased and recalculated figures are shown.

Environmental Expenses^{*1} (Unit: million yen)



Environmental Conservation Effects

Details	Unit	FY2003	FY2004	Change
CO ₂ emissions	10,000 tons-CO ₂	10.2	10.6	-0.4
Greenhouse gases emissions	10,000 tons	1.8	1.4	0.4
Water consumption	10,000 m ³	284	257	27
Waste landfilled	1,000 tons	1.7	1.1	0.6
Chemical substances released	tons	173	158	15
CFC substitutes emissions	tons	1.7	0.7	1.0

^{*} Chemical substances refer to those that the Yamaha Group in Japan uses among the substances subject to the PRTR Law.

Economic Effects

(Unit: million yen)

Details	FY2003	FY2004	Amount
Total savings			-270
Utility costs	2,821	3,073	-252
Water costs	32	30	2
Sewerage charge	41	35	6
Waste disposal expenses	409	435	-26
Income from sale of valuable wastes	66	80	80
Economic Effects			-190

Resort facilities

Environmental accounting was introduced to all 6 resort facilities from FY2004.

Environmental Costs

The major item in terms of pollution prevention in the business area costs is replacement of septic tanks. The main management activity cost is greening of premises.

Environmental Effects

1. Environmental Conservation Effects

Water consumption was reduced by 50,000 m³ compared to FY2003 due to the water-saving activities in the backyard and the partial closure of facilities.

2. Economic Effects

Utility expenses increased by 40.5 million yen compared to FY2003 due to the increase in unit price of LPG, etc.

Environmental Costs

(Unit: million yen)

	Details	Equipment Investment	Expenses	
Business area costs	Pollution prevention	Prevention of air, water and soil pollution, etc.	116.6	106.4
	Energy conservation, etc.	Prevention of global warming, protection of the ozone layer, etc.	26.5	3.5
	Waste, etc.	Waste recycling, resource saving, conservation of water, etc.	2.9	57.3
Upstream/downstream costs		Recycling of products, improvements in logistics, etc.	0.2	1.6
Management costs		Environmental education, ISO 14001, greening of premises, etc.	23.7	235.6
Research and development costs		Development of environmentally-conscious products, models, etc.	—	0.4
Social activities costs		Social contributions, etc.	0.0	0.7
Environmental damage remediation costs		Groundwater remediation, etc.	0.0	0.0
Total			169.9	405.5

Environmental Conservation Effects

Details	Unit	FY2003	FY2004	Change
CO ₂ emissions	10,000 tons-CO ₂	3.71	3.67	0.04
Water consumption	10,000 m ³	146	141	5
Waste disposal	1,000 tons	0.94	0.98	-0.04

Economic Effects

(Unit: million yen)

Details	FY2003	FY2004	Amount
Total savings			-34.0
Utility costs	905.5	946.0	-40.5
Water costs	248.0	240.0	8.0
Waste disposal expenses	29.8	31.3	-1.5
Income from sale of valuable wastes	0.3	0.4	0.4
Economic Effects			-33.6

Overseas affiliates (production sites)

In FY2004, environmental accounting was experimentally introduced to the two companies out of fifteen overseas affiliates (production sites) of the Yamaha Group; PT. Yamaha Musical Products Indonesia and PT. Yamaha Electronics Manufacturing Indonesia. The companies covered by the environmental accounting will be gradually expanded to the whole Group.

Environmental Costs

(Unit: million yen)

	Details	Equipment Investment	Expenses	
Business area costs	Pollution prevention	Prevention of air, water and soil pollution, etc.	11.3	8.4
	Energy conservation, etc.	Prevention of global warming, protection of the ozone layer, etc.	0.0	0.0
	Waste, etc.	Waste recycling, resource saving, conservation of water, etc.	0.0	3.0
Upstream/downstream costs		Recycling of products, improvements in logistics, etc.	0.0	0.0
Management costs		Environmental education, ISO 14001, greening of premises, etc.	0.2	1.1
Research and development costs		Development of environmentally-conscious products, models, etc.	0.0	0.0
Social activities costs		Social contributions, etc.	0.0	0.0
Environmental damage remediation costs		Groundwater remediation, etc.	0.0	0.0
Total			11.5	12.5

Environmental Conservation Effects

Details	Unit	FY2003	FY2004	Change
CO ₂ emissions	10,000 tons-CO ₂	0.73	0.87	-0.14
Water consumption	10,000 m ³	19	22	-3
Waste disposal	1,000 tons	0.18	0.33	-0.15

Economic Effects

(Unit: million yen)

Details	FY2003	FY2004	Amount
Total savings			4.2
Utility costs	83.3	80.7	2.6
Water costs	7.4	8.0	-0.6
Sewerage charge	0.4	0.6	-0.2
Waste disposal expenses	4.7	2.3	2.4
Income from sale of valuable wastes	2.2	0.4	0.4
Economic Effects			4.6

Acquisition of ISO 14001 Certificate

Yamaha Corporation Factories in Japan

Site	Acquisition Date
Kakegawa Factory	Nov. 1998
Iwata Factory	Mar. 1999
Saitama Factory	Sep. 1999
Toyooka Factory	Jun. 2000
Headquarters area (Headquarters and factory)	Feb. 2001
Tenryu Factory (including Yamaha Fine Technologies Co., Ltd.)	Mar. 2001

Production Affiliates in Japan

Site	Acquisition Date
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 (including Yamaha Living Products Corporation)	Dec. 2001
YP Winds Corporation	Feb. 2002
Sakuraba Mokuzai Co., Ltd.	Sep. 2002

Resort Facilities

Site	Acquisition Date
Katsuragi Co., Ltd.	Nov. 2001
Nemunosato Co., Ltd.	Feb. 2002
Kiromo Associates Co., Ltd.	Feb. 2002
Tsumagoi Co., Ltd.	Jan. 2003
Toba Hotel International Co., Ltd.	Mar. 2003
Haimurubushi Co., Ltd.	Mar. 2004

