Endorsement of the TCFD and TNFD Recommendations

Rapid climate change poses a major threat to humanity and to all life-forms on earth.
We recognize that helping combat this threat and contributing to the decarbonization of society are corporate responsibilities and important management issues.
The Yamaha Group has declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) and commenced initiatives for analyzing the risks and opportunities for its business related to climate change and biodiversity. This information is reflected in management strategies, and information on the financial impacts of these risks and opportunities is disclosed.

Governance

The Sustainability Committee, which is an advisory body to the president that met seven times in fiscal 2024, is responsible for assessing and managing climate change response measures and nature-related dependencies, impacts, risks, opportunities, and issues including human rights policies and engagement activities related to indigenous peoples, local communities, and other affected stakeholders. The Board of Directors oversees these activities.
In addition, the Working Group for Climate Change, the Working Group for Resource Circulation, and the Working Group for Procurement—organizations positioned under the Sustainability Committee—discuss these issues and report on progress made to the committee.
Moreover, non-financial targets centered on climate change and other sustainability issues were introduced among the evaluation indicators used for determining the restricted stock compensation that represents a portion of executive remuneration during the period of the Make Waves 2.0 medium-term management plan launched in April 2022. The move was meant to provide executives with greater motivation to pursue ongoing improvements in social value.

Initiatives Related to Indigenous Peoples, Local Communities, and Other Affected Stakeholders

The recommendations of the TNFD stress the importance of respect for the rights of indigenous peoples and local communities and highlight the expectations for initiatives for ensuring respect for these rights as part of governance of management and other parts of an organization. In its Promises to Stakeholders, Yamaha describes its promise to regional communities and society to contribute to the development of society and culture as a good corporate citizen. This promise is founded on a commitment to helping realize a fair and equitable society, a goal we are working toward through observance of international human rights standards including the social and freedom provisions of the Universal Declaration of Human Rights and International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work of the International Labour Organization, the United Nations Global Compact, and the Guiding Principles on Business and Human Rights. Moreover, Yamaha has released statements based on the modern slavery acts of the United Kingdom and Australia addressing human rights issues across the supply chain.

The Yamaha Group has established the Yamaha Group Human Rights Policy to guide ongoing efforts to fulfill its responsibility of respecting human rights in all of its business activities. This policy was approved by the president and was based on advice from experts, opinions from Group companies, and discussion by the Managing Council of Yamaha Corporation. The result of this process was a policy that specifies the Group's views and responsibilities regarding respect for human rights and provides an overarching framework for other documents relating to human rights initiatives including the Yamaha Compliance Code of Conduct. All executives and employees of Yamaha Corporation and its consolidated subsidiaries are expected to adhere to the Yamaha Group Human Rights Policy, and this policy is reflected in all of the Group's business activities. The policy contains clear provisions stipulating the need to conduct human rights due diligence activities to determine potential adverse impacts on human rights as a result of business activities and to make efforts to prevent and mitigate those impacts. Moreover, the Group's entire value chain is subject to this policy, and we take steps to identify and assess the impacts of potential human rights issues across our value chain through coordination with external experts and monitoring of Group companies, suppliers, and other partners.

Meanwhile, we take steps to verify that the logging and transactional processes associated with our procurement of timber do not violate the rights of indigenous peoples or adversely impact local communities based on the Yamaha Group Timber Procurement Policy. To this end, we confirm the legality and assess the risks of the timber we use and actively seek to utilize certified timber produced with consideration for the environment and the community. To further improve the effectiveness of such efforts to verify impacts on communities and other timber-related risks, Yamaha established its own proprietary standards for judging timber sustainability in 2023 under the guidance of international environmental organization Preferred by Nature.

In accordance with the TNFD's Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders, Yamaha recognizes the need to step up stakeholder engagement activities based on an understanding of the nature-related dependencies, impacts, risks, and opportunities of its business activities.

Strategy

Yamaha has conducted scenario analyses targeting all of its businesses to verify its impacts on climate change and biodiversity on a Groupwide basis. Through these analyses, we have identified short-term, medium-term, and long-term risks and opportunities[*1] (see Table 1).
With regard to timber, an area that can result in significant impacts on climate change, we have researched relevant materials for assessing future changes to timber producing regions and estimated the changes that might be seen in order to determine our potential impacts on climate change and the degree of these impacts (see Table 2).

Climate change analyses have been conducted using a number of scenarios such as those released by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), including scenarios those projecting global warming of between 1.5°C and 2°C above preindustrial levels, which involve significant transition risks,[*2] and scenarios assuming global warming of 4°C above preindustrial levels, which forecast substantial physical risks,[*3] as well as various other scenarios.[*4]
Meanwhile, we have employed the TNFD's ENCORE[*5] biodiversity risk analysis tool to identify nature-related dependencies and impacts throughout our business processes. For those items representing particularly material risks and opportunities, we conducted analyses based on four scenarios focused on the two critical uncertainties of ecosystem service degradation and regulations and public sentiment in accordance with the scenario recommendations of the TNFD.
Given the potentially large impact on business activities, strategies, and financial planning from climate change- and nature-related issues, the associated risks and opportunities are regularly reviewed, and strategies are revised as necessary (see Table 3).

*1 Risks and opportunities are classified as "short-term" if their impacts will be most strongly felt over the next several years, "medium-term" if their impacts will be felt leading up to 2030, and "long-term" if the impacts will appear in 2050.
*2 NZE Scenario (net zero emissions by 2050 and global warming of 1.5°C above preindustrial levels, 2022 World Energy Outlook, IEA) and Representative Concentration Pathway (RCP) 2.6 (global warming of less than 2°C above preindustrial levels)
*3 RCP 8.5 (global warming of 4°C above preindustrial levels), etc.
*4 Announced Pledges Scenario; Stated Policies Scenario (Business as Usual); etc.
*5 ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool for assessing the dependencies, impacts, and degrees thereof of business processes that is recommended for use in the framework proposed by the TNFD.

