



# Yamaha CSR

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

## Yamaha's 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.

#### Commitment to Customers

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

#### Commitment to Shareholders

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

#### Commitment to Those who Work with Yamaha

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

#### Commitment to Society

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

### Brand Slogan

CREATING 'KANDO' TOGETHER

'Kando' is a Japanese word that signifies an inspired state of mind.

## Editorial Policy

We started issuing the "Environmental Report" in 2000, and began release of an expanded version that included coverage of CSR issues in 2006, under the new title "CSR Report." In this report, we aim for a layout that allows easier comprehension of the unique activities of the Yamaha Group. We have included two special features, one on assisting the careers of Yamaha's women employees in Japan, and another on the environmentally friendly manufacture of musical instruments, and as with last year's report, have devoted a section to each stakeholder, and reported on a variety of initiatives. On the final page we have, for the first time, included a third-party evaluation of this report. Meanwhile, the content of the Environment Performance Data insert included in previous editions has been published on our website.

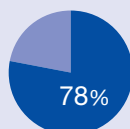
In creating this report we referred to the 2003 edition of the "Environmental Report Guidelines" issued by the Ministry of the Environment, and the second edition of the Global Reporting Initiative's "Sustainability Guidelines."

### •Organizations Covered in this Report

It is Yamaha's policy that the organizations covered in this report should match those covered in the consolidated accounts as closely as possible. For this report, we have drawn information regarding environmental conservation activities from the 37 sites that have acquired ISO14001 certification. Sections of this report other than those dealing with environmental conservation activities and social action programs mainly cover Yamaha activities may also contain information regarding the activities of Group affiliates. More information regarding Yamaha Group activities will be included in the future.

### •Percentage of the Yamaha Group Workforce Employed at ISO-certified Sites

The 37 facilities with ISO14001 certification have a total of 20,246 employees, which equates to 78% of the Yamaha Group's consolidated workforce of 25,992 employees.



### •Environmental Performance Data

Environmental performance data not published in this report is publicly available on our website: ([http://www.global.yamaha.com/about/environmental\\_activities.html](http://www.global.yamaha.com/about/environmental_activities.html))

#### Data available on this website

1. Environmental Accounting
2. Environmental Data
3. Data by Site
4. Sites with ISO14001 certification
5. History of Environmental Initiatives in the Yamaha Group

### •Period Covered By This Report

April 1, 2006 to March 31, 2007

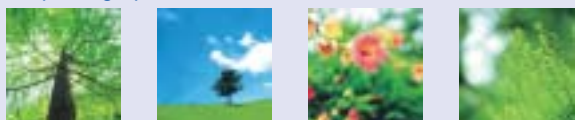
\*The above period is referred to as FY2006 in this report.

\*Part of this report includes information on initiatives prior to this period, and information from April 2007 onward.

### •Publication of the Next Report

The next report will be published in August 2008

### •Cover photograph: Natural scenery at Yamaha's "Tsumagoi" resort



#### Estimates, Forecasts, and Plans for the Future

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

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# Message from the President



President and Representative Director,  
Yamaha Corporation  
**Mitsuru Umemura**

## **Emphasis on Corporate Social Responsibility (CSR) in Management**

The phrase “CSR” covers a broad range of issues, from vital themes such as the preservation of the global environment to issues such as business scandals.

Thus far, the Yamaha Group has established a basic policy that stresses the importance of Corporate Social Responsibility (CSR) in management, strengthened the systems we use to ensure compliance with the law, and worked earnestly to address themes related to the environment, quality, supply, and the disclosure of information. However, these times of rapid environmental change and heightened social pressure place an increasing demand on us to employ more proactive measures on an ongoing basis to improve the level of CSR that we provide.

We are working to implement systems throughout the entire Group that ensure thorough compliance with the law and with our code of conduct, including the restructuring of our internal control systems. Furthermore, we will examine the priority given to a variety of CSR-related issues and move to address each appropriately.

## **Yamaha Group Initiatives**

We believe that each company in the Yamaha Group should pursue CSR initiatives that contribute to the growth of music culture throughout the world through their operations. For example, our “Yamaha Music School” business is expanding its music promotion activities in over fifty regions, and has seen more than five million people graduate from its programs worldwide. Further more, as a manufacturer of musical instruments, we inspire many people through the performances of top artists, whose activities we support across a wide range of genres. We believe that conducting business activities that center on sound and music improves our level of CSR; that is to say, they fulfill the expectations of our stakeholders, and raise the value of the Company and of the Yamaha brand.

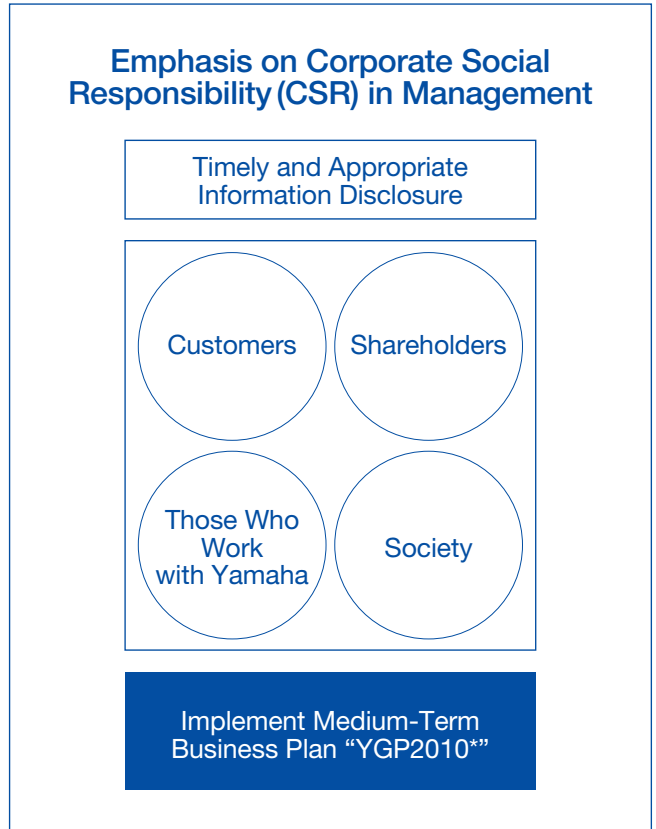
### Creating 'Kando' Together Through Our Core Businesses

In my previous position I drew on my instrument sales experience, and on fifteen years spent living in Europe and North America, to institute "We work to make just one more person declare 'I play Yamaha'," as a mission statement for our musical instruments business, concentrating on expanding Yamaha's user base. Now, as Company president, I have decided that we should restructure our business domains, working aggressively to achieve growth in "The Sound Company" domain, which focuses on sound, music, and audio. This represents the start of the YGP2010\* three-year medium term business plan. As one of the leaders in this domain, the Yamaha Group provides products and services to satisfy the diverse needs of music students, players, producers, artists, and in fact, of all of our music-loving customers, accelerating initiatives to achieve our corporate objective, "To Create Kando and Enrich Culture," on a global scale.

### Working with Our Stakeholders

In order for the Yamaha Group to continue its growth, we must use our core business activities to contribute to the stakeholders defined in our corporate philosophy; our customers, our shareholders, the people who work with us, and society at large. I believe that strengthening the relationship of trust we have with our stakeholders is of vital importance. This means that Group initiatives must also be understood by all. As such, we have created this CSR report as a communications tool to aid in this understanding. We would sincerely appreciate hearing your opinions on the activities of the Yamaha Group.

September 2007



\*YGP2010: abbreviation of "Yamaha Growth Plan 2010," Yamaha's current medium-term business plan.

# Towards a Corporate Culture that Utilizes the Abilities of Every Individual

## Assisting Women's Careers at Yamaha Corporation

The Yamaha Group holds the diversity of its employees in high regard, and aims to be a place where all employees can make the most of their abilities, regardless of their gender or nationality. To encourage women to be active within the Yamaha Corporation, we are striving to create a more comfortable working environment through such initiatives as the Positive Action projects and the Diversity Planning Department.

\* Positive Action: An active attempt to utilize the activities of female employees to redress gender disparities.

### Initiatives Thus Far

#### Positive Action Project Activities

The Yamaha Corporation inaugurated its Positive Action Project in 2004 by seeking applications for a position on the project from within the company. The project aimed to create a comfortable working environment for women, and to evaluate our organization systems from a women's perspective. This project was focused on eliminating preconceived gender roles to create an active company where each employee could work according to their abilities. It ran over the course of a year, examining the state of affairs at Yamaha and other companies, and encouraging the evaluation of personnel systems, staff training, and environmental improvement. Members also held lectures and created an intranet site to promote understanding of the Positive Action project. The activities were used to create an action plan, which was presented in 2005.

#### Diversity Planning Department

Yamaha Corporation established the Diversity Planning Department as a full-time structure within the Human Resources Division in March 2006. The department serves to accelerate initiatives aimed at assisting women in their careers at Yamaha Corporation. The department carried out the following activities to create a more comfortable working environment, and provide more opportunities for women to develop their abilities.

#### Initiatives for the Promotion of Women's Activities

Yamaha Corporation actively recruits and trains female employees as a means to guarantee a diverse and talented staff for the future.

We are also endeavoring to better our working environment through measures such as the systematic increase of the numbers of female managers on staff, and working to reform our attitudes towards the balance between work and family needs, making it possible for women to continue on in long-term employment.

Throughout the Yamaha Group we are committed to furthering the assistance we provide to women in their careers. In 2007, prompted by changes in the Equal Employment Act, we worked to implement hiring practices that allowed employees to utilize their skills without discrimination, ensure that employment management practices complied with the new revisions, and maintain a thorough knowledge of the prohibition against sexual harassment in the workplace.

#### Our Main Policies

- Increasing the number of women hired after graduation from university, and implement a strategy to actively hire women by recruiting them mid-career
- Increasing the number of women promoted to managerial positions and expanding opportunities for them to develop their abilities, facilitating the active promotion of women employees.
- Expanding venues for women to participate by reviewing supervisor training programs for production workplaces
- Creating a comfortable working environment by continually improving measures to support a good work / family balance.
- Improving the awareness of and attitudes of colleagues and superiors

#### Prohibition against Sexual Harassment

The Yamaha Group Compliance Code prohibits unfair discrimination and conduct which could be construed as impropriety or sexual harassment.

In an effort to prevent sexual harassment in the workplace, we have distributed the Code of Conduct to all employees, and held workplace meetings and management training to provide a better understanding of the issues. We have also established the Sexual Harassment Advice Counter in order to deal promptly with all problems reported.

At Yamaha Corporation we attempt to utilize our staff in a manner suited to the capabilities, aptitudes, and ambitions of each individual. Societal demands such as those created by the Equal Employment Act are now commonplace, and we believe that the "Sound and Music" domain that the Yamaha Group focuses on is one where the abilities of women can be utilized effectively. Recognizing this, we have designated the provision of assistance to the careers of Yamaha Corporation's female employees as a theme for our CSR initiatives, and are working to cement policies defined by this theme. We intend to accelerate these activities in the future, expanding them throughout the entire Yamaha Group.

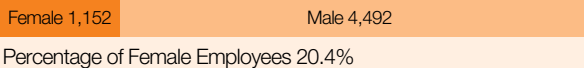


The increased number of venues for participation by women will create an organizational culture in which a diverse range of people are able to take part, increasing the satisfaction and productivity of our employees.

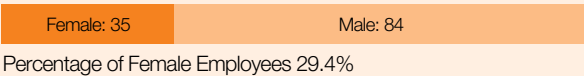
General Manager  
Human Resources Division  
Yamaha Corporation  
Masahito Hosoi

Principal Indices Related to Female Employees at Yamaha Corporation

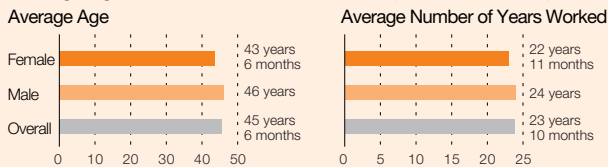
- Employee Gender Ratio (as of March 2007)



- New Graduate Gender Ratio (FY2006)



- Average Age and Number of Years Worked (as of March 2007)



- Female Manager Ratio (as of March 2007)

.....2.2%

- Number of Employees Receiving Childcare Leave (FY2004-FY2006)

.....Female: 116 Male: 4

- Return Rate for Employees Receiving Childcare Leave (FY2004-FY2006)

.....97.5%

Providing People with the Opportunity to Learn, Regardless of Gender

I became a trainer in the production section approximately ten years ago. We were encouraged to study to attain qualifications and improve our skills at work in the past, and in Spring 2007 I became the first female student to train at the New Yamaha Advanced Skill School. The cooperation of my family meant that I was able to continue working after my child was born, but finding a balance between work and family is still a difficult challenge. I hope that there will be more opportunities for more people to study in the future, irrespective of gender, and a system that allows us to balance the needs of work and family more easily.

\* New Yamaha Advanced Skill School:

A training program for supervisors in production-related positions. This program offers planned education and training (theoretical and practical) based on the roles and skills required of supervisors, aimed at training supervisors able to improve and manage the workplace in an evolving environment.



Trainer  
Production Section  
Toyooka Production Division  
PA/DMI\* Division  
Yamaha Corporation  
Yukie Hiramatsu

\* PA/DMI Division: An abbreviation for Pro Audio and Digital Musical Instruments Division

Working in the Same Factory as My Eldest Son

I have three children. There was no childcare leave system in place when my eldest was born, and though a system existed when I had my second child, it wasn't something you could use easily like the one we have now. My third child fell ill at birth, prompting me to take childcare leave for the first time. Even now that my children are grown it is not easy to find a balance between work and family. I myself have been able to work this long thanks to both a sympathetic work environment and the cooperation of my family. There are many women where I work, and we understand about family matters, which creates an atmosphere of cooperation. My eldest son (photograph below, at right) joined Yamaha this year, and works in the same factory as me. I'm very happy to be able to work together with him, and am now motivated to work even harder.



Upright Piano Assembly Section  
Upright Piano Production Department  
Piano Division  
Yamaha Corporation  
Tomoko Aono

The Need to Balance Work and Family Schedules

I have two daughters, aged twelve and nine, and a son aged five. As well as my job, I have to adjust my schedule to attend events and school and nursery school, as well as taking my children to lessons on weekends. I am responsible for promoting Yamaha English Language Schools. Since all three of my children attend Yamaha lessons, they understand my work as a "Yamaha Mom," and have begun to help out around the house a little. I believe that being able to continue in my job is dependent on my family, but I would like to continue working for as long as possible. Now that I have been able to put my son into a daycare center that will take care of him into the evening, and have returned to my old job, I am aware that I have been lucky to be able to continue. I think that keeping a balance between work and family is not just an issue of corporate infrastructure, but also a matter of improving public services like day care and after-school care programs.



Supervisor  
Marketing Section  
Domestic Sales & Marketing Division  
Yamaha Corporation  
Rie Fujii

## Supporting Work and Family

For many years, Yamaha Corporation has cooperated with the Yamaha Labor Union to improve the systems we use to assist our employees in balancing the demands of work and family. In 2003 the Law for Measures to Support the Development of the Next Generation\* came into force. In response, Yamaha Corporation created an action plan for the period from FY2005 to FY2008, and is currently working to achieve its objectives.

In FY2005, we revised these systems to allow more flexibility for employees caring for young children. In recognition of our well thought-out structures and comfortable working environment, the Ministry of Health, Labour, and Welfare gave Yamaha the Family Friendly Company Award in FY2005.

In FY2006, we carried out a major review of our benefits program. Specifically, we revised and extended our lifestyle-related benefits, providing expanded support to employees struggling with large economic burdens from factors such as childcare, education, injury, and nursing expenses. Additionally, we have instituted a variety of membership-based welfare benefits.

We also established the Work-Life Balance Committee to achieve both corporate growth and a rich life for our employees as individuals. In detail, these measures address the themes of (1) reduced working hours and (2) implementation and improvement of work / family support systems for the variety of circumstances encountered by our employees.

Almost all female employees who give birth take childcare leave, and almost all return to work at the company. In addition, two male employees took childcare leave in both FY2005 and FY2006, for a total of four male employees over this two year period.

\* Law for Measures to Support the Development of the Next Generation :  
This law required companies with more than 300 employees to develop an action plan for establishing an employment environment supportive of employees with children, and submit it to the government by the end of March 2005.

The Diversity Planning Department was established as a full-time structure in March 2006, building on the determination of the members who worked on the Positive Action Project in 2004. 20 years on from the enactment of the Equal Employment Act, women's participation still tends to be limited to certain fields, and there is a large discrepancy in the ratio of men to women in supervisory positions. To correct this disparity and encourage the participation of female employees, we are working to expand opportunities for training, improve support for balancing work and family needs, and encourage and support the development of their careers.

We now live in an era when it is the accepted norm for women to work for long periods of time. At Yamaha, our aim is to create a workplace where each of our employees can develop their talents and abilities, while working in an environment where needs such as childcare and nursing are met and people are able to continue working actively.



Manager  
Diversity Planning Department  
Human Resources Division  
Yamaha Corporation  
Ikue Fukuhara

## Participating in Childcare as a Father

I had always planned to take as large a role as possible in the raising of our children, and to take as much of the burden from my wife as I could. Since this was our first child we were somewhat anxious, and it was difficult at times, but sharing this experience has given me some insight into my wife's feelings. My superiors and my colleagues were supportive, and showed a lot of consideration when it came to my work. I would recommend that anyone wanting to take childcare leave consult their superiors as far in advance as possible. In some ways it is more difficult for men to take childcare leave than women, but I think that that will change in time. If we have a second child I would definitely consider taking a longer break.



Supervisor  
Innovative Technology Group  
Center for Advanced Sound Technologies  
Yamaha Corporation  
Hiraku Okumura

## Yamaha Corporation Action Plan

### Goals :

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

### Plan period:

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

### Objective 1: Reduce overtime (by one hour per month)

Encourage the use of annual paid vacation time (ten days' vacation per year)

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

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



## Women Working in the Yamaha Group

### The Willingness to Try Anything

I have learned a lot from my job since I joined Yamaha, and have always felt a sense of fulfillment in my position. I think this is a reflection of the environment in which I work. Currently I am involved in planning and running the Yamaha Feeling Club (FC). FC is an organization for registered members and open to customers who purchase Yamaha instruments or attend our schools. We publish music information magazines and provide other services unique to Yamaha to provide our customers with increased satisfaction, and also work to increase Yamaha's fan base. I believe that Yamaha's corporate culture encourages a get-up-and-go attitude in its employees and I am committed to maintaining a willingness to try anything, and to always approach my work with a positive attitude.