Overseas Production Affiliates

Site	Acquisition Date
Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.	Dec. 1998
Kaohsiung Yamaha Co., Ltd.	Nov. 1999
Tianjin Yamaha Electronic Musical Instruments, Inc.	Dec. 1999
Yamaha Music Manufacturing, Inc.	Dec. 2000
PT. Yamaha Musical Products Indonesia	Jan. 2001
PT. Yamaha Music Manufacturing Indonesia	Dec. 2001
Yamaha Musical Products, Inc.	Apr. 2002
PT. Yamaha Indonesia	May. 2002
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	Jun. 2002
PT. Yamaha Music Manufacturing Asia	Jul. 2002
Guangzhou Yamaha-Pearl River Piano Inc.	Sep. 2002
Kemble & Company Ltd.	Dec. 2002
PT. Yamaha Electronics Manufacturing Indonesia	Jan. 2003
Xiaoshan Yamaha Musical Instruments Co., Ltd.	Mar. 2003
Yamaha Electronics (Suzhou) Co., Ltd.	Mar. 2004

Main Sales Office

Site	Acquisition Date Scheduled
Tokyo Office	Sep. 2005
Nagoya Office	Sep. 2006
Osaka Office	Sep. 2006

External Environmental Audit

Yamaha Corporation Factories in Japan

Site	Audit Date	Audit Type	Audit Results	
			Observation Case	Not applicable Case
Kakegawa Factory	Oct. 2004	Renewal audit*1	3	0
Iwata Factory	Dec. 2004	Renewal audit	3	0
Saitama Factory	Aug. 2004	Periodical surveillance ²	3	0
Toyooka Factory	Jun. 2004	Periodical surveillance	3	0
Headquarters area (Headquarters and factory)	Jul. 2004	Periodical surveillance	4	0
Tenryu Factory (including Yamaha Fine Technologies Co., Ltd.)	May 2004	Renewal audit	1	0

Production Affiliates in Japan

Site	Audit Date	Audit Type	Audit Results	
			Observation Case	Not applicable Case
Yamaha Kagoshima Semiconductor Inc.	Oct. 2004	Periodical surveillance	2	0
Yamaha Metanix Corporation	Feb. 2005	Renewal audit	4	0
Yamaha Music Craft Corporation	Aug. 2004	Periodical surveillance	2	0
D.S. Corporation	Jan. 2005	Periodical surveillance	2	0
Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)	Nov. 2004	Renewal audit	3	0
YP Winds Corporation	Jan. 2005	Renewal audit	1	1
Sakuraba Mokuzai Co., Ltd.	Sep. 2004	Periodical surveillance	2	1

Resort Facilities

Site	Audit Date	Audit Type	Audit Results	
			Observation Case	Not applicable Case
Katsuragi Co., Ltd.	Oct. 2004	Renewal audit	6	0
Nemunosato Co., Ltd.	Jan. 2005	Renewal audit	4	0
Kiromo Associates Co., Ltd.	Jan. 2005	Renewal audit	5	2
Tsumagoi Co., Ltd.	Jan. 2005	Periodical surveillance	2	0
Toba Hotel International Co., Ltd.	Apr. 2005	Periodical surveillance	5	1
Haimurubushi Co., Ltd.	Feb. 2005	Periodical surveillance	1	1

Overseas Production Affiliates

Site	Audit Date	Audit Type
Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.	Dec. 2004	Renewal audit
Kaohsiung Yamaha Co., Ltd.	Nov. 2004	Periodical surveillance
Tianjin Yamaha Electronic Musical Instruments, Inc.	Jan. 2005	Periodical surveillance
Yamaha Music Manufacturing, Inc.	Dec. 2004	Periodical surveillance
PT. Yamaha Musical Products Indonesia	Jan. 2005	Periodical surveillance
PT. Yamaha Music Manufacturing Indonesia	Dec. 2004	Renewal audit
Yamaha Musical Products, Inc.	Apr. 2004	Periodical surveillance
PT. Yamaha Indonesia	May. 2004	Periodical surveillance
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	Jun. 2004	Periodical surveillance
PT. Yamaha Music Manufacturing Asia	Sep. 2004	Periodical surveillance
Guangzhou Yamaha-Pearl River Piano Inc.	Sep. 2004	Periodical surveillance
Kemble & Company Ltd.	Dec. 2004	Periodical surveillance
PT. Yamaha Electronics Manufacturing Indonesia	Nov. 2004	Periodical surveillance
Xiaoshan Yamaha Musical Instruments Co., Ltd.	Mar. 2005	Periodical surveillance
Yamaha Electronics (Suzhou) Co., Ltd.	Mar. 2005	Periodical surveillance

*1 Renewal audit: To maintain ISO certification, a company (organization) that has acquired ISO 14001 certification has to go through this audit before the registration expiry date (three years) and the certification body shall check the operation status of the system.

*2 Periodical surveillance audit: The certification body shall check regularly (annually or biannually) if the environmental system of the company (organization) that has acquired ISO 14001 certification is maintained.

Internal Environmental Audit

Yamaha Corporation Factories in Japan

Site	No. of Audit / Year
Kakegawa Factory	1
Iwata Factory	1
Saitama Factory	2
Toyooka Factory	1
Headquarters area (Headquarters and factory)	2
Tenryu Factory (including Yamaha Fine Technologies Co., Ltd.)	1

Production Affiliates in Japan

Site	No. of Audit / Year
Yamaha Kagoshima Semiconductor Inc.	1
Yamaha Metanix Corporation	1
Yamaha Music Craft Corporation	1
D.S. Corporation	2
Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)	1
YP Winds Corporation	1
Sakuraba Mokuzai Co., Ltd.	1

Resort Facilities

Site	No. of Audit / Year
Katsuragi Co., Ltd.	1
Nemunosato Co., Ltd.	1
Kiroro Associates Co., Ltd.	1
Tsumagoi Co., Ltd.	1
Toba Hotel International Co., Ltd.	2
Haimurubushi Co., Ltd.	1

Overseas Production Affiliates

Site	No. of Audit / Year
Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.	2
Kaohsiung Yamaha Co., Ltd.	1
Tianjin Yamaha Electronic Musical Instruments, Inc.	2
Yamaha Music Manufacturing, Inc.	1
PT. Yamaha Musical Products Indonesia	2
PT. Yamaha Music Manufacturing Indonesia	1
Yamaha Musical Products, Inc.	2
PT. Yamaha Indonesia	2
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	1
PT. Yamaha Music Manufacturing Asia	2
Guangzhou Yamaha-Pearl River Piano Inc.	2
Kemble & Company Ltd.	1
PT. Yamaha Electronics Manufacturing Indonesia	1
Xiaoshan Yamaha Musical Instruments Co., Ltd.	1
Yamaha Electronics (Suzhou) Co., Ltd.	1