(Table 1) High-Materiality Risks and Opportunities and Response Strategies

Legend Climate change related Biodiversity related Climate change and biodiversity related
R: Risk O: Opportunity
Short: Short term Medium: Medium term Long: Long term

Category		Activity area	Potential impacts on business, strategies, or financial planning Impacts on natural capital	Yamaha's activities
Climate change		Natural disasters	・Halts to production due to damage to facilities or injuries to people as a result of natural disasters ・Halts to production or increased costs following rises in procurement costs due to supply chain disruptions ・Increases in non-life insurance premiums	・Assessment of flood risks and potential damages related to Yamaha Group bases (production, sales, and logistics) and review of preparedness measures and insurance coverage based on predicted natural disasters
	R			
	Short			
		Projected changes in potential timber production region environments	・Increased timber prices and reduced quality ・Costs associated with changes in technical specification required for using alternative timber resources ・Higher procurement costs due to deterioration of conditions in regions from which Yamaha procures timber as a result of temperature increases or changes in rainfall or weather conditions	・Surveys investigating projected changes in potential timber production region environments due to temperature increases (see Table 2) ・Development of new alternatives to scarce timber resources and processing technologies (improvement of internal timber-related technologies and procurement skills)
	R			
	Long			
		Carbon pricing	・Higher production and procurement costs as a result of introduction of carbon taxes ・Projected increase of between ¥1.0 billion and ¥2.0 billion in Groupwide energy costs leading up to fiscal 2031 without countermeasures	・Implementation of emissions reduction plan focused on exhaustive energy conservation measures and use of renewable energy (reduction of between ¥450 million and ¥900 million in energy cost increase through accomplishment of reduction targets) ・Introduction of internal carbon pricing system (¥14,000 per t-CO_2) to promote investment in low-carbon facilities ・Pursuit of emissions reductions through partnership with suppliers
	R			
	Medium			
		Shift toward indoor activities	・Increased demand for musical instruments due to rise in opportunities for indoor activities ・Higher demand for telecommunications equipment in conjunction with increases in teleworking and online events and gaming ・Growing demand for audio equipment in conjunction with rise in video distribution and emergence of hybrid live streaming events as de facto standard	・Supply of solutions for remote and online events that combine acoustics, signal processing, and telecommunications technologies ・Creation of new customer experiences through remote concerts, lessons, and ensemble performances
	O			
	Long			
Sustainable timber use		Effective use of timber and adoption of alternative timber resources	・Improvement in reputation among customers and investors and enhancement of competitiveness through products mindful of forest sustainability ・Preservation of scarce tree species through adoption of alternative materials	・Increased rate of sustainable timber use ・Development of alternative timber materials to scarce timber resources and processing technologies (improvement of internal timber-related technologies and procurement skills) ・Improvement of yield rates through appropriate quality standards and effective use of
	O			
	Long			
		Deterioration of timber producing regions	・Difficulty procuring quality timber for use in musical instruments due to excessive logging, water shortages,	

	R		water pollution, or soil deterioration in timber producing regions ・Higher timber prices and reduced quality ・Damage to reputation due to accusations of damage to ecosystems	offcuts ・Otonomori (Forest of Sound) Activities for promoting sustainable procurement of timber for use in musical instruments
	Medium			
		Withdrawal of suppliers from forestry businesses	・Difficulty in procuring timber and incurring of costs associated with changes in technical specification required for use of alternative timber resources ・Obstacles to stable procurement of timber as forest credit markets expand due to growing environmental awareness among companies	・Increased rate of sustainable timber use ・Otonomori (Forest of Sound) Activities for promoting sustainable procurement of timber for use in musical instruments
	R			
	Short			
		Timber import restrictions	・Losses due to halts in production of products using restricted timber ・Costs associated with changes in technical specification required for use of alternatives to restricted timber	・Reduction in use of and adoption of alternatives to low-sustainability timber
	R			
	Medium			
		Stable procurement of certified timber	・Support from customers and supply chains with high environmental awareness ・Mitigation of reputational risks that could arise from ongoing use of low-sustainability timber ・Forest preservation through sustainable timber procurement	・Expanded use of certified timber produced in sustainable forests
	R			
	Long			
Hazardous substances		Contamination by chemical substances (volatile organic compounds [VOCs], poisonous and deleterious substances) and oils used in business processes	・Adverse impacts to ecosystems due to emissions or leaks from manufacturing sites ・Damage to reputation, expenses for decontamination, payments of damages, or costs for improving leak prevention equipment or management practices	・Definition of standards for construction of environment-related equipment and implementation of measures to prevent leaks ・Identification of leakage risks and organization of emergency response drills ・Advancement of projects for reducing VOC use ・Investigation of impacts on water habitats to which waste is emitted and organisms therein
	R			
	Short			
		Contamination by hazardous waste	・Diminishment of reputation or other damages as a result of contamination of soil or groundwater, payments for damages or decontamination measures, and degradation of ecosystems ・Increased costs due to regulatory tightening	・Emission reduction and appropriate disposal of hazardous waste ・Limitations on use of hazardous substances
	R			
	Medium			
Water preservation		Shortages of water for use in business processes and everyday life	・Halts or delays to business processes due to water shortages ・Damage to reputation due to use of excessive amounts of water in regions facing shortages	・Water recycling and conservation activities based on water use reduction plans
	R			
	Long			

(Table 2)

Projected Changes in Potential Timber Production Region Environments from Base Year (%)

Rate of change　Positive change (100% or more)

Negative change Minor (95–100%) Moderate (80–95%) Large (80% or less)