Manager  
FC Department  
Domestic Sales & Marketing Division  
Yamaha Corporation  
Miki Watanabe

### The Best Company, Aiming For Growth

I have enjoyed the 16 years I have worked at Yamaha, and am inspired by Yamaha's pursuit of process excellence, staff development, and community involvement. Yamaha's commitment to quality products and service excellence has motivated me to build strong relationships with our Dealers, Sales teams, and Vendors. I have worked in partnership with our sales team on innovative ways to maximize sales, while keeping losses to a minimum. Managing a successful GE partnership with Yamaha branded dealer and consumer financing programs has also resulted in increased dealer "sell through" and re-orders. Yamaha's personnel development program has provided me with both the training and opportunities to overcome business



challenges, pioneer new ideas, and reap some very rewarding professional growth. Yamaha deserves the best, so you reach deep inside and grow - not only to meet the expectations, but to exceed them!  
Vice President  
General Manager of Customer Financial Services  
Yamaha Corporation of America  
Karren Salter

### Being Able to Grow with Yamaha

I joined Xiaoshan Yamaha when it was formed in 1997 as one of the first members of the company. Our combined efforts resulted in rapid growth, and I myself have had the opportunity to learn new skills through my work, and grow together with the company. I believe that I have been fortunate, having worked in the belief that choosing a job I liked would enable me to stick with it even when things became difficult. Xiaoshan Yamaha's strength lies in our strict observance of the laws and regulations of China. Moreover, equality of sexes is an article of faith in this company, where five of nine managers are women. Yamaha's policies of encouraging women to take an active role are a huge incentive to its female employees.



General Affairs and Personnel Manager  
Xiaoshan Yamaha Musical Instruments Co., Ltd.  
Yan Li

### Thinking of the Wider Possibilities

I have never felt bored while working at Yamaha. Regardless of the size of the job, I am always working on a new project aimed at improving things. The feeling of achievement I get from finishing something is extremely satisfying, and continually sets me up for the next problem. I find it extremely challenging and affirming to work in a global enterprise like Yamaha. My work affords me the opportunity to meet colleagues working in Yamaha businesses all over Europe and the world. We are able to exchange new information about our experiences and working methods. Times like these give me the opportunity to re-evaluate my attitudes and thinking. I have learned to think of things in terms of the wider possibilities, rather than from the viewpoint of a specific region or group of people.



Sales Management / Logistics Manager  
Yamaha Musica Italia  
Meloni Ercolina

# Initiatives for Our Customers

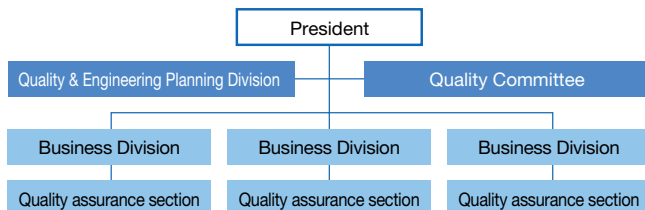
We at the Yamaha Group are committed to ensuring product safety and producing quality enhancement, endeavoring to deliver useful and easy-to-use products that provide satisfaction and fulfill the needs and expectations of our customers. We provide information, services, opportunities, and after-sales support both domestically and abroad to ensure our customers enjoy our products to the fullest.

## Quality Assurance Structure

### Companywide Quality Management System

With customer satisfaction as our top priority, the Yamaha Group is constructing a Group-wide quality management system in order to deliver products of the highest quality that live up to the high expectations of our customers. Each division is responsible for the quality of its own products, utilizing a quality management system of ISO90001 international standard. The Quality & Engineering Planning Division audits the quality assurance systems and product quality of each division to ensure consistency with the quality level demanded of the Yamaha Group. The Quality & Engineering Planning Division also assists business divisions in their implementation of quality assurance techniques for use in design and development, and supports the application of quality control methods in manufacturing processes. The Quality Committee promotes activities based on a yearly quality policy, maintaining quality standards, and works to facilitate the sharing of techniques for improvement between operating divisions. The Yamaha Group works to improve product quality by accumulating and applying relevant techniques and know-how in each stage of product planning, design, and manufacturing processes. Further, we provide our customers with safe, high-quality products through continual improvements to our infrastructure and awareness of quality assurance issues.

### Quality Assurance Structure



### •Acquiring ISO9001 Certification

In a move to strengthen and improve product quality and the quality management system, 28 divisions had acquired ISO9001 certification as of the end of FY2006. This equates to the certification of approximately 60% of our consolidated workforce.

### Product Risk Management

The Yamaha Group employs precautions during all stages of design, development, and production to ensure that its products are free from safety defects. A system has been implemented which, in the unlikely event of a safety defect being found in a product already on the market, enables the head of the Quality & Engineering Planning Division to call an Emergency Action Committee Meeting\*1 and respond rapidly by taking such measures as notifying customers and recalling products.

\*1 Emergency Action Committee Meeting: A meeting attended by the heads of relevant business divisions and sales divisions, the heads of the Service, Legal, and Public Relations, and Quality & Engineering Planning, as well as the head of any other division whose assistance is deemed necessary.

### Compliance with Worldwide Safety Standards

The Yamaha Group adheres strictly to product quality and safety laws and regulations.

The Quality & Engineering Planning Division actively gathers information on worldwide safety standards for electric and electronic products and performs inspections to ensure that Yamaha Group products are in compliance with all required standards.

By compiling a database of the results of these inspections, we have made it possible to instantly confirm whether a product is in compliance from any Group site in the world.

To further improve the efficiency and accuracy of these inspections, a quality assessment facility equipped with state-of-the-art electronic wave measurement equipment and various other types of measurement and assessment devices was established at Yamaha Corporation headquarters in May 2006.



Anechoic chamber used for electromagnetic wave measurement

## Building Quality

### Elevating Design Quality

The motorized faders\*2 used on Yamaha's professional-level digital mixers are a vital user interface, performing a similar role to the keyboard on an electronic musical instrument. In developing these faders, the PA/DMI Division uses quality engineering techniques to optimize parameters in control mechanics, circuitry, and software. Development begins with a numerical definition of the ideal movement of the fader from a customer perspective.

Through systematic experiments and analysis, we attempt to create faders that have stable, robust control parameters in any of the environmental conditions in which our products are used. The fader systems developed using this system offer quick, silent, precise automated movement, and guarantee quality that is adaptable to a range of environments. This allows us to provide a user interface that combines usability, reliability, and durability.

\*2 Fader: The slider mechanism used to adjust volume



LS9-32 Digital Mixing Console

### Improving Product Quality

Yamaha Group factories overseas that manufacture many AV products have acquired ISO9001 certification and are making ongoing efforts to improve quality control. These factories are working to improve quality through initiatives aimed at reducing the numbers of hidden defects not found in regular inspection by improving their production processes. For products such as speakers, where the smallest mistake in production can have a tremendous effect on quality, process leaders at the factories have used FMEA\*3 techniques to find and eliminate hidden elements in each process that could have a negative effect on quality. The improvements suggested by such techniques are applied to operational standards throughout the factory to raise quality levels, and used as a training tool for new employees. Moreover, the Quality Assurance Division monitors the state of quality at the factories, to ensure that high standards are maintained.

\*3 FMEA Techniques: Failure Mode and Effects Analysis Techniques for systematically identifying potential failures in a system or a process. These techniques are used to predict the reasons for any faults that may occur, and implementing preventative measures against them.



Yamaha Electronics Manufacturing (M) Sdn Bhd a manufacturer of AV products

### Sample Case: Preventing Quality Problems

As a preventative measure aimed at reducing problems with quality, we are examining what kind of mistakes can happen at each stage in the production process, and reviewing the operational content of each.

When making speakers, even in a simple process small mistakes can occur, and directly affect a speaker's sound quality. To give an example, we have installed a scale on the press machine to prevent quality defects due to gaps caused by erroneous height settings when pressing wood for wooden speaker cabinets. We are working to build on small improvements like this to prevent quality problems and maintain a high level of quality.



The scale attached to the press machine.



Soavo™-1 speaker system

## Enhancing Customer Support Systems in Japan

### Improvements to the Musical Instruments Information Center

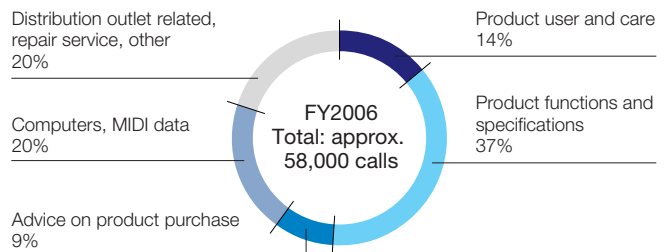
Yamaha Corporation's Musical Instruments Information Center provides prompt response to customer inquiries, advising on such matters as the purchase, use, and care of instruments. In FY2006 we improved the systems we use to respond to customers who make inquiries via telephone or email, allowing us to put them in contact with relevant staff quickly. These improvements involved the implementation of a system to deal with a new line of products\*4, installing IVR functionality\*5 in part of our CTI telephone system\*6, and improving on the navigation required to ask for support and make inquiries through the Yamaha website.

\*4 D-DECK (Dual manual keyboard) Information Center

\*5 IVR: A system able to respond automatically to vocal inquiries over the telephone. IVR is an abbreviation of "Interactive Voice Response."

\*6 CTI System: A customer response system that combines telephones and computer systems. CTI is an abbreviation of "Computer Telephony Integration."

### Musical Instruments Information Center Consultations for FY2006

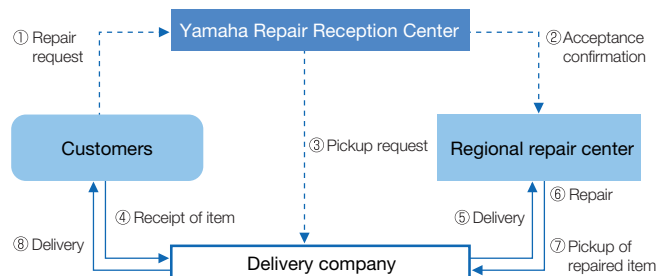


### Improving the Convenience of the Repair Reception Center

The Repair Reception Center at Yamaha Corporation provides full-time staff to offer prompt service to customers requesting the repair of electric acoustic products such as electronic musical instruments, and AV equipment throughout Japan.

To meet the needs of the current market, from 2007 we will utilize a pickup and delivery service to handle requests for repair from customers who purchased their products over the Internet or by mail order, aiming to provide a more convenient service for those who live in rural areas.

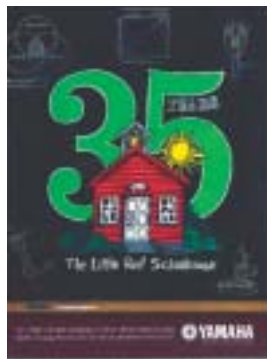
### Operational flow for repair pickup services in Japan



### Yamaha Celebrates 35 Years Training Piano Technicians in North America

The training program for piano technicians at Yamaha Corporation of America (YCA) has seen more than one thousand people graduate since its inception 35 years ago in 1971. The program was named the "Little Red Schoolhouse" in reference to a traditional educational environment in US history, and has since gained a reputation in the US piano technical community as a quality training program.

The training program originates from the piano technology school Yamaha established in Japan in 1960. The school was then expanded throughout Japan, the US, Europe, and Asia by Yamaha subsidiaries. To date, approximately 8,500 people have received instruction through the Yamaha piano technician training program.



Poster commemorating the 35th anniversary of the "Little Red Schoolhouse" piano technician training program



Training in progress

### Strengthening and Maintaining Technical Capabilities for International After-Sales Service

The Yamaha Group offers more than 150 service locations around the world where customers who use Yamaha electronic instruments, AV products and other electric acoustic products can receive support. Yamaha Corporation's After-Sales Service Department runs a program of service technology training aimed at technicians who provide after-sales service in locations outside Japan. This training is designed to improve the participants' abilities to handle repairs, and acts as a channel for the dissemination of information on production quality. As well as conducting these sessions at overseas locations on a regular basis, the Department also holds training at Yamaha headquarters every year. Efforts like these improve the technical service abilities of the entire Group, and provide satisfaction and peace of mind for customers who use our products for long periods of time.



Service technology training at an overseas service location

### Applying Usability Testing to Pursue "Ease of Use"

The AV Products Division carries out usability testing\* in Japan to evaluate the ease of use of its products and the comprehensibility of the terminology used in user manuals, applying the results of this testing to the design of new products. The division then conducts surveys and asks customers for their opinions on products that have benefited from this process, evaluating the answers received to initiate any further changes.



Usability testing



Digital Sound Projector™ YSP-1100

Yamaha Livingtec Corporation conducts usability testing on its kitchen and bathroom products, aiming to create designs that fit the principles of universal design. By analyzing the movements and physiological data of people when they use a product, designers are able to evaluate how easy it is to use, and make improvements where needed. In the case of the "Marble Family Sink," this testing process has helped transform the product into a form that the whole family can use.



Usability testing



Marble Family Sink

\*Usability testing:

A system of evaluation in which subjects from a target consumer group are invited to test a product's ease of use by trying it out

### Yamaha Commercial Audio Equipment Receives a Technical Grammy® Award

In 2007, Yamaha Corporation received a technical Grammy® award from the National Academy of Recording Arts and Sciences. This technical Grammy® award belongs to a special category of awards given to individuals or enterprises that have made a substantial contribution to the field of recording. This award was given to Yamaha in recognition of the contribution its many products have made in this field over the years.



The awards ceremony ©Robert C. Mora/WireImage.com

# Initiatives for Our Shareholders

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

## Policies for Retained Earnings and Returns to Stockholders

Yamaha Corporation has adopted a basic policy for allocating profits that is linked to the level of consolidated net income in the medium term and provides for increasing the ratio of consolidated net income to shareholders' equity by making additions to retained earnings that are appropriate for strengthening Yamaha's management position through investments in R&D, sales capabilities, capital equipment and facilities, and other areas, while also placing emphasis on providing a return to shareholders that reflects consolidated performance. Specifically, Yamaha will endeavor to sustain stable dividends and sets a goal of 40% on a consolidated basis for its dividend payout ratio. We also apply information gained from shareholders and investors to the management of our businesses, maintaining a constant awareness of shareholder value. In addition to the results of our shareholder survey, personnel responsible for investor relations supply top management with opinions and suggestions from market participants and institutional investors. In May 2007 Yamaha Corporation sold a portion of stock held in Yamaha Motor Co., Ltd. Of the 39.1 billion yen received from the sale excluding tax, we have decided to return approximately 30 billion yen to our shareholders through increased dividends (a special dividend of 20 yen per share per year over a three year period beginning FY2007), and share buybacks (a total of 18 billion yen over a three year period beginning FY2007).

## Investor and Shareholder Communication

### Towards an Open General Shareholders' Meeting

Yamaha Corporation avoids scheduling our general shareholders' meeting during peak periods to enable as many people as possible to attend. The meeting for FY2006 was held in the hall at Yamaha headquarters on June 26, 2007. After the meeting closed, participants were able to listen to a piano recital and were also offered the chance to tour the grand piano factory. Since 2003 we have utilized an Internet-based system that allows shareholders who are unable to attend the general shareholders' meeting to exercise their voting rights online. In 2006 we installed an electronic voting platform developed by the Tokyo Stock Exchange, allowing both custodians and substantial shareholders to exercise their voting rights directly. As a result, the voting ratio for FY2006 stood at 75.8%.



The general shareholders' meeting held in June 2007

## Investor Relations Activities to Promote Understanding of the Company

Yamaha Corporation adheres to a disclosure policy that ensures a level playing field with regard to the disclosure of information to private and institutional investors around the world. We supply management information in a timely manner through multiple channels, including materials from financial briefings, annuals reports, and our website. Furthermore, we supply those who request it with financial information and announcements of all kinds through email as it is released. (As of the end of March 2007, this information was supplied to 746 people in Japan and 433 people outside Japan.) We hold quarterly results conferences for Japanese securities analysts and institutional investors, and in addition to providing explanations of results by top management, we conduct factory tours and strategy conferences for individual business lines on occasion.

All information released to investors in Japan is translated into English for release to institutional investors in other countries. In addition, the president or an alternate top executive travels overseas several times a year to talk directly with investors about Yamaha's operations.

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

## Evaluations from Financial Institutions

The trend towards considering the social responsibility as well as the economic features of an investment when evaluating potential investments, known as "Socially Responsible Investment (SRI)," is on the rise in Japan. Yamaha Corporation is listed in some of the world's most prominent SRI indexes, such as the FTSE4Good Global Index (managed by Britain's FTSE<sup>\*1</sup>), the Ethibel Sustainability Index (managed by Belgium's Ethibel<sup>\*2</sup>) and the Morningstar Inc. SRI (MS-SRI). In Japan, Yamaha is involved in the Asahi Life SRI fund, the UBS Eco Fund, and numerous other SRI funds.

<sup>\*1</sup> FTSE Corporation:  
A joint company established by Financial Times Ltd., and the London Stock Exchange plc.

<sup>\*2</sup> Ethibel:  
An independent consultancy that works with banks, brokers, and institutional investors to make socially responsible investments.



# Initiatives for the People We Work With

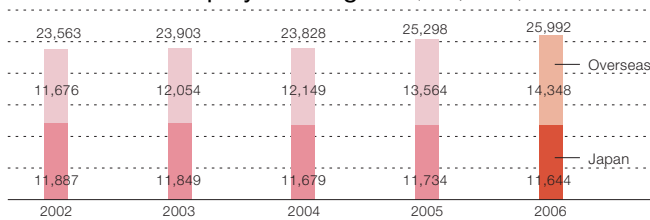
Yamaha Group businesses are successful not only because of their full-time employees, but also thanks to the contributions of temp staff, affiliated factories, retailers, and many others. Yamaha uses a variety of methods to make the most of their skills, helping us all to grow and prosper.

## Employment

### Basic Employment Policies

The Yamaha Group complies with the employment laws of the countries where our businesses operate, employing appropriate labor management measures in our labor relations and practices. With regard to employment, we hold a respect for human rights, reflected in the manner in which we forbid discrimination, guarantee the rights of assembly, organization, collective bargaining, and prohibit both forced labor and child labor. We do our best to utilize a fair selection process that offers employment opportunities to a wide range mixture of people.

### Consolidated Employment Figures (Unit: persons)



### •Senior Partner System

In April of 2004, Yamaha Corporation introduced a Senior Partner System for those employees who desired to continue working after the mandatory retirement age of 60. In FY2006 we hired 53 of 81 applicants, and as of June 2007 there were 103 employees working under this system. In addition to supporting the livelihoods of people past retirement age, the Senior Partner System employs people with a rich collection of operational knowledge, skills, and experience, and offers the collateral benefits of providing newer employees with experienced direction and education.

