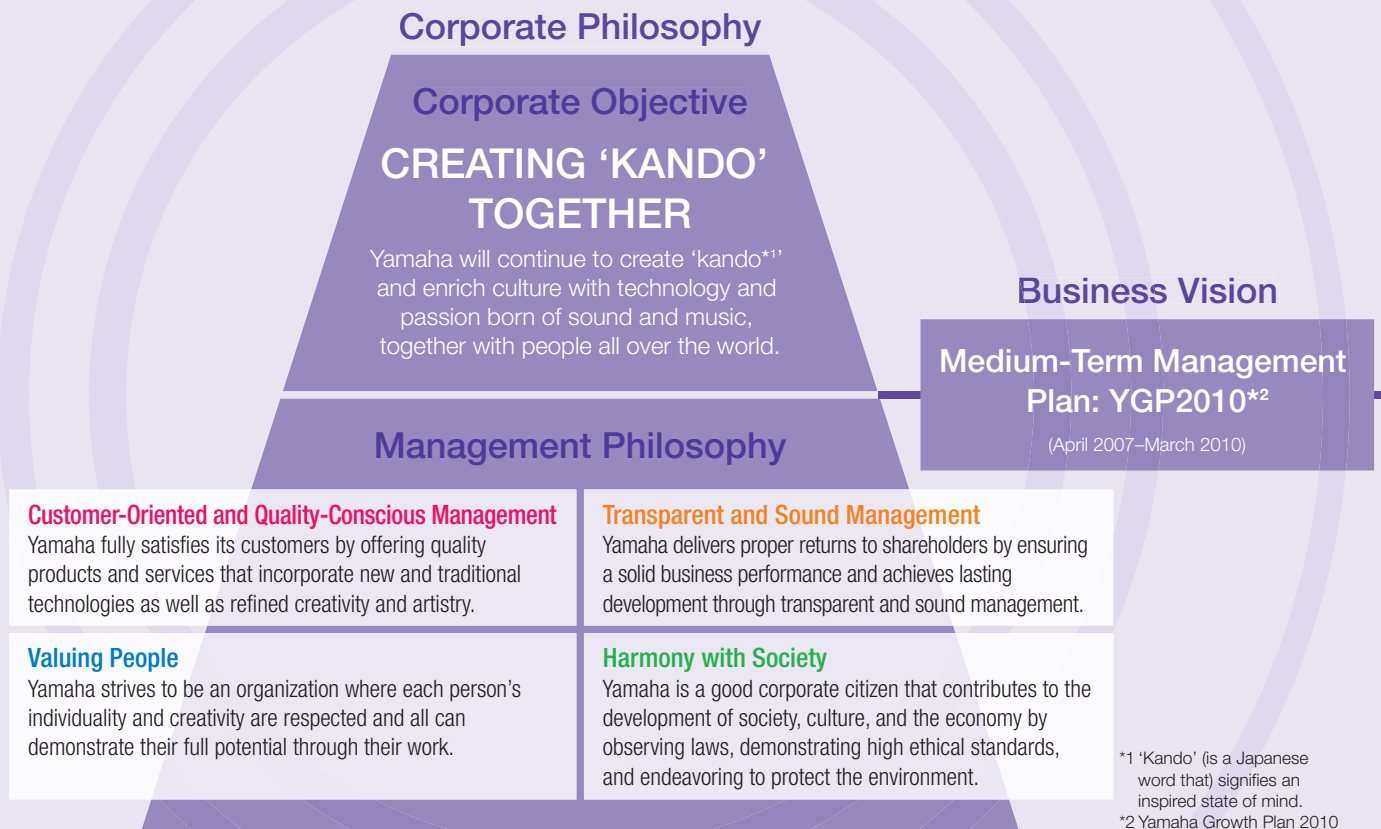


Emphasis on Corporate Social

The Yamaha Group aims to boost corporate value through implementing our corporate philosophy and pursuing corporate management that emphasizes corporate social responsibility (CSR) in order to meet the expectations of stakeholders.

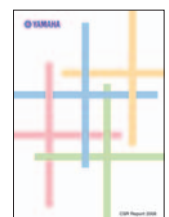


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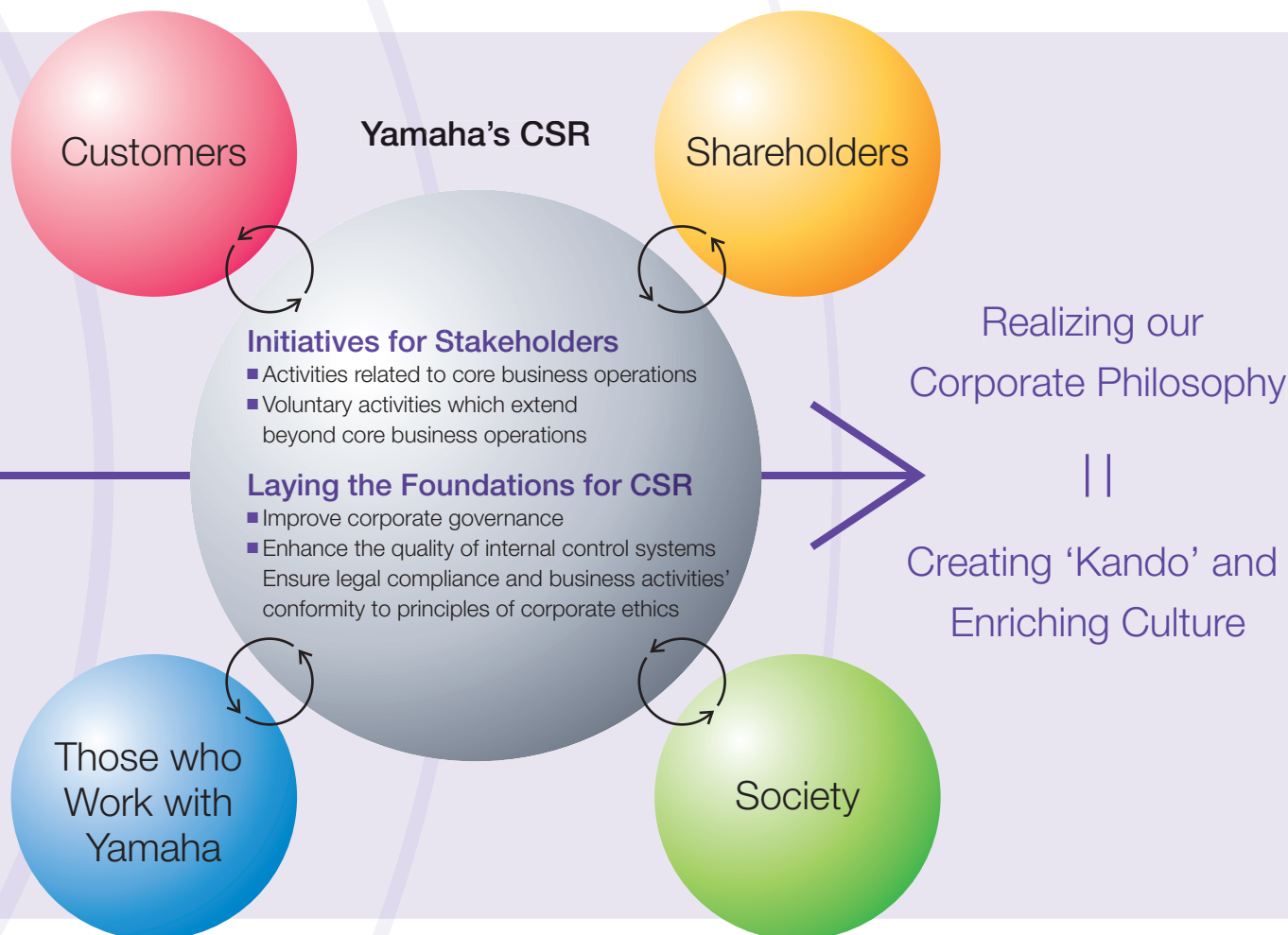
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About the Cover:

Through our business activities, the Yamaha Group strives to fulfill its responsibilities and embody its corporate objective in our relationships with our stakeholders. Our cover design plus signs (+) conceptually illustrate our overlapping stakeholder relationships and the idea of "togetherness."



Responsibility (CSR) in Management



Editorial Policy

In 2000 we began issuing an *Environmental Report*, which we then renamed the *CSR Report* starting in 2006 when the scope of the report was expanded to include broader CSR activities. This year marks the third time we have issued a *CSR Report*. In this year's report we have tried to organize the contents to make our unique CSR activities easy for readers to understand. Following last year's format we once again present chapters reporting on various initiatives targeting each stakeholder category, including sections highlighting our scholarship program in Europe and our efforts to combat global warming. An independent assessment of this report can be found at the end of the document. We have also posted environmental performance data on the Company website, as we did last year.

In preparing this report, we referred to the Ministry of the Environment's "Environmental Reporting Guidelines (2007 Version)" and the Global Reporting Initiative's "Sustainability Reporting Guidelines (v. 3.0)."

■ Organizations Included in Scope of Reporting

It is Yamaha Corporation's intention to report to the fullest extent possible on activities carried out by the organizations that fall within the scope of Yamaha's consolidated financial accounting. The environmental protection activities discussed in this report cover the 27 business sites (20,683 total employees, 78% of consolidated employees) that have obtained ISO 14001 certification. Reported items other than environmental protection and social contribution activities are primarily activities by Yamaha Corporation, although certain items focus on activities carried out by Yamaha Group companies. We will continue to expand the scope of reporting on Group company activities.

■ Regarding Environmental Performance Data

Environmental performance data not included in this report can be found on our website. http://www.global.yamaha.com/about/environmental_activities.html

Information on Website

1. Environmental accounting
2. Environmental data
3. Environmental data by site
4. ISO 14001 certified sites
5. History of Yamaha Group environmental initiatives

■ Reporting Period

April 1, 2007 through March 31, 2008

- The above period is referred to as "fiscal 2007" in this report.
- Certain initiatives underway from before this period and information from April 2008 onward are also included in this report.

■ Next Issuance

We plan to issue the next *CSR Report* in August 2009.

Message from the President



Mitsuru Umemura

President and Representative Director,
Yamaha Corporation

Management Emphasis on Corporate Social Responsibility (CSR)

Through business activities founded on sound and music, the Yamaha Group strives to achieve its corporate objective of “Creating ‘Kando’* Together.” Since our establishment in 1887, we have endeavored to provide quality products and services, earning the trust of customers while securing steadily rising profits. Continuing to fulfill our role as a member of society in this way has enabled us to earn and maintain the support of our many stakeholders. Accordingly, Yamaha’s basic management policy places a strong emphasis on Corporate Social Responsibility (CSR) activities, expressing this commitment through a variety of activities and themes including product quality, customer satisfaction, procurement, environmental protection and public relations activities.

However, society today is experiencing rapid changes which are exacerbating various social problems, while expectations for the corporations in its midst have also increased. This prompted Yamaha in April 2008 to create a management philosophy shared across the entire Group, reaffirming and clarifying our relationships with each of our stakeholders: customers, shareholders, those who work with Yamaha, and society in general. In order to further strengthen the bonds of trust with each of our stakeholders, we are taking steps to ensure that all members of the Yamaha Group maintain a keen awareness of our corporate responsibility and contributions to society, and redouble their efforts in this regard. In this way, we hope to continue addressing the issues that society faces.

* ‘Kando’ (is a Japanese word that) signifies an inspired state of mind.

Yamaha Group Initiatives

The Yamaha Group’s CSR activities are distinguished by their emphasis on using core business activities to contribute to the development of musical culture around the world. Music is a basic part of people’s daily lives, regardless of where in the world they live. It helps people to relax, and stimulates their emotions and feelings; it would not be an overstatement to describe music as another one of life’s necessities, transcending the basic physical requirements of food, shelter and clothing. In this context, Yamaha seeks to make the most of its strengths: technologies with a tradition spanning 120 years, as well as the latest in digital technology; refined creativity and artistry in the realms of sound and music; and an appreciation of the cultures and lifestyles of people the world over. By providing products and services that always satisfy and fulfill our customers’ love of music, we can contribute to the development of musical cultures and enrich

lives worldwide. Furthermore, as the Yamaha Group expands its global operations, it will always seek to address the social issues that arise in each region where it operates, as well as global problems related to the limited natural resources of our planet. It is vital that we make contributions to these social themes, in order to fulfill our responsibilities as a member of society. The Yamaha Group will continue striving to help address social issues in a whole range of ways, focusing on those activities best suited to the particular nature of our businesses. To this end, we will seek to broaden communication with each of our stakeholders, make efforts to support cultural expression and educational development in each region, and assist the training of employees. We will also pursue more efficient use of raw materials, reducing the environmental impact of our development and production activities, and promote reforestation, among other measures.

To summarize, the Yamaha Group is focusing on its core business activities founded on sound and music, and leveraging its existing strengths to address some of the issues that face society. By doing so, we can fulfill the expectations of our stakeholders, enhance corporate value and further strengthen the Yamaha brand image.

Working with Stakeholders

The Yamaha Group is currently in the second year of its medium-term management plan, "YGP2010," which runs through fiscal 2009. Under this plan, we have designated business activities that relate to music, audio and network products as core businesses, occupying a business domain that we refer to as "The Sound Company." The Group will concentrate its management resources on developing these core businesses in order to promote growth. At the same time, we will try to solidify our position and improve profitability in the "Diversification" business domain, which includes lifestyle-related products, recreation, molds/components and other businesses. In "The Sound Company" domain, Yamaha intends to expand business in emerging markets, which are enjoying rapid economic growth, aiming to broaden the appeal of music and allow more people to enjoy its charms. We are also strengthening the guitar and professional audio equipment businesses to appeal to those who are not yet familiar with the capabilities and quality of the Yamaha Group. Furthermore, the Company is merging advanced acoustic technology with digital audio technology to create and market hybrid musical instruments, and developing music entertainment businesses that offer people new ways to experience and enjoy music. In these ways, the Company aims to continue expanding its operations and increasing earnings.

In order to progress with implementing our medium-term management plan, it is essential that all Yamaha Group employees—and particularly those who have direct contact with our customers and other music-lovers—share the same sense of values. Since this applies to every region and market where Yamaha operates, I have made a personal commitment to visiting our bases of operations around the world in an effort to promote communication.

Furthermore, by providing information on our operations in a prompt and appropriate manner, we will endeavor to make sure that the business goals of the Yamaha Group are clearly understood, thereby earning the trust, loyalty and mutual respect of our stakeholders as we work to achieve the goals of our business plans. To maintain the transparency and openness that forms the foundation for trust, we will continue working to improve our systems of corporate governance, implement programs to ensure that all employees understand compliance issues, and will endeavor to develop internal control systems to further improve the accuracy of these systems in the future.

As we look back at our 120-year history of accomplishments, and forward to another century in which the Yamaha brand will gain even brighter prominence, we pledge to work closely with all of our stakeholders to share the joy of music and create 'kando' that exceeds their expectations.

2008 CSR Report

The Yamaha CSR Report for 2008 provides an easy-to-understand description of the Group's various CSR activities. This year's report includes a special feature section on Yamaha's support for young people studying music programs, which describes our consistent efforts over many years in this regard. The report also introduces readers to our measures to address global warming, a crucial issue globally, as well as for the Yamaha Group. We hope that you will take the time to read this report and provide your unreserved opinions and feedback, to help guide us in our future CSR activities.

October 2008



Expanding the Circle of Music to

Supporting Young Music Students

To put our corporate philosophy into practice, the Yamaha Group engages in a variety of businesses around the world, such as the manufacturing and marketing of musical instruments and audio/visual products, as well as the operation of music learning centers. Our activities are wide-ranging, and include voluntary initiatives such as social contribution activities. Here, we introduce our scholarship program, which comprises one part of our European subsidiaries' program for supporting students in the field of music.

The Yamaha Music Foundation of Europe (YMFE) is an endowment founded in 1989 by investments from Yamaha Corporation and the Yamaha Music Foundation, and has the mission of awarding scholarship money to talented, young music students in Europe.

Yamaha's six European marketing subsidiaries select scholarship recipients in their respective regions from among full-time music students of all nationalities age 25 or below*¹ studying voice or instrumental music at music universities in 29 countries.*² Since scholarships began being awarded in 1990, a total of

approximately 700 talented students have received scholarships. Participants in the final round of auditions are given the opportunity to play in front of musicians and music academy instructors from the respective countries serving as judges, providing the students with a valuable experience and a step towards a career in music.

In fiscal 2007, scholarships were awarded to piano students. In previous years, scholarships were given to vocalists in fiscal 2006, wind instrument students in fiscal 2005, piano students in fiscal 2004, and orchestral string instrument students in fiscal 2003.

CENTRAL EUROPE

Yamaha Music Central Europe (YMCE)

Yamaha Music Central Europe (YMCE) covers a market comprised of 25 countries, including Germany, Poland, Switzerland and Austria, and carries out the YMFE scholarship program in 20 of these countries. Since YMCE began holding auditions at music universities, auditions have been held at music universities in Germany (14 universities), Austria (4), Poland (8), the Netherlands (5), Belgium (4) and Switzerland (6), as well as at universities in more than 10 other European countries with which cooperative relationships have been established.

Accomplishments in Fiscal 2007



Three scholarship recipients were selected at the final audition in Germany, held at the Hochschule für Musik Hanns Eisler: Lilit Grigoryan of Musikhochschule Rostock, Lydia Gorstein of the Hochschule für Musik Hanns Eisler, and Nao Yuki of the Hochschule für Musik Hanns Eisler.



Four scholarship recipients were selected at the final audition in Poland, held at Music Academy Gdansk: Karolina Nadolska of the Music Academy Warsaw, Piotr Rozanski of the Music Academy Krakow, Gracjan Szymczak of the Music Academy Wroclaw, and Lukasz Trepczynski of the Music Academy Katowice.



Two scholarship recipients were selected at the final audition in Switzerland, held at the Conservatoire de Musique de Genève: Floriane Breaux of the Conservatoire de Musique de Genève, and Dora Salce of Musikhochschule Basel.



One scholarship recipient was selected at the final audition in Austria, held at the Konservatorium Wien: Zhen Hua Dong of the University of Music and Performing Arts Graz.

The following is a list of talented students who have received scholarships from the YMFE over the past 19 years and who are currently active in the music world in Germany and Austria.

- 1990 recipient: Dr. Barbara Moser (Piano Professor at University of Music and Performing Arts Vienna; 2007 YMFE selection committee judge)
- 1994 recipient: Jelka Weber (Berliner Philharmoniker, flute)
- 2000 recipient: Lyndon Watts (Münchner Philharmoniker, solo bassoon)
- 2002 recipient: Denys Proshayev (First place in 2002 International Music Competition Munich, piano instructor at Musikhochschule Weimar)

*1 Age requirements may vary by country.

*2 The 29 countries are: United Kingdom, France, Germany, Sweden, Denmark, Norway, Italy, Spain, Portugal, Ireland, Netherlands, Belgium, Luxembourg, Austria, Switzerland, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia, Slovakia, Slovenia, Greece, Turkey.

Enrich the World

SCANDINAVIA

Yamaha Scandinavia (YS)

Yamaha Scandinavia is responsible for awarding YMFE scholarships in Sweden, Norway and Denmark. The final audition in Sweden was held at the Academy of Music and Drama, Gothenburg College of Music on February 8, 2008, with Peter Friis Johansson, a student at the Royal Academy of Music (Stockholm), selected as the recipient.

The audition for Norway and Denmark was held in the city of Arhus in Denmark. Maciej Gański, a student at the Conservatory of Music in Odense, Denmark, was chosen as the scholarship recipient.



Peter Friis Johansson



Maciej Gański

ITALY

Yamaha Musica Italia (YMI)

The final audition in Italy was held on February 5, 2008, in the Rocca Meli Lupi, located on the outskirts of Parma, with Viviana Pia Lasarcina, a student at Conservatorio di Musica "Nino Rota" di Monopoli, selected as the recipient. Pianists Michele Campanella, Nazzareno Carusi and Professor Filippo Michelangeli served as judges at the final audition.



UNITED KINGDOM

Yamaha Music UK (YMUk)

The final audition in the UK took place at the Royal Northern College of Music on February 14, 2008. Scholarships were awarded to piano students this year, with finalists gathering from the Royal College of Music, London, Royal Academy of Music, London, Royal Northern College of Music, Manchester and the Guildhall School of Music and Drama, London. Following the audition, Sasha Grynyuk of the Guildhall School of Music and Drama, Alexander Romanovsky of the Royal College of Music, and Vyacheslav Sidorenko of the Royal Northern College of Music, Manchester were awarded scholarships, while a special prize of an all-expenses-paid place at the Birmingham International Piano Academy held in the summer of 2008 was presented to Veronika Shoot of the Royal Academy of Music.

This year a record number of music students in the UK applied for the YMFE scholarship. The level of participants has been rising each year.



