

# KAWAI Report

2025 Sustainability

KAWAI



## Establishing the KAWAI Philosophy

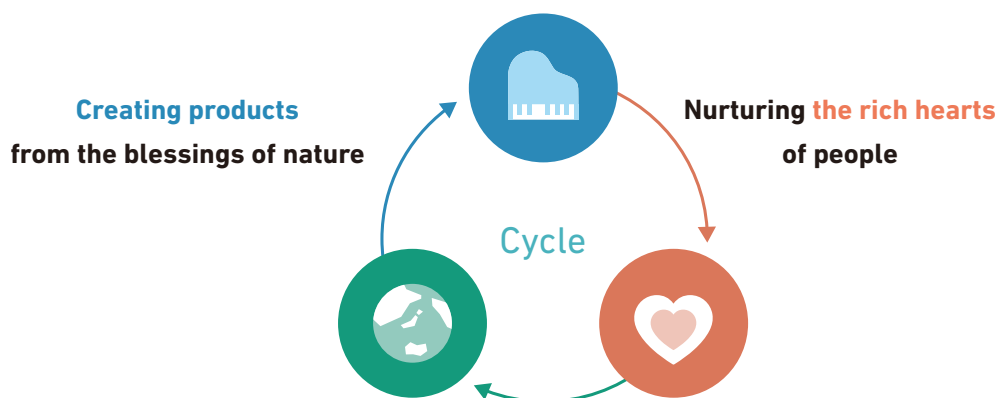
Enriching and bringing colour to the daily lives of people through music



# Creating a society where people and nature resonate together

Creating products from the blessings of nature,  
providing services that nurture the 'rich hearts' of people,  
and giving back to the Earth.

The sustainability we aim for is to contribute to building a society  
where each of these elements circulates and resonates with one another,  
creating even better outcomes.



Creating an environment where music can be enjoyed.





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# History of the Kawai Group

**Preserving our unchanging legacy for future generations** — this refers to our passionate dedication to piano craftsmanship, a commitment that has remained constant since our founding.

**Embracing bold innovation where change is needed** — this involves revising materials and designs through cutting-edge research and development.

**Kawai: 90 years of excellence** — We continue to strive towards being a beloved and preferred brand, building on our rich history.

## 1927~ The Dawn Era: Making the world's greatest piano in Japan



In 1927, Koichi Kawai and his colleagues established the 'Kawai Musical Instrument Research Laboratory.' Though it began in a small warehouse that could hardly be called a factory, it was driven by a great capital: the passionate dedication to piano-making. The aim was to overturn the image of pianos being out of reach for ordinary people, maintaining uncompromising performance in pursuit of affordability. This was, in essence, a matter of pride for the engineers.

### 1928

The first piano model was released.



## 1955~ Post-war recovery and global expansion



Shigeru Kawai  
Second President

'Kawai Music School' was established in 1956 under the philosophy of "Music belongs to everyone." Its objective was to create demand for musical instruments and develop musical culture. In addition, the company started shifting to a directly managed store system, laying the groundwork for sales through directly managed stores.

### 1956

A Kawai Music School classroom at its onset



### 1959

First directly managed store



## Foundation 1927

## 1927-1954

### 1938

During World War II, the piano factory was converted into a munitions factory.



"Rebuilding the company is up to us" — Overcoming hardships, in 1948, the manufacturing of pianos and organs resumed, and by 1950, the first post-war grand piano, No. 500, was produced. Without Koichi's spirit of 'sell technology before selling instruments,' the story of today's Kawai could not be told.



Koichi Kawai,  
First President

## 1955-1988

### 1980

Kawai Ryuyo Factory was erected. As one of the world's then largest dedicated factories for grand pianos, it had state-of-the-art equipment and an excellent producing capacity, and at the same time it had a "gold standard process," which was an old-fashioned handicraft process by skilled craftsmen.



### 1985

The 'EX' Concert Grand Piano was recognised as the official piano of the most prestigious Chopin International Piano Competition, and it took the stage at the National Philharmonic Hall in Warsaw. This was the moment when Kawai became a top brand.



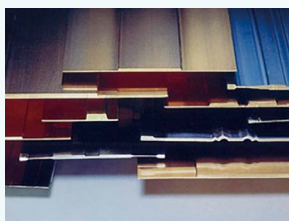
12th International Chopin  
Piano Competition (1990)

## 1989~ What should be maintained, what should be changed



Hirotaka Kawai  
Third President

Since assuming the position of president, Hirotaka fostered new business ventures based on the principle of "learning from the past to create the future." These included a metal business utilising manufacturing technology for specially formed metal plates, and a painting business leveraging know-how from piano mirror-finish painting techniques. He also pursued full-scale global expansion as a company through activities with a worldwide perspective.



Deformed rolled metal plates  
capable of multiple shapes



Painting of interior panels for  
luxury cars

After the collapse of Japan's economic bubble, the business environment deteriorated significantly. Faced with the need to survive, Hirotaka recognised the importance of reassessing the core piano production and sales business. He turned his attention to overseas markets, establishing production bases and sales companies in Indonesia and China. Domestically, he successfully revitalised the company by introducing a tripartite system where musical instrument sales, piano tuning, and music schools mutually supported each other.



Digital musical instrument factory  
in Indonesia



Piano parts factory in China



Tripartite system of the musical instruments sales business,  
the music school business, and the tuning business.

1989–2023

2024–

## History of Kawai sustainability

Following the period of pollution control, we engage in environmental activities to protect the Earth's environment, while also promoting the development of music culture and sustainability activities across the entire group.

1994

Established the Global Environment Committee as a company-wide pro-environmental organization.



Established the Kawai Earth Environment Charter for global environmental protection as well as the Global Environment Committee.

1997

Ryuyo Factory obtained ISO14001 certification for the first time in the world's musical instrument industry.



Introduced an environmental management system to Ryuyo Factory in order to make it an eco-friendly factory.

2007

Started Indonesian tree-planting project "Kawai Forest."



To celebrate the 80th anniversary of the company's foundation, volunteer employees formed "Kawai Forest Project."

2017

Launched the Shigeru Kawai International Piano Competition.



Launched the "Shigeru Kawai International Piano Competition" to develop next-generation pianists and promote musical culture.

2023

Established the Sustainability Committee to realise a sustainable society.



Established the Sustainability Committee to promote the group's sustainability activities.

## President's Message

Enrich and bring colour to  
the daily lives of people  
through music.

**Kentaro Kawai**  
President & CEO



I, Kentaro Kawai, assumed the role of President and CEO last year. Since then, I have reflected on the question: "Which direction should Kawai take in the future?" To explore this, I visited offices and facilities in Japan and overseas, engaging in dialogue with employees and stakeholders. Through these experiences, a clearer vision has emerged for Kawai's mis-

sion, its future beyond the 100th anniversary, and the values it should deliver to society.

From FY2025 onward, under the newly established KAWAI Philosophy, our mission is expressed as "Let your life resound." We aim to enrich and bring colour to the daily lives of more people through music.

## KAWAI Philosophy

### Mission

The Purpose for which we exist

# Let your life resound



### Vision

The future we want to create

### Fostering a musical culture for the next 100 years and beyond.

We will share the joy of music with both children and adults,  
and be a supportive presence throughout their journeys.

We will empower everyone to express themselves freely and authentically,  
thereby enriching the daily lives of people around the world  
with the warm embrace of music.

### Values

The quality we provide

- We nurture relationships as though each person is family.
- We approach our work with sincerity and meticulous care.
- We cherish tradition while striving for progress.
- We foster the unique musical voice of every individual.
- We cultivate engagement with the piano in every setting.

### Credo

The mindset that we uphold

- Honour tradition and embrace innovation.
- Explore ideas from diverse perspectives.
- Adopt the “yaramaika” spirit and “give it a try!”
- Act with empathy and aim to bring joy to others.
- Set high ideals and pursue them with dedication.
- Cherish playfulness and find joy in our work.

► KAWAI Philosophy special website

<https://www.kawai.co.jp/company/philosophy/>



## KAWAI Philosophy

The KAWAI Philosophy defines our mission as the reason we exist, the future we aspire to create, the values we provide, and the mindset that guides every employee.

### ● Mission (Our purpose): *Let your life resound*

Kawai's instruments and services are designed to be part of daily life, accompanying people in their emotions and experiences. We seek to be a trusted presence throughout life's journey, helping each person's life to resound.

### ● Vision (Our future):

***Fostering a musical culture for the next 100 years and beyond***

Looking toward the 100th anniversary in 2027, Kawai commits to evolving with music and embedding it deeply in people's lives. With the aspiration of creating the world's finest piano, we will continue to support and nurture musical culture for generations to come.

### ● Values (The quality we deliver):

Since its foundation, Kawai has pursued ever-higher standards of quality with sincerity in manufacturing. A consistent system - spanning production, sales, education, and tuning - ensures that customers receive the greatest value in products and services. Balancing the preservation of core values with openness to innovation has shaped Kawai's path in the past and will guide it in the future.

### ● Credo (Our mindset):

The Yaramaika spirit, a phrase from Hamamatsu dialect meaning *Let's give it a try*, has been passed down like Kawai's DNA. This spirit has driven us to take on challenges boldly, leading to numerous innovations. Every employee will continue to embody this mindset, creating new value for the future.

## Contribution to succession of music culture and sustainable society

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Kawai promotes sustainability management in line with the KAWAI Philosophy, aiming for long-term growth while coexisting with society.

A core focus is the succession and development of musical culture. Music inspires and enriches hearts across generations, and ensuring its future is central to our efforts. We expand opportunities for music education, nurture future musicians and tuners, enhance our global music schools, and support piano competitions worldwide.

Addressing climate change is also a priority. Kawai contributes to a carbon-neutral society by increasing renewable energy use, promoting energy efficiency in manufacturing, and implementing sustainable procurement across the supply chain, guided by a fair procurement policy.

Human capital development is another key theme. We are building an environment where diverse talent can thrive, strengthening education and training to support career growth. Work-style reforms and flexible systems will foster a culture where employees achieve their full potential while maintaining a healthy work-life balance.

Kawai pledges to remain a company that enriches lives worldwide through sincere craftsmanship and bold challenges in a changing society. By doing so, we aim to contribute to society through music and create lasting value for future generations.



## Aiming to be “the best manufacturer of keyboard instruments in the world”

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Looking toward the 100th anniversary in 2027, the Mid-Term Management Plan “KAWAI Ten-Year Plan” has been formulated as a guide for the coming decade. With the goal of becoming “the world’s leading manufacturer of keyboard instruments,” it serves as a compass for sustainable growth.

As digitalization accelerates, real experiences will become increasingly valued. Opportunities remain for growth in the keyboard instrument market. Corporate expansion is achievable by strengthening existing businesses, even without relying solely on emerging markets or new ventures.

Although the market will largely mature within the next decade, Kawai considers adding higher value and expanding market share to be essential challenges.

Addressing these will take time, but steady implementation of strategies will lead to solid growth. Looking further ahead, Kawai will also pursue new markets and businesses.

Guided by the KAWAI Philosophy, we are committed to enriching more lives through music, advancing sustainability, and growing together with society. Kawai looks forward to continued support as these efforts progress.

# Summary of the “KAWAI Ten-Year Plan”

The 8th Mid-Term Management Plan  
(April 2025 to March 2035)

The musical instrument and education business, our core business, has significant potential for revenue growth. However, expanding market share in mature markets and developing new markets in emerging regions requires time.

Given this, achieving substantial growth within the traditional three-year mid-term management plan period would not be realistic. Therefore, we have formulated a 10-year plan for this phase.

\* Excerpts from the Mid-Term Management Plan are introduced as a digest on this report. Some of the charts, tables and designs shown in this report are different from those previously reported. For more information, refer to the material of the Medium-Term Management Plan announced on March 19, 2025.

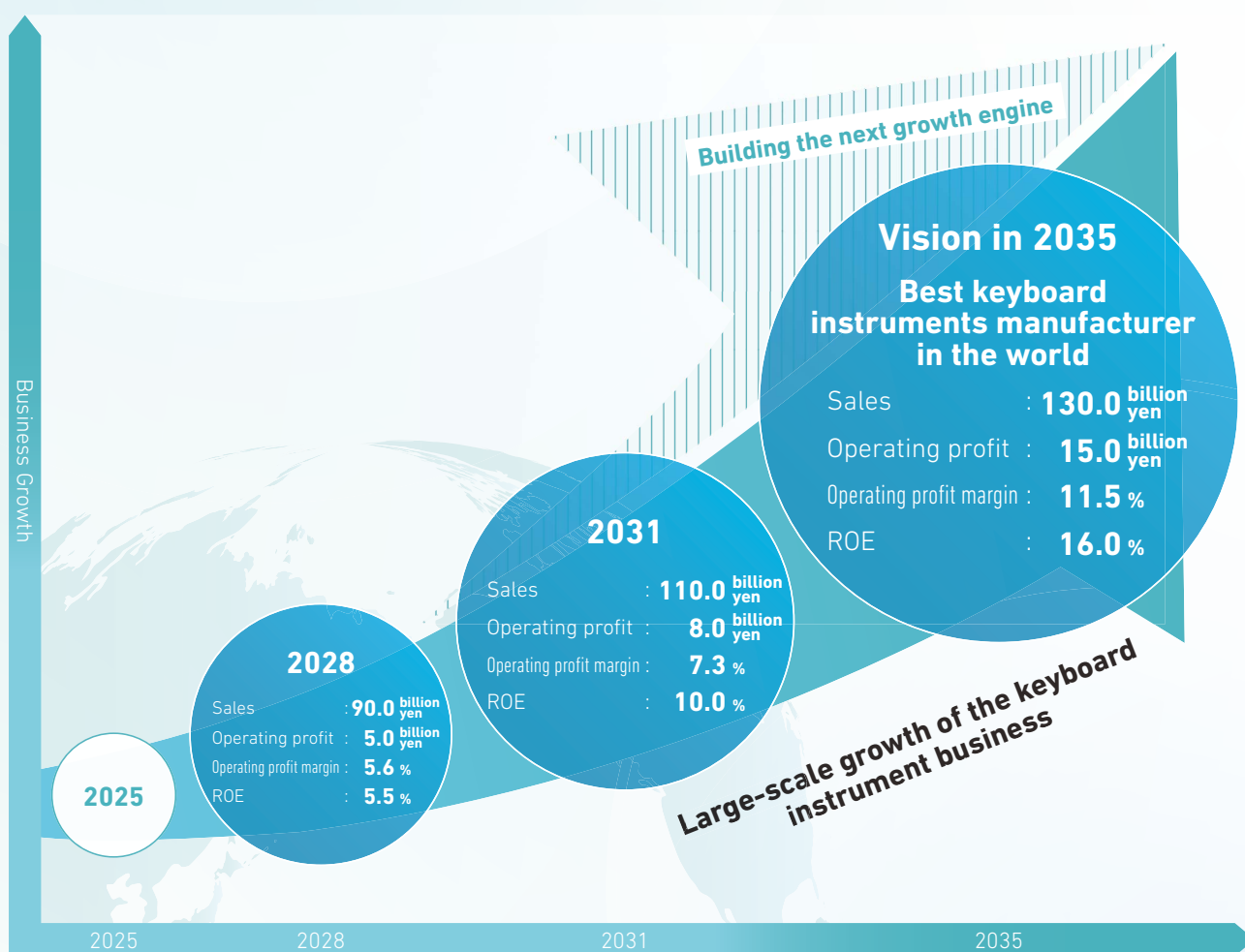
►Materials for the Medium-Term Management Plan

[https://www2.kawai.co.jp/ir/setsume/pdf/2025/20250319\\_2025chukei.pdf](https://www2.kawai.co.jp/ir/setsume/pdf/2025/20250319_2025chukei.pdf)



## Planned Achievements in the “KAWAI Ten-Year Plan”

To become the world’s No.1 keyboard instrument manufacturer, we will achieve significant growth in the keyboard instrument business over the next 10 years while simultaneously building the next growth engine.