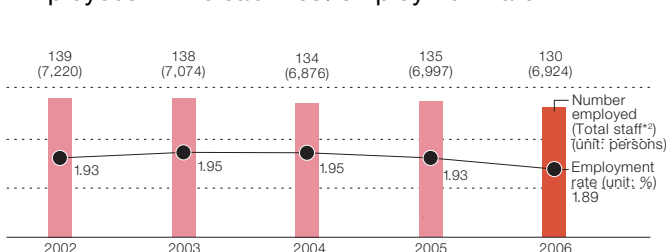
### •Promoting Employment of People with Disabilities

Yamaha Corporation has worked to create a better employment environment, promoting and expanding workplace opportunities for people with disabilities. In 1989 we took the groundbreaking step of establishing YP Business Service Corporation, a special subsidiary.\*1 At the end of FY2006 the employment rate for people with disabilities at Yamaha stood at 1.89%.

#### \*1 Special subsidiary

A subsidiary as described in the Law for the Promotion of Employment for People with Disabilities. These subsidiaries must meet certain criteria, including the number and ratio of employees possessing a disability. People with disabilities employed at such subsidiaries are considered to be employees of the parent company for the purposes when calculating the employment ratio for people with disabilities.

### Employees with disabilities / employment rate



\*2: The employee count in brackets represents the number of people in regular employment at Yamaha. Employees of Yamaha Metanix Corporation have been included in this figure since FY2005.

### Training and Education

#### •Job-Tailored Training and Education

Yamaha utilizes a system that trains and educates employees as well as assisting in the development of their careers, believing that creating a mutually beneficial relationship between the employee and the company inspires motivation. Each training program is tailored to a specific objective in one of the following categories: Strategic Personnel Development, Function-Specific Training, Stratified Training, and Self-Development Education. In the Strategic Personnel Development program, for example, Yamaha's renowned Yamaha Management School has expanded its activities to provide lectures to participants in Group Companies, and targets personnel who will form the nucleus of the company in the future. In FY2007 we began offering Global Management Staff Training to business leaders at Group Companies overseas. The New Yamaha Advanced Skill School and Yamaha Technical Training Center provide early development training to employees at the core of the next generation of line personnel in Japan. Stratified Training aims to strengthen and develop those skills needed at various stages of employment, and offers training for career development and new managers. In addition to offering job-tailored training, Yamaha provides opportunities and information to aid employees over 50 in considering their current and futures lives. In FY2007 we inaugurated the "Life Design Seminar" to assist these employees to make the best possible use of the opportunities on offer. Yamaha also provides infrastructure in support of voluntary study by employees, such as the Self Development Assistance Education Program, Yamaha Business School (correspondence education), and the "Yamaha Video Seminar" course. We also have systems that cater to long-term study abroad, provide time off for career development, and allow time off for the pursuit of specific themes.

#### •Systematic and Planned Transmission of Skills

Yamaha Corporation is working to ensure that the technical skills of its workers are passed on technical skills to the next generation, a problem faced by most Japanese manufacturers. In 1996 we established the Skill Registration System to keep a record of essential skills in each division that need to be passed on. The system has a record of those who possess these skills and those that need to acquire them, as well as a projected timeline for the acquisition. To aid in this transmission of skills, we implemented the From-To Program in October 1998, pairing up veteran workers with less-experienced personnel and to set goals and create action plans to achieve them. At the end of FY2006 there were approximately 120 such pairs moving forward on their action plans.



From-To Program

## Employee Safety and Health

**•Employee Safety and Health Policy and Administration**  
Health and safety are the foundations of a rich and rewarding life. Based on this philosophy, we established an Industrial Safety and Health Committee at each of the Yamaha Group companies worldwide. The committee is headed by the Director in Charge of Industrial Safety and Health, with a membership comprised of the branch managers, area leaders, and the leaders of special subcommittees. These committees work to prevent work-related accidents by addressing industrial safety and health, traffic safety, health-promoting activities, disaster prevention, and disaster education and preparedness.

**•Preventing Work-Related Injury and Death**  
Yamaha Corporation is expanding the safety management systems employed at our headquarters, factories and other Group Companies, aiming to improve safety management at all Group companies in Japan. We were unable to meet our safety goals for headquarters, factories, or sales offices for FY2006, the first year of this three-year plan. To improve on this situation, supervisors are working harder to enforce safety measures, and promote Zero Accident initiatives. Furthermore, we are pursuing a variety of activities such as safety patrols and other workplace inspections to promote the creation of safe, comfortable workplaces.



Total Safety Patrol

## FY2006 Work-Related Accidents

	Frequency		Severity
	Goal	Results	Results
Headquarters / Headquarters Factory	0.3 or less	0.61	0.0153
Yamaha Corporation Sales Offices	0.5 or less	1.21	0
Group Companies in Japan	1.0 or less	1.73	—

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

## •Promoting Good Health

To motivate employees to participate in healthy pursuits, Yamaha Corporation promotes activities such as the Walk for Health, the In-Home Health Class, and the Family-Care Health Class on both a company-wide and business-unit basis. We also promote anti-smoking measures. Yamaha Corporation strictly enforces non-smoking areas, offers individual counseling, and holds non-smoking days in an effort to reduce the number of employees who smoke.

## Treatment of Partners

### •Fair Evaluation and Selection in Partner Relationships

The Yamaha Group views suppliers and subcontractors as partners in our quest to achieve our business goals, and as such we practice fair dealings based on mutual trust. When dealing with our partners, we adhere strictly to the law and to company regulations regarding fair selection and evaluation. Under the banner of open procurement, we ensure open, fair, and unbiased dealings, and a basic policy of conserving natural resources and protecting the environment. We also meet with supplier and subcontractors to establish agreement on basic policies and specific plans. Every six months we hold a meeting of the Council of Yamaha Corporate Affiliates\*3, at which we explain Yamaha's production policies for the company as a whole and for our business lines, and also look at current sales trends.

\*3 Council of Yamaha Corporate Affiliates:

This is an organization consisting of representatives from manufacturers contracted to Yamaha. The council promotes good relations between members, information sharing, and independent and ongoing research activities, with the goal of improving management ability at each member business.

### •Information Sharing Between Dealerships

In July 2006 Yamaha Corporation opened "Yamaha Dealers Net," a portal website for authorized instrument dealers in Japan that integrates sales websites previously separated along product and service lines, to facilitate the timely transmission of information and increase operational efficiency. Dealers are able to use this website to provide an abundance of timely, accurate information on products, delivery dates, and marketing items over the web. In March 2007, environmental considerations prompted Yamaha to halt the use of paper-based reports in favor of web-based internal reporting. Currently, we are working to increase the content available to approximately 700 companies and 3,500 people registered as users on Yamaha Dealers Net.



Yamaha Dealers Net

# Initiatives for Society

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

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

## Yamaha Music Latin America Marks 10-Year Anniversary in Argentina

Yamaha Music Latin America, S.A.

Branches of Yamaha Music Latin America S.A., in Argentina teamed up with Yamaha Motor Argentina S.A. to stage a charity concert on October 22, 2006, marking the 10th anniversary of both companies. More than 3,000 people were entertained for over five hours on the warm sunny day by students from the Yamaha Music School and the artists of Yamaha. The entry fee for the event was the donation of a disposable diaper in support of the Garrahan Hospital for children, which is currently undergoing a period of financial difficulty. More than three months worth of diapers were collected thanks to the cooperation of artists, affiliates and the personnel from the two companies.



10-year anniversary concert in Argentina

### Roberto Moure, YMLA

Because of the continued sincerity we show in our work, everybody, including the artists, volunteered their support to this effort free of charge.

Even if this time the event was just felt as a small butterfly flapping its wings in Yamaha Factory, I believe that eventually it will transform into a great wind for Argentine children.



## Starlight Children's Foundation Music for Sick Children

Yamaha Music Australia Pty., Ltd.

Yamaha Music Australia donates instruments to support the efforts of Australia's Starlight Children's Foundation in the ongoing establishment of "Starlight Express" rooms for children who have been hospitalized. The rooms are intended as an attempt to relieve their pain and stress.

The children can relax in these rooms by playing with the variety of

instruments on hand, or spending time with the cheerful Starlight Captain. The fund currently operates Starlight Express rooms in children's hospitals at six locations around Australia.



One of the "Starlight Express" rooms

## The Seventh Charity Concert

Yamaha Musical Do Brasil Ltda.

Yamaha Musical Do Brasil held its seventh "All-Stars Concert" on November 11, 2006. 1,500 people attended this event, which was staged with the cooperation of Yamaha Motor do Brasil. The year 2006 marked the seventh time this concert had been held. The organizers of the concert, which showcases performances by a lineup of Yamaha-endorsed musicians, requested that each person in the audience donate two kilograms of food in place of an entrance fee. After the concert, the two companies took the 2.5 tons of food collected to Nos do Morro, an NGO that supports low-income groups in Rio de Janeiro.



Popular Brazilian musicians performed at the All-Stars Concert



**Yamaha Music Central Europe helps Popularize Wind Instruments in Public Schools with Yamaha BläserKlasse**  
Yamaha Music Central Europe GmbH

Since 1994, Germany-based Yamaha Music Central Europe GmbH has encouraged and supported the young members of symphonic brass orchestras at public schools through its unique Yamaha BläserKlasse program. This program has been implemented as a part of regular music lessons in public schools for pupils aged 10 to 16, and has been instituted at a total of 1,000 schools in Germany, Austria, and the Netherlands. Through the motivation and support provided by Yamaha's BläserKlasse concept, thus far approximately 28,000 students have had the chance to enjoy playing music together. BläserKlasse has also been well received by teachers, parents, and music colleges.



BläserKlasse students

**Supporting MusicFest since 1972**  
Yamaha Canada Music Ltd.

Yamaha Canada Music has sponsored MusicFest Canada every year since it was first held in 1972. MusicFest reaches 3,700 schools in Canada that offer music classes to an estimated 400,000 students. In May 2006, 8,000 of those students traveled to Ottawa for the finals. In addition to providing instruments, and supporting clinics with world-class professional musicians, Yamaha Canada also funds scholarships, provides financial assistance, technical support and sponsors the MusicFest National Concert Band and the Yamaha All-star Band (both Bands consisting of students chosen nation wide).



MusicFest in 2006

**Supporting the Seoul Arts Center Music Camp**  
Yamaha Music Korea Ltd.

The Seoul Arts Center Music Camp offers direct performance instruction to talented young pianists from the world's top exponents of the instrument. The event, held in January and February of 2007 in



Young Korean pianists who attended the Seoul Arts Center Music Camp

Kyongju, Korea, was supported by Yamaha Music Korea. Promising young Korean pianists with experience in winning international piano competitions attended the camp, gaining it acclaim in Korea as an event that helps young artists in their efforts to make the jump to the international stage.

**Yamaha Corporation of America supports Special Olympics Southern California**  
Yamaha Corporation of America

Yamaha Corporation of America (YCA) once again provided support for an athletics event for people with intellectual disabilities staged in Southern California in June 2006. Volunteers from YCA helped with the running of the event, and also ran a booth that allowed the more than 1,300 athletes attending to try out a variety of musical instruments. The athletes were able to try instruments such as the player piano and electric piano at their own leisure. Special Olympics Southern California provides training and athletic events for people with intellectual disabilities, from children to adults, throughout the year.



The instrument booth at the venue

**Carol Baker, YCA**

The employees who volunteer their help in the Special Olympics Southern California have wholeheartedly enjoyed the activities, with some volunteering to do it every year. We are proud to take part in this event, and as company, we feel a sense of deep connection through our support of Special Olympics Southern California.



## Cooperating to Rebuild Elementary Schools Damaged in the Yogyakarta Earthquake Six Indonesian Subsidiaries

The earthquake that struck Yogyakarta, the ancient capital of the Indonesian island of Java, inflicted a great deal of damage on the region. Six local subsidiaries of Yamaha\*1 jointly contributed a donation of 3 million yen via the Japanese NGO OISCA\*2 to provide funds for the reconstruction of two schools in Wiro. The new school buildings were completed in November 2006, and those involved in the project gathered on the 27th of that month for a ceremony to honor the project's completion.

\*1 The six Indonesian subsidiaries:  
PT. Yamaha Musik Indonesia Distributor, PT. Yamaha Indonesia, PT. Yamaha Music Manufacturing Indonesia, PT. Yamaha Music Manufacturing Asia, PT. Yamaha Musical Products Indonesia, PT. Yamaha Electronics Manufacturing Indonesia

\*2 OISCA is a charitable corporation established in 1961 and run under the supervision of the Ministry of Foreign Affairs, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, and the Ministry of Health, Labour and Welfare. OISCA has a track record of environmental conservation, and promotion and developmental support of agriculture in Asia and the Pacific region.



The ceremony of completion of the school buildings



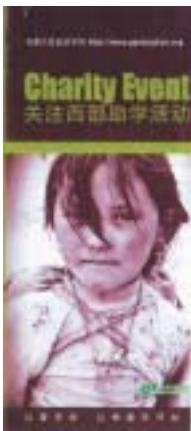
Children at the completion ceremony



The rebuilt school buildings

## Supporting School Fees for Elementary School Students in Inland Western China Xiaoshan Yamaha Musical Instruments Co., Ltd.

Xiaoshan Yamaha Musical Instruments Co., Ltd. donated a year's worth of school fees from 2006 to 2007 through the Gesanghua organization for thirty students attending Jiangzha Center Elementary School (a school for minority students) in Sichuan Province, China. Additionally, Xiaoshan Yamaha cooperated with moral education initiatives for youth sponsored by local Hangzhou educational institutions, donating 500 sets of texts on moral issues.



A leaflet from the Gesanghua organization (left) and letters received from the students

## Explaining the Structure of a Piano to Elementary School Students Yamaha Music Tokai Co., Ltd.

Yamaha Music Tokai Co., Ltd. contributed its time and expertise to a performance held by Nagoya City University's Graduate School for Nagoya city elementary schools in November 2006. For this project, students listened to classical pieces played on the piano, clarinet, and cello, and were given explanations on the unique characteristics and construction of each instrument. The children were also given the opportunity to try the instruments out for themselves, helping to deepen their understanding of the instruments. A technician from Yamaha explained the complex



construction of the piano, showing the students the intricate movement of parts that occurs when a key is pressed, and demonstrating the strings and soundboard resonating to produce a sound right before their eyes.

Explaining how a grand piano makes sound

## Signing the First Afforestation Contract with Shizuoka Prefecture and Hamamatsu City Yamaha Corporation

Yamaha Corporation has begun sponsoring forest conservation activities in Shizuoka Prefecture, where its headquarters and principal factories are located. As a contribution to the local region, we began support for the regeneration of Hamamatsu's Enshunada coastal forest in FY2007, participating in a system implemented by Shizuoka Prefecture to create forests as part of a corporate responsibility program framework for businesses. Under this system, Yamaha Corporation will conduct a five-year program of soil preparation and broadleaf tree planting. We will also support the regeneration of the coastal forest, reinforcing its capacity for health and recreational activities and disaster prevention.

A system for reforestation implemented by Shizuoka Prefecture as for companies that wish to contribute to society and the environment. This system has the unique aspect of offering authorized labels ("Smile" labels) depending on the nature of a business' initiatives, and of issuing certificates for estimated CO<sub>2</sub> absorption for the amount contributed.



This agreement was entered into by Hamamatsu City / Shizuoka Prefecture in March 2007.

**“Yamaha Forest” – Report on the Second Year of Reforestation Initiative in Indonesia**  
Yamaha Corporation and Six Subsidiaries in Indonesia

Yamaha Corporation and Yamaha Motor Co., Ltd. are working together on the “Yamaha Forest” project, a tree-planting initiative in Indonesia. On December 17, 2006 a tree-planting event was staged to mark the end of the second year of the project. Both companies have manufacturing and sales networks in Indonesia, and see the initiative, which was started in 2005, as a method of contributing to society by providing environmental education and protection through the planting of trees. The OISCA-supported project plans to plant between 150 and 200 thousand trees in 120 hectares over a five-year period.

On the day, approximately 1,600 local residents and administrators gathered, along with around 50 people from Yamaha Corporation and its six local affiliates to plant 13,500 mahogany, Albizia

Falcataria, eucalyptus, and other trees with local children. The staff from the Yamaha Group took part in exchanges where they gave the students presents of school supplies.



Tree-planting in action



Children gathering in front of the monument created for Yamaha Forest, ready to plant trees

**Rini Kusniati PT. Yamaha Musik Indonesia Distributor**

In Indonesia, global warming and rapid development have come to mean that some areas flood with every heavy rain. My own home was flooded to chest height in the rains of February 2007.

Through participating in the planting of Yamaha Forest, I gained an awareness of the importance of protecting the environment. I hope that by continuing this initiative, we can return the forests to the mountains and help clean the air, for ourselves, and for future generations.



**Supporting Environmental Conservation Events - “Clean & Green Week”**  
Yamaha Music (Asia) Pte., Ltd.

The 17th “Clean & Green” Week organized by Singapore’s Ministry of the Environment was launched on November 5, 2006, and featured a range of events aimed at promoting environmental conservation. One such event was a song and dance competition themed on environmental protection held by Nan Hua High School. Yamaha Music (Asia) provided instruments and prizes, and our music director was one of the judges for the competition.



Giving a prize at the competition

**Joining Regional Clean-up Campaigns**  
Yamaha Corporation and Yamaha Livingtec Corporation

The Yamaha Group participates actively in beautification campaigns as a corporate citizen, contributing to environmental conservation in every region in which we have a presence. In FY2006 we volunteered our time to two clean-up campaigns in the Hamamatsu area. We took part in the “Lake Hamana Clean-up Campaign,” an event sponsored by Hamamatsu city, home to Yamaha Corporation Headquarters, and in the “Lake Sanaru Clean-up Campaign,” an event taking place near Yamaha Livingtec Corporation Headquarters. Other Yamaha factories

participated in such initiatives as co-sponsoring clean-up campaigns with local community groups, and collecting garbage and cleaning in the areas around our factories. 900 people from Yamaha, including members of employees’ families, took part in the garbage collection and cleaning, collecting a total of 3.5 tons of garbage.



Clean-up campaigns at Lakes Sanaru (left, above) and Hamana (left).

# Environmental Initiatives

Yamaha places a high priority on the environment. In order to recycle resources and reduce the environmental impact on society as a whole, Yamaha promotes a variety of eco-friendly initiatives in stages from raw material procurement, development and production, and utilization right through to disposal, in compliance with both the law and the Yamaha Policy on the Environment.