FRANCE

Yamaha Music France (YMF)

At the final audition in France, held at Yamaha Artist Services Europe in Paris, scholarships were awarded to Suzanna Bartal of the Conservatoire National Supérieur Musique et Danse de Lyon, Christia Hudziy of the Conservatoire National Supérieur Musique et Danse de Paris and Conservatoire National Supérieur Musique et Danse de Lyon and Jean Frédéric Neuburger of the Conservatoire National Supérieur Musique et Danse de Paris. Ms. Bartal, a Romanian national, plans to use the scholarship money to take several masters-level classes, while Ms. Hudziy, hailing from Ukraine, decided to use the opportunity provided by winning the scholarship to start on a path as a soloist, and will prepare for international competitions. Mr. Neuburger, who has already won a number of competitions, is one of France's most promising young pianists. Claude Perin, director of the well-known Long-Thibaud International Piano and Violin Competition, believes in the YMFE's mission and participated as a judge for the first time. She was impressed by the very high level of the participating pianists.



Suzanna Bartal



Jean Frédéric Neuburger

IBERIA

Yamaha Musica Iberica (YMIB)

YMIB is located in Madrid and is responsible for selecting scholarship recipients in Spain and Portugal. The final auditions were held in February 2008 and included finalists selected from among applicants recommended by music academies. In Spain, the final audition was held at the prestigious Royal Superior Conservatory of Music of Madrid. There, David Kadouch of the High Music School "Reina Sofía" was selected as the scholarship recipient. Mr. Kadouch, 21 years old, placed third at the 2005 Beethoven Competition Bonn and has participated in numerous other music events as well as performed in recitals in Europe (including Russia), China, the United States and Japan. The audition in Portugal took place at the Music Conservatory of Oporto, with Pedro Manuel Ferreira Gomes of the Music Conservatory of Oporto and Carlota Amado Santos Leite of the Universidade de Aveiro selected as scholarship recipients. Ms. Santos Leite also placed first in the 2007 Marilia Rocha Contest and the 2005 Alto Minho Iberian Piano Contest.



David Kadouch (centre)



Pedro Manuel Ferreira Gomes (left)
Carlota Amado Santos Leite (right)

Contributing to a Fulfilling Society

Initiatives to Combat Global Warming

January 2008 marked the start of the first commitment period for greenhouse gas reductions under the Kyoto Protocol, and at the G8 Hokkaido Toyako Summit in July 2008, world leaders agreed on the need to combat global warming on a worldwide level. For over 30 years the Yamaha Group has recognized environmental protection as an important aspect of management. We began our environmental efforts by finding ways to conserve energy and natural resources, and later expanded them to include a wide range of initiatives, including reducing the environmental impact of our products, obtaining ISO 14001 certification, utilizing renewable energy, and planting trees.

Tackling Environmental Issues for Over 30 Years

In 1974, the same year that the Japanese government began full-fledged efforts to protect the environment, Yamaha established an Environment Management Division with the aim of addressing environmental issues in a more organized manner. At the time of its establishment, the division was primarily responsible for initiatives aimed at preventing pollution. However, the scope of Yamaha's environmental-related activities has developed over time, expanding from prevention of pollution to encompass more proactive efforts to protect the environment. Initiatives now include the rationalization of overall Group energy use, biomass power generation using wood chips produced during the manufacturing process, and the development of substitute materials for use in place of rare types of wood.

In 1992 we established the Global Environment Department, and two years later we took our environmental activities to the next level by establishing Yamaha's Policy on the Environment and the Six Principles of Yamaha's Corporate Environmental Activity. At the same time, the Environmental Committee began functioning as a Company-wide body tasked with managing environmental activities. In 1997 we began work towards obtaining ISO 14001 certification and since then we have expanded our ISO-standard environmental management to Yamaha Group companies both in Japan and overseas. In 2000, we made information on the state of our environmental initiatives available to the public, and issued our first Environmental Report, with the aim of promoting more eco-friendly activities. This led to the Yamaha Sustainable Development 50 ("YSD50") medium-term management plan (fiscal 2004 through fiscal 2006), and established environmental protection initiatives as an important pillar of management.

Initiatives Launched to Lower Greenhouse Gas Emissions by 6%

In the medium-term management plan YSD50, the Yamaha Group committed to lowering carbon dioxide (CO₂) emissions by 6% (compared to fiscal 1990 levels) by fiscal 2010. In order to achieve this goal, the Yamaha Group is implementing a variety of initiatives. In January 2007 a cogeneration system began operating at Yamaha's Tenryu Factory (Yamaha Fine Technologies Co., Ltd.). Power is generated on-site, and the resulting heat by-product is used in the facility's air conditioning system while the steam from wood processing helps power the production process.

This system is estimated to result in CO₂ emissions reductions, equivalent to 1.6% of total annual CO₂ emissions from Yamaha Group production facilities. Also, in January 2005, a 70kW photovoltaic power generation system was installed in the factory at Yamaha Corporation's headquarters complex, taking advantage of the fact that Shizuoka Prefecture is one of the sunniest prefectures in Japan, and therefore offers high solar power generating efficiency. Not only does this help reduce emissions, but, as a symbol of Yamaha's environmental initiatives, it both helps to raise employees' environmental awareness and serves effectively as a way of educating factory visitors (totaling some 30,000 per year) who are able to observe the system for themselves.



Photovoltaic Power Generation System
(Factory at Yamaha headquarters)

Elsewhere, in December 2004 we converted the boiler in the factory at Yamaha headquarters to run on natural gas rather than heavy oil. In March 2008, we also converted the Toyooka Factory's boiler to operate using liquid natural gas, which emits lower levels of CO₂ than heavy oil. This boiler conversion enabled us to reduce overall annual CO₂ emissions at Toyooka Factory by approximately 28% with no decrease in the amount of energy supplied.



There can be a good balance between business and protecting the environment.

Seiya Nishimura
Manager, Facilities and Environment Department
Headquarters Operations Management Center,
General Administration Division
(formerly of the Environmental Management Division)
Yamaha Corporation

One of the successes of our efforts to prevent global warming has been taking the step from conserving energy simply to save costs to active investment in energy-conservation technologies. By taking initiatives designed to meet the special circumstances of each facility, we have started down the path towards achieving an effective balance between pursuing business and contributing to the protection of the earth's environment.

1974

- Environment Management Division established

1994

- Yamaha's "Policy on the Environment" and "Six Principles of Yamaha's Corporate Environmental Activity" enacted
- Environmental Committee and five other related specialist groups established

2002

- Cogeneration system installed at Yamaha Metanix Corp. (currently DOWA METANIX CO., LTD.)

1975

- Company-wide rationalization of energy consumption begins

1981

- Tenryu Factory starts using wood chips as fuel for power generation

1997

- Intention to acquire ISO 14001 certification announced

2004

- Fuel for boiler at factory at Yamaha headquarters switched from heavy oil to natural gas
- Photovoltaic power generating system installed in the factory at Yamaha headquarters

(FY)

and Improved Global Environment

Unique Environmental Protection Initiatives at Yamaha's Tsumagoi

In 1974 Yamaha Corporation opened Tsumagoi™, a multipurpose resort facility located in Kakegawa, Shizuoka Prefecture in central Japan. More than simply a beloved recreation area the expansive natural forest within the grounds of the resort also functions effectively to counter global warming. We regularly thin the forest and plant new trees to maintain a healthy habitat, as well as making various other efforts to increase the forest's vitality.

These initiatives have also prompted many Yamaha Group employees to take a proactive stance towards environmental conservation. One example of this is the creation of a biotope space based on an idea presented by employees. The biotope is now home to fireflies, and is very popular with our guests.

Tsumagoi™ is a resort where guests are able to come closer to nature, but we also made efforts to incorporate musical elements to give the facility Yamaha's signature flair. We have adopted the Green Power Certification System for use in musical events held at Tsumagoi™. With this system, we cover the difference in cost between clean energy generation and conventional energy, so the power used is considered to be clean energy. We have used this system since 2007 to use clean wind energy to power the "ap banks fes" organized by the ap bank.*

* <http://www.apbank.jp/en/>

Working with Yamaha Motor Co., Ltd. on Global Tree-Planting Initiative

In addition to carrying out business on a global scale, the Yamaha Group engages in environmental protection activities around the world. One such initiative is the "Yamaha Forest," a joint project with Yamaha Motor Co., Ltd. to plant trees in Indonesia, where the logging of natural forests has become an international problem. The "Yamaha Forest" project was launched



Tsumagoi™



Given the resort's gorgeous natural surroundings, we insist on clean energy.

Kazuyuki Sumi
President and General Manager
Tsumagoi Co., Ltd.

Guest surveys show that Tsumagoi's™ appeal lies in its rich natural surroundings. Adopting the Green Power Certification System was a natural choice for us. Going forward, we want to make Tsumagoi™ even more attractive for guests as a nature resort, while also helping protect the environment.

in 2005 with support from OISCA, a Japanese NGO with a strong track record in similar projects, with the aim of improving the situation of natural forests in Indonesia. Under the direction of OISCA, local residents, including elementary and junior high school students care for saplings for approximately one year. Giving children responsibility for nurturing the forests of the future provides them with a practical environmental education.

At five Indonesian production facilities, Yamaha is working to boost employees' environmental awareness through the same types of initiatives in practice at production facilities in Japan. Such efforts include improving production efficiency, disposing of liquid wastes and re-using surplus materials. The popularity of the tree-planting initiative has soared, to the point that in some cases would-be participants are selected by lottery. Plans call for the planting of between 150,000 and 200,000 saplings over the next five years, thereby restoring the land to its pre-logging forest state.



Tree-planting initiative, Yamaha Forest



After 35 years, planting trees has brought us closer than ever to the local community.

Shunichi Yamada
President
PT. Yamaha Musik Indonesia (Distributor)

The saplings that we have planted have grown under the blessings of the local climate. I feel that by watching over these trees as they grow, we are adding new meaning to the Yamaha Group's 35-year history in Indonesia. I plan to continue this project so that we can develop even stronger ties.

FROM THE EXECUTIVE OFFICER FOR THE ENVIRONMENT



We will continue to promote environmental conservation initiatives.

Tsutomu Sasaki
Director and Executive Officer
Chair of Environmental Management Committee
Yamaha Corporation

Yamaha has been consistently engaged in environmental protection activities for over 30 years. We will continue to view the environment as an important aspect of management, and promote environmental initiatives around the world in ways that take into account each site's business activities and geographic location.

2005

- Yamaha Corporation joins Team Minus 6%
- "Yamaha Forest" tree-planting project begins in Indonesia
- Yamaha Livingtec Corp. installs a cogeneration system

2006

- Cogeneration system installed at Tenryu Factory (currently Yamaha Fine Technologies Co., Ltd.)

2007

- Yamaha guidelines for the procurement and use of wood enacted
- Green Power Certification System introduced at Tsumagoi™
- Yamaha joins the "STOP Global Warming Campaign" in Shizuoka
- The "Shizuoka Future Forest Supporter System" project to support the regrowth of the Enshunada coastal forest begins
- Yamaha Corporation joins the Musicwood Campaign (Greenpeace)
- Boiler at Toyooka Factory converted from heavy oil to natural gas

Creating 'Kando' Together

Through its business activities, the Yamaha Group creates 'kando*1' together with all of its stakeholders. We believe that this 'kando' is what enables sustainable growth for both the Yamaha Group and society.

*1 'Kando' (is a Japanese word that) signifies an inspired state of mind.

Major Activities in Fiscal 2007

+ With Our Customers

Yamaha fully satisfies its customers by offering quality products and services that incorporate new and traditional technologies as well as refined creativity and artistry.

Ensuring quality

- Strengthening quality management systems

Working to improve quality

- Using customer surveys to promote quality

Improving customer support service

- Consolidating customer relations centers to improve service

+ With Our Shareholders

Yamaha delivers proper returns to shareholders by ensuring a solid business performance and achieves lasting development through transparent and sound management.

Proactive IR*2 efforts to promote understanding of the Company

- Disclosing information in a timely manner to investors in Japan and overseas

*2 Investor Relations

+ With the People We Work with

Yamaha strives to be an organization where each person's individuality and creativity are respected and all can demonstrate their full potential through their work.

Initiatives for employees

- Promoting work-life balance based on the Yamaha Corporation Action Plan
- Assisting women's careers
- Enhancing health initiatives

Initiatives for business partners

- Conducting CSR surveys

+ With Society

Yamaha is a good corporate citizen that contributes to the development of society, culture, and the economy by observing laws, demonstrating high ethical standards, and endeavoring to protect the environment.

Social contribution

- Promoting social contribution activities in every country in which we operate

Environmental conservation

- Expanding environmental conservation activities at offices and factories
- Promoting environmentally conscious products and services
- Expanding environmental communication

Management Structure

Corporate Governance

- Strengthening Corporate Governance Structures

Compliance

- Expanding Compliance at Overseas Subsidiaries



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Yamaha stores fulfill the important role of communicating to each and every customer the fun and wonder of music, as well as the charm of Yamaha products. We greet each customer with a warm smile so that they will come to trust and love our stores.

Tomoko Tatsumi

Sapporo Store Manager
Yamaha Music Hokkaido Co., Ltd.



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We aim to maximize shareholder value through two-way communication with shareholders. In order to do this, we work to provide equal information to institutional and individual investors in Japan and overseas.

Kiyotaka Hasegawa

Senior Manager, Investor Relations
Corporate Planning Division
Yamaha Corporation



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I feel that Yamaha is a company where I can demonstrate my abilities and grow along with the company.

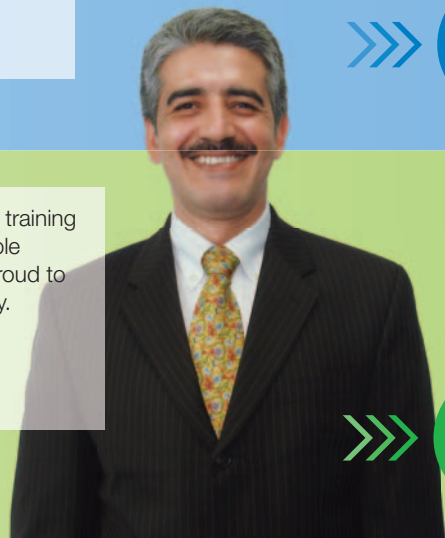
The sense of fulfillment that I get from this work carries over into my private life, which makes the time I spend with family and friends even more enjoyable.

Liang Jing

Manager, Finance Department
Tianjin Yamaha Electronic Musical Instruments, Inc.



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Our efforts to spread the playing of recorders and training bands give me the opportunity to see lots of people enjoying music with my own eyes. It makes me proud to see how our activities are helping to enrich society.

Juan Guillermo Ramirez

Sales and Marketing Manager
Yamaha Music Latin America, S.A.



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Management Structure

Corporate Governance

In keeping with its corporate philosophy, Yamaha is working to develop a management organizational structure that will form the basis for transparent, high quality, and effective corporate governance.

Creating a Management Structure Through the Board of Directors and Executive Officers

The Board of Directors at Yamaha consists of nine directors, including one representative director and one outside director. The Board of Directors oversees the management function of the Yamaha Group, with directors appointed for a fixed period of one year to clarify management responsibilities.

Yamaha also employs an executive officer system, comprised of 17 executive officers, including one senior managing executive officer and two managing executive officers, to support the Company president, the chief officer in charge of business execution. The executive officers who double as Company directors principally oversee the operational and administrative divisions. As part of this supervision, they manage and direct the divisions within the groups in an appropriate and proper manner and are responsible for the performance of the groups. In addition, an executive officer, distinct from the aforementioned, is assigned to each division within a group, each with responsibility for a key management theme.

An Audit System to Ensure Fair and Transparent Business Practices

Yamaha employs an auditing system headed by its Board of Auditors. The Board comprises two internal and two outside auditors who periodically perform comprehensive audits of all divisions and Group companies, and participate in Board of Directors' meetings and management meetings, with Board of Auditors' meetings generally convened once per month. The Internal Auditing Division is under the direct control of the President and Representative Director. Its role is to closely examine and evaluate all activities undertaken at Yamaha and its Group companies from the perspective of legal compliance and rationality. The evaluation results are then used to provide information

for the formulation of suggestions and proposals for rationalization and improvement. In the fiscal 2007, audit reports were submitted to the President nine times.

Refining the Yamaha Group's Internal Control System

Yamaha refines its internal control system to maximize efficiency in all its business activities, improve the reliability of its accounting and financial information, ensure full legal compliance, improve asset safeguarding, and enhance its risk management. With regard to redeveloping internal controls over financial reporting, which the Company has been promoting within the project team, the Company transferred functions to the Accounting & Finance Division and newly established a group assigned to internal control over financial reporting in April 2008. Furthermore, in addition to existing audits, the Internal Auditing Division will promote the systemization of Company-wide internal control system monitoring.

Company-wide Governance Committees to Strengthen Corporate Governance

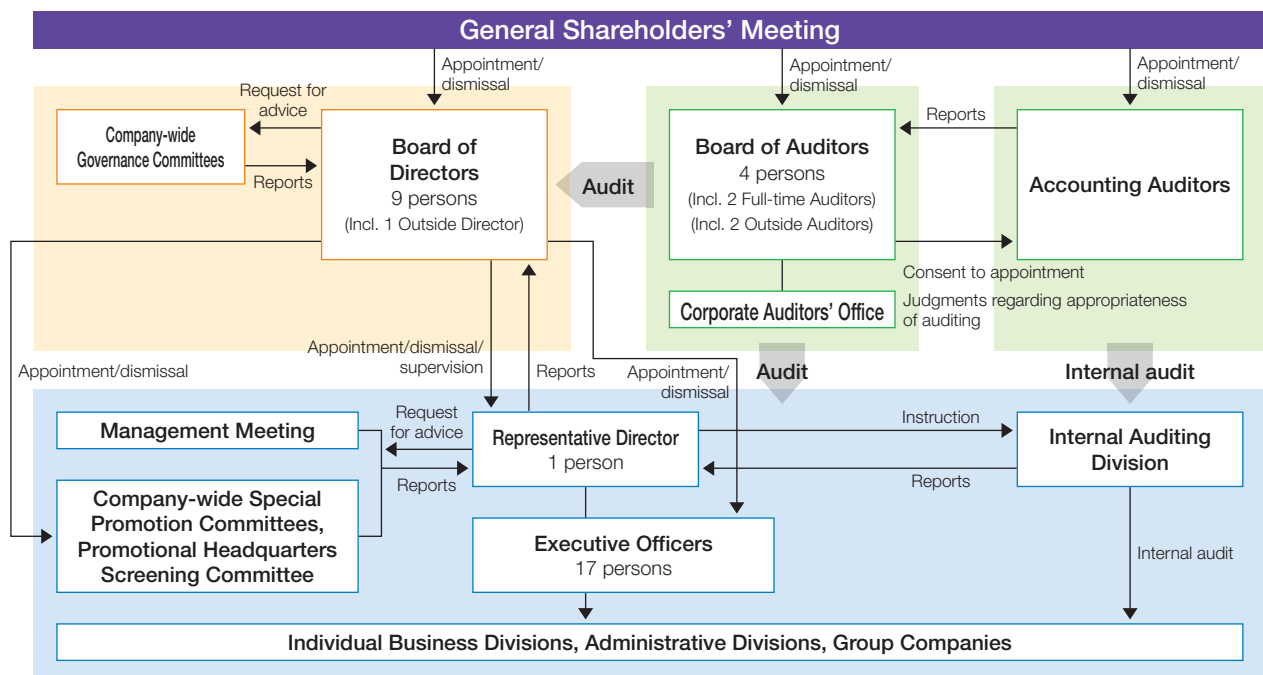
To strengthen corporate governance, Yamaha established the Company-wide Governance Committees, consisting of the Compliance Committee, the CSR Committee and the Corporate Officer Personnel Committee.

The Compliance Committee promotes activities across the Yamaha Group aimed at enhancing corporate management compliance with the law and social norms. The Corporate Social Responsibility Committee (CSR Committee) decides themes for the Yamaha Group to promote in order to achieve greater corporate social responsibility.

Since April 2008, a section established as a dedicated organization within the General Administration Division has been responsible for secretariat duties of the CSR Committee. The Company will continue to engage in activities designed to contribute to society through its businesses.

Various other Company-wide committees have been established to provide an across-the-board response to critical risk factors, such as those relating to brands, quality and the environment, that may arise during the course of business execution.

Corporate Governance Organization Structure



Compliance

The Yamaha Group aims to achieve a high level of compliance management not only by conforming with laws and regulations, but also through adherence to social norms and corporate ethics.

Promoting compliance in management

Yamaha began conducting compliance activities in Japan in 2003 with the establishment of a Compliance Committee and the formulation of the Compliance Code of Conduct.* Revisions were made to the Compliance Code of Conduct in fiscal 2006, including additions regarding the prohibition of forced and child labor, and other information essential for Group Companies with overseas business interests in order to contribute to the establishment of a structure suitable for global business development. In April 2008 we enhanced this structure to incorporate unified principles and guidelines for the entire Yamaha Group, including completion of Codes of Conduct that reflect the various local laws and regulations governing overseas Group companies.

