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Editorial Policy

Taking corporate social responsibility (CSR) into consideration, the quality of this report is enhanced this year. The report covers personnel affairs, occupational safety and health, social contribution in terms of CSR, quality assurance of products and employment, in addition to the environmental conservation activities report. The title of the report is modified from "Environmental Report" to "Environmental and Social Report" this year. Environmental performance data are compiled as separate and bound-in document. The report was prepared on the basis of the Environmental Reporting Guidelines (2003 editions) published by the Ministry of the Environment of Japan and the Sustainability Reporting Guideline 2002 by the Global Reporting Initiative (GRI).

Scope of Organizations Covered by This Report

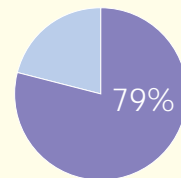
Yamaha's policy is that the organization covered by Environmental and Social Report should be as close as possible to the ones covered by the consolidated financial statement.

For environmental conservation activities, this report covers 34 facilities* that have acquired ISO 14001 certification. Some items, however, may not cover information from the above-listed 34. Therefore, each section clearly specifies the scope covered.

For sections of the report other than environmental conservation activities (see pages 19 to 27), this report primarily covers Yamaha Corporation but some parts contain reports regarding the activities of Group affiliates. We will include more reports from Group companies in the future.

*Headquarters, all factories of Yamaha Corporation in Japan, and all production affiliates and resort facilities in Japan and overseas are included. (See page 10) "Yamaha Group" used in this report means these 34 facilities.

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



The number of employees who belong to the 34 facilities that have acquired ISO 14001 certification totals 14,942. This is 79% of the total employees of the companies within the range of the consolidated accounting.

Period of Terms Covered by This Report

From April 1, 2003 to March 31, 2004 (FY2003)

*Part of the report includes information as of April 2004 or later.

Issuance of the Next Report

The next report will be issued in October 2005.

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This report, annual report, financial report, and other information are available on the Web site.
<http://www.global.yamaha.com/>

Estimate, anticipation, and plan for the future

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

Message from the President

Yamaha started manufacturing organs in 1887, and this is the 118th year. Even today, the core of Yamaha's business is a variety of musical instruments, while expanding its range to audio and video products, IT equipment, LSI sound chips, and Golf products. From its infancy, we believed that musical instrument manufacturers should not only sell products but also offer opportunities to have as many people as possible recognize the enjoyment of music, and we have endeavored to popularize music as part of this goal. As a result, Yamaha Music School, which started as an experimental lesson in 1954, celebrated the 50th anniversary this year with 5 million people who completed the course. We started to tackle environmental conservation, when it established the Environmental Management section (present Environmental Management Division) in 1974. To enhance the environmental management structure, all domestic and overseas production facilities and resort facilities had acquired ISO 14001 certification by this year.



Shuji Ito
President and Representative Director

Thus, Yamaha has contributed to society in terms of music culture and made efforts to conserve the environment, while playing an important role in the economic society. In February 2001, we laid down a new company philosophy, and it includes the brand slogan "Creating 'KANDO' Together" where we defined our stakeholders as customers, shareholders, those who work with Yamaha^{*1} and society, as well as four commitments for them. They declare that we are committed to carry out our responsibilities for a variety of stakeholders, i.e., corporate social responsibility (CSR). We believe that it is essential to incorporate the CSR into the core of our business management. For this purpose, we launched the new medium-term business plan titled "Yamaha Sustainable Development 50 (YSD50)"^{*2} which covers the three years from April 2004.

In the YSD50, we focus on three basic policies, which are "emphasizing corporate social responsibility (CSR)" as well as "achieving sustainable development and stable, high earnings" and "creating and developing innovative, high-quality products and businesses". In accordance with these policies, we, as a comprehensive business dealing with sound and music, are committed to endeavor to expand business and increase profit, increasing annual consolidated operating income to ¥50 billion while effectively reducing to the balance of actual interest-bearing debt to zero in the fiscal year ending March 2007. At the same time, to respond to expectations from all stakeholders, we exert efforts to enhance compliance, improve operational quality and security for employees, conserve the environment, and disclose information proactively. Especially for environmental conservation, we set concrete goals, such as environmentally friendly products, zero emission, and prevention of global warming, and declared the intention to achieve these goals for sure. Through these activities, we aim to realize a business structure that enables sustainable development of the Yamaha Group and society, while steadily generating high-level profits. The Yamaha Group will keep on communicating with all stakeholders to realize a sustainable society on the earth and develop our business in line with social development. Your continued support would be highly appreciated.

August 2004

Shuji Ito
President and Representative Director
Yamaha Corporation

*1 "those who work with Yamaha": YAMAHA revised the expression from "employees" to "those who work with Yamaha" in April 2004.
 *2 YSD50: "50" means the target to increase annual consolidated operating income to ¥50 billion while effectively reducing the balance of actual interest-bearing debt to zero in the fiscal year ending March 2007.

Corporate Philosophy

Corporate Objective

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

To Customers

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

To Shareholders

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

Brand Slogan
Creating 'Kando'
Together

To Those Who Work with Yamaha

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

To Society

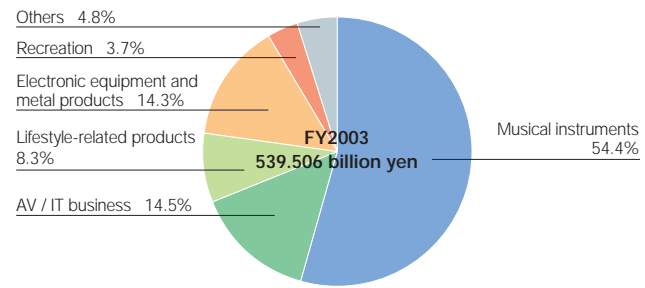
Yamaha will give first priority to safety, and will care for the environment. Yamaha will be a good corporate citizen, and observe laws and work ethically, developing the economy, and contributing to local and global culture.

Outline of the Reporting Organizations

Company Outline

Company name: Yamaha Corporation
 Head office: 10-1, Nakazawa-cho, Hamamatsu, Shizuoka 430-8650 Japan
 Date of establishment: 1887
 Incorporated: October 12, 1897
 Representative: Shuji Ito, President and Representative Director
 Paid-in capital: 28,535 million yen
 Number of employees: Consolidated 18,842 Unconsolidated 5,920
*No temporary employee included.
 Number of consolidated subsidiaries: 89 (including overseas companies)
 Number of companies accounted for by the equity method: 2

Consolidated Net Sales by Business Segment



Musical instruments

Yamaha develops and produces acoustic musical instruments including pianos, wind, string and percussion instruments, electronic/digital musical instruments, network-compatible musical instruments, PA equipment,* soundproof rooms, etc. Recently, it also ventured into digital content/network-related business such as distribution of ringing melodies for mobile phones. The music school business has approximately 700,000 students old and young at home and abroad. It contributes to the diffusion and improvement of performing technique in a wide variety of musical instruments and music culture.



*PA equipment stands for Professional Audio Equipment.

AV / IT

Yamaha develops and produces AV (Audio and Video) equipment and information communication devices. In the AV business, Yamaha leads the market in the digital home theater sound system field by utilizing its original Cinema DSP (Digital Sound field Processing) technologies. It also offers comprehensive home theater systems that are equipped with visual devices including propriety digital cinema projectors. In the IT business, it develops and produces routers with excellent security capability and data transmission speed, keeping pace with the diffusion of broadband networks.



Lifestyle-related products

Based on the concept of "Life Resort," Yamaha develops and produces a wide variety of house equipment and furniture. It suggests a comfortable dwelling space including a round-style kitchen unit that has removed sharp edges and allows users to move around freely, and a bathroom of ergonomic design equipped with a relaxation function using a combination of sound, wave, mist, and light.



Electronic equipment and metal products

Yamaha develops and produces special alloys that are used as raw materials for semiconductors and electronic metals. In the semiconductor business, the demand for LSI (large-scale integrated circuits) is increasing. Yamaha's LSI is used in a variety of sound and network-related equipment, such as mobile phones and PCs or AV amplifiers for home theaters and ISDN communication devices. In the electronic metal business, Yamaha supplies highly functional copper or nickel alloys for wide-ranging purposes like IC lead frames.



Recreation

Yamaha runs six resort facilities in Japan. Kiroro™ offers the enjoyment of communing with magnificent nature and outdoor sports from season to season in Hokkaido. Tsumagoi™ and Nemunosato™ are equipped with sports and music facilities surrounded by vast greenery. Katsuragi Golf Club™ features the fusion of Japanese-style buildings and the warmth of wood. Toba Hotel International™ has respect for tradition and formality. Haimurubushi is Japan's southernmost resort, located in Kohama on the Yaeyama Islands. All the facilities offer recreational opportunities integrated with nature in each region.

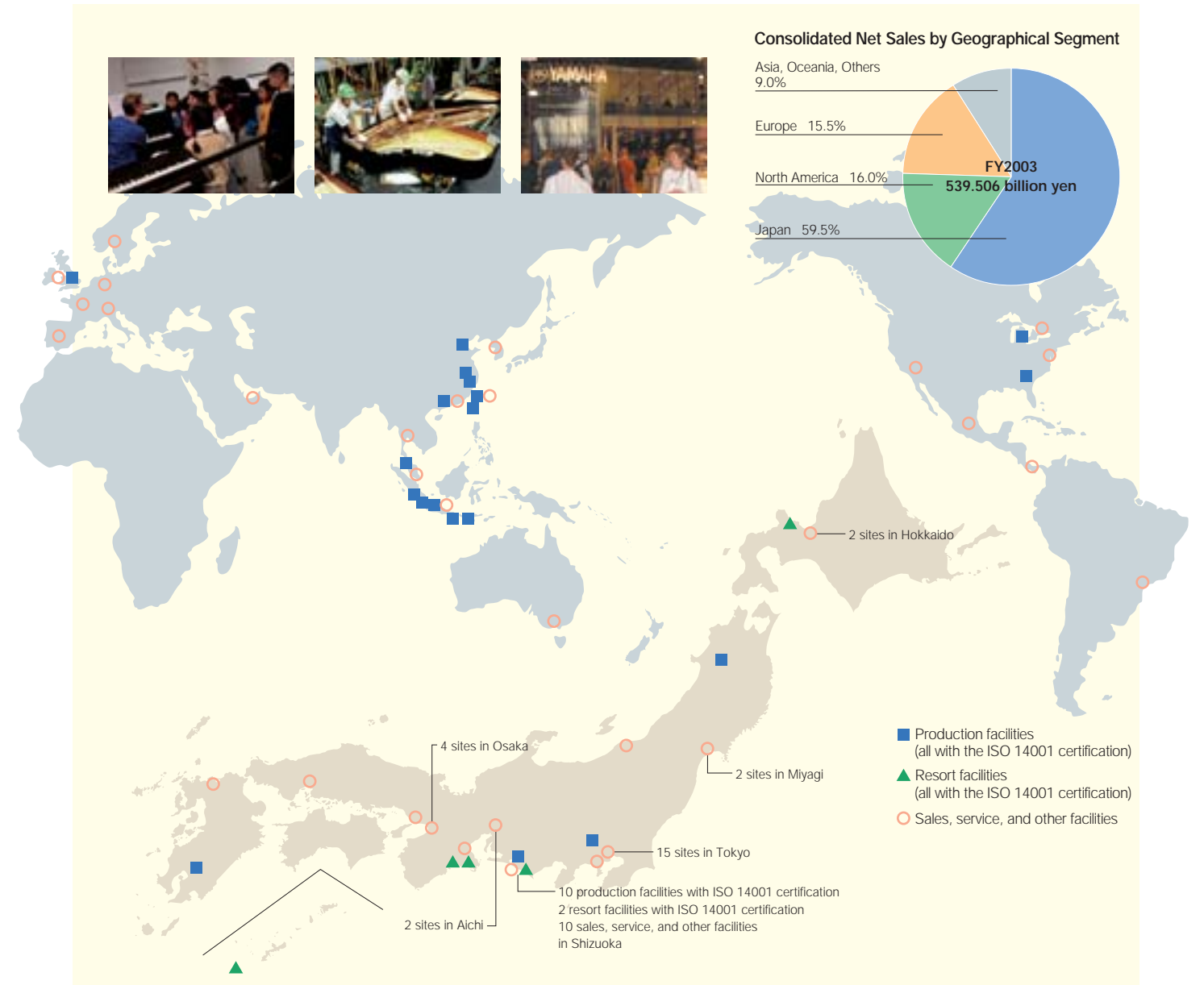


Others

The golf business develops and produces golf clubs to meet a broad range of requirements from golfers. The automobile interior wood component business develops and produces automobile interior components that make the most of the beauty of natural wood. The mold and component business develops and produces magnesium and plastic components for electric home appliances, telecommunications, and precision equipment industries. The FA business develops and produces precision machines and robot systems.



Major Business Sites

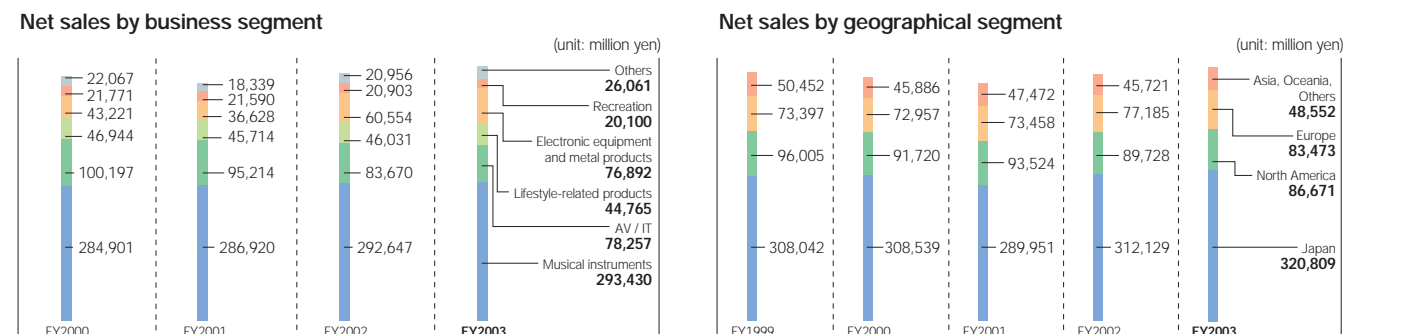
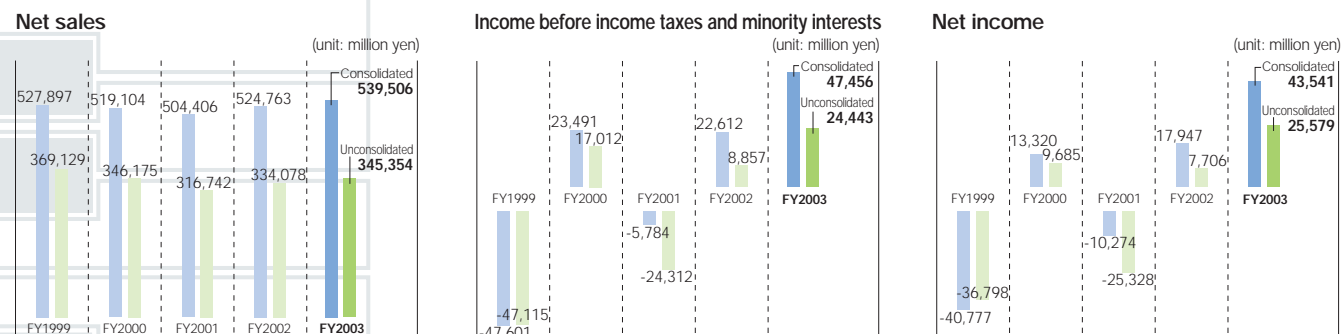


Relationship between Yamaha Corporation and Yamaha Motor Co., Ltd.

Yamaha Motor develops and produces motorcycles, sailboats, snowmobiles, etc. It was separated from Yamaha Corporation and became independent in 1955. Yamaha Motor is an affiliate by equity method, but is not included in the scope of this report. Both companies, however, use the "Yamaha" brand and work in collaboration with each other in terms of maintaining product and corporate images and synergy in business.



Transition of Major Financial Indices



Outline of the Reporting Organizations

Moving Ahead with Corporate Management based on CSR

Enhancing Corporate Governance

Yamaha aims for a transparent and high-quality corporate management to respond to the trust and expectations of a range of stakeholders. For instance, we have carried out innovation of corporate governance since 2001 by introducing an executive officer system, reforming the implementation of general shareholders' meetings, and augmenting and upgrading investor-relations activities.

Strengthening the Supervising Capabilities of the Board of Directors

To strengthen the transparency and supervising capability of the Board of Directors, Yamaha invited a director and auditors from outside of Yamaha in FY2003. To further increase the transparency in the nomination processes of directors, auditors and executive officers, we established a Corporate Officer Personnel Affairs Committee, composed of all full-time members of the Board of Directors, where the appointment and cultivation of executives is discussed.

Clarifying the Role of Directors and Executive Officers

To strengthen the ability of company management, to further invigorate the Board of Directors, and to enhance the business execution capability, Yamaha clarified disparity within the roles of directors and executive officers in FY2003. Basically, it was decided that the directors, as members of the Board of Directors, should not be responsible as department heads, but should be responsible for total company management including making strategies, plans and decisions for the Group as a whole, and monitoring and directing departmental business execution. On the other hand, the executive officers should be responsible for business execution within their respective departments and endeavor to maximize departmental performance.

Accelerating the CSR Promotion

Yamaha established the Compliance Committee in January 2003. We regard compliance not only as the observance of applicable laws and regulations, but also as adherence to the moral and ethical standards expected by society. We tackle such

objectives as fair business transactions, environmental conservation, employment and working conditions, information disclosure, and the provision of high-quality products.

We also chose 'emphasizing corporate social responsibility (CSR), as one of the three basic policies in the Group's new medium-term business plan (YSD50) laid down in February 2004. (For details of YSD50, refer to page 3.) In accordance with the policy, the CSR Committee was established and headed by the President in April 2004. We are thus strengthening corporate management based on CSR, with the CSR Committee and Compliance Committee working closely together.