Tree Species	Rise in Average Global Temperature from Preindustrial Levels(℃) and Projected Changes in Potential Timber Production Region Environments (%)								
	0.6℃	1.0℃	1.5℃	2.0℃	2.5℃	3.0℃	3.5℃	4.0℃	4.5℃ or more
Broadleaf tree species A	100	100	101	101	102	102	102	101	Less than 101
Broadleaf tree species B	100	100	98	98	99	100	102	104	104 or more
Broadleaf tree species C	100	101	105	107	109	111	113	115	115 or more
Broadleaf tree species D	100	101	112	127	144	166	188	216	216 or more
Broadleaf tree species E	100	101	103	104	104	104	103	101	Less than 101
Broadleaf tree species F (Procurement region 1)	100	102	96	86	72	55	37	14	Less than 14
Broadleaf tree species F (Procurement region 2)	100	100	100	99	98	96	94	92	Less than 92
Conifer species A	100	100	99	98	96	94	92	90	Less than 90
Conifer species B	100	101	84	74	62	47	31	11	Less than 11

2 ℃ scenario　4 ℃ scenario

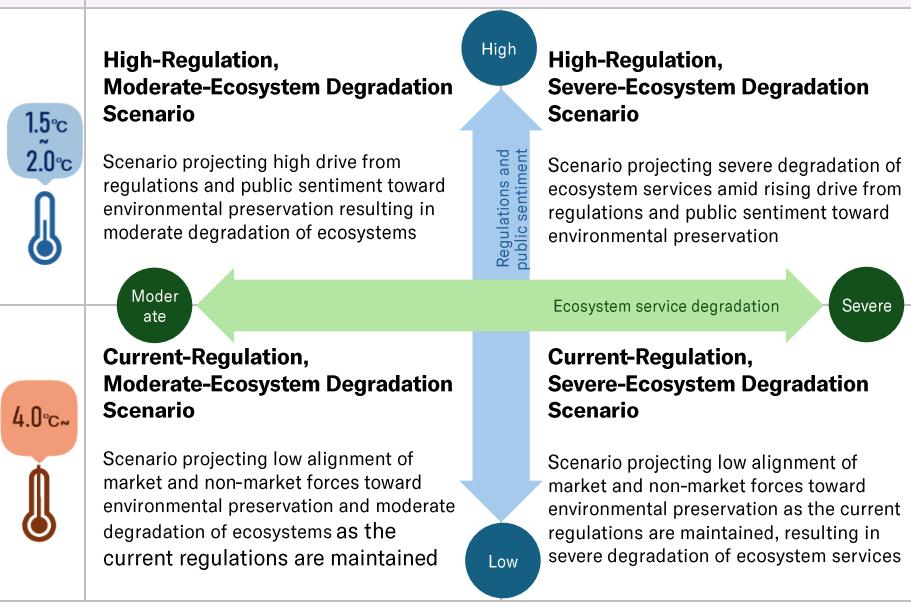
RCP8.5 (4℃ scenario): today → 2040 s → 2060 s → 2080 s → 2090 s

RCP2.6 (2℃ scenario): today → 2040 s ～2090 s

(Table 3) High-Materiality Risks and Opportunities and Scenario Analyses

Scenarios Used for Analyses

Climate Change	Biodiversity
Scenarios Projecting Global Warming of between 1.5℃ and 2℃ Scenarios in which measures to combat climate change succeed in limiting global warming to between 1.5℃ and 2℃ above preindustrial levels	**High-Regulation, Moderate-Ecosystem Degradation Scenario** Scenario projecting high drive from regulations and public sentiment toward environmental preservation resulting in moderate degradation of ecosystems
	High-Regulation, Severe-Ecosystem Degradation Scenario Scenario projecting severe degradation of ecosystem services amid rising drive from regulations and public sentiment toward environmental preservation
Scenarios Projecting Global Warming of 4℃ Scenarios in which measures are not taken to combat climate change, resulting in global warming of 4℃ above preindustrial levels	**Current-Regulation, Moderate-Ecosystem Degradation Scenario** Scenario projecting low alignment of market and non-market forces toward environmental preservation and moderate degradation of ecosystems as the current regulations are maintained
	Current-Regulation, Severe-Ecosystem Degradation Scenario Scenario projecting low alignment of market and non-market forces toward environmental preservation as the current regulations are maintained, resulting in severe degradation of ecosystem services



→... Continuation of current impacts ↗ ... Rise in impacts — ... Not applicable

Category		Activity area	Climate change		Natural capital				Dependencies/Impacts	Risk (R)/ Opportunity (O)	Risk/Opportunity type
			1.5–2.0℃ global warming scenarios	4℃global warming scenarios	High-regulation, severe-ecosystem	Current-regulation, severe-ecosystem	High-regulation, moderate-ecosystem	Current-regulation, moderate-ecosystem			
Climate change		Natural disasters	→	↗	—	—	—	—	—	R	Physical (acute)
		Changes to environments of regions from which Yamaha procures timber	↗	↗	—	—	—	—	—	R	Physical (chronic)
		Carbon pricing	↗	→	—	—	—	—	—	R	Transition (policy/legal)
		Shift toward indoor activities	↗	↗	—	—	—	—	—	O	Product/service
Sustainable timber use		Effective use of timber and adoption of alternative timber resources	↗	↗	↗	↗	↗	↗	Impacts	O	Efficiency/resource Product/service Reputation
		Deterioration of timber producing regions	↗	↗	↗	↗	↗	↗	Dependencies Impacts	R	Physical (chronic)
		Withdrawal from forestry businesses	↗	↗	↗	→	↗	→	Dependencies	R	Transition (policy/legal) Transition (market)
		Timber import restrictions	—	—	↗	→	↗	→	Dependencies	R	Transition (policy/legal)
		Stable procurement of certified timber	—	—	↗	↗	↗	↗	Impacts	O	Ecosystem preservation Sustainable use
Hazardous substances		Contamination by chemical substances VOCs, poisonous and deleterious substances) and oils used in business processes	—	—	↗	↗	↗	↗	Impacts	R	Physical (acute) Transition (technology) Transition (reputation)
		Contamination by hazardous waste	—	—	↗	↗	↗	↗	Impacts	R	Physical (chronic) Transition (policy/legal) Transition (reputation)
Water preservation		Shortages of water for use in business processes and everyday life	↗	↗	↗	↗	↗	↗	Dependencies	R	Physical (chronic)

Natural Capital-Related Analyses

◆LEAP Approach

The LEAP (Locate, Evaluate, Assess, and Prepare) Approach[*6] is one of the frameworks prepared by the TNFD for use in assessment, management, and disclosure of natural-related issues by companies in various industries. Yamaha has used the LEAP Approach to assess and analyze the nature-related issues it faces.