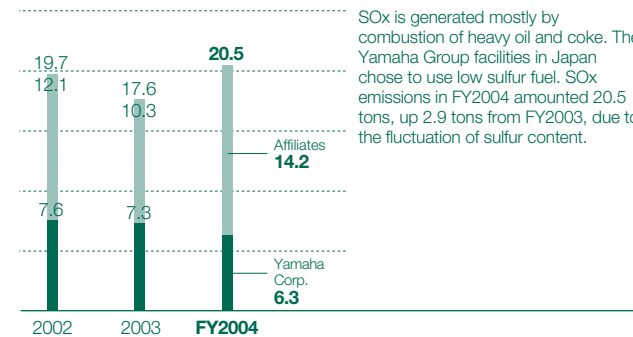
Issues Pointed Out in the Environmental Patrol

Yamaha Corporation Factories in Japan

Details	Issues				
	FY2000	FY2001	FY2002	FY2003	FY2004
Waste disposal	29	28	37	33	15
Water quality	27	15	10	11	10
Chemical substances	4	6	4	9	8
Noise	1	4	0	2	2
Offensive odor	1	0	1	6	2
Air	1	0	0	6	0
Others	12	9	4	5	9
Total	75	62	56	72	46

SOx Emissions

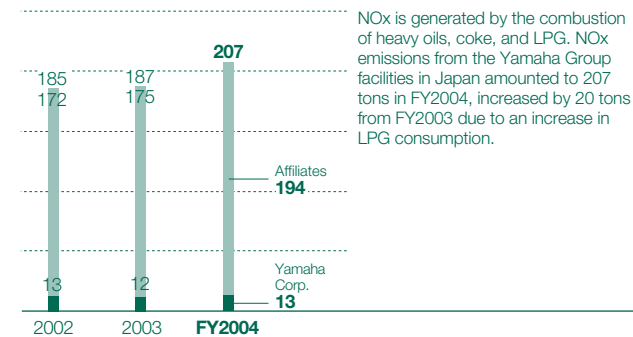
(Unit: tons)



SOx is generated mostly by combustion of heavy oil and coke. The Yamaha Group facilities in Japan chose to use low sulfur fuel. SOx emissions in FY2004 amounted 20.5 tons, up 2.9 tons from FY2003, due to the fluctuation of sulfur content.

NOx Emissions

(Unit: tons)



NOx is generated by the combustion of heavy oils, coke, and LPG. NOx emissions from the Yamaha Group facilities in Japan amounted to 207 tons in FY2004, increased by 20 tons from FY2003 due to an increase in LPG consumption.

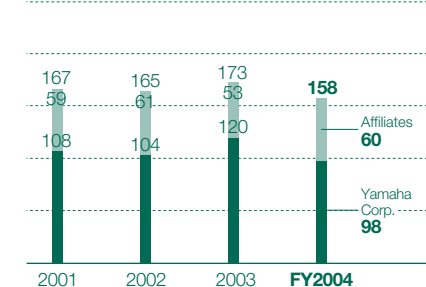
Response to the PRTR Law

In FY2004, total volume of PRTR*-designated substances handled by the facilities of the Yamaha Group in Japan amounted to 922.8 tons, down 8.7 tons compared to FY2003.

Releases into the environment amounted to 158.1 tons, down by 14.6 tons compared to FY2003. The reduction was due to a changeover to the raw materials that do not contain PRTR-designated substances and addition of regenerative exhaust gas treatment system to the painting process. Out of the total release of 158.1 tons in FY2004, styrene, toluene, and xylene from the painting process made up 89%.

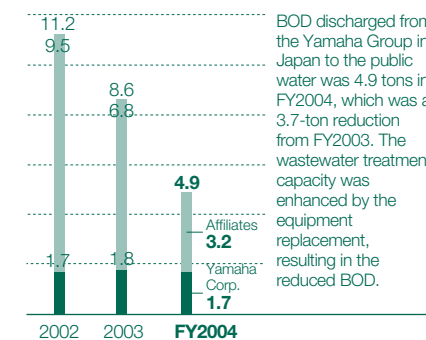
* As for the formal nomenclature of the PRTR Law, see the note in the left column on page 20 of this report.

Release of PRTR-designated substances into the environment



* As for the past data, accuracy has been increased and recalculated figures are shown

BOD (Biochemical Oxygen Demand) (Unit: tons)



BOD discharged from the Yamaha Group in Japan to the public water was 4.9 tons in FY2004, which was a 3.7-ton reduction from FY2003. The wastewater treatment capacity was enhanced by the equipment replacement, resulting in the reduced BOD.

PRTR Results

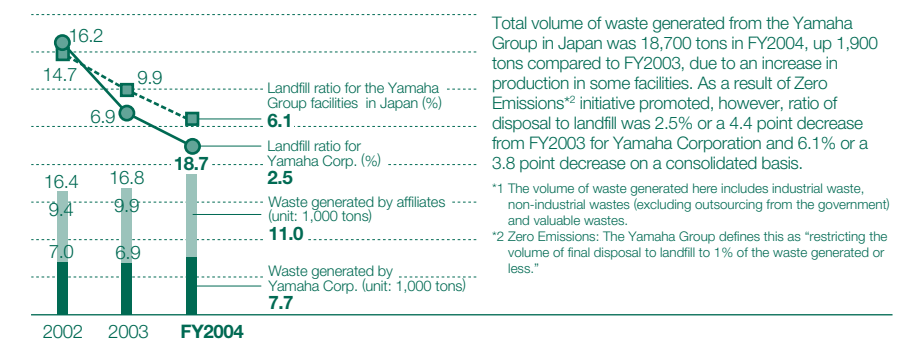
(Unit: tons)