## Estimation in the coming 10 years

### Increasing demand for real products and services

While digitalisation continues to accelerate globally, there is a counteracting increase in demand for tangible experiences and products, leading to steady demand for keyboard instruments as well as music and physical education.

### Significant growth with an increasing share in keyboard instruments market

Given the significant potential to expand market share in keyboard instruments, the company can achieve substantial growth without solely relying on new market development or new business creation.

## Growth strategy

While strengthening the business foundation, the “Keyboard Instrument Growth Strategy” is positioned as the core of the growth strategy, and the “Further Advancement Strategy” aims for even greater growth.

### 03 Further Advancement Strategy

Beyond keyboard instrument sales, each business segment will implement the following strategies to achieve further growth.

| Musical instrument education                                                                 |                                                                                                                             |                                                              |                                        |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------|
| Accelerate <b>the global expansion</b> of music schools                                      | <b>Establish a teacher training institute</b> for domestic music schools to increase the number of instructors and students | Expand physical education schools <b>overseas</b>            | Expand toy piano sales <b>overseas</b> |
| Material Processing                                                                          |                                                                                                                             | Other                                                        |                                        |
| <b>Strengthen sales capabilities</b> in metal processing to acquire large-scale new projects |                                                                                                                             | Expand <b>B2B solution</b> sales in the IT services business |                                        |

### 02 Growth Strategy for Keyboard Instruments

- It is projected that even 10 years from now, **over 80%** of the keyboard instrument market will still be dominated by **mature markets (Europe, North America, Japan, and China)**. Therefore, increasing product value and expanding market share in mature markets remain the top priorities.
- We will achieve higher added value and market share expansion for pianos and digital pianos by **enhancing quality, increasing brand recognition, and strengthening sales channels**, with a particular focus on reinforcing strategies in Europe and North America.

### 01 Enhancing the Management Infrastructure

- Human capital management will be strengthened through “**Enhancing Recruitment & Development,**” “**Strengthening Strategic HR Functions,**” and “**Improving the Work Environment.**”
- The business foundation will be strengthened both offensively and defensively through “**Enhancing Digital Talent Recruitment & Development,**” “**Improving Operational Efficiency through Technology,**” and “**Strengthening Information Security Systems.**”
- Implement a **capital allocation strategy** that balances sustainable growth and shareholder returns, continuously improving capital efficiency.

## Improving Capital Efficiency

Implement a capital allocation strategy that balances sustainable growth and shareholder returns, continuously improving capital efficiency.

## Enhancing Shareholder Returns

Continue progressive dividends and maintain a total return ratio of 50% or more.

### Capital Allocation Plan (first three years)

| Sources of Funds                 | Use of Funds                        |                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| [millions of yen]                |                                     |                                                                                                                                                                                                                                                                                                                                   |
| Operating CF<br><b>11,500</b>    | Regular Investment<br><b>6,000</b>  | <ul style="list-style-type: none"> <li>Renewal of existing production and logistics facilities</li> <li>Updates to information systems, etc.</li> </ul>                                                                                                                                                                           |
| Internal funds<br><b>4,700</b>   | Growth Investment<br><b>9,000</b>   | <ul style="list-style-type: none"> <li>Construction of a digital piano production plant in Indonesia</li> <li>Opening and renovation of directly managed stores</li> <li>M&amp;A of existing dealers</li> <li>Establishment of Kawai Research Institute</li> <li>Introduction of production efficiency equipment, etc.</li> </ul> |
| External finance<br><b>6,000</b> | Debt repayment<br><b>4,300</b>      |                                                                                                                                                                                                                                                                                                                                   |
|                                  | Shareholder returns<br><b>2,900</b> | <ul style="list-style-type: none"> <li>Continued progressive dividends</li> <li>Maintaining a total return ratio of 50% or more each fiscal year</li> </ul>                                                                                                                                                                       |

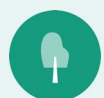
## Sustainability management

To achieve the corporate vision, “*Fostering a musical culture for the next 100 years and beyond*,” Kawai will strengthen the management of material issues essential for sustainable growth and advance sustainability management to realise continuous development.





To achieve the corporate vision “Fostering a musical culture for the next 100 years and beyond” outlined in the KAWAI Philosophy, Kawai pursues sustainable growth by ensuring harmony with the global environment and society, while maintaining sound management through business activities that produce higher-quality instruments and contribute to the advancement of musical culture. At the same time, Kawai is committed to realizing a sustainable society in collaboration with customers and all stakeholders.



### Environment

We are committed to the protection of global environment and resources from a global standpoint in our business fields, and the realization of true richness of mind and society.



### Social

By continuously contributing to the development of musical culture, Kawai seeks to realise a richer society filled with enjoyment and to foster strong relationships with all stakeholders.



### Governance

We strive to operate sound and transparent business management in compliance with laws and regulations and other rules in order to continuously enhance our corporate value.

Kawai Group has set its sustainability principles to devote efforts on enhancing the corporate value in the medium- to long-term.

## Sustainability promoting organization

Kawai Group recognises sustainability as one of its key management challenges. We have established the Sustainability Committee directly under the Board of Directors in order to promote group-wide sustainability activities to address various issues affecting sustainable business management (sustainability issues), considering their impact on the business environment and corporate value. We have also established sustainability promotion working groups under the Sustainability Committee. They promote specific activities in business administration departments and group companies based on committee decisions.

Important sustainability matters are discussed by the Sustainability Committee and reported periodically to the Board of Directors.

### Measures to contribute to SDGs

“The 2030 Agenda for Sustainable Development” was adopted in the “United Nations Sustainable Development Summit” held in September 2015, and the SDGs (Sustainable Development Goals) stated in this agenda consist of 17 goals and 169 targets which are aimed to be accomplished by 2030.

In this report, sections describing SDG initiatives are identified with the corresponding SDG icons.

Kawai Group is committed to taking additional actions to accomplish all of its goals, including the relevant ones, through its business activities.



# Materiality Key issues for sustainable growth

## Materiality identification process



\* Perspective 1. Matters related to sustainability disclosure standards (such as SASB) and evaluation items used by ESG rating agencies.  
 Perspective 2. Matters in which Kawai's unique activities have, or may have, a significant impact on the environment, society, and the economy in relation to the SDGs and broader social issues.

## Key topics and goals

| Materiality                                           | Key Initiatives                                                | Medium-Term Management Plan Goals<br>(April 2025 to March 2035)                                                                                                                                                                                         |
|-------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Addressing Climate Change                             | Reduction of GHG emissions<br>(Scope 1, 2, 3)                  | <ul style="list-style-type: none"> <li>● Reduce Scope 1 &amp; 2 GHG emissions by 50%</li> </ul>                                                                                                                                                         |
| Human Resource Development and Workplace Enhancement  | Employee training and skill acquisition support                | <ul style="list-style-type: none"> <li>● 100% participation rate in internal training programs</li> <li>● 30% achievement rate of Kawai Operator Certification at Ryuyo Factory</li> <li>● 100% national qualification rate for piano tuners</li> </ul> |
|                                                       | Workplace engagement improvement                               | <ul style="list-style-type: none"> <li>● Continuous improvement of employee engagement index</li> </ul>                                                                                                                                                 |
|                                                       | Promotion of Diversity, Equity, and Inclusion (DEI)            | <ul style="list-style-type: none"> <li>● Continuation of DEI training programs</li> <li>● Increase female managerial positions to 12.5%</li> </ul>                                                                                                      |
| Contribution to the Development of Musical Culture    | Ensuring Occupational Health and Safety & Health Management    | <ul style="list-style-type: none"> <li>● Zero occupational injury frequency rate</li> <li>● Certified as "White 500" Health &amp; Productivity Management Organization</li> </ul>                                                                       |
|                                                       | Support for Pianist Development                                | <ul style="list-style-type: none"> <li>● Continuation of Kawai Music Competition</li> </ul>                                                                                                                                                             |
|                                                       | Promotion of local musical culture                             | <ul style="list-style-type: none"> <li>● Continuation of Kawai Concerts and factory tours</li> </ul>                                                                                                                                                    |
| Pursuit of Quality, Safety, and Customer Satisfaction | Training piano tuners                                          | <ul style="list-style-type: none"> <li>● Continuous production of piano tuners</li> </ul>                                                                                                                                                               |
|                                                       | Improvement of product quality and customer satisfaction       | <ul style="list-style-type: none"> <li>● Continuous enhancement of customer satisfaction index</li> </ul>                                                                                                                                               |
|                                                       | Utilization of AI/IoT and Digital Technology                   | <ul style="list-style-type: none"> <li>● Promotion of new product/service development using digital technology</li> </ul>                                                                                                                               |
| Sustainable Supply Chain Management                   | Addressing ESG risks in the supply chain                       | <ul style="list-style-type: none"> <li>● Establish sustainability procurement guidelines</li> <li>● Conduct supplier evaluations based on these guidelines</li> </ul>                                                                                   |
|                                                       | Strengthen cooperation and smooth relationships with suppliers |                                                                                                                                                                                                                                                         |
| Strengthening Governance                              | Enhancing effectiveness of the Board of Directors              | <ul style="list-style-type: none"> <li>● Conduct effectiveness evaluations and continuous improvements</li> </ul>                                                                                                                                       |
|                                                       | Risk management implementation                                 | <ul style="list-style-type: none"> <li>● Implement risk management system</li> </ul>                                                                                                                                                                    |
|                                                       | Disaster risk measures                                         | <ul style="list-style-type: none"> <li>● Establish Business Continuity Plan (BCP) structure and conduct training</li> </ul>                                                                                                                             |
|                                                       | Cybersecurity Measures                                         | <ul style="list-style-type: none"> <li>● Establish and operate an information security policy</li> <li>● Conduct cybersecurity training</li> </ul>                                                                                                      |
|                                                       | Compliance Maintenance and Enhancement                         | <ul style="list-style-type: none"> <li>● Continuous reinforcement of compliance education</li> </ul>                                                                                                                                                    |
|                                                       | Addressing Human Rights Risks in Business Activities           | <ul style="list-style-type: none"> <li>● Conduct human rights due diligence and policy enforcement</li> </ul>                                                                                                                                           |

# Environment

We will promote our initiatives for the preservation of the global environment and the recycling of resources, work on the reduction of environmental burden and climate change control, and endeavor to realise true richness of society.



## Materiality

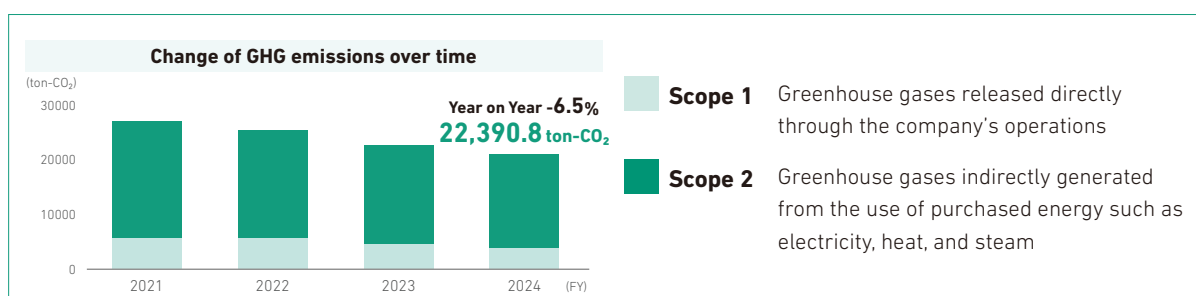
| Materiality               | Key Initiatives                               | Medium-Term Management Plan Goals<br>(April 2025 to March 2035) |
|---------------------------|-----------------------------------------------|-----------------------------------------------------------------|
| Addressing Climate Change | Reduction of GHG emissions<br>(Scope 1, 2, 3) | ● Reduce Scope 1 & 2 GHG emissions by 50%                       |

## Related major achievements

### Reduction of GHG (greenhouse gas) emission

Kawai recognises the reduction of greenhouse gas (GHG) emissions as a key material issue to be addressed under its global warming initiatives, and continues to make steady efforts to lessen the environmental impact of business activities.

Particular focus is placed on improving energy efficiency and expanding the use of renewable energy to reduce emissions. As a result, total Scope 1 and Scope 2 emissions in the previous year amounted to 22,391 tons, representing a 6.5% decrease compared with the prior year.





## PICK UP!

## Kawai Forest

The Kawai Forest Project was launched by dedicated employees in 2007, the year of the company's 80th anniversary, to begin tree-planting activities in Indonesia, where a number of overseas facility are located. Through this project, Kawai has planted trees such as falcata, teak, and mahogany, and has also worked on the restoration of damaged mangrove forests, with the aim of securing sustainable wood resources and creating CO<sub>2</sub>-absorbing sources. To date, a total of 880,000 trees have been planted across 850 hectares, with an expected absorption effect of about 12,800 tons of CO<sub>2</sub> annually. This is estimated to offset approximately 57% of total CO<sub>2</sub> emissions generated by the Kawai Group.