Compliance Committee

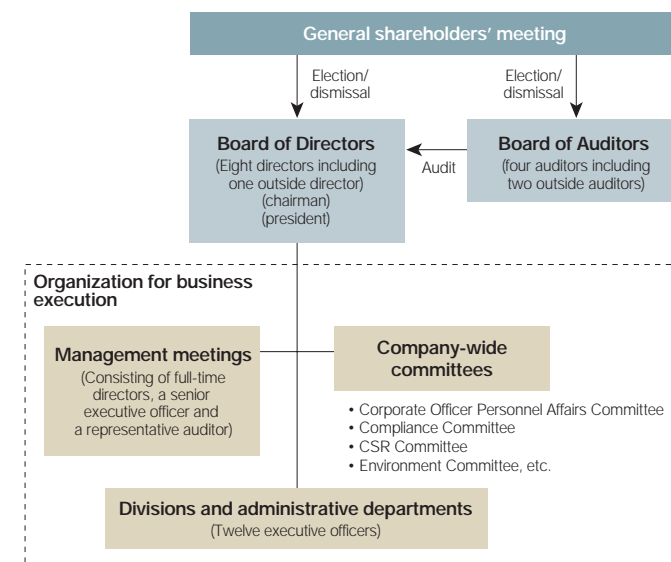
The committee was established in January 2003 and consists of ten members, including our corporate directors, executive officers, and external committee members, headed by the chairman. In April 2003, the committee completed the Compliance Guide, where codes of behavior that conform to social norms and corporate ethics, in addition to the observance of laws and regulations were defined, as well as their operational rules and explanations. The guide was distributed to all the Group's directors, permanent employees, employees on a short-term contract, contract employees, and part-timers. Explanatory meetings were held in each workplace to ensure rigorous compliance by the applicable employees.

The Compliance Help Line was also established in April 2003, where the Compliance Committee provides consultation and accepts reports regarding compliance. Last year, about forty cases were reported to the Help Line, including questions regarding company policies, and all of them were properly addressed.

CSR Committee

Headed by the president, the CSR Committee promotes voluntary activities to further enhance the social value of the company with priority objectives such as environmental conservation, employment and working conditions, and information disclosure.

Structure of Corporate Governance



Environmental Conservation

Yamaha's Policy on the Environment

Premise

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

Policy

Yamaha's corporate objective is to continue to create 'Kando' and enrich culture with technology and passion born of sound and music, together with people all over the world. We have to be aware that corporate activities are deeply related to the environment, and we at Yamaha acknowledge our responsibility to nature. We are dedicated to enriching people's lives and helping to preserve the environment as we live together harmoniously in society.

The Six Principles of Yamaha's Corporate Environmental Activity

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

History of Environmental Initiatives

- 1974 • Established the Environmental Management Division
- 1975 • Started company-wide rationalization of energy consumption
• Started local clean-up activity
- 1981 • Started electric power generation fueled by wood waste at Tenryu Factory
- 1990 • Completely prohibited the use of trichloroethylene and tetrachloroethylene
- 1993 • Prohibited the use of specified CFCs and trichloroethane
• Brought out the Silent Piano that was invented with special consideration of the residential environment, the first product of the newly developed and marketed Silent Series of musical instruments
- 1994 • Laid down Global Environmental Policy and the six principles of corporate environmental behaviors
• Established the Environmental Committee and five specialist groups
- 1995 • Commenced the recycling and reuse of waste castings and
- 1997 • Announced the challenge to acquire the ISO 14001 certification
- 1998 • Disclosed facts related to soil and groundwater contamination by chlorinated organic solvents in the factory at Yamaha headquarters, Yamaha Toyooka Factory, and Yamaha Metanix and started decontamination
- 1999 • Started a new business to support the acquisition of ISO 14001 certification
- 2000 • Published the first Environmental Report
• Introduced environmental accounting
- 2001 • All factories in Japan acquired ISO 14001 certification
- 2003 • The Group's all production affiliates in Japan and overseas acquired ISO 14001 certification
- 2004 • The Group's all resort facilities acquired ISO 14001 certification

Message from the Director, Environmental Management



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

Shinya Hanamoto
Director, Environmental Management

The Yamaha Group laid down its Global Environmental Policy in 1994 as a guideline for company-wide efforts to conserve the environment. From 1997, the Group started obtaining ISO 14001 certification, and all production and resort facilities at home and abroad acquired this certification by the end of FY2003. From 2004, our major sales offices (Tokyo, Nagoya and Osaka) set out to work toward certification.

We chose 'emphasize corporate social responsibility (CSR)' as one of the three basic policies in the Group's new medium-term business plan (YSD50), together with 'achieving sustainable development and stable, high earnings,' and 'creating and developing innovative, high-quality products and businesses.' Based on this policy, we are committed to realizing a company management that can respond to the expectations of stakeholders including customers, shareholders, colleagues, and society. Above all, we will focus on environmental conservation as an important issue for all stakeholders and attain concrete objectives. By promoting these efforts for environmental conservation steadily together with economical and social contributions through business operations, we would like play a part in realization of a sustainable society.

Concrete Objectives for Environmental Conservation:

- **Compliance with the RoHS¹ Directive**
(green procurement and environmentally friendly design)
Promote green procurement and environmentally friendly design and build a structure to supply products that do not contain any substances² specified in the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) by the end of FY2005.
- **Promoting Zero Emissions³**
Further promote the recycling of industrial wastes and reduce the volume of final disposal to landfill to achieve Zero Emissions from the factories of Yamaha by the end of 2005.
- **Reducing release of substances specified in the PRTR Law⁴**
Promote substitution and restrain release of the substances specified by the PRTR Law (Pollutant Release and Transfer Register) and reduce the amount of released substances by 20% in FY2006 in comparison with the figure in FY2002.
- **Reducing CO₂ Emissions**
Reduce CO₂ emissions by 6% in FY2010 in comparison with the figure in 1990.

¹ RoHS stands for Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment.

² Substances defined in RoHS: Lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB, bromic fire retardant) and polybrominated diphenyl ether (PBDE, bromic fire retardant)

³ Zero Emissions: The Yamaha Group defines this as "restricting the volume of final waste landfill to 1% of the waste generated or less."

⁴ PRTR is an abbreviation of Pollutant Release and Transfer Register. The PRTR Law stands for the Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management.

Environmental Conservation Activities

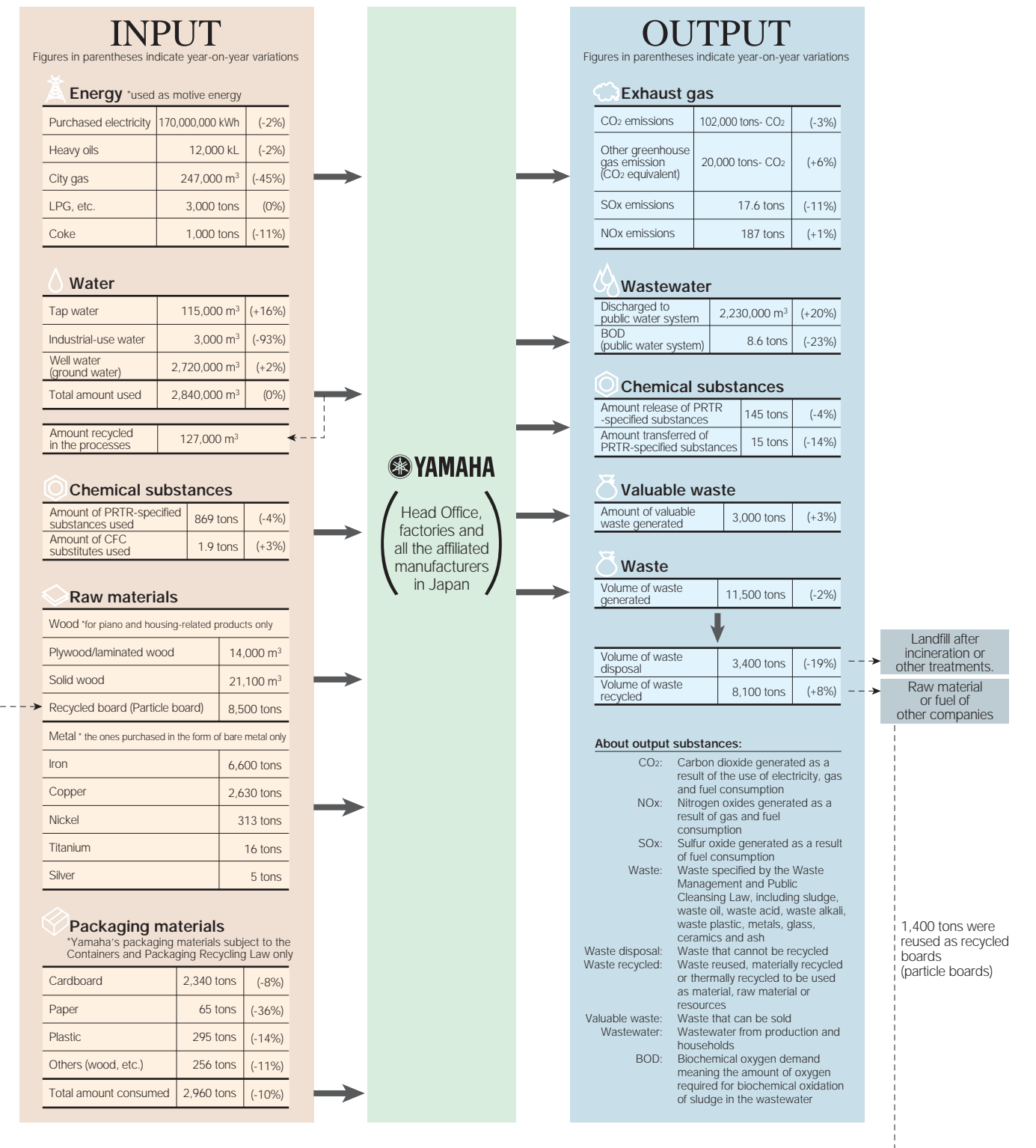
Goals and Achievements

	Goal	Achievements in FY2003	Plans for the coming years
Environmental management system (pp. 10-13)	Acquisition of ISO 14001 certification by all affiliates in Japan and overseas (production and resort facilities) by FY2003	•All production facilities and resort facilities in Japan and overseas acquired ISO 14001 certification (34 facilities in total). -New acquisition> One overseas production affiliate and one resort facility	•Major sales offices (Tokyo, Nagoya and Osaka) shall acquire ISO 14001 certification by FY2006
	Introduction of an environmental information system	•Yamaha and the production affiliates in Japan introduced Yamaha's environmental information system (Yecos). Started unification of management of the environmental information at the headquarters.	•Introduce Yecos into overseas production affiliates
	Promotion of environmental training and education	•Internal environmental auditor training 45 employees were qualified as internal environmental auditors in Yamaha and 31 in affiliates in Japan. (Total number was 545.) •Environmental seminar (349 participants) "For the construction of a recycling society - realizing zero emission in business" •Product/environment seminar (190 participants) "EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive)" •New employee training	•Hold internal environmental auditor training seminars as in the previous year. •Hold training programs to raise the level of internal environmental auditors. •Hold environmental seminars as in the previous year. •Hold new employee training as in the previous year.
Product development (pp. 14-15)	Promotion of the development of environmentally friendly products and implementation of LCA	•Promoted lead-free soldering -Use of lead-free soldering on wind instruments -Increase of lead-free soldering on AV equipment •Realized "environmentally friendly products" -Electone was put on the market, which realizes partial upgrading and thus long product life. -The standby power consumption of an AV amplifier is kept as low as 0.1 W or less. - "Silent Bass" pursuing downsizing and energy saving was put on the market. •Started company-wide efforts to reduce formaldehyde •Implemented LCA on AV products	•Further expand lead-free soldering •Increase the number of environmentally friendly products •Set product standards and implement reduction •Increase the target products of LCA
	Response to the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive)	•Investigated inclusion of chemical substances subject to the RoHS Directive and promoted use of substitute substances. -Established the standard for the use of lead-free soldering. -Started the use of chrome-free steel sheet.	•Complete compliance with RoHS Directive by FY2005
Green procurement (p. 14)	Promotion of green procurement	•Issued the second edition of the Standards for Chemical Content in Products •Conducted research on overseas suppliers	•Further increase green procurement under the standards
Prevention of global warming (p. 16)	1% improvement in CO ₂ emissions per unit of sales compared to FY2002	•CO ₂ emissions per unit of sales: 7.5% improvement over FY2002 (2.22 tons-CO ₂ /billion yen) (CO ₂ emissions: 102,000 tons-CO ₂ /year)	•Reduce CO ₂ emissions by 6% in FY2010 compared to the figure in FY1990. (Yamaha's headquarters and factories, and production affiliates in Japan)
Waste reduction (p. 16)	Reduction of waste disposal and promotion of recycling	•Waste disposal: 19% reduction from FY2002 (3,400 tons/year) •Recycling rate: 6 point increase compared to FY2002 (70%)	•Achieve zero emissions in 2005 (Yamaha's headquarters and factories)
	Achievement of zero emissions in 2005 (Yamaha's headquarters and factories)	•Started company-wide project toward zero emissions (investigation tour to advanced companies, studying usage of recycled materials, etc.)	
Ozone layer protection (p. 17)	Elimination of the use of CFC substitutes by FY2010	•Volume used: 2.7% increase from FY2002 (1.9 tons/year)	•Eliminate the use of CFC substitutes by 2010 (Yamaha and affiliates in Japan)
Control of chemical substances (p. 17)	Reduction of emissions of PRTR-specified substances. Reduction of harmful air pollutants and voluntarily controlled substances -Reduction of emissions of formaldehyde by 64% by FY2003 compared to FY1995.	•Emission of PRTR-specified substances: 4% reduction from FY2002 (145 tons/year) •75% reduction in formaldehyde compared to FY1995. (75 kg/year)	•Reduce emissions of PRTR-specified substances by 20% in FY2006 compared to FY2002. (Yamaha's headquarters and factories, and production affiliates in Japan)
Groundwater remediation (p. 17)	Continued remediation of groundwater	•The contamination in two factories improved to the level under the environmental standards	•Continue remediation of groundwater with the pumped water aeration/activated carbon absorption method
Information disclosure Environmental communication Social contributions (p. 13, pp. 25-27)	Enhance scope of information in the environmental report	•Inclusion of production affiliates in Japan and overseas •Enhancement of information about corporate social responsibility	•Expand the scope of organizations covered by the report •Further increase information about corporate social responsibility
	Promotion of environmental education	•Held environmental seminars during factory tours for elementary, junior and high school students •Held environmental seminars during the factory tours for corporate customers and residents of local communities	•Continue environmental seminars during factory tours
	Participation in environment-related events	•Participated in Shizuoka Business Fair. •Participated in Hamamatsu Manufacturers' Technology Exhibition 03	•Participate in Shizuoka Business Fair •Participate in Hamamatsu Manufacturers' Technology Exhibition 04
	Implementation of regional clean-up promotion	•780 employees participated in regional clean-up campaigns	•Continue participation in regional clean-up initiatives

Material Balance

The Yamaha Group produces a wide variety of products, including musical instruments, AV/IT equipment, lifestyle-related products, semiconductors, special alloyed metals, and automobile interior components. The Group understands and discloses the material balance that indicates volume of input and output of materials to clarify the relationship between production activities and environmental impact. This data is

utilized in the activities toward reducing environmental impact. In FY2003, raw materials, packaging materials, and the recycled volume of water and recycled boards (particle boards) were added to the input items, while the greenhouse gas emissions and released PRTR-specified substances were added to the output items.



Environmental Conservation Activities

Environmental Management

Each division of the Yamaha Group has built an environmental management system based on ISO 14001. The Group continuously improves the total management system, while sharing information about each activity.

Environmental Management System

Yamaha established the Environmental Management Section in 1974 and the Global Environment Division (present Environmental Management Division) in 1992, and totally prohibited the use of specified CFCs in 1993, thus having exerted company-wide efforts for environmental conservation. In addition, a company-wide cross-sectional organization, the Environmental Committee, was established in 1994, which is headed by the director, Environmental Management. Under the committee, specialist groups were set to discuss individual objectives. Thus, the whole company strives to conserve the environment.

From 1998, we established the Divisional Environmental Committee one by one in the divisions that have already attained ISO 14001 certification. The committee is composed of a division head as chairman and the representatives from each division and department as committee members. The committee has subcommittees, each of which is specialized in such themes as energy saving, resources and wastes, chemical substances, and product assessment and is moving toward achievement of concrete objectives like energy saving, zero emissions, and compliance with the RoHS Directive. Furthermore, the Group companies in Japan accelerate communication among them through the

Realizing centralized management of the Group's environment-related information

"Yecos" is a system introduced in FY2003 to collect the Yamaha Group's environment-related information including environmental performance data. By utilizing this system to increase efficiency in site management, to share information between headquarters and divisions, to unify management of the Group's environment-related information at the headquarters, and to grasp necessary information when required, the Group is now able to disclose necessary information promptly. The system has been introduced into the production affiliates and major offices in Japan and will be introduced into the overseas affiliates.

Yamaha Eco System (Yecos), the Group's environment-related information system on the intranet.

Acquisition of ISO 14001 Certification

The environmental management system is one of the schemes that help to realize environmentally friendly company management. The Yamaha Group promotes acquisition of the international standard ISO 14001 certification, starting from production facilities then to resort facilities in the order of magnitude of impact on the environment.

In FY2003, Yamaha Electronics (Suzhou) (established in 2002) and Haimurubushi acquired the certification, which means all production facilities in Japan and overseas and resort facilities have successfully obtained the certification. During the three years from FY2004 to FY2006, major sales offices (Tokyo, Nagoya, and Osaka) will endeavor to obtain the certification.

Yamaha factories in Japan

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

Production affiliates in Japan

Site	Date acquired
Yamaha Kagoshima Semiconductor Inc.	Nov. 1997
Yamaha Metanix Corporation	Mar. 1999
Yamaha Music Craft Corporation	Jul. 2000
D.S. Corporation	Feb. 2001
Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)	Dec. 2001
WP Winds Corporation	Feb. 2002
Sakuraba Mokuzai Co., Ltd.	Sep. 2002

Resort affiliates

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

Overseas production affiliates

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

All production facilities in Japan and overseas and the resort facilities acquired ISO 14001 certification.

Haimurubushi

Haimurubushi runs a resort facility consisting of hotels, restaurants, etc., that perfectly fit the rich nature of Kohama Island, Yaeyama in Okinawa Prefecture. In March 2004, it earned ISO 14001 certification. Yamaha Resort Haimurubushi™ gives utmost care to waste disposal and prevention of water contamination in its business operations to conserve the beautiful sea and world-class coral reef around the island. It has endeavored to separate wastes, to build an oil-proof dike for heavy oil tanks, and to realize 100% composting of food waste. These efforts achieved good results and thus contributed to the acquisition.



Panoramic view of Kohama Island



ISO promotion team in Yamaha Resort Haimurubushi

Environment-related Accidents and Lawsuits

In FY2003, no fine, minor fine or lawsuit was imposed on the Yamaha Group. The Group caused no accident that exerted an influence outside the company.

Emergency Response Training

The Group prepared a responsible organization and a procedure manual for each facility in accordance with the ISO 14001 standard in preparation for an assumed emergency that may have an impact on the environment. In addition, it provides an opportunity for regular emergency response training so that the employees will be able to take emergency actions and communicate with each other in case of an emergency.

In the emergency response training, a specific accident is assumed, like an oil leak. Employees of the facilities simulate the emergency actions and communication to the parties concerned in accordance with the specified procedures, check the emergency equipment and goods, and verify the results. If any inadequacy should be found in the procedure, the procedure manual would be amended, and the training would be conducted again to verify the effect of the amendment. Thus, repeating the training and verification further improves the level of risk management.