* For details on the Compliance Code of Conduct please see: <http://www.yamaha.co.jp/about/corporate/compliance/index.html> (in Japanese only)

Compliance Promotion Month

Since fiscal 2006 the Yamaha Group has designated October as "Compliance Promotion Month," and plans various events to raise compliance awareness. In fiscal 2007 we focused on harassment, which was cited as a particular problem in the compliance survey conducted in fiscal 2006. As part of this effort, we invited Ms. Yasuko Okada, a consultant from Cuore C Cube Co., Ltd., to give a presentation on the topic. In order to foster a positive attitude toward compliance we also invited employee submissions of compliance-themed slogans and *senryu* (haiku-like sayings). We received roughly 600 entries, 15 of which were awarded prizes.

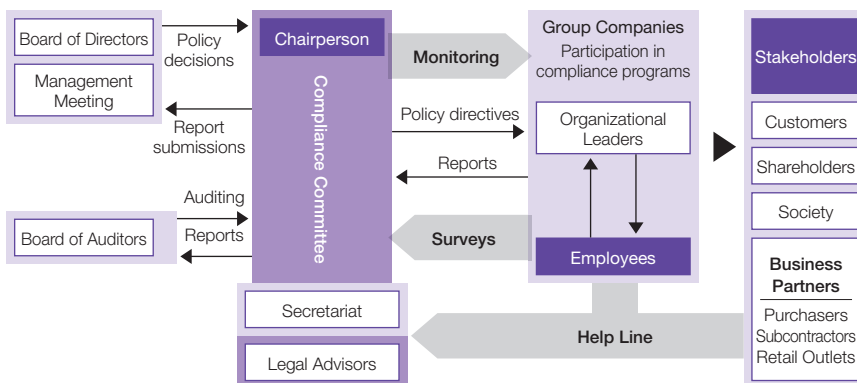
Compliance Help Line

Our Compliance Help Line received 55 inquiries during fiscal 2007, including some from overseas Group companies. In the five years since the program was launched, the Company has worked to resolve each of the over 250 incidents that have been reported.

Approximately 20% of inquires and reports come from staff who are not full-time employees. When a complaint is received from a temporary staff member we assess the incident carefully, and work with the management at the staff member's workplace, representatives of the staffing company, and all other persons involved in order to resolve the issue.

Major Compliance Measures		(FY)
2002	<ul style="list-style-type: none"> Compliance Committee established (Jan 03) 	
2003	<ul style="list-style-type: none"> Compliance promotion activities launched Compliance Code of Conduct formulated (47 items), Compliance Guide issued and distributed to all executives and employees of Yamaha Corporation and Group companies within Japan. Explanatory meetings held in workplaces (approximately 11,000 participants) First compliance survey conducted Compliance Help Line established Guidelines formulated on business entertaining and gift-giving 	
2004	<ul style="list-style-type: none"> Compliance measures expanded to include all people working for Yamaha, even if they are not formally Yamaha employees Abridged versions issued of the Compliance Code of Conduct and Introduction to Compliance Management Second compliance survey conducted (approximately 13,000 employees and temporary staff) 	
2005	<ul style="list-style-type: none"> Feedback given to department managers on issues raised in the compliance survey, and measures for resolution implemented 	
2006	<ul style="list-style-type: none"> New Compliance Code of Conduct (50 items) issued, expanded to include overseas Group companies Workplace meetings held (approximately 13,000 participants) October designated as "Compliance Promotion Month," featuring three events: <ol style="list-style-type: none"> Displays of compliance awareness posters Compliance seminar (Theme: "What managers need to know and do when working with temporary staff") Third compliance survey Codes of Conduct formulated and implemented for Group companies in North America, Central and South America, Australia, South Korea, Taiwan, Malaysia, Singapore, and the UAE (10 companies) 	
2007	<ul style="list-style-type: none"> Feedback given to department managers on issues raised in the third compliance survey, and measures for resolution implemented Three events conducted for "Compliance Promotion Month" (Oct) <ol style="list-style-type: none"> Display of compliance awareness posters Compliance seminar held (Theme: "Situations and strategies for preventing harassment in the workplace") Employees invited to submit compliance-themed slogans and <i>senryu</i> (haiku-like sayings). Codes of Conduct formulated and implemented for Group companies in Europe, China, Indonesia, Thailand, and Malaysia (13 companies), establishing a compliance structure for overseas companies 	

Compliance Management Structure



Compliance Codes of Conduct from various Group companies

+ With Our Customers

We at the Yamaha Group are committed to ensuring product safety and producing quality enhancement, endeavoring to deliver useful and easy-to-use products that provide satisfaction and fulfill the needs and expectations of our customers.

We provide information and services, and strive to offer superior after-sales support both in Japan and overseas in order to ensure that our customers can enjoy our products to the fullest.

Quality Assurance Structure

Company-wide Quality Management System

The Yamaha Group considers customer satisfaction to be its top priority, and has put in place a Group-wide quality management system to ensure the production of quality products that meet the high expectations of our customers.

Each business division is responsible for the quality of its own products and follows ISO 9001 international standards for quality management systems to meet the quality targets set by top management.

The Quality & Engineering Planning Division audits the quality management systems and product quality of each division to ensure consistency with the quality level demanded of the Yamaha Group, making improvements as necessary.

The Quality Committee made up of the quality assurance managers from each business division also convenes regularly to discuss Company-wide quality-related issues and share success stories. Quality enhancement subcommittees utilize working groups to resolve any quality issues. During fiscal 2007, subcommittees focused on a quality assurance program for purchased parts and management of the chemical content of products.

The quality management structure was further strengthened during fiscal 2007 with the establishment of the Quality Management Promotion Committee, composed of six directors and executive officers. This Promotion Committee reviews quality policies and targets for each fiscal year, as well as strategies and significant measures to enhance quality.

■ Acquiring ISO Certification

As of the end of fiscal 2007, the Yamaha Group had acquired ISO 9001 certification for 20 business divisions, covering approximately 60% of the workforce on a consolidated basis. In August 2007, Yamaha Kagoshima Semiconductor Inc. became the first Yamaha Group company to acquire ISO/TS 16949*1 certification.

*1 ISO/TS 16949: Quality management systems. Particular requirements for the application of ISO 9001:2000 for automotive production and relevant service part organizations.

Product Risk Management

The Yamaha Group takes precautions during the design, development, and production stages to prevent any problems with products and ensure that customers are able to use them without worry. With regard to product safety, development and design divisions have tightened their design reviews while production divisions have introduced measures to strengthen FMEA (Failure Mode and Effects Analysis) during production processes. If a problem is uncovered in a product already on the market, the head of the Quality & Engineering Planning Division convenes an Emergency Action Committee Meeting*2 to provide related divisions and departments with instructions on necessary inspections and corrective measures such as product recalls and improvements in production to prevent similar problems from occurring in the future. The committee also ensures a proper response and disclosure of information to customers, and notifies top management of the situation.

During fiscal 2007, an Emergency Action Committee Meeting was convened with regard to injuries sustained from the speaker grills on Electone™ organs. The committee decided on replacement parts and notifications to customers, disclosed relevant information on Yamaha Corporation's website, and reported the incident to regulatory authorities.

Information on product safety is posted on the Yamaha homepage under "Important Notices for Customers Using Yamaha Products" (in Japanese only).

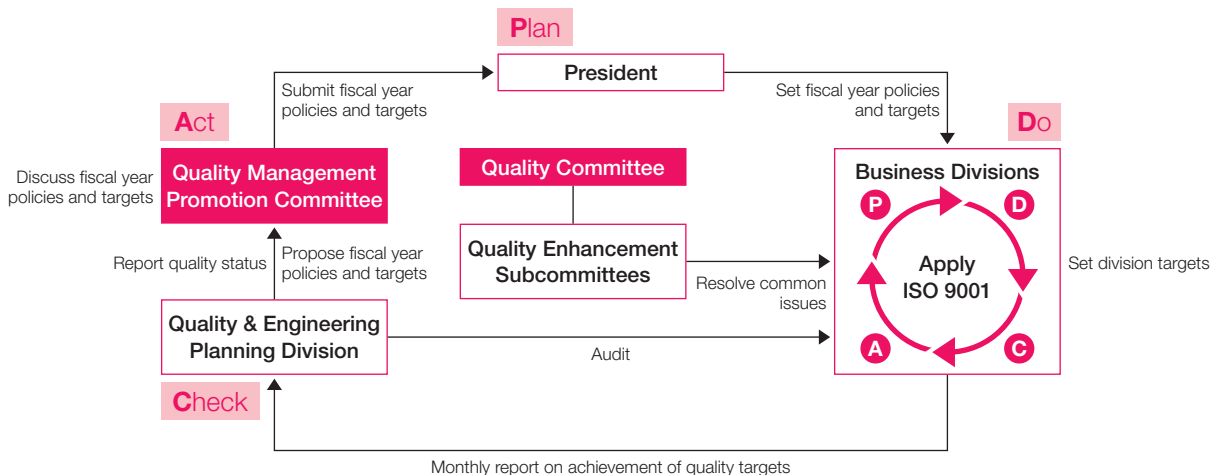
*2 Emergency Action Committee Meeting:

A meeting attended by the heads of relevant business divisions and sales divisions, the heads of the Service, Legal, and Public Relations, and Quality & Engineering Planning Division, as well as the head of any other division whose assistance is deemed necessary.



Information disclosure on the Yamaha homepage (in Japanese only)

Yamaha Group Quality Management System



Quality Improvement Measures

CASE 1 Using Customer Surveys to Promote Quality Pro Audio & Digital Musical Instruments Division Yamaha Corporation

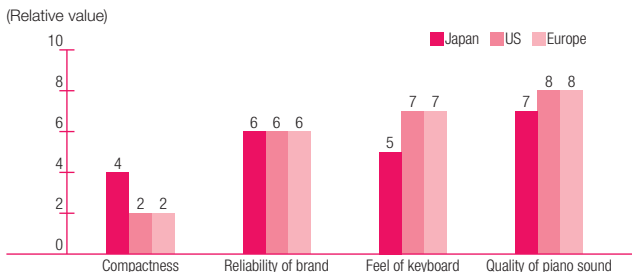
The Pro Audio & Digital Musical Instruments (PA/DMI) Division produces Yamaha's signature Clavinova™ series of electronic keyboards. In fiscal 2005, the division began asking customers who had purchased its products to register their information, and then used the database to conduct surveys immediately following purchase and one year later. The results were used to improve products.

From 2006 to 2007, with the objective of building up user-driven product specification evaluations, the division conducted surveys on expected value and satisfaction from consumers who had purchased digital pianos from Yamaha or from other manufacturers in Europe, the United States and Japan. In previous surveys, comparisons with other companies had been difficult. This new method, however, provided a clear picture of the points consumers look for in an instrument or brand. This was the first such survey the division had conducted, but we plan to continue the program alongside our regular customer surveys, utilizing the data obtained through these efforts in our product development and sales activities.



Clavinova™ CLP300 Series launched in Japan in fall 2008. Along with basic piano functions, the CLP300 Series features an appearance (shape, size, and styling to match interior designs) that surveys showed as highly valued by consumers.

Consumers priorities at time of digital piano purchase



CASE 2 New Product Development using Surveys Analysis Golf Products Division, Yamaha Corporation

The golf business refreshes its product lineup annually, and so needs to collect survey data to develop new products. Before planning starts, the division conducts surveys at golf practice facilities and exhibitions that ask customers about their preferences and desires for golf equipment, as well as basic information such as their golf experience. Surveys are also conducted among sales staff and technical experts at retail outlets regarding customer tendencies. Based on analysis of this data, planning and development get underway. In the final stages of external design, the golf club is turned over to Yamaha Product Design Laboratory. The result is a product based on survey data that meets the expectations of customers.

Analysis of survey data is regularly employed to test hypotheses during the planning stage, though a survey conducted in fall 2006 revealed an aspect that was in contrast with the division's assumption. A survey on the inpres™ X series of drivers asked golfers which direction (left or right) they would prefer to avoid hitting the ball. The division had assumed 70% right and 30% left, but the actual response was nearly equal for the two sides. In the 2008 model lineup, therefore, alongside the 4.6D model, which incorporates features to help prevent the user from slicing right, Yamaha developed and launched the 4.6D Type S driver model to help prevent balls hooking left. The sales volume* for these two 2008 models was up 85% over that of the 2007 model 460D. The D Steel and D Black models were also developed based on the 2006 survey.

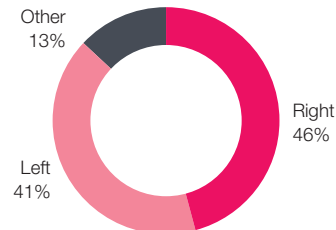
* Sales volume for the 460D for the January to June 2007 period against that of the 4.6 and 4.6D Type S for the January to June 2008 period.



inpres™

Results of Customer Survey

When using a driver, which direction (left or right) would you prefer to avoid hitting the ball?



CASE 3 Offering a Wide Range of People the Opportunity to Make Music Pro Audio & Digital Musical Instruments Division Yamaha Corporation

Yamaha developed its next-generation musical instrument TENORI-ON™ in collaboration with internationally active media artist Toshio Iwai. TENORI-ON™ features a radically new kind of interface of 16 x 16 LED buttons placed on a square board, allowing users to create and perform music by sight and intuitive sense, even without any formal musical knowledge. Yamaha will continue to seek out new ways for a wide range of people to enjoy music.



TENORI-ON™

CASE 4 A Vintage Sound Through New Technology
Wind, String & Percussion Instruments Division
 Yamaha Corporation

The sound of vintage guitars—instruments made of high-quality materials and played for over two decades—is often described as “matured” and is a perennial favorite among acoustic guitar fans.

Yamaha has conducted extensive research on the molecular structure of the wood of vintage guitars, and has succeeded in developing a new technology known as Acoustic Resonance Enhancement (A.R.E.) that optimally conditions the wood. This technology has been used to produce the L36ARE and L26ARE models, which were launched in May 2008. The broken-in sound of these models has won extensive praise from numerous artists.

Even though it has become difficult to secure a steady supply of high-quality guitar wood, which is increasingly scarce, the development of A.R.E. makes it possible to provide numerous guitar fans with newly produced instruments that even improve on the sought-after vintage sound. We plan to apply A.R.E. technology to other instruments as well.



Wood that has undergone A.R.E. treatment at Yamaha's factory is crafted into instruments by experienced artisans of Yamaha Music Craft Corporation, which specializes in producing high-quality, hand-crafted guitars.



L36ARE

Improving Customer Support Service

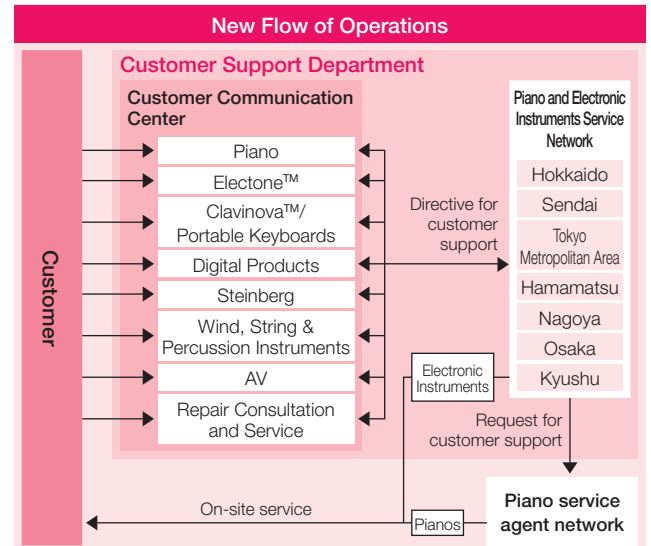
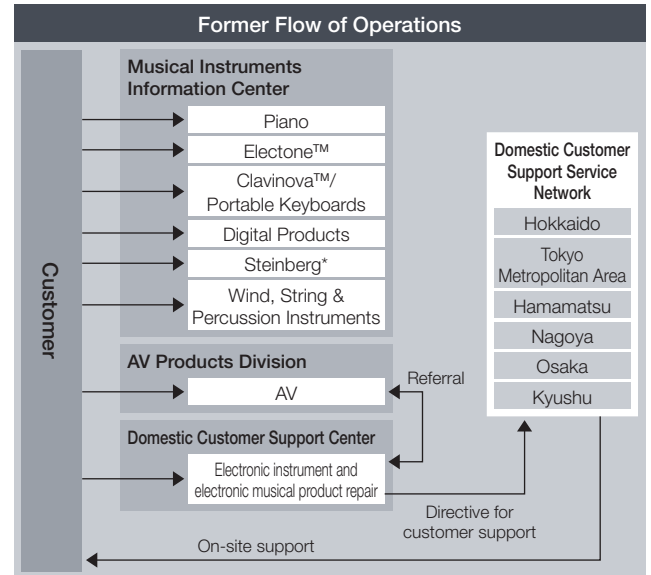
CASE 1 Integration of Customer Call Centers:
 Pre-sale consultations through after-sales service
Domestic Sales & Marketing Division
 Customer Support Department, Yamaha Corporation

The Yamaha Group has numerous business divisions, and in April 2008 established a Customer Support Department as a means of integrating customer services in an effort to improve convenience.

The former eight customer call centers separated by product category and function have been combined on a single floor as the newly established Customer Communication Center. This center incorporates a general reception service in addition to product-specific helpdesks, facilitating a smoother response. We have also combined the various repair consultation and service facilities, and reorganized the seven nationwide service centers (stations).

Through these measures we have put in place a structure that allows us to provide a cohesive customer service system incorporating everything from pre-sale consultations to instructions for use and after-sales service. Looking ahead, we plan to unify management of customer information received, establishing a structure to provide analysis of feedback on inquiries received and other data to the various business divisions and top management.

Telephone Inquiry Response Flowchart



* Steinberg: Music software

Apology for Leak of Personal Information

In May 2008, an incident occurred that resulted in the leaking of personal information of as many as 120 customers of Yamaha's online store. Large numbers of people accessing the site to apply for purchase of the TENORI-ON™ system caused the system to malfunction, displaying certain customers' information to unrelated parties. Yamaha Corporation sincerely apologizes for this incident. We have corrected the program and taken steps to prevent any reoccurrence, including introducing tighter safety controls on personal information.

+ With Our Shareholders

The Yamaha Group utilizes transparent and effective management practices to achieve sound results and provide an appropriate return to its shareholders. The Group also distributes a wide variety of management information and engages in proactive, ongoing communication to foster shareholder understanding and satisfaction with regard to its activities.

Policies for Retained Earnings and Returns to Shareholders

Yamaha Corporation has adopted a basic policy for allocating profits that is linked to the level of consolidated net income in the medium term and provides for increasing the ratio of consolidated net income to shareholders' equity by making additions to retained earnings that are appropriate for strengthening Yamaha's management position through investments in R&D, sales capabilities, capital equipment and facilities, and other areas, while also placing emphasis on providing higher returns to shareholders that reflects consolidated performance. Specifically, Yamaha will endeavor to provide stable dividends and sets a goal of 40% on a consolidated basis for its dividend payout ratio. We also apply information gained from shareholders and investors to the management of our businesses, maintaining a constant awareness of corporate and shareholder value. Personnel responsible for investor relations support top management by supplying them with opinions and suggestions gathered through communication with market participants, institutional investors, and shareholders.

In fiscal 2007, Yamaha Corporation sold a portion of stock held in Yamaha Motor Co., Ltd. In addition to returning a portion of the resultant cashflow to growth investments, we have decided to return approximately ¥6 billion to our shareholders in the form of a special dividend of ¥20 per share per year over a three year period beginning fiscal 2007, and for share buybacks (a total of ¥18 billion, completed in June 2008).

Proactive IR* Efforts to Promote Understanding of the Company

Yamaha Corporation adheres to a disclosure policy that ensures a level playing field with regard to the disclosure of information to private and institutional investors around the world. We supply management information in a timely manner through multiple channels, including materials from financial briefings, annual reports, and our website. Furthermore, we supply those who request it with financial information and announcements of all kinds through email as it is released. (As of the end of May 2008, this information was supplied to 948 people in Japan and 539 people outside Japan.) Moreover, we hold quarterly results

conferences for Japanese securities analysts and institutional investors, and in addition to providing explanations of results by top management, we conduct factory tours and strategy conferences for individual business lines on occasion.

All information released to investors in Japan is translated into English for release to institutional investors in other countries. Distribution is effected in a timely manner so as not to create an information disparity between investors overseas and in Japan. In addition, the president or an alternate top executive travels overseas several times a year to talk directly with investors about Yamaha's operations.

Yamaha is also increasing efforts aimed at the private investor. As well as implementing a special benefit plan for private investors, we utilize our website to provide information in an easy-to-understand format. We work to communicate with private investors, conducting surveys of private shareholders and participating actively in events held for them, utilizing the results to improve investor relations activities and management performance.