"Kawai Forest" afforestation areas in Indonesia



Tree planting

# Reduction of environmental load

## Kawai Earth Environment Charter

Kawai Group understands that comprehensive and ongoing efforts are necessary to ensure that the wonderful global environment should be handed down to future generations. We have established our "Kawai Earth Environment Charter" in 1994 to pursue the right way for us to be able to earn trust and sympathy of society through provision of quality products of ours that are friendly to people and the global environment while striving to preserve the environment as a good corporate citizen of the world.

### Aiming to become a company friendly to the globe and people

#### Basic Philosophy

With the mission "Let your life resound" guiding daily actions, Kawai, as a global citizen, works to protect the environment and resources while striving to realise genuine richness of mind and society. We are also committed to behave from a global standpoint and become a company friendly to the global environment.

**Create great humanity and a comfortable living environment**

**Create excellent research, technology and products**

**Create environment-friendly production, distribution and sales activities**

#### Code of Conduct

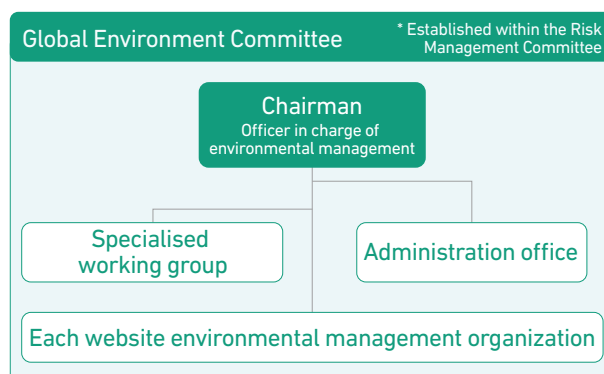
1. We establish good relationships between people and sound in various business fields in the music culture industry.
2. We evaluate the impact on the environment using a scientific method in various aspects and take necessary countermeasures to preserve the environment and protect people's health.
3. We promote effective use of resources and energy conservation.
4. We aim to recycle and reduce the amount of waste generated from the stage of R&D and design of products.
5. In response to requests in and outside Japan with regard to the environmental preservation activities, we will be actively involved for the purpose of living in harmony with local communities in the implementation of measures against environmental protection.

## Environmental management organization

Global Environment Committee was established in 1994 as an environmental management organization led by the officer in charge of environmental management serving as chairman of the committee. The committee has since been engaged in activities by setting out the company-wide environmental principles and goals in relation to environmental preservation.

In addition, the specialised working groups of the Global Environment Committee meet every other month to report each site's progress toward environmental management goals and exchange information on its activities.

They also work on environmental issues related to sustainable business management in cooperation with the environmental working group of the Sustainability Committee.



## Environmental Principles

The Kawai Global Environment Committee has established an "Environmental Policy" based on the "Kawai Earth Environment Charter." We are dedicated to advancing company-wide efforts to identify beneficial environmental aspects, prevent global warming, promote resource circulation and effective utilization, and implement green procurement practices.

We implement our business activities in musical instruments manufacturing and various other businesses, taking into account their impact on the environment, and we are committed to ongoing improvements for preservation of the global environment and prevention of pollution.

1. We set our objectives to carry out reduction of environmental load and discovery of useful environmental aspects using the environmental management system. At the same time we review the objectives on a regular basis according to the expectation from society and appropriate scale.
  - 1 ) We work on "provision of products and services" and "development of technology", taking into account the expectation from society and environmental load.
  - 2 ) We address "prevention of global warming", "cyclic use of resources" and "effective use of resources" in many different divisions including development, production, distribution, sales and service.
2. We procure and purchase materials, parts and products that have less environmental load by priority whenever such resources are required. (green procurement)
3. We comply with laws and regulations in relation to the environment and set self-standards as well, taking into consideration other requirements to improve the environmental management to a higher level.
4. We raise all employees' awareness through the environmental education and enlighten and support them so that each employee can have a wider view on society and be involved in voluntary contributions in day-to-day business and daily life.
5. To achieve these Environmental Principles, we establish an environmental management organization led by the officer in charge of environmental management serving as a general manager, put its operation system in place, and clearly define the goal, plan, measures and responsibilities in the organization in order to perform environmental preservation activities.

## Environmental management system

Kawai Group is promoting introduction of the environmental management system ISO14001.

Currently in Japan, Ryuyo Factory, Kawai Hyperwood Co., Ltd. and Kawai Seimitsu Kinzoku Co., Ltd. have received the ISO14001 certification and Kawai Acoustic System Co., Ltd. has made self-declaration of conformity with the standards. In overseas countries, PT. Kawai Indonesia Plants No.1, No.2 and No.3, Shanghai Kawai EMI Co., Ltd. and Kawai Musical Instruments (Ningbo) Co., Ltd. have received the certification.

These facilities mentioned above conduct an internal audit on a regular basis to check the state of progress and for any items to be remedied in order to ensure the operation of PDCA cycle (repeating a cycle of Plan, Do, Check and Action) for ongoing improvement which is required in the environmental management system.

In addition, those facilities that have the ISO14001 certification are subject to an annual surveillance as well as a regular renewal evaluation conducted by an external certifying organization to check whether the environmental management system in the facilities functions effectively.

We will continuously address the Group-wide introduction of an environmental management system to further reduce the environmental load.

### List of facilities which introduced the environment management system

| Year of introduction | List of facilities which introduced the environment management system                                                                                  |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1997                 | Ryuyo Factory (received ISO14001 certification)                                                                                                        |
| 2011                 | PT. Kawai Indonesia's Factories No.1 and No.2 (received ISO14001 certification)                                                                        |
| 2012                 | Kawai Musical Instruments (Ningbo) Co., Ltd. (received ISO14001 certification)                                                                         |
| 2015                 | Kawai Seimitsu Kinzoku Co., Ltd. (received ISO14001 Certification)                                                                                     |
| 2016                 | Kawai Hyperwood Co., Ltd. (received ISO14001 Certification)                                                                                            |
| 2017                 | Kawai Acoustic System Co., Ltd. (made Declaration of Conformity with ISO14001)<br>PT. Kawai Indonesia's Factory No.3 (received ISO14001 certification) |
| 2020                 | Shanghai Kawai EMI Co., Ltd. (received ISO14001 certification)                                                                                         |

## Green Procurement Guideline

Kawai Group is actively promoting the Group-wide implementation of green procurement in which those materials, parts and products that have less environmental load should be procured or purchased by priority whenever such resources are required in accordance with the "Environmental Principles" established by Kawai Global Environment Committee.

We implement green procurement in accordance with the basic principles of green purchasing method and green purchasing network (GPN) to decrease the total environmental load, and contribute actively and continuously to the preservation of biodiversity and establishing a recycle-based society.

### Basic Principles

1. Fully reviewing the necessity of procurement,
2. taking into consideration the environmental aspect in addition to quality and price, those products and services that have lesser environmental load should be purchased
3. by priority from such suppliers that are making efforts to reduce environmental load.

### Scope of Application

All goods and services procured by Kawai Group, including office supplies, parts, raw materials and equipments.

- General goods used in office, etc. (paper, stationery, computers and other devices, workwear, printed matters, etc.)
- Parts and raw materials (including packing materials and accessories) used for Kawai products (including OEM)
- Services, etc. (communications and other services)

In addition to compliance with laws, standards set by related organizations, and internal standards, environmental consideration in all phases are prescribed, from natural resources consideration to resources saving, energy saving, disposal and recycling.

Items taken into consideration in order to select suppliers are also set out, including state of environmental management, resources saving, energy saving, and disclosure of environmental information. We request all partner companies to respond to these items via our purchasing sections.

In order to make our green procurement more effective, we also established "Green Procurement Standards" in multiple languages. We briefed our suppliers on these "Green Procurement Standards" in order to reduce environmental load across our supply chain.

▶The Kawai Green Procurement Guideline (Japanese text)

[https://www2.kawai.co.jp/company/activity/pdf/kg\\_20040130.pdf](https://www2.kawai.co.jp/company/activity/pdf/kg_20040130.pdf)



## Wood Materials Procurement Guideline

We understand that wood materials are important for manufacturing pianos and other musical instruments. We stipulated the Kawai principles on sustainable wood materials procurement.

### Basic Philosophy

Kawai implements green procurement of wood in which we value and take good care of trees and use wood materials effectively that are sustainable resources we receive from protected and managed forests.

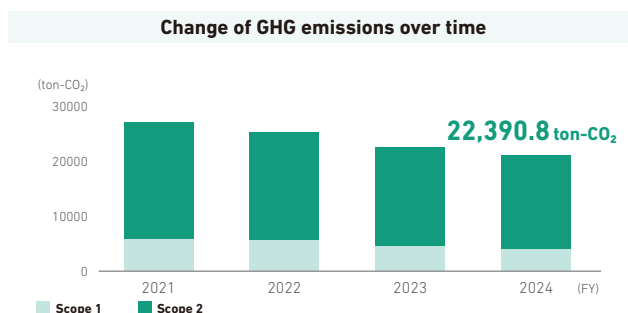
### Basic Principles

1. Kawai procures wood materials by priority that are produced in the forests under the sustainable management.
2. In wood materials procurement, Kawai takes into account the environmental management measures to be taken and compliance with related laws to preserve, protect and regrow forests.
3. Kawai promotes appropriate and efficient utilization of procured wood materials.
4. Kawai procures products manufactured by using recycled materials by priority.
5. Kawai procures forest products, etc. that are certified by the forest certification system by priority.

## Calculation of greenhouse gas emissions pursuant to the GHG Protocol

Kawai has a long record of calculating and disclosing GHG emissions from its domestic offices and overseas manufacturing facilities. Since fiscal 2021, the scope of calculation has been expanded to cover the entire Group, enabling more accurate measurement and supporting stronger reduction efforts.

In FY2024, total GHG emissions amounted to 22,390.8 tons of CO<sub>2</sub>, representing a 6.5% decrease from the previous year.



## Measures to Reduce Environmental Impact

The Global Environment Committee has worked to reduce domestic CO<sub>2</sub> emissions and waste per unit of sales in line with goals such as compliance with the Energy Conservation Act, prevention of global warming, and the promotion of resource recycling and efficient use of resources. The three-year target set from FY2022 is a 1% annual reduction compared with FY2021 levels.

In FY2024, CO<sub>2</sub> emissions per unit of sales decreased by 5.4% from the FY2021 level, achieving the target. Waste per unit of sales was also reduced by 7.0% compared with FY2021, meeting the target as well.

| Index                                                                 | FY2020 | FY2021<br>(Reference) | FY2022 | FY2023 | Results | FY2024<br>Increase/de-<br>crease | Evaluation |
|-----------------------------------------------------------------------|--------|-----------------------|--------|--------|---------|----------------------------------|------------|
| CO <sub>2</sub> emissions intensity (kg-CO <sub>2</sub> /million yen) | 294.9  | 255.5                 | 234.6  | 232.1  | 241.8   | -5.4%                            | ◎          |
| Amount of waste intensity (kg/million yen)                            | 25.0   | 23.4                  | 23.8   | 25.0   | 21.7    | -7.0%                            | ◎          |
| Energy amount intensity (MJ/million yen)<br>* Reference value         | 5635.7 | 4907.3                | 4477.4 | 4421.7 | 4641.4  | -5.4%                            | —          |

Evaluation ◎: Achieved ✕: Not achieved

## Global warming prevention activities

Kawai Group regards the initiatives of global warming prevention as important item of its environmental management and the Group is promoting the reduction of CO<sub>2</sub> emissions caused by using energy through implementation of the energy conservation measures described below.

- Introducing plant facilities with due considerations to energy conservation
- Replacing existing lights with LED lighting systems
- Introduction of renewable energy
- Performing an energy conservation evaluation regularly with an electric company

### Use of renewable energy through solar power generation

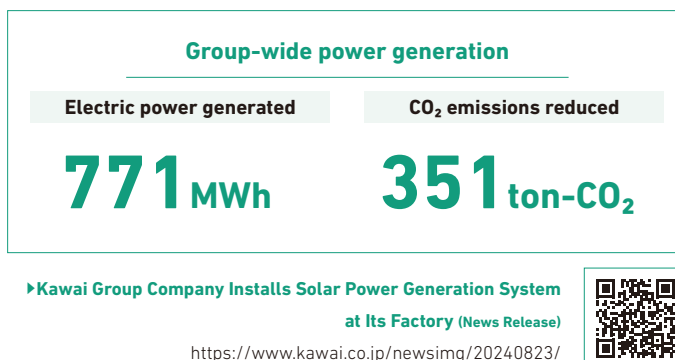
In August 2024, a solar power generation system was installed at the Matsumoto office of Kawai Seimitsu Kinzoku Co., Ltd., a Group company engaged in the metal business for Kawai. This became the second facility to adopt the system, following its introduction at the Ryuyo Factory in December 2022.

The system at the Matsumoto office generated about 65 MWh annually, covering roughly 2% of the office's total power consumption.

Across the Group, total solar power generation in FY2024 reached 771 MWh, resulting in an annual reduction of approximately 351 tons of CO<sub>2</sub> emissions.



A solar power generation system was installed at the Matsumoto office of Kawai Seimitsu Kinzoku Co., Ltd.

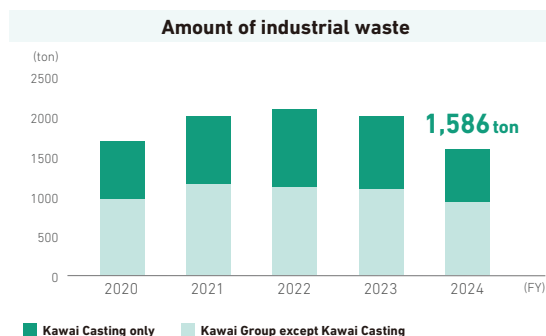


# Resources recycling

## Reduction of industrial waste emissions

Kawai Group's amount of waste once increased to 3,203 tons because a large amount of slag was generated as industrial waste from cast production by Kawai Casting Co., Ltd. engaged in piano frame manufacturing which came on board as a member of the Group in FY2012. Since then, Kawai Casting Co., Ltd. has been committed to reducing waste emissions by taking measures to streamline its production lines and improve production efficiency.