Case example

Tenryu Factory of Yamaha Corporation

Enhancing the measures to prevent leaks of oil or hazardous substances

The factory produces components for car interior accessories, molds and FA equipment. It is equipped with a gate that prevents leaks of oil and other hazardous substances through gutters to provide for emergent accidents in the oil storage facilities. In FY2003, another gate was added to provide double protection and thus to enhance the leak-proof measures. After installation, an emergency response training was conducted to simulate the operational procedure of the double-protection gate, as well as to confirm the existing communication route and the use of the oil absorption mat.



Emergency gate



Emergency response training (operation of the gate)

Environmental Audit

The Yamaha Group is subject to regular external environmental audits in accordance with the ISO 14001 standard, while each facility conducts internal environmental audits by itself.

In June, the Environment Month every year, Yamaha's factories conduct an environmental patrol, where internal environmental auditors mutually check the status of environmental conservation and environment-related facilities of other factories. In addition, staff from the Headquarters' Environmental Management Division visit and examine the compliance with laws and regulations and management conditions of the facilities in order to support the environmental conservation activities of the domestic production affiliates.

External environmental audit

In FY2003, an external environmental audit was conducted in the 34 facilities, including the Group's domestic and overseas production facilities and resort facilities according to the following schedule. Corrective actions were immediately taken for the issues pointed out, and the environmental management system was improved so that it could function effectively.

Yamaha factories in Japan

(a total of 21 issues were pointed out)

Facilities	Date of audit	Category of audit
Kakegawa Factory	Oct. 2003	Regular surveillance
Iwata Factory	Dec. 2003	Regular surveillance
Saitama Factory	Sep. 2003	Regular surveillance
Toyooka Factory	May 2003	Renewal audit
Headquarters area	Jul. 2003	Renewal audit
Tenryu Factory	Feb. 2004	Renewal audit

Production affiliates in Japan

(a total of 15 issues were pointed out)

Facilities	Date of audit	Category of audit
Yamaha Kagoshima Semiconductor Inc.	Oct. 2003	Regular surveillance
Yamaha Metanix Corporation	Feb. 2004	Renewal audit
Yamaha Music Craft Corporation	Jun. 2003	Renewal audit
D.S. Corporation	Jan. 2004	Renewal audit
Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)	Nov. 2003	Regular surveillance
WP Winds Corporation	Jan. 2004	Regular surveillance
Sakuraba Mokuzai Co., Ltd.	Sep. 2003	Regular surveillance

Resort affiliates (a total of 19 issues was pointed out)

Facilities	Date of audit	Category of audit
Katsuragi Co., Ltd.	Nov. 2003	Regular surveillance
Nemunosato Co., Ltd.	Jan. 2004	Regular surveillance
Kiroro Associates Co., Ltd.	Jan. 2004	Regular surveillance
Tsumagoi Co., Ltd.	Dec. 2003	Regular surveillance
Toba Hotel International Co., Ltd.	Mar. 2004	Regular surveillance
Haimurubushi Co., Ltd.	Mar. 2004	Audit for ISO acquisition

Case example

Toyooka Factory of Yamaha Corporation

Enhancing the system to promote the environmental conservation activities of the whole factory

In the renewal audit for ISO 14001 certification in the Toyooka Factory, the following issue was pointed out in terms of the objective and targets of the environmental conservation activities. The factory took the measures as described below.

Issues pointed out

The environmental policy of the Toyooka Factory is "to reduce the environmental impact, products, and production processes, and production facilities should be designed in consideration of the environment". The objectives and targets of the activities based on the policy are specified for each department but not clarified for the whole factory.

Corrective actions

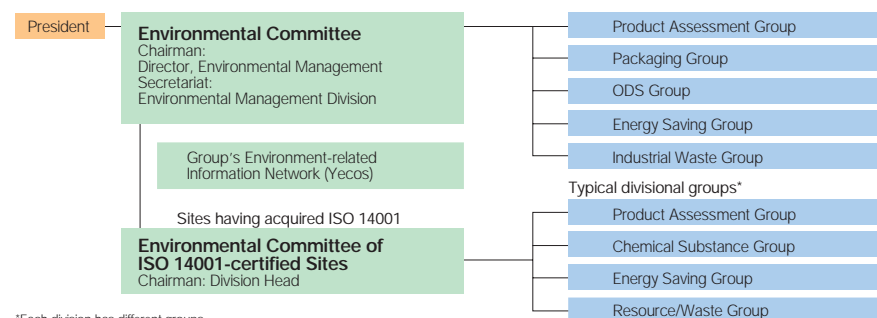
The factory defined the objectives and targets for the whole organization and set up a product assessment subcommittee as a cross-sectional organization to observe the implementation. It promoted compliance with the RoHS* Directive and developing environmentally friendly products as the factories objectives and targets, as well as reviewing the production process.

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

Overseas production affiliates

Facilities	Date of audit	Category of audit
Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.	Dec. 2003	Regular surveillance
Kaohsiung Yamaha Co., Ltd.	Nov. 2003	Regular surveillance
Tianjin Yamaha Electronic Musical Instruments, Inc.	Jan. 2004	Regular surveillance
Yamaha Music Manufacturing, Inc.	Dec. 2003	Regular surveillance
PT. Yamaha Musical Products Indonesia	Jan. 2004	Renewal audit
PT. Yamaha Music Manufacturing Indonesia	Dec. 2003	Regular surveillance
Yamaha Musical Products, Inc.	Apr. 2003	Regular surveillance
PT. Yamaha Music Manufacturing Asia	Sep. 2003	Regular surveillance
PT. Yamaha Indonesia	May 2003	Regular surveillance
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	Jun. 2003	Regular surveillance
Guangzhou Yamaha-Pearl River Piano Inc.	Sep. 2003	Regular surveillance
Kemble & Company Ltd.	Dec. 2003	Regular surveillance
PT. Yamaha Electronics Manufacturing Indonesia	Nov. 2003	Regular surveillance
Xiaoshan Yamaha Musical Instruments Co., Ltd.	Mar. 2004	Regular surveillance
Yamaha Electronics (Suzhou) Co., Ltd.	Mar. 2004	Audit for ISO acquisition

Environmental Management System Structure



*Each division has different groups.

Environmental Conservation Activities

Environmental Management

Internal Environmental Audit

The Yamaha Group conducts internal environmental audits in each of the facilities to check the implementation of the environmental management system.

In FY2003, 45 internal audits were conducted in total in the 34 facilities, including production facilities in Japan and overseas and resort facilities. For the issues pointed out by the internal environmental auditors, corrective actions were immediately taken in each facility. The details of the issues and corrective actions were communicated to other departments in the same facility. The Environmental Committee was held for the cross-sectional improvement of the whole facility to continuously improve the environmental management system.

Yamaha factories in Japan

Facilities	Frequency
Headquarters area (Headquarters and factory)	Semiannually
Tenryu Factory (including Yamaha Fine Technologies)	Annually
Saitama Factory	Semiannually
Toyooka Factory	Annually
Iwata Factory	Annually
Kakegawa Factory	Annually

Production affiliates in Japan

Facilities	Frequency
Yamaha Kagoshima Semiconductor Inc.	Annually
Yamaha Metanix Corporation	Annually
Yamaha Music Craft Corporation	Annually
D.S. Corporation	Semiannually
Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)	Annually
WP Winds Corporation	Annually
Sakuraba Mokuzai Co., Ltd.	Annually

Resort facilities

Facilities	Frequency
Katsuragi Co., Ltd.	Annually
Nemunosato Co., Ltd.	Annually
Kiroro Associates Co., Ltd.	Annually
Tsumagoi Co., Ltd.	Annually
Toba Hotel International Co., Ltd.	Semiannually
Haimurubushi Co., Ltd.	Annually

Overseas production affiliates

Facilities	Frequency
Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.	Semiannually
Kaohsiung Yamaha Co., Ltd.	Annually
Tianjin Yamaha Electronic Musical Instruments, Inc.	Semiannually
Yamaha Music Manufacturing, Inc.	Annually
PT. Yamaha Musical Products Indonesia	Semiannually
PT. Yamaha Music Manufacturing Asia	Annually
Yamaha Musical Products, Inc.	Semiannually
PT. Yamaha Music Manufacturing Asia	Semiannually
PT. Yamaha Indonesia	Semiannually
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	Annually
Guangzhou Yamaha-Pearl River Piano Inc.	Semiannually
Kemble & Company Ltd.	Annually
PT. Yamaha Electronics Manufacturing Indonesia	Annually
Xiaoshan Yamaha Musical Instruments Co., Ltd.	Annually
Yamaha Electronics (Suzhou) Co., Ltd.	Annually

Environmental Patrol

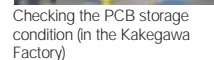
Yamaha conducts an environmental patrol in June, as the Environment Month, every year. Internal environmental auditors from the factories in Japan and the staff from the Headquarters' Environmental Division are organized into groups and mutually examine the status of environmental conservation and environment-related facilities of other factories.

6 factories in Japan went through the environmental patrol on June 5, 6 and 19, 2003.

72 issues were pointed out in FY2003, which was an increase of 16 over FY2002. The industrial waste-related issues command more than 50% of the total issues every year, but were reduced from 37 in FY2002 to 33 in FY2003, which meant other issues, including storage of chemicals and offensive odors increased. Reflecting these issues, the company endeavors to improve environment-related facilities and to prevent environmental pollution.



Checking the drain ditch (at Headquarters)



Checking the PCB storage condition (in the Kakegawa Factory)

Issues pointed out in the environmental patrol

Items	Number of issues pointed out	
	FY2003	FY2002
Waste	33	37
Water quality	11	10
Storage of chemicals	9	4
Noise	2	0
Air	6	0
Offensive odors	6	1
Others	5	4
Total	72	56

Case example

Saitama Factory of Yamaha Corporation

Improving the method to fix exhaust fans

In the Saitama Factory, the following issues were pointed out in terms of noise and vibration.

Issues pointed out

The exhaust fans are not well fixed so that the outer wall vibrated and generated noise. Take the necessary measures to improve the facility.

Corrective measures

The factory examined the two identified exhaust fans inside the wall, as well as the other fans, and resolved the vibration problem. It will continue to regularly monitor and measure the condition of the fans.

Internal Environmental Auditors

The Yamaha Group devotes its energies to training internal environmental auditors to improve the accuracy of the internal audit and patrol. An internal environmental auditor training seminar is held quarterly, inviting lecturers from auditing/registration institutes. Thus, the company cultivates internal environmental auditors based on an educational program.

In FY2003, 45 employees were qualified as internal environmental auditors in Yamaha Corporation and 31 in affiliates in Japan. This means a total of 545 employees have been qualified since 1996.



Internal environmental auditor training seminar

Environmental Training and Education

To promote environmentally friendly activities proactively in daily operations, the Yamaha Group provides environmental training and education to its employees.

Such environmental education is provided for new employees before they are assigned to their individual positions. For rank-and-file employees, management, and staff in charge of the environment, general or specialist education is provided according to the employee's echelon in the organization to raise their level of awareness and knowledge regarding environmental conservation. In addition, the Group encourages employees to acquire environment-related official qualifications or to participate in external seminars. Furthermore, environment-related information is submitted via the

intranet in relation to environmental laws and regulations, ISO 14001, Green procurement standards, and environmentally friendly products and design. To the suppliers and other related companies who frequently visit the Group's sites, educational opportunities such as lecture meetings are offered on topics related to environmental conservation.



Environmental seminar



Shuji Ito, president, giving an address at an environmental seminar

List of Training Programs held in FY2003

	Name	Participants
General education	New employee training	New employees
	Product manufacturing seminar	All applicants
	Environmental management course at Yamaha Advanced Skill School	Employees enrolled in the School
	Environmental management course at Yamaha Technical Training Center	Employees enrolled in the Course
	ISO 14001 general training	All employees belonging to the facilities that acquired ISO 14001 certification
Specialist training	Environmental seminar "For the construction of recycling society - realizing zero emission in business"	Directors and all employees
	Internal environmental auditor training	Candidates for internal environmental auditor positions
	Wastewater treatment facility operation manager training	Operations managers at factory's wastewater treatment facilities.
	Environment-related legislation education	Employees in charge of environment and in the related departments
	Zero emission seminar	Employees in charge of environment and in the related departments
	Environment-related information system training	Employees in charge of environment and in the related departments
	Product/environment seminar on "EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive)"	Employees in charge of procurement and in the related departments
Environmental seminar "Yamaha's efforts for green procurement"	Yamaha's suppliers and other related companies	
	Explanatory meeting on green procurement (overseas production facilities) Suppliers	Suppliers
	Explanatory meeting on Corporate Forest	Employees in charge of lumber procurement and design engineers

"An Illustrated Guide to Trees Used for Musical Instrument" and "Senju-en" to Highlight the Value of Raw Materials for Employees

The Yamaha Group inserts a serial story named "An Illustrated Guide to Trees Used for Making Musical Instruments," which gives detailed explanations about the woods used in musical instruments, into the Yamaha Group magazines, "The World of YAMAHA" (English) and "Symphonia" (Japanese) Yamaha's Tenryu Factory has "Senju-en (the garden of a thousand woods)" on its premises, where a variety of woods are planted and most of them are used in Yamaha products. It tells us the character and growth conditions of the woods we use and what the raw materials for musical instruments look like in their original form. This helps to raise the awareness of the employees, so that they can take good care of the raw materials.



Senju-en

Environmental Communication

The Yamaha Group believes that it is important to disclose information to the public about our efforts toward environmental conservation. Based on this belief, we try to communicate with society through a wide variety of channels.

The factory headquarters holds an environment seminar together with a piano factory tour for junior and senior high school students. The factory also explains its environmental efforts individually to the elementary and junior high school students who visit the factory in the class for integrated study.

In addition, employees of Yamaha are often invited as guest lecturers on environment at the seminars of other organizations.

Yamaha's factories give importance to communication with the local community and have explanatory meetings or social gatherings about environment-related information. One example is the Toyooka Factory, which invites local residents every year to factory tours and social gatherings, where employees play musical instruments, provide an explanation of environment-related information, and invite residents to share their opinions.

Information about these activities is disclosed in the Environmental Report, which has been issued annually since 2000, and on the web site. The Annual Report and Fact Book also includes such information, as well as the vision and status of businesses and financial information.



Environmental seminar for junior and senior high school students



Social gathering with local residents (Toyooka Factory)

TOPICS

Tianjin Yamaha Electronic Musical Instruments Awarded Environmental Prize

Tianjin Yamaha Electronic Musical Instruments was awarded the prize "Excellence in Environmental Conservation in 2003" by the Tianjin Economic-Technological Development Area.* The company's environmental conservation activities based on the ISO 14001 standard were positively evaluated, and the company has won the prize for three consecutive years. At the same time, Ms. Liu Yan Hong, staff in charge of ISO at the quality assurance department, was awarded the "Excellent Contributor to Environment" prize.

* The Tianjin Economic-Technological Development Area is a special economic zone established with the approval of the State Council of the People's Republic of China. Tianjin Yamaha Electronic Musical Instruments is located in this area.



Mr. Zhao Jian Bo, quality assurance manager, holding the prize cup for "Excellence in Environmental Conservation in 2003" (on the left) and Ms. Liu Yan Hong, staff in charge of ISO at the quality assurance section.

Environmental Conservation Activities

Producing Environmentally Conscious Products

To reduce the environmental impact on the total society and to recycle resources, producing environmentally conscious products is an important challenge. We focus on the reduction of hazardous chemical substances, saving energy and resources, and the improvement of efficiency in recycling, when we develop and design products.

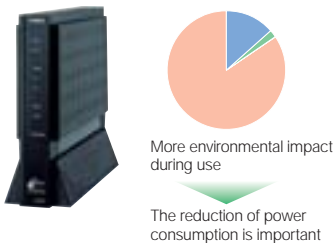
Product's Lifecycle Assessment (LCA)

LCA is an effective evaluation method for promoting environmentally conscious design in view of the total lifecycle of the product, including material procurement, production, transport, use, and disposal. Yamaha started preparation in FY2002 and implemented LCA for the representative products in AV/IT. Environmental impact in every stage of the lifecycle from production of materials to assembly and disposal is converted to the volume of CO₂ emissions for assessment. As a result, it was found that each product has its own characteristics. For example, one product's environmental impact mainly occurs in the material production, but another's occurs mostly during use. This is an important tool for environmentally conscious design. We would like to expand the number of products LCA applies to and fully utilize the system to develop environmentally conscious products.

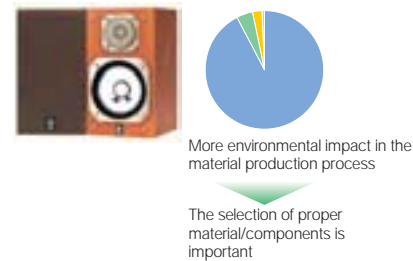
Comparison of CO₂ Emissions at Each Stage of the Lifecycle

Material production Assembly Disposal
Transportation Use

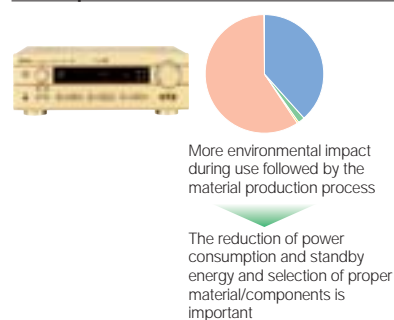
Router



Speaker



AV amplifier



Controlling Chemical Substances Contained in Products

The Yamaha Group defined the 'Standards for Chemical Content in Products' in February 2003, and has controlled chemical substances contained in products in the product development and design processes according to the standard to secure compliance with law and to reduce the environmental impact.

In March 2004, the Group issued the second edition of the 'Standards for Chemical Content in Products', after examining the additional information about environmental laws and regulations in various countries of the world. The Standard is defined with reference to the guidelines of the Japan Green Procurement Survey Standardization Initiative (JGPSSI) (Secretariat: Japan Electronics Information Technology Industries Association) and includes the substances subject to the EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the special items defined by the Yamaha Group. The Group will perfect the compliance with RoHS Directive by the end of FY2005.



Promoting Green Procurement

In order to control chemical substances contained in a product, it is most important to control chemical substances contained in the components and materials to be incorporated in the product.

The Yamaha Group asked for suppliers' cooperation and started research about components and materials from June 2002. From FY2003, the Group conducted research on almost all suppliers in Japan and overseas. It aims at confirming, as an immediate objective, that the six substances specified in RoHS Directive are not contained in any component or material of the products subject to the Directive.



The Formaldehyde Reduction Project

Formaldehyde is often contained in adhesives used in wood products and its relation with sick building syndrome (indoor air pollution) is suspected. Yamaha has endeavored to reduce the use of formaldehyde voluntarily in the production process.