## Development of Environmental Management Systems

### Environmental Management Structure

In 1994, the Yamaha Corporation laid out its basic stance on environmental issues in the Yamaha Policy on the Environment and, in accordance with environmental management regulations, introduced a companywide, cross-sectional environmental management committee called the Environmental Committee. Since then, the Group has worked to advance the implementation of environmental management systems throughout the entire Yamaha Group and to promote environmental conservation initiatives. Decisions concerning environmental activities are made when the Environmental Committee convenes biannually. Its principle functions include the setting up of working groups whose members are drawn from Group companies and the implementation of measures that conform to this theme of environmental conservation, such as the design of plans and organizational structures. In 2006, the Yamaha Corporation set up the Logistics Energy Conservation Working Group in accordance with revised energy conservation laws, and the VOC Emission Reduction Working Group in accordance with revised air pollution control laws in Japan.

### Completion of ISO14001 Certification of Main Sales Offices Web

The Yamaha Group began construction activities for the ISO14001 international standard for environmental management systems in 1997. Our main sales offices began constructing systems in 2004, with the Tokyo office acquiring certification in 2005, and the Osaka and Nagoya offices obtaining certification in 2006. All three offices are active in their environmental conservation endeavors. Energy conservation activities were particularly successful in FY2006. Reevaluating office temperature and lighting and implementing strict controls led to a drop in gas consumption at the Osaka office of 32% when compared to the previous year, with electricity consumption down 14%. The Nagoya office was able to achieve a 20% reduction in electricity consumption.

#### ISO14001 Certification Status

Yamaha Corporation Factories in Japan	6 Locations	.....	2001/03 Complete
Group Companies in Japan (Manufacturing)	7 Locations	.....	2002/09 Complete
Resort Facilities	6 Locations	.....	2004/03 Complete
Overseas Group Companies (Manufacturing)	15 Locations	.....	2004/03 Complete
Yamaha Corporation Main Sales Offices	3 Locations		
Tokyo Office		.....	2005/10 Certified
Osaka Office		.....	2006/10 Certified
Nagoya Office		.....	2006/10 Certified



The Osaka office (left) and Nagoya office (right) 2006, both of which were certified in FY2006

\*In the "Environmental Initiatives" section of this report (pages 20-33), "Yamaha Group" refers to Yamaha Corporation and other manufacturing companies belonging to the Yamaha Corporation in Japan. For detailed environmental performance data, see this web page : [http://www.global.yamaha.com/about/environmental\\_activities.html](http://www.global.yamaha.com/about/environmental_activities.html)

Web Icons indicate the appropriate fields

## Yamaha's Policy on the Environment

### Premise

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

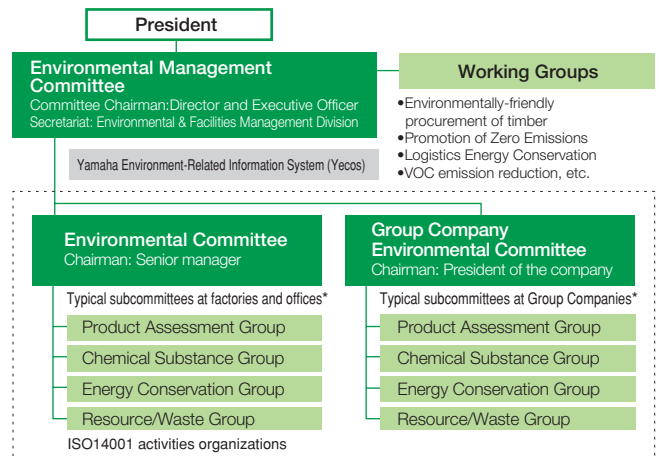
### Policy

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

### The Six Principles of Yamaha's Corporate Environmental Activity

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

## Environmental Management Structure



\* Actual subcommittees may vary depending on the place of business or the Group company.

\* The RoHS directive compliance working group now acts as the green procurement working group for the Quality Committee.

Goals and Achievements

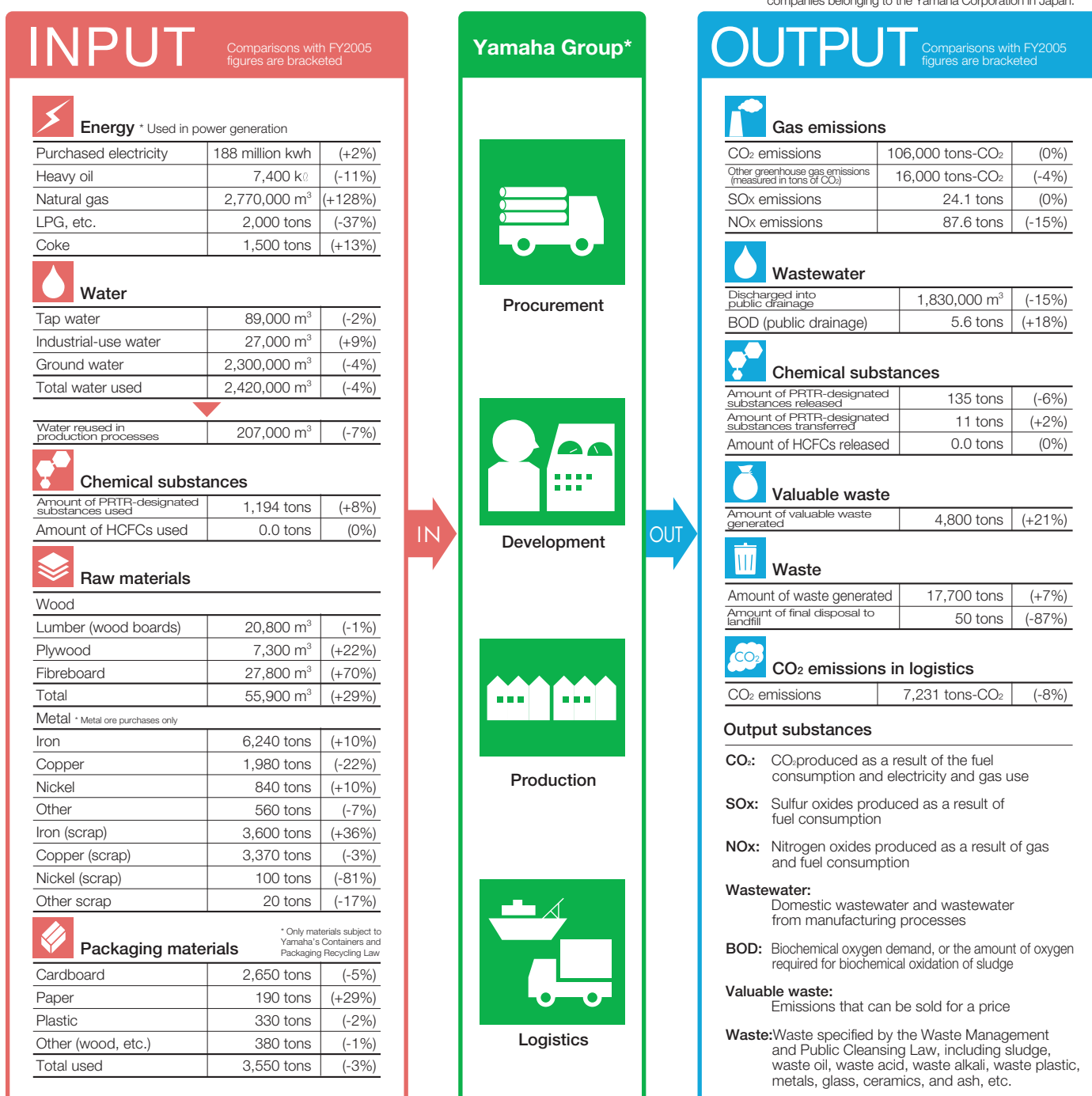
	Goal	Achievements in FY2006	Status	Future initiatives
<b>Environmental Management system</b>	*Acquisition of ISO14001 certification in main sales offices (Tokyo, Osaka, and Nagoya) by the end of FY2006	*Acquisition of ISO14001 certification by Osaka and Nagoya offices (The Tokyo office acquired certification in FY2005)	Completed	*Extend ISO14001 certification across the Yamaha Group
	*Expansion of the Yamaha Environment-Related Information System (Yecos) within the Yamaha Group	*Implementation of Yecos in main sales offices	Completed	*Extend the input items of main sales offices
		*Implementation of Yecos at resort facilities	Ongoing	*Continue with implementation of Yecos at resort facilities
		*Upgrading of Yecos	Completed	—
	*Enhancement of the Environmental Management structure	*Establishment of the Logistics Energy Conservation Working Group	Completed	*Set and implement goals for logistics energy conservation activities
		*Establishment of the VOC Emission Reduction Working Group	Completed	*Set and implement goals for the reduction of VOC emissions
*Promotion of environmental training and education activities	*Provision of internal environmental auditor training 31 employees of the Yamaha Corporation and 16 employees of Group companies in Japan qualified (giving a current total of 789 qualified auditors)	Completed	*Continue with internal environmental auditor training seminars	
	*Environmental seminars (258 participants) "Conservation of the world's forests: corporate citizenship initiatives"	Completed	*Continue with environmental seminars	
<b>Product development</b>	*Promotion of environmentally friendly product development	*Completion of the transition to unleaded solder in the production of all wind instruments	Completed	—
		*Implementation of LCA for pianos, Electone™ electronic organs, AV products, string instruments, and percussion instruments	Completed	*Implementation of employee training on environmentally friendly designs *Implement LCA for unevaluated product groups and new products
		*Evaluation of the recycling of used electronic music products	Ongoing	*Conduct a trial of used electronic music product recycling
	*Attainment of compliance with RoHS-like standards	*Compliance with China's Administrative Measure on the Control of Pollution Caused by Electronic Information Products	Completed	*Continue with attainment of compliance with RoHS-like standards in places such as the United States of America, the Peoples' Republic of China, and the Republic of Korea.
*Expand RoHS compliance measures to those products not subject to the RoHS directive, and to products not shipped to the European Union		Completed	*Continue with expansion of RoHS compliance measures to those products not subject to the RoHS directive and to products not shipped to the European Union	
<b>Green procurement</b>	*Promotion of green procurement	*Establishment of procedures based on international guidelines for ascertaining the chemical substances contained in parts	Ongoing	*Investigate procedures for management of chemical substances contained in products which meet tightened international regulations
		*Enactment of guidelines for timber procurement and use	Completed	*Investigate procedures for a feasibility study into wood sustainability
<b>Prevention of global warming</b>	*6% reduction in CO <sub>2</sub> emissions on FY1990 levels by FY2010 (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan)	*2.3% reduction on FY1990 levels of CO <sub>2</sub> emissions (106,000 tons CO <sub>2</sub> /year; identical levels to the previous year)	Completed	*6% reduction in CO <sub>2</sub> emissions on FY1990 levels by FY2010 (Yamaha Corporation Headquarters and Yamaha Group manufacturing companies in Japan)
	*1% reduction in CO <sub>2</sub> emissions per unit of sales on FY2005	*2.4% reduction on the previous year of CO <sub>2</sub> emissions per unit of sales (246,000 tons CO <sub>2</sub> /100 million yen)	Completed	*1% reduction in CO <sub>2</sub> emissions per unit of sales on FY2006
<b>Waste reduction</b>	*Achievement of zero emissions by the end of FY2007 (Yamaha Group companies in Japan)	*Achieved zero emissions in 4 Yamaha Group production-related companies in Japan	Completed	*Achieve zero emissions in all Yamaha Group companies in Japan by the end of FY2007
<b>Protection of the ozone layer</b>	*Elimination of HCFCs from manufacturing processes by FY2010 (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan)	*Achieved complete elimination of HCFCs from manufacturing processes in April 2005	Completed	*Maintain elimination of HCFCs
<b>Management of chemical substances</b>	*20% reduction in emissions of PRTR-designated substances on FY2002 levels by FY2006 (Yamaha Corporation Headquarters, factories, and Yamaha Group manufacturing companies in Japan)	*18% reduction on FY2002 levels of PRTR-designated substance emissions (135 tons)	Ongoing	*Continue with reduction in emissions of PRTR-designated substances in VOC emission reduction activities
	*Implementation of initiatives for the reduction of VOC emissions (Yamaha Corporation Headquarters and Yamaha Group manufacturing companies in Japan)	*Researched and collected data on VOC emissions	Completed	*Set goals and implement activities for the reduction of VOC emissions (FY2010)
<b>Groundwater purification</b>	*Ongoing purification of groundwater (3 sites)	*Purification at two sites has improved water quality to the point where it exceeds that required by environmental law	Completed	*Continue using pumped water aeration and activated carbon absorption methods for groundwater purification
<b>Social contribution</b>	*Conservation of forests outside of Japan Plant 150,000 to 200,000 trees on land (120 ha) in "Yamaha Forest" in Indonesia by 2009	*Planted 13,500 trees on land (18ha) in "Yamaha Forest" in Indonesia	Completed	*Plant 150,000 to 200,000 trees on land (120 ha) in "Yamaha Forest" in Indonesia by 2009
	*Conservation of forests in Japan Provide support for regeneration by 2011 of the Enshunada coastal forest	*Concluded an agreement with Shizuoka Prefecture to provide support for the regeneration of the Enshunada coastal forest	Completed	*Volunteer planting of trees by Yamaha employees (support for the regeneration of the Enshunada coastal forest)
	*Conducting of and participation in local cleanup campaigns	*900 people participated in local cleanup campaigns	Completed	*Continue participation in local clean-up campaigns
	*Implementation of educational programs for the prevention of global warming through publication of the Household Eco-Account Book	*The 2,569 employee households have contributed to the prevention of global warming because of the "Smart Life Guide"	Completed	*Continue educational programs for the prevention of global warming using the "Smart Life Guide"
<b>Environmental communication</b>	*Disclosure of environmental information by publication of a CSR report	*In accordance with a greater emphasis being placed on the reporting of information related to corporate social responsibility (CSR), the name of this report was changed from the Environmental and Social Report to the CSR Report	Completed	*Improve information gathering from overseas Group companies

## Material Balance

The Yamaha Group produces a wide variety of products and services, including musical instruments, AV/IT equipment, lifestyle-related products, semiconductors, specialty metals, and automobile interior components. Understanding the flow of materials in these varied business activities is essential in further clarifying the relationship between a company and the

environment and in promoting the environmental conservation activities needed for the development of a sustainable society. Yamaha is actively pursuing energy and resource conservation, waste reduction, hazardous substance reduction or replacement, and other such activities in all phases of the lifecycle of a product or service.

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



Environmental Accounting 

Environmental accounting data for overseas Group companies (Manufacturing) and resort facilities is available on our website.

Yamaha introduced environmental accounting in 1999 as a means of quantitatively evaluating the effectiveness of its environmental conservation activities. These environmental accounting practices were then implemented at Yamaha Group manufacturing companies and resort facilities in Japan, and since

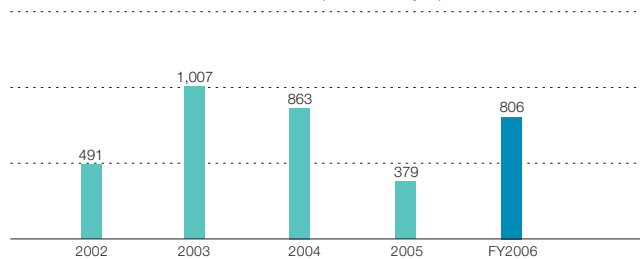
2004 they have also been implemented at some overseas Group companies (production sites). The Yamaha Group will continue to gradually expand these practices to other overseas Group companies in the future.

Environmental Costs (unit: million yen)

Data for: Yamaha Group

	Details	Equipment Investment <sup>*1</sup>	Expenses <sup>*2</sup>
		Consolidated	Consolidated
Business area costs	Pollution prevention	630	623.4
	Energy Conservation, etc.	117.9	97.4
	Waste, etc.	23.2	861.0
Upstream/downstream costs	Recycling of products, improvements in logistics, etc.	0	166.9
Management costs	Environmental education, ISO14001, greening of premises, etc.	35.1	605.6
Research and development costs	Development of environmentally friendly products, models, etc.	-	356.0
Social activity costs	Social contributions, etc.	0	30.3
Environmental damage costs	Groundwater purification, etc.	0	19.1
Total		806.2	2759.7

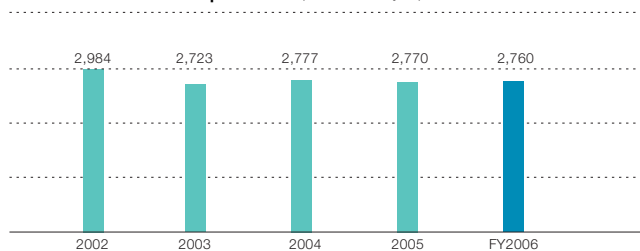
Environmental Investment (unit: million yen)



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

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

Environmental Expenses (unit: million yen)



Environmental Costs

Environmental capital investment by the Group as a whole rose 430 million yen in FY2006, reaching 810 million yen. This investment was mainly directed towards the upgrading of the waste water treatment facilities of the Saitama factory and the installation of a cogeneration system at the Tenryu factory. Environmental costs for the Yamaha Group fell 10 million yen.

Environmental Effects

1. Environmental Conservation Effects

CO<sub>2</sub> emissions for the Yamaha Group were approximately equal to those of FY2005. Measures such as recycling circulating cooling water enabled a reduction in water consumption of about 102,000 m<sup>3</sup>.

As a result of the Group's recycling efforts to achieve zero emissions, final disposal to landfill was reduced by 300 tons. By using different raw materials, the Group was also able to cut emissions of chemical substances by 8 tons.

2. Economic Effects

Heating and lighting costs rose 168.6 million yen to 3,241.3 million yen as a result of a steep rise in the price of fuel. Water costs fell 900,000 yen to 29.1 million yen and sewerage costs fell 7.3 million to 40.1 million yen. Waste disposal costs rose to 465 million yen, an increase of 11.3 million yen. Additionally sales of valuable wastes increased by 118.5 million yen to 212.1 million yen, for a total economic effect of 29.4 million yen. All figures presented are actual figures from the accounting register, and do not include any estimates whatsoever.

Environmental Conservation Effects

Details	Unit	FY2005	FY2006	Change
CO <sub>2</sub> emissions	10,000 tons CO <sub>2</sub>	10.6	10.6	0.0
Greenhouse gas emissions	10,000 tons CO <sub>2</sub>	1.7	1.6	0.1
Water consumption	10,000 m <sup>3</sup>	252	242	10
Waste treated or disposed of	1,000 tons	0.35	0.05	0.30
Chemical substances released <sup>*3</sup>	tons	143	135	8
CFC substitutes emissions	tons	0.0	0.0	0.0

Minus (-) indicates an increase.