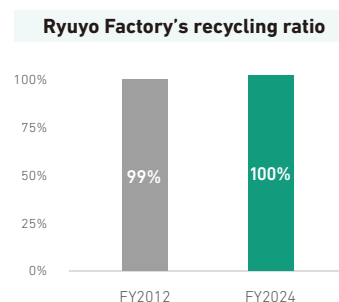
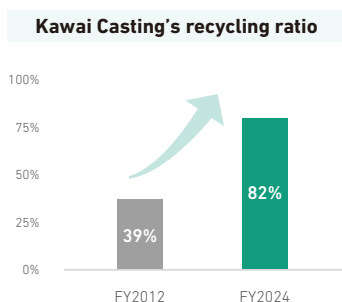
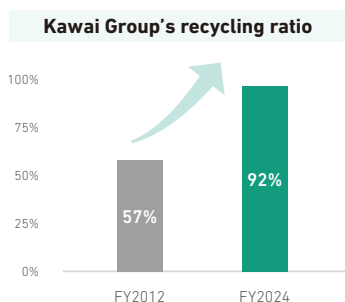
In FY2024, the total amount of industrial waste generated by the Kawai Group was 1,586 tons, a decrease of 20.7% from the previous year and 50.5% from the FY2012 level. Compared with the reference year of the three-year plan (FY2021), the amount was also reduced by 20.7%.



## Resources recycling activity

Although the resources recycling ratio of Kawai Casting Co., Ltd. was low at 39% in FY2012, the measure of reusing slag as road-bed material implemented by the company was effective to improve its recycling ratio to 82% in FY2024. Accordingly, Kawai Group's overall waste recycling ratio increased from 57% in FY2012 to 92% in FY2024.

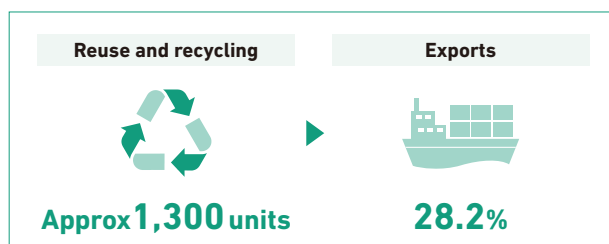
Ryuyo Factory is the largest industry waste generator in the Kawai Group, but it is taking various measures to achieve a 100% recycling ratio. These measures include reusing waste such as wood chippings and wood flour as materials for papermaking, board, compost and fuel; reusing felt waste for compost; and solidifying coating waste into harmless stone-like material.



## Recycle and reuse activities

Based on the concept of the extended producer responsibility to promote creation of a recycle-based society, our Group is implementing reproduction and reuse of pianos. A group in the Domestic Business Division that is in charge of second-hand pianos is currently responsible for this project operated in Ryuyo Factory. Those pianos taken as a trade-in are reproduced and delivered to new customers.

In FY2024, about 1,300 units of piano were reproduced or reused in Japan, 28.2% of which were exported and are currently used in many places in the world.



## Reproduction of piano by manufacturer

There is specific work that can be done properly only by the manufacturer. Experienced technicians who are experts and well-versed in piano making are able to fully overhaul old pianos. We reproduce pianos according to the needs of customers from exchanging strings, hammers and actions to overall coating.

Reproduction of pianos is a concerted work performed by many technicians with experience in piano manufacturing for many years who are experts with skills in specific fields such as coating, woodworking, and tuning. The finished quality of reproduced pianos are well received by many customers. Furthermore, another advantage for customers of Kawai pianos is that the piano can be repaired or reproduced by using its original parts.



# Afforestation/tree planting

## “Kawai Forest” the tree planting activities in Indonesia

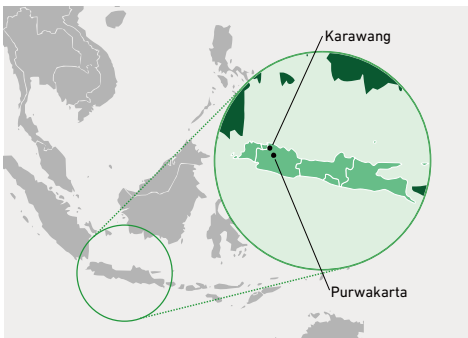
A large amount of wood materials are used for piano. Thanks to the contribution of voluntary employees, Kawai Group, which handles wood materials, established Kawai Forest Project in 2007 as a commemorative project to celebrate the 80th anniversary of its foundation.



Pursuant to the basic philosophy of the Kawai Earth Environment Charter, the Forest Project engages in activities of planting trees such as falcata, teak and mahogany in Indonesia where we have our overseas production facility in collaboration with PT. Kawai Indonesia and the Indonesian forest public corporation for the purpose of ensuring CO<sub>2</sub> absorbing sources, regeneration of forests on deforested areas and securing sustainable wood resources. In 2017, the project also started working on the regeneration of mangrove forests that have been destroyed at a rapid pace for purposes including aquaculture.

These activities are favorably received by Karawang Regency and West Java Province of Indonesia, and CSR awards have been granted every year since 2018.

In FY2024, we planted trees in Karawang and Purwakarta Regency, and the cumulative total planted area reached approximately 850 ha and the cumulative total number of planted trees approximately 880,000 trees. Most of those trees have been growing quickly without problem and when the trees continue to grow enough to become “Kawai Forest,” it will have an effect of absorbing CO<sub>2</sub> of about 12,800 tons annually, and it is estimated that about 57% of a total CO<sub>2</sub> emission generated by Kawai Group will be absorbed.



“Kawai Forest” afforestation areas in Indonesia

| Cumulative area                               | Cumulative trees planted                       |
|-----------------------------------------------|------------------------------------------------|
| <b>850 ha</b> <small>Year on year +6%</small> | <b>880,000</b> <small>Year on year +5%</small> |



Award from West Java Province

# Climate change

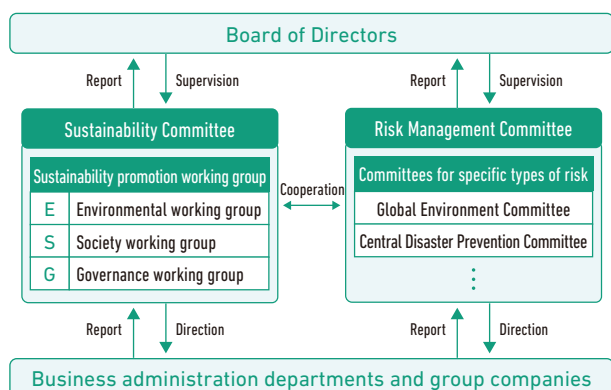
## Information disclosure pursuant to the TCFD\* recommendations

To achieve the corporate vision “Fostering a musical culture for the next 100 years and beyond” outlined in the KAWAI Philosophy, the Kawai Group is strongly committed to protecting the global environment and resources while striving to realise genuine richness of mind and society. Environmental issues related to the Earth, such as climate change and the loss of biodiversity, among other environmental issues, are becoming increasingly grave year by year, and we understand that greater importance is being placed on business operators’ roles. We disclose information in accordance with the TCFD guidelines, believing that the identification of climate change risks and opportunities using the TCFD framework and the development and integration of combat measures into our business strategies will contribute to our sustainable growth and enhance our corporate value. We will continue with information disclosure pursuant to the TCFD framework and contribute to the goal of carbon neutrality in 2050 by mitigating climate change through reduction of CO<sub>2</sub> emissions and waste generation, and planting activities.

\* TCFD is an abbreviation of Task Force on Climate-related Financial Disclosures and was established by the FSB (Financial Stability Board) to disclose climate-related information and examine what actions financial institutions should take to combat climate change.

## Governance

One of Kawai Group’s perceived management issues is sustainability. Kawai Group aims to contribute to solving various issues related to sustainable business management, including climate change (sustainability issues). Important sustainability matters are to be deliberated upon by the Sustainability Committee and reported periodically (at least once a year) to the Board of Directors. The Board of Directors will discuss how to address Kawai Group’s sustainability issues and action plans, and give directions and supervision. Issues related to climate change, among others, are handled by one of the Sustainability Committee’s subordinate organizations, the environmental working group. We will establish a system under which specific activities by business administration departments and group companies will be defined and implemented pursuant to committee decisions so that board decisions will be reflected appropriately in the organization.



## Risk management

Kawai Group’s management systems and processes for addressing various issues related to sustainability, including climate change, are to be generally supervised by the Sustainability Committee. For risk identification purposes, the Sustainability Committee identifies and assesses risks of great importance based on reports from various divisions, social trends and third-party requests related to sustainability, and fixes plans and goals related to sustainability activities. Sustainability activities are promoted in accordance with these plans and goals, and specific activities by business administration departments and group companies are directed and monitored so that the risks will be prevented and their impact will be mitigated. The risks identified through these processes are shared with the Risk Management Committee. The Risk Management Committee takes short-term and immediate actions in the light of their urgency and so on, and if necessary, performs individual risk management.

## Strategies

Kawai Group examines and assesses the impact of climate change upon its business management through scenario analysis in order to ensure that actions to address important issues are reflected in its management strategies. In our study and analysis of the impact of climate change and actions to combat it, we study risks and opportunities related to its impact on Kawai Group in 2030 and 2050, based on the following hypotheses about the world’s future and the scenarios reported by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). The Risk Management Committee performs individual risk management if necessary.

### 4°C scenario

A scenario assuming that the world’s average temperature around the end of the 21st century would be 4°C higher than in the Industrial Revolution. Climate change policy measures would not be strengthened from those in force as of 2021 and transition to decarbonization would not be promoted, with the result that the impact of global warming would increase, so would the scale and frequency of disasters.

(Reference scenario) IPCC : RCP8.5  
IEA2022 : STEPS

### 1.5°C scenario

A scenario assuming that the world’s average temperature around the end of the 21st century would be less than 2°C higher than in the Industrial Revolution. Proactive environmental policy measures would be promoted to realise carbon neutrality, with the result that the impact of transition risk would increase.

(Reference scenario) IPCC : RCP2.6  
IEA2022 : APS / NZE2050

| Item                                         | Impact in 2030                                          |                                                                                                                                                                                                                                                                                                                                         | Assessment       |              |                | Present initiatives and policies                                                                                                                                                                                                              |
|----------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                              | Factor                                                  | Event                                                                                                                                                                                                                                                                                                                                   | Type of impact   | 4°C scenario | 1.5°C scenario |                                                                                                                                                                                                                                               |
| Impact of transition to decarbonised society | Carbon pricing                                          | <ul style="list-style-type: none"> <li>Increased business operation costs due to the introduction of a carbon tax</li> <li>Increased expenditure due to the reduction of greenhouse gas emissions</li> </ul>                                                                                                                            | Risk             | Small        | Large          | <ul style="list-style-type: none"> <li>Set and work toward CO<sub>2</sub> emissions reduction goals.</li> <li>Use renewable energy (solar panels) in manufacturing equipment.</li> </ul>                                                      |
|                                              | Change in power price                                   | <ul style="list-style-type: none"> <li>Higher power prices due to changeover to power generated with renewable energy etc.</li> <li>Increased transportation costs due to changes in demand for fossil fuel</li> </ul>                                                                                                                  | Risk             | Medium       | Medium         | <ul style="list-style-type: none"> <li>Use periodical energy conservation diagnosis services from power companies.</li> <li>Replace lighting apparatus with LED types.</li> <li>Introduce energy-saving factory equipment.</li> </ul>         |
|                                              | Change in raw material price                            | <ul style="list-style-type: none"> <li>Wood material price increases due to forest resource regulations and behavioral change</li> <li>Metal price increases due to the price pass-through of the impact of transition to decarbonization etc.</li> </ul>                                                                               | Risk             | Small        | Large          | <ul style="list-style-type: none"> <li>Establish and apply a Kawai green procurement guideline.</li> <li>Reduce waste and raise the recycling rate.</li> </ul>                                                                                |
|                                              | Change in customer behavior                             | <ul style="list-style-type: none"> <li>Greater need for environmental requirements fulfillment due to the expansion of orientation toward ethical consumption</li> </ul>                                                                                                                                                                | Opportunity      | Small        | Medium         | <ul style="list-style-type: none"> <li>Develop and apply environmental policies pursuant to the Kawai Earth Environment Charter.</li> <li>Consider products using recycled materials first in procurement operations.</li> </ul>              |
| Physical impact of global warming            | Catastrophic disaster due to extreme weather conditions | <ul style="list-style-type: none"> <li>Loss from damage to business facilities (business places, offices, research facilities)</li> <li>Supply chain disruption</li> <li>Damage to forests due to region-specific risks such as flooding, drought and forest fire, and their impact on the procurement of raw wood materials</li> </ul> | Risk             | Large        | Large          | <ul style="list-style-type: none"> <li>Develop and strengthen BCP.</li> <li>Establish a central disaster prevention measures committee.</li> </ul>                                                                                            |
|                                              | Rise in average temperature                             | <ul style="list-style-type: none"> <li>Poor wood growth in specific regions and their quality deterioration</li> <li>Greater need for indoor entertainment due to outdoor activity restriction and demand from people spending more time at home</li> </ul>                                                                             | Risk Opportunity | Large        | Medium         | <ul style="list-style-type: none"> <li>Tree planting activities by Kawai Forest Project</li> <li>Develop and apply a Kawai wood materials procurement guideline.</li> <li>Diffuse musical education overseas online and otherwise.</li> </ul> |

<Impact assessment methodology>

Large: 3% or more of the operating profit is affected. Medium: Less than 3% of the operating profit is affected. Small: Impact on the operating profit is negligible or there is no impact.

\* For items that are difficult to assess in quantitative terms, we perform qualitative impact scale analysis based on the threshold values specified in the impact assessment methodology and on reference parameters and literature.

In the 4°C scenario, we assume that extreme weather conditions would be aggravated to a catastrophic level where our facilities would be more likely to suffer direct damage, suppliers would be damaged and the supply chain would be disrupted, and wood materials resources, which are important for our products, would decrease. Given constantly expanding demand for fossil fuel, other concerns might include higher transportation costs due to the soaring prices of raw materials derived from petroleum, especially increased expenditure and losses on the part of upstream players in the supply chain. In the meantime, we recognised that greater demand from people spending more time at home due to a higher average temperature might be a driving factor of demand for musical instrument products which people can enjoy indoors.