The Formaldehyde Reduction Project was organized by staff from the development, technology, and sales departments in July 2003, and a company-wide effort has been made to reduce the use of it. As a concrete objective, the Yamaha Group aims at reducing the emissions from the target products to less than half of the 2003 model by July 2006.



Saving Energy and Resources

The Yamaha Group attaches high importance to realizing energy and resource saving in products as a part of measures against global warming and for global resource protection. It has continuously tackled this as a priority issue in the product development stage.

As a result, it has realized high efficiency in power amplifiers by adopting a digital circuit in FY2003 (approximately twice the efficiency of analog amplifiers) and reduced standby power consumption in home theater products by adopting a dedicated circuit (0.1 watt or less). Another example of resource saving is the development of the "Silent Bass" realizing both energy-saving design and downsizing.

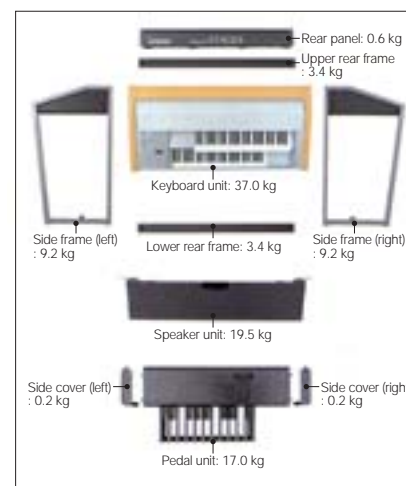
Case example

Electone and STAGEA™

Realizing Long Product Life by Unitization of Components

Electone is an electronic musical instrument with upper and lower keyboards and pedals, which allow the musician to play the melody, harmony, and rhythm at the same time and has thus become pervasive. Since its introduction into the market in 1959, Yamaha has sold more than 4.6 million units in total all over the world.

A new model, "STAGEA™," was put on the market in March 2004. As components were unitized in this product, the replacement of keyboards or the addition of a sound generator board has become extremely simple. It enables an upgrade of the product without purchasing a completely new product. In addition, it can be disassembled into separate units, so that it will save space when stored or transported.



Case example

The High-efficiency MX-D1 Digital Amplifier

Realizing Both Low Power Consumption and High Power

By adopting Yamaha's proprietary LSI, the MX-D1 digital amplifier realizes both a high power (500 W + 500 W (4 to 8 Ω)) rated output and a low distortion rate of 0.002% (at 1 kHz/8 Ω/10 W). Electricity consumed by the power amplifier is reduced to approximately 30% of the conventional analog amplifier. The standby power consumption is kept as low as 0.1 W or less.



Case example

Musical instruments

Promoting the Substitution of Rare Wood Species

Some tonewoods used in musical instruments are not grown in plantations and so are becoming rarer. While the Yamaha Group is enthusiastic about creating good instruments, it is also acutely conscious of resource protection. It tackles the challenge of developing new materials and substituting them for rare resources, steadily producing good results.

For example, the Group developed the ebony-like natural wood, WPC* processed mansonia wood, as a substitute for the ebony used in the black keys of a piano. It also promotes the substitution of "Acoustalon" fiber-reinforced plastic for the Honduras rosewood used in marimbas.

*WPC stands for Wood Plastic Composites. It is a processing technology where plastics are filled between the tissues of wood to harden it.

Case example

The SLB-200 Silent Bass

Pursuing the Reduction of Wood Consumption and Saving Energy

The SLB-200 Silent Bass is a product where the concepts of downsizing and energy saving are pursued. Its compact design and improved efficiency in using lumber has substantially reduced the consumption of wood as a raw material. Volume is reduced to approximately 60% and weight to approximately 70% compared with the conventional model. High efficiency in the electric circuits have dramatically improved the continuous operating time from 12 hours in the conventional model to as long as 350 hours.



Case example

Wind Instruments and Electric/Electronic Products

Eliminating Lead from Solder

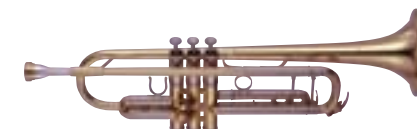
The Yamaha Group started producing wind instruments using lead-free solder in 2003. Parts of our trumpets and flutes are now completely free of lead solder.

To attain this, we studied for many years and finally succeeded in developing a proprietary lead-free soldering technique, which maintains traditional sound quality and product quality.

This success was exhibited at the NAMM Show, a musical instrument trade show held in California, USA in January 2004, and MusikMesse, an international musical instrument exhibition held in Frankfurt in March 2004.

The Group plans to produce all wind instruments using the lead-free soldering technique and to set up an after sales service network by December 2005.

The Group is also continuously promoting lead-free soldering in electric/electronic products. In particular, almost all flow soldering processes using a soldering bath have been replaced by lead-free soldering in the production of new models of AV equipment. We will apply this technique to other products, including the reflow soldering process using solder cream in the future. The Group is planning to complete the application of this technique to all the products specified in EU RoHS Directive by the end of FY2005.



A Trumpet Produced with Lead-Free Soldering



Presentation board explaining the lead-free soldering (at MusikMesse)

Environmental Conservation Activities

Environmental Conservation in Production

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

Zero Emissions* Efforts

The Yamaha Group promotes a zero emissions initiative to effectively utilize wastes as resources and to address the shortage in capacity of waste disposal facilities.

Yamaha established a zero emissions promotional organization and started activities to achieve it in each factory in September 2003. The organization introduces the activities of Yamaha Kagoshima Semiconductor, which has already achieved zero emissions in the Group, and organizes an investigation tour to other advanced companies, which have achieved zero emissions, to deepen the knowledge and understanding of it, while starting concrete efforts to achieve it within Yamaha. We minimize waste generation by recycling unnecessary materials in each facility and studies separation methods before recycling and usage of recycled materials.

At the same time, we work out company rules to promote recycling of waste.

We have established a company rule that defines the method of discarding fixed assets including electric home appliances and information devices; we should not destroy the asset but should hand it over to the recycling industry as it is, to help recycling and reuse.

Based on the above efforts, Yamaha aims at achieving zero emissions in all factories by the end of December 2005.

*The Yamaha Group defines "zero emissions" as the state where the volume of final disposal in a landfill is 1% or less of that of total waste generation.



Presentation meeting about zero emissions



Panels explaining the cases of recycling

Case example
Yamaha Metanix Corporation

Reclaiming Wastes into RPF for Reuse

Yamaha Metanix Corporation started to reclaim back ropes (ropes to prevent scratches; annual volume of disposal 2.32 tons), which have been disposed of in a landfill, into recycled plastic fuel (RPF). The thermal recycling of used back ropes is realized through a PRF manufacturer, resulting in reduction of industrial wastes disposed of in a landfill and waste treatment cost. As RPF is high-calorie and clean fuel, it is effective for resource saving, energy saving and reduction of CO₂ emissions.



Back rope



Recycle plastic fuel (RPF)

Case example
Kiroro Associates Co., Ltd.

Producing Fertilizer from Food Waste to Reduce Waste and Recycle Resource

Yamaha Resort "Kiroro"™ is located in Hokkaido and consists of skiing areas and a hotel. It obtained ISO 14001 certification in 2002 and has produced successful results in reducing and recycling food wastes since then.

The resort introduced a raw garbage recycling/treatment system and produces high-quality fertilizer from food waste from the kitchen. The fertilizer is used in the resort's farm to grow vegetables, which is cooked in the hotel. Thus, it has tackled the recycling of resources. The effort produced good results, and the farm reaped a rich harvest of high-quality vegetables including pumpkins, potatoes and corn in FY2003. The harvested vegetables are cooked by top-ranking chefs and served to hotel guests.



Harvesting the resort's farm



Chefs cooking vegetables

Preventing Global Warming by Energy Saving

To prevent global warming, the facilities in Japan and overseas of the Yamaha Group endeavor to reduce CO₂ emissions by drawing up concrete programs to save energy.

An example is a shift in the air conditioning method from a centrally controlled system, where the temperature is kept constant within a facility, to an individually controlled system, where each block can set the temperature. It enables careful control of the temperature and thus saves energy.

Each facility introduces energy efficient models when the equipment has to be replaced or replaces a large-sized boiler with a small-sized one.

Reducing Water Consumption and Reusing Wastewater

The Yamaha Group has been recycling wastewater from the production processes since the early 1970's. In FY2003, the Group reused 127,000 m³ out of total water consumption of 2.84 million m³.

Case example
Yamaha Kagoshima Semiconductor Inc.

Promoting Recycling Water by Replacing the System

Yamaha Kagoshima Semiconductor Inc. totally replaced the wastewater treatment system in FY2003 to increase the treatment capacity. As a result, approximately 70% of the total waste from the production processes can be recycled, and water consumption is reduced. The volume of sludge generated in the treatment process is reduced to 60% of the conventional system, which, we believe, contributes to a reduction of industrial waste.



Wastewater treatment system

Reducing CFC substitutes*

To protect the ozone layer, the Yamaha Group had totally phased out the use of specific CFCs* by the end of 1993.

Since then, the Group has studied the possibility of reducing CFC substitutes (HCFC) used in one Yamaha factory and a production subsidiary. In FY2003, the CFC substitutes used amounted to 1.9 tons, which had leveled off from FY2002. By the end of FY2004, all CFC substitutes will be replaced by substances other than CFCs and therefore will be totally phased out.

*Specific CFC and CFC substitutes: Chlorofluorocarbon (CFC) is a generic name for chemical compounds where at least one hydrogen atom of a hydrocarbon is replaced with fluorine atoms. Specific CFCs mean those that are identified as major factors in ozone layer depletion and the total phase-out of which are required by the Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures. CFC substitutes are CFCs containing hydrogen in their molecules. Their ozone depleting potential is considered to be comparatively low, and they often substitute for the specific CFCs.

Responding to the PRTR Law*

The PRTR Law imposes upon each facility the duty of reporting to the authorities of the region where the facility is located the volume of 354 PRTR-specified substances released into the environment in and after FY2001.

In FY2000, the Yamaha Group calculated the amount of PRTR-specified substances released during FY1999. Since then, the Group has endeavored to reduce the amount released. As a result, the volume released to the environment was reduced to 145 tons in FY2003, down 6 tons from the previous fiscal year.

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

Case example
Tenryu Factory of Yamaha Corporation

Introducing a Regenerative Exhaust Gas Treatment System

In FY2002, the Tenryu Factory introduced a regenerative exhaust gas treatment system to remove volatile organic compound (VOC*) elements contained in exhaust gas from the product's painting process. The system removes 98% of VOC elements from PRTR-specified substances including styrene and toluene. In FY2004, the same system is planned for introduction into the other painting process.



*VOC stands for Volatile Organic Compound.
Regenerative exhaust gas treatment system

Case example
Yamaha Livingtec Corporation

Reducing Emissions of PRTR-specified Substances by Changing the Types of Paints

Yamaha Livingtec Corporation replaced the paint used on materials for household equipment and on flooring with paint that does not include PRTR-specified substances like toluene and xylene as solvents or does not include any solvent at all. This reduced the emissions of the PRTR-specified substances by 37% (equivalent to 10 tons) compared to FY2002.



Kitchen units coated the paint that does not include PRTR-specified substances

Groundwater Pollution and Purification

In two facilities and one subsidiary of the Yamaha Group, groundwater pollution was detected in 1997. Since then, the Group has continued purification efforts. We would like to explain the background and the current status as below.

In January 1990, the Yamaha Group totally abolished the use of chlorine organic solvents (trichloroethylene and tetrachloroethylene) that had been used for cleaning components of pianos and electronic materials.

In 1997, when the environmental quality standards for groundwater were

formulated, we conducted a voluntary soil/groundwater contamination investigation in all factories and subsidiaries that have used these materials in any way. As a result, it was revealed that the headquarters' factory (Hamamatsu city, Shizuoka) and the Toyooka Factory (Iwata-gun, Shizuoka) of Yamaha Corporation and Yamaha Metanix Corporation (Iwata city, Shizuoka) had soil/groundwater contamination.

In response to the result, the Group reported the fact to Shizuoka Prefecture and local authorities, voluntarily announced the result in newspapers and other media, and held explanatory meetings for local residents in 1998. It also started purification of the soil with the vacuum suction method and purification of groundwater with the pumped water aeration method. The purification of the soil was completed in 2000, while the purification of groundwater is continuing.

As of the end of FY2003, groundwater purification advanced to the level where it met the standard value in the Toyooka Factory and Yamaha Metanix Corporation, but purification is continuing. The level of purification came close to the standard value in the headquarters' factory, which is continuing purification for further improvement.



Purification system

TOPICS

Efforts toward symbiosis with nature—Tsumagoi

In 2003, Yamaha Resort Tsumagoi™ determined a new management policy to become a resort facility that realizes symbiosis with nature. Investigation revealed that 536 species of plants grow naturally and 47 species of birds and 61 species of insects live on the premises of the facility. This includes *Gastrodia pubilabiata* and *Calanthes*, specified as endangered species by the Ministry of the Environment, and goshawks, specified as a natural treasure. It is confirmed

that a rich natural environment is conserved on the premises.

Yamaha Resort Tsumagoi™ wants to become a facility that can offer experiential activities in nature to a number of people either in the form of family recreational activities or a part of school education, while conserving the natural environment and protecting animals and plants.



Biotope in the premises

Environmental Conservation Activities

Environmentally Friendly Packaging and Distribution

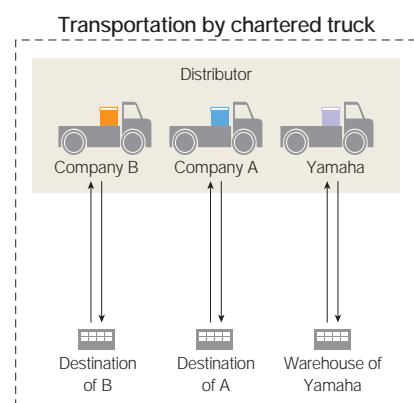
The Yamaha Group takes into account the impact the packaging and distribution processes have on the environment, including increased waste by the use of packaging materials in product distribution to customers and CO₂ emissions through transportation.

Efforts for Packaging Material and Distribution

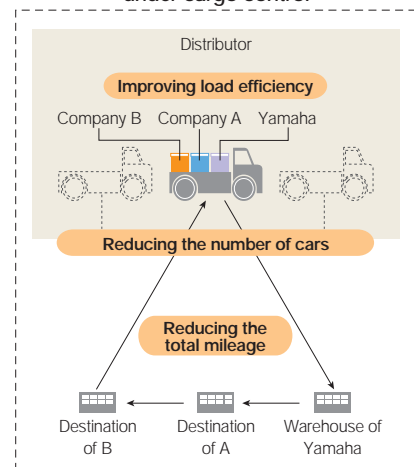
The Yamaha Group adopted the use of futons (comforters) as cushioning materials when packing grand pianos in the 1960's. This enables repeated reuse and prevents generation of waste at the time of delivery, thus reducing the packaging materials compared with the past.

For the distribution process, the Group built a supply chain management (SCM) system and established a consolidated transportation system to improve efficiency in transportation. In addition, the Group has made a continuous effort to increase the use of Japan Railways containers and ferryboat transportation since FY2001 thanks to the cooperation of distributors.

Improvement of efficiency by consolidated transportation



Consolidated transportation under cargo control



Case example

Yamaha Livingtec Corporation

Utilizing "Green Containers" and Returnable Packaging Units

Yamaha Livingtec Corporation introduced the use of "green containers," a simplified packaging and transportation method, in FY2000. By loading all facility components required by a construction site on a rack specially designed by the company, the volume of corrugated cardboard used for shipping was significantly reduced to 25% compared to the conventional way of packing all components one by one.

Utilization ratio of the "green container" method in prefabricated bath products was more than 40% in FY2003.

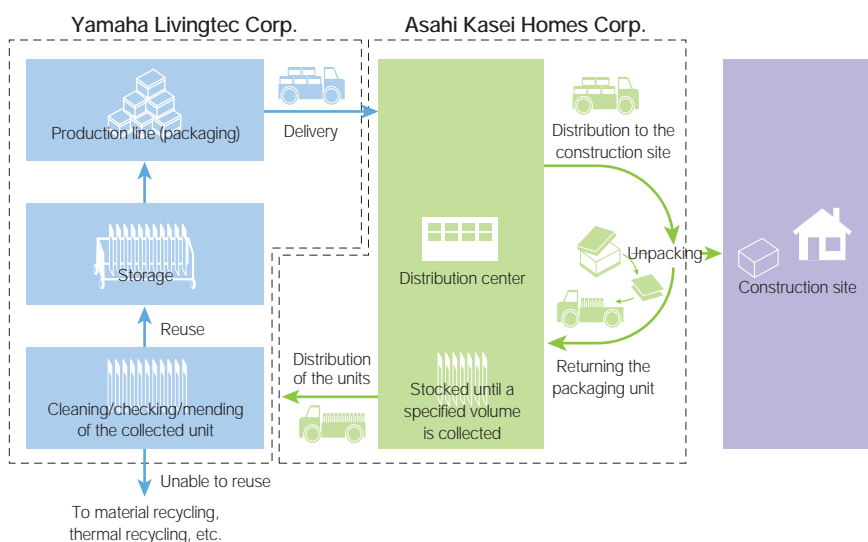
We will further expand the category of products the method is applicable to in FY2004. In February 2004, the company developed a "returnable packaging unit" for kitchen sink cabinets, which is made of

waste paper and enables repeated use up to 20 to 30 times, in collaboration with Asahi Kasei Homes Corporation. The material becomes flat when unpacked so that the volume during collection and storage is significantly reduced, thus requiring no large space for those purposes. Even after repeated use, the material can be recycled again to be reborn as a new returnable packaging unit.

In the conventional packaging method, approximately 25 kg of cardboard was used per set of cabinets and disposed by a builder at the construction site. By adopting the reuse of returnable packaging units and by using the collection system of Asahi Kasei Homes Corporation, cardboard wasted at construction sites can be reduced by approximately 250 tons per annum in total.

The unit was introduced in Kansai area in April 2004, and expansion to nationwide operation is planned.

Routes of returnable packaging units



Conventional packaging material



Collaboratively developed returnable packaging unit



Returnable packaging unit (stored on a rack)

Promise to Customers

The Yamaha Group is committed to offering quality products and services for full customer satisfaction. We endeavor to assure safety and improve the quality of our products, while pursuing comfort and convenience to respond cautiously to the customer requirements and expectations. We offer information, services, and opportunities, as well as after-sales support at home and abroad, to realize enjoyable use of the products.