* Investor Relations

Inclusion in Socially Responsible Investment Funds

The trend towards considering the social responsibility as well as the economic features of an investment when evaluating potential investments, known as "Socially Responsible Investment (SRI)," is on the rise in Japan. Yamaha Corporation is listed in some of the world's most prominent SRI indexes, such as the FTSE4Good Global Index (managed by Britain's FTSE), the Ethibel Sustainability Index (managed by the Vigeo Group) and the Morningstar Social Responsibility Index (managed by Morningstar Japan K.K.).

As one way of measuring financial soundness, each year Yamaha requests a long-term bond credit assessment from a bond ratings agency. The results are shown below.

Bond Credit Rating (As of March 31, 2008)

Rating and Investment Information, Inc. (R&I)	A
Japan Credit Rating Agency, Ltd.	AA-

Major IR Activities

Fiscal Year	2004	2005	2006	2007
Quarterly results conferences	Each quarter	Each quarter	Each quarter	Each quarter
Overseas IR	Four times	Three times	Three times	Three times
Strategy conferences on business lines	Yes	Yes	Yes	Yes (medium-term management plan explanation conference)
Factory tours	Yes	-	-	Yes



+ With the People We Work with

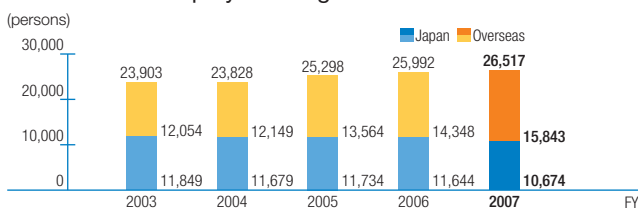
Yamaha Group businesses are successful thanks to the efforts of our full-time employees and the contributions of temporary staff, affiliated factories, retailers, and many others.

Yamaha pursues a variety of initiatives to make the most of their skills, helping us all to grow and prosper.

Initiatives for Employees Basic Employment Policies

The Yamaha Group complies with the employment laws of each country in which our businesses operate, employing appropriate labor management measures in our labor relations and practices. We uphold respect for human rights in our hiring and employment, working to ensure a fair selection process and to provide employment opportunities to a wide range of people.

Consolidated Employment Figures



Senior Partner System

In April of 2004, Yamaha Corporation introduced a Senior Partner System for employees who wish to continue working after the mandatory retirement age of 60. In fiscal 2007 we hired 86 of 115 applicants, and as of June 2008 there were 139 employees working under this system. While utilizing the wealth of operational knowledge, skills and experience of older workers, this system also provides newer employees with experienced direction and education, as well as additional support for people past retirement age. We have revised the application process and benefits structure to enable us to more fully utilize the system from fiscal 2008 and onwards.

Employment of Persons with Disabilities

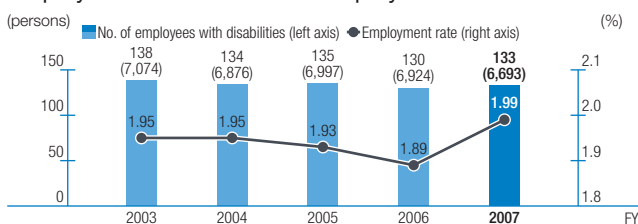
In 1989, Yamaha Corporation established the special subsidiary*1 YP Business Service Corporation to support the employment of persons with disabilities and the development of a more accessible work environment.

Further, in accordance with legal revisions we plan to utilize the group application system*2 to promote hiring of persons with disabilities at subsidiaries throughout the Yamaha Group.

*1 **Special Subsidiary:** A subsidiary as described in the Law for the Promotion of Employment for People with Disabilities. Such subsidiaries must meet certain criteria, such as the number disabled persons employed and their ratio to overall workforce. People with disabilities employed by such subsidiaries are included in the ratio of disabled persons at the parent company.

*2 **Group Application:** A system under which a company with a special subsidiary may, with the approval of the director of the public employment security office, consider other related subsidiaries as a single unit with the parent company in the calculation of the employment rate.

Employees with Disabilities / Employment Rate



Note: The employee count in parentheses represents the number of people in regular employment at Yamaha Corporation. Figures for fiscal 2005 and 2006 include employees of Yamaha Metanix Corporation.

Human Resources, Training and Education

Job-Tailored Training and Education

We at Yamaha believe that creating a mutually beneficial relationship between the employee and the Company inspires motivation. The Company has therefore put in place a system to train and educate employees, as well as assist them in the development of their careers. Each training program is tailored to a specific objective in one of the following categories: Strategic Personnel Development, Function-Specific Training, Stratified Training, and Self-Development Education.

In the Strategic Personnel Development program, the flagship Yamaha Management School aims to mold the personnel who will be the backbone of the Company in the future, and has expanded its scope to include participants from Group companies in Japan as well. In fiscal 2007, we launched the Yamaha Global Institute (Senior Manager Program) for business leaders at Group companies overseas. Twenty-four participants selected from local companies around the world participated in the four-day program. At production facilities in Japan, we took advantage of the Yamaha Advanced Skill School to provide a jumpstart in training for the next generation of key personnel.

In the Function-Specific Training program, Yamaha offers courses in production and international awareness, as well as holding Network Academy courses and making other efforts to provide training in core technology.

The Stratified Training program aims to develop and strengthen employees' skills, offering training at career turning points, such as skill-building and basic courses for new managers. Yamaha began providing employees approaching the age of 50 opportunities and information to aid in considering their individual life paths, and in fiscal 2007 inaugurated "Life Design" seminars to support their future careers in addition to Stratified Training.

For the Self-Development Education program, Yamaha provides support for employees' voluntary studies, such as the Yamaha Business School (distance learning-based) and other programs. We have also put in place systems specifically for personal development, such as leave for long-term overseas study or career development.

A Corporate Culture of Constant Improvement— Yamaha Productivity Management (YPM)

The Yamaha Group has employed a variety of means to enhance its operations and improve quality. To further accelerate this trend, in fiscal 2006 we began conducting "sustainable Group-wide improvements" under the Yamaha Productivity Management program. Specific measures include greater profitability in business divisions, along with activities designed to enhance operations through the back-office organization, such as reforms in workplace culture and personnel training. Each year the most outstanding examples of this program are recognized with a presentation from the president to share these activities with the entire company and allow all employees to learn from them. In fiscal 2007, we honored 7 exceptional examples from among 38 submitted from across the business divisions.

In its initial year, the Yamaha Productivity Management program focused on production departments in Japan, but in fiscal 2007 it was expanded to include administrative departments as well as overseas manufacturing facilities. We also plan to extend the program to include activities from sales departments.

Initiatives for a Better Work-Life Balance

The Yamaha Group considers cooperation between labor and management to achieve a better work-life balance to be fundamental to realizing corporate growth and a fuller life for all employees. Based on this philosophy, Yamaha Corporation has for many years worked with labor representatives on a range of initiatives to shorten total work hours and provide support for both work and family. The most notable accomplishments of these proactive efforts have been the introduction of child care and nursing care leave, implemented well ahead of statutory requirements.

In April 2006 we established the Work-Life Balance Committee, a joint management and labor organization to provide individual employees with support for both work, and a fuller life outside of work. Specific measures focused on reducing working hours and implementation and improvement of work/family support systems for the variety of circumstances encountered by employees.

■ Self-directed and highly productive work styles (Reduced working hours)

In an effort to prevent overwork, management and labor have jointly established and implemented guidelines for overtime and encouraged employees to utilize paid holidays, take special leave, and revise their work styles. We have established structures and conduct ongoing operational checks aimed at reducing the work hours of each employee, and allowing for a self-directed, highly productive work style. In fiscal 2007 we introduced a system allowing employees to take concurrent holidays, increasing the average number of holidays taken by all employees during the year by two days, and lowering the total annual work hours to less than 2,000 hours for the first time in five years.

■ A dynamic organization with flexible working conditions

In response to the enactment in 2003 of the Act for Measures to Support the Development of the Next Generation, Yamaha created a three-year action plan starting in fiscal 2005 and submitted it to the Ministry of Health, Labor and Welfare. Through consultations with labor, the Company established concrete goals for the three-year period (see box), and began working to achieve its objectives.

As a result, Yamaha received Ministry recognition of its efforts in 2008. We formulated a new five-year plan that began in fiscal 2008, and are working to achieve its objectives. As the first step, during the spring labor negotiations, management and labor reached an agreement on further expanding systems for a work-life balance. We extended the applicable period of shortened work hours for employees with small children, and established a scheme of shortened work hours for parents to participate in school events. We also implemented a program of shortened work hours for employees enrolled in adult self-development courses, as well as introduced an employee assistance program (EAP).

Yamaha will continue to pursue measures to develop its corporate culture and implement programs responsive to the varied situation of individual employees, promoting the establishment of a friendlier work environment and seeking to create a truly dynamic organization.



Ministry of Health, Labor and Welfare mark recognizing Yamaha's support for the development of the next generation

Yamaha Corporation Action Plan

Goals:

- To construct a system supportive of both work and child-rearing through the establishment of an Action Plan
- To promote improvement in the operational systems and the workplace environment through the implementation of an Action Plan
- To contribute to raising the value of Yamaha Business through the implementation of an Action Plan

Plan period:

April 1, 2005–March 31, 2008 (3 years)

Objective 1: Encourage the use of annual paid vacation time (at least ten days' vacation per year)
Reduce overtime (by one hour per month)

Outcome : Use of annual paid vacation increased significantly, with the number of employees who were not able to use over ten days of paid vacation per year decreasing from the upper limit of 2,130 people to 1,122.
We were unable to achieve our three-year target for the amount of overtime, but we were able to reduce the amount of overtime compared to the year before the plan was formulated.

Objective 2: Encourage the use of childcare leave (taken by at least 1 man and 70% of women after the birth of a child)

Outcome : In three years, nine men and 98% percent of women made use of childcare leave.

Objective 3: Institute measures such as shortened hours for employees raising young children

Outcome : We introduced a system for exemption from overtime and weekend work to care for children.
We endeavored to make the system for shortened working hours more flexible, and enabled parents to extend the applicable period until the end of March of their child's first year of school under certain circumstances. We also instituted a new form of leave to allow parents to care for ill children.

Principle Measures

■ Fiscal 2005

Revision of programs for childcare leave and shortened work hours for childcare

Flexible work hours introduced for employees raising small children.

Receipt of the Fiscal 2005 Family Friendly Company Award from the Ministry of Health, Labor, and Welfare

The award recognized Yamaha's programs to provide broad support for work and family, and to create a friendlier work environment.

■ Fiscal 2006

Extensive revision to employee benefit programs

Lifestyle-related benefits were newly established or revised, providing expanded support to employees struggling with economic burdens arising from childcare, education, disability or nursing care. A wide range of membership-based welfare benefit services were also introduced.

■ Fiscal 2007

Introduction of Company-wide vacation

The Company has established a labor agreement stipulating three days per year when all workers take paid vacation, two days more than in the previous fiscal year.

Assisting Women's Careers

The Yamaha Group holds the diversity of its employees in high regard, and aims to be a place where all employees can make the most of their abilities, regardless of their gender, nationality or other factors. Measures implemented in the past have resulted in nearly equal average number of years of continuous employment for male and female employees at Yamaha Corporation, and the proportion of women returning to work after childcare leave is nearly 100%.

■ Positive Action Projects

Establishment of the Diversity Planning Department

Yamaha Corporation inaugurated the Positive Action Project in May 2004 by seeking applications for a position on the project from within the Company. Over the course of a year, the project group examined the situation of women at Yamaha and other companies, held lectures and created an internal website in an effort to create a comfortable working environment for women. The results of these activities were compiled into a recommended action plan.

Based on this action plan, in March 2006 Yamaha established the Diversity Planning Department as a dedicated organization within the Human Resources Division in order to accelerate initiatives for assisting women in their careers at Yamaha Corporation. The department is carrying out the following measures aimed at broadening opportunities for women to develop their abilities and creating a more comfortable working environment.

■ Principal Measures

Proactively recruit women

- Increase proportion of women among new graduate hires: Current target 30%
- Secure high-caliber employees through recruiting activities that highlight the activities of women, and by creating a comfortable work environment

Proactively promote women, and expand opportunities for personal development

- Expand promotion of female managers
- Plan and implement a variety of training programs

Create a comfortable work environment

- Implement the Yamaha Corporation Action Plan
- Establish, revise and promote programs to support work and family

Raise awareness in the workplace and foster a positive corporate culture

- Provide information through development of an internal website
- Raise awareness through seminars, training sessions and meetings

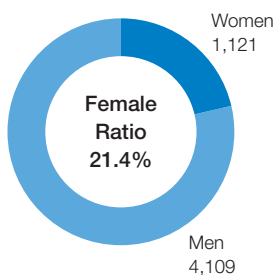


The Diversity Planning Department internal website

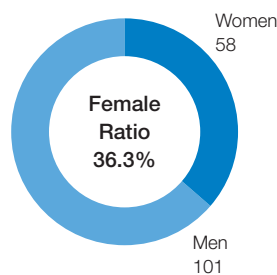
Implement throughout the Yamaha Group

■ Principal Indicators Related to Female Employees at Yamaha Corporation

Ratio of Female Employees (as of March 2008)



Ratio of Female New Graduate Hires (fiscal 2007)



Measures to Prevent Harassment

The Yamaha Group Compliance Code of Conduct prohibits any language, behavior, or unfair discrimination that could be construed as sexual harassment or other impropriety.

In an effort to prevent sexual harassment and other forms of harassment in the workplace, Yamaha has distributed the Code of Conduct to all employees, as well as clarifying and making all employees aware of the consequences for failure to comply with company rules and regulations. We also work to prevent harassment through workplace meetings and management trainings to better educate employees about the issues involved. We further established a consultation and telephone counseling service, taking steps to quickly respond to and resolve issues reported.

During fiscal 2007, we distributed notices and held information sessions on the revisions to the Equal Employment Act to ensure that employment management practices complied with the revised law. Further, we implemented additional measures to ensure awareness that sexual harassment is prohibited in all workplaces, and took steps to establish a work environment that allows employees to fully utilize their skills, regardless of gender.

EMPLOYEE REPORT



The Benefits of Strong Communication in the Workplace

Yasuko Matsuda

Manager
Information Systems Division
Support Center Accounting Systems Group
Yamaha Corporation

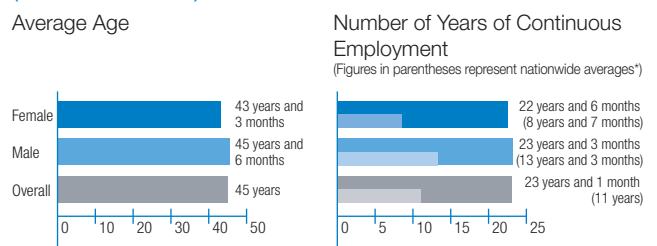
I am currently in charge of accounting systems for overseas factories and sales companies. One of the major reasons I have been able to continue this work for such a long time is that I actively learn from my mistakes, and use them to improve my work. Another is that I find this job challenging and meaningful.

The three main issues for women who want to continue working are marriage, children, and caring for parents. Overcoming these hurdles and countless others is a significant problem. We have achieved this at my workplace because everyone has a certain degree of flexibility in their schedules, and all employees share the work, providing a structure for mutual support.

In order to fully discover your skills in the workplace, first you have to learn how to act in cooperation with those around you. I believe it is important to consciously create an atmosphere of friendly communication in the workplace, and form a group of true colleagues who can overcome the hurdles together.

Female Manager Ratio (as of March 2008)

Average Age and Number of Years of Continuous Employment (as of March 2008)



* Source: Ministry of Health, Labour and Welfare

Female Manager Ratio (as of March 2008)

2.5%

Number of Employees Receiving Childcare Leave (FY2005–FY2007)

Female: 82 Male: 9

Employee Health and Safety

■ Employee Health and Safety Policies and Administration

Health and safety are the fundamental conditions for leading a happy and rewarding life. Based on this philosophy, the Yamaha Group has formed an Industrial Safety and Health Committee headed by the Director in Charge of Industrial Safety and Health, with membership comprising branch managers, area leaders, and the chairs of various subcommittees. This committee is charged with managing occupational health and safety, as well as activities to promote health. Each year in April, Yamaha holds a Group-wide health and safety fair to share basic policies and specific measures regarding health and safety.



The Director in Charge of Industrial Safety and Health makes a presentation during the Group-wide health and safety fair

■ Preventing Work-Related Injury and Death

Yamaha Corporation's headquarters and factories, sales offices and other Group Companies in Japan all failed to meet their safety goals for fiscal 2007. Yamaha Corporation's headquarters and factories in particular had six work-related accidents as of the end of September 2007—the same as the total for the previous fiscal year—prompting the Director in Charge of Industrial Safety and Health to declare a state of emergency, and conduct an emergency safety inspection of all workplaces. (By the end of fiscal 2007, a total of nine work-related accidents had occurred). We also invited outside experts to conduct training, particularly for production floor managers and supervisors. A total of 264 employees participated in this program.

In fiscal 2008 Yamaha will implement special safety guidance measures for its headquarters and factories at all business sites as part of a more proactive health and safety program.

Fiscal 2007 Work-Related Accidents

	Frequency		Severity
	Goal	Result	Result
Headquarters / Headquarters Factory	0.3 or less	0.89	0.001
Yamaha Corporation Sales Offices	0.5 or less	1.07	0.004
Group Companies in Japan	1.0 or less	2.24	0.002

(Frequency = number of work related deaths/injuries ÷ total man hours x 1,000,000)
 (Severity = number of days lost ÷ total man hours x 1,000)

Promoting Good Health

Yamaha Corporation undertakes a wide range of activities aimed at bettering the health of its employees. In fiscal 2007 we implemented more stringent anti-smoking measures, including a resolution to ban smoking on all Company property starting in April 2011. At the same time, in order to promote positive mental health we introduced a counseling service provided by an external institution alongside our in-house support center. In addition, Yamaha Corporation sponsors a series of regular activities, such as the Walk for Health and Indica Tournament in order to encourage employees to participate in healthy activities.



Employees participate in the Walk for Health

Initiatives for Business Partners

Fair Evaluation and Selection in Partner Relationships

The Yamaha Group considers suppliers and subcontractors to be partners in our effort to live up to our business philosophy. As such, we strive to ensure fair dealings based on mutual trust. In our business dealings we adhere strictly to the law, and ensure impartial selection and proper evaluation in accordance with internal regulations and standards. Further, under the banner of "open procurement" we take care to ensure that business dealings are open, fair, and unbiased, and maintain a basic policy of conserving natural resources and protecting the environment.

In fiscal 2008 we will take this policy a step further with the formation of a new procurement policy that incorporates promotion of CSR-based procurement, to be published on the Company website in October 2008. Such disclosure increases external awareness of Yamaha's policy regarding procurement of materials and components, while also instilling the principles among internal buyers, thus encouraging better procurement activity.

Yamaha Material and Component Procurement Policy

Yamaha, in keeping with its management philosophies of Customer-Oriented and Quality-Conscious Management, Transparent and Sound Management, Management that Values People, and Management in Harmony with Society, and to realize its corporate objective of "Creating 'Kando' Together", conducts procurement in accordance with the following five basic principles.

Basic Principles

Fair and Open Dealing

We will seek the optimum materials and components globally in accordance with the principle of free competition.

Establish Partnerships

We value understanding and trust with our suppliers, and seek to establish mutually beneficial relationships.

Legal Compliance and Consideration for the Environment

We will comply with all laws of the countries and regions in which we do business, and pursue procurement that gives due consideration to environmental protection and conservation of nature.

Proper Quality and Stable Procurement

We will seek to achieve continued and stable procurement of the optimum materials and components backed by exceptional manufacturing technologies and production control capabilities.

Promotion of CSR-Based Procurement

We will actively promote CSR initiatives, and seek active CSR initiatives from our suppliers as well.

(Established in 2008)

Survey of CSR Measures of Business Partners

In February 2008, the Purchasing & Logistics Division conducted a survey of CSR measures taken by Yamaha's business partners. In addition to companies that deal directly with the Purchasing & Logistics Division, the survey also included manufacturing companies that supply the trading companies from whom the Division purchases goods, for a total of 1,350 companies around the world. The content of the survey conformed to that from the Japan Electronics and Information Technology Industries Association (JEITA), and focused particularly on evaluation of measures to ensure legal compliance. Based on the responses received from the companies we separated them into five compliance levels, prioritizing business with those that rated highly, and making requests for improvements to those that had a low evaluation.

+ With Society

Yamaha offers 'kando' to people around the world through its policy of contributing to cultural enrichment.

As a good corporate citizen, we make a variety of social contributions in order to share 'kando' and enrichment with a diverse range of stakeholders.

“Music Teacher of the Year” Awards *Yamaha Music UK Ltd. (YMUk)*

This annual competition is run by Classic FM, the U.K.'s largest commercial classical radio station, in partnership with YMUk. The companies select the Music Teacher of the Year from among music educators with outstanding records nominated by students, parents and colleagues.