In the 1.5°C scenario, we assume that the introduction of carbon pricing for decarbonization and changeover to electric power derived from renewable energy might increase our operation costs and affect our financial conditions. We also assume that these effects would also be experienced by our suppliers, and there is concern that the prices of products and raw materials, such as metal materials, would soar. In the meantime, we assume that it would be an opportunity for us to stimulate eagerness to buy among customers with greater ethical commitment through the development of products with limited environmental load, and we believe that enhancing the environmental performance of our products will not only contribute to society but also bring us business opportunities.

Based on these results, we will enhance our resilience in relation to the impact of climate change and, at the same time, continue to strengthen and promote our initiatives toward the goal of business management decarbonization and carbon neutrality. Our present initiatives include establishing the Kawai Earth Environment Charter, working toward the goal of sustainable resources procurement specified in the Kawai Green Procurement Guideline and the Kawai Wood Materials Procurement Guideline, both of which are already in force. They also include setting CO<sub>2</sub> emissions and waste reduction goals, and monitoring progress toward these goals.

## Indicators and goals

As part of its commitment to SDGs, Kawai Group uses the reduction of the amount of CO<sub>2</sub> emissions per million yen of sales as one of its business management goals, and keeps track of progress toward this goal as an indicator for assessing the status of its climate change initiatives. The three-year plan from FY2022 to FY2024 has set a target of reducing emissions per unit of sales by 1% each year, using FY2021 as the baseline year. Through the introduction of energy-efficient factory equipment, the shift to LED lighting, and the installation of a solar power system in FY2024, emissions were reduced by 5.4% compared with FY2021, meeting the target. Looking ahead, the medium- to long-term goal from FY2025 is to reduce Scope 1 and 2 GHG emissions by 50% compared with FY2016 levels over the next 10 years. The actual amount of CO<sub>2</sub> emissions is described in the table.

| Scope of aggregation |                     | Actual emissions (ton-CO <sub>2</sub> ) |          |          |
|----------------------|---------------------|-----------------------------------------|----------|----------|
|                      |                     | FY2022                                  | FY2023   | FY2024   |
| Comprising           | Scope1              | 6,123.3                                 | 4,810.4  | 4,155.2  |
|                      | Domestic facilities | 5,674.8                                 | 4,522.2  | 3,866.4  |
|                      | Overseas facilities | 448.5                                   | 288.2    | 288.8    |
| Comprising           | Scope2              | 20,813.3                                | 19,138.6 | 18,235.6 |
|                      | Domestic facilities | 14,916.2                                | 14,099.5 | 13,772.8 |
|                      | Overseas facilities | 5,897.1                                 | 5,039.1  | 4,462.8  |
| Scope1+Scope2        |                     | 26,936.6                                | 23,948.9 | 22,390.8 |

# Social

By supporting the growth of the next generation through music and education, and by creating a society where diverse talents can thrive, we aim to build a richer and more fulfilling future.

## Materiality



| Materiality                                           | Key Initiatives                                                | Medium-Term Management Plan Goals<br>(April 2025 to March 2035)                                                                                                                                                                                   |
|-------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Human Resource Development and Workplace Enhancement  | Employee training and skill acquisition support                | <ul style="list-style-type: none"> <li>100% participation rate in internal training programs</li> <li>30% achievement rate of Kawai Operator Certification at Ryuyo Factory</li> <li>100% national qualification rate for piano tuners</li> </ul> |
|                                                       | Workplace engagement improvement                               | <ul style="list-style-type: none"> <li>Continuous improvement of employee engagement index</li> </ul>                                                                                                                                             |
|                                                       | Promotion of Diversity, Equity, and Inclusion (DEI)            | <ul style="list-style-type: none"> <li>Continuation of DEI training programs</li> <li>Increase female managerial positions to 12.5%</li> </ul>                                                                                                    |
|                                                       | Ensuring Occupational Health and Safety & Health Management    | <ul style="list-style-type: none"> <li>Zero occupational injury frequency rate</li> <li>Certified as "White 500" Health &amp; Productivity Management Organization</li> </ul>                                                                     |
| Contribution to the Development of Musical Culture    | Support for Pianist Development                                | <ul style="list-style-type: none"> <li>Continuation of Kawai Music Competition</li> </ul>                                                                                                                                                         |
|                                                       | Promotion of local musical culture                             | <ul style="list-style-type: none"> <li>Continuation of Kawai Concerts and factory tours</li> </ul>                                                                                                                                                |
|                                                       | Training piano tuners                                          | <ul style="list-style-type: none"> <li>Continuous production of piano tuners</li> </ul>                                                                                                                                                           |
| Pursuit of Quality, Safety, and Customer Satisfaction | Improvement of product quality and customer satisfaction       | <ul style="list-style-type: none"> <li>Continuous enhancement of customer satisfaction index</li> </ul>                                                                                                                                           |
|                                                       | Utilization of AI/IoT and Digital Technology                   | <ul style="list-style-type: none"> <li>Promotion of new product/service development using digital technology</li> </ul>                                                                                                                           |
| Sustainable Supply Chain Management                   | Addressing ESG risks in the supply chain                       | <ul style="list-style-type: none"> <li>Establish sustainability procurement guidelines</li> <li>Conduct supplier evaluations based on these guidelines</li> </ul>                                                                                 |
|                                                       | Strengthen cooperation and smooth relationships with suppliers |                                                                                                                                                                                                                                                   |

## Related major achievements

### Contribution to the Development of Musical Culture

Kawai upholds "Contribution to the development of musical culture" as a key issue and is dedicated to activities that support local communities and future generations. Efforts are focused on strengthening the foundations of musical culture in both talent and environment, including fostering pianists, promoting music culture at the local level, and training tuners to carry forward advanced skills. Kawai is committed to passing down a rich musical culture to the future and sharing the value of music broadly across society.

#### Support for Pianist Development



Number of Kawai Music Competitions held (since 1968)

60

#### Promotion of Local Music Culture



Number of Kawai Concerts held (since 1971)

2,300+

#### Development of Piano Tuners



Number of piano tuners produced (since 1963)

2,700+

# Contributions to culture promotion

## The 5th Shigeru Kawai International Piano Competition



In recent years, the Shigeru Kawai grand piano has been adopted as the official piano in numerous international competitions. The Shigeru Kawai International Piano Competition, named in honor of our 90th anniversary in 2017, is distinguished by its use of the Shigeru Kawai grand piano in all rounds and by featuring a two-piano concerto as the final round's repertoire.

In the fifth edition of the competition held in 2025, 324 contestants from 22 countries and regions entered. At the competition held on August 2nd at Sakura Hall in the Shibuya Cultural Center Owada, six finalists who passed a rigorous selection process performed, with Guillermo Hernandez Barrocal of Spain winning the first prize. We will continue to use this competition to discover and nurture the next generation of pianists from around the world, while promoting international exchange and advancing global music culture.

▶The Shigeru Kawai International Piano Competition

<https://skipc.jp/>



### ■ Distribution of competition videos

Live coverage of contestants' performances from the first preliminary round to the final was streamed online, and archived footage is available on the Shigeru Kawai International Piano Competition Official YouTube channel.

▶Shigeru Kawai International Piano Competition  
Official YouTube channel

<https://www.youtube.com/@SKIPCOfficial>



## Kawai Music Association



The Kawai Music Association was founded in 1963 with the aim of enhancing musical culture in Japan. The association organises a wide range of events, including Kawai Concerts, recitals, and open seminars by leading Japanese musicians. It also invites distinguished performers and educators from overseas and supports diverse musical and cultural activities.

► Kawai Music Association

<http://kawai-kma.com/>



### Support for The Leonid Kreutzer Memorial Society

The Leonid Kreutzer Memorial Society was founded in March 1962 by Professor Leonid Kreutzer's pupils in Germany and Japan, together with other supporters, to honor his achievements, with Mr. Takaori Miyaji appointed as its first president. The society carries out various projects in line with its founding purpose of contributing to the advancement of piano music in Japan.

In 1971, the society established The Kreutzer Award to commemorate Professor Kreutzer's contribution to Japanese music. Since then, the award has been presented to graduates with outstanding academic and artistic achievements from the piano courses at Tokyo University of the Arts, Kunitachi College of Music - where Professor Kreutzer once taught - and Musashino Academia Musicae, an institution closely associated with him.

### Support for The Frédéric Chopin Society of Japan

The Frédéric Chopin Society of Japan was founded in August 1960, as a result of exchange with the Fryderyk Chopin Society in Poland, to commemorate the 150th anniversary of the composer's birth. Mr. Takaori Miyaji served as the first president, while his colleague Mr. Shigeru Kawai (then President of Kawai) became Honorary President, and the society began its activities with its administrative office located within Kawai.

Since its establishment, the society has presented numerous concerts and regular open lectures each year. It has also organised auditions for the International Chopin Piano Competition since 1980, held the Chopin Piano Competition in Japan every five years since 2005, and hosted the annual Chopin Festival in Omotesando since 2010.

### Support for The Karol Szymanowski Society of Japan

The Karol Szymanowski Society of Japan was founded in 1981, the year before the 100th anniversary of the composer's birth.

Alongside Chopin, Szymanowski is regarded as one of Poland's representative composers, particularly for the masterpieces of his later career, which were rooted in traditional folk songs from the country's mountainous regions. The society's activities focus on promoting his works in Japan, which embody a deep understanding of Polish national character and local customs. It also organises new concerts in audition format, as well as regular concerts and open seminars.

### Organizing Kawai Concerts

Kawai launched "Kawai Concerts" in 1971 under the motto "High-quality music for all the people in Japan." To date, more than 2,300 concerts have been held, featuring a wide range of performers, from internationally renowned pianists to young, energetic talents, at venues across Japan each year, bringing the joy of high-quality music to many people.

► Information on Kawai Concerts

<http://kawai-kmf.com/kawai-concert/2025/>



# Education/training

## Kawai Music School

Kawai Music School was founded in 1956 with the aim of promoting musical culture. More than 4,000 schools have since been established across Japan, offering a wide range of courses including Music, English, and Drawing and Modelling. Guided by an educational philosophy that encourages discovery of each individual's personality, the schools support pupils of all ages - from infants to adults and seniors - by providing programs suited to their stage and level, helping them explore interests and express themselves naturally and freely.

### Respecting Individuals and Their Expression

The Kawai Music School believes that pupils "do not learn music" but "learn through music." It endeavours to provide courses where the pupils can develop and enrich their personality through activities to express themselves, rather than being taught techniques to simply improve playing skills.

personality & harmony



KAWAI MUSIC SCHOOL

**Kawai will bring out irreplaceable personality**

**from each pupil through music,**

**and create the joy of communicating**

**and harmonizing**

**with others while respecting each other's personality.**

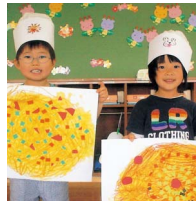
### | Kawai English School

Students can learn practical English from instructors of great personality while enjoying songs and games by following the curriculum of IMA (Imagination, Music, Action) method developed by Kawai. The school also encourages students to understand the culture behind the language to become a true cosmopolitan.



### | Drawing and Modelling School

The school develops and enriches children's originality and creativity while respecting different abilities of individuals and the learning process instead of giving standardised instructions. Students engage themselves freely in creative activities using a variety of materials such as paper, clay and pieces of wood that is unique to Kawai.



### | Kawai Music School for adults

We have various courses to learn music ranging from piano, vocal to string and wind instruments in response to increasing needs of middle and aged people for life-long learning and leisure activities. These courses attract lots of students since they can learn to play any music pieces they like according to individual's level and pace.



▶ Kawai Music School (Japanese text)

<https://music.kawai.jp/>



### | Kawai Music Competition

The Kawai Music Competition, which began in 1968, is based on the philosophy of "actively evaluating spontaneous musical expression over technical superiority." The competition consists of three categories: the "Kawai Piano Competition," the "Kawai Children's Piano Competition," and the "Kawai Vocal Competition." Over more than half a century, it has produced many pianists.

In August 2024, the 57th Kawai Piano Competition National Finals (duet and solo divisions) were held at Yokohama Minato Mirai Hall. Ninety-two participants, who passed the rigorous preliminary rounds from among more than 21,500 entrants, performed in the hall, filling it with the music of young pianists who have been diligently practicing for the future.



## Operating music schools overseas

Outside of Japan, Kawai also operates music schools across the Asian region, including Indonesia, China, Thailand, Vietnam, and Taiwan.

The music schools not only provide ordinary lessons but hold various events. They endeavor to promote musical education through various events, including grade tests for proficiency evaluation, competitions designed for particular ages, experience levels and objectives, concerts to demonstrate the benefits of lessons, pre-enrollment lesson trials, and briefings for parents.

We also promote the development of local teachers by holding music education seminars and training programs for instructors.



►KAWAI MUSIC SCHOOL global (English website)

<https://musicschool.kawai-global.com/>



## Kawai Music School Piano Competition

The Kawai Music School Piano Competition was established to promote and spread musical education in Asia.

Held for the students of Kawai music schools in Indonesia, China, Thailand, Taiwan, and Vietnam, this competition has nine categories under the solo division and the duet division based on Kawai's original education method called "Sound Tree." Contestants who win regional preliminaries are eligible to participate in the final round. The evaluation focuses not only on technical skills but also on personal expression and how well the results of lessons are reflected.

The competition has grown in scale with each iteration, with the number of participants increasing steadily. For the fourth competition, 1,810 entrants registered, demonstrating the increasing popularity of this competition.



## Kawai Ongaku Gakuen

Kawai Ongaku Gakuen was founded in 1961 as a training school for piano tuning technicians. The school offers a one-year curriculum covering the broad knowledge and techniques required for piano tuning. Students acquire practical skills in tuning, maintenance, and repair, along with general music knowledge such as the history, structure, and design of the piano. In the past year, thirteen students graduated and began careers as piano tuners.

To date, more than 2,700 graduates have completed the course, actively working in Japan and overseas in fields ranging from after-sales service to international competitions.