\*3 "Chemical substances" refers to those substances subject to the PRTR Law that the Yamaha Group in Japan uses

Economic Effects (unit: million yen)

Details	FY2005	FY2006	Saving
Total savings			-183
Electricity and heating costs	3,079	3,242	-163
Water costs	28	29	-1
Sewerage costs	33	40	-7
Waste disposal costs	454	466	-12
Income from sale of valuable wastes	94	212	212
Economic effect			29

Minus (-) indicates an increase.

## Environmental Risk Management

### Complying with Environmental Law

To reduce the environmental impact of its production activities, products, and services, the Yamaha Group complies with environmental law, and has adopted voluntary standards that go beyond legal requirements. The Group utilizes an environmental management system in carrying out inspections, measurements, and compliance evaluations at all its locations. The Yamaha Group is taking measures to prevent pollution and to comply with the law.

### Principle environmental legislation to which the Yamaha Group is subject

Pollution-, energy-, and land use-related laws	Recycle- and waste-related laws	Others
<ul style="list-style-type: none"> <li>•Basic Environment Law</li> <li>•Air Pollution Control Law</li> <li>•Water Pollution Control Law</li> <li>•Private Sewerage System Law</li> <li>•Sewerage Law</li> <li>•Offensive Odor Control Law</li> <li>•Noise Regulation Law</li> <li>•Vibration Regulation Law</li> <li>•Water for Industrial Use Law</li> <li>•Plant Location Law</li> <li>•Law concerning the Rational Use of Energy</li> </ul>	<ul style="list-style-type: none"> <li>•Fundamental Law for Establishing a Sound Material-Cycle Society</li> <li>•Law for the Promotion of Effective Utilization of Resources</li> <li>•Waste Management and Public Cleansing Law</li> <li>•Law for Promotion of Sorted Collection and Recycling of Containers and Packaging</li> <li>•Electric Household Appliance Recycling Law</li> <li>•Food Recycling Law</li> <li>•Construction Materials Recycling Law</li> <li>•Law for Recycling End-of-Life Vehicles</li> <li>•Law on Promoting Green Purchasing</li> </ul>	<ul style="list-style-type: none"> <li>•PRTR* Law</li> <li>•Industrial Safety and Health Law</li> <li>•Fire Service Law</li> <li>•High Pressure Gas Safety Law</li> <li>•Poisonous and Deleterious Substances Control Law</li> <li>•Law Concerning Special Measures against Dioxins</li> <li>•Law Concerning the Recovery and Destruction of Fluorocarbons</li> <li>•Soil Contamination Countermeasures Law</li> <li>•Law Concerning Special Measures against PCB Waste</li> <li>•Law Concerning the Promotion of Measures to Cope with Global Warming</li> <li>•Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures</li> </ul>

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

### Emergency Responses and Drills

Under the ISO14001 system, the Yamaha Group tries to anticipate emergencies by considering past accidents and incidents that could potentially have a marked impact on the environment, such as leaks of oil, grease, or hazardous substances. Each location takes measures to ensure that the equipment and facilities required to respond to such emergencies are provided and that emergency drills are conducted for the specified emergencies. Manuals conforming to the operational practices of each division



Emergency drill at the Yamaha Corporation's Kakegawa Factory to train for an accidental leak occurring while transporting materials

have been made, and emergency drills are regularly conducted to make sure that the procedures are being properly followed, ensuring a prompt and appropriate response to any possible situation.

### Environmental Accidents and Litigation

The Yamaha Group incurred no penalties, minor fines, litigation, or serious complaints for environment-related issues in FY2006.

By internal standards, however, two emergencies were determined to have occurred: a heavy-oil leak and a waste-liquid spill. In both instances, administration was notified immediately and emergency measures implemented to prevent the spread of pollution. As a result, the accidents did not violate legal standards and had no substantial impact on the outside environment. To prevent a recurrence of such incidents, permanent measures such as functional improvements to the monitoring system, enhancement of hardware, and revisions to operation manuals have been adopted.

### Accidents in FY2006

	Description of the accident	Impact on surroundings and emergency response
Factory	Phosphoric acid waste fluid was discharged in the wrong place when switching to new equipment, resulting in a rise in the concentration of phosphoric acid in the discharge water. (Not a violation of legal standards)	As soon as the incident occurred, the waste fluid was treated to prevent contaminated waste from being discharged into the outside environment. Following this, the waste water treatment plant equipment was re-examined, fail-safe functions enhanced, and employee training conducted.
Resort facility	Damage to a pipe connecting the heavy-oil storage tank to the boiler. This resulted in a heavy-oil leak, as well as a film of oil and smell of oil around the rainwater discharge outlet. (Not a violation of legal standards)	A clean-up was immediately performed using, among other things, mats to adsorb oil film, and an oil/water separator was installed. Following this, the extent of soil pollution was investigated and countermeasures such as the replacement of contaminated soil were implemented.

### Automatic Shutdown Device Installed on the Factory Wastewater Outlet (Toyooka Factory)

To improve environmental risk management at the Yamaha Corporation's Toyooka Factory, an automatic shutdown device was installed on the end of the discharge outlet for the factory wastewater in September 2006. If the device detects a pH value in the factory discharge water in excess of the user-defined standard value, an automatic shutdown is performed. In addition, if certain pollutants leak into the gutters, a remote shutdown can be performed to prevent it from polluting the outside environment.



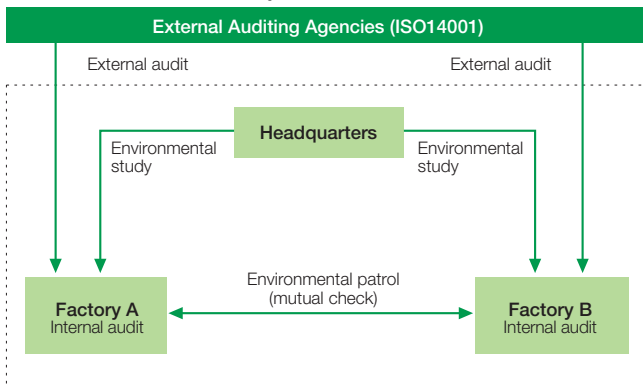
Automatic Shutdown Device on the Factory Wastewater Outlet



### Environmental Audits, Inspections, and Patrols

The Yamaha Group periodically conducts internal and external environmental audits in accordance with ISO14001. In addition to this, environmental specialists conducted environmental patrols during Environment Month, held in June of 2006, to check that operational management and compliance conform to the requirements of environmental law. Corrective action is promptly taken if any areas are identified as requiring improvement, and continuous improvements to the environmental management system and environmental risk management are made to avoid emergencies and major instances of non-compliance.

### Environmental Audit System



### Waste Materials Management Audit

In 2004, the Yamaha Group established a risk management system for waste materials to ensure that waste is managed in an appropriate manner. In FY2006, the biennial production site inspections of all Yamaha Corporation business unit operations were conducted by waste specialists from Headquarters. A specialist inspection of industrial waste contracts, industrial waste manifests, account books, storage facilities, and other detailed aspects of operational management revealed 38 areas requiring improvement. Corrective action was promptly taken and, in order to improve waste material management throughout the entire Group, information pertaining to these areas was disseminated through e-mail and published on an environmental information site on the corporate intranet.



Environmental patrol at the Yamaha Corporation's Iwata Factory

### Purification and Management of Soil and Groundwater

Since the discovery in 1997 that soil and groundwater at three of its factories had been polluted with a chlorinated organic solvent, the Yamaha Group has worked to ensure the safety and security of local residents by conducting surveys, taking corrective measures, and introducing preventative measures. As soon as the discovery was made, purifying equipment was installed, and the recovery and purification of the solvents in the soil and groundwater was begun. As a result of these efforts, levels of groundwater contamination at the Yamaha Metanix Corporation and the Yamaha Corporation's Toyooka Factory had met or bettered environmental standards by the end of FY2005.

Purification and monitoring are still underway. The groundwater at the factory in the Yamaha Corporation's headquarters complex is now close to meeting environmental standards, having employed the pumped water aeration and activated carbon adsorption methods of purification. Efforts to promote purification measures will continue.

Soil purification was completed at all three factories by 2000.



Groundwater purification equipment at the factory in the Yamaha Corporation's headquarters complex

### Appropriate Management and Processing Planning for PCB Wastes

The Yamaha Group stores and manages devices containing PCBs at 16 business locations around Japan (5 transformers, 175 capacitors, and approximately 5,500 stabilizers) in accordance with the PCB Special Measures Law. In 2006, Yamaha conducted a survey regarding low concentration PCB transformers, and will continue to provide thorough storage and management of the necessary equipment. As 20 or more PCB devices are stored at its two facilities in Shizuoka Prefecture, Yamaha has, in accordance with Shizuoka Prefecture guidelines\*1, submitted a PCB waste disposal plan for organizations that store large quantities of PCBs.

The Yamaha Group has also registered disposal plans for 176 devices with the Japan Environmental Safety Corporation, which is responsible for the disposal of PCB waste, and has taken measures towards ensuring reliable disposal.

\*1 Shizuoka Prefecture guidelines: policy guidelines for a PCB waste disposal plan for organizations that store large quantities of PCBs.

## Education and Training

### Environmental Education

Yamaha provides its employees with training on environmental issues to raise their environmental awareness and so improve the level of environmental conservation activities. Environmental training is divided into General Training, Specialist Training, and ISO14001 Training. General Training provides training on basic environmental concepts, with participants ranging from new employees to employees enrolled at Yamaha's Advanced Skill School and members of the board of directors. Specialist training, meanwhile, provides a training curriculum tailored to specific specialties, targeting mainly employees engaged in environment-related areas of business. ISO14001 training is conducted at each place of business and for each division in accordance with a predetermined plan.

The Group also encourages its employees to acquire environment-related public certification and to participate in external classes, for which it has established a fee-reimbursement system.

### Environmental Training Programs FY2006

	Type of training	Participants
General training	New employee training	New employees
	Product manufacturing seminar	All applicants
	Environmental management course at Yamaha's Advanced Skill School	Employees enrolled at Yamaha's Advanced Skill School
	Environmental management course at Yamaha's Technical Training Center	Employees enrolled at Yamaha's Technology Research Laboratory
	Environmental seminar	Directors and all employees
Specialist training	Wastewater treatment facility operations manager training	Wastewater treatment operations managers from Japan and overseas
	Waste manifest workshops	Employees in charge of environmental issues and divisions engaged in environment-related business
	Skills improvement training for inspection of waste disposal contractor sites	Employees in charge of environmental issues and divisions engaged in environment-related business
ISO14001 training	General training (environmental policies, purposes, objectives, etc.)	All employees
	Special training (operations that have a considerable impact on the environment) /training for publicly certified personnel	Employees in charge of environmental issues and divisions engaged in environment-related business
	Internal audit training	Employees designated for training as internal environmental auditors
	Emergency response training	Employees in charge of environmental issues, divisions engaged in environment-related business, and other employees



FY2006 Environmental Seminar: "Conservation of the world's forests: corporate citizenship initiatives" by Cho Hiroyuki of OISCA

### Participating in Team Minus 6

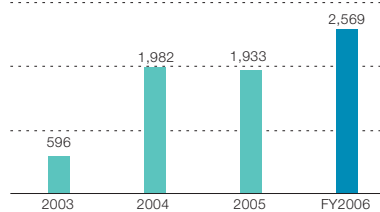
Since FY2005, the Yamaha Corporation has participated in Team Minus 6, a national campaign for the prevention of global warming whose launch coincided with the implementation of the Kyoto Protocol. In addition to the energy conservation activities it is already pursuing, Yamaha has also instituted a "No Necktie" policy as part of its efforts to conform with the Japanese government's Cool Biz campaign and is participating in "Black Illumination 2007," a campaign sponsored by the Ministry of the Environment to encourage companies to switch off the signs at their facilities.

### The "Smart Life Guide" Household Eco-Account Book

About one-fifth of Japan's emissions are generated by households, making them a significant contributor to global warming. Realizing that addressing this is essential if Japan is to achieve its 6% reduction target under the Kyoto Protocol, the Yamaha Group began distributing its "Smart Life Guide" Household Eco-Account Book to all employees in FY2003 to raise awareness of global warming prevention. The number of participating households in FY2006 reached a record high of 2,569 (about 9,300 people in total). An average reduction in CO<sub>2</sub> emissions of 3% per household compared to the previous year was achieved.

### Number of Participants in the Smart Life Guide Initiative

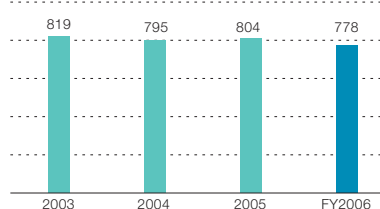
(unit: no. of households)



Smart Life Guide

### CO<sub>2</sub> emissions per household

(unit: kg CO<sub>2</sub>)



### Discussion Forums for Environmental Issues

(Kakegawa Factory)

To increase local residents' understanding of its environmental initiatives, the Yamaha Group has held informal gatherings and discussion forums in each location. The Kakegawa Factory, Yamaha's manufacturing site for pianos, held a forum to discuss environmental issues with local residents on March 22, 2007. As part of the risk communication activities being pursued by Shizuoka Prefecture with all businesses in the area, Yamaha is holding seminars and factory tours to ensure that local residents have a correct understanding of chemical substances and to facilitate an exchange of information on corporate environment initiatives. Yamaha will continue to make every effort to build closer ties with the local community to further mutual understanding and development.



# Making the Transition to Lead-Free Solder in Wind Instrument Production



Even today, Yamaha trumpets, flutes, horns, and other wind instruments pass through a surprising number of hands during manufacturing. Yamaha uses only lead-free solder in the many soldering operations required to join the intricate metallic parts of a wind instrument. A number of manufacturing companies made the transition to lead-free production prior to and following the enactment of the RoHS directive in July 2006, but Yamaha is the first company in the world to have eliminated the use of leaded solder from the production of wind instruments, despite the fact they are not subject to the RoHS directive. The move to lead-free solder in all wind instruments shipped from Yamaha factories in Japan and overseas was begun in 2000 and completed at the end of 2006.

The following provides firsthand accounts of the transition to lead-free solder from two of its proponents in Yamaha Corporation's Wind, String & Percussion Instruments Division: Keiji Sone, Manager of the Product Development Department, and Shunichi Niwata, Manager of the Wind Instrument Design Section.

## The First Challenge: Selecting the Solder

The Yamaha Corporation took its first steps towards acquiring ISO14001 certification for its main factories in 1997. Then, in 2001, Yamaha established the Lead-Free Project for its wind instrument business to further reduce the risk to the environment. **Niwata:** "Actually, the Wind Instrument Design Group began experimenting with lead-free solder in 2000. Because melting solder using a gas burner was not part of the processing method generally employed in the production of wind instruments, a number of briefings had to be held with solder manufacturers while at the same time continuing to conduct tests of dozens of different types of lead-free solder. When, at the end of these briefings, I asked what type of solder would be suitable for use in the assembly of wind instruments, the usual response was that they had never imagined solder was used for this [laughs]. The answer to our requests was that this would be difficult." After the project was launched, about two years was spent conducting tests within the Group in cooperation with the Production Engineering Division until a suitable solder was finally decided on.

## On-site Efforts to Achieve High Precision

Next, on-site tests were conducted by our welding engineers. During the welding process, it is essential that the heated solder melts, spreads, and becomes wettable at its melting point.

**Sone:** "The soldering engineer applies heat to the metal with a burner and melts the solder the instant the coating of flux becomes transparent. For engineers accustomed to working with solder that has a melting point of 180°C, the transition to a solder with one of 221°C proved difficult, and caused a big confusion with either too much or too little heat being applied." By switching to a solder with weaker wettability, a greater degree of precision in the intricate parts of the wind instruments and other such improvements were achieved.

**Sone:** "Essentially, we succeeded in raising both the level of precision and skill."

## The Final Hurdle: Sound Quality

In the development of a wind instrument, artists that play that particular instrument are asked for their opinion, making it very much a collaborative process. On-site tests were performed and artist evaluations of the wind instruments were performed in parallel. **Niwata:** "Changing the solder changed the sound the instrument produced. We received a favorable response to the change in sound of our trumpets; in fact, the tests actually resulted in the development of a top-of-the-range new model. The saxophone, though, didn't fare as well. When we asked a famous saxophonist to evaluate the saxophone, his initial response was that the sound was all wrong. In the end, though, we were able to get his approval

after increasing the precision of the parts, adjusting the soldering temperature, and refining the production process. **Sone:** "After all, as we are musical instrument manufacturers, it's not like we could just say, 'we want to use a more environmentally-friendly solder, so you'll just have to make do with an inferior sound quality.'"

Production of these lead-free instruments began in Japan in March 2003, with an instrument going into production only when it had been approved. Overseas\*, a changeover to lead-free instruments was introduced gradually from January 2005. By the end of 2006, the transition to lead-free solder in all wind instruments shipped from Yamaha factories both in Japan and overseas was complete. **Sone:** "Lead-free solder is even used at wind instrument repair centers at Yamaha headquarters and its local subsidiaries now. Regulations for raw materials are probably only going to get stricter. And we'll have to meet this challenge without compromising our commitment to sound quality."

\* Yamaha Musical Products Indonesia and Xiaoshan Yamaha Musical Instruments  
\* Yamaha Musical Products began using unleaded solder in July 2004



Keiji Sone (right) and Shunichi Niwata display some wind instruments in the crafts workshop of Yamaha Corporation's Toyooka Factory. **Sone:** "When we first began using lead-free solder, our production efficiency fell more than 20%. But within about a year, we had regained our previous level of efficiency." **Niwata,** holding artist model YTR-9445CHS (custom-made gold plated): "This particular trumpet was developed to reflect input from a group of top artists brought together by a member of our American R&D team. Lead-free solder was one of many specifications included from the outset."

## The Soldering Process



• In each process, the most suitable flux is chosen from the three types presently available.  
• The moment optimal temperature is reached, the solder is applied around the joint of the wind instrument.

## Environmentally Friendly Products and Services

### Product LCA Assessment

The Yamaha Group manufactures product groups with several distinct characteristics. To identify what aspect of a product group life cycle has the largest environmental impact and tackle environmentally friendly design from multiple angles, the Yamaha Group conducts product life cycle assessments (LCA) that cover the total product life cycle, including material procurement, production, transport, use, and disposal.

In a product lifecycle, environmental impact largely occurs in three stages: 1) the material production stage; 2) the use stage; and 3) the disposal stage. At Yamaha, we focus on these three stages to achieve environmentally friendly product design appropriate to each product group attributes.