Order	Class 1 designated chemical substances	Substance name	Amount handled	Amount released to the environment				Amount transferred		Amount consumed
				Atmosphere	Public water area	Soil	On site landfill	To sewerage	As waste	
1	177	Styrene	579.7	47.8	0.0	0.0	0.0	0.0	3.0	528.9
2	320	Methyl methacrylate	99.9	0.1	0.0	0.0	0.0	0.0	0.3	99.5
3	231	Nickel	67.8	0.0	0.0	0.0	0.0	0.0	0.0	67.8
4	227	Toluene	61.3	58.7	0.0	0.0	0.0	0.0	1.4	1.2
5	63	Xylene	39.6	34.7	0.0	0.0	0.0	0.0	0.6	4.4
6	283	Hydrogen fluoride and its water-soluble salts	23.5	3.2	1.0	0.0	0.0	0.0	0.1	19.2
7	40	Ethylbenzene	13.7	9.0	0.0	0.0	0.0	0.0	0.6	4.1
8	30	Bisphenol A type Epoxy resin (liquid)	6.7	0.0	0.0	0.0	0.0	0.0	0.0	6.7
9	145	Dichloromethane	6.3	2.2	0.0	0.0	0.0	0.0	4.1	0.0
10	172	N,N-dimethylformamid	4.3	0.2	0.0	0.0	0.0	0.0	0.0	4.2
11	310	Formaldehyde	2.9	0.2	0.0	0.0	0.0	0.0	0.0	2.7
12	232	Nickel compounds	2.8	0.0	0.0	0.0	0.0	0.0	0.4	2.3
13	230	Lead and its compounds	2.7	0.0	0.0	0.0	0.0	0.0	0.7	2.0
14	108	Inorganic cyanide compounds (except complex salts and cyanates)	2.1	0.0	0.0	0.0	0.0	0.0	0.0	2.1
15	64	Silver and its water-soluble compounds	2.1	0.0	0.0	0.0	0.0	0.0	0.0	2.1
16	270	Di-n-butyl phthalate	1.3	0.0	0.0	0.0	0.0	0.0	0.7	0.5
17	68	Chromium and chromium (III) compounds	1.2	0.0	0.0	0.0	0.0	0.0	1.2	0.0
18	272	Bis (2-ethylhexyl) phthalate	1.0	0.0	0.0	0.0	0.0	0.0	0.1	0.9
19	144	Dichloropentafluoropropane (HCFC-225)	0.8	0.7	0.0	0.0	0.0	0.0	0.1	0.0
20	311	Manganese and its compounds	0.5	0.0	0.0	0.0	0.0	0.0	0.5	0.0
21	69	Chromium (VI) compounds	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
22	9	Bis (2-ethylhexyl) adipate	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
23	266	Phenol	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.1
24	304	Boron and its compounds	0.3	0.0	0.1	0.0	0.0	0.1	0.1	0.0
25	309	Poly (oxyethylene) nonylphenyl ether	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.1
26	16	2-Aminoethanol	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
27	224	1,3,5-trimethylbenzene	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
28	100	Cobalt and its compounds	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
29	198	Hexamethylenetetramine	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
30	307	Poly (oxyethylene) alkyl ether	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
31	1	Zinc compounds (water-soluble)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total			922.8	157.0	1.1	0.0	0.0	0.2	13.9	750.6

* In descending order according to the amount handled (0.1 tons or more)

Note: Some totals may appear not to tally with the column figures, which have been rounded to the nearest full number.

Waste Generated *1 / Landfill Ratio



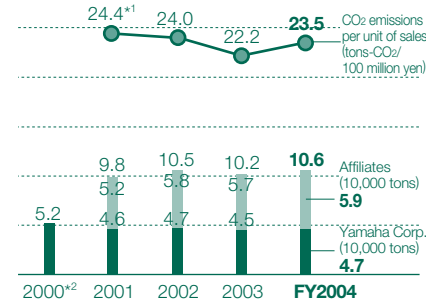
Total volume of waste generated from the Yamaha Group in Japan was 18,700 tons in FY2004, up 1,900 tons compared to FY2003, due to an increase in production in some facilities. As a result of Zero Emissions² initiative promoted, however, ratio of disposal to landfill was 2.5% or a 4.4 point decrease from FY2003 for Yamaha Corporation and 6.1% or a 3.8 point decrease on a consolidated basis.

*1 The volume of waste generated here includes industrial waste, non-industrial wastes (excluding outsourcing from the government) and valuable wastes.

*2 Zero Emissions: The Yamaha Group defines this as "restricting the volume of final disposal to landfill to 1% of the waste generated or less."

Environmental Performance Data

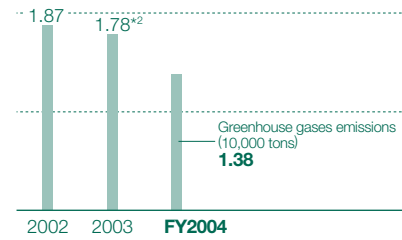
CO₂ Emissions (originated from energy)



The CO₂ emissions from the Yamaha Group sites in Japan amounted to 106,000 tons in FY2004, increased by 4,000 tons compared to FY2003. CO₂ emissions per unit of sales was 23.5 tons-CO₂/100 million yen, which was a 6% improvement compared to FY2003. This is because of the extension of facilities and buildings due to an increase in production processes.

*1 As for CO₂ emissions per unit of sales in FY2001, a calculation error was found and corrected.
*2 Data of affiliates in or before FY2000 was not calculated.

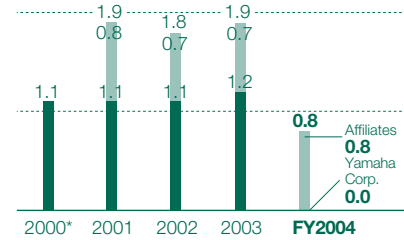
Emissions of Greenhouse Gases*¹ Other than CO₂



Among all companies of the Yamaha Group in Japan, Yamaha Kagoshima Semiconductor Inc only emits Greenhouse gases other than CO₂. Emissions in FY2004 were 13,800 tons (global warming potential, CO₂ equivalent), decreased by 4,000 tons from FY2003. This is mostly due to the introduction of exhaust gas treatment systems.

*1 Mostly consisting of perfluorocarbon and SF₆.
*2 As for the data of FY2003, accuracy has been increased and recalculated figures are shown.

Use of CFC Substitutes (Unit: tons)



To protect the ozone layer, the Yamaha Group in Japan had totally phased out the use of specific CFCs* by the end of 1993. Since then, the Group has reduced CFC substitutes (HCFC) used in the degreasing/cleansing process of metal materials, and the use of HCFC amounted to 0.8 tons in FY2004. The factor of reducing the use compared to FY2003 was total phase-out in Kakegawa Factory.

* Data of affiliates during or before FY2000 was not calculated.