Pursuing Quality in Products

Quality Management System to Assure High Quality

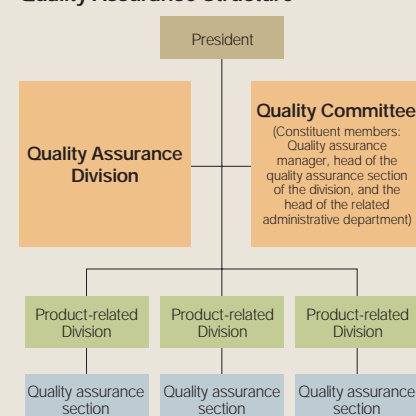
The Yamaha Group has a quality management system headed by the president to give first priority to customer satisfaction and to produce products that can respond to the requirements from customers. Each division is responsible for its product quality under its own quality management system. On the other hand, the Quality Assurance Division monitors the quality of the products manufactured by the divisions in accordance with quality standards that the Yamaha Group should maintain. The supports each division to establish and strengthen its quality management system.

Each division and the Quality Assurance Division liaise closely with each other to develop employee awareness to thoroughly ensure (1) the reflection of customer requirements in products, (2) safety, (3) compliance with related laws and regulations, and (4) prevention of the recurrence of inferior quality in the product planning, design, and production processes. We are committed to offering safe, high-quality products by thus securing product safety and accumulating and utilizing the technologies and know-how to realize the requirements from customers.

Promoting Product Risk Management

It is our fundamental commitment that we do not produce any defect that may threaten product safety. We also endeavor to prevent it proactively in the development/design and production processes. If any defect should be found in a product that is already on the market, the quality assurance manager would call an emergency committee meeting and promptly take measures, including an announcement to customers and recall of the product.

Quality Assurance Structure



Complying with the Safety Standard

It is a fundamental principle for manufacturers to observe the safety standards applicable to the product. The Yamaha Group has established a system that ensures compliance with laws and regulations so that customers are able to use the products safely.

The Quality Assurance Division gathers information about safety standards for electric/electronic products in the world and verifies whether the Yamaha's products are compliant with the applicable standards. The Division also compiles a database of the verification results and has built a system where the Group's companies in the world can promptly confirm via a network which product is compliant with which standards. In addition, our EMC laboratory has been certified by ETL SEMKO* in FY2002, and we are now able to evaluate compliance for EMC of products within the company.

We have prepared the "Indication Guide" that defines the standards for the description of product safety and operation manuals. The Group's companies provide appropriate labeling according to the guide.



Indication Guide

*SEMKO: A testing and certification body authorized by the EU that evaluates the safety of electrical products.

Acquiring the International Standard ISO 9001 Certification

The following divisions of the Yamaha Group acquired ISO 9001 certification, an international standard for product quality assurance and quality management. The Group endeavors to continuously improve and strengthen product quality as well as the quality management systems.

Acquisition of ISO 14001 Certification

(As of April 31, 2004)

YAMAHA Corporation	Registration Certificate Number	Date Acquired
Division		
Semiconductor Division	JQA-0862	28-Apr-95
Piano Division	JQA-1549	17-Jan-97
String Guitar and Percussion Division	JQA-OM4278	21-Jan-00
AV / IT Business Group	JQA-0381	1-Sep-00
Sound and Proofing Division	JQA-OM5802	22-Dec-00
Band & Orchestral Instruments Division	JQA-OM6245	9-Mar-01
Car Parts Division	JQA-OM8474	5-Jul-02
PA/DMI Division (Including PT. Yamaha Music Manufacturing Asia, Kaohsiung Yamaha Co., Ltd., Xiaoshan Yamaha Musical Instrument Co., Ltd.)	00593-2002	19-Sep-02
Material & Component Development Center	JQA-OM9731	20-Mar-03

Enhancing the Customer Support System

The Yamaha Group offers consultations on products, systems, and services for each product category to provide first-class services for the customers as well as to reflect their opinions in the future product development.

One good example of this first-rate service is the Musical Instrument Information Center. In FY2003, it extended the operating days and hours; started new consultation for the winds, strings, and percussion instruments; and upgraded the Computer Telephony Integration (CTI) system.* The information service via the Internet has also been enhanced to most respond to e-mail inquiries within the same day. As a result, we can now respond to inquiries faster and with delay and to provide more precise answers. The information from the customers is compiled in a database to be utilized in the future product development as well as to make improvements on product and service quality.

*CTI system is a customer service system where telephones and computers are integrated.



Musical Instrument Information Center

Affiliates		
Facility	Registration Certificate Number	Date Acquired
Yamaha Kagoshima Semiconductor Inc.	JQA-0448	29-Mar-94
Taiwan Yamaha Musical Inst. Mfg. Co., Ltd. (Taiwan)	4T2Y001-00	04-Oct-95
FA Division, Yamaha Fine Technologies Co., Ltd.	JQA-1614	28-Feb-97
Yamaha Metanix Corporation	JQA-1963	14-Nov-97
PT. Yamaha Musical Products Indonesia (Indonesia)	Q11915	02-Feb-98
D.S. Corporation	JQA-2167	20-Feb-98
P.T. Yamaha Electronics Manufacturing Indonesia (Indonesia)	Q14502	14-Oct-98
Yamaha Electronic Manufacturing (M) Sdn.Bhd. (Malaysia)	AR0420	08-Mar-99
Guangzhou Yamaha-Pearl River Piano Inc. (China)	60895	10-Sep-99
Yamaha Music Tokai Co., Ltd. (Hamamatsu Branch)	0005398	23-Jun-00
Toba Hotel International Co., Ltd.	200695	02-Aug-02
Yamaha Music Kanto Co., Ltd.	72296	28-Aug-00
Kiroro Associates Co., Ltd.	CI/1881	08-Jan-01
Tsumagoi Co., Ltd.	CI/2606	30-Oct-01
Xiaoshan Yamaha Musical Instrument Co., Ltd. (China)	0201035	06-Mar-02
Yamaha Livingtec Corporation (Including Yamaha Living Products Corporation)	JUSE-RA-748	20-Jan-03
Yamaha Sound Technologies Inc.	JBC4002129/J	03-Apr-03

Promise to Customers

Communicating the Enjoyment of Playing Musical Instruments to as Many People as Possible

Yamaha is willing to serve all music lovers as well as our users. Based on this idea, we support an improvement in the environment for practicing musical instruments and the development of performing technique, while offering a variety of services to provide opportunities to play musical instruments for as many people as possible.

Music School for Seniors "Music Lessons for People Over 50"

This is a new style of musical instrument lessons for senior beginners. All instruments are prepared in the classrooms, and students can participate in the lesson without the need for carrying their own instruments. This allows them to learn music very informally.

In 2003, 40% of the total number of students in all Yamaha Music Schools for adults, including the "Music lessons for people over 50" program were 40 years old or older.



Music lessons for people over 50

Soundproofed Products that Enable Playing at Home

Yamaha developed the Silent Series of musical instruments and the Avitecs soundproof room. The Silent Series enables users to play musical instruments freely even in apartments and condominiums, as they do not produce an audible sound except through headphones. In FY2003, new models of pianos and cellos were added to the Silent Series.

Supporting Realization of a Dream "Fathers' Private Recital"

Yamaha wants to offer substantial presentation opportunities for middle-aged male musicians and support the dream of playing in a concert hall or holding a recital of their own.

A recital was held in Yamaha Hall in Ginza, Tokyo, on November 15, 2003. Only the families of the players were invited to attend. Fathers aged from 35 to 75 played their favorite pieces on a variety of musical instruments.



EZ-EG



People enjoying the Music Table



Fathers' private recital



Silent cello

Yamaha's Original Products to Communicate the Joy of Playing Music to Everyone

Yamaha develops and provides products that enable anyone to enjoy playing musical instruments very casually. EZ-EG is a unique, user-friendly guitar that illuminates and incorporates a number of music data and indicates the fingering position on the strings while playing accompaniment. The Music Table is a table incorporating pads on the surface. Simply by patting the pads, a variety of sounds, including musical instruments and voices of animals, are reproduced. It can be used as an ensemble or as a game.

Promise to Shareholders

The Yamaha Group is committed to transparency and the highest standard in corporate management to ensure sound business performance and to distribute profits among shareholders accordingly. We also proactively disclose a variety of information about corporate management. Through these efforts, we will further increase the understanding and satisfaction of our shareholders.

Securing Transparency and Improving Quality in Corporate Management

Yamaha has adopted an auditing system to secure transparency in corporate management, where auditors monitor and audit the management and the Board of Directors. The company has established a Corporate Auditor's Office as an administrative team for auditors and an Auditing Division to audit the business execution of all companies in the Yamaha Group.

In FY2003, to further strengthen the transparency and business monitoring capability of the Board of Directors, Yamaha invited a director and two auditors from outside the company. As of June 2004, the company has eight directors, including two representative directors and one outside director. It has four auditors including two outside auditors.

As for the personnel assignment of directors, candidates for directors, auditors, and executive officers shall be selected after the Corporate Officer Personnel Affairs Committee, consisting of all directors, thoroughly examines each assignment to enhance transparency and fairness.

The company introduced an executive officer system in FY2001 so that the Board of Directors can concentrate on developing management strategies and managing business execution, in order to pursue the highest standard in corporate management. This means separation of the managerial functions and the business execution functions, which enhances corporate management based on consolidated accounting, speed up the decision-making process of the Board of Directors and strengthen business execution. The company has twelve executive officers including one senior executive officer.

Financial Strategies

Establishing ADR*1 program

Yamaha established a Level 1*2 American Depositary Receipts (ADRs) program in July 2003, to expand the base of new investors through over-the-counter (OTC) dealings in the United States (shares unlisted) and to increase Yamaha brand recognition.

This enables OTC trading of ADRs representing Yamaha stock, increasing convenience for foreign investors living outside Japan.

The Level 1 of the ADR program does not require disclosure of accounting information to the SEC (Securities and Exchange Commission) in the U.S. standards. Therefore, the accounting standards Yamaha adopts will not change.

Description of the ADR Program

1. Type of ADR program: Sponsored*3 Level 1 ADR Program
2. Effective date: July 7, 2003 (at 9:00 a.m., U.S. Eastern Standard Time)
3. Ratio: 1 ADR = 1 ordinary share
4. U.S. security code: (Cusip) 984627 10 9
5. Depository bank: Deutsche Bank Trust Company Americas
6. Local custodian bank: Sumitomo Mitsui Banking Corporation

*1 ADRs are U.S. dollar-denominated negotiable inscribed instruments issued in the United States by a foreign company in place of ordinary shares.

*2 Level 1 ADR program: Level 1 is not for public offering but the shares can only be traded on the OTC market. Level 2 requires disclosure of financial information under the U.S. accounting standard. ADR functions as an acquisition currency in M&A in the U.S. Level 3 means listing on a stock market and issuing shares to raise capital becomes possible.

*3 Sponsor: A bank with which the company has a stock deposit agreement and that issues ADRs. Yamaha's sponsor is Deutsche Bank Trust Company Americas.

Setting a Limit to Repurchase Treasury Stock

Yamaha set a limit to repurchase treasury stock in FY2003 pursuant to the provisions of Article 210 of the Commercial Law to enable expeditious implementation of financial strategies responding to the change in the management environment.

Description of the Limits

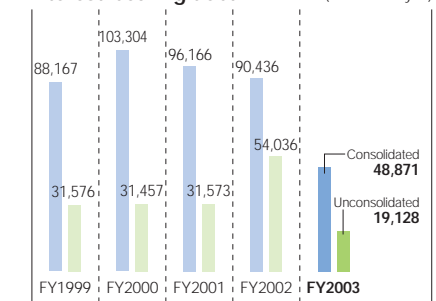
1. Type of share repurchased: Yamaha ordinary share
2. Total amount of shares repurchased: 20 million shares (upper limit)
3. Total amount of the share value: 30 billion yen (upper limit)

Securing Sound Business Performance and Financial Standing

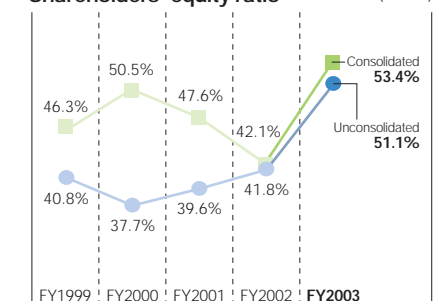
For business performance in FY2004, we are going to apply fixed-asset-impairment accounting ahead of schedule, which should be in place by FY2005, and expect the fixed-asset impairment loss to be approximately 32.0 billion yen. The net income, however, will be secured by the profit gained from returning the substitutional portion of the employees' pension fund to the government and the profit on sale of assets in addition to ordinary business profits.

As for financial standing, we are reducing interest-bearing debt by debenture redemption and other measures. The balance of interest-bearing debt in real terms, less cash bank deposits amounted to 16.8 billion yen as of the end of FY2003, down 29.1 billion yen from the previous year. As a result, the shareholders' equity ratio has become 51.1%.

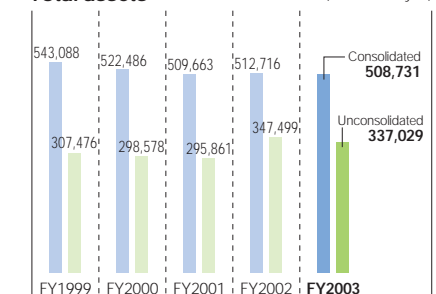
Interest-bearing debt (unit: million yen)



Shareholders' equity ratio (unit: %)



Total assets (unit: million yen)

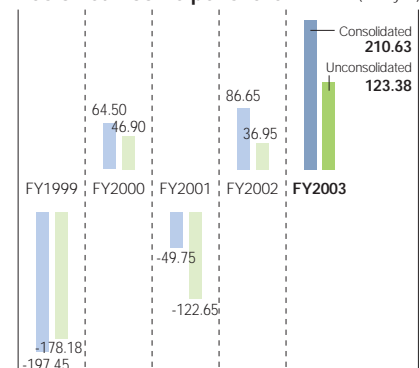


Promise to Shareholders

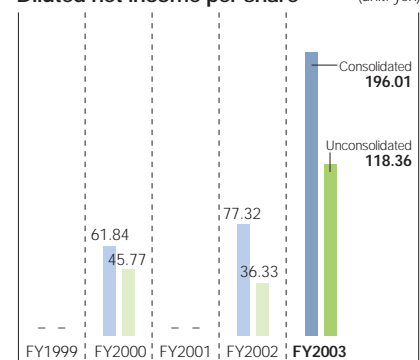
Distributing Profits Among Shareholders via Stable Dividends

As for profit distribution, our basic policy is to pay stable dividends while endeavoring to strengthen the management base and improve return on equity (ROE). Retained earnings will be used for investment into research and development, capital investment, and the expansion of future business with consideration of our business performance and financial standing.

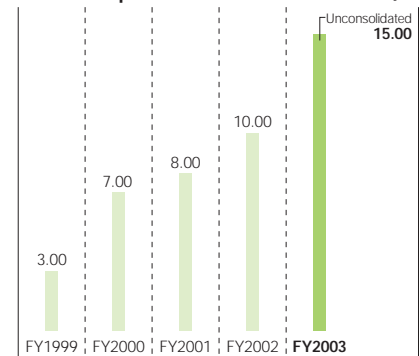
Basic net income per share



Diluted net income per share



Dividends per share



Yamaha's Social Efforts Held in High Esteem by SRI Evaluation Organizations in Japan and Abroad

Socially responsible investment (SRI) means taking into account a company's social responsibilities, including their efforts in environmental conservation, contribution to society, and consideration for human rights, as well as its economics, when selecting targets for stock investment. This is becoming more and more important in Japan.

Yamaha has been included in the FTSE4 Good Global Index (FTSE*), the world's leading index for SRI, since March 2002. In Japan, the Company was also selected and incorporated into the Morningstar Socially Responsible Investment Index (MS-SRI), which started in FY2003. As a whole, it is included more than half of the domestic SRI funds, including the Asahi Life Socially Responsible Investment Fund "Asunohane" and UBS (JPN) Equity Fund Eco Japan "Dr. Eco" as of August 2004.

The FTSE4 Good is an index that evaluates companies from three aspects: environmental activities, social responsibility, and human rights. The evaluation criteria of MS-SRI are: corporate governance, accountability, market, employment, social contribution, and the environment. Asunohane's policy is to invest in listed or over-the-counter stocks of companies that make positive efforts to tackle social issues and contribute to society through their business. We are committed to continuing our steady efforts, in order to be highly and continuously evaluated from these aspects of social responsibilities.

* FTSE: a joint venture of Financial Times (U.K.) and London Stock Exchange



FTSE4 Good Index Series

Communication with Shareholders and Investors

As the Tokyo Stock Exchange made it obligatory to disclose quarterly business performance from FY2003, we started this disclosure in advance. In the quarterly results briefing, the president and management explain the results and communicate with securities analysts and institutional investors. IR staff members answer interviews from analysts and investors at home and abroad and also visit investors. The number of these opportunities totaled 250 last year. The management visits institutional investors in the United States and Europe once a year to explain corporate strategy directly. Furthermore, the company discloses company management information on its Web site and transmits IR and corporate information via e-mail newsletters and the contract page on the Web site.

The Company holds a general shareholder meeting avoiding the special day when most of the companies hold the meeting in order to invite as many shareholders as possible. For this opportunity, we try to devise an elaborate plan like giving a performance with our new musical instruments. The meeting for the year ended in March 2004 was held on June 25, 2004, and a professional performer played the Electone "STAGEA™" in the headquarters' hall.



President Ito making a speech at the results briefing



STAGEA™ play at shareholders' meeting

Promise to Those Who Work with Yamaha

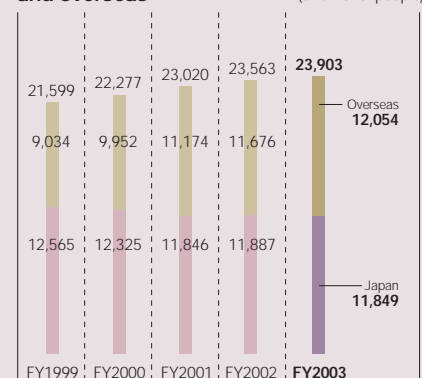
The Yamaha Group can conduct business only with the cooperation of employees, temporary staff, cooperative factories, authorized dealers, and the many other people working with us. We are committed to making every effort so that these people are able to exhibit their utmost abilities, grow together, and become affluent together.

Employment without Discrimination

The Yamaha Group offers fair selection and employment opportunities under the principles of respect for human rights and non-discrimination.

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

Number of employees in Japan and overseas



* Including the average numbers of part-time employees.

Promoting Employment of Disabled People

Yamaha has promoted employment of disabled people through establishment of the YP Business Service Corporation as an exceptionally authorized subsidiary* in 1989. The ratio of disabled employees vs. all employees is 1.95% as of the end of March 2004, which is higher than the ratio designated by law.

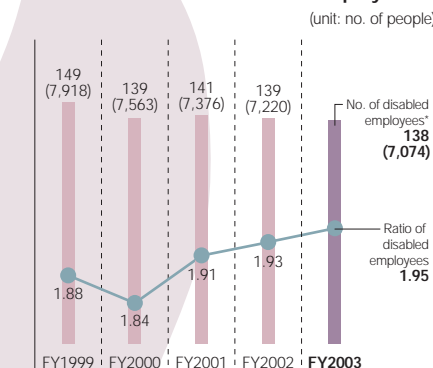
In FY2003, the office was relocated near the headquarters to provide easier access. New toilets for disabled people were added and wheelchair access was improved.