►Kawai Ongaku Gakuen

<https://gakuen.kawai.co.jp/>



### An example of a tuner's career path

#### 1st year



After completing the one-year program, new tuners undergo additional training in April together with other new employees, including sales staff, and are generally appointed to posts in May. Initially, they accompany senior tuners on home visits to provide tuning services while receiving follow-up guidance until they are ready to work independently. Even after becoming independent, their tuning skills are regularly checked by senior tuners and supervisors as they prepare to obtain the national qualification of First-Grade Piano Tuning Skill.

#### 5th year



Tuners grow not only as skilled professionals but also as members of society, capable of meeting a wide range of customer needs. In addition to providing home tuning services, they handle broader responsibilities such as piano replacement consultations and tuning for school concerts. They also take part in the "GP Grand Course," a three-week technical program designed to build the skills required to meet the demands of grand piano users. Some tuners go on to pursue the national Second-Grade Piano Tuning Skill qualification, a challenging exam with a pass rate of about 25%, and succeed in obtaining it.

#### 15th year



Tuners take part in the "GP Master Course," a one-month technical program that enhances their skills to meet advanced requests from pianists, teachers, and music college students. Serving a core role in after-sales service through consistently high-level performance, some tuners achieve the MPA (Master Piano Artisan), the most prestigious in-house qualification for Kawai tuners. In addition, others receive overseas training to become concert tuners, working at some of the world's most renowned piano competitions.

#### 30th year



The pursuit of tuning knowledge and technique has no end, and at this stage tuners take on the role of instructors, guiding younger generations. They serve as teachers, passing down their skills so that expertise is handed from one generation to the next. Many piano technicians, even after retiring from the company, continue to contribute as non-regular employees or provide independent tuning services for as long as they are able.

## Gymnastics and Sports School

In addition to develop athletic ability and improve athletic techniques, Kawai aims to provide education to harmonise “body,” “mind,” and “intelligence” to enrich their humanity in its gymnastic courses and sport courses. Kawai will nurture children’s sociability through working towards the goal by collaborating with each other and encouraging each other in group lessons.

### Kawai Physical Education School features “exercise play,” which develops **three elements** in a well-balanced way.

It develops physical strength and athletic ability while harmonizing “Body” and “Mind,” respecting the personality of individual children, and provides education in the “Intelligence” element to develop ability to think in a well-balanced way.



01

#### **Sodachi (growing) System**

Kawai Physical Education School has its unique education system called “Sodachi (growing) System,” in which we quantify the growing process of a child and provide meticulous education based on the data. The results are recorded on a sheet and provided to users once per year.

02

#### **We use sounds and rhythms to help develop the function of sensory organs.**

In Kawai Physical Education School, we provide lessons where children can learn with fun by incorporating sounds and rhythms using our original music collections for education.

### **| Gymnastics courses**

The course provides different classes including 2-years-old class and Infant class targeting small to older children to help children acquire their athletic ability while enjoying experiences of playful exercises suitable to children’s growth and development at each age. It nurtures children’s athletic creativity, enthusiasm for sports and pleasure of accomplishment.



### **| Sports courses**

The course gives instructions to acquire basic skills of sports including artistic gymnastics, rhythmic gymnastics and soccer. It helps children learn not only techniques, but also rules and how to communicate with other people by teaching them, taking into consideration individuals’ abilities and the levels of physical growth and development.



►Kawai Physical Education School

<https://www.kawai.jp/physical/>



### **| Kawai Health Promotion Support System**

Kawai has over 50 years’ history of supporting health promotion such as gymnastic schools all over Japan. Kawai believes it is its mission to offer its accumulated skills and knowhow widely to the society.

Kawai has implemented the “Kawai Health Promotion Support System” to support health promotion at every stage for infant to the elderly. The system provides enjoyment and scientific support for them to maintain and improve their health using measurement data and latest devices.



## Sport community

At Kawai Physical Education School, children are encouraged to grow in a healthy way through opportunities to interact with top athletes. Each year, the “Kawai Cup” is held in three sports - rhythmic gymnastics, gymnastics, and soccer - where children present the results of their training, gaining valuable experience in both learning and practice.

### | National Rhythmic Gymnastics Competition

On August 6, 2024, the “19th Kawai Cup National Rhythmic Gymnastics Competition” was held at Hamamatsu Arena. Under the guidance of chief advisor Yukari Kawamoto, participants from rhythmic gymnastics classes of Kawai Physical Education School nationwide showcased the results of their training through a wide range of performances, skillfully using ribbon, ball, and rope, as well as performing without apparatus.

### | Gymnastics Competition

On September 16, 2024, the “Kawai Cup Gymnastics Competition” was held, where participants demonstrated the results of their training in the mat and vault events. They attentively received feedback on their performances from chief advisor Hisashi Mizutori at Kawai Physical Education School.

### | National Soccer Tournament

The “21st Kawai Cup National Soccer Tournament” was held on March 25 and 26, 2025, at Hamakita Hirakuchi Soccer Field in Hamamatsu City. Blessed with fine weather and cherry blossoms in bloom, participants from soccer classes of Kawai Physical Education School nationwide gave their best, demonstrating fair play and strong teamwork.



## Kawai Physical Education School staff



### Mr. Hisashi Mizutori

#### Chief Advisor

2004:

Gold medalist in artistic gymnastics at the Summer Olympics in Athens

2012 – 2024:

Men's Artistic Gymnastics (Manager of Athlete Development / Head Coach)

2024 – present:

Japan Gymnastics Association, General Manager of Athlete Development

Exercise develops physical strength, athletic ability, and a healthy body, while also fostering mental growth through improved concentration and persistence in achieving goals. It nurtures sociability through interaction with peers and instructors. A wide range of these benefits naturally emerge as children enjoy playing, effects that cannot be gained in any other way, which is why exercise is especially important for children. The results of steady training often appear later, bringing excitement not only to the athletes themselves but also to those who watch their achievements. This lasting sense of fulfillment is another valuable aspect of exercise.



### Ms. Yukari Kawamoto

#### Chief Advisor of the Rhythmic Gymnastics Class

1990 – 1994:

Winner of the Japan Championship for five consecutive years

1995:

Competed in rhythmic gymnastics at the Summer Olympics in Barcelona

From an early age, I was very active and competitive, always persisting until I accomplished my goals. The experience of achievement and success gives even young children confidence and fosters curiosity to think of new forms of exercise or create their own movements. By acquiring a variety of physical skills through different activities in childhood, it becomes possible to enjoy movement throughout life. Sharing joyful moments and encouraging one another also builds the strength to live with resilience. For this reason, I believe it is important to provide an environment where children can experience a wide range of activities together.

# Human capital development

## Basic principles of human capital development

Kawai Group regards human capital as the greatest asset of the company under the belief that “Each and every employee’s making the best of their ability will lead to the growth of Kawai Group,” and positions the development of human capital as an important strategic issue to address in order to become a company capable of responding to changes of the times. We will create a mechanism and environment in which each and every employee can demonstrate their abilities, by which we aim to achieve sustainable growth as a corporation.

## Human capital development system

Under the basic principles, we work on human capital development to bring about our employees’ motivation to create their own careers and proactively pursue their growth.

|                   | Training by class                                              | Training by job<br>(led by each division)                                                                                                                                                                                                                    | Support for<br>self-development                               | Common                                                                                             |                     |                                     |                    |
|-------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------|-------------------------------------|--------------------|
| Executives        | Newly appointed directors training                             |                                                                                                                                                                                                                                                              | Correspondence education/<br>e-learning                       | My life plan training                                                                              | Compliance training | Women’s career improvement training | Diversity training |
| Managers          | Newly appointed operating officers training                    |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | Next generation executive candidates selection and development |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | Newly appointed managers training                              |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
| Supervisors       | Manager candidates training                                    | <ul style="list-style-type: none"> <li>• Sales division (marketing, etc.)</li> <li>• Production division (quality, multiskilled worker development, etc.)</li> <li>• Music/gymnastics</li> <li>• Staff division</li> <li>• Technology/development</li> </ul> | Piano technician skills (research course/advanced course/MFA) | Inheritance of techniques (Development of successors to play the core role of piano manufacturing) |                     |                                     |                    |
|                   | Newly appointed supervisors training                           |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
| General employees | Reinforced young generation development                        |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | 6th year training                                              |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | 3rd year training                                              |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | Follow-up training                                             |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | Newly hired employees training                                 |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |
|                   | Support for career development                                 |                                                                                                                                                                                                                                                              |                                                               |                                                                                                    |                     |                                     |                    |

### Training by class

We provide training for different classes from general employees to executives with the objectives to acquire fundamental knowledge required in each class and deepen understanding about their roles. We especially focus on the development of young employees by providing annual training until their 6th year of service, as well as providing them with career-creating support to expand the range of their job functions through job rotation, which in turn enhances corporate strength.

### Training by job

Education for improving skills is provided on a regular basis, as training by job is provided under the leadership of each division to enhance employees’ expertise in the job they engage in.

### Others

As support for self-development, we introduced e-learning in addition to correspondence education. We also provide diversity training to ensure diversity and women’s career improvement training, which are commonly available to all classes. The purpose of this type of education is to enable the entire company to acquire the ability to respond to changing times.

# Diversity

## Basic diversity principles

Kawai Group believes that ensuring diversity in human capital including women, foreign people and mid-career-hired employees having different job experiences will lead to enhancement of our corporate value. We strive to develop corporate culture that contributes to creating new value by actively hiring diversified human capital and appointing various talents to the core roles, and creating workplace environment where employees can demonstrate their individuality and abilities to the fullest extent.

## Promotion of women's participation

Kawai Group established a project to promote women's participation called "Love it! (Rabbitto)" in 2019 and has been working on activities to realise work-life balance, aiming to create a workplace where all employees can work comfortably.

Providing training to support employees in striking a balance between work and child care/family care and Iku-Boss training (to enlighten managers to consider well-balanced work and private lives for their subordinates), encouraging male workers to take child care leave, issuing a work-life balance guide book, and newly introducing a life support leave system. In addition, a supporter team that consists of cross-division members engages in a variety of activities including making proposals for women's participation promotion, holding symposiums and training sessions by female managers, and issuing a periodical news-

letter on the topics of female activities.

Our company was recognised for these activities and was granted "Eruboshi Certification (2-Star)" in January 2021.

\* Eruboshi Certification: A system in which the Minister of Health, Labour and Welfare certifies excellent companies for their commitment to promote active participation by females pursuant to the Act on the Promotion of Female Participation.



Training for female managers



| Female managers ratio |                   |       | Female supervisors ratio |                   |       |
|-----------------------|-------------------|-------|--------------------------|-------------------|-------|
| 6.5%                  | End of March 2028 | 12.5% | 18.8%                    | End of March 2028 | 20.0% |
|                       | Target            |       |                          | Target            |       |
|                       | Year on Year      | -0.2% |                          | Year on Year      | +2.0% |

## Global human capital development and reinforcement of mid-career recruitment

We are reinforcing global human capital recruitment, training and appointment in the offices in Japan. Outside of Japan, we also have 13 overseas subsidiaries around the world in which locally-hired staff are working actively. We plan to dispatch our employees, especially young workers, to overseas subsidiaries for a short-term training, aimed to develop candidates to be stationed overseas in the future. We will exert Group-wide efforts to build a foundation to this end.

Kawai has also been actively promoting mid-career recruitment in these years, and the number of mid-career-hired employees increased by 57 in the past four years from FY2021 to FY2024. It includes recruitment of talents for supervisory positions and the core roles and we have some employees hired mid-career, who were work-ready as having professional skills and are now working energetically.

| Number of employees of foreign nationality |                   |    | Number of mid-career-hired employees |                   |     |
|--------------------------------------------|-------------------|----|--------------------------------------|-------------------|-----|
| 12                                         | End of March 2028 | 15 | 103                                  | End of March 2028 | 150 |
|                                            | Target            |    |                                      | Target            |     |
|                                            | Year on Year      | +1 |                                      | Year on Year      | +22 |

## Employing people with disabilities

Thanks to assistance from local special needs schools, Kawai Group has been able to continuously employ suitable workers through the work experience program. Kawai has been employing more people with disabilities than the statutory employment rate for ten years in a row since FY2015. In FY2024, the employment rate of people with disabilities in Kawai was 2.81% exceeding the statutory rate of 2.50%. Kawai is determined to fulfill social responsibility as an enterprise while valuing relationships with local organizations.

# Work-life balance

## Promotion of work-life balance

At Kawai Group, in line with the value “We nurture relationships as though each person is family” under the KAWAI Philosophy, a range of systems has been introduced to support diverse working styles and foster a comfortable workplace environment for employees.

### Newly Established Family Care Leave (supporting employees balancing childcare and nursing care)

Kawai has introduced a new leave system to enable flexible working styles for employees managing both childcare and nursing care, helping them continue their professional and social lives. Under this system, employees may take up to 10 days of leave per year to care for a child up to junior high school age or to support a family member requiring nursing care.