Locate

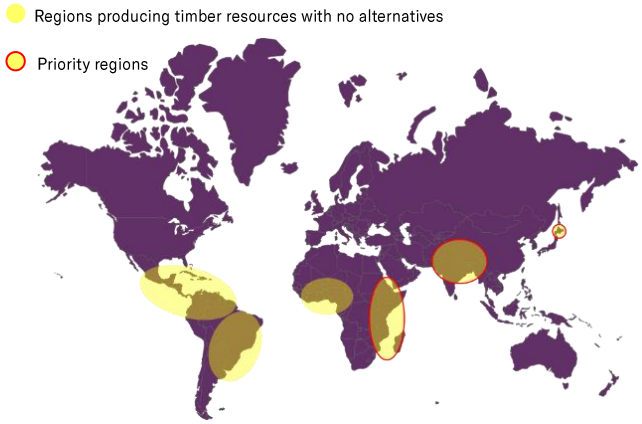
Yamaha develops its musical instruments business, audio equipment business, and others

(industrial machinery and components business, etc.) on a global basis. The musical instruments business is Yamaha's mainstay business, accounting for more than 60% of its revenue. This business is also highly dependent on natural capital for its raw materials and is closely connected to nature. Specifically, timber is used in various types of musical instruments and is thus highly relevant to our business. Timber is generally viewed to be a more eco-friendly and sustainable material than materials such as plastic. However, limitations are faced with regard to the timber used in musical instruments in terms of their characteristics and appearance, which means that it can be difficult to find replacements for timber resources, a reality that creates sustainability issues. Moreover, timber has been defined as a high impact commodity on the high impact commodity list,[*7] an assessment tool released by the Science Based Targets Network, indicating that it is a resource with a high impact on nature when viewed from a scientific standpoint. Accordingly, Yamaha chose to look at timber, given its high dependence and impacts on nature, for the Locate step of the LEAP Approach in its most recent assessment.

Identification of Priority Regions for Timber Procurement

Yamaha has plotted the areas from which it procures timber resources with no alternatives on a world map to identify the priority regions producing particularly important species of timber (see Figure 1).

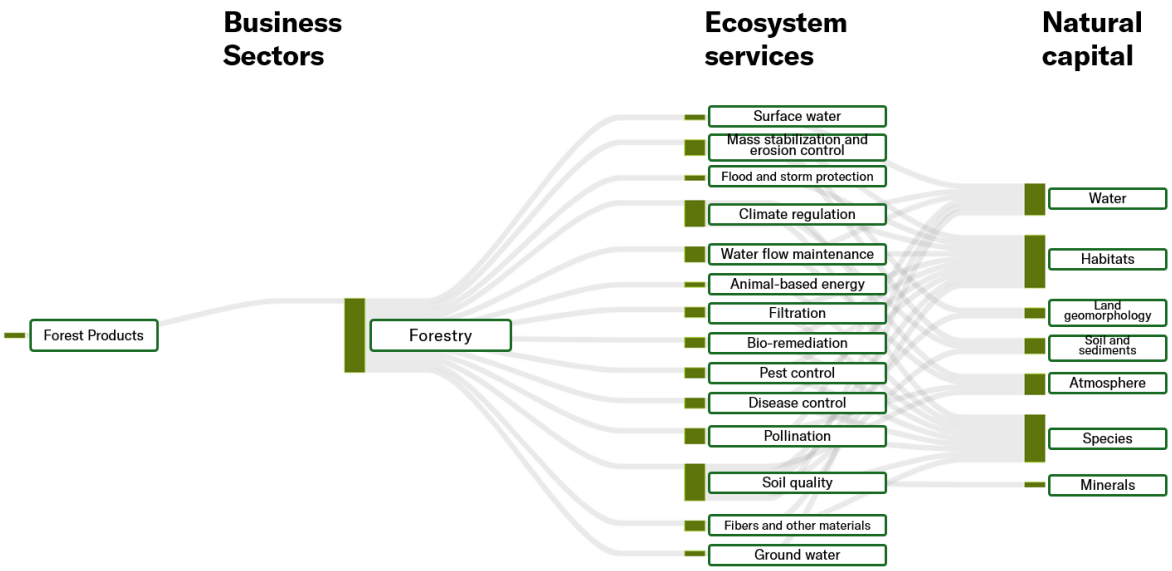
(Figure 1)