Two of the ten final candidates were honored in 2007: Chris Brook of Thomas Cowley High School and Brian Cripps of Glenfall Community Primary School. The award ceremony held at a Yamaha-run store in London was attended by Parliamentary Under-Secretary of State for Education Lord Andrew Adonis. The schools of both recipients received Yamaha instruments, computers and Sibelius software worth several thousand pounds.



The two award winners with their plaques, and Parliamentary Under-Secretary of State for Education Lord Andrew Adonis (second from left)

Family Day

Yamaha Electronics Manufacturing Malaysia Sdn. Bhd. (YEM)

YEM, which produces audio-visual products at its plant in Ipoh, held its first Family Day for the families of employees on March 14, 2008. The project was designed partly to show the families of YEM workers the safe and healthy workplace, while also helping to raise awareness of environmental conservation among the local populace, and to serve as part of Yamaha's environmental and ISO measures. Activities on the day of the event included a factory tour, a presentation on YEM's safety and environmental measures, and a ceremonial tree planting.

A total of 71 people were invited, mainly junior high school students, and many children said they were excited to have their first opportunity to see their parents' workplace. YEM plans to hold similar events each year, and is considering inviting other local community members to attend as well as families.



Families of employees participate in Family Day

“Recorders... Winds of Tomorrow” Project

Yamaha Music Latin America, S.A. (YMLA)

YMLA sponsors a program that uses recorders as introductory instruments for school bands in countries throughout the Caribbean, and Central and South America. The project, which has grown steadily to serve 600,000 students, began as an education policy adopted by the Department of Education in Argentina, as well as the Department of Culture in Costa Rica, where there are currently 135,000 students learning the recorder. In Panama, thanks to the cooperation of the Office of the First Lady and the Presidency, it has grown into an education program in which 90,000 students participate, giving rise to ten recorder bands over the past two years.

The aim of this project is to spread the culture of music among people in disadvantaged regions and diverse communities. YMLA intends to continue to utilize Yamaha instruments to contribute to society.



Recorder concert held in Panama City

Yamaha Visitor Center Awarded first Corporate Museum Social Contribution Prize
Yamaha Visitor Center

The Yamaha Visitor Center in Hamamatsu, Shizuoka Prefecture, Japan, was awarded the first Corporate Museum Social Contribution Prize, the highest award established by the non-profit organization Corporate Museum Association. This award is presented to corporate museums that make contributions in such areas as lifelong learning, sound nurturing of young people, regional development or cultural exchange.

The award was given in recognition of the center's wide range of programs for the more than 30,000 visitors who come to the center annually, as well as our support for integrated study and field trips for elementary and junior high students. Yamaha was one of six facilities to be selected from 35 applications nationwide.



The awards ceremony at the Yamaha Visitor Center

Training Programs

Yamaha Music Central Europe GmbH (YMCE)

Germany has a national apprenticeship initiative in which companies invest in the training of young people by offering them practical work experience.

YMCE has been active in apprenticeship programs for over two decades as part of its commitment to the local community, helping train 40 young people to become professionals. Each year Yamaha accepts two recent graduates for a term of two and a half years, who spend one day each week in training schools learning theory and attending lectures, and the other four days working at YMCE to acquire practical experience in sales, marketing, administration and other areas. The apprentices are a valuable and vital part of the entire staff, and have forged positive relationships in the workplace. As a result, Yamaha hires many of the interns at the end of the training period, allowing them to continue their work and thrive in a variety of fields.



YMCE apprentices

Yamaha Cares Ongoing Social Contribution Activities
Yamaha Corporation of America (YCA)

YCA provides employee volunteers and fund-raising through its social support program Yamaha Cares. Wildfires in California that broke out in November 2007 forced the evacuation of close to one million residents, and led to the loss of 1,641 homes. YCA raised a total of \$22,564 through employee fund-raising and corporate contributions, which it donated to the American Red Cross.

YCA also has an ongoing program to raise money to assist cancer patients. During the American Cancer Society's fundraising event Daffodil Day, held from January 21 to February 8, 2008, many employees purchased daffodils to help raise money for cancer patients and education programs. During Lee National Denim Day, held throughout the U.S. in October 2007, employees who made contributions of five dollars or more participated by wearing a Lee denim pin for the day, helping to raise funds in support of efforts to combat women's cancers.



YCA presents its donation to the American Red Cross

"How a Piano Works" Show

Yamaha Music Yokohama Co., Ltd.

For the second year in a row, Yamaha Music Yokohama sponsored a Piano Dismantling Show during the Sugita Theater Summer Festival, a local cultural exchange event held in August 2007 in Yokohama.

During this event children watch a piano technician disassemble a piano to learn about the complicated mechanism that allows it to produce sound. They then create their own original keyboards, and finally perform together in an ensemble. The children who participated enjoyed themselves and showed an interest in pianos.



Children watch as a piano is disassembled

Environmental Initiatives

The Yamaha Group places high priority on the environment, and strives to ensure compliance with both the law and the Yamaha Policy on the Environment. In order to recycle resources and reduce the environmental impact on society as a whole, Yamaha promotes a variety of eco-friendly initiatives that span all stages of the product life cycle, from raw material procurement, development, production and utilization through to disposal.

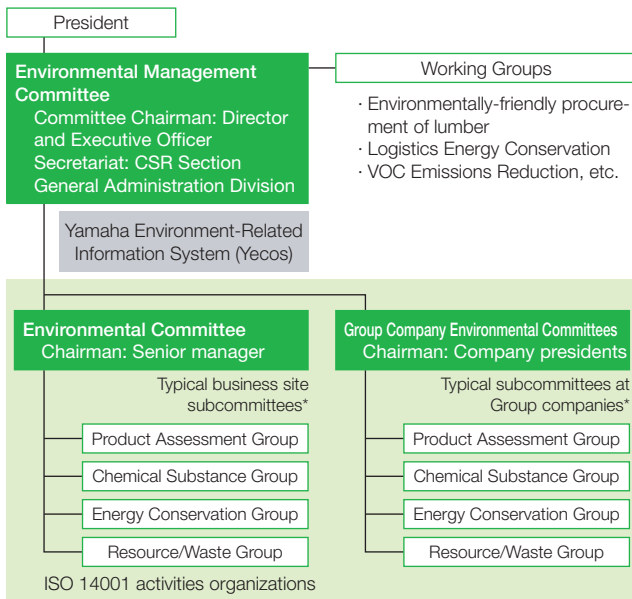
Environmental Management

Environmental Management Promotion Structure

In 1994 the Yamaha Group established the Yamaha Policy on the Environment, which sets forth the Group's basic stance on the environment, and established a group-wide, cross-sectional environmental management organization, in accordance with the Environmental Management Regulations. The Environmental Management Committee, chaired by the Director in Charge of Environmental Matters, meets periodically to discuss and decide important matters such as the Group-wide environmental strategy. The Committee also collaborates with involved organizations at each business site, establishes working groups as needed, and identifies issues and devises environmental policies and measures concerning specific environmental topics.

To ensure the effective functioning of the Yamaha Group's environmental management systems, the senior managers of each business site establish individual environmental policies, decide environmental goals and targets in light of the business environment, and engage in environmental protection activities. Yamaha periodically checks and follows up on those activities and results through the Environmental Management Committee and internal audits, working continuously to improve the system.

Environmental Management Structure



* Actual subcommittees may vary depending on place of business.

Environmental Management Systems (EMS) Web

The Yamaha Group is engaged in Group-wide environmental protection activities. To implement these activities, we introduced ISO 14001 international standards for environmental management systems in fiscal 1997. Since that time, we have sought continuous improvements based on the PDCA cycle concept to achieve compliance with matters required by law and regulation, mitigate environmental risk, and reduce direct and indirect environmental loads resulting from business activities.

In fiscal 2006, the Group's production companies and principal sales offices in Japan and overseas completed ISO 14001 certification. In fiscal 2007, we integrated the ISO 14001 systems at the two Piano Division plants with the aim of increasing activities efficiency. Meanwhile, the number of ISO 14001-certified business sites decreased from 37 to 27 owing to the transfer of business of certain Group companies and the reorganization of production bases.

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.

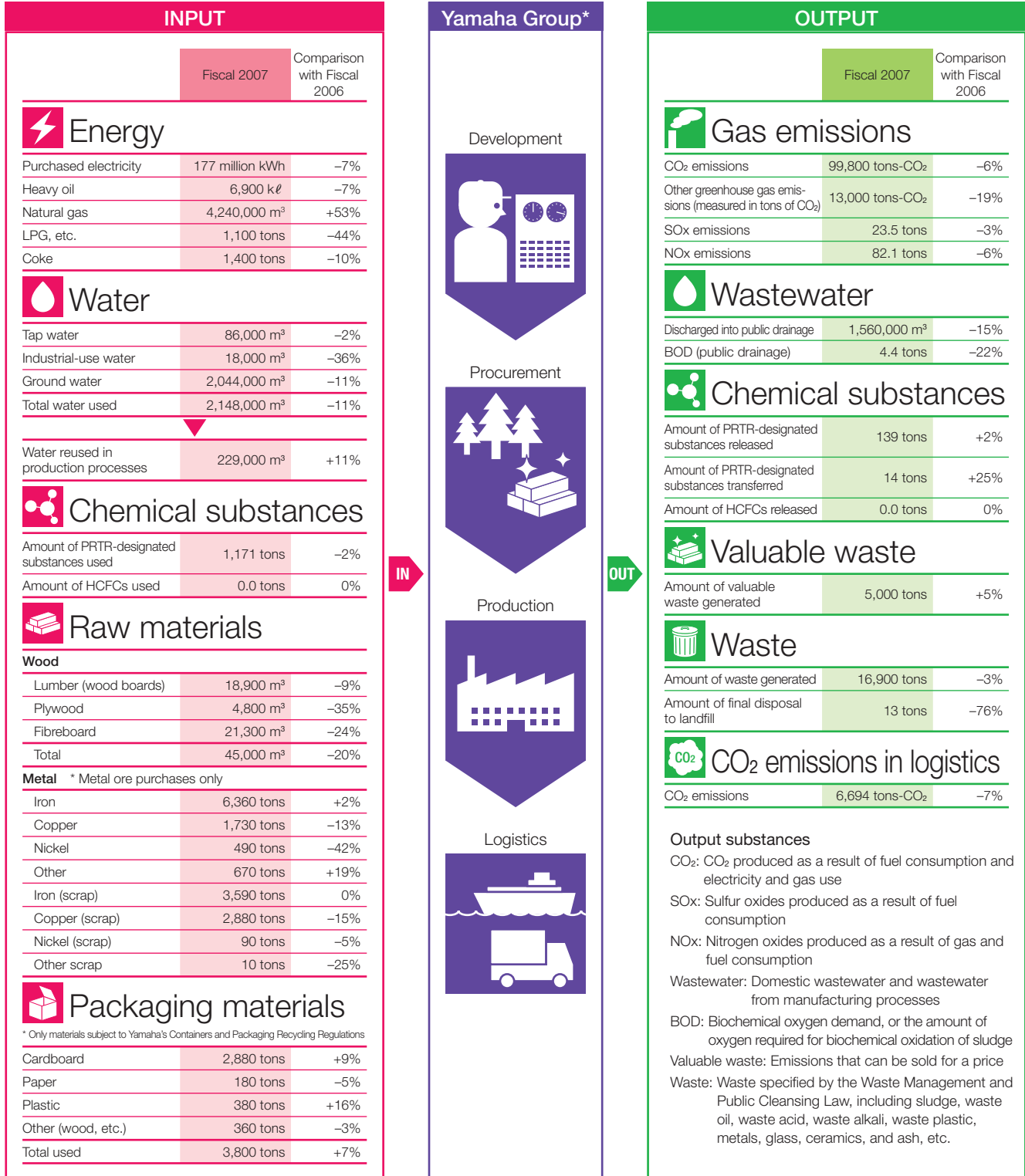
(Established in 1994)

For detailed environmental performance data, please see: http://www.global.yamaha.com/about/environmental_activities.html (Specific areas indicated by the Web icon.)

Material Balance

The Yamaha Group produces a wide variety of products and services, including musical instruments, AV/IT equipment, lifestyle-related products, semiconductors, specialty metals, and automobile interior components. Understanding the flow of materials in these varied business activities is essential in further clarifying the relationship between a company and the environment and in promoting the environmental conservation activities needed for the development of a sustainable society. We actively pursue energy and resource conservation, waste reduction, hazardous substance reduction or replacement, and other such activities in all phases of the lifecycle of a product or service.

* Yamaha Group: Yamaha Corporation and other manufacturing companies belonging to the Yamaha Corporation in Japan.



Goals and Achievements

The Yamaha Group has set specific goals designed to put its Policy on the Environment into practice. The Group complements these efforts with well-planned and ongoing environmental conservation activities aimed at contributing to the creation of a sustainable society.

	Goal	Achievements in FY2007	Status	Future Initiatives
Environmental Management System	<ul style="list-style-type: none"> Extend ISO 14001 certification across the Yamaha Group 	<ul style="list-style-type: none"> Conducted studies and investigations related to ISO 14001 integration 	Completed	<ul style="list-style-type: none"> Preparation and planning related to ISO 14001 integration
	<ul style="list-style-type: none"> Expand the Yamaha Environment-Related Information System (Yecos) within the Yamaha Group 	<ul style="list-style-type: none"> Extended scope of data collected from main sales offices 	Completed	<ul style="list-style-type: none"> Examine compatibility with new OS Investigate system applicability overseas
	<ul style="list-style-type: none"> Promote environmental training and education activities 	<ul style="list-style-type: none"> Provided internal environmental auditor training: 46 employees qualified (giving a current total of 835 qualified auditors) 	Completed	<ul style="list-style-type: none"> Continue with internal environmental auditor training seminars
		<ul style="list-style-type: none"> Conducted environmental seminars (301 participants): Theme: "Global mega-trends and domestic issues in Japan" 	Completed	<ul style="list-style-type: none"> Continue with environmental seminars
Product development	<ul style="list-style-type: none"> Promote environmentally friendly product development 	<ul style="list-style-type: none"> Implemented employee training on environmentally friendly designs Implemented LCA for unevaluated product groups and new products 	Completed	<ul style="list-style-type: none"> Investigate LCA methodologies for effectively measuring the environmental impact of diverse Yamaha products
		<ul style="list-style-type: none"> Conducted a trial of used electronic music product recycling 	Completed	<ul style="list-style-type: none"> Recycle used electronic music products and other Yamaha products
	<ul style="list-style-type: none"> Comply with RoHS Directive and similar standards 	<ul style="list-style-type: none"> Continued compliance with RoHS-type standards in places such as the U.S., China, and South Korea 	Completed	<ul style="list-style-type: none"> Continue compliance with RoHS-type standards in places such as the U.S., China, and South Korea
		<ul style="list-style-type: none"> Continued with expansion of RoHS-level compliance measures to those products not subject to the RoHS Directive and to products not shipped to the European Union 	Completed	<ul style="list-style-type: none"> Continue with expansion of RoHS-level compliance measures to those products not subject to the RoHS Directive and to products not shipped to the European Union
Green procurement	<ul style="list-style-type: none"> Promote green procurement 	<ul style="list-style-type: none"> Investigated procedures for managing chemical substances contained in products which meet tightened international regulations 	Completed	<ul style="list-style-type: none"> Manage chemical substances contained in products which meet tightened international regulations
		<ul style="list-style-type: none"> Investigated procedures for a feasibility study into wood sustainability 	Completed	<ul style="list-style-type: none"> Launch feasibility study into wood sustainability
Prevention of global warming	<ul style="list-style-type: none"> 6% reduction in CO₂ emissions on FY1990 levels by FY2010 (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan) 	<ul style="list-style-type: none"> 7.9% reduction on FY1990 levels of CO₂ emissions (99,800 tons CO₂/year: levels down 6.3% compared to the previous year) 	Completed	<ul style="list-style-type: none"> 6% reduction in CO₂ emissions on FY1990 levels by FY2010 (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan)
	<ul style="list-style-type: none"> 1% reduction in CO₂ emissions per unit of sales on FY2006 	<ul style="list-style-type: none"> 5.3% reduction on the previous year's CO₂ emissions per unit of sales (233,000 tons CO₂/100 million yen) 	Completed	<ul style="list-style-type: none"> 1% reduction in CO₂ emissions per unit of sales on FY2007
Waste reduction	<ul style="list-style-type: none"> Achieve Zero Emissions* in all Yamaha Group companies in Japan by the end of FY2007 	<ul style="list-style-type: none"> Achieved Zero Emissions in all Yamaha Group production-related companies in Japan 	Completed	<ul style="list-style-type: none"> Maintain Zero Emissions and improve recycling quality
Protection of the ozone layer	<ul style="list-style-type: none"> Maintain elimination of CFCs and HCFCs from manufacturing processes (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan) 	<ul style="list-style-type: none"> Complete elimination since April 2005 	Completed	<ul style="list-style-type: none"> Maintain complete elimination
Management of chemical substances	<ul style="list-style-type: none"> Set goals and implement activities for the reduction of VOC emissions (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan) 	<ul style="list-style-type: none"> Set goal of reducing VOC emissions by 30% on FY2000 levels by FY2010 Reduced VOC emissions by 24% on FY2000 levels 	Completed	<ul style="list-style-type: none"> Reduce VOC emissions by 30% on FY2000 levels by FY2010
Groundwater purification	<ul style="list-style-type: none"> Continue ongoing purification of groundwater (3 sites) 	<ul style="list-style-type: none"> Purification at two sites has improved water quality to the point where it exceeds that required by environmental law 	Completed	<ul style="list-style-type: none"> Continue using pumped water aeration and activated carbon absorption methods for groundwater purification
Social contribution	<ul style="list-style-type: none"> Conservation of forests outside of Japan: Plant 150,000 to 200,000 trees on 120 hectares in "Yamaha Forest," Indonesia by FY2009 	<ul style="list-style-type: none"> Planted 30,000 trees on 30 hectares in "Yamaha Forest," Indonesia 	Completed	<ul style="list-style-type: none"> Plant 150,000 to 200,000 trees on 120 hectares in "Yamaha Forest," Indonesia by FY2009
	<ul style="list-style-type: none"> Conservation of forests in Japan: Provide support for regeneration of the Enshunada coastal forest by 2011 	<ul style="list-style-type: none"> 115 trees planted by 70 Yamaha employees and family members as part of support activities for the regeneration of the Enshunada coastal forest under a Shizuoka Prefecture scheme 	Completed	<ul style="list-style-type: none"> Volunteer planting of trees by Yamaha employees (support for the regeneration of the Enshunada coastal forest)
	<ul style="list-style-type: none"> Conduct and participate in local cleanup campaigns 	<ul style="list-style-type: none"> 900 people participated in local cleanup campaigns 	Completed	<ul style="list-style-type: none"> Continue participation in local clean-up campaigns
	<ul style="list-style-type: none"> Implement educational programs on preventing global warming by publishing household eco-accounting books 	<ul style="list-style-type: none"> 2,156 employee households participated in educational programs using the Smart Life Guide 	Completed	<ul style="list-style-type: none"> Continue educational programs using the Smart Life Guide
Environmental communication	<ul style="list-style-type: none"> Disclose environmental information by publishing a CSR report 	<ul style="list-style-type: none"> Disclosed environmental information by publishing a CSR report 	Completed	<ul style="list-style-type: none"> Publish a feature section introducing activities unique to Yamaha

* Zero Emissions is defined by the Yamaha Group as "limiting volume of waste sent to landfills to 1% or less of generated waste."

Environmental Accounting Web

Yamaha introduced environmental accounting in 1999 as a means of quantitatively evaluating the effectiveness of its environmental conservation activities. These environmental accounting practices were then implemented at the Yamaha Group manufacturing companies and resort facilities in Japan, and since fiscal 2004 they have also been implemented at some overseas Group production sites. The Yamaha Group will continue to gradually expand these practices to other overseas Group companies in the future.

Environmental accounting data for overseas Group factories and resort facilities is available on our website.

Environmental Expenses

(million yen)

		Details	Equipment Investment ^{*1}	Expenses ^{*2}
Business area costs	Pollution prevention	Prevention of air, water and soil pollution, etc.	119.0	678.7
	Global Environment Conservation	Prevention of global warming, protection of the ozone layer, etc.	273.5	99.8
	Resource recycling costs	Waste recycling, resource saving, conservation of water, etc.	29.9	801.0
Upstream/downstream costs		Recycling of products, improvements in logistics, etc.	0.0	122.6
Management costs		Environmental education, ISO14001, greening of premises, etc.	17.5	536.5
Research and development costs		Development of environmentally friendly products, models, etc.	-	278.1
Social activity costs		Social contributions, etc.	0.0	35.5
Environmental damage costs		Groundwater purification, etc.	0.0	13.7
Total			439.9 (-366.3)	2,565.9 (-193.8)

() indicates comparison with the previous year.