### Environmental Considerations in the Lifecycle

	Material production stage	Use stage	Disposal stage
Conserving Energy and Resources	Miniaturization in design Integration in design	Long-life design Reduced energy consumption Reduced standby power consumption	Promotion of reuse Promotion of recycling
Preventing resource depletion	Lumber procurement and design Guideline formulation Reducing use of rare lumber	Long-life design	Promotion of reuse Promotion of recycling
Reducing substances with significant environmental loads	Management of chemical substances in products Promotion of green procurement	Reduced VOCs emissions from products	Promotion of reuse Promotion of recycling

### Primary Product Group Characteristics according to the LCA Assessment, and Corresponding Initiatives

(Note: The size of circle indicates the relative environmental load associated with that stage in the product life cycle.)

#### Acoustic Instruments

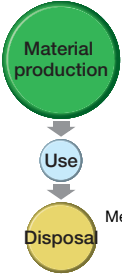


**Characteristics:**


- There is no energy consumption during use, and the life cycle may extend for decades.
- The environmental load of the materials production stage is low since lumber is the primary material, and little CO<sub>2</sub> is emitted at the time of material production. However, as far as resource conservation is concerned, the need to consider deforestation and to protect scarce natural materials has become apparent, which means that in comparison to other stages, the environmental load of producing raw materials is high.
- During product use, VOCs are emitted from the wood materials and this may have an environmental impact.

**Measures:**

- In order to ensure procurement of appropriate lumber, "Lumber Procurement and Usage Guidelines" are to be established and efforts strengthened.
- Efforts to reduce VOC emissions from wood materials during use and take steps to establish a mechanism for reuse.



#### Electronic Musical Instruments, PA and CA Equipment

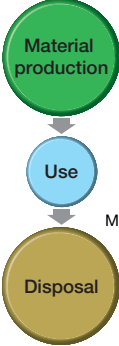


**Characteristics:**


- As these have no standby power consumption, during the use phase, they have a comparatively small environmental load.
- Large products require a lot of materials in the material production phase, creating a large environmental load. Difficulties also occur at the time of disposal, necessitating consideration of how better to promote recycling.
- The many different substances used in these products make necessary strict oversight of material production and efforts to promote recycling at time of disposal.

**Measures:**

- Resource-saving design that allows longer use of electronic instruments with upgrade kits, and energy-saving using new technology such as digital amplifiers and switching power suppliers.
- Stricter efforts to control chemical substances in products via green procurement
- A partial recycling system is being established



#### AV Equipment, IT Equipment

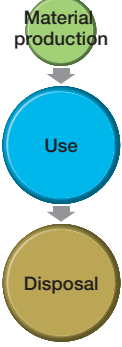


**Characteristics:**


- Use and standby phases consume a great deal of energy, making the environmental load of the use phase comparatively large.
- The many materials included in these products make necessary strict oversight of material production and efforts to promote recycling at time of disposal.
- Energy consumption during material production is small and the resulting environmental load is comparatively smaller than during use phase.
- Because there are few large products, disposal difficulties are comparatively few.
- Stricter efforts to control chemical substances in products via green procurement

**Measures:**

- Miniaturization, integration and other resource-saving designs, switching power supplies and other new technologies; the use of energy saving designs to reduce standby power consumption.



#### Lifestyle-related Products, etc.




**Characteristics:**

- While the types of chemical substances used in these are comparatively few, there are many large products, and so the environmental load they impart at the time of material production and disposal is great.
- As these use water, electricity, and gas, they consume a large amount of energy during the use phase and have a large environmental load.

**Measures:**

- Efforts to implement resource-saving design by building lighter products using structural analysis, using energy-saving design to reduce water use through bathtub shape design, and obviating need to reheat bathwater by improving heat retention qualities.
- Initiatives to design products with an extended life, such as kitchen counters that can be renovated and reused.
- Efforts to design products so that they are easy to separate at time of disposal to facilitate recycling.



**Promoting Green Procurement**

**• Establishment of Timber Procurement and Usage Guidelines**

Among the traditional instruments that Yamaha makes, including pianos, string instruments, and woodwind instruments, many need to be made primarily of wood for acoustic reasons. A large amount of wood is also used when making electronic musical instruments, speakers, soundproof rooms, and lifestyle accessories due to the merits of wood in terms of acoustic performance, function, design, and pleasant texture. Wood is a material that absorbs carbon dioxide from the air as it grows and can essentially be used in a manner that sustains the global environment. Yamaha boasts a 120-year history of making musical instruments, and to ensure that this legacy continues into the future we believe that sustainable use of wood resources and sensitivity to issues of biodiversity and the depletion of natural resources is essential. Toward this end, we established the “Yamaha Timber Procurement and Usage Guidelines.”

**Yamaha Timber Procurement and Usage Guidelines**  
**[Fundamental philosophy]**

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

**[Procurement and usage guidelines]**

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

**• Reducing use of rare timber**

Some wood used in the making of traditional musical instruments comes from trees and timber that give instruments superior acoustics but which are becoming depleted and for which it is difficult to find other tree species and materials to serve as suitable substitutes. The Yamaha Group is working to remain true to the traditional materials by striving to develop new materials that offer the same or improved performance and that improve the yield gained from timber, thus reducing the amount of rare wood used. In this way, we aspire to reconcile the concepts of preserving rare wood with the continued supply of high quality traditional instruments.

**Reducing Use of Substances with Environmental Impact**

**• Management of Chemical Substances Contained in Our Products**

Chemical substances contained in some products require proper processing at the time of disposal to avoid a negative impact on the environment (environmental load). In recent years, many countries around the world have taken steps to control and regulate the use

of such substances contained in products. One example of this trend is the RoHS Directive\*1 (Restriction of Hazardous Substances in Electrical and Electronic Equipment) that came into effect in Europe in July 2006 after being enacted in February 2003, and that bans the use of six substances\*2, including lead and hexavalent chromium. Similarly, China’s Administrative Measure on the Control of Pollution Caused by Electronic Information Products went into effect in March 2007 and calls for the labeling of products to indicate when they contain these six substances. In response to these moves, the Yamaha Group established its own Standards for Chemical Content in Products in 2003.

These standards have subsequently been used to manage chemical substances in products during design and development and have helped facilitate legal compliance as well as minimize the environmental impact of products. In 2004, the second edition of the standards was published. The third edition, which outlines an even stricter approach toward chemical substances, is currently in development.

In order to manage the chemical content in products it is imperative to know and be able to control what chemical substances are contained in parts and materials assembled in the finished product. It was this that led the Yamaha Group to request the cooperation of its suppliers in FY2002 in conducting yearly surveys on parts and materials, the results of which are used in our green procurement promotion efforts.

With efforts to comply with the EU’s RoHS and the China’s Administrative Measure on the Control of Pollution Caused by Electronic Information Products complete, the Yamaha Group has initiated a review of the EU REACH regulations enacted in June 2007 and is looking at new methods of green procurement.

\*1 RoHS is an abbreviation for Restriction of Hazardous Substances in Electrical and Electronic Equipment.

\*2 RoHS Directive covers six substances: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) (the final two chemicals being brominated fire retardants).

**Review of comprehensive evaluation of LCA\*1**

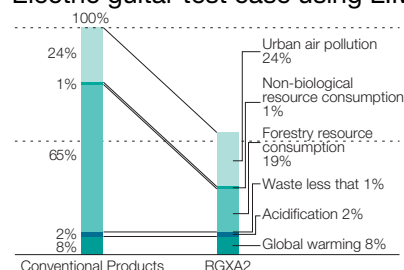
The results of a life cycle assessment of the light-weight electric guitar RGXA2, which is made from afforested falcataria timber, showed that in terms of CO2 emissions there was negligible difference with the product’s predecessors. However, when assessed using the integrated impact assessment method LIME (Life-cycle Impact assessment Method based on Endpoint modeling)\*2, it was evident that the RGXA2 has a significantly lower ecological impact due to the difference in forest resources it requires—an overall reduction in wood resource use of over 40%.

In the future we want to review the idea of introducing an integrated LCA that takes into account the myriad ways in which a product can have an environmental impact.

\*1: A methodology that reduces the various environmental impacts, from global warming, destruction of the ozone layer, and resource consumption, to one metric that indicates the total environmental burden.

\*2: LIME: Life-cycle Impact assessment Method based on Endpoint modeling

**Electric guitar test case using LIME**



## Environmentally Friendly Production

### Preventing Global Warming [Web](#)

With enactment of the Kyoto Protocol in February 2005, the Yamaha Group took it upon itself as part of its corporate responsibility to implement measures to prevent global warming such as working to reduce energy use and greenhouse gas emissions through attentive daily management combined with facility improvements. The Yamaha Corporation and Yamaha Group manufacturing companies in Japan have set a goal of reducing CO<sub>2</sub> emissions by 6% of fiscal 1990 levels by fiscal 2010. Energy use among the Yamaha Group is dominated by electricity and heavy oil, which together compose approximately 80% of group energy consumption. At group manufacturing facilities, energy-conserving measures have been taken by introducing energy-efficient inverters, positioning compressors more efficiently, adopting energy-saving lighting, and other measures including shifting boiler fuel from heavy oil to natural gas.

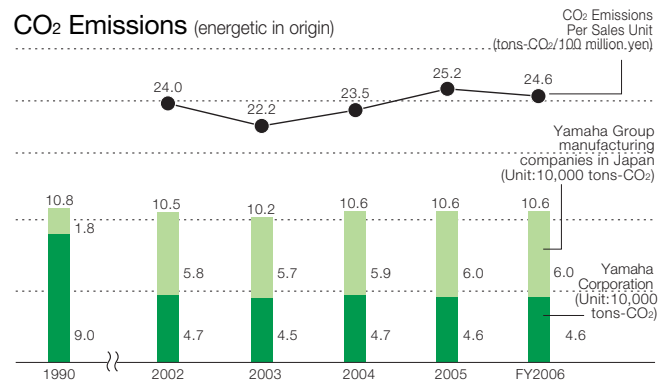
In addition, in fiscal 2006 the Yamaha Corporation's Tenryu Factory introduced a cogeneration system using natural gas, which emits comparatively less CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub>.

On the natural energy front, the factory at Yamaha Headquarters introduced a photovoltaic power generating system in FY2005, and in 2006 Yamaha Livingtec Corporation installed solar-powered outdoor lighting.

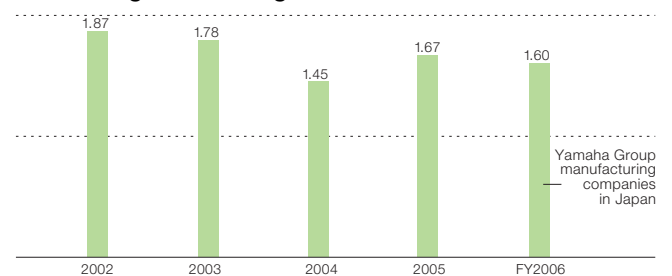
In fiscal 2006, CO<sub>2</sub> emissions for the Yamaha Group were 106,000 tons, unchanged from the year before, but in terms of emissions per unit of sales, the group logged 24.6 tons/100 million yen, a 2.4% decrease year-on-year.

Also, Yamaha Kagoshima Semiconductor Inc. is making efforts to reduce two greenhouse gases apart from CO<sub>2</sub>, namely perfluorocarbon (PFCs) and sulfur hexafluoride (SF<sub>6</sub>). Beginning in fiscal 2004, the company started to set up exhaust/effluent filtering devices. The fourth such device was installed this year. As a result, greenhouse gas emissions for fiscal 2006 dropped 700 tons from the year before to 16,000 tons.

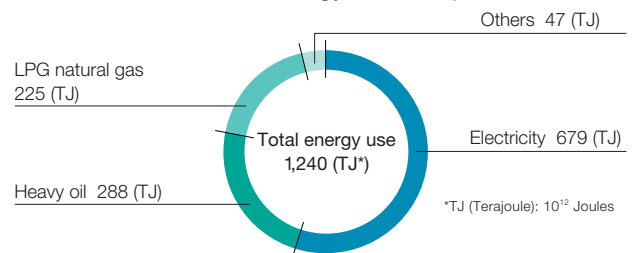
### CO<sub>2</sub> Emissions (energetic in origin)



### Non-CO<sub>2</sub> greenhouse gas emissions (Unit: 10,000 tons-CO<sub>2</sub>)



### Breakdown of FY2006 Energy Consumption



### Introduction of Cogeneration System (Tenryu Factory)

Yamaha Corporation installed a cogeneration system at its Tenryu Factory with the system beginning operation on January 8, 2007. Two natural-gas fueled 65-liter displacement engines (roughly the equivalent of 100 small motor vehicles) and two generators, each capable of producing 815 kW of electricity, are in operation, and the resulting heat is used to produce steam and hot water that is used in the factory's air conditioning system and manufacturing processes. The introduction of this system has reduced primary energy consumption by the equivalent of approximately 250 kiloliters of crude oil annually, resulting in a reduction of nearly 1,600 tons of CO<sub>2</sub> emissions per year. This equates to 1.6% of Yamaha Group emissions in fiscal 2005 and is making a major contribution to the overall group goal of reducing CO<sub>2</sub> emissions by 6% of fiscal 1990 levels by fiscal 2010.



### Cooperating to Install the Cogeneration System

Yamaha Fine Technologies Co., Ltd.,  
Administrative Division, Deputy Division Chief  
**Jun Shimizu**



I came to a managing position at Tenryu Factory in 2005 from a position in purchasing and logistics. I have always been fond of tinkering with cars and machines. So after I took my new post here, my interest was piqued when I heard an explanation of the natural gas cogeneration system that I thought seemed similar to a boat engine. Subsequently, I have dedicated myself to explaining the system as clearly as possible to our employees.

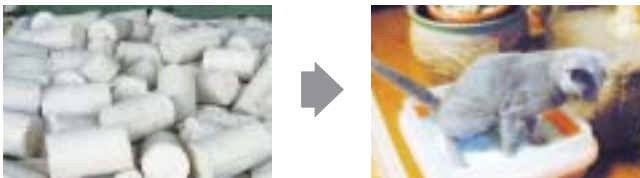
Before and after we introduced the system at the factory, I gave repeated explanations at the company and to the union. I also had to devise ways of ensuring that the construction for the laying of the gas pipes did not overlap with commute hours and that we did not inconvenience nearby residents. Unlike when the factory was built around 70 years ago, the surrounding area is now completely residential. I had to actively seek opportunities to speak with local residents and to earn their understanding and support for our facility.

### Waste Reduction and Recycling Web Four Yamaha Group Manufacturing Companies Achieve Zero Emissions

The Yamaha Group promotes Zero Emissions\* to minimize the volume of manufacturing waste that is disposed of in landfills.

As of fiscal 2005, every factory belonging to the Yamaha Corporation and four Group companies achieved the zero emission target. In fiscal 2006, Yamaha Livingtec Corporation (including Yamaha Living Products Corporation), Yamaha Metanix Corporation and YP Winds Corporation achieved the goal of zero emissions, with Yamanashi Kogei Co., Ltd reaching the milestone in June of 2007. Other Group companies are working to achieve zero emissions by the end of fiscal 2007.

\* Zero Emissions is defined by the Yamaha Group as "limiting the weight of final waste sent to landfill to less than 1% of waste generated."



Woodchip briquettes created during the manufacture of pianos is used to make this cat litter product.

### Reducing use of Water Resources and Recycling of Water Web

The Yamaha Group has been using wastewater from production processes since the first half of the 1970s, recycling it as cooling water and using a reverse osmosis membrane device (RO membrane), as well as actively pursuing a policy to prevent leakage by relocating underground tanks and pipes above ground.

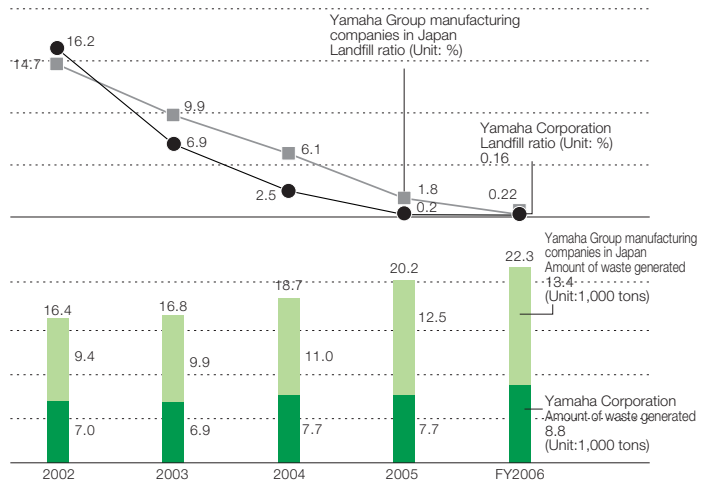
In fiscal 2006, Yamaha Group water consumption totaled 2.42 million cubic meters, a nearly 4% reduction year-on-year. This reduction was due to the water-conservation efforts of each factory as well as a renewal at the Saitama Factory of its wastewater processing facilities that featured improvements incorporating recycling cooling water effluent.

#### Renewal of wastewater processing facilities Saitama Factory

Yamaha Corporation's Saitama Factory  
In May 2006, as part of an effort to strengthen environmental risk management in the water-processing component of the Yamaha Corporation's Saitama Factory, where the metal plating of wind instruments takes place, a full-scale renewal of the plant's wastewater processing facilities was undertaken. The introduction of the new processing system raised wastewater processing efficiency, yielding a decrease of 50% in the use of chemical additives and a 20% reduction in water usage. In addition, the new system also features a dual-tank structure that is designed to prevent soil contamination through leakage, while the establishment of a scrubber facility prevents the foul odor that used to emanate from the wastewater processing and chemical tank, lessening the effect of the factory on the surrounding area.



### Amount of waste generated



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

### Achievement of Zero Emissions

#### •Yamaha Corporation

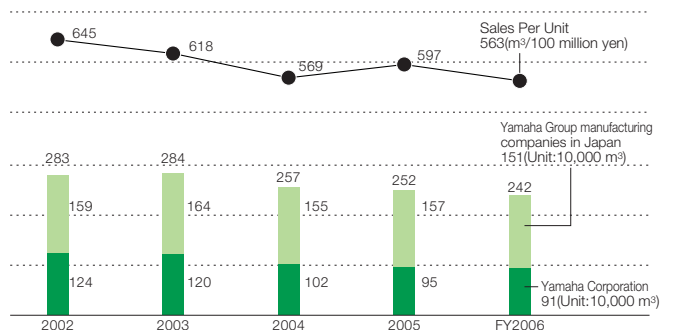
Location	Date achieved
Toyooka Factory	end of March 2004
Kakegawa Factory	end of June 2004
Tenryu Factory	end of March 2005
Saitama Factory	end of April 2005
Headquarters Area (Headquarters, factory)	end of April 2005
Iwata Factory	end of May 2005

#### •Yamaha Group companies in Japan (Manufacturing)

Location	Date achieved
Yamaha Kagoshima Semiconductor Inc.	end of May 2003
D.S. Corporation	end of October 2005
Yamaha Fine Technologies Co., Ltd.	end of February 2006
Sakuraba Mokuzai Co., Ltd.	end of March 2006
Yamaha Metanix Corporation	end of June 2006
Yamaha Livingtec Corporation (Including Yamaha Living Products Corporation)	end of July 2006
YP Winds Corporation	end of March 2007
Yamanashi Kogei Co., Ltd.	end of June 2007

Yamaha Music Craft Corporation is working to achieve zero emissions by the end of FY2007

### Water Consumption



## Management of Chemical Substances Web

### • Complying with the PRTR Law

In accordance with the PRTR Law, the Yamaha Group tabulates the total release and transfer of 354 substances suspected of being harmful to human health and the environment. The results of each factory are reported to prefectural governments, the regional regulatory authority, and the national government, where they are calculated and made public.