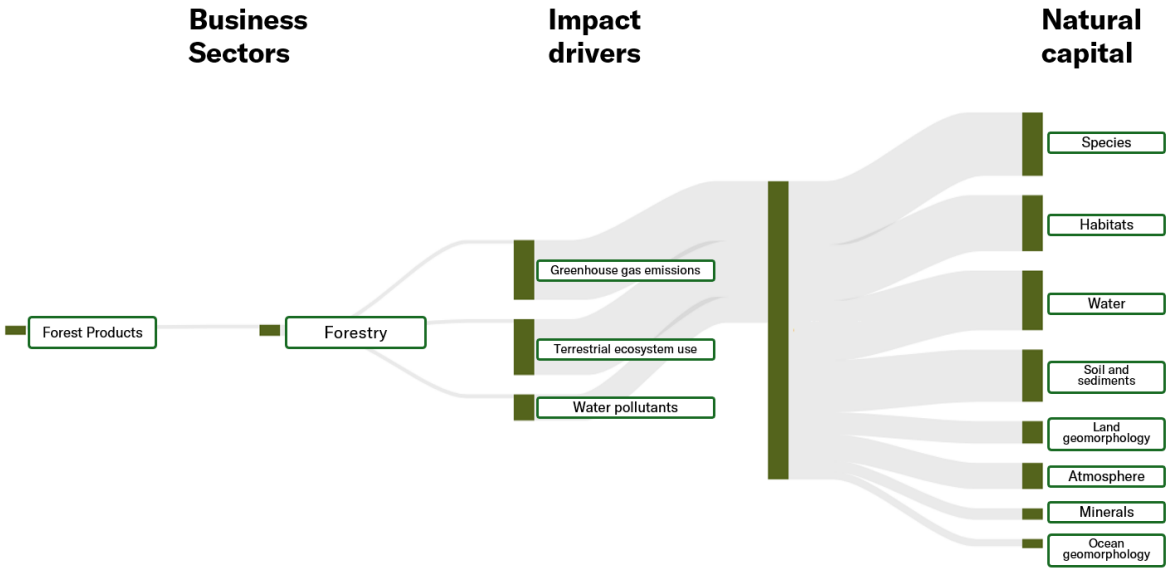
Evaluate and Assess

The ENCORE nature-related risks analysis tool recommended by the TNFD was used to assess the nature-related dependencies and impacts of business activities in the priority regions identified in the Locate step of the LEAP Approach (see Figure 2 and Figure 3). This assessment found that the forest products sector is dependent on a number of ecosystem services and has the potential to impact nature through greenhouse gas emissions, use of terrestrial ecosystem services, and water pollutants. We then sought to assess the degree of these impacts and dependencies by incorporating the insight gained through our business activities. We thereby compiled a list of particularly material risks and opportunities based on a double materiality[*8] approach (see Table 4).

(Figure 2) Dependencies



(Figure 3) Impacts



(Table 4)

Dependencies					
Category		Degree of dependence	Risks	Opportunities	Yamaha's activities
Provisioning services	Natural resources	High	Increased procurement costs or halts to procurement due to timber resource depletion or tightening of related regulations	Efforts to preserve forest resources → Acquisition of reliable supply stocks → Maintenance or promotion of forest resource growth commensurate to usage volumes New technology development (development of alternative materials and technologies) → Prevention of excessive logging → Improvement of reputation through provision of eco-friendly products	Ongoing cultivation of timber through Otonomori Activities Efficient use of scarce timber resources ・Development of timber processing and recycling technologies → Appropriate use ・Use of new alternatives to scarce timber sources → New value
	Water	High	Adverse impacts on lives of community members and tree growth in timber producing regions due to depletion of water resources	Efforts to maintain and restore functionality of timber producing forests (water resource cultivation) Installation of household-use water infrastructure for communities	Preservation of water resources by maintaining healthy forests through Otonomori Activities Support for community development through Otonomori Activities
Regulating & maintenance services	Adjustment of water quality, volumes, and flows	Moderate	Adverse impacts on lives of community members and tree growth in timber producing regions due to flooding, water shortages, or water pollution		
	Soil quality alteration, sediment maintenance, and biodegradation	Moderate	Increased procurement costs or halts to procurement due to decreases in tree numbers as a result of impediments to tree replacement or growth because of deterioration of soil in timber producing regions	Efforts to maintain and increase forested areas Initiatives for maintaining and restoring vegetation in timber producing forests	Restoration of forests through Otonomori Activities ・Promotion of forest restoration cycle through cultivation of trees within forests ・Cultivation of valuable indigenous tree species on agricultural land

	Ecosystem preservation (preservation of pollination services and habitats and extermination of pests)	Moderate	Increased procurement costs or halts to procurement due to decreases in tree numbers or quality of materials as a result of impediments to tree growth because of damage to ecosystems in timber producing regions	Forest preservation efforts for maintaining ecosystems and restoring functionality Efforts to preserve genetic diversity	Ongoing cultivation and preservation of functionality of forests through Otonomori Activities ・Preservation of scarce species and biodiversity through cultivation of trees within forests
	Natural disaster mitigation	Low	Impediments to tree growth or halts to procurement due to floods or storms Increased procurement costs or halts to procurement due to decreases in tree numbers as a result of impediments to tree replacement or growth because of forest fires or burning in timber producing regions	Efforts to maintain and restore functionality of timber producing forests (water resource cultivation) Measures to prevent forest fires and restore forest functionality	Preservation of water resources by maintaining healthy forests through Otonomori Activities Initiatives to limit forest fires as part of Otonomori Activities ・Creation of firebreaks around cultivation sites ・Vegetation maintenance through controlled burning restrictions during the dry seasons and earlier burns
	Noise pollution reduction	-	-	-	-
	Climate regulation	High	Increased procurement costs or halts to procurement due to decreases in tree numbers as a result of changes to tree habitats because of climate change in timber producing regions	Tracking of habitats in which important species are cultivated and preservation of species Development of new technologies (development of technologies for utilizing previously unused resources) → Limitation of excessive logging of specific species → Local production and consumption using local timber resources	Preservation of forest functionality by maintaining healthy forests through Otonomori Activities ・Preservation of scarce species and biodiversity through cultivation of trees within forests ・Research on plantation sites and development of seed cultivation techniques for scarce species Efficient use of scarce timber resources Efficient use of previously unusable resources in scarce timber resource producing regions and countries with Yamaha factories

Impacts					
Category		Degree of impacts	Risks	Opportunities	Yamaha's activities
Ecosystem use	Land habitats	High	Deterioration of soil quality and changes to vegetation due to soil degradation and increased erosion as a result of compression, exposure, and damage from machines → Decrease in number of species due to deterioration of conditions in timber producing regions → Rising landslide and forest fire risks → Reduction of resources due to population growth and conversion of forests into land for agricultural and livestock use	Efforts to maintain and increase forested areas Initiatives for maintaining and restoring vegetation in timber producing forests Improvement of community land use practices	Restoration of forests through Otonomori Activities ・Promotion of forest restoration cycle through cultivation of trees within forests ・Cultivation of valuable indigenous tree species on agricultural land ・Introduction of and support for forest management techniques at the community level