### Support system for good balance between work and private life

| System                                     |                                             | Description                                                                                                                                                                                   |
|--------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Special leave                              | Memorial leave                              | Can be taken 1 day per year on an employee's birthday                                                                                                                                         |
|                                            | Life support leave                          | Can be taken 2 days per year for a life event of an employee and the family                                                                                                                   |
|                                            | Refreshing leave                            | Can be taken for 5 days in a row in every 5 years of service                                                                                                                                  |
|                                            | Lay judge leave                             | Can be taken for appearance in a court as a lay judge or lay judge candidate                                                                                                                  |
| Family care support                        | Extended Caregiver Leave                    | Can be taken for family care for a period of 1 year at the maximum                                                                                                                            |
|                                            | Shorter work hours for family care          | Can work for shorter hours per day for family care for 3 years at the maximum                                                                                                                 |
|                                            | Overtime work exemption system/limitation   | Exemption of overtime work / Overtime work exceeding 24 hours per month and 150 hours per year will be exempted                                                                               |
|                                            | Limitation of midnight work                 | Midnight work from 10:00 p.m. to 5:00 a.m. will be exempted                                                                                                                                   |
|                                            | Caregiver Leave                             | Can be taken 5 days per year for family care                                                                                                                                                  |
|                                            | Family Care Leave                           | Up to 10 days of leave per year available for family nursing care                                                                                                                             |
| Support for pregnancy/childbirth/childcare | Leave for maternity health management, etc. | Systems can be used for commutation relief, staggered or shorter working hours, hospital visit during work hours, prolonged break time, alleviation of work load, shorter working hours, etc. |
|                                            | Maternity leave                             | Can be taken from 42 days before to 56 days after childbirth                                                                                                                                  |
|                                            | Spouse maternity leave                      | Can be taken for up to 2 days in the period from the date of notification of the spouse's pregnancy to one week after childbirth                                                              |
|                                            | Childcare leave upon childbirth             | Can be taken for up to 4 weeks within 8 weeks after childbirth                                                                                                                                |
|                                            | Childcare leave                             | Can be taken for childcare until a child reaches the age of 2                                                                                                                                 |
|                                            | Shorter working hours for childcare         | Can work for shorter working hours for a reason of childcare                                                                                                                                  |
|                                            | Overtime work exemption system/limitation   | Exemption of overtime work / Overtime work exceeding 24 hours per month and 150 hours per year will be exempted                                                                               |
|                                            | Limitation of midnight work                 | Midnight work from 10:00 p.m. to 5:00 a.m. will be exempted                                                                                                                                   |
|                                            | Child Nursing Leave and Family Care Leave   | Can be taken for childcare in case of injury or illness and for vaccination and health check-up of a child                                                                                    |
|                                            | Childcare hour                              | Other than regular break time, certain time can be taken for childcare twice a day                                                                                                            |
|                                            | Family Care Leave                           | Up to 10 days of leave per year available for family nursing care                                                                                                                             |

## Promotion of taking childcare leave

The childcare leave system was introduced in 1992 to support employees in balancing work and child-rearing. From FY2018 to FY2024, the usage rate among female employees remained at 100%. For male employees, the rate rose to 44%, up from 36% in the previous year. The usage rate of spouse maternity leave also increased significantly, reaching 87% compared with 63% in the prior year. Kawai continues efforts to raise childcare leave participation and foster a workplace environment where all employees can work with comfort and confidence.

| Ratio of female workers taking childcare leave                                                               | Ratio of male workers taking childcare leave                                                               | Ratio of workers taking spouse maternity leave                                                              |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>100%</b> <div> End of March 2028<br/>Target </div> <div> Year on Year </div> <b>100%</b> <div> 00% </div> | <b>44%</b> <div> End of March 2028<br/>Target </div> <div> Year on Year </div> <b>40%</b> <div> +8% </div> | <b>87%</b> <div> End of March 2028<br/>Target </div> <div> Year on Year </div> <b>70%</b> <div> +24% </div> |

# Health and productivity management

## Health and Productivity Management Declaration

Kawai Group established the “Health and Productivity Management Declaration” to strategically promote “health and productivity management,” considering the health management of our employees from a management point of view.

The Kawai Group believes that the physical and mental well-being of employees and their families forms the foundation for achieving the mission of the KAWAI Philosophy, “Let your life resound.” This well-being is regarded as an important asset for both the Group and society.

To support this, we are committed to ensuring that each employee, as a “bearer of musical culture,” can fully utilise their abilities, create a fulfilling work environment, and continue to contribute to musical culture, a tradition we have upheld since our founding. Our company and health insurance association will work together to actively support activities that maintain and enhance the health of employees and their families.

We declare that by enabling our employees to maximise their potential and thrive, we will contribute broadly to people’s cultural and musical lives through our business activities.

## Health and productivity management promotion structure

Under the Health Management Declaration, an executive officer from the Personnel and Labor Division serves as the “Health Management Officer” to lead the health management efforts. The Personnel and Labor Division plays a central role, collaborating with the Central Safety and Health Committee, which includes plant managers and labor union representatives, as well as with occupational health staff and the health insurance association, to promote the health of employees and their families.

Additionally, the status of employee health management is reported regularly at management meetings and other forums, ensuring a unified company-wide effort to advance employee health.



### Initiatives to maintain employee health

| Initiative                  | Description                                                                                                                                                                                                                                                          |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regular medical examination | The completion rate of health checkups is 98.1%, with the cost of comprehensive screenings covered for employees aged 40 and above. The gynecological examination rate stands at 68.3%, while the re-examination rate is 35.8%.                                      |
| Dental examination          | If employees receive dental examinations at medical institutions, the health insurance society will give them financial aid.                                                                                                                                         |
| Stress check                | Stress checks and group analyses are performed on all employees, including those of business sites with an employee head count of less than 50 persons.                                                                                                              |
| Health counseling services  | Occupational physicians and health nurses provide counseling services every month for employees exposed to high stress and those who have overworked. Health seminars and counseling services are provided for young employees in order to prevent their separation. |
| Measures against smoking    | Support in the form of interviews and providing information about smoking cessation outpatient services. The “Non-smoking Challenge Day” is established to encourage smoking cessation.                                                                              |
| Health seminar              | A health seminar is held once a year jointly with the health insurance society.                                                                                                                                                                                      |
| Walking event               | Held once a year for employees and their families to establish and improve the habit of taking exercise.                                                                                                                                                             |

## Certified Health & Productivity Management Outstanding Organization

Kawai Musical Instruments Manufacturing Co., Ltd. was certified as a “Health & Productivity Management Outstanding Organization 2025 (White 500).” The company has been recognised as a Health & Productivity Management Outstanding Organization each year since 2020 and received the “White 500” certification for the first time in 2025.

The Health & Productivity Management Outstanding Organization program recognises both large and small-to-medium-sized corporations that demonstrate excellence in health and productivity management by addressing local health issues or implementing health improvement measures promoted by Nippon Kenko Kaigi. Among large corporations, those with particularly high evaluations are additionally certified as “White 500.”



# Occupational safety and health

## Safety management at production sites

To ensure the safety of machinery and work environments at each production site, inspections are conducted by the safety and health committees established at each facility. At the Ryuyo Factory, which is central to piano production, “5S Patrols” are carried out every Monday to check the safety of all processes. When areas needing improvement are identified, prompt corrective actions are taken in collaboration with the responsible personnel for each process, aiming to enhance safety on the production floor.



“5S Patrols” at Ryuyo Factory

## Special health examinations

To ensure the proper implementation of special health examinations for employees engaged in work with disease risks, we coordinate with the responsible personnel at each site to verify target individuals whenever there are changes in job assignments or work content. Based on the results of these special health examinations, occupational physicians and public health nurses conduct inspections and consultations. They also make appropriate adjustments, such as changing work locations or modifying tasks, to consider the health conditions of employees.

## Safety and health education

To prevent workplace accidents, we provide safety and health education to employees. Particularly for new employees hires, we include lectures on safety and health during the pre-assignment training to ensure they acquire comprehensive knowledge before their official placement. Additionally, whenever there are changes in job assignments or incidents of workplace accidents, we conduct safety and health education at each site to continuously promote a strong awareness of safety and health in our business activities.

## Physical function measuring meeting

To promote employees’ health, establish and improve exercise habits, and reduce the risk of occupational accidents, we conduct a fall risk improvement program through our Gymnastics Division at each factory on a rotating annual basis.

## Occupational accident statistics

With regard to the FY2024 statistics for Japan, seven industrial accidents occurred in the head office, factories and related companies (none of which led to administrative leave/disability), and 12 in facilities under the control of branch offices (including three leading to administrative leave/disability). There was no work-related death.

### Accident details and measures taken

| Accident details                                                                 | Measures taken                                                                                                                |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| A cut wound occurred while using manual tools during non-routine machining work. | Safety measures were reinforced for tool use, and instructions were shared broadly to raise awareness and prevent recurrence. |
| A fracture was caused by general power tools during a transportation task.       | Work procedures were revised and compliance ensured, with a new rule established requiring the use of protective gear.        |

# Quality and customer satisfaction

## Promotion of quality and service improvement

The Kawai Group believes that compliance with laws and regulations, together with continuous quality improvement to enhance products and services, is essential to fulfilling the Credo of the KAWAI Philosophy: "Act with empathy and aim to bring joy to others."

Major factories in and outside Japan have ISO9001-certified quality management systems and hold quality meetings every month to share information within the organizations and take prompt actions to prevent quality-related nonconformities and abnormalities.

### Quality management system

Kawai promotes the introduction of ISO9001-certified quality management systems in order to maintain and improve quality and services. We endeavor to improve quality and services continuously by repeating the required PDCA cycle under quality management systems.

#### List of facilities with quality management systems

| Year of introduction | Facility                                                                                                               |
|----------------------|------------------------------------------------------------------------------------------------------------------------|
| 1997                 | Hamamatsu facility, Kawai Seimitsu Kinzoku Co., Ltd. (ISO9002-certified)                                               |
| 2003                 | Hamamatsu facility, Kawai Seimitsu Kinzoku Co., Ltd. (ISO9001-certified)                                               |
| 2004                 | Kawai Seimitsu Kinzoku Co., Ltd. (ISO9001-certified for the entire company)                                            |
| 2005                 | Ryuyo Factory (ISO9001-certified)                                                                                      |
| 2008                 | Kawai Musical Instruments (Ningbo) Co., Ltd. (ISO9001-certified)<br>PT. Kawai Indonesia Plant No.3 (ISO9001-certified) |
| 2009                 | PT. Kawai Indonesia Plants No.1 and No.2 (ISO9001-certified)                                                           |
| 2013                 | Shanghai Kawai EMI Co., Ltd. (ISO9001-certified)                                                                       |
| 2016                 | Kawai Hyperwood Co., Ltd. (ISO9001-certified)                                                                          |

## Initiatives for improving customer satisfaction

The Kawai Group works to build trust with customers through its Customer Help Desk and Customer Support Site. Opinions and feedback gathered sincerely through questionnaire surveys are respected and reflected in the improvement of products and services.

### Customer Help Desk

Our Customer Help Desk responds promptly and sincerely to various inquiries from customers, including inquiries about our products before purchasing, operating instructions, product quality, etc. Staff members who are music lovers endeavor to serve customers sincerely to be their valuable partners.

Feedback from customers are analyzed from various angles and forwarded to internal divisions for product quality and service improvement.

▶ Inquiry form

<https://www2.kawai.co.jp/info/inquiry/>



### Customer Support Site

The Kawai customer support site is a website that provides piano repairing and tuning services, product repair services and other after-sale services, catalogs and user manuals, and data downloads such as program updates, and receives catalog requests and trial bookings for Kawai pianos and digital pianos, requests for quotation, etc.

▶ Customer support (Japanese text)

<https://www.kawai.jp/support/>



# Governance

We will promote a sound governance structure that will generate sustainable corporate value by establishing impartiality and transparency in business management, managing risks, and complying with laws and regulations.



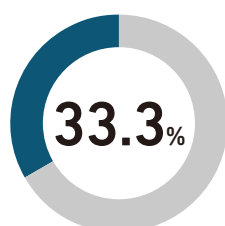
## Materiality



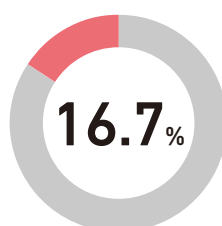
| Materiality              | Key Initiatives                                      | Medium-Term Management Plan Goals<br>(April 2025 to March 2035)                            |
|--------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Strengthening Governance | Enhancing effectiveness of the Board of Directors    | ● Conduct effectiveness evaluations and continuous improvements                            |
|                          | Risk management implementation                       | ● Implement risk management system                                                         |
|                          | Disaster risk measures                               | ● Establish Business Continuity Plan (BCP) structure and conduct training                  |
|                          | Cybersecurity Measures                               | ● Establish and operate an information security policy<br>● Conduct cybersecurity training |
|                          | Compliance Maintenance and Enhancement               | ● Continuous reinforcement of compliance education                                         |
|                          | Addressing Human Rights Risks in Business Activities | ● Conduct human rights due diligence and policy enforcement                                |

### Board of Directors Structure

Ratio of Outside Directors



Ratio of Female Directors



The company's Board of Directors emphasises the importance of incorporating diverse perspectives in management. The Board, which includes outside directors representing 33.3% and female directors representing 16.7%, is committed to strengthening corporate governance and advancing diversity.

# Corporate governance

## Basic principles of corporate governance

### Objectives and basic principles of corporate governance

Kawai Musical Instruments Mfg. Co., Ltd. established its basic principles of corporate governance based on the "KAWAI Philosophy" to achieve sustainable enhancement of corporate value, and the Group is committed to continuously improve our corporate governance.

\* Excerpt from the Basic Policy on Corporate Governance

These basic principles prescribe our corporate governance in six chapters focusing on different topics, including the basic concept, relationship with our stakeholders, and the corporate governance system.

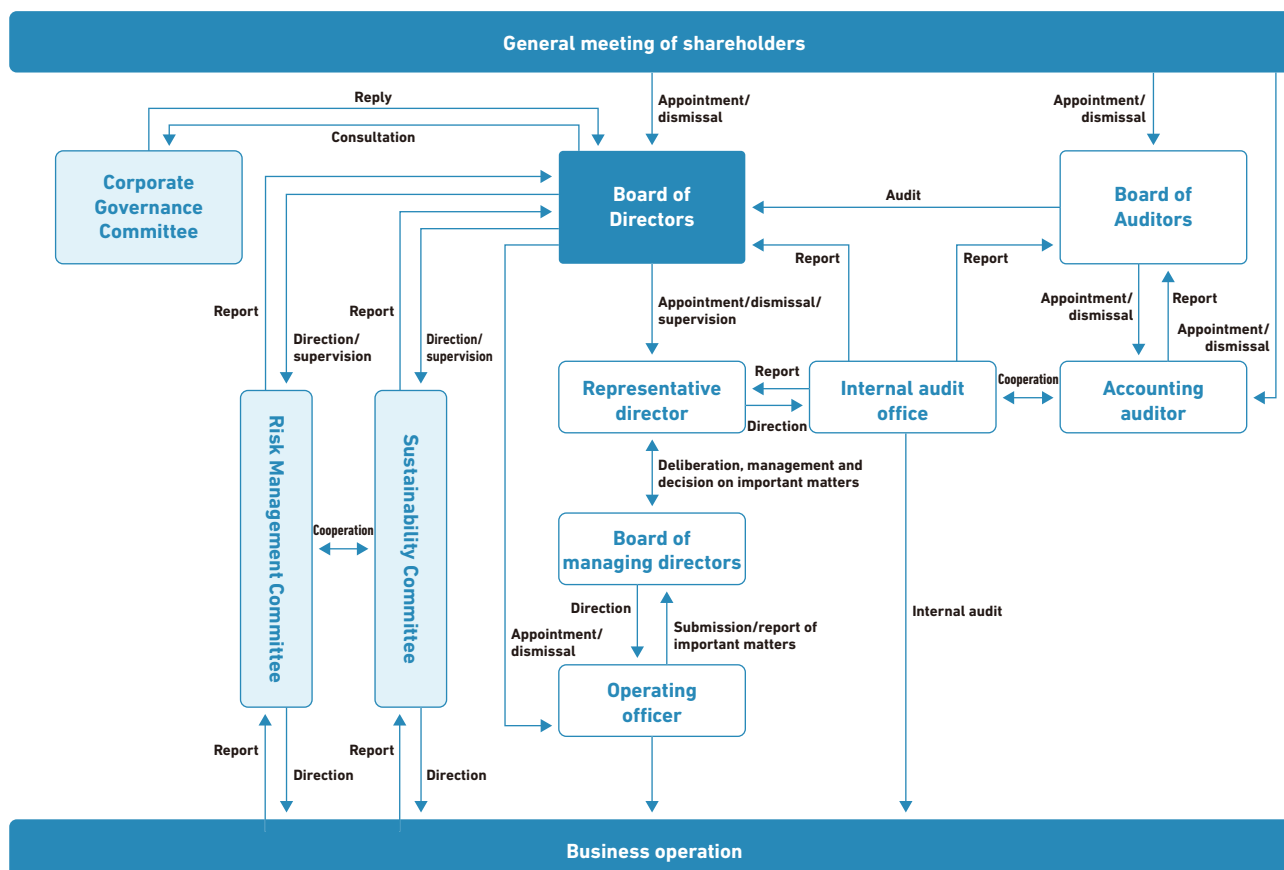
► Basic principles of corporate governance (Japanese text)

[https://www.kawai.co.jp/csr/governance/corporate\\_governance/](https://www.kawai.co.jp/csr/governance/corporate_governance/)



## Corporate governance structure

Our corporate governance and internal control structures are as follows.