In FY2006, the Yamaha Group handled a total of 1,194 tons of substances subject to the PRTR Law, a 93 ton increase year-on-year, while emissions of such substances into the environment totaled 135 tons, a decrease of 8 tons from FY2005. The Yamaha Group set a target of reducing FY2006 emissions of PRTR-designated substances by 20% of FY2002 levels by shifting to raw materials free of such substances, improving manufacturing processes, and introducing substance recovery equipment. However, we fell short of the target with an 18% reduction. As 90% of substances released are styrene, toluene, and xylene, we will continue efforts to reduce VOC emissions in the future.

### • Promoting Reduction of VOC Emissions

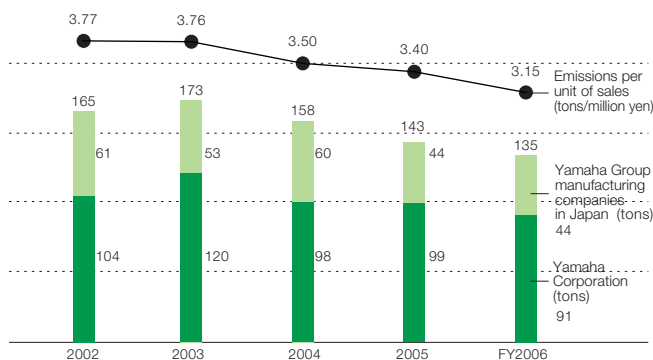
The Yamaha Group is working to reduce the emissions of volatile organic compounds (VOC) which are released in the painting of products and when adhesives are used to bond products. There are a variety of VOC substances, including toluene, xylene and ethyl acetate, and these chemicals have been implicated as air pollutants that cause photochemical smog and suspended particulate matter (SPM).

From fiscal 2002 to fiscal 2004, Yamaha Corporation's Tenryu Factory set up two regenerative exhaust-gas treatment devices capable of removing 98% of the styrene, toluene, and other VOC substances released during the painting process, thus greatly reducing VOC emissions. In addition, in fiscal 2006 the Yamaha Group launched the VOC Emission Reduction Working Group, which is tasked with setting reduction targets for fiscal 2010 and reviewing concrete reduction methods.

### • Efforts to Protect the Ozone Layer

The Yamaha Group is working to protect the ozone layer by becoming CFC-free. To this end, it totally eradicated the use of specified CFCs in 1993, and began using HCFCs as cleansing agents in the metal cleaning process. This use was phased out by 2005, thus eliminating the use of specified CFCs and HCFCs from the manufacturing processes of all companies in the Yamaha Group. Yamaha's efforts to become CFC-free continue. Although HCFCs have a lower ozone depletion potential than specified CFCs and thus contribute less to ozone layer depletion, they do have a major impact on global warming. Their total elimination is, therefore, a significant contribution by the Yamaha Group to the prevention of global warming.

## Amount of PRTR-designated substances released

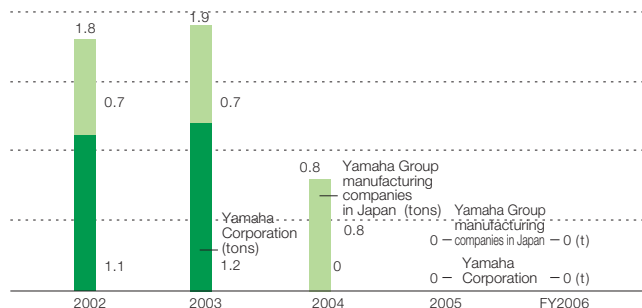


## PRTR results (Unit: tons/year)

Order	Class I Designated Chemical Substances	Ordnance No.	Substance name	Total amount handled	Amount released into the environment				Amount transferred		Others
					Into air	Into public water	Into soil	Buried on facility premises	To sewerage system	Waste transferred	
1	177	styrene	828.3	47.5	0.0	0.0	0.0	0.0	4.1	776.6	
2	320	methyl methacrylate	149.7	0.1	0.0	0.0	0.0	0.0	0.5	149.1	
3	231	nickel	72.2	0.0	0.0	0.0	0.0	0.0	0.0	72.2	
4	227	toluene	44.2	43.7	0.0	0.0	0.0	0.0	0.3	0.1	
5	63	xylene	33.5	28.9	0.0	0.0	0.0	0.0	0.5	4.1	
6	283	hydrogen fluoride and its water-soluble salts	22.3	3.0	1.2	0.0	0.0	0.0	0.1	18.0	
7	40	ethylbenzene	14.1	9.9	0.0	0.0	0.0	0.0	0.5	3.7	
8	172	N,N-dimethylformamide	11.0	0.0	0.0	0.0	0.0	0.0	2.3	8.8	
9	64	silver and its water-soluble compounds	3.1	0.0	0.0	0.0	0.0	0.0	0.0	3.1	
10	232	nickel compounds	2.8	0.0	0.0	0.0	0.0	0.0	0.5	2.4	
11	30	bisphenol A type epoxy resin (liquid)	2.3	0.0	0.0	0.0	0.0	0.0	0.0	2.3	
12	108	inorganic cyanide compounds (except complex salts and cyanates)	1.9	0.0	0.0	0.0	0.0	0.0	0.0	1.9	
13	310	formaldehyde	1.6	0.2	0.0	0.0	0.0	0.0	0.0	1.3	
14	272	bis(2-ethylhexyl) phthalate	1.2	0.0	0.0	0.0	0.0	0.0	0.1	1.1	
15	270	di-n-butyl phthalate	1.2	0.0	0.0	0.0	0.0	0.0	0.7	0.4	
16	Others		4.5	0.6	0.1	0.0	0.0	0.1	1.4	2.4	
Total				1,194.0	134.0	1.3	0.0	0.0	0.1	11.0	1,047.7

Note: For substances with less than 1 ton handled, the details are posted online. In some cases the total values may appear not to match due to rounding of numbers.

## Amount of HCFCs used





Environmentally Friendly Logistics 

Conservation in Logistics

In April 2006, the Yamaha Group Environmental Management Committee formed the Logistics Energy Conservation Working Group to examine the current group-wide logistical situation, optimization options and formulation of energy conservation plans. The results of the fiscal 2006 total logistical net transport survey found that no group company reached the 30 million ton kilometers mark that would render it a specified enterprise in the transport sector as designated under the revised Rationalization in Energy Use Law\*. In the future we will continue to employ mixed shipping routes and innovations in packaging to improve our loading rate and raise transport efficiency.

In fiscal 2006, the Yamaha Group logged net transport distance of 47.06 million ton-kilometers (ton x kilometer), down 12% from the year before. Yamaha Corporation's logistical transaction volume was reduced by 23% from the year before resulting from calculations using the total logistical transport calculation methodology based on the revised Rationalization in Energy Use Law. In addition, using the improved ton-kilometer calculation method for CO<sub>2</sub> emissions in the revised law on past data indicates that CO<sub>2</sub> emissions in fiscal 2006 totaled 7,231 tons-CO<sub>2</sub>, a decrease of 8.4% from the year before.

In the future, the Yamaha Group will continue to do its utmost to raise transport efficiency while keeping CO<sub>2</sub> emissions in check.

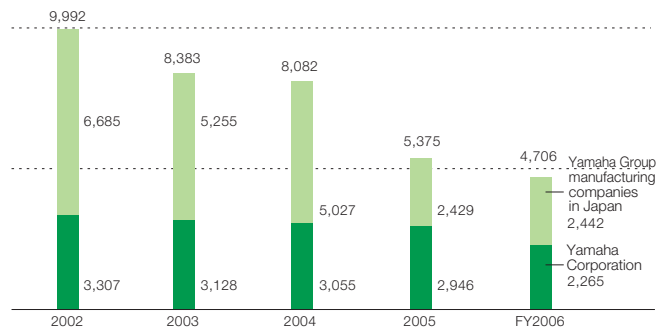
\* Rationalization in Energy Use Law: A law amending part of the "Energy Conservation Law." This law was enacted on April 1, 2006.

Packaging Measures

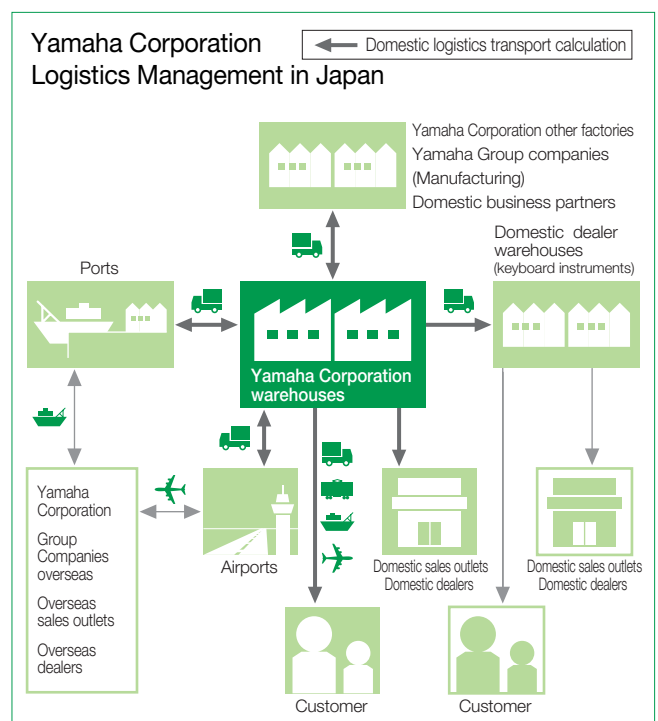
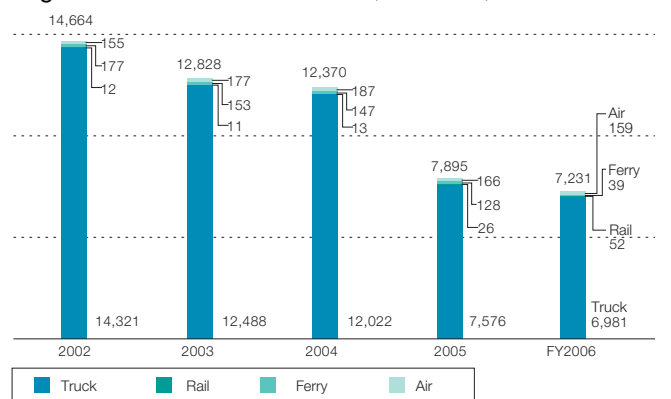
The Yamaha Group is undertaking a number of initiatives in the areas of packaging and logistics from the perspective of minimizing the environmental load. Yamaha Corporation has for nearly the past 50 years employed futons as packaging to protect grand piano's shipped domestically. Futons are a packing resource that can be reused and that ensure that no waste is left with the customer. In recent years, Yamaha has implemented returnable packaging for Electone™ STAGEA™ upgrade kits as well as for parts used in soundproof rooms.

In FY2000 Yamaha Livingtec Corporation introduced so-called green containers for the transport of prefabricated bathroom sets. By shifting to one-piece packaging instead of individual packaging, we are trying to reduce the amount of cardboard used. In addition, Yamaha Livingtec has been dedicated to further reduce packaging and raising efficiency since fiscal 2004 using returnable packaging materials and a "returnable" system—which was jointly developed with Asahi Kasei Homes Corporation—for kitchens, bathroom sinks and other products made in-house. Fiscal 2006 saw Yamaha Livingtec work hard to expand the system to include all products, ultimately achieving 90% product coverage. In the future we are committed to expanding this application to cover more and more products.

Logistics transportation amount (Unit: 10,000 ton-kilometers)



Logistics-related CO<sub>2</sub> emissions (Unit: tons-CO<sub>2</sub>)



# Company Outline

## Background Information

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

**Stated capital:** 28,534 million yen  
**Number of employees:** Consolidate: 25,992  
 (of which 6,081 on average are part-time employees)  
 Unconsolidated: 5,644

**Yamaha Group:**  
**Number of consolidated subsidiaries:** 93  
 (included companies located outside Japan)  
**Number of companies accounted for by the equity method:** 3

## Business Segments

### Musical Instruments

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



### Lifestyle-Related Products

Yamaha supplies system kitchens and system bathrooms for the home, positioning its brand as the "The World Leader in Marble Craft." Yamaha endeavors to apply its unique technology and know-how to create unrivalled value for customers with uncompromising taste through its synthetic marble products.



### AV/IT Products

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

Yamaha has used its networking technology to achieve market leadership in the fields of sound and music, developing and selling products that mirror the desires of its customers.



### Recreation

Yamaha offers recreational facilities such as "Tsumagoi™," which provides sports and music facilities set in a beautiful natural landscape, and "Katsuragi™," which offers a golf course and accommodation in traditional-style buildings. All facilities are fully integrated with the natural beauty of their surroundings.



### Electronic Equipment and Metal Products

Yamaha produces and sells special alloys used as raw materials for semiconductors and electronic metals. The majority of Yamaha semiconductors are sound generation LSIs for use in a range of sound and network-related products including mobile phones, home theater AV amplifiers, communications equipment, and amusement devices. In its electronic metals business, Yamaha supplies high function manufacturing parts as well as copper and nickel alloys for use in a diverse product base that includes personal computers, mobile phone connectors, and electrical components for the automotive industry.



### Others

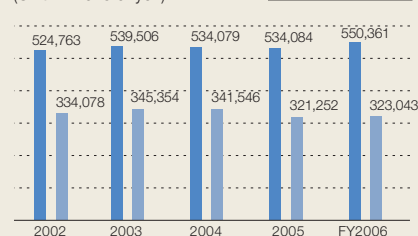
The Golf Products business produces and sells golf clubs that meet a broad range of golfing needs. Yamaha's automobile interior wood components business produces and sells wood components for luxury cars, making the most of the natural beauty of wood. The metallic molds and component business produces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



## Transitions of Major Financial Indices

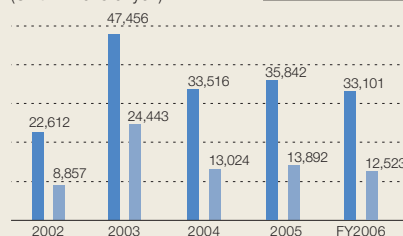
### Net Sales

(Unit: millions of yen)



### Income Before Income Taxes and Minority Interests

(Unit: millions of yen)

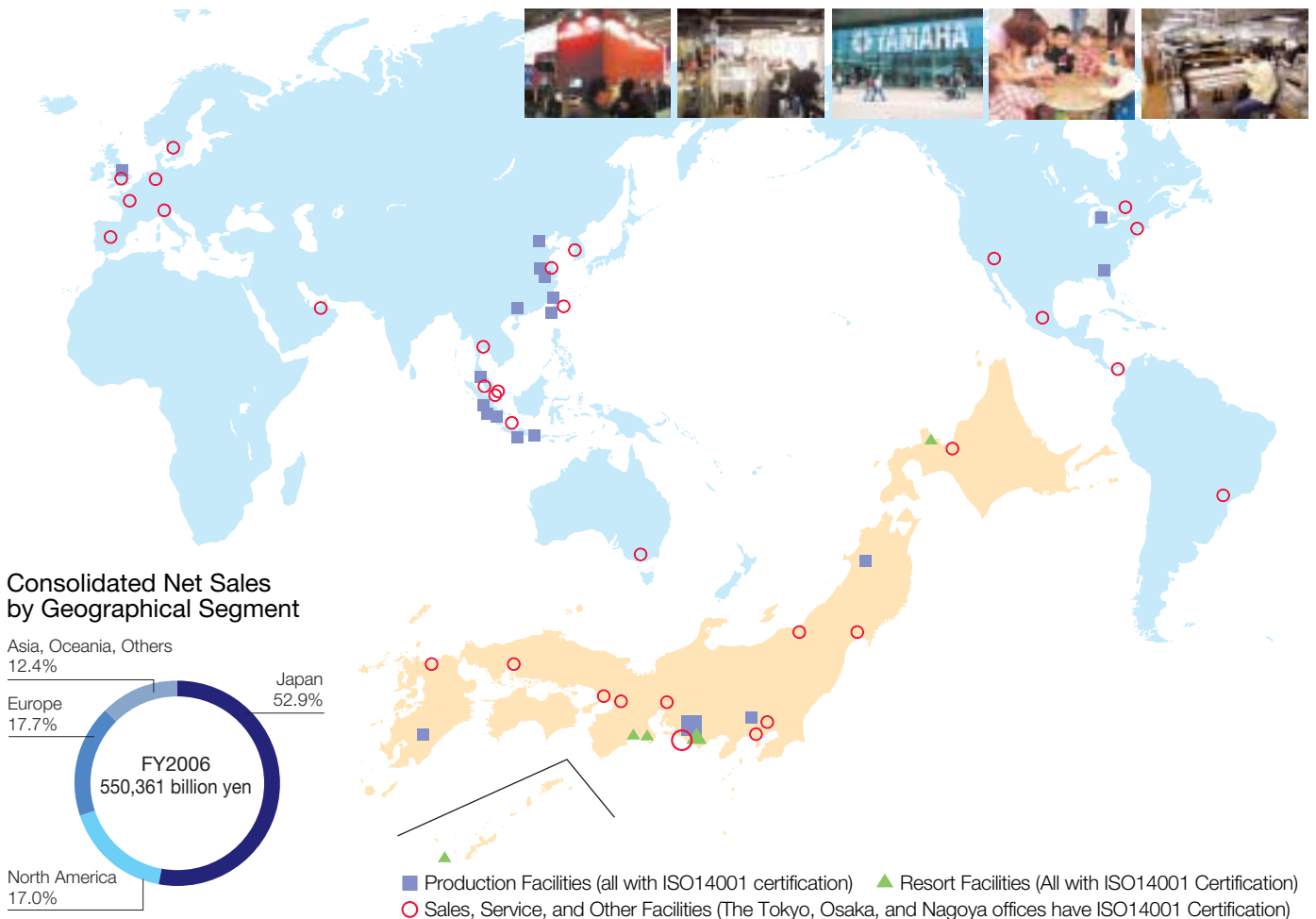


### Net Income

(Unit: millions of yen)



## Major Business Sites

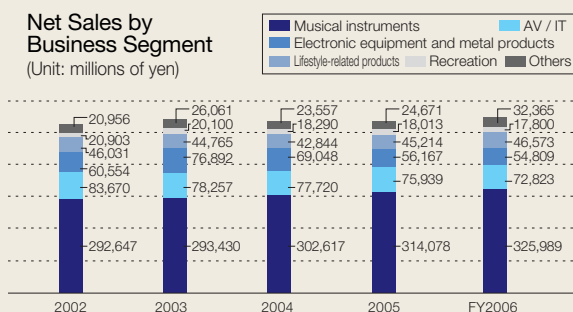


## The Relationship Between Yamaha Corporation and Yamaha Motor Company

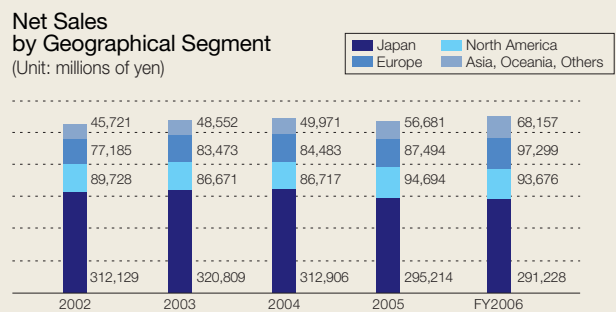
The Yamaha Motor Company produces and sells motorcycles, marine products, snowmobiles, and other related products. The company separated from the Yamaha Corporation in 1955, becoming an independent business, and as a result is not included in the scope of this report. The Yamaha Motor Company was previously associated with Yamaha Corporation by equity method. This association was dissolved in May 2007 after a reassessment of the capital relationships between the two companies. Going forward, with the "Yamaha" brand in common, both companies will work to substantially increase their corporate value in their respective businesses and fulfill their missions and responsibilities to society on a global basis.