*Exceptionally authorized subsidiary: A subsidiary authorized by the Law for Employment Promotion, etc., of the Disabled. This can be established if it meets specific requirements such as number and ratio of disabled employees vs. all employees. The employees working for this company are regarded as employees of a parent company, and the number is included in the ratio of disabled employees of the parent company.



A New office for YP Business Services

Number and ratio of disabled employees



* The numbers in parenthesis refer to the ones of full-time workers at Yamaha.

A Personnel and Educational Training System

"Only the result of collaboration between a capable company and a capable employee can touch people's heart." Under this philosophy, the Yamaha Group has prepared a personnel system consisting of education and career development.

The education system provides programs suitable for specific purposes in categories such as the strategic development of human resources, functional skills training, seniority training, and a self-development support system.

Regular In-house Staff Recruitment System Motivates Employees

This is a system where each division recruits the necessary human resources from within the company based on its policy, medium-term plan, and the objectives to be implemented. Since its introduction in 2001, it has proved more successful at getting the right people in the right place. It also helps their career development which forms the basis of our performance-based evaluation.

Paid Leave for Personal Research in Specialized Fields

This system provides employees with paid leave to concentrate on research of special themes as part of their self-development support education. It is applicable to research studies in the field of natural or social science, which are related to the employees' own work and which demonstrates a high level of expertise, on-the-job training in other companies, participation in a short-term international seminars, and others. This leave is granted if you submit an application and pass a documentary examination.

The Group's Annual Event; "KANDO of the Year"

(Excitement of the Year)
This is an annual event organized by the Group to facilitate communication among employees and to enhance their motivation. In the main event, the "KANDO! Awards", employees' achievements are honored by the president for their hot-selling product development, inventions, and patents. In addition, the event solicits stories of exciting business experiences or proposals for new and exciting products and services, and presents awards after a selection process.

In FY2003, the event site was changed from Yamaha's headquarters to Yamaha Resort Tsumagoi™, and the event was held in the style of a festival where employees and their families could enjoy themselves. Approximately 2,000 people participated in the event from all over the world.

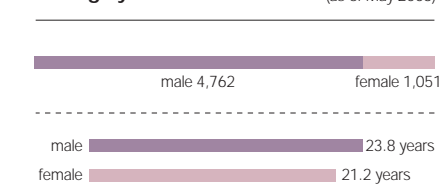


Participants in the "KANDO of the Year" event

Positively Promoting Female Employees

Positive Action Project
While society is undergoing a change to eliminate the segregation of roles by gender, it is strongly required that companies support female employees' career development. Under this system of recognition, Yamaha is preparing a working environment and in-house rules and systems where female employees can fully employ their abilities. In May 2004, the Positive Action Project was established and twelve employees (11 female and 1 male) were selected as members through an open recruitment process. The Project examines, from the viewpoint of women, the personnel and education systems where career development is involved. It adopted a goal of having twenty females in managerial positions in 2008.

Number of Yamaha employees and the average years of service



Promise to Those Who Work with Yamaha

Supporting Employees with Children

In 2003, the government enacted the Law concerning Promotion of Supportive Measures for Raising the Next Generation (Next Generation Law). Companies with more than 300 employees are required to establish an action plan to support employees with children.

Yamaha has introduced a number of systems that are beyond the requirements of the law.

Comparison of Yamaha's System and the Legal Standard

System	Yamaha Corporation	Legal standard
Child-care leave	Leave can be taken until the child becomes one year and six months old or until the end of March after the child becomes one year, whichever longer. (The system was introduced before the law.) Half of the days of child-care leave is incorporated into the length of service.	Leave can be taken until the child becomes one year old.
Short working hours for parents	Working hours can be shortened by two hours a day at maximum until the end of March after the child becomes three years old.	Working hours can be shortened by one hour a day until the child becomes three years old.
Upper limit on overtime work	In addition to the legal standard as specified in the right column, the upper limit applies even after the child enters elementary school, if there should be a special circumstance.	The upper limit on overtime work is 24 hours/month and 150 hours/year until the child enters elementary school.
Nursing leave	The scope of application of conventional family-care leave is expanded and renamed nursing leave. 100% paid leave.	Making efforts is obligatory.
Maternity leave	Fifty-six days both before and after giving birth. Maternity allowance is paid from the health insurance fund during the legal term (in conformity with the law). In addition, 15% of the standard salary is paid from the mutual aid system during the leave. If any special circumstance arises during early pregnancy, pregnancy sick leave is applicable.	Forty-two days before and Fifty-six days after giving birth

*Maternity leave is applicable only to women. Other systems are applicable to both women and men. Instead, birth leave is applicable only to men and the length of leave is extended from two to five days in FY2004.

Labor Agreement with the Union

Yamaha concluded a labor agreement on an equal footing with the union to establish proper conditions for work, maintain order in management, increase labor efficiency, and realize a peaceful industry. 86% of all employees, excluding management, are members of the union.

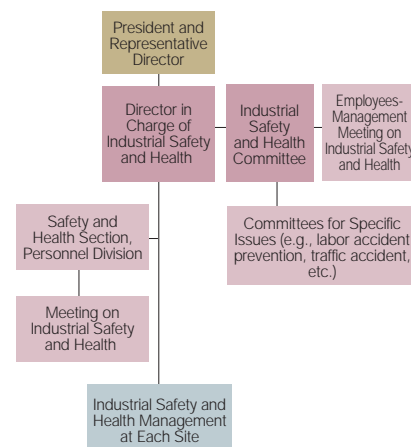
The management council is held once a year, the labor-management meeting twice a year, and the production/sales committee once a month, to allow opportunities for discussion between labor and management, where a variety of issues are discussed from management policy to labor conditions.

Giving First Priority to the Safety and Health of Employees

Action Policy and the Administrative Structure of Industrial Safety and Health

Safety and health are fundamental conditions for a fruitful life. The sites in Japan and overseas of Yamaha and its affiliated companies have established an administrative structure where policies and measures are drawn up by the Industrial Safety and Health Committee headed by the Director in Charge of Industrial Safety and Health (director) and composed of team leaders and the chairman of the Committees for specific Issues. They tackle such issues as Industrial safety and health, traffic safety, and health promotion.

Industrial Safety and Health Management Structure



Thoroughly Promoting Industrial Safety and Health

To prevent Industrial accidents, the Director in Charge of Industrial Safety and Health Promotion determines policies and measures, while the Safety and Health Section, Personnel Division implements education and training. Experiences of injuries and accidents are shared by all employees and reflected in their improved activities. The current circumstances for disaster prevention and safety for each workplace are checked through the Safety Patrol to thoroughly ensure that the first priority is given to safety.

The targets for FY2004 are 0.3 for the frequency rate of all industrial accidents and zero for the severity rate (zero serious disaster) at headquarters and in the factories, while one or less (0.5 or less for the frequency rate) for occupational accidents in the sales offices.

Consideration for Mental Health

The Yamaha Group has a system of Mental Health Counseling open to all group employees, where they can consult a counselor about any problems they face in the working environment or with their families. The counseling service is open once a week in the Health Control Center of headquarters, and medical specialists and counselors welcome employees.

For Fair Trade

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

We abide by laws and regulations and ensure fair selection and appropriate evaluation according to company regulations and standards when entering into a business. According to the open procurement principle, we keep our eyes on openness, fairness, and nondiscrimination irrespective of whether it is inside or outside the country, and regard resource and environment conservation as our basic policy. We will share this basic policy and concrete measures through meetings and other opportunities with suppliers and subcontractors and strive together to achieve the objectives.

Payment of Fines Imposed by the European Commission (EC)

On July 16, 2003, Yamaha Corporation and four of its European musical instrument sales subsidiaries were fined a total of Euro 2.56 million by the European Commission (EC) for problems with some of the contract terms with EU dealers.

After taking its response to the matter into consideration, Yamaha completed the payment of the fines through its European musical instrument sales subsidiaries.

TOPICS

Part of Corporate Philosophy Revised to Expand the Range of Stakeholders

The Yamaha Group can conduct business only with the cooperation of employees as well as temporary staff, subcontractors, cooperative factories, appointed stores, and many other people working under various contracts other than employment.

The Group reviewed a part of its Corporate Philosophy in April 2004 and revised the expression from "promise to employees" to "promise to those who work with Yamaha" After this, it created and distributed brochures about compliance management to share the understanding. Compliance is an important pillar of management based on CSR. We will bring this idea into practice with the many people who support the Yamaha brand.

Promise to Society

The Yamaha Group contributes to both local communities and global society as a company engaged in music or as a good corporate citizen. We endeavor to popularize music, which gives emotion and excitement to our life, contribute to culture and art through music education systems, and to be positively involved in social contributions in each region.

Efforts to Popularize Music

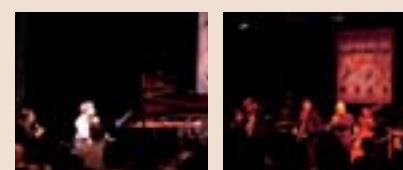
"Hamamatsu Jazz Week" – Local culture festival under the cooperation of the public and private sectors

Yamaha hosts the Hamamatsu Jazz Week every year jointly with Hamamatsu city where the company is headquartered.

Hamamatsu Jazz Week is a unique local culture festival where concerts and other events are planned and operated by the local government and the private sector. The theme of the festival is "jazz," which many people, young and old alike, can enjoy, and the objective is to embody the ideal that "music is everywhere and music creates the town." The event realizes the city's philosophy of "creating a town where music plays a central role" and has been held every year since 1992.

During the nine days of the festival, we invite a wide range of jazz musicians from young players to veterans and hold a series of concerts. We dare to choose places of a size where audience can even feel the breath of players to enhance the sense of togetherness. In addition to the concerts, we provide such opportunities as a lecture on the theory of jazz and a lesson in performance technique, both of which are aimed to deepen the understanding of jazz. Thus, we do all kinds of things to encourage the audience enjoy the music.

Supported by such elaborated presentations and the cooperation of music lovers and musicians, Hamamatsu Jazz Week is highly esteemed as one of the greatest jazz events in Japan.



Events in Hamamatsu Jazz Week

Providing Performance Opportunities for Amateur Bands

Yamaha sponsors the All Japan Band Boasters Concert to provide opportunities for amateur band musicians in a variety of categories to perform in front of an audience. The first concert was held in 1999. Since then, we have provided the opportunity every year, celebrating the fifth in 2003.

The number of applications is also increasing year by year and totaled 513 in FY2003. Twelve bands that had passed through a selection process fully expressed individual originality and gave performances that might reach the level of professional musicians. The concert was broadcast on a national network by NHK BS2 as was the four concerts in the past.



A scene from the All Japan Band Boasters Concert

The "Free-for-all Concert" Welcomes Anyone who Wishes to Participate

Anybody who loves music and musical instruments are welcomed to the Free Participation Concert, irrespective of age, sex, and level of skill. The event started in Yokohama, Kanagawa, in 1996, and Yamaha participated in 2002 as a cosponsor. We called for participation via appointed stores and website on a nationwide scale. More than 600 people took part in the event, largely exceeding the average in the past and boosting the scale of the event.

In November 2003, the number of participants further increased and as many as 950 amateur musicians got together in the Yokohama Cultural Gymnasium. The age of participants ranges from five to sixty-nine. Some came with families or friends and others came by themselves to seek an opportunity to meet other musicians. Thus, the concert was exceptionally successful.



Participants in the Free Participation Concert

Communication with the Local Community

Marimba Concert Hosted by Sakuraba Mokuzaï

Sakuraba Mokuzaï produces and sells wood for musical instruments in Moriyoshi-machi, Akita prefecture. In November 2001, we started an effort to establish an environmental management system and obtained ISO 14001 certification in September 2002.

In FY2001, we hosted a piano concert and invited local residents as a part of the effort to show gratitude for the richness of nature, which is the source of its raw materials, and to work and prosper together with local communities. The concert by professional players was named "Gifts from the Forest" and was well received. In October 2003, the second concert, named "Marimba Concert 2003," was held. Ms. Junko Kato and two other marimba players were invited to help express the sincere gratitude. The audience enjoyed the marimba tones, which they seldom have a chance to hear. This was also a valuable opportunity for people to become familiar with musical instruments and understand Yamaha products. Sakuraba Mokuzaï will make efforts to communicate with the local community by providing such opportunities.



Marimba performance



Local residents enchanted with the performance

Promise to Society

Cooperating in the National Sports Festival in Shizuoka

The Yamaha Group places a high value on maintaining good relationships with local communities and supports their events in a variety of ways.

In FY2003, the Group provided cooperation to the 58th National Sports Festival (NEW!! Wakafuji Kokutai) and the 3rd National Sports Games for the Challenged (Wakafuji Taikai) held in September to November in Shizuoka, in terms of musical instruments, music, and acoustic systems. All wind and percussion instruments played by brass bands and marching bands in the opening and closing ceremonies were offered by Yamaha. A variety of soul-stirring music was played with the instruments. Among all, the Yamaha Brass Band participated in a fanfare with thirty trumpets in the ceremony, and it became the topic of a talk. The acoustic system team of Yamaha's affiliate, which has an abundance of experience in concerts with professional musicians, overcame the technically difficult acoustic conditions of the concert venues and thus contributed to the performance in the festivals.

Shizuoka is a prefecture where both sports and music are promoted and popular. The two were successfully merged at this time, and these festivals were called the "Music Games" and greatly appreciated.



A fanfare in the ceremony of the 58th National Sports Festival

Donating the Proceeds of a Charity Sale to the Local Community

The Toyooka Branch of the Yamaha Labor Union donates the proceeds of a charity sale held at a local summer festival as a part of the local contribution initiative every year. In FY2003, the union purchased articles requested by the Toyooka Social Welfare Council with proceeds of approximately 80,000 yen and presented them to the Toyooka Municipal Government on October 8, 2003.

Local Clean-up Campaign

The Yamaha Group companies participate in community programs as good corporate citizens.

An example is the Lake Hamana Clean-up Campaign hosted by the Group for Purification of Lake Hamana, which is one of the large-scale Local Clean-up Campaign in Shizuoka. In FY2003, the 25th meeting was called and approximately 6,000 people participated from two cities and five towns around the lake. From Yamaha, approximately 300 employees and family members participated and collected rubbish and waste cans in collaboration with other participants. Including Yamaha's Local Clean-up Campaign implemented in each factory, the number of participants from Yamaha amounted to approximately 780.

From Yamaha Livingtec Corporation, 98 employees and family members took part in the clean-up initiative for Lake Sanaru, Hamamatsu in FY2003. Together with the clean-up activities around the factories held by each division, the Yamaha Group will continue participation in such activities to live together with local communities.



Clean-up campaign at Lake Hamana

Providing Excitement for Children and the Elderly

Proposal for Yamaha Health Rhythms
Yamaha proposes the Yamaha Health Rhythms to maintain and improve the mental and physical health of the elderly and improve their quality of life.

Yamaha Health Rhythms is an exercise program focusing on multifaceted group drumming, where anybody can easily take part irrespective of knowledge and experience with music and communicate with many other participants. The program can be arranged or enhanced to fit into the music culture or rhythmic sense of the Japanese. By doing so, the participants can always experience new programs, and it helps them to continue the program, which is the great advantage of the program. Yamaha introduced it as a program where people in many parts of Japan can experience the enjoyment of music and rhythm, the physical sense is activated, and the program is highly evaluated by the participants.

*Health Rhythms: A program invented in the United States that helps to maintain and improve people's health through multifaceted group drumming. It was established for use in music therapy and wellness programs and is an activity people can enjoy and continue.



People enjoying Yamaha Health Rhythms

Experience Nature Program for Children

Yamaha Resort Nemunosato™ started an experience nature program named "Play in the Hideout in the Forest." The concept came from our desire to have as many children as possible play in nature and experience its wonders. In the rich forest, children will enjoy putting up swings with ropes and making slingshots from the branches of trees, as well as learning the names of flowers, plants, and insects and the functions of forests in a global environment. Children are able to meet nature and recognize its

importance through these activities. By offering this opportunity, we would like to support their healthy growth.



A scene from the Experience Nature Program

Twelve Years of Volunteer Service in a Nursing Home for the Elderly

The Tenryu branch of Yamaha's labor union volunteered at Ikkuen, a nursing home for the elderly in November 2003. The branch has been volunteering at this facility since 1992. In FY2003, the union members cleaned the bedrooms, bathrooms, and the garden. In addition, they presented the residents with a digital camera and videotapes of popular Japanese singers, using the money collected through such steady activities as one-yen coin donations, recycling pull-tabs from canned drinks, and the proceeds from charity sales. They fully appreciated the gifts.



Residents of Ikkuen and volunteer staff

Regional and Social Contribution Abroad

Securing Clean Water for the Cambodian People

Three members from Yamaha's labor union participated in the volunteer activities of digging wells in Cambodia, which was organized as the 50th anniversary event of the Shizuoka Council of Japanese Electrical,

Electronic, and Information Union. They tackled the excavation while communicating with local residents. Finally, two wells were completed and donated. The wells secured water for approximately 100 people, and they are now able to use clean water near their houses.



Local children and volunteer staff with a completed well

Supporting Music Education through Donations

Yamaha Corporation of America (YCA) and the National Association of Music Merchants (NAMM) donated \$330,000 to nonprofit charity organizations for music education and research. The funds were the proceeds from a charity concert by Sir Elton John sponsored by Yamaha in January 2003. The amount of the donation was the highest ever in the history of NAMM.

Starting Charity Programs to Contribute to Local Communities

Yamaha Corporation of America (YCA) started an employee-based charitable program called Yamaha Cares. The objective of the program is to contribute to the educational and welfare services and local communities, focusing on contributions to areas where employees live and work.

In March 2004, YCA complimented Sarah from Cobden, Illinois, who studies music and wants to be a professional musician, with Yamaha's Disclavier and the teenager cello player Anna Choi with a \$1,000 scholarship. Thus, the program is currently providing positive opportunities.



Sarah smiling in front of the presented Disclavier

Editor's Note

Thank you for reading through the Environmental and Social Report 2004.

This is the fifth report from Yamaha Corporation. This time, in addition to the conventional reports of environmental conservation activities, we prepared a chapter for each of the commitments to the four groups of stakeholders—customers, shareholders, those who work with us and society—specified in the Corporate Principles of the Yamaha Group and detailed our efforts in each chapter. In addition to the information about the personnel system, occupational safety and health, and social contributions, which had already been included in the Environmental Report 2003, we enhanced the liaison with related divisions and incorporated such information as educational and employment systems and the response to customers and shareholders. Reflecting these changes, the report is renamed the "Environmental and Social Report" instead of the "Environmental Report."