*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).

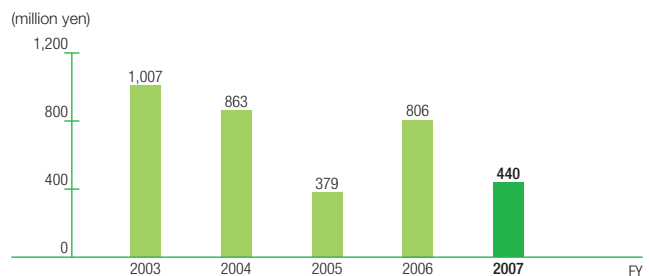
*2 Expenses refer to personnel and other costs expended for environmental conservation activities. Personnel expenses are calculated by multiplying the time spent on environmental conservation activities determined by the manager of each department by a common unit cost of personnel expenses set in each 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 Expenses

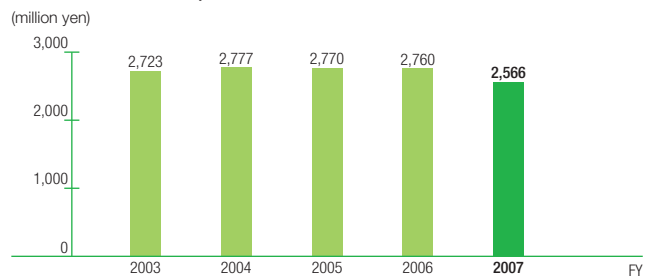
Environmental equipment investment in fiscal 2007 decreased by ¥370 million to ¥440 million. Principal investments were for the conversion of heavy oil boilers at the Toyooka Factory to LNG^{*3} and the renewal of air conditioning facilities and power receiving facilities. Environmental expenses decreased by ¥190 million to ¥2,566 million.

*3 LNG: An abbreviation of liquefied natural gas. Liquefaction occurs when natural gas is cooled to -162°C. As LNG can be transported using tanker trucks, it can be used outside of typical natural gas supply areas.

Environmental Investment



Environmental Expenses



Environmental Effects

1. Environmental Conservation Effects

The Yamaha Group's CO₂ emissions fell by 6,700 tons from fiscal 2006 to 99,800 tons owing to factors including the impact of the installation of a cogeneration system at the Tenryu Factory (currently Yamaha Fine Technologies Co., Ltd.). Water consumption fell by 270,000 m³ year on year to 2,150,000 m³ owing to factors including improvement of excess supply to facilities.

As a result of the Yamaha Group's recycling efforts to achieve the target of Zero Emissions, final disposal at landfills decreased by 42 tons year on year to approximately 13 tons. Emissions of chemical substances increased by 4 tons.

2. Economic Effects

Heating and lighting costs rose by ¥66 million to ¥3,307 million as a result of a steep rise in fuel prices. Water costs fell by about ¥2 million to ¥27 million, and sewerage costs fell by roughly ¥1 million to ¥39 million. Waste disposal costs fell by approximately ¥26 million to ¥440 million.

As a result of a review of waste disposal methods and the conversion of waste to valuable materials, income from the sale of valuable materials increased by ¥44 million year on year, resulting in a total economic effect of ¥219 million.

All figures presented are actual figures from the accounting register, and include no estimates.

Environmental Conservation Effects

Details	Unit	FY2006	FY2007	Change
CO ₂ emissions	10,000 tons-CO ₂	10.64	9.98	0.67
Greenhouse gas emissions	10,000 tons-CO ₂	1.6	1.3	0.3
Water consumption	10,000 m ³	242	215	27
Waste treated or disposed of	tons	55	13	42
Chemical substances released ^{**}	tons	135	139	-4
CFC substitutes emissions	tons	0.0	0.0	0.0

Minus (-) indicates an increase.

*4 "Chemical substances" refers to those substances subject to the PRTR Law that the Yamaha Group in Japan uses

Economic Effects

(million yen)

Details	FY2006	FY2007	Savings
Total savings			-37
Electricity and heating costs	3,241	3,307	-66
Water costs	29	27	2
Sewerage costs	40	39	1
Waste disposal costs	466	440	26
Income from sale of valuable wastes	212	256	256
Economic effect			219

Minus (-) indicates an increase.

Global Warming Prevention

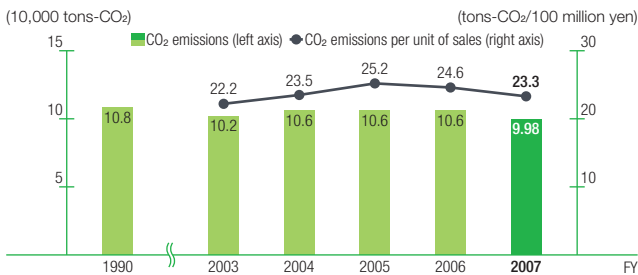
Global Warming Countermeasures Web

Global warming is a serious issue facing the entire human race, and the Yamaha Group considers efforts to solve this problem a priority in business activities. The Kyoto Protocol, adopted in December 1997, is an international agreement which obligates signatories to reduce emissions of six greenhouse gases, including CO₂. Under this framework, Japan has committed to reducing greenhouse gases by 6% from the 1990 level. The Protocol came into effect in February 2005, and the first commitment period began in April 2008. In order to achieve the prescribed targets, the Japanese government, companies, and individuals need to make continuous, steady efforts from their respective positions.

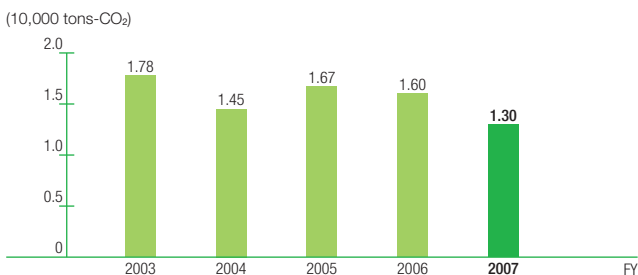
The Yamaha Group has set a target of reducing CO₂ emissions by 6% from the fiscal 1990 level in fiscal 2010, in line with the target the government has set. To date we have actively introduced cogeneration systems, switched from heavy oil to natural gas, adopted photovoltaic power generation systems, and begun using the Green Power Certification System, as well as various other energy-saving facilities and schemes.

As a result of the above initiatives, the Yamaha Group decreased its CO₂ emissions in Japan in fiscal 2007 by 6.3% to 99,800 tons and achieved a 5.3% improvement in CO₂ emissions per unit of sales. Moreover, as part of Yamaha Kagoshima Semiconductor Inc.'s efforts to reduce emissions of greenhouse gases other than CO₂, including perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆), since fiscal 2004 it has been installing exhaust/effluent filtering devices. In fiscal 2007, additional devices were installed, resulting in CO₂ equivalent emissions of 13,000 tons of greenhouse gases, a reduction of 3,000 tons compared to the previous year.

CO₂ Emissions (from energy consumption)



Non-CO₂ Emissions of Greenhouse Gas Emissions*



* Principally sulfur hexafluoride (SF₆) and perfluorocarbons (PFCs)

Initiatives in Production

CASE 1 Switching Fuels to Reduce CO₂ Emissions 1 Toyooka Factory, Yamaha Corporation

The Yamaha Corporation Toyooka Factory has converted its heavy-oil-fired boiler, which was used as a heat supply system within the factory, to a natural gas-fired boiler that uses LNG as fuel. The gas-fired boiler went into regular operation in March 2008. Because LNG offers greater generated energy per unit weight and lower CO₂ emissions than heavy oil, the conversion enabled the factory to reduce CO₂ emissions by about 970 tons per year (approximately 28% lower than with heavy oil) while supplying the same amount of energy. Furthermore, as LNG has no sulfur content, the conversion makes possible a reduction in sulfur oxide (SOx) emissions.

The reduction in CO₂ emissions achieved thanks to the installation of the natural-gas-fired boiler is the equivalent of 0.9% of total actual emissions at production companies within the Group in fiscal 2006, a significant contribution to achieving the Group target of a 6% reduction.



The natural-gas-fired boiler

CASE 2 Introduction of a Green Power Certification System 2 Tsumagoi™

In June 2007 Yamaha Corporation introduced the Green Power Certification System for use at musical events held at Tsumagoi™, a Yamaha-owned resort facility. Certified green power is generated at a wind power generation facility located at the mouth of the Abe River in Shizuoka City. Under this system, Tsumagoi™ is permitted to use up to 500,000 kilowatt-hours of electricity per year, representing a CO₂ reduction effect equivalent to about 230 tons.

In fiscal 2007 certified green power was used at events including ap bank fes '07, an outdoor environmental-protection-themed music event held in July by ap bank.



Green Power Certification

CASE 3 Introduction of a Natural Gas Car 3 The Factory at Yamaha Headquarters

In fiscal 2007 the factory at Yamaha Headquarters introduced a natural gas car for company use. Vehicles fueled by the same kind of natural gas that is supplied to homes are more environmentally friendly than gasoline engine cars and diesel engine cars because they emit little nitrogen oxide (NOx) or CO₂ and nearly no sulfur oxides (SOx) or black smoke (particulates). We intend to continue to introduce low-environmental-load automobiles in future.



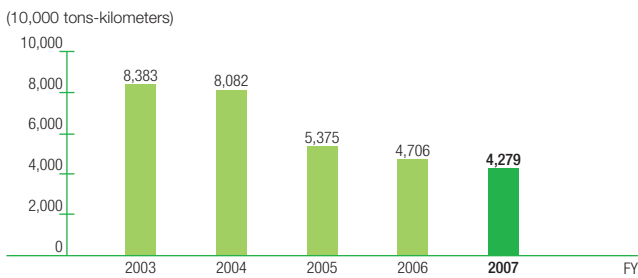
The natural gas car

Initiatives in Logistics

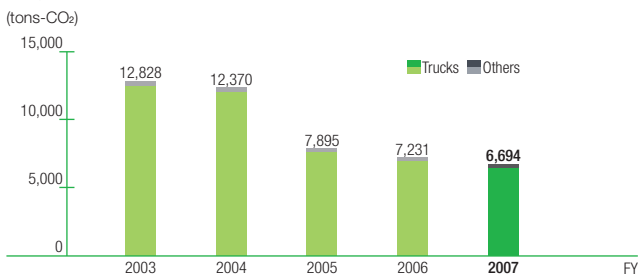
Energy Conservation in Logistics Web

In April 2006 the Yamaha Group established the Logistics Energy Conservation Working Group within the Environmental Management Committee to promote energy conservation activities in logistics Group-wide. Specifically, we are striving to increase transportation efficiency by adopting mixed transport routes, packaging material innovations, and the local disposal of waste products. Group transport volume in Japan in fiscal 2007 decreased by 9% year on year to 42.79 million ton-kilometers, and CO₂ emissions fell by 7% to 6,694 tons.

Transportation Volume



Logistics-related CO₂ Emissions



Reverse Logistics CO₂ Reduction by Decentralizing Disposal Sites for Trade-In Products

The Yamaha Group has established a Group-wide plan for CO₂ emissions reduction in logistics and is implementing efficient transportation practices involving a modal shift, eco-driving, and other innovations.

In fiscal 2007 we undertook a review of the disposal system for Electone™ instruments discarded by music schools and other customers and in February 2008 launched a new system. The previous system involved collecting discarded Electone™ instruments at more than 100 Yamaha-authorized instrument dealers and transporting them to a single dismantling company via 62 distribution warehouses and subsequently arranging for disposal by an industrial waste disposal contractor. Following the review, we now transport discarded Electone™ instruments to ten designated regional industrial waste disposal sites via the distribution warehouses and arrange for contractors to dismantle and dispose of them.

Disposal site decentralization has made possible a sharp reduction in hauling distance, which is expected to result in a reduction of about 42 tons of CO₂.



A disposal site for discarded Electone™ instruments

Initiatives at Business Sites

Energy Conservation Activities at Business Sites

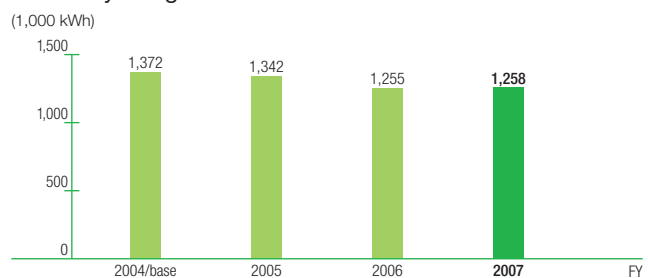
Yamaha Corporation's offices in Tokyo, Osaka, and Nagoya, the principal sales offices, have developed eco-friendly initiatives, earning ISO 14001 certification in October 2006.

In energy conservation activities in fiscal 2007, although electricity usage increased by 0.2% from fiscal 2006, it decreased by about 8.3% from the fiscal 2004 level, for a reduction of approximately 65 tons of CO₂-equivalent emissions. We achieved a 43% reduction in natural gas used in heating, ventilation, and air conditioning from the fiscal 2004 level, for a reduction of approximately 132 tons of CO₂-equivalent emissions. We also achieved transportation category CO₂ emissions reductions and cost reductions attendant on the movement of people through the utilization of conferencing systems, including videoconferencing systems. We also introduced multifunction devices and computerization initiatives in an effort to reduce paper consumption. In terms of waste, however, the volume of waste disposed of increased temporarily as a result of adjustments to workplace layouts.

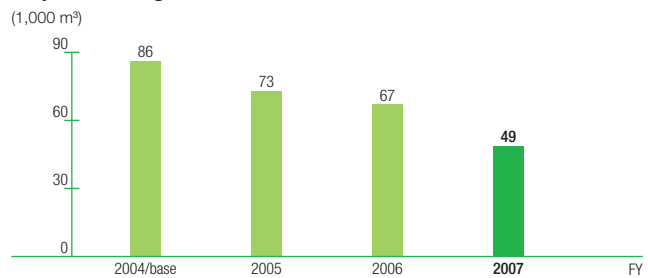


Poster promoting energy conservation activities

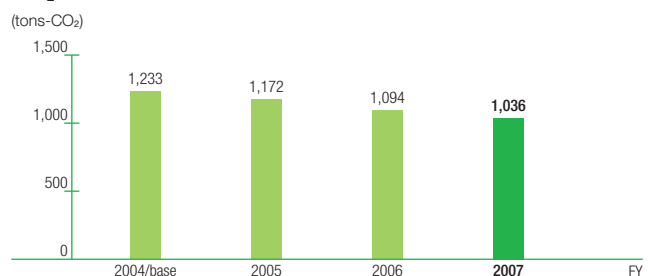
Electricity Usage



City Gas Usage



CO₂ Emissions



Waste Reduction, Recycling and Resource Conservation

All Yamaha Group Production Sites in Japan Achieve Zero Emissions Web

The Yamaha Group offers products in a wide variety of categories, including acoustic instruments, electronic and electrical products, automobile interior components, and lifestyle-related products for the home. For this reason, our production processes use a broad range of raw materials and generate various types of waste. For a number of years, we have been taking measures to curb emissions of waste. Furthermore, in view of the magnitude of social problems involving waste in recent years, in September 2003 we launched an organization to promote Zero Emissions*1 under the Environmental Management Committee, established criteria and deadlines for meeting our goal,**2 and began to work towards achieving them.

Specifically, we have made possible efficient monitoring of disposal status by systematically implementing Group-wide on-site confirmation of waste disposal by contractors. Previously this task was carried out independently at each business site; standardizing the system allowed us to eliminate omissions and duplications. We also introduced a system for the unified management of waste information, allowing us to exercise appropriate supervision over disposal of waste in landfills.

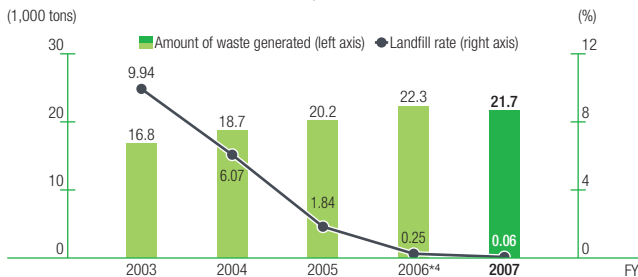
Furthermore, we held periodic meetings to exchange recycling-related information between business sites, which increased the awareness of staff responsible for waste management, and we also rigorously implemented waste separation. As a result, we have succeeded in recycling much of the waste that we previously disposed of in landfills. Through such initiatives, in May 2005 all six Yamaha Corporation production sites in Japan achieved the target of Zero Emissions.

Group production companies in Japan set a target of achieving Zero Emissions during fiscal 2007, commencing full-scale activities a year after Yamaha Corporation. Although Group companies emit a wide variety of waste and encountered a number of difficulties in this effort, we finally succeeded in our goal when Yamaha Music Craft Corporation achieved Zero Emissions in March 2008.

*1 Zero Emissions is defined by the Yamaha Group as "limiting volume of waste sent to landfills to 1% or less of generated waste."

**2 Yamaha Corporation and Group production companies have established as deadlines December 31, 2005 and March 31, 2008, respectively.

Amount of Waste Generated,*3 Landfill Rate



*3 The weight of waste generated here includes industrial waste, nonindustrial wastes (excluding outsourcing from the government) and valuable wastes.

*4 Data shown for fiscal 2006 has been recalculated with greater precision than in CSR Report 2007.

EMPLOYEE REPORT



How We Achieved Zero Emissions

Toru Suzuki

Director
ISO 14001 Office
Yamaha Music Craft Corporation

In 2003, Zero Emissions of landfill waste became an important theme in the Yamaha Group's environmental protection activities. In line with this goal, we at Yamaha Music Craft achieved the target of Zero Emissions in March 2008.

In my capacity as the person responsible for environmental management, in 2003 I went about considering how to set ISO 14001 targets, and decided to make Zero Emissions the target of our ISO 14001 activities. However, we had no previous experience with Zero Emissions activities, and I was not sure that we would be able to achieve our target.

We ran up against a number of obstacles during implementation. We had trouble finding disposal contractors who could process the waste we were emitting so that it could be reused. Meanwhile, we watched as one by one other Group companies achieved their objectives. As we saw this happening, we at Yamaha Music Craft discussed each issue with colleagues in the group, searching for feasible solutions. In the end, we determined that we could recycle FRP waste as raw material for cement and roadbed material. We also decided to make effective use of sawdust, the waste generated in the greatest volume, as cattle litter bedding for ranches (a valuable resource).

Despite the many difficulties we encountered, I am grateful that we were able to achieve the objective thanks to the cooperation of the president, employees, and the many people from outside the company.

CASE 1 External Sales of Wood-Plastic Launched Yamaha Livingtec Corporation

In fiscal 2007 Yamaha Livingtec Corporation began production of wood-plastic (WPC) material, a combination of wood waste material and plastic, as a means of effectively using wood waste (sawdust and other wood-derived materials) generated during manufacturing. Currently the company uses WPC material in its own bathroom washstands. It has also been adopted by plastics manufacturers for external sales.



Wood-plastic (WPC)



A bathroom washstand made with WPC products

CASE 2 Using Dryers to Reduce Waste
Yamaha Musical Products Indonesia (YMPI)

YMPI installed a sludge dryer in February 2007 and is working to reduce emissions of sludge generated at its wastewater treatment plant. The dryer uses exhaust heat from an incinerator chimney to reduce the gross weight of sludge by removing the water.

In fiscal 2007 the Company achieved a 74% year-on-year reduction in sludge emissions (from 62 tons to 16 tons), which has had the added effect of reducing both the costs and CO₂ emissions associated with waste treatment and waste transportation. Moreover, because the dryer uses exhaust heat from the incinerator, it requires no additional energy use.



The YMPI sludge dryer

EMPLOYEE REPORT



Helping to Protect a Green Region

Anton Indra Supriatna

Chief
 ISO 14001 Office
 PT. Yamaha Musical Products Indonesia

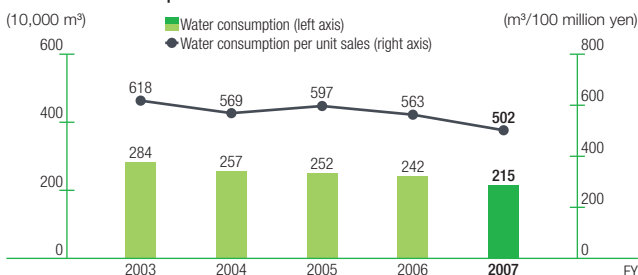
At YMPI I am involved in the ISO 14001 Office and planning for the installation of environmental facilities. In Indonesia, interest in environmental problems has not yet reached the level of developed countries. For this reason, ensuring adherence to international standards among employees was a major issue when we first introduced ISO 14001 in 2001. However, interest in environmental protection among individual employees has deepened since then, and I sensed a major response to the initiative.

YMPI's factory is located in a lush, verdant region. I intend to be forward-thinking and actively seek solutions to environmental issues at all times so that we can protect this precious environment through our actions.