Total Transportation and CO₂ Emission in Logistics

Total Transportation*¹

(Unit: 10,000 tons-kilometer*²)

Transportation Mode	Year	Total Transportation (10,000 tons-kilometer* ²)	
		Yamaha Corp.	Affiliates
Short/medium-distance transportation	Road	4,910	2,720
	Rail	52	48
	Sea	272	85
	Air	13	12
Long-distance transportation	Road	6,580	2,760
	Rail	54	0
	Sea	346	106
	Air	10	0

Traffic volume of cargo to/from the Yamaha Group facilities in Japan in FY2004 amounted to 80.8 million ton-kilometers, down 4% from FY2003, and the emissions to 20,700 tons-CO₂ (CO₂ equivalent), down 4% as well. This is due to an integration of destinations by some customers of Yamaha Livingtec Corporation and the resulting reduction of the total delivery distance (See page 18).

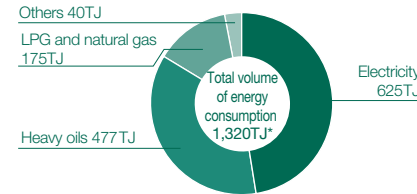
*1 As for the data of FY2003, a calculation error was found and corrected.
*2 ton-kilometer = weight of the cargo (tons) x transportation distance (kilometer)

CO₂ Emissions in Logistics

(Unit: tons-CO₂)

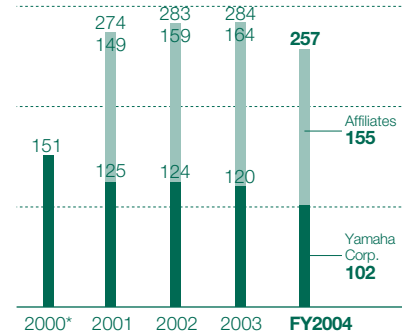
Transportation Mode	Year	CO ₂ Emissions (tons-CO ₂)	
		Yamaha Corp.	Affiliates
Short/medium-distance transportation	Road	13,500	6,880
	Rail	11	11
	Sea	128	49
	Air	185	0
Long-distance transportation	Road	18,700	7,010
	Rail	12	0
	Sea	163	50
	Air	153	0

Sources of Energy Consumption (the facilities of the Yamaha Group in Japan)



* TJ=10¹²J

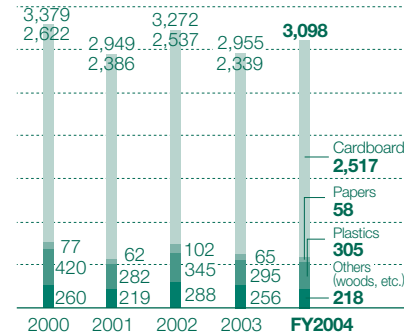
Water Consumption (Unit: 10,000 m³)



Water consumption by the Yamaha Group sites in Japan in FY2004 amounted to 2.57 million m³, down 10% from FY2003. This is due to the total replacement of the wastewater treatment system by Yamaha Kagoshima Semiconductor Inc. to increase the amount of recycled water, as well as reinforcement of water pipes by the Toyooka Factory of Yamaha Corporation to prevent water leaks.

* Data of affiliates during or before FY2000 was not calculated.

Amount of Containers and Packaging Materials Used in Japan (Unit: tons)



In FY2004, the amount of containers and packaging materials used by Yamaha was 3,098 tons, 143 tons increased from FY2003.

Data of the Environmental Impacts of the Resort Facilities

	Unit	FY2004
Water Consumption	10,000 m ³	141
Waste Generated	tons/year	3,270
Waste Disposal	tons/year	980
NO _x Emissions	tons/year	86.7
SO _x Emissions	tons/year	41.7
CO ₂ Emissions	10,000 tons-CO ₂ /year	3.7

Data of the Environmental Impacts of the Overseas Affiliates (production sites)

	Unit	FY2003	FY2004
Water Consumption	10,000 m ³	86.0	79.6
Waste Generated	tons/year	5,640	5,470
Waste Disposal	tons/year	2,930	2,920
CO ₂ Emissions	10,000 tons-CO ₂ /year	6.4	6.7

Environmental Performance Data

Data by Site

Yamaha Corporation

Headquarters Area

[including Yamaha Life Service, YP Engineering Corporation and the labor union]
Hamamatsu, Shizuoka
Business line: Includes production of grand pianos and overall management

Number of Employees	Number	2,980
Site Area	m ²	252,600
Water Consumption	10,000 m ³ /year	15.6
PRTR-designated Substances Released	tons/year	17.2
Waste Generated	tons/year	1,750
Final Landfilled Waste	tons/year	60
Landfilled Waste Ratio	%	3.2
CO ₂ Emissions	10,000 tons-CO ₂ /year	1.0
BOD (Public water area)	tons/year	0.03
NOx Emissions	tons/year	2.3
SOx Emissions	tons/year	0.9
ISO 14001 Certification		Feb. 2001

Review on FY2004

The company succeeded in cutting down on the annual CO₂ emissions by 200 tons through the switchover of energy sources for the boilers from heavy oil to natural gas and the introduction of photovoltaic power generating systems. It also endeavored to reduce the wastes under the cooperation between the development and design divisions and achieved Zero Emissions in April 2005 approximately six months ahead of schedule. Furthermore, it tackled reduction of the use of rare wood species, power-saving design, lead-free solderings and substitution of harmful chemical substances in the product's design and production processes.

Future action

To reduce the use of hazardous chemical substances, the company promotes substitution of the substances subject to RoHS Directive and compliance with the VOC regulations. It will review procured materials to maintain Zero Emissions and continue efforts to reduce wastes.

Tenryu Factory

[including Yamaha Fine Technologies Co., Ltd.]
Hamamatsu, Shizuoka
Business line: Production of automobile interior wood components, metallic molds, industrial robots, soundproof rooms, golf products and other products

Number of Employees	Number	560
Site Area	m ²	182,829
Water Consumption	10,000 m ³ /year	13.2
PRTR-designated Substances Released	tons/year	55.7
Waste Generated	tons/year	1,300
Final Landfilled Waste	tons/year	55
Landfilled Waste Ratio	%	8.4
CO ₂ Emissions	10,000 tons-CO ₂ /year	1.1
BOD (Public water area)	tons/year	0.10
NOx Emissions	tons/year	4.1
SOx Emissions	tons/year	—
ISO 14001 Certification		Mar. 2001

Review on FY2004

The factory installed the second regenerative exhaust gas treatment system in the automobile interior wood component painting process to reduce PRTR-designated substances. It also built a general waste depot and a warehouse for hazardous substances, for both of which leakage prevention measures were enhanced. It achieved Zero Emissions at the end of March 2004, nine months ahead of schedule. Yamaha Fine Technologies Co., Ltd. replaced its sludge treatment equipment to strengthen the environmental risk management.