	Freshwater habitats	-	-	-	-
	Marine habitats	-	-	-	-
Pollution	Non-greenhouse gas atmospheric pollution	-	-	-	-
	Soil pollution	-	-	-	-
	Water pollution	-	-	-	-
	Solid waste	-	-	-	-
Resource use	Supply of water	-	-	-	-
	Supply of diverse timber species	High	Reduced availability to procure timber due to regulatory tightening in timber producing countries Lower timber quality and reduced availability to procure timber because of resource depletion	Prioritized use of sustainably sourced timber Optimization of usable timber through new technology development (consolidation and diversification)	Promotion of use of sustainably sourced timber ・Establishment of proprietary standards ・Practice of timber due diligence Ongoing cultivation of resources through Otonomori Activities ・Preservation of scarce, irreplaceable resources Efficient use of timber resources ・Development of timber processing and recycling technologies ・Efficient use of previously unusable resources in scarce timber resource producing regions and countries with Yamaha factories
Climate change	Greenhouse gas emissions	High	Emissions from use of heavy machinery, charcoal production, timber and product transportation, production activities, and incineration of waste materials, products, and packaging → Changes in species growth and habitat depletion as a result of climate change → Increases in natural disaster frequency as a result of climate change	Efforts to preserve forest resources → Carbon fixation through functional forests → Promotion of forest resource growth commensurate to usage volumes New technology development (development of alternative materials and technologies) → Prevention of excessive logging → Improvement of efficiency in timber use → Local production and consumption using local timber resources Resource recycling	Preservation through Otonomori Activities ・Development of carbon fixation assessment techniques through forest monitoring ・Ongoing cultivation of resources through afforestation and forest preservation activities Efficient use of timber resources ・Development of timber processing and recycling technologies ・Efficient use of previously unusable resources in scarce timber resource producing regions and countries with Yamaha factories
Invasive alien species and other	Introduction of invasive alien species	-	-	-	-
	Noise pollution	-	-	-	-

Prepare

To furnish an effective response to the dependencies, impacts, risks, and opportunities identified in the Locate, Evaluate, and Assess steps of the LEAP Approach, Yamaha has defined strategies and metrics for disclosure to be used in assessment and management of these items (see "Metrics and Targets" below).
For more information on specific initiatives related to sustainably sourced timber in priority regions identified in this assessment, please refer to the page on Yamaha's corporate website detailing its Otonomori Activities.[*9]

*6 The LEAP Approach is a tool designed by the TNFD for use in comprehensive assessments of a company's connections with nature, dependencies, impacts, risks, and opportunities for use in determining the environmental issues faced. After scoping, companies follow the steps of Locate, Evaluate, Assess, and Prepare to evaluate their material connections with nature.
*7 The high impact commodity list is a list of commodities (raw materials) that entail large impacts on the natural environment.
*8 Double materiality is the concept of looking at both the impact that a company has on the environment and the impact that the environment has on the company.
*9 Otonomori Activities
https://www.yamaha.com/en/stories/environment/otonomori/

Management of Risks and Impacts

Yamaha has established the Risk Management Committee as an advisory body to the president and representative executive officer. This committee is tasked with identifying and assessing risks[*10] using cross-Company evaluation frameworks that look at the climate change, ecosystem, and various other risks associated with Yamaha's corporate and other activities.
Meanwhile, the Working Group for Climate Change positioned under the Sustainability Committee together with the Environmental Division is responsible for assessing the potential scale of damages and the frequency of risks and opportunities based on scenario analyses and compiling lists of the identified risks and opportunities (including environmental dependencies and impacts across the upstream and downstream areas of the value chain). At the same time, working groups associated with particular major risks and opportunities (the Working Group for Resource Circulation and the Working Group for Procurement) pursue coordination with the relevant divisions as necessary to monitor the progress of related measures, which is reported to the Sustainability Committee. Major risks and opportunities whose materiality surpasses the scope of the duties of the Sustainability Committee and working groups are reported to the Board of Directors, which will discuss and examine response policies.
Both the Sustainability Committee, which houses the Working Group for Climate Change, the Working Group for Resource Circulation, and the Working Group for Procurement, and the Risk Management Committee are chaired by the president and representative executive officer. This allows for organic coordination in their respective duties.

*10 For more information on risk management initiatives, please refer to the following website.

https://www.yamaha.com/en/sustainability/governance/risk-management/

Metrics and Targets

At Yamaha, reductions to CO_2 emissions are managed in a comprehensive manner encompassing the entire Yamaha Group and its supply chains. To facilitate these efforts, the Greenhouse Gas Protocol is used as the standard for calculating total greenhouse gas emissions (Scope 1, Scope 2, and Scope 3 emissions), and third-party verification is received for these calculations.
The following table compiles the global core metrics for which the TNFD recommends disclosure and the status of disclosure by Yamaha related to these metrics.