Water Consumption Reduction and Water Reuse [Web](#)

The Yamaha Group strives to improve its water use facilities through initiatives such as the reuse of cooling water from production processes and the reclamation of wastewater through reverse osmosis (RO) membrane devices. We also rigorously engage in water conservation activities on an individual plant basis, including thorough management to prevent excessive use of water. Total water consumption in fiscal 2007 was 2.15 million cubic meters, a reduction of 11% year on year.

Water Consumption



Management of Chemical Substances

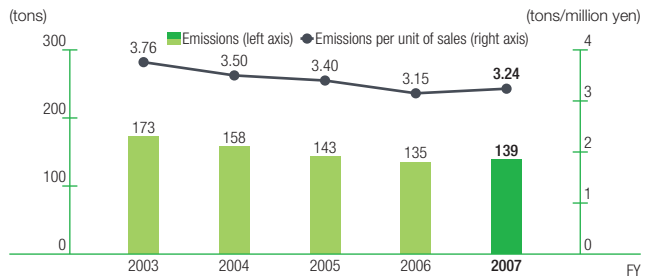
Compliance with the PRTR Law [Web](#)

In accordance with the PRTR Law,* the Yamaha Group calculates the release and transfer volume of 354 substances suspected of being harmful to human health and the environment released into the environment as a result of business activities, which it reports to the national government through prefectural governments for each business site.

In fiscal 2007, the Yamaha Group handled a total of 1,171 tons of substances designated under the PRTR Law, a decrease of 23 tons year on year, while the amount released into the environment increased by 4 tons to 139 tons. As styrene, toluene, and xylene from painting processes account for about 90% of the substances released, we are concentrating on efforts to reduce volatile organic compound (VOC) emissions. In the coming years we will continue to work to curtail the release of substances designated under the PRTR Law.

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

Amount of PRTR-Designated Substances Released

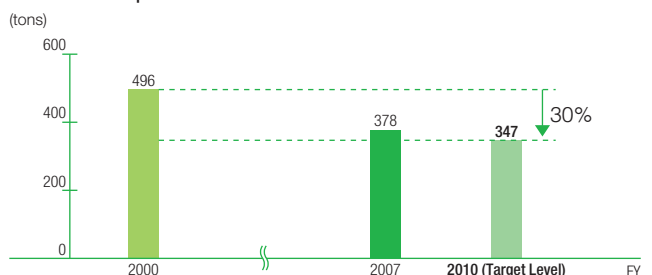


VOC Emissions Reduction [Web](#)

The Yamaha Group is working to reduce emissions of VOC, which are released in product painting and adhesive bonding processes. There are numerous VOCs, including toluene, xylene and ethyl acetate. These substances are thought to be a cause of the photochemical oxidants and suspended particulate matter (SPM) that create air pollution. In fiscal 2006, the Yamaha Group launched the VOC Emission Reduction Working Group, which examines the use of VOCs and the state of emissions at business sites and considers reduction measures.

At the end of fiscal 2007, we established a reduction plan for the business sites that emit VOCs and set a target of a 30% reduction in emissions by fiscal 2010. Specific measures under consideration include the installation of new VOC disposal equipment, and rationalization of processes to reduce use.

VOC Atmospheric Emissions



Environmental Risk Management Compliance with Environmental Laws

To reduce the environmental impact of its operations and comply with environmental laws, the Yamaha Group has established voluntary management criteria concerning the control of air and water emissions, noise, and odors. These criteria are more rigorous than required by law and regulatory standards. The environmental engineering department periodically monitors the compliance situation, and each business site reports results to executive management and evaluates compliance.

The environmental engineering department also provides technical guidance on environmental protection at production factories in Japan and overseas, including those of Group companies.



An analysis laboratory at the environmental engineering department

Environmental Accidents and Litigation

The Yamaha Group had no violation of environment-related laws or ordinances and was subject to no penalties, fines, or litigation in fiscal 2007. There were no accidents that had an external impact or serious complaints.

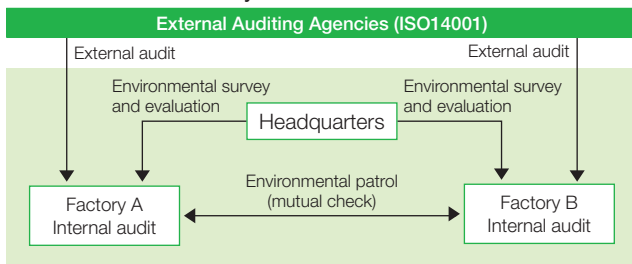
Internal Environmental Audits and Patrols and Outside Investigations

The Yamaha Group periodically conducts internal environmental audits of its business sites in accordance with ISO 14001. The purpose of these internal audits is to evaluate compliance with laws and regulations concerning business operations and manuals and performance against environmental targets.

In June every year, environmental specialists and persons in charge of facilities conduct environmental patrols of production factories in Japan as an Environment Month activity. Through this activity, we check and follow up on compliance with environmental laws and regulations and environmental risk response. We promptly devise corrective and preventive measures to deal with noncompliant items discovered by internal environmental audits and patrols and strive to prevent problems from reoccurring. To address serious issues, factories cooperate with involved headquarters organizations, and systematically implement appropriate measures and strive to reduce environmental risk.

The Yamaha Group has received ISO 14001 certification at each business site. In accordance with ISO standards, renewal inspections by third-party inspection organizations are conducted once every three years, and surveillance inspections take place annually. We regard any improprieties found during inspections to be excellent opportunities to further improve our environmental systems, and proactively engage in improvement.

Environmental Audit System



Environmental Diagnosis at Group Overseas Production Companies

In the Yamaha Group, in addition to internal environmental audits and environmental patrols, specialists conduct environmental diagnoses concerning environmental protection activities overall. We have completed diagnoses of Group production companies in Japan and in fiscal 2007 commenced monitoring at overseas production companies. In fiscal 2007, divisions that control the overseas Group companies and organizations involved with manufacturing, safety, and the environment have formed a project team and conducted environmental diagnoses and safety patrols at three production bases in Indonesia and China. This evaluation, the first ever conducted by a headquarters team, had many beneficial results, including the identification of various areas for improvement in checks conducted from disparate perspectives.



Wastewater treatment system at YMMI

Emergency Response and Drills

In accordance with the ISO 14001 system, the Yamaha Group investigates spills of toxic substances, oil, or grease and other events that pose risk of a significant impact on the environment to anticipate emergency situations. Each business site maintains procedures and equipment to cope with these emergency situations and conducts emergency response drills.

Purification and Management of Soil and Groundwater

In 1997 the Yamaha Group conducted a soil and groundwater survey of all production sites, including those of Group companies. Contamination by chlorinated organic solvents was discovered at three sites. We implemented purification measures, resulting in the restoration of groundwater contamination levels at the Yamaha Corporation's Toyooka Factory and at Yamaha Metanix Corporation* to meet environmental standards at the end of fiscal 2005 and improvement at the factory at Yamaha headquarters to near environmental standards. We are continuing monitoring and purification at each business site. With regard to soil contamination, we completed purification at the three business sites where contamination was confirmed by fiscal 2000.

* Yamaha Metanix Corporation was transferred to DOWA METALTECH CO., LTD. in December 2007.

Ozone Layer Protection Web

The Yamaha Group has reduced the use of chlorofluorocarbons (CFCs) to protect the ozone layer, and completely eliminated the use of specified CFCs in production processes in 1993. Although we subsequently used hydrochlorofluorocarbons (HCFCs), which have lower ozone-depleting effects and less impact than CFCs, as cleansing agents in the metal cleaning process, we completely eliminated their use by the end of fiscal 2005 in response to reports that they have a significant impact on global warming. In this way, we have completely eliminated the use of specified chlorofluorocarbons and alternatives.

Environmentally Friendly Products and Services Promoting Green Procurement

■ Management of Chemical Substances Contained in Our Products

Chemical substances contained in some products causing environmental impact require proper processing at the time of disposal to reduce the negative impact they may have on the environment. In recent years, countries around the world have taken steps to tighten the management and regulation of such substances. To name one, the RoHS Directive*¹ (Restriction of Hazardous Substances in Electrical and Electronic Equipment), implemented in Europe with effect from July 2006, bans the use of six substances, including lead and hexavalent chromium. In addition, REACH,*² effective from 2007, is a regulation that calls for identification and management of specific chemical substances contained in products. In response to these regulatory moves, the Yamaha Group established its own Standards for Chemical Content in Products in February 2003. These standards have subsequently been used to manage chemical substances in products during design and development and have helped facilitate legal compliance as well as minimize the environmental impact of products. In addition, the standards undergo revisions as and when necessary, in response to changes in legislation, the accession of voluntary standards, and other factors.

*¹ RoHS: An abbreviation for Restriction of Hazardous Substances in Electrical and Electronic Equipment. Issued by the European Union, the RoHS Directive covers restrictions on the usage of specific hazardous substances (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl, and polybrominated diphenyl ether) in electrical and electronic equipment.

*² REACH: An abbreviation for Registration, Evaluation, Authorisation and Restriction of Chemicals. It is a comprehensive system for the registration, evaluation, accreditation, and control of chemical substances initiated in Europe, aimed at the protection of human health and the environment.

■ Launch of Green Procurement for All Products

In order to manage the chemical content in products, it is imperative to identify and be able to control the chemical substances contained in the parts and materials making up the finished product.

It was this that led the Yamaha Group to request the cooperation of its suppliers in conducting yearly surveys on parts and materials starting June 2002. The surveys cover all parts and materials of electrical and electronic equipment to which the Directive applies, verifying whether they contain any of the six chemical substances specified. Based on the results, the Group has made steady progress in replacing parts and materials with those not containing the six hazardous substances, and compliance with the RoHS Directive was completed by the end of April 2006.

Starting 2008, the parts and materials of all Yamaha products, including non-electrical and electronic equipment, have been put through a survey on chemical content based on the 24 substances laid out in JIG.*³

*³ JIG: An abbreviation for Joint Industry Guide. It is a set of guidelines for conducting surveys on the chemical content in electrical and electronic equipment, formulated by member companies of EICTA (European Information, Communications and Consumer Electronics Technology Industry Association), JGPSSI (Japan Green Procurement Survey Standardization Initiative), the U.S. EIA (Energy Information Administration), and JEDEC (Joint Electron Device Engineering Council), also in the U.S.

Preventing Depletion of Wood Resources

■ Establishment of Timber Procurement and Usage Guidelines

Among the traditional instruments that the Yamaha Group makes, including pianos, string and percussion instruments, and woodwind instruments, many need to be made primarily of wood for acoustic reasons. A large amount of wood is also used when making electronic musical instruments, speakers,

soundproof rooms, and lifestyle accessories due to the merits of wood in terms of acoustic performance, function, design, and texture. Trees absorb carbon dioxide from the air as they grow, meaning that wood can essentially be used in a manner that sustains the global environment. The Yamaha Group established its "Yamaha Timber Procurement and Usage Guidelines" in 2007, based on the belief that to continue its business activities it is essential to be sensitive to biodiversity issues and prevent depletion of wood resources.

Yamaha Timber Procurement and Usage Guidelines

Fundamental philosophy

Yamaha is working on measures aimed at preserving the global environment, and plans to enact the following guidelines for the procurement and use of timber in products that allow us to contribute to a more harmonious relationship between society and nature.

Procurement and usage guidelines

- **Procuring appropriate timber**
Promote procurement of timber that is environmentally friendly from harvest to product delivery, and that can be confirmed as having been appropriately managed.
- **Prioritize procurement of lumber from afforested plantations**
Put priority on procuring timber harvested from planted forests.
- **Active use of manufactured wood materials**
Promote use of plywood and wood fiberboard as these contain a high percentage of afforested timber and recycled timber.
- **Increase the efficiency with which we use timber by raising our yield ratio**
Actively promote the use of timber remnants and improve yield ratios through improved processing methods and technological development.
(Established in 2007)

CASE 1 Effective Use of Rare Wood

"Improve yield ratios for rare wood used in the production of acoustic guitars"

PT. Yamaha Music Manufacturing Indonesia (YMMI)

The issues surrounding the effective usage of rare wood, the primary material for acoustic guitar production have been taken up by the woodworking department at YMMI. In guitar production, wood selection is an important factor to be considered in maintaining superior sound quality; from this perspective, Nyatoh timber is crucial to guitar production. As such, Yamaha has reviewed its technology, production techniques, equipment, and processes to improve the yield ratio of nyatoh timber. Consequently, for the first half of fiscal 2007, we succeeded in reducing the usage of nyatoh timber from trees above 100 years old by an amount equivalent to 37 nyatoh trees as compared to the same period in the previous fiscal year. YMMI will continue to raise the yield ratios for other types of rare timber through its activities.



Members of the YMMI
woodworking department

CASE 2 Participation in the Music Wood Campaign

Yamaha Corporation

In January 2008, Yamaha Corporation participated in the "Music Wood Campaign"*⁴ organized by the environmental protection organization, Greenpeace USA. Many musical instruments rely on sitka spruce timber for their production, and through the campaign Yamaha was able to support the sustainable protection of the precious sitka spruce forests in Alaska.

*⁴ Participating companies include Taylor Guitars, Gibson Guitar Corp., Fender Musical Instruments Corporation, C.F. Martin & Co., Inc., and Yamaha Corporation.

Developing Environmentally Friendly Products

During the process of product development, the Yamaha Group strives to curtail use of natural resources and energy, reduce the environmental load of parts and materials, and make its products more easily recyclable. The Group is also promoting the development of “environmental support equipment” that can contribute to reduction of environmental loads.

■ Environment-Consciousness with Regard to Timber Resources

CASE 1 Adding electric bass guitars to its lineup of products using afforested timber
Wind, String & Percussion Instruments Division
Yamaha Corporation

The Division has developed the “RBX-4A2,” a bass version of the lightweight electric guitar “RGX-A2,” which is made from afforested timber, receiving high marks in LCA.* The weight of the guitar is reduced significantly through use of the new body structure developed for “RGX-A2.” The player will thus be able to enjoy a comfortable playing experience, while helping to reduce the consumption of precious forest resources.

* LCA: Life Cycle Assessment.



RBX-4A2

CASE 2 Newly-Developed Oboe, YOB-431M
Wind, String & Percussion Instruments Division
Yamaha Corporation

The inner walls of the oboe body are covered by plastic that has been molded in a molding die to reduce the risks of the oboe body cracking or breaking. This has helped to reduce the usage of the primary material, a rare timber known as grenadilla, by 5%. In addition, an evaluation by LIME (Life-cycle Impact Assessment Method) has shown that this reduction in rare timber usage has contributed to an improvement in environmental load of 4%.



YOB-431M

■ Going Green Through IT Products

CASE 1 Projectphone Remote Conferencing System
Sound Network Division, Yamaha Corporation

Projectphone was developed using the technology employed in Yamaha Corporation’s audio equipment, reducing the interruptions and feedback that have typically been present in remote conferencing systems. It is a superior system that does not require complicated setup.

Based on estimations, the use of Projectphone could help to reduce the CO₂ emissions created by the transportation of people for conferences to as much as 1/80 of the current amount in five years’ time.*

* Computed using LCA



PJP-50R

CASE 2 Routers
Sound Network Division, Yamaha Corporation

Routers that are in operation 24 hours of the day have been shown to have a large environmental load when used in LCA. In pursuit of a high level of quality and reliability, Yamaha Corporation has developed an energy-saving router that cuts down on needless heat generation. The router, considered top-line even within the industry, is able to contribute to the energy-saving efforts of our customers.



RTX1200

■ Environmental Support Equipment

CASE 1 EOCLEAR
YP Engineering Co., Ltd.

YP Engineering Co., Ltd. has developed a device known as EOCLEAR, which makes use of photocatalysts to break up and process the harmful ethylene oxide gas produced by sterilizing equipment used in hospitals, thus reducing the environmental load of the gas. The product was selected as the subject in a verification test for the reduction of VOC emissions organized by the Ministry of the Environment in fiscal 2007, and a report on the results of the verification test was published on the Ministry of the Environment’s website by the public agency that administered the test.



EOCLEAR



Logo for the Ministry of the Environment’s Environmental Technology Verification project

CASE 2 PERCLEAR
YP Engineering Co., Ltd.

In the dry-cleaning industry, waste liquid containing the solvent known as perchloroethylene (PCE) is produced during the cleaning process. As the discharge of PCE into the sewage systems is regulated, it had previously been disposed of through methods such as vaporization. Now, YP Engineering Corporation has developed the PERCLEAR device to break up PCE and render it harmless through the use of photocatalysts. It can also be used in small-scale dry-cleaning establishments to enable efficient cleaning with a small environmental load.



PERCLEAR

CASE 3 Helium Leak Tester
Yamaha Fine Technologies Co., Ltd.

The gases used in products such as automobile fuel tanks, air-conditioners and refrigerators include greenhouse gases and ozone-depleting gases, as well as VOCs. Gas leaks from such products can, therefore, lead to environmental pollution. Yamaha’s helium leak tester, which verifies the degree to which such products are leak-proof, is used by large automobile and home appliance manufacturers to accurately and rapidly detect even the smallest leaks, thereby contributing to the prevention of such pollution.



Helium leak tester

Recycling

■ Recycling the materials in used Electone™ organs

In the past, the Yamaha Group has collected certain products together at a single location to dispose of them by means including recycling their materials. Such products include some of the Electone™ organs that have served out their duties in music classrooms, as well as used Electone™ organs that are traded-in for new products at music stores. In fiscal 2007, however, Yamaha put in place a “base point disposal system,” whereby the organs are processed at recycling factories close to the bases they were collected from. This has resulted in an increase in the recycling rate of approximately 30%, thus contributing to smaller environmental loads. At one of the recycling factories, the plastic used in the organ keys is recycled as manhole covers.



Separation of used Electone™ organ parts

Environmental Education and Training Activities Implementation of Environmental Education

The Yamaha Group provides its employees with education and training in order to improve their environmental knowledge and awareness, and to raise the level of environmental conservation activities. Environmental training is divided into General Training, Specialist Training—which encourages learning about and implementing environmental technology—and ISO 14001 Training, which is based on ISO 14001 standards. General Training provides training on basic environmental concepts, the importance of environmental preservation, and environmental management systems. It is offered to participants ranging from new employees to employees enrolled at Yamaha’s Advanced Skill School and members of the Board of Directors. In addition, environmental seminars are conducted in the Environment Month (June) every year. The seminars target all employees, and directors including the Company president, as well as affiliated factories and partner companies. In fiscal 2007, the Company invited Itaru Yasui, then-Vice Rector of the United Nations University, to conduct a seminar on “Global mega-trends and domestic issues in Japan.”

Specialist training, meanwhile, provides a curriculum tailored to specific specialties, targeting mainly employees engaged in environment-related areas of business such as those in charge of waste material management and the operation of effluent treatment facilities.

ISO 14001 training is based on the environmental manual at each place of business and is conducted in accordance with a plan specific to each business location or division. It includes education for public certification holders, training for dealing with emergencies, and education to cultivate inspectors in environmental management systems.



An environmental seminar

Internal Environmental Auditor Improvement Seminars

In order to enhance the precision of internal environmental audits and environmental patrols, the Yamaha Group invites external lecturers to conduct internal environmental auditor training seminars three times a year. A total of 835 internal environmental auditors have been registered thus far.

In fiscal 2007, an internal environmental auditor improvement seminar was conducted for approximately 30 internal environmental auditors who are already actively working on the front lines. The purpose of the seminar was to enhance their abilities to critique, investigate, and communicate. These seminars are based on specific education programs, and are scheduled to continue in the future.



An internal environmental auditor improvement seminar

Household Eco-Account Book— “Smart Life Guide”

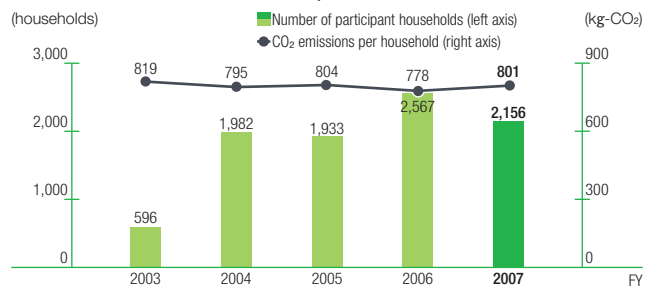
While the level of CO₂ emissions in Japan has remained largely the same or decreased with regard to industries and transportation, emissions from households have increased. In light of this situation, since fiscal 2003 the Yamaha Group has distributed the “Smart Life Guide,” a household eco-account book for families, to all employees as part of its efforts to educate the public on global warming issues.

The number of households that participated in this initiative in fiscal 2007 came to 2,156 (about 7,300 people), but unfortunately the average level of CO₂ emissions per household actually grew year-on-year by approximately 3%. Going forward, the Group will take proactive steps to promote education on the prevention of global warming outside of the workplace.