Future action

The factory is planning to introduce a co-generation system as a preventive measure against global warming and promote compliance with VOC regulations by reducing the use of volatile organic solvents. It also aims at achieving Zero Emissions, as one premise shared with Yamaha Fine Technologies Co., Ltd.

Toyooka Factory

Iwata, Shizuoka
Business line: Includes production of electronic musical instruments, wind instruments, and electronic components

Number of Employees	Number	1,480
Site Area	m ²	184,197
Water Consumption	10,000 m ³ /year	60.6
PRTR-designated Substances Released	tons/year	3.4
Waste Generated	tons/year	836
Final Landfilled Waste	tons/year	0
Landfilled Waste Ratio	%	0
CO ₂ Emissions	10,000 tons-CO ₂ /year	1.4
BOD (Public water area)	tons/year	0.8
NOx Emissions	tons/year	3.3
SOx Emissions	tons/year	2.0
ISO 14001 Certification		Jun. 2000

Review on FY2004

As for reduction of chemical substances, the factory totally phased out chromic anhydride used in the production process of wind instruments and completed conversion to lead-free components for approximately 20% of wind instruments that are not subject to the RoHS Directive as well. In April 2004, it became the first Yamaha Corporation factory to achieve Zero Emissions in Japan. As for reduction of water consumption, it moved the well water tank and pipes laid underground to above the ground and reinforced to prevent water leaks.

Future action

All wind instruments produced in this factory shall be lead-free by the end of December 2005. To maintain Zero Emissions, it will promote review of procured materials and reduction of wastes. It will further endeavor to realize energy saving through controlling the room temperature by applying heat-insulating paint on the roof.

Iwata Factory

Iwata, Shizuoka
Business line: Production of piano frames

Number of Employees	Number	55
Site Area	m ²	48,840
Water Consumption	10,000 m ³ /year	Included in the data of Yamaha Matanix Corp.
PRTR-designated Substances Released	tons/year	7.9
Waste Generated	tons/year	885
Final Landfilled Waste	tons/year	91
Landfilled Waste Ratio	%	8.5
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.6
BOD (Public water area)	tons/year	0.3
NOx Emissions	tons/year	1.7
SOx Emissions	tons/year	2.5
ISO 14001 Certification		Mar. 1999

Review on FY2004

To reduce chemical substances, the factory optimizes the amount of paint used by improving the controlling capability of spray guns used in the painting process and reduced PRTR-designated substances by 18% (compared to FY2000). Reusing waste plastic accelerated achievement of Zero Emissions and successfully achieved it at the end of May 2005, six months ahead of schedule.

Future action

It will continue reduction of PRTR-designated substances and start tackling VOC regulations. Zero Emissions shall be continued and wastes shall be further reduced.

Takegawa Factory

Takegawa, Shizuoka
Business line: Upright piano production

Number of Employees	Number	473
Site Area	m ²	222,410
Water Consumption	10,000 m ³ /year	5.7
PRTR-designated Substances Released	tons/year	36.6
Waste Generated	tons/year	1,390
Final Landfilled Waste	tons/year	10
Landfilled Waste Ratio	%	0.5
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.7
BOD (Public water area)	tons/year	0.4
NOx Emissions	tons/year	1.9
SOx Emissions	tons/year	0.9
Amount of CFC Substitutes	tons/year	0.05
ISO 14001 Certification		Nov. 1998

Review on FY2004

The factory totally phased out the use of CFC substitutes (HCFC 225). It succeeded in reducing water consumption as much as approximately 3,400 tons, or 6% of the total annual consumption, by reusing the wastewater from processes. It reexamined characteristics of each individual waste, disposal of which had been outsourced to landfill, and subcontracted with the recycling company for more efficient recycling. This helped achievement of Zero Emissions in December 2004, approximately one year ahead of schedule.

Future action

It will continue reduction of PRTR-designated substances and enhanced preparation for VOC regulations. To maintain Zero Emissions, it will endeavor to reduce wastes and investigate recycling companies.

Data of the Affiliates in Japan

Yamaha Livingtec Corporation

[including Yamaha Living Products Corporation]
Hamamatsu, Shizuoka
Business line: Includes development, production and sales of residential equipment and furnishing

Number of Employees	Number	970
Site Area	m ²	111,652
Water Consumption	10,000 m ³ /year	21.6
PRTR-designated Substances Released	tons/year	23.7
Waste Generated	tons/year	4,850
Final Landfilled Waste	tons/year	810
Landfilled Waste Ratio	%	14.9
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.8
BOD (Public water area)	tons/year	0.2
NOx Emissions	tons/year	2.7
SOx Emissions	tons/year	1.4
ISO 14001 Certification		Dec. 2001

Review on FY2004

The company expanded the scope of use of the returnable packaging materials jointly developed by Asahi Kasei Homes Corporation to reduce wastes. It installed water sprayers for fourteen outdoor units of air conditioning equipment to control the temperature of the unit. This will reduce power consumption by the equipment.

Future action

To achieve Zero Emissions in FY2007, it will reduce the volume of final disposal to landfill by introducing a gypsum board separator. It will also introduce a co-generation system, reduce PRTR-designated substances, and be ready for VOC regulations.

Saitama Factory

Ooi-cho, Iruma-gun, Saitama
Business line: Production of wind instruments

Number of Employees	Number	240
Site Area	m ²	18,602
Water Consumption	10,000 m ³ /year	8.3
PRTR-designated Substances Released	tons/year	0.8
Waste Generated	tons/year	464
Final Landfilled Waste	tons/year	17
Landfilled Waste Ratio	%	3.0
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.1
BOD (Public water area)	tons/year	0.06
NOx Emissions	tons/year	0.2
SOx Emissions	tons/year	0.06
ISO 14001 Certification		Sep. 1999

Review on FY2004

The factory completed switchover to lead-free woodwind instruments. As for brass-wind instruments, some products successfully completed the switchover. It reduced the volume of waste generation and final disposal to landfill by thoroughly separating wastes and reviewing waste disposers. It achieved Zero Emissions at the end of April 2005, approximately eight months ahead of schedule.