Dependency and Impact Metrics

No.	Category	Metric	Disclosed items	Disclosure scope	Current status of disclosure
-	Climate change	Greenhouse gas emissions	Greenhouse gas emissions (Scope 1 and Scope 2)	Major domestic bases and overseas production bases	Disclosure as part of ESG data
			Greenhouse gas emissions (Scope 3)	Yamaha's supply chain	Disclosure as part of ESG data
C1.0	Land/freshwater/ocean-use change	Total spatial footprint	Total area of owned land	Certain major domestic and overseas bases	Disclosure in securities reports
C1.1		Extent of land/freshwater/ocean-use change	Area of newly active and decommissioned bases	Major domestic bases and overseas production bases	Not applicable
			Area of reforestation activities	Total aggregate area of reforestation activities involving planting African blackwood trees as part of Otonomori Activities as of March 31, 2024	Disclosure on the Otonomori Activities page of the corporate website
C2.0	Pollution/pollution removal	Pollutants released to soil split by type	Amount of pollutants released to soil	Major domestic bases and overseas production bases	No release of substances that pollute to soil
C2.1		Wastewater discharged	Volume of water discharged	Major domestic bases and overseas production bases	Disclosure as part of ESG data
			Concentrations of key pollutants in and temperature of wastewater discharged	Major domestic bases	Calculated but not disclosed
C2.2		Waste generation and disposal	Amount of waste generated	Major domestic bases and overseas production bases	Disclosure as part of ESG data
			Recycling rate	Major domestic bases	Disclosure as part of ESG data
C2.3		Plastic pollution	Amount of plastic packaging used	Not disclosed	Figures to be reported in accordance with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging calculated but not disclosed
C2.4		Non-greenhouse gas air pollutants	NOx and SOx emissions	Major domestic bases	Disclosure as part of ESG data
			VOC emissions	Major domestic bases and overseas production bases	Disclosure under preparation
C3.0	Resource use/replenishment	Water withdrawal and consumption from areas of water scarcity	Water withdrawal, consumption, and recycling rates by water source	Major domestic bases and overseas production bases	Disclosure as part of ESG data (figures not broken down by region)

C3.1		Quantity of high-risk natural commodities sourced from land/ocean/freshwater	Timber procurement volumes by form and region	All timber procured by Yamaha	Disclosure as part of ESG data (in m^3)
			Rate of use of sustainably sourced timber		Disclosure as part of ESG data

Risk and Opportunity Metrics

Category	Metric	Current status of disclosure
Risk	Value of assets, liabilities, revenue, and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total).	Not disclosed
	Value of assets, liabilities, revenue, and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total).	
	Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts.	Not applicable in fiscal 2024
Opportunity	Amount of capital expenditures, financing, or investment deployed toward nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant. Not disclosed	Not disclosed
	Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts.	

The above metrics for which analyses are not yet complete are indicated as “not disclosed.” However, the Company plans to move forward with analyses and disclose information for those metrics possible when the applicable information becomes available.
Based on this framework, Yamaha has defined the following metrics and targets for use in assessing and managing material climate change- and nature-related dependencies, impacts, risks, and opportunities.

Category	Metric	Target
Furnish responses to climate change	Scope 1 and Scope 2 greenhouse gas emissions (third-party verified)	55% reduction from the fiscal 2018 base year by the fiscal 2031 target year Note: Yamaha is committed to achieving net zero emissions.
	Scope 3 greenhouse gas emissions (third-party verified)	30% reduction from the fiscal 2018 base year by the fiscal 2031 target year Note: Yamaha is committed to achieving net zero emissions.
	Reduction of CO_2 emissions by conserving energy (CO_2 emissions per unit of production)	5% reduction from the fiscal 2018 base year by the fiscal 2025 target year
Sustainable use of timber	Rate of sustainably sourced timber use	75% by the fiscal 2025 target year
	Cultivation and conservation of three tree species (African blackwood, Sakhalin spruce, and Indian rosewood)	Cultivation and conservation activities aimed at three tree species underway by fiscal 2025
Reduction of hazardous substances	Use of plastic packaging for new compact products	Elimination of use by the fiscal 2025 target year
	Emissions of hazardous waste	Target to be set
Water preservation	Water intake (third-party verified)	15% reduction from the fiscal 2018 base year by the fiscal 2031 target year

Yamaha has set the medium-term targets of reducing total Scope 1 and Scope 2 greenhouse gas emissions by 55% (a target certified by the Science Based Targets initiative as sufficient for helping limit average global warming to below 1.5ºC) and total Scope 3 greenhouse gas

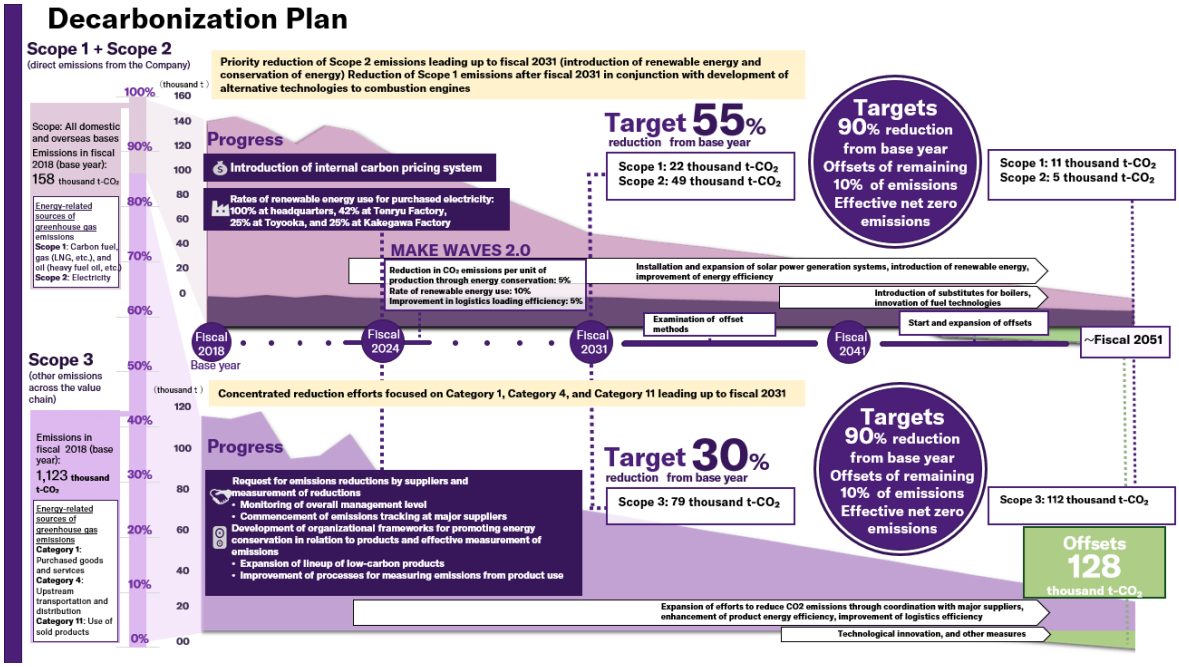
emissions by 30% from fiscal 2018 levels by fiscal 2031. In addition, we have set a long-term target for Scope 1 and Scope 2 emissions of achieving carbon neutrality by fiscal 2051. Targeting effective zero emissions of greenhouse gases across its value chain, Yamaha announced its commitment to achieving net zero emissions, as defined by the Science Based Targets initiative, in June 2023 (see Figure 4). We have also put forth our target of achieving a 5% reduction of CO_2 emissions through energy saving (CO_2 emissions per unit of production) from the fiscal 2018 base year by fiscal 2025.