\*Please see the following for details: Announcement of Reassessment of Capital Relationship Between Yamaha Corporation and Yamaha Motor. <http://www.global.yamaha.com/ir/report/pdf-data/2007/20070521a.pdf> [Web](#)

**Net Sales by Business Segment**  
(Unit: millions of yen)



**Net Sales by Geographical Segment**  
(Unit: millions of yen)



## Corporate Governance

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

### Creating a management structure through the Board of Directors and Executive Officers

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

Yamaha also employs an executive officer system, comprised of 16 executive officers, including one senior director and two managing directors, to support the Company president, the chief officer in charge of business execution.

The executive officers, who double as Company directors, principally oversee the operational and administrative divisions, which have been broadly divided into six groups. As part of this supervision, they manage and direct the divisions within the groups and are responsible for the performance of the groups. There is one executive officer, distinct from the aforementioned, assigned to each division within a group, each with responsibility for a key management theme.

### An audit system to ensure fair and transparent business practices

Yamaha employs an auditing system headed by its Board of Auditors. The Board comprises two internal and two external auditors who periodically perform comprehensive audits of all divisions and Group Companies, and participate in Board of Directors meetings and management meetings, with Board of Auditor meetings generally convened once a month.

The Internal Auditing Division is under the control of the President and Representative Director. Its role is to closely examine and evaluate all activities undertaken at Yamaha and its Group

Companies from the perspective of legal compliance and rationality. The evaluation results are then used to provide information for the formulation of suggestions and proposals for rationalization and improvement.

### Refining the Yamaha Group's internal control system

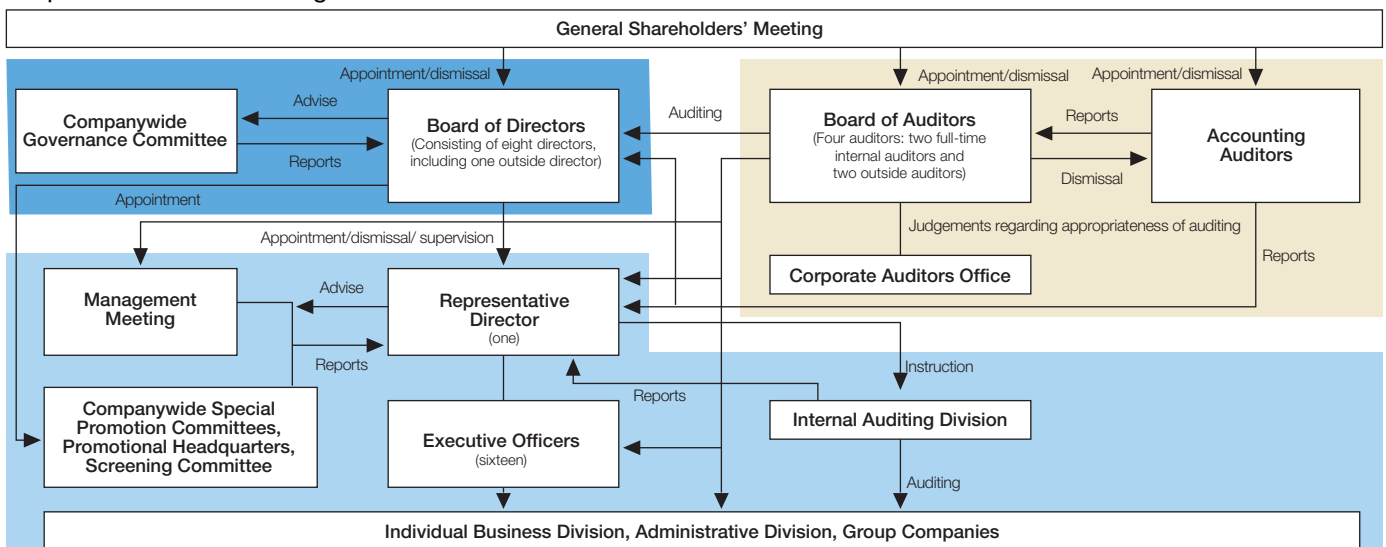
Yamaha refines its internal control system to maximize efficiency in all its business activities, improve the reliability of its accounting and financial information, ensure full legal compliance, improve asset safeguarding, and enhance its risk management. Yamaha and its Group Companies created a "Group Management Charter" in June 2006, clarifying group management policies in order to ensure responsible business conduct.

### Companywide Governance Committee to strengthen corporate governance

To strengthen corporate governance, Yamaha established the Companywide Governance Committee, consisting of the Compliance Committee, the CSR Committee, and the Corporate Officer Personnel Committee.

The Compliance Committee promotes activities across the Yamaha Group aimed at enhancing corporate management compliance with the law. The Corporate Social Responsibility Committee (CSR Committee) decides themes for the Yamaha Group to promote in order to achieve greater corporate social responsibility. To ensure a clearer, more impartial system of election, the Corporate Officer Personnel Committee meets to consult on appointments. Various other companywide committees have been established to provide across-the-board response to critical risk factors that may arise during the course of business execution.

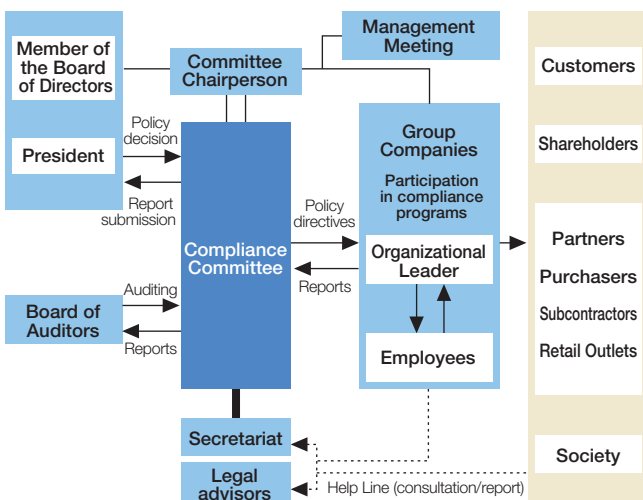
### Corporate Governance Organization Structure



### Promoting compliance in management

Yamaha Corporation is aiming to achieve a high level of compliance management by complying not only with the law but also with social norms and corporate ethics. To do so, in April 2003, we established a Compliance Committee and created the Compliance Code of Conduct, which outlines important rules of conduct. Explanatory meetings were held in each workplace to familiarize all group directors and employees (including temporary staff and contract employees) with its contents. In addition, the Compliance Help Line was established, through which the Compliance Committee and outside legal advisors provide a consultation and information system for matters related to compliance. In 2006 the help line dealt with approximately 70 reports and requests for advice. A compliance survey is also periodically conducted to identify potential risks or problems in the compliance requirements, and to assess group employee awareness of these requirements. The results of the three surveys conducted thus far are reflected in present Company compliance measures. Revisions were made to the Compliance Code of Conduct in April 2006. Meetings were subsequently held in all workplaces to familiarize employees with the new code. These revisions included additions regarding the prohibition of forced and child labor, the prohibition of discrimination and respect for human rights, and other information essential for Group Companies with overseas business interests. Information regarding new laws, such as personal information protection laws, and revisions to existing laws was also included. To help the Yamaha Group conform to the laws and social norms of countries in which it has offices, the revised version is now being used as the basis for the creation of regional and international editions of the Compliance Code of Conduct. By June 2007, versions for no less than 12 countries had been completed.

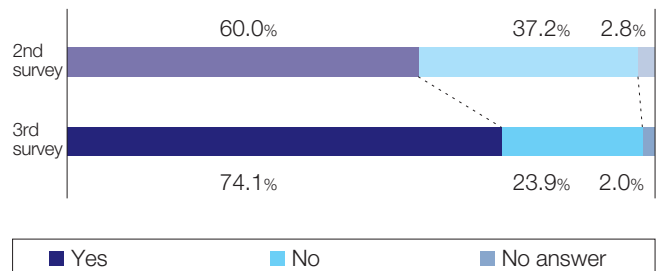
### Compliance Management Structure



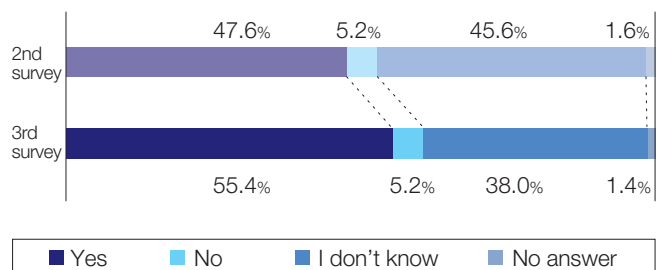
### Results of the 3rd Compliance Survey (excerpt)

Total respondents: 13,118 Response rate: 92.8% (84.4% for the 2nd survey)

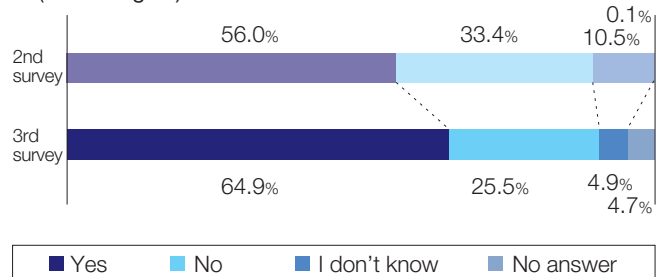
Q. Are you aware of the Compliance Help Line?



Q. Does your supervisor stress the importance of compliance?



Q. Have compliance measures changed your work habits? (for managers)



Compliance Code of Conduct in varying languages

# Third-Party Opinion

We in the Yamaha Group believe that improved communications with our stakeholders is vital to the handling of a variety of CSR issues. To aid in further improvement, we have consulted Ms. One Akiyama, a specialist in this field, and solicited her opinion.

## On the Yamaha CSR Report 2007



Integrex Inc.  
President

One Akiyama

A CSR report does not simply focus on a company's business activities as they relate to society. It can also be seen as a statement of the company's commitment to the P→D→C→A sequence of establishing the concrete goals and initiatives necessary to achieve the corporate philosophy (Plan), sharing these goals within the company and taking the responsibility to act on them (Do), checking them from the standpoint of stakeholders (society) (Check), and reevaluating, improving, and reaffirming the philosophy itself (Act). I would like to state my opinion based on these inferences.

### 1. Points for evaluation

This report presents a corporate philosophy based on Yamaha's Corporate objective, its commitment to Stakeholders (Customers, Shareholders, Those Who Work With Yamaha, and Society), and its Brand Slogan. The report illustrates a commitment to participation in each of these areas, with even the message from top management demonstrating how Yamaha puts its corporate philosophy into practice through its business activities, and reflects Yamaha's determination to give back to its stakeholders. I believe this report provides a clear picture of a business that aims to contribute to society through the realization of its corporate philosophy.

With regard to actual activities, this report follows an easily-understood format that presents each of Yamaha's initiatives necessary for the implementation of its corporate philosophy - Commitment to Our Customers, Commitment to Our Shareholders, Commitment to Those Who Work with Yamaha, and Commitment to Society - and details on the activities that Yamaha undertakes to fulfill these commitments in a separate section for each stakeholder. In particular, the "Initiatives for the People We Work With" section gives special attention to the promotion of women's activities. In addition to the content of the initiatives themselves, this section includes indices related to women's issues, as well as accounts and pictures from employees in Japan and overseas, demonstrating the success of such initiatives and how they have permeated into the workplace. The articles on environmentally-friendly musical instrument manufacturing in the "Environmental Conservation Activities" section also offer a feeling for the actual initiatives being carried on in the factory, while making for very interesting reading. Furthermore, this report also provides information of a negative nature that companies may not actively wish to disclose, reporting honestly on two environmentally-related accidents, their effects on the local area, and the steps taken to

deal with them. As such it is worthy of praise.

The "Environmental Conservation Activities" section builds on the initial Environmental Report that Yamaha published in FY2000, depicting goals, results, evaluations, and future initiatives for each field in a detailed and easily understood format. The fact that the initiatives included reflect the P→D→C→A cycle is laudable from the standpoint I explained above.

### 2. Areas for Improvement

While it is apparent that initiatives described in the Environmental Conservation Activities section follow the P→D→C→A cycle, in other sections of the report only the P→D stages are covered. Connecting these to the C→A stages may be a consideration for future reports.

Providing customer feedback and communication on the "Quality Assurance from the Customer's Point of View" and "Improving the Convenience of the Repair Reception Center" initiatives, and providing written evaluation would make the successes of the initiatives described in the "Initiatives for Our Customers" section easier to understand. Moreover, explaining the objectives of future initiatives that have been formulated based on such evaluations would complete the P→D→C→A cycle and lend more credibility to the initiatives themselves.

In the "Initiatives for the People We Work With" section, Yamaha would do well to describe not only the efforts they are making to fulfill their promise to create a supportive work environment, but also the efforts being made to share the corporate philosophy behind the ideal of creating value and bringing credit to the Yamaha brand. I believe that this would give the reader a better feel for Yamaha's commitment to "Yamaha CSR."

Although the compliance survey results and the statistics for Help Line usage in the sections on corporate governance and promotion of compliance management give an understanding of actual initiatives and improvements in awareness, this report should also provide information on how Yamaha responds to consultations and reports made to the Help Line, and on whether it aided in reaching a solution.

The explanation of the relationship between Yamaha Corporation and Yamaha Motor Corporation in the "Corporation Information" section is useful, but would have benefited from more detail, since this relationship is difficult to understand from an outside point of view. I would like to see cooperation between these two businesses, both of which use the Yamaha brand, in future initiatives for society.

### 3. Expectations for the future

The commitments Yamaha makes to its shareholders in order to put its corporate philosophy into practice and the actions it takes to fulfill them are highly commendable. However, in future reports I would like to see more detail on the ways in which individual activities are linked to commitments, and how they are brought to realization.

Reporting on P→D→C→A activities over the year while using such methods as laying out a defined roadmap for the implementation of the corporate philosophy, and compiling a chart of Objective→Activity→Result→Evaluation→Initiatives for the next financial year will clarify the positioning of each activity and provides an understanding of initiatives over the year. I believe this will result in continued, companywide initiatives for the implementation of the corporate philosophy.

In the future, division activities that contribute to such implementation and to sustainability in society will be vital to the sustainability of a business. I believe that this sustainability will in turn contribute to the competitive strength of the company. I hope that Yamaha will work to find ways in which they can contribute to a more sustainable society, better organize the efforts they are able to make, and continue initiatives with a long-term outlook as it follows its corporate strategy of “continuing to create ‘Kando’ and enrich culture with technology and passion born of sound and music, together with people all over the world,”

#### Biography

1983 Graduated from the Economics Department of Keio University.  
1998 Completed a Master’s degree in Finance from the Graduate School of Business at Aoyama Gakuin University.

Worked as a foreign bonds trader in a US securities company after graduation. From 1999 onwards, worked in a US subsidiary of an independent securities company.

In June 2001, established Integrex Inc., a company that promotes Socially Responsible Investment and Corporate Social Responsibility, assuming the role of President and Representative.

One Akiyama is currently active as a member of a Cabinet Office Social Policy Council ad-hoc committee, a member of the board of the Pension Fund Association, a judge for Toyo Keizai Inc.’s sustainability report awards, and a member of the board of Social Investment Forum Japan.

### Regarding this Evaluation



Director and  
Managing Executive Officer  
Finance and Administration Group

**Tsuneo Kuroe**

We in the Yamaha Group established the CSR Committee in 2004, and have devoted our efforts to initiatives that enable us to respond to social demands and the expectations of our stakeholders. We have continued to build on our “Environmental Report,” which was first published in 2000, expanding the scope of its content. This document is now in its eighth year of publication, and underwent a change of name to “CSR Report” in 2006.

CSR initiatives have gradually permeated through the Group to the point where they have now become firmly established. However, some activities have not yet been inspected in detail, and there are areas which have yet to see sufficient expansion throughout our group enterprises. We are well aware that problems remain in these and other areas. As part of our handling of these CSR issues, we have obtained the input of an independent specialist for the first time. Our hope is that a specialist opinion will help us ascertain how and what we should be presenting to our readers in future reports.

We would like to express our profound gratitude to Ms. One Akiyama, whose evaluation has proven extremely valuable. We accept her criticism with sincerity, and will use her input to set goals for our activities, and as themes on which we will base our future initiatives for ongoing improvement. These lessons will also be applied in the authoring of our reports from the next financial year.

We will continue to devote ourselves to an ongoing contribution to a sustainability society through our business activities.



For inquiries regarding this report:

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November 2007