As for environmental conservation activities, the information from overseas divisions was included so that the scope of the organizations covered by this report was expanded. The environmental performance data was compiled as a separate, bound document. Thus, we have endeavored to provide an easy-to-read report.

We appreciate the opportunity to communicate the efforts and progress of the Yamaha Group's environmental conservation and social activities to as many people as possible.

We appreciate your suggestions and will continue the improvements in pursuit of a reader-friendly report.

August 2004
Environmental Planning Section,
Environmental Management Division,
Yamaha Corporation



YAMAHA CORPORATION
Environmental Management Division

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



Printed in Japan using soy-based inks on recycled paper.
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November 2004

Environmental Performance Data

Explanatory Note

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

Environmental Accounting

Organizations subject to the environmental accounting: the Yamaha Group in Japan, statistics gathered between April 1, 2003 and March 31, 2004.

Environmental Costs

In FY2003, our unconsolidated Environmental plant-and-equipment decreased by 135.1 million yen from the figure in the previous year of 302.7 million yen. However, consolidated environmental investment, including affiliates, was 791.4 million yen, an increase of 300.4 million yen from FY2002, due to the updates of wastewater treatment facilities at affiliates, etc.

The environmental expenses stood at 2.88 billion yen consolidated basis at the Yamaha Group in Japan down 99.7 million yen from FY2002 due to streamlined managerial activities.

Environmental Effects

1. Environmental Conservation Effects

While the amount of sales increased, CO₂ emissions decreased by 3,000 tons-CO₂ as a result of the environmental investment and efforts by management.

Also, the volume of waste disposal decreased by 800 tons on a year-on-year basis, and the introduction of exhaust processing equipment reduced the emissions of chemical substances by 6 tons from the previous fiscal year.

2. Economic Effects

As a result of the increases in cost per unit of energy and waste disposal, utility expenses increased by 258 million yen and the cost of waste disposal by 67 million yen from the previous fiscal year, although the use of energy and the amount of disposal were reduced.

The sales of valuable wastes resulted in an income of 66 million yen, a slight increase on a year-on-year basis.

Each figure represents the cost actually paid out and does not reflect any estimates.

Environmental Costs

(Unit: million yen)

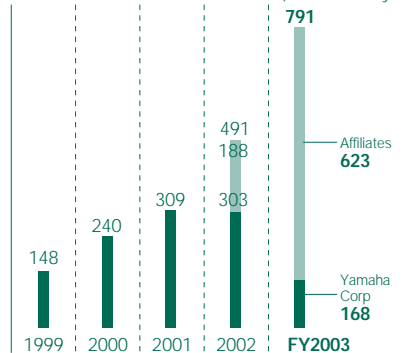
	Details	Investment* ¹		Expenses* ²	
		The Yamaha Group in Japan	(Unconsolidated)	The Yamaha Group in Japan	(Unconsolidated)
Business area costs	Pollution prevention	497.2	105.7	566.5	386.8
	Energy conservation, etc.	283.4	52.4	102.6	76.6
	Waste, etc.	9.2	7.9	739.1	529.1
Upstream/downstream costs	Recycling of products, improvements in distribution, etc.	1.0	1.0	149.1	96.7
Management costs	Environmental education, ISO 14001, greening of premises, etc.	0.7	0.7	695.0	555.7
Research and development costs	Development of environmentally-friendly products, models, etc.	-	-	559.5	363.3
Social activities costs	Social contributions, etc.	0.0	0.0	32.8	22.7
Environmental damage remediation costs	Groundwater remediation, etc.	0.0	0.0	40.1	18.3
Total		791.4	167.6	2,884.5	2,049.1

*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 piece of equipment by a figure determined by the proportion of the environmental conservation purpose to the whole purpose of the purchase of such equipment (e.g., 0.1, 0.5, 1.0).

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

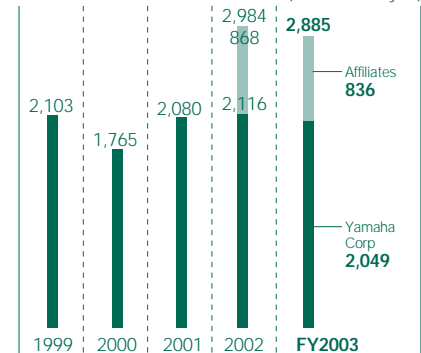
Environmental Investment

(Unit: million yen)



Environmental Expenses

(Unit: million yen)



Environmental Conservation Effects

	(Unit)	FY2002	FY2003	Change
CO ₂ emissions	tons-CO ₂	105,000	102,000	3,000
Water consumption	Million m ³	2.83	2.84	-0.01
Waste disposal	tons	4,200	3,400	800
Chemical substances released	tons	151	145	6

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

*2 Waste disposal expenses include the subcontracting expenses for disposal and recycling as well as the internal interim processing expenses.

Economic Effects

(Unit: million yen)

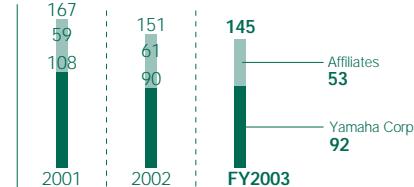
Details	FY2002	FY2003	Amount
Total savings			-326
Utility costs	2,563	2,821	(-258)
Water costs	33	32	(1)
Effluent charge	39	41	(-2)
Waste disposal expenses	343	409	(-67)
Income from sale of valuable wastes	64	66	66
Economic Effects			-260

Responding to the PRTR Law

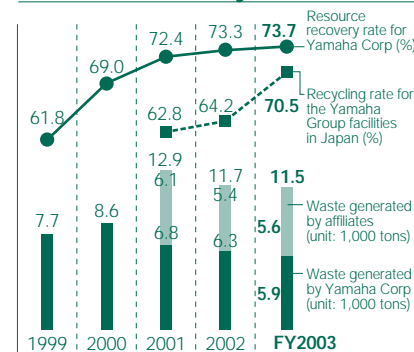
In FY2003, total volume of PRTR-designated substances handled by the facilities of the Yamaha Group in Japan amounted to 869.4 tons, down 37.9 tons compared to FY2002. Releases into the environment amounted to 144.7 tons, down by 6.8 tons compared to FY2002. Out of the total release, styrene, toluene, and xylene from the painting process made up 88%. However, transfer and release of the three substances has shown a decrease compared to the previous fiscal year as a result of a changeover to the paints that do not contain these substances and introduction of a regenerative exhaust gas treatment system.

*As for the formal nomenclature of the PRTR Law, see the note in the left column on page 17 of this report.

Release of PRTR-designated substances into the environment (Unit: tons)



Waste generated and resource recovery rate



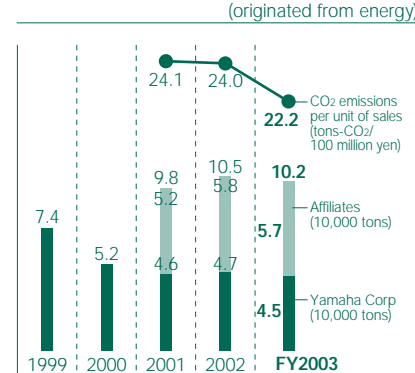
*Resource recovery rate : Waste handed over to the recycling industry/Waste generated x 100
Total volume of waste generated from the Yamaha Group facilities in Japan was 11,500 tons in FY2003, down 200 tons compared to FY2002. The resource recovery rate reached 70%, up 6.3 points from the previous fiscal year.

Yamaha Group PRTR Results (Unit: tons)

Order	Class 1 designated chemical substances		Volume handled	Volume discharged into the environment				Volume transferred		Consumption products, etc.
	Substance number	Substance name		Volume discharged into atmosphere	Volume discharged into waterways	Volume discharged into soil	Volume discharged into sites	Volume transferred to sewage	Volume transferred as waste material	
1	177	Styrene	556.2	44.1	0.0	0.0	0.0	0.0	3.2	509.0
2	320	Methyl methacrylate	105.1	0.1	0.0	0.0	0.0	0.0	0.3	104.6
3	227	Toluene	65.8	57.2	0.0	0.0	0.0	0.0	1.7	6.8
4	231	Nickel	51.5	0.0	0.0	0.0	0.0	0.0	0.0	51.5
5	63	Xylene	28.6	27.1	0.0	0.0	0.0	0.0	0.0	1.5
6	283	Hydrogen fluoride and its water-soluble salts	23.4	3.3	2.2	0.0	0.0	0.0	0.0	17.9
7	40	Ethylbenzene	8.2	6.7	0.0	0.0	0.0	0.0	0.0	1.5
8	145	Dichloromethane	5.3	1.6	0.0	0.0	0.0	0.0	3.7	0.0
9	68	Chromium (III)	3.9	0.0	0.0	0.0	0.0	0.0	3.9	0.0
10	230	Lead and its compounds	2.8	0.0	0.0	0.0	0.0	0.0	0.1	2.7
11	310	Formaldehyde	2.7	0.1	0.0	0.0	0.0	0.0	0.0	2.6
12	69	Chromium (VI) Compounds	2.4	0.0	0.0	0.0	0.0	0.0	0.0	2.4
13	232	Nickel compounds	2.4	0.0	0.0	0.0	0.0	0.0	0.4	2.0
14	144	Dichloropentafluoropropane (HCFC-225)	1.9	1.7	0.0	0.0	0.0	0.0	0.1	0.1
15	108	Inorganic cyanide compounds (except complex salts and cyanates)	1.8	0.0	0.0	0.0	0.0	0.0	0.0	1.8
16	64	Silver and its water-soluble salts	1.6	0.0	0.0	0.0	0.0	0.0	0.0	1.6
17	270	Di-n-butyl phthalate	1.4	0.0	0.0	0.0	0.0	0.0	0.8	0.6
18	272	Bis (2-ethylhexyl) phthalate	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9
19	181	Thiourea	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.8
20	30	Bisphenol A epoxy resin (liquid)	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6
21	309	Poly (Oxyethylene-nonylphenyl ether)	0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.2
22	78	Diisocyanate	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
23	16	2-Aminoethanol	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
24	266	Phenol	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.1
25	304	Borons and its compounds	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.1
26	224	1,3,5-trimethylbenzene	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
27	198	Hexamethylenetetramine	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
28	307	Poly (oxyethylene)-alkyl ether	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
29	1	Zinc compounds (water-soluble)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
30	61	ε-Caprolactam	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
31	43	Ethylene glycol	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
		Total	869.4	142.4	2.3	0.0	0.0	0.2	14.4	710.1

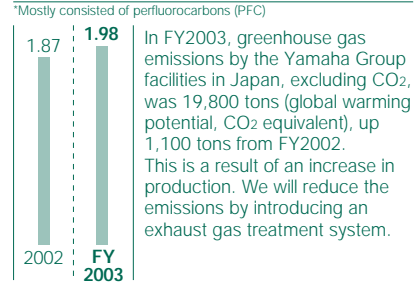
*354 Class1 Designated Chemical Substances in quantities of at least 0.1 ton are reported above. Note: Some totals may appear not to tally with the column figures, which have been rounded to the nearest full number.

CO2 emissions (originated from energy)

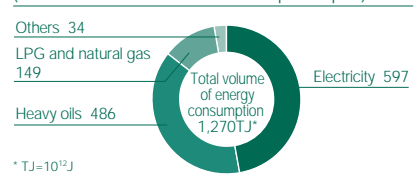


The CO2 emissions from the Yamaha Group facilities in Japan amounted to 102,000 tons in FY2003, down 3,000 tons compared to FY2002. CO2 emissions per unit of sales was 2.22 tons-CO2/billion yen, which was a 7.5% improvement compared to the previous fiscal year.

Greenhouse gases emissions* (unit: 10,000 tons)

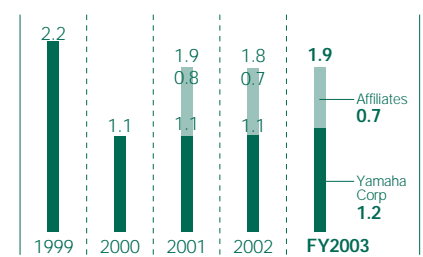


Sources of energy consumption (the facilities of the Yamaha Group in Japan)



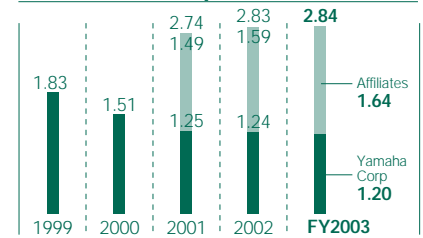
* TJ=10¹²J

Use of CFC substitutes (unit: tons)



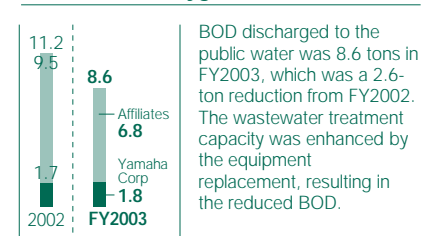
To protect the ozone layer, the Yamaha Group facilities in Japan had totally phased out the use of specific CFCs by 1993. Since then, the Group has reduced CFC substitutes (HCFC) used in the degreasing/cleansing process of metal materials, and the use of HCFC has leveled off for the last three years. Currently HCFCs are used only by one Yamaha factory and an affiliate. By the end of FY2004, all CFC substitutes will be totally phased out.

Water consumption (unit: million m³)



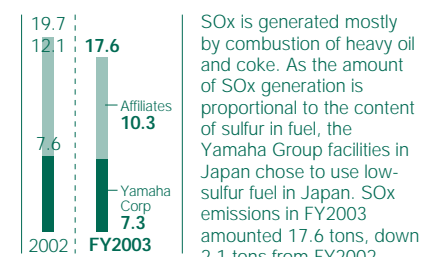
Water consumption by the Yamaha Group facilities in Japan amounted to 2.84 million m³, which remained almost unchanged from the previous year. Yamaha Kagoshima Semiconductor totally replaced the wastewater treatment system to increase the amount of recycled water. As a result, water consumption is expected to be reduced significantly.

BOD (Biochemical Oxygen Demand) (unit: tons)



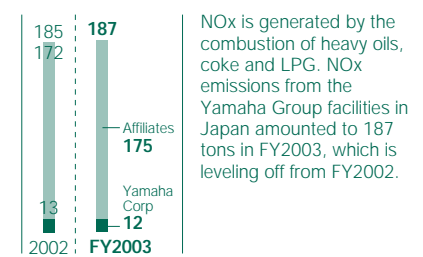
BOD discharged to the public water was 8.6 tons in FY2003, which was a 2.6-ton reduction from FY2002. The wastewater treatment capacity was enhanced by the equipment replacement, resulting in the reduced BOD.

SOx emission (unit: tons)



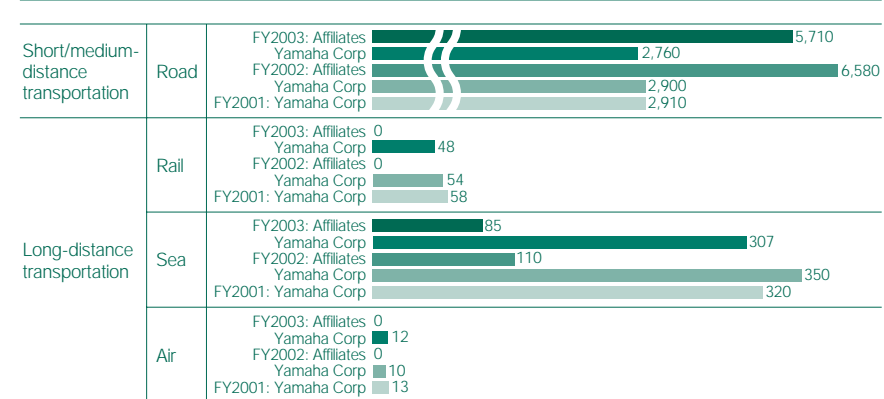
SOx is generated mostly by combustion of heavy oil and coke. As the amount of SOx generation is proportional to the content of sulfur in fuel, the Yamaha Group facilities in Japan chose to use low-sulfur fuel in Japan. SOx emissions in FY2003 amounted 17.6 tons, down 2.1 tons from FY2002.

NOx emission (unit: tons)

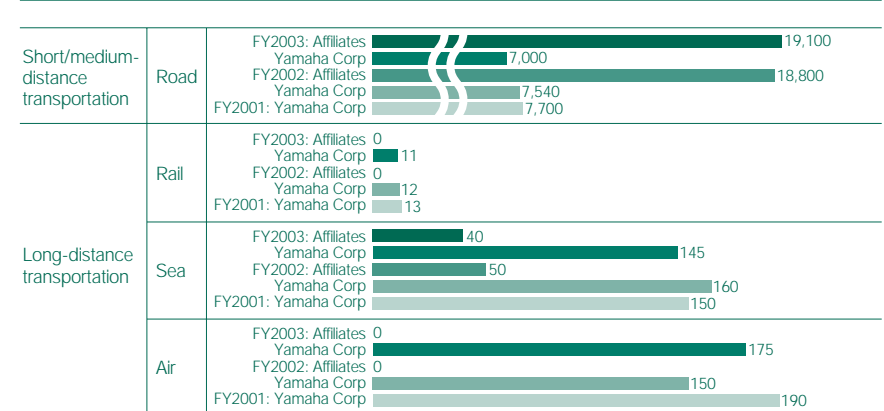


NOx is generated by the combustion of heavy oils, coke and LPG. NOx emissions from the Yamaha Group facilities in Japan amounted to 187 tons in FY2003, which is leveling off from FY2002.

Breakdown of total transportation (unit: 10,000 tons-kilometer)



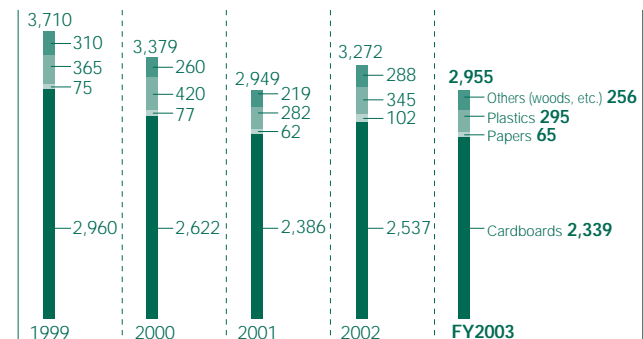
Breakdown of CO2 emissions in distribution (unit: tons-CO2)



Traffic volume of cargo to/from the Yamaha Group facilities in Japan amounted to 89.2 million ton-kilometers and the emissions to 26,000 tons-CO2. Traffic volume decreased by 11% with only a 1% decrease in CO2 emissions from FY2002 compared to the previous fiscal year.

Amount of containers and packaging materials used in Japan

(Unit: tons)



In FY2003, the amount of containers and packaging materials used by Yamaha was 2,955 tons, 317 tons decrease from the previous fiscal year.