Sustainable use of timber requires consideration for forest conservation and for timber resource volumes. At the same time, it is crucial to contribute to community development through employment opportunities and infrastructure to sustain the economic viability of the supply chain. The Yamaha Group has established a timber due diligence system and conducts surveys via questionaries to assess the place of origin, the legality of harvesting, and the sustainability of purchased timber resources. Based on the results, we perform stricter verification of the legality for timber deemed to represent a high risk by undertaking further investigations including local site visits and assessments by a committee comprised of members of the Timber Procurement Division and the Sustainability Division.

In fiscal 2024, we revised the risk assessment standards used for timber due diligence. As part of this revision, Yamaha established new standards for sustainably sourced timber for use in more rigorously judging the sustainability of timber in May 2023 under the guidance of international environmental organization Preferred by Nature. In the past, Yamaha has sought to use sustainably sourced timber by increasing its ratios of use of timber judged to be sustainable by third-party organizations. However, this approach created issues in that it was difficult to judge the sustainability of non-certified timber for species of trees for which the volumes of certified timber available on the market might be quite small. The new standards include due diligence provisions for objectively assessing the sustainability of non-certified timber along with related judgment standards. The medium-term management plan announced in April 2022 put forth the target of achieving a ratio of sustainably sourced timber of 75% by fiscal 2025. Going forward, the Yamaha Group intends to expand its usage of sustainably sourced timber through coordination with suppliers while improving the accuracy of its due diligence activities by heightening its assessment skills and securing sufficient resources for conducting surveys (see Figure 5).

For the latest data on metrics and targets, please refer to ESG Data—Environment.

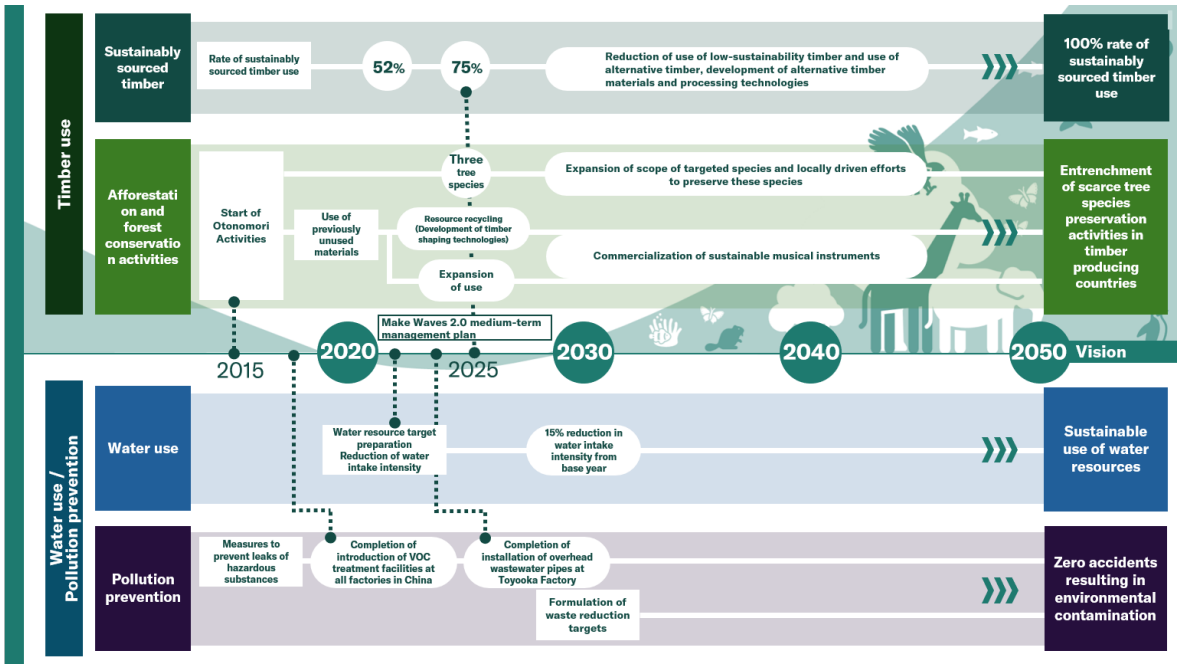
Figure 4 :



Reductions to CO_2 emissions are managed in a comprehensive manner encompassing the entire Yamaha Group and its supply chains. By pursuing steady reductions in greenhouse gas

emissions (Scope 1, Scope 2, and Scope 3), Yamaha seeks to combat rapid climate change, which is a threat to humanity and to all life-forms on earth, and to contribute to the realization of a decarbonized society.

Figure 5: Nature Positive Transition Plan



Yamaha aspires to develop its business in a nature positive manner. To this end, we are examining the impacts of our business activities and products on biodiversity across the value chain and advancing initiatives to limit adverse impacts. Forest preservation is an area of particular focus as we seek to use sustainably sourced timber and foster timber suited to use in musical instruments.