Future action

All models of brass-wind instruments shall be lead-free. It will replace the wastewater treatment facilities as a countermeasure against the risk of environmental pollutant leakage and struggle to further reduce the wastes to maintain Zero Emissions.

Yamaha Metanix Corporation

Iwata, Shizuoka
Business line: Production and sales of electronic metals

Number of Employees	Number	245
Site Area	m ²	84,541
Water Consumption	10,000 m ³ /year	81.3
PRTR-designated Substances Released	tons/year	5.3
Waste Generated	tons/year	526
Final Landfilled Waste	tons/year	50
Landfilled Waste Ratio	%	3.1
CO ₂ Emissions	10,000 tons-CO ₂ /year	2.1
BOD (Public water area)	tons/year	1.2
NOx Emissions	tons/year	188
SOx Emissions	tons/year	8.4
ISO 14001 Certification		Mar. 1999

Review on FY2004

The organization for the activities of environmental management in accordance with ISO 14001 was expanded to include the affiliate in the same premises. The certification will be renewed with this affiliate included in the reporting organization. It implemented replacing lights in the building with high-pressure sodium vapor lamps. As for prevention of air pollution, equipment to eliminate NOx was introduced to observe the self-imposed regulation of 120 ppm or less.

Future action

To achieve Zero Emissions, the company promotes reduction and recycling of wastes. The replacement of lamps will be continued as measures for energy saving. As for reduction of chemical substances, it will totally phase out the use of dichloromethane.

Environmental Performance Data

Yamaha Kagoshima Semiconductor Inc.

Wakimizu-cho, Aira-gun, Kagoshima
Business line: Semiconductor production

Number of Employees	Number	570
Site Area	m ²	56,000
Water Consumption	10,000 m ³ /year	48.6
PRTR-designated Substances Released	tons/year	1.2
Waste Generated	tons/year	509
Final Landfilled Waste	tons/year	0
Landfilled Waste Ratio	%	0
CO ₂ Emissions	10,000 tons-CO ₂ /year	2.4
BOD (Public water area)	tons/year	1.7
NO _x Emissions	tons/year	2.4
SO _x Emissions	tons/year	3.8
Green House Gases Emissions	GWP 10,000 tons-CO ₂ /year	1.4
ISO 14001 Certification		Nov. 1997

Review on FY2004

The company treated the discharged stripping agent from the production process by itself and totally phased out the emission of the agent. The wastewater treatment system was replaced to reuse wastewater from processes and to reduce sludge generation. A greenhouse gas treatment system was introduced to reduce emissions.

Future action

The company will continue its efforts to reduce greenhouse gases. It will also promote an educational campaign to stakeholders including passing out eco bags for households.

YP Winds Corporation

Iwata, Shizuoka
Business line: Assembly and adjustment of wind instruments

Number of Employees	Number	95
Site Area	m ²	4,742
Water Consumption	10,000 m ³ /year	0.3
PRTR-designated Substances Released	tons/year	0.1
Waste Generated	tons/year	9
Final Landfilled Waste	tons/year	0.4
Landfilled Waste Ratio	%	5.2
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.02
BOD (Public water area)	tons/year	0.001
NO _x Emissions	tons/year	0.004
SO _x Emissions	tons/year	—
ISO 14001 Certification		Feb. 2002

Review on FY2004

The company changed the treatment method of waste liquid from the grinding process and reduced the volume of waste liquid discharged and sludge generation by 34% compared to FY2003. By promoting cyclic use of cooling water in the processes and reuse of wastewater from processes within the site, it reduced water consumption.

Future action

It will tackle energy-saving initiative, reduction of the use of chemical substances, and reduction of defective products. It will further promote reduction and recycling of wastes to achieve Zero Emissions in FY2006.

D.S. Corporation

Fukuroi/Hamamatsu, Shizuoka
Business line: Assembling audio/communication equipment and printed circuit boards

Number of Employees	Number	270
Site Area	m ²	17,800
Water Consumption	10,000 m ³ /year	0.4
PRTR-designated Substances Released	tons/year	0.9
Waste Generated	tons/year	128
Final Landfilled Waste	tons/year	16
Landfilled Waste Ratio	%	10.9
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.08
BOD (Public water area)	tons/year	0.2
NO _x Emissions	tons/year	—
SO _x Emissions	tons/year	—
Amount of CFC Substitutes	tons/year	0.8
ISO 14001 Certification		Feb. 2001

Review on FY2004

The company reduced the number of boards from the processes to be disposed and promoted separation, resulting in a higher recycling ratio. To respond to the results, it rescheduled the Zero Emissions achievement for FY2005, one year ahead of the original schedule. The use of CFC substitutes was totally phased out and switchover to lead-free components in the model jointly developed with Yamaha Corporation was completed.

Future action

To achieve Zero Emissions in FY2005, the company promotes reduction and recycling of wastes. To reduce the environmental impacts on the suppliers' side, it will actively promote the lead-free soldering when introducing equipment or receiving orders of designing and production.

Yamaha Music Craft Corporation

Hamamatsu, Shizuoka
Business line: Production of strings, guitars and percussions

Number of Employees	Number	122
Site Area	m ²	14,474
Water Consumption	10,000 m ³ /year	0.02
PRTR-designated Substances Released	tons/year	4.4
Waste Generated	tons/year	154
Final Landfilled Waste	tons/year	16
Landfilled Waste Ratio	%	10.4
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.07
BOD (Public water area)	tons/year	—
NO _x Emissions	tons/year	0.1
SO _x Emissions	tons/year	0.5
ISO 14001 Certification		Jul. 2000

Review on FY2004

The company achieved all targets in energy-saving activities, reduction of wastes and resource saving (effective use of rare wood species). When replacing air conditioning equipment, it chose the energy-saving model using a cooling medium with zero ozone depletion potential. Aging dust collectors were replaced to provide noise-controlling capability.

Future action

It will continue to promote effective utilization of rare wood species and make efforts to reduce wastes to achieve Zero Emissions in FY2006. It also plans to connect its waste water to the public sewerage, which could not be realized in FY2003.

Sakuraba Mokuzai Co., Ltd.