Data by Site

Yamaha Corporation (FY2003)

Headquarters Area

(including Yamaha Life Service, YP Engineering Corporation and the labor union)
Hamamatsu, Shizuoka
Business line: Includes production of grand pianos / audio products and overall management

Number of Employees	Number	2,980
Site Area	m ²	252,600
Water Consumption	m ³ /year	174,000
Substances Subject to PRTR Discharged	tons/year	17.0
Waste Generated	tons/year	1,700
CO ₂ Emissions	tons-CO ₂ /year	11,000
BOD (Public water area)	tons/year	0.02
NOx Emissions	tons/year	2.7
SOx Emissions	tons/year	1.6
ISO 14001 Certification		Feb, 2001

Review on FY2003

Yamaha made efforts to cut down on the power consumption through the introduction of the ice thermal storage air-conditioning system and the rearrangement of the facilities along with the change in the air-conditioning system from that of central control to that of individual control. Reduction of wastes and enhancement of waste control were pursued with the aim of achieving zero emissions. Furthermore, Yamaha took initiatives to eliminate lead, to use alternative substances with less environmental impact, and to reduce the storage of chemical substances from the design and production process.

Future action

In the Head Office region, Yamaha will make utmost efforts to reduce CO₂ emissions by introducing a photovoltaic system, as well as shifting the energy source for the boilers from the Bunker A heavy oil to city gas. We will also continue promoting zero emissions.

* Yamaha Group defines "zero emission" as reducing the amount of waste sent to landfill as less than 1% of the amount generated.

Data of the environmental impacts of the overseas affiliates (manufacturing bases)

Water Consumption	m ³	860,000
Waste Generated	tons/year	5,600
Resource Recovery	tons/year	2,700
Resource Recovery Rate	%	48.1
CO ₂ Emissions	tons-CO ₂ /year	64,000

* Please refer to page 8 of this section for data concerning overseas production affiliates.

Toyooka Factory

Toyooka-mura, Iwata-gun, Shizuoka
Business line: Includes production of electronic musical instruments, wind instruments, and electronic components

Number of Employees	Number	1,320
Site Area	m ²	184,197
Water Consumption	m ³ /year	721,000
Substances Subject to PRTR Discharged	tons/year	2.1
Waste Generated	tons/year	800
CO ₂ Emissions	tons-CO ₂ /year	13,000
BOD (Public water area)	tons/year	0.7
NOx Emissions	tons/year	3.2
SOx Emissions	tons/year	1.9
ISO 14001 Certification		Jun, 2000

Review on FY2003

At the Toyooka Factory, Yamaha has completed repair work on the drainage around the premises as a measure to avert the risks of leaking of environmental pollutants. As measures to conserve energy, the factory renewed the transformer station, and shifted the manufacturing system for electronic musical instruments from the line system to the cell system. Considering environment-friendliness in product designing, the factory is committed to trying to comply with EU's RoHS and eliminate lead.

Future action

At the factory, Yamaha will work on eliminating chromic anhydride from the manufacturing process of wind instruments and materializing lead-free wind instruments. In our efforts for zero emissions, the factory achieved the goal in April 2004, over a year earlier than the initial target. We will continue persevering in promoting reduction and recycling of wastes.

Iwata Factory

Iwata, Shizuoka
Business line: Production of piano frames

Number of Employees	Number	58
Site Area	m ²	48,840
Water Consumption	m ³ /year	Included in the data of Yamaha Matanix Corp.
Substances Subject to PRTR Discharged	tons/year	7.0
Waste Generated	tons/year	800
CO ₂ Emissions	tons-CO ₂ /year	6,000
BOD (Public water area)	tons/year	0.5
NOx Emissions	tons/year	0.9
SOx Emissions	tons/year	2.3
ISO 14001 Certification		Mar, 1999

Review on FY2003

As part of our commitment to reducing the use of chemical substances, Yamaha at the Iwata Factory successfully lowered the use of the substances subject to the PRTR Law by 15% compared with FY2000 by revising the composition of organic solvents and painting conditions during the painting process. The efforts for waste reduction and recycling were also made in order to fulfill the goal of zero emissions.

Future action

The factory will continue to further cut down on wastes and promote recycling with the aim to reduce the use of the substances subject to the PRTR Law and to achieve zero emissions.

Tenryu Factory

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

Number of Employees	Number	649
Site Area	m ²	225,810
Water Consumption	m ³ /year	163,000
Substances Subject to PRTR Discharged	tons/year	48.0
Waste Generated	tons/year	1,400
CO ₂ Emissions	tons-CO ₂ /year	11,000
BOD (Public water area)	tons/year	0.1
NOx Emissions	tons/year	3.9
SOx Emissions	tons/year	-
ISO 14001 Certification		Mar, 2001

Review on FY2003

The power and gas consumption was reduced following the revision of overnight operation of the boilers and adoption of energy saving machinery that suits the renewed facilities. At the Tenryu Factory, Yamaha also reduced the substances subject to the PRTR Law generated from the painting line for car interior parts by 98%, using a regenerative exhaust-gas heat treatment system. With the objective to achieve zero emissions, the factory also tried to shed wastes and enhance recycling as well as developing technology to reduce VOC (volatile organic compound) as an air pollution control effort.

Future action

While continuously pursuing zero emissions, trying to comply with the VOC regulations, and carrying out research and examination on co-generation equipments, the factory plans to implement more regenerative exhaust-gas heat treatment systems into the painting line, to newly install equipment to treat sludge created by a dust collector, and to build an integrated scrap yard.

Saitama Factory

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

Number of Employees	Number	270
Site Area	m ²	18,602
Water Consumption	m ³ /year	98,000
Substances Subject to PRTR Discharged	tons/year	0.8
Waste Generated	tons/year	500
CO ₂ Emissions	tons-CO ₂ /year	2,000
BOD (Public water area)	tons/year	0.1
NOx Emissions	tons/year	0.2
SOx Emissions	tons/year	0.3
ISO 14001 Certification		Sep, 1999

Review on FY2003

Regarding reduction of chemical substances, the use of chromic acid in the preprocessing for painting was completely abolished at the Saitama Factory. In order to promote uniformed management of the industrial wastes subject to special control, the factory set up a new scrap yard and tightened control.

Future action

At the Saitama Factory, Yamaha will further promote reduction of wastes to reach the goal of zero emissions, and as part of our measures to cut down chemical substances, the factory will strive to reduce the use of lead in the wind instruments production process. Moreover, control on the wastewater treatment plant will be further tightened under a revised management system and operational procedures.

Kakegawa Factory

Kakegawa, Shizuoka
Business line: Upright piano production

Number of Employees	Number	510
Site Area	m ²	222,410
Water Consumption	m ³ /year	58,000
Substances Subject to PRTR Discharged	tons/year	39.9
Waste Generated	tons/year	1,400
CO ₂ Emissions	tons-CO ₂ /year	7,000
BOD (Public water area)	tons/year	0.3
NOx Emissions	tons/year	1.9
SOx Emissions	tons/year	1.2
Amount of CFC Substitutes	tons/year	1.2
ISO 14001 Certification		Nov, 1998

Review on FY2003

At the Kakegawa Factory, Yamaha pushed reduction of energy use by taking measures such as operating air conditioners intermittently and replacing large-size boilers with a smaller size flow-through boilers. In an effort to reduce chemical substances, the factory cut down on the use of the substances subject to the PRTR Law by 14% on a year-on-year basis, as well as committing to achieving total abolition of HCFCs (hydrochlorofluorocarbon). Each section of the factory stated a theme linked to the section's missions to be able to put efforts into environment conservation in the manner best suited to its assignment.

Future action

At the factory, Yamaha will continue to promote energy saving by making a shift from large-size boilers to smaller size flow-through boilers and further reduction of the substances subject to the PRTR Law, while carrying out productive activities aiming to achieve zero emissions by the end of 2005.

Data of the Affiliates in Japan (FY2003)

Yamaha Livingtec Corporation (including Yamaha Living Products Corporation)

Hamamatsu, Shizuoka
Business line: Includes production and sales of residential equipment and furnishing, building components, furniture and woodwork

Number of Employees	Number	971
Site Area	m ²	111,652
Water Consumption	m ³ /year	215,000
Substances Subject to PRTR Discharged	tons/year	17.1
Waste Generated	tons/year	3,400
CO ₂ Emissions	tons-CO ₂ /year	8,000
BOD (Public water area)	tons/year	0.2
NOx Emissions	tons/year	2.8
SOx Emissions	tons/year	1.3
ISO 14001 Certification		Dec, 2001

Review on FY2003

Yamaha Livingtec Corporation developed a reusable packaging material for kitchen sets in conjunction with Asahi Kasei Homes Corporation. Also, the adoption of painting materials that do not contain the substances subject to the PRTR Law enabled the company to realize a significant cut in the discharge of the substances subject to the PRTR Law.

Future action

With an eye to zero emissions, Yamaha Livingtec Corporation will pursue the reduction and recycling of wastes, and carry out its plan for reduction of the substances subject to the PRTR Law, as well as complying with the VOC regulations.

Yamaha Kagoshima Semiconductor Inc.

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

Number of Employees	Number	566
Site Area	m ²	56,000
Water Consumption	m ³ /year	696,000
Substances Subject to PRTR Discharged	tons/year	2.3
Waste Generated	tons/year	800
CO ₂ Emissions	tons-CO ₂ /year	22,000
BOD (Public water area)	tons/year	4.2
NOx Emissions	tons/year	1.9
SOx Emissions	tons/year	1.3
Green House Gases Emission	GWP tons-CO ₂ /year	20,000
ISO 14001 Certification		Nov, 1997

Review on FY2003

Yamaha Kagoshima Semiconductor strived to pursue zero emissions, further reduction of wastes, energy saving through the introduction of inverters for air-conditioner control boards, and an increased water recycling rate through the renewal of the wastewater treatment equipment. 100% green procurement for stationary was achieved.

Future action

Yamaha Kagoshima Semiconductor will strengthen the measures to prevent global warming by implementing greenhouse gas elimination facilities and make efforts to zero wastes from removers, which are conventionally disposed by sub-contractors, through wastewater treatment. The company will also commit themselves to awareness campaign outside the company, for example, by passing out eco bags for households to reduce the use of shopping bags.

Yamaha Metanix Corporation

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

Number of Employees	Number	290
Site Area	m ²	84,541
Water Consumption	m ³ /year	691,000
Substances Subject to PRTR Discharged	tons/year	4.5
Waste Generated	tons/year	400
CO ₂ Emissions	tons-CO ₂ /year	21,000
BOD (Public water area)	tons/year	2.2
NOx Emissions	tons/year	169.2
SOx Emissions	tons/year	7.1
ISO 14001 Certification		Mar, 1999

Review on FY2003

Yamaha Metanix Corporation accomplished significant energy saving through improvement of heat efficiency of the furnaces and the installation of waste heat boilers. It also started recycling plastic wastes (back rope) that had been disposed as landfill, through a recycling manufacturer for reuse as a new solid fuel, RPF (recycle plastic fuel).

Future action

Yamaha Metanix Corporation will make efforts to reduce wastes and save energy as well as renewing NOx processing equipment as part of its air pollution control measures.

D.S. Corporation

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

Number of Employees	Number	270
Site Area	m ²	17,800
Water Consumption	m ³ /year	4,000
Substances Subject to PRTR Discharged	tons/year	0.9
Waste Generated	tons/year	200
CO ₂ Emissions	tons-CO ₂ /year	1,000
BOD (Public water area)	tons/year	0.2
NOx Emissions	tons/year	-
SOx Emissions	tons/year	-
Amount of CFC Substitutes	tons/year	0.7
ISO 14001 Certification		Feb, 2001

Review on FY2003

D.S. Corporation succeeded in slashing CO₂ emissions and the amount of waste disposal as a result of its efforts in recycling of wastes and saving energy. The company also pursued expansion of the range of lead-free models for its audio-video and other equipment in cooperation with Yamaha Corporation.

Future action

With the objective of completely abolishing lead soldering by the end of FY2005, the company will actively promote lead-free soldering in conjunction with Yamaha Corporation. It will also strive to fulfill the goal for total abolition of HCFCs by the end of FY2004, while promoting reduction and recycling of wastes aiming at the accomplishment of zero emissions in FY2007.

YP Winds Corporation

Toyooka-mura, Iwata-gun, Shizuoka
Business line: Assembly and adjustment of wind instruments

Number of Employees	Number	85
Site Area	m ²	4,742
Water Consumption	m ³ /year	5,000
Substances Subject to PRTR Discharged	tons/year	0.1
Waste Generated	tons/year	10
CO ₂ Emissions	tons-CO ₂ /year	200
BOD (Public water area)	tons/year	-
NOx Emissions	tons/year	-
SOx Emissions	tons/year	-
ISO 14001 Certification		Feb, 2002

Review on FY2003

YP Winds Corporation enjoyed decreases of 28% in wastes, 5.7% in power consumption, and 15% in the use of chemical substances in the year-on-year comparison as a result of the following activities: energy saving, a cut in wastes, reduction of chemical substances, and improvement in the yield rate of the products.

Future action

The company will continue to put efforts in energy saving and waste reduction and actively carry out environment-oriented business activities.

Yamaha Music Craft Corporation

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

Number of Employees	Number	120
Site Area	m ²	14,474
Water Consumption	m ³ /year	200
Substances Subject to PRTR Discharged	tons/year	3.3
Waste Generated	tons/year	100
CO ₂ Emissions	tons-CO ₂ /year	1,000
BOD (Public water area)	tons/year	-
NOx Emissions	tons/year	0.1
SOx Emissions	tons/year	0.4
ISO 14001 Certification		Jul, 2000

Review on FY2003

Yamaha Music Craft Corporation's efforts in promoting effective utilization of rare wooden materials for musical instruments allowed the company a 40% reduction in wastes from wood for musical instruments on a year-on-year basis.

Future action

Yamaha Music Craft Corporation will be committed to energy saving and waste reduction activities centralizing efficient utilization of rare wooden materials. Furthermore, the company plans to connect its human sewage, which is, at the moment, treated in its own water-purifier tank, to the sewage system of Hamamatsu City in order to reduce the impact on public water resources.

Sakuraba Mokuzai Co., Ltd.

Moriyoshi-machi, Kitaakita-gun, Akita
Business line: Production of musical instruments parts and wood products

Number of Employees	Number	65
Site Area	m ²	52,854
Water Consumption	m ³ /year	15,000
Substances Subject to PRTR Discharged	tons/year	1.8
Waste Generated	tons/year	30
CO ₂ Emissions	tons-CO ₂ /year	1,000
BOD (Public water area)	tons/year	-
NOx Emissions	tons/year	0.1
SOx Emissions	tons/year	0.1
ISO 14001 Certification		Sep, 2002

Review on FY2003

Sakuraba Mokuzai promoted thermal recycling of wood chips generated from the productive activities of the Yamaha Group companies. At the same time, the company tried to reduce chemical substances and succeeded in completely replacing the adhesive containing formaldehyde (Technoply) with an alternative.

Future action

In addition to efficient use of wooden materials, Sakuraba Mokuzai will strive for reduction of wastes such as plastic and adhesive wastes, and as a community-based company, take initiatives in activities which consider conservation of the environment.

Overseas Affiliates (Production Sites) Data (FY2003)

[North America · Europa]

Name of Site		Yamaha Music Manufacturing, Inc.	Yamaha Musical Products, Inc.	Kemble & Company Ltd.
Location	—	U.S.	U.S.	U.K.
Number of Employee	Number	250	270	129
Site Area	m ²	25,545	50,000	14,350
Business	—	Manufacturing of pianos and PA speakers	Manufacturing of wind instruments	Import and sales of musical instruments
Water Consumption	m ³ /year	5,000	41,000	4,000
Waste Generated	tons/year	1,200	300	700
CO ₂ Emissions	tons-CO ₂ /year	5,000	3,000	1,000
ISO 14001 Certification	—	Dec,2000	Apr,2002	Dec,2002

[Taiwan · China]

Name of Site		Kaohsiung Yamaha	Taiwan Yamaha Musical Inst. Mfg. Co., Ltd.	Tianjin Yamaha
Location	—	Taiwan	Taiwan	China
Number of Employee	Number	496	133	1,482
Site Area	m ²	26,320	50,000	30,689
Business	—	Manufacturing of guitars and PA equipment	Manufacturing and sales of pianos and Electones	Manufacturing of electronic instruments
Water Consumption	m ³ /year	47,000	26,000	175,000
Waste Generated	tons/year	200	300	400
CO ₂ Emissions	tons-CO ₂ /year	6,000	2,000	9,000
ISO 14001 Certification	—	Nov,1999	Jun,2002	Dec,1999

Name of Site		Guangzhou Yamaha-Pearl River Piano Inc.	Xiaoshan Yamaha Musical Instruments Co., Ltd	Yamaha Electronics (Suzhou) Co., Ltd.
Location	—	China	China	China
Number of Employee	Number	179	430	450
Site Area	m ²	18,987	43,000	120,000
Business	—	Manufacturing of pianos	Manufacturing of piano parts, and assembling and manufacturing of wind instruments	Manufacturing of AV equipment
Water Consumption	m ³ /year	9,000	42,000	23,000
Waste Generated	tons/year	20	200	10
CO ₂ Emissions	tons-CO ₂ /year	1,000	3,000	2,000
ISO 14001 Certification	—	Sep,2002	Mar,2003	Mar,2004

[Indonesia · Malaysia]

Name of Site		PT. Yamaha Musical Products Indonesia	PT. Yamaha Music Manufacturing Indonesia	PT. Yamaha Music Manufacturing Asia
Location	—	Indonesia	Indonesia	Indonesia
Number of Employee	Number	807	1,619	2,100
Site Area	m ²	58,460	22,250	120,000
Business	—	Manufacturing of wind instrument parts, cases, etc.	Manufacturing of string and percussion instruments	Manufacturing and sales of electronic musical instruments
Water Consumption	m ³ /year	161,000	84,000	88,000
Waste Generated	tons/year	200	700	900
CO ₂ Emissions	tons-CO ₂ /year	5,000	5,000	11,000
ISO 14001 Certification	—	Jan,2001	Dec,2001	Jul,2002

Name of Site		PT. Yamaha Indonesia	PT. Yamaha Electronics Manufacturing Indonesia	Yamaha Electronics Manufacturing Malaysia Sdn. Bhd.
Location	—	Indonesia	Indonesia	Malaysia
Number of Employee	Number	736	600	1,080
Site Area	m ²	19,542	50,000	107,000
Business	—	Manufacturing and sales of YI/pianos and digital musical instruments	Manufacturing of AV/IT products (speakers)	Manufacturing of AV equipment
Water Consumption	m ³ /year	42,000	27,000	86,000
Waste Generated	tons/year	400	10	50
CO ₂ Emissions	tons-CO ₂ /year	4,000	2,000	4,000
ISO 14001 Certification	—	May,2002	Jan,2003	Dec,1998