Smart Life Guide

Number of households participating in Smart Life Guide initiative and CO₂ emissions per household



Participation in “Team Minus 6%”

The Yamaha Group concurs with the objectives of the “Team Minus 6%” project organized by the Ministry of the Environment to prevent global warming, and is undertaking various activities in association with the project. In addition to the existing initiatives involving reduction of electricity usage and switching to energy-saving equipment, the Group is also promoting a “Cool Biz/Warm Biz” campaign that involves all employees directly by regulating office heating and air-conditioning settings to reduce energy consumption.

Furthermore, Yamaha is also involved in the “Black Illumination” campaign organized by the Ministry of the Environment in June every year, which involves a simultaneous black-out of approximately two hours at lighted facilities and households. In fiscal 2007, 16 facilities under the Yamaha Group participated in the activity (compared to four facilities in fiscal 2006), and the Group plans to continue its involvement in the future.



Cool Biz poster featuring a thermometer

Environmental Communication

Tree-Planting Activities in Indonesia—“Yamaha Forest” Yamaha Corporation and Six Subsidiaries in Indonesia

In December 2007, Yamaha Corporation cooperated with Yamaha Motor Co., Ltd. to hold the third “Yamaha Forest” tree-planting event in Indonesia.

“Yamaha Forest” was launched in December 2005 as part of efforts to contribute to society by providing environmental preservation and education through tree-planting activities in Indonesia, where both companies have manufacturing and sales networks. Supported by OISCA,* the activity involves plans to plant approximately 150,000 to 200,000 trees on 120 hectares of land over a five-year period. While restoring land that has been destroyed by logging activities to its former glory and returning natural forests to their original state, the activity also aims to help prevent global warming. Approximately 19,000 trees were planted in the previous two rounds of the event, and some of the trees planted in the first year have reached a height of about 6 meters.

The third round of the tree-planting event held in fiscal 2007 attracted some 1,900 participants comprising local children and representatives of the local government, as well as employees from six Yamaha subsidiaries in Indonesia and from Yamaha Corporation head office. Together, the participants planted around 3,500 saplings. In addition to the tree-planting activity, exchange activities with the local community, such as the presentation of school supplies, have also been held.

* OISCA is a Japanese NGO with a track record in providing support for agriculture, local development, environmental preservation, and other environment-related activities in the Asia Pacific region.



The “Yamaha Forest” logo



Planting saplings



Trees planted in 2005

Providing Waste Paper to Support Regional Environment Fund

Kakegawa Factory, Yamaha Corporation

As part of its environmental preservation activities, Yamaha Corporation concluded a cooperative agreement to be a co-sponsor for the environment fund set up by Kakegawa City in fiscal 2007. As a co-sponsor, Yamaha’s Kakegawa Factory will provide waste paper to the environmental organization “Kakegawa Eco-Networking,” which will in turn set aside money collected from the sales of the waste paper as an environment fund. The funds will go toward providing subsidies to local organizations and schools for the installation of solar energy facilities, in addition to providing environmental education to students, and other initiatives. The amount of waste paper provided by the Kakegawa Factory, including cardboard boxes, amounts to approximately 21 tons annually.



Conclusion of cooperative agreement on the environment fund with Kakegawa City

Co-sponsor of the “STOP Global Warming Action Campaign”

Yamaha Corporation

Yamaha Corporation is a member of the executive committee for the “STOP Global Warming Action Campaign”—a participatory campaign in Shizuoka Prefecture involving corporations, organizations, student clubs, and administrative agencies. In the “2nd STOP Global Warming Grand Prix” held in February 2008, Yamaha provided the “Yamaha Prize” corporate award, given to students of Kawanemotocho’s Honkawane Elementary School for their efforts, which included making eco-friendly musical instruments.



“STOP Global Warming Action Campaign” awards ceremony

Launch of Tree-planting Activity

—“Shizuoka Forests of the Future Supporter System”

Yamaha Corporation

As part of its CSR activities, Yamaha Corporation became the first supporter of “Shizuoka Forests of the Future Supporter System,” established in fiscal 2006 by Shizuoka Prefecture. The initiative aims to provide support for the creation of forest-land by corporations.

In October 2007, Yamaha staff volunteers participated in the first tree-planting activity at the Enshunada coastal forest. As the Japanese black pine on the land that acted as a windbreak and controlled erosion had been damaged by pine-eating worms, the aim of the activity was to restore the forest reserves by planting broad-leaved trees that were suitable for the land. On the day of the tree-planting event, about 70 people including employees of Yamaha Corporation and other Group companies as well as their families planted a total of 115 trees, which included Ubame oak, wax myrtle, and camellia trees.

The Enshunada coastal forest revitalization project is a five-year plan, and support for tree-planting and maintenance by volunteers is scheduled to continue into the next fiscal year and beyond.



Staff volunteers from the Yamaha Group and their families participate in the tree-planting activity

Accreditation as “Suzhou Green Factory”

Yamaha Electronics (Suzhou) Co., Ltd.

Yamaha Electronics (Suzhou) Co., Ltd., located in Suzhou Province, China, won recognition for its environmental preservation activities in fiscal 2007, being accredited as a “Suzhou Green Factory” by the Suzhou Environmental Protection Bureau. The Bureau conducts regular assessments of environmental preservation activities at all manufacturing companies in Suzhou City based on 18 items, and accords accreditation at five different levels. Yamaha Electronics (Suzhou) was accredited at the highest level (“Green”) in this round of assessment.



The Environmental and Quality Control Group at Yamaha Electronics (Suzhou) Co., Ltd.

Third-Party Opinion

The Yamaha Group believes that better communication with stakeholders is vital in meeting the host of challenges that arise with respect to corporate social responsibility (CSR). A specialist in CSR, Ms. One Akiyama, shares her opinion on how the Group can improve its performance in this area.



One Akiyama
Integrex Inc.
President

Biography

1983 Graduated from the Economics Department of Keio University.
1998 Completed a Master's degree in Finance from the Graduate School of Business at Aoyama Gakuin University. Worked as a foreign bonds trader in a US securities company after graduation.
2001 Established Integrex Inc., a company that promotes Corporate Social Responsibility and Socially Responsible Investment.

Last year, I suggested that a CSR Report serves to articulate a company's commitment to the P→D→C→A (Plan, Do, Check, Act) initiatives necessary to realize its corporate philosophy. It is through this same lens that I offer my opinions regarding this year's report.

1. Points for Evaluation

As in the previous year, Yamaha deserves considerable praise for clearly stating at the outset of the report its Group corporate philosophy and its CSR stance (i.e., that realizing its corporate philosophy is synonymous with efforts to create 'kando' and enrich culture), as well as senior management's commitment to achieving these aims.

The special feature section of the report contains a great deal of engaging content. The section highlights activities that embody Yamaha CSR and that seek to put the Group's philosophy into practice, such as support for young music students and initiatives to combat global warming. There is also information in this section detailing collaboration between Yamaha Corporation and another company under the Yamaha brand, Yamaha Motor Co., Ltd., in developing environmental preservation activities on a global scale.

Where actual initiatives are concerned, Yamaha has listed activities taken in line with its business philosophy for the benefit of its stakeholders in an intuitively arranged, two-page spread.

Points for Improvement from the CSR Report 2007 Third-Party Opinion

- Suggestion: In "Promoting compliance in management," offer more detail regarding Help Line consultations, the matters reported, and how Yamaha helped in reaching solutions.
➤ Response: Took steps to provide more specifics regarding Help Line operations➔P12
- Suggestion: Enact initiatives that follow the P→D→C→A cycle in parts of the report other than the Environmental Conservation Activities section.
➤ Response: Reported on P→D→C→A cycles with respect to the quality assurance system and initiatives for improving quality➔P13-15
- Suggestion: Report on efforts being made to share the corporate philosophy in the Initiatives for the People We Work with section.
➤ Response: Reported on division-specific business improvement activities being made through Yamaha Productivity Management (YPM) activities that aim to reform workplace culture and foster human resource development in every division➔P17
- Suggestion: In "Corporate Information," offer a simpler explanation of the relationship between Yamaha Corporation and Yamaha Motor Co., Ltd.
➤ Response: Provided a more easily understandable explanation of the relationship with Yamaha Motor Co., Ltd.➔P38

Also detailed in the report are specific activities that the Group has undertaken, including a range of new actions such as the completion of codes of conduct for Group companies outside Japan, the expansion of Yamaha Productivity Management (YPM) activities, and a survey of CSR initiatives being performed by business partners. Particularly with respect to initiatives for employees, Yamaha's action plan formulation and disclosure of targets and achievements give the distinct impression that a genuine effort is being made to report in line with straightforward P→D→C→A sequences.

Yamaha has also enhanced its environmental initiatives, as seen through its disclosure of performance data on its website, more robust content, and other measures.

2. Areas for Improvement

As was alluded to in "Organizations Included in Scope of Reporting" on page 2 of this report, future reports would benefit from more extensive reporting with respect to Group companies, including those based overseas. The fact that over half of Yamaha's consolidated workforce is outside of Japan suggests that the sharing of the corporate philosophy and initiatives for employees at companies overseas are topics that will assume greater prominence.

Another suggestion would be to explore the possibility of creating more extensive links between the report and the website. While Yamaha currently discloses environmental data on its website, it might also be a good idea to print Web addresses on pages of the CSR Report that correspond, for example, to the "Corporate Information" section of the website or to interesting feature articles like "Yamaha Technology" that are also found on the site.

In terms of applying a P→D→C→A approach to reporting activities, it is clear that considerable attention was given to the diagram of the quality management system and the action plan chart found in the report. With that said, Yamaha should strive for a reporting format similar to that of the more intuitive "Goals and Achievements" layout used to report its environmental data.

3. Expectations for the Future

During my visit to Yamaha's grand piano factory, my guide explained to me that the input of everyone working at the factory is vital to transforming what would otherwise be simply an industrial product into a work of art. I was deeply impressed by this sense of pride that Yamaha employees have in working for a company so connected to sound and music. I hope that future reports will be produced in a manner that better reflects the sentiments and wishes of these employees.



Regarding this Evaluation

Tsuneo Kuroe
Director and Managing Executive Officer
Finance and Administration Group
Yamaha Corporation

This is the second year that Ms. One Akiyama has offered us her valuable advice, and we are very grateful for her input. I was particularly pleased that Ms. Akiyama praised the Yamaha Group's commitment to acting on our stated CSR stance, namely the belief that realizing our corporate philosophy is synonymous with efforts to create 'kando' and enrich culture. Spurred by this encouragement, the Yamaha Group as a whole will continue to pursue management focused on fulfilling our corporate social responsibilities through our core business activities.

This year we have included a special feature section and an overview of the various types of CSR activity in order to make the report as easy as possible to understand. We have also acted on Ms. Akiyama's comments from last year, taking care to report in line with straightforward P→D→C→A sequences.

We will continue improving future CSR reports by taking Ms. Akiyama's latest observations on board, particularly her suggestion regarding greater coverage of Group companies in Japan and overseas.

Company Outline

Background Information

Company name: Yamaha Corporation
Headquarters: 10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan
Date of establishment: 1887
Date of incorporation: October 12, 1897
Representative: President and Representative Director Mitsuru Umemura
Stated capital: ¥28,534 million

Number of employees: Consolidated: 26,517
 Unconsolidated: 5,230
Yamaha Group: Number of consolidated subsidiaries: 87 (including companies located outside Japan)
Number of companies accounted for by the equity method: 1

Business Segments

Musical Instruments

Yamaha produces and sells musical instruments, and professional audio equipment, and is expanding its business lines to include the operation of music schools, music media creation, and content distribution for personal computers and mobile phones. Yamaha supplies a complete lineup of acoustic instruments that includes pianos, wind, strings, percussion, and electronic and digital instruments such as synthesizers and digital pianos, as well as hybrid instruments such as player pianos which combine elements of both.



high-performance alloys, primarily for use in PC connectors. However, on November 30, 2007, Yamaha transferred 90% of its shareholding in the Company to Dowa Metaltech Co., Ltd.

Lifestyle-Related Products

Yamaha supplies system kitchens and system bathrooms for the home, positioning its brand as "The World Leader in Marble Craft."



Recreation

Yamaha offers recreational facilities fully integrated with the natural beauty of their surroundings. These include "Tsumagoi™" which provides sport and music facilities set in a beautiful natural landscape, Katsuragi Golf Club™, and the Katsuragi-Kitanomaru™ hotel. Yamaha's four other resorts—Kiroro, Toba Hotel International, Nemunosato and Haimurubushi—were transferred to Mitsui Fudosan Resort Co., Ltd. as of October 1, 2007.



AV/IT Products

Yamaha produces and sells commercial online karaoke systems, routers, IP conferencing systems, and a range of AV (Audio and Visual) equipment that includes AV amplifiers, receivers, speaker systems, and Digital Sound Projector™ surround sound systems.



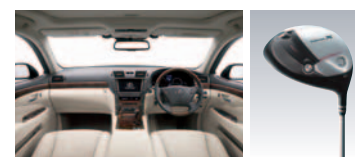
Electronic Equipment and Metal Products

Yamaha produces and sells special alloys used as raw materials for semiconductors and electronic metals. The majority of Yamaha semiconductors are sound generation LSIs for use in a range of sound and network-related products including mobile phones, home theater AV amplifiers, communications equipment, and amusement devices. In Yamaha's electronic metals business, for many years Group company Yamaha Metanix Corporation manufactured and sold



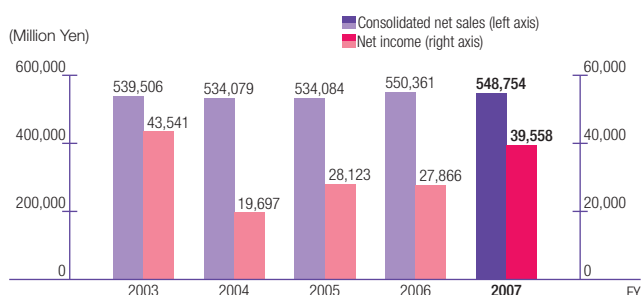
Others

The Golf Products business produces and sells golf clubs that meet a broad range of golfing needs. Yamaha's automobile interior wood components business produces and sells wood components for luxury cars, making the most of the natural beauty of wood. The metallic molds and component business produces and sells magnesium and plastic components for telecommunications, the precision equipment market, and home appliances. Our FA equipment business produces and sells precision machinery and industrial robots.

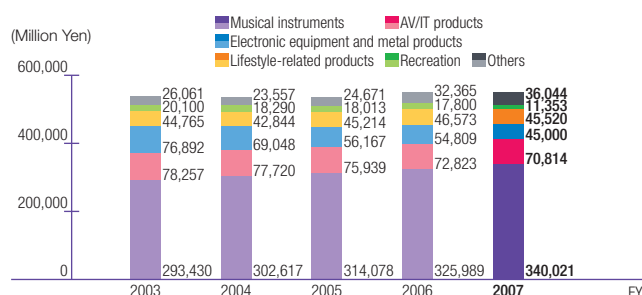


Key Financial Indicators

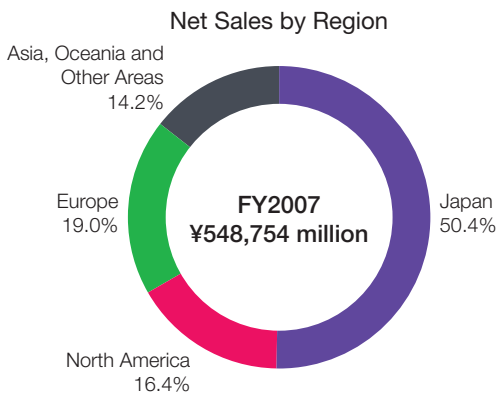
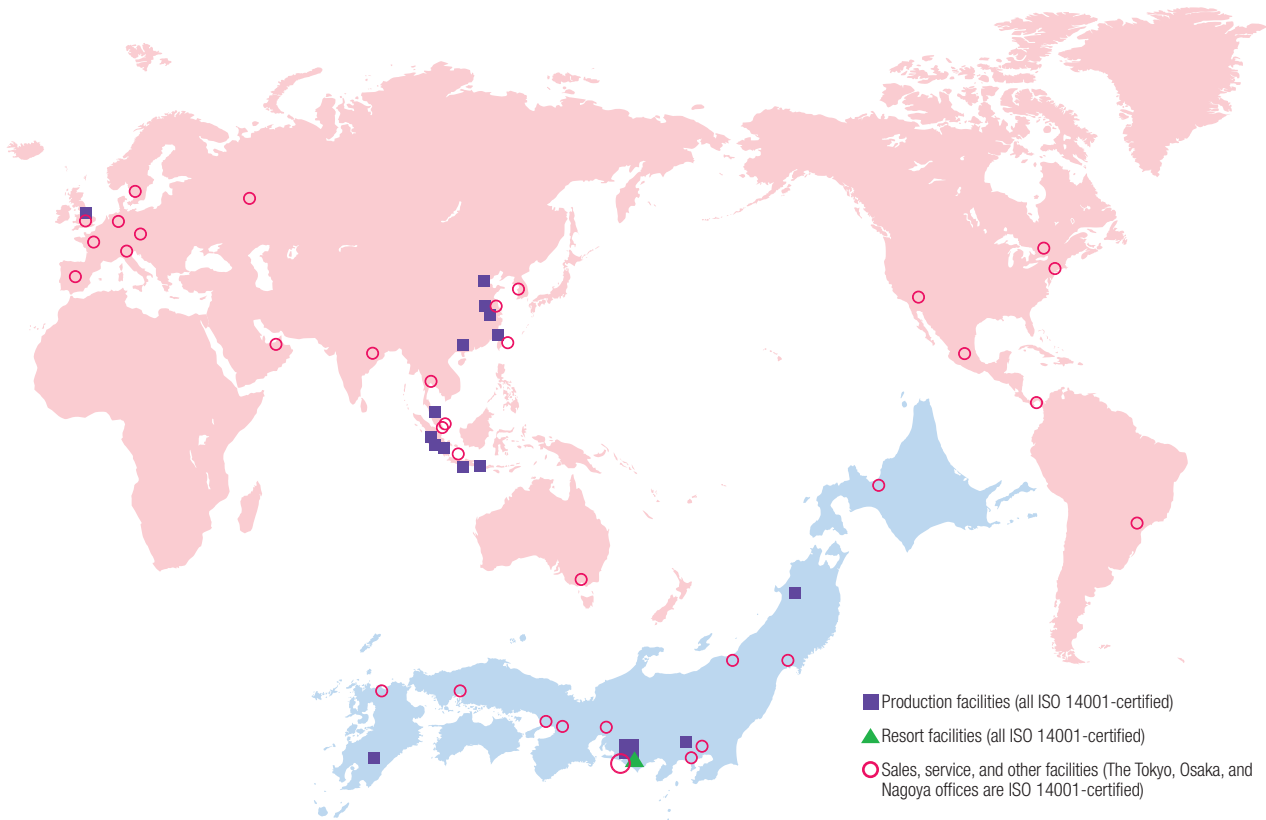
Consolidated Net Sales and Net Income



Consolidated Net Sales by Segment



Major Business Sites

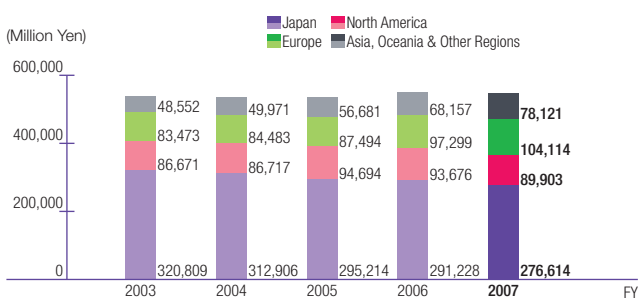


The Relationship Between Yamaha Corporation and Yamaha Motor Co., Ltd.

Yamaha Motor Co., Ltd. produces and sells motorcycles, marine products, snowmobiles, and other related products. The company separated from Yamaha Corporation in 1955, becoming an independent business, and as a result is not included in the scope of this report. Yamaha Motor was previously associated with Yamaha Corporation by the equity method. This association was dissolved in May 2007 after a reassessment of the capital relationship between the two companies. In December 2007, however, the two companies established the Joint Brand Committee to ensure optimal positioning of the shared Yamaha brand. This was followed in April 2008 by collaboration to enhance the value of the brand via the jointly hosted "Yamaha Ladies Open Katsuragi" professional golf tournament. Looking ahead, both companies are working to substantially increase their corporate value in their respective businesses and fulfill their missions and responsibilities to society on a global basis.



Consolidated Net Sales by Region



Estimates, Forecasts, and Plans for the Future

This report includes not only facts of the past or present concerning Yamaha Corporation and its affiliate companies (the Yamaha Group), but also estimates, forecasts, and plans for the future. These estimates, forecasts, and plans were formed based on the information available at the time this report was compiled and thus contain some element of uncertainty. Consequently, the results of future business activities and future events may differ from those included in this report. The Yamaha Group is not liable for damages arising from any unforeseen circumstances.

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YAMAHA CORPORATION
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