Kitaakita, Akita
Business line: Production of musical instruments parts and wood products

Number of Employees	Number	65
Site Area	m ²	52,854
Water Consumption	10,000 m ³ /year	1.1
PRTR-designated Substances Released	tons/year	1.0
Waste Generated	tons/year	2,560
Final Landfilled Waste	tons/year	13
Landfilled Waste Ratio	%	0.5
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.07
BOD (Public water area)	tons/year	0.005
NO _x Emissions	tons/year	0.05
SO _x Emissions	tons/year	0.09
ISO 14001 Certification		Sep. 2002

Review on FY2004

To achieve Zero Emissions, the company promoted reuse of waste plastics and reduction of waste adhesives. As a result of accelerating substitution of volatile organic solvents (toluene, xylene, etc.) or PRTR designated substances, the emissions were reduced by approximately 34% compared to FY2003.

Future action

To achieve Zero Emissions by the end of FY2005, the company will strive for reduction of wastes. As a part of its social contribution, it will hold an acoustic concert to communicate with the local community.

Resort Facilities

Name of Site		Kiroro Associates Co., Ltd.	Tsumagoi Co., Ltd.	Katsuragi Co., Ltd.
Location	—	Akaigawa-mura, Yoichi-gun, Hokkaido	Kakegawa, Shizuoka	Fukuroi, Shizuoka
Business	—	Operating of accommodations, restaurants, recreational facilities, ski areas, etc.	Operating of accommodations, restaurants, recreational facilities, etc.	Operating of accommodations, restaurants, golf courses, etc.
Number of Employees	Number	240	270	250
Site Area	m ²	3,500,000	1,290,000	1,380,000
Water Consumption	10,000 m ³ /year	26.4	33.8	29.1
Waste Generated	tons/year	1,830	245	485
CO ₂ Emissions	10,000 tons-CO ₂ /year	1.5	0.8	0.2
ISO 14001 Certification	—	Feb. 2002	Jan. 2003	Nov. 2001

Name of Site		Toba Hotel International Co., Ltd.	Nemunosato Co., Ltd.	Haimurubushi Co., Ltd.
Location	—	Toba, Mie	Shima, Mie	Taketomi-cho, Yaeyama-gun, Okinawa
Business	—	Operating of accommodations, restaurants, etc.	Operating of accommodations, restaurants, recreational facilities, golf courses, etc.	Operating of accommodations, restaurants, recreational facilities, etc.
Number of Employees	Number	110	240	100
Site Area	m ²	74,000	3,000,000	394,613
Water Consumption	10,000 m ³ /year	9.3	35.3	6.8
Waste Generated	tons/year	264	370	80
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.3	0.7	0.2
ISO 14001 Certification	—	Mar. 2003	Feb. 2002	Mar. 2004

Environmental Performance Data

Overseas Affiliates (Production Sites)

[North America • Europe]

Name of Site		Yamaha Music Manufacturing, Inc.	Yamaha Musical Products, Inc.	Kemble & Company Ltd.
Location	—	U.S.	U.S.	U.K.
Business	—	Manufacturing of pianos and PA speakers	Manufacturing of wind and percussion instruments	Manufacturing and sales of pianos
Number of Employees	Number	220	197	122
Site Area	m ²	25,545	50,000	14,350
Water Consumption	10,000 m ³ /year	1.0	4.6	0.4
Waste Generated	tons/year	1,150	322	573
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.4	0.3	0.2
ISO 14001 Certification	—	Dec. 2000	Apr. 2002	Dec. 2002

[Taiwan • China]

Name of Site		Kaohsiung Yamaha Co., Ltd.	Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	Tianjin Yamaha Electronic Musical Instruments, Inc.
Location	—	Taiwan	Taiwan	China
Business	—	Manufacturing of guitars and PA equipment	Manufacturing of pianos and piano parts	Manufacturing of electronic instruments
Number of Employees	Number	475	123	1,331
Site Area	m ²	26,320	50,000	30,689
Water Consumption	10,000 m ³ /year	3.9	2.0	11.8
Waste Generated	tons/year	111	388	491
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.6	0.2	1.0
ISO 14001 Certification	—	Nov. 1999	Jun. 2002	Dec. 1999

Name of Site		Guangzhou Yamaha-Pearl River Piano Inc.	Xiaoshan Yamaha Musical Instruments Co., Ltd	Yamaha Electronics (Suzhou) Co., Ltd.
Location	—	China	China	China
Business	—	Manufacturing of pianos	Manufacturing of piano parts, assembling and manufacturing of wind instruments	Manufacturing of AV equipment
Number of Employees	Number	167	367	427
Site Area	m ²	18,987	43,000	120,000
Water Consumption	10,000 m ³ /year	1.1	5.1	2.3
Waste Generated	tons/year	16	244	210
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.09	0.3	0.2
ISO 14001 Certification	—	Sep. 2002	Mar. 2003	Mar. 2004

[Indonesia • Malaysia]

Name of Site		PT. Yamaha Musical Products Indonesia	PT. Yamaha Music Manufacturing Indonesia	PT. Yamaha Music Manufacturing Asia
Location	—	Indonesia	Indonesia	Indonesia
Business	—	Manufacturing of wind instrument parts, cases, Pianica®, Recorder.	Manufacturing of guitars, drums, etc.	Manufacturing of electronic musical instruments
Number of Employees	Number	803	1,244	2,400
Site Area	m ²	58,460	22,250	120,000
Water Consumption	10,000 m ³ /year	20.2	7.6	0.8
Waste Generated	tons/year	350	718	358
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.6	0.5	1.3
ISO 14001 Certification	—	Jan. 2001	Dec. 2001	Jul. 2002

Name of Site		PT. Yamaha Indonesia	PT. Yamaha Electronics Manufacturing Indonesia	Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.
Location	—	Indonesia	Indonesia	Malaysia
Business	—	Manufacturing of pianos	Manufacturing of AV products (speakers)	Manufacturing of AV equipment
Number of Employees	Number	772	600	1,048
Site Area	m ²	19,542	50,000	107,000
Water Consumption	10,000 m ³ /year	3.6	2.1	6.2
Waste Generated	tons/year	530	3	8
CO ₂ Emissions	10,000 tons-CO ₂ /year	0.4	0.3	0.4
ISO 14001 Certification	—	May. 2002	Jan. 2003	Dec. 1998

* PA stands for Professional Audio. Sound equipment.