## Corporate governance structure

We are a company with a board of auditors, but we have established a governance structure that enables the directors to make appropriate decisions, execute business promptly, and exercise proper supervision and oversight. Our Board of Directors administration process is designed to increase its effectiveness for better corporate governance.

### Board of Directors

The Board of Directors consists of directors, including external directors. External directors provide advice and oversight to the Board of Directors from an objective standpoint regarding the validity of decision-making and the execution of duties, enhancing the transparency of management. In addition, we revised the Executive Officer system introduced in April 2002 in June 2005 to allow directors to concurrently hold executive officer positions. This structure strengthens our ability to address company-wide challenges, clarifies responsibilities in business execution, and enhances the command hierarchy.

### Corporate Governance Committee

As an advisory body to the Board of Directors, we have established the Corporate Governance Committee. The committee discusses matters related to the selection of director candidates, director compensation, and other improvements in corporate governance. It submits recommendations and reports to the Board of Directors.

### Board of managing directors

Kawai has established the Board of Managing Directors as an organization to deliberate, oversee, and decide on specific business operating policies and plans related to matters requiring resolution by the Board of Directors, as well as daily business operations that call for high-level judgment. In principle, meetings are held once a week on a regular basis.

### Audit and Supervisory Board

The Audit and Supervisory Board is composed of auditors, including external auditors. The board establishes audit policies and assignments, and each auditor conducts regular audits of various business divisions and group companies in accordance with these policies. Auditors attend important meetings, including the Board of Directors, to accurately grasp the situation and provide opinions, thereby enhancing the auditing function of the directors' duties.

### Sustainability Committee

We have established the Sustainability Committee directly under the Board of Directors. Its objective is to promote group-wide sustainability activities to address medium-to-long term sustainability issues, considering their impact on the business environment and corporate value. Important sustainability matters are discussed by the Sustainability Committee and reported periodically to the Board of Directors.

### Internal Audit

We have established an Internal Audit Department to audit the overall business activities of the Kawai Group. The department conducts audits to ensure that business operations are conducted legally, properly, and reasonably. It also audits the utilization of company resources and compliance with laws, regulations, and internal rules.

## Basic principles of internal regulations

Kawai has the "KAWAI Philosophy" established as business management guidelines and strives to build a structure in which different organizations play their predefined roles and fulfill corporate strategies efficiently in compliance with laws, regulations and by-laws.

With respect to legal issues, we ensure legitimacy through consultation contracts concluded on a continual basis with multiple legal firms in each field.

In relation to internal control, the Board of Directors approved the "Basic Principles of Establishing Internal Control" on May 12, 2006, recognizing the importance of such a system as part of corporate governance to increase our corporate value. On May 14, 2015, the Board of Directors passed a resolution approving partial amendments to these basic principles in line with the purpose of the amendments to the Companies Act that came into effect on May 1, 2015, and has been working on system development pursuant to this resolution.

## Basic principles for elimination of antisocial forces

Eliminating antisocial forces from society is important in terms of security measures and it is necessary for companies to take action from a viewpoint of CSR. Such action is also required to defend corporations, considering that antisocial forces would cause tremendous damage on any company including its employees. Based on these principles, our company strives to build and maintain a corporate structure to tackle this issue to prevent any damage caused by antisocial groups as part of our compliance structure and internal regulations.

## Evaluation of the Effectiveness of the Board of Directors

As part of our efforts to enhance the effectiveness of corporate governance, we conduct annual evaluations of the Board of Directors' operations with the aim of improving and enhancing its functionality. Here is an overview of the effectiveness evaluation conducted in March 2025:

### Implementation

We conducted a survey in questionnaire format targeting the directors and auditors (a total of 12 individuals) comprising the Board of Directors. Again in the year to March 2025, in order to verify its effectiveness in a neutral and objective manner, we employed an external organization to conduct the survey and performed the analysis and evaluation on the aggregated results.

### Analysis and Evaluation Results

- Overall, we have received generally positive evaluations, indicating that the Board of Directors is effective.
- Although generally positive evaluations were received, no evaluation item showed significant change compared with the previous year. This highlighted the need to continue efforts to improve areas that remain challenges.
- Regarding issues for improvement, requests and suggestions were raised mainly by outside directors, including that the Board of Directors should deepen its discussions on management strategies and on critical management issues and initiatives, while reducing reports on less important matters.
- Outside directors also pointed out that the frequency of Board of Directors meetings is relatively lower than in other companies. It was confirmed that improvements in the Board's operations are necessary, including enabling deeper deliberation on important management issues.
- Many opinions were received from outside directors regarding deliberations in the Board, and it was requested by both inside and outside directors that inside directors take a more active role in discussions.
- Given the constantly changing circumstances surrounding listed companies, there were also requests to provide training opportunities for directors to acquire the necessary knowledge and information, as well as to arrange regular site visits to factories and markets for outside directors.

### Future Initiatives for Enhancing Effectiveness

Based on this effectiveness evaluation, actions will be taken to ensure that the Board of Directors engages in deeper discussion of management issues. These include operational improvements such as increasing the frequency of meetings, refining how agendas and report items are set, and strengthening support for providing directors with opportunities to acquire the knowledge needed to fulfill their roles and responsibilities. Through these initiatives, ongoing efforts will be made to further enhance the effectiveness of the Board.

## Interaction with Shareholders

The company has established a "Policy of Constructive Interaction with Shareholders" under the Corporate Governance Basic Policy. In line with this, constructive engagement is pursued through the general meeting of shareholders, as well as on other occasions such as financial results briefings, presentations on the Medium-Term Management Plan, and individual IR meetings.

| Occasion                                                         | Frequency | Presenter |          | Target participants                                                             |
|------------------------------------------------------------------|-----------|-----------|----------|---------------------------------------------------------------------------------|
|                                                                  |           | President | IR staff |                                                                                 |
| Financial result briefings (held in May and November 2024)       | 2 times   | ●         | ●        | Securities analyst, institutional investors (domestic and overseas), and others |
| Briefing on the Medium-Term Management Plan (held in March 2025) | 1 time    | ●         | ●        | Securities analyst, institutional investors (domestic and overseas), and others |
| Individual IR meeting                                            | 61 times  | ●*        | ●        | Securities analyst, institutional investors (domestic and overseas), and others |

\* Attended for 8 times in total

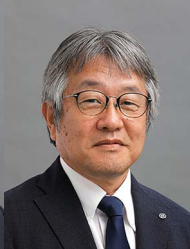
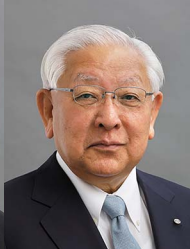
►Interaction with Shareholders

<https://www.kawai.co.jp/ir/dialogue/>



## Directors Skill Matrix

The Board of Directors as a whole seeks to maintain a well-balanced combination of knowledge, experience, and expertise in areas such as Corporate Management, Legal and Risk Management, Finance and Accounting, Manufacturing and Technology, Sales and Marketing, Global Business, and Industry Knowledge (Music and Musical Instruments). This composition enables the company to respond promptly and effectively to a rapidly changing management environment and to make timely decisions.

|                                                    |                                                                                   |                                                                                   |                                                                                   |                                                                                    |                                                                                     |                                                                                     |
|----------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                                                    |  |  |  |  |  |  |
| Name                                               | Kento Kawai                                                                       | Hiroshi Ushio                                                                     | Masafumi Minowa                                                                   | Naoki Mori                                                                         | Yasuo Goto                                                                          | Naomi Muramatsu                                                                     |
| Title                                              | President & Representative Director                                               | Vice President                                                                    | Senior Managing Director                                                          | Managing Director                                                                  | Outside Director                                                                    | Outside Director                                                                    |
| Expected knowledge, experience, and competence     |                                                                                   |                                                                                   |                                                                                   |                                                                                    |                                                                                     |                                                                                     |
| Corporate management                               | ●                                                                                 | ●                                                                                 |                                                                                   | ●                                                                                  | ●                                                                                   |                                                                                     |
| Legal affairs                                      |                                                                                   |                                                                                   |                                                                                   |                                                                                    |                                                                                     |                                                                                     |
| Risk management                                    | ●                                                                                 |                                                                                   | ●                                                                                 |                                                                                    | ●                                                                                   | ●                                                                                   |
| Finance and accounting                             | ●                                                                                 |                                                                                   |                                                                                   |                                                                                    | ●                                                                                   |                                                                                     |
| Manufacturing and engineering                      | ●                                                                                 | ●                                                                                 | ●                                                                                 |                                                                                    |                                                                                     |                                                                                     |
| Sales Marketing                                    | ●                                                                                 |                                                                                   |                                                                                   | ●                                                                                  |                                                                                     |                                                                                     |
| Global                                             | ●                                                                                 | ●                                                                                 | ●                                                                                 | ●                                                                                  |                                                                                     |                                                                                     |
| Industry knowledge (Music and musical instruments) | ●                                                                                 | ●                                                                                 | ●                                                                                 | ●                                                                                  |                                                                                     |                                                                                     |

# Risk management

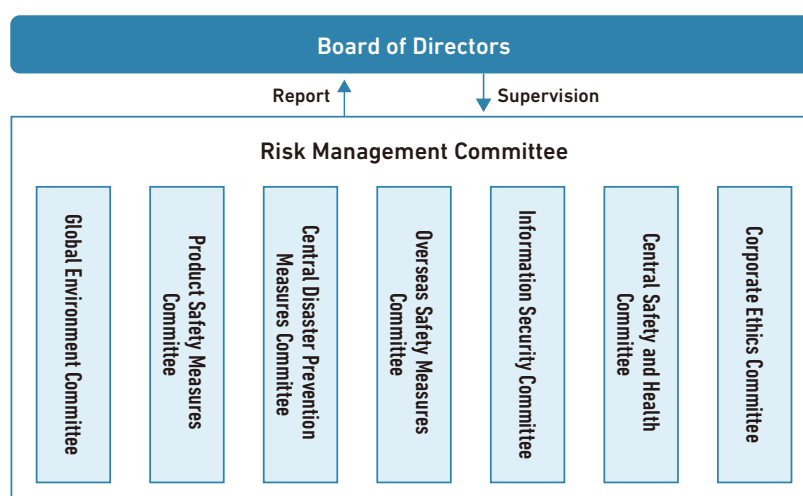
## Risk management structure

The main purpose of Kawai's risk management structure is to prevent risks associated with business operations from occurring. If any risk becomes obvious, measures to minimise the effects on society and management will be taken flexibly by addressing the risk systematically based on the organization of the office in some cases, or, in other cases, by setting up a committee, etc. to deal with the risk to protect the entire Group if necessary.

## Risk Management Committee

To deal with risks involving the entire Kawai Group, Risk Management Committee is responsible for establishing rules and regulations, checking the operation status, training of workers, planning and providing training programs, as well as reporting regularly to the Board of Directors on the company-wide risk management status.

Under the Risk Management Committee, subcommittees are established in the following fields and in the event of emergency, "Emergency Headquarters" will be promptly established to take quick actions and prevent expansion of damage.



### Global Environment Committee

The Committee has set out "Kawai Earth Environment Charter," "Kawai Environment Principles," "Green Procurement Guideline," and "Wood Materials Procurement Guideline." It also strives to ensure compliance with laws and regulations related to the environment as well as reducing the risks of environmental pollution by setting objectives and goals for environmental preservation.

### Product Safety Measures Committee

In the event that any safety deficiency is found in our products in the market which caused or is deemed likely to cause any injury to customers' lives or bodies, the Committee will take immediate actions including notice to customers, report to a relevant administrative organization, recall of such products, and also carry out all activities to minimise the damage to customers.

### Central Disaster Prevention Measures Committee

This Committee establishes preventive measures against disasters that may occur in Kawai Group including fire, damage by wind and flood and so on, and is responsible for all range of activities to minimise damage in the event of a disaster.

### Overseas Safety Measures Committee

This Committee is responsible for the risk management for overseas subsidiaries, expatriates and workers on overseas business travel.

### Information Security Committee

This Committee is in charge of the management from a company-wide perspective to ensure and maintenance confidentiality, integrity and availability of the information assets.

### Central Safety and Health Committee

This Committee strives to arouse attention of the employees in Kawai Group about their safety and health, and engages in various activities to prevent disasters and diseases.

### Corporate Ethics Committee

The Committee deliberates to decide on the basic principles of compliance, checks the status of practices of those principles, and engages in establishing regulations and manuals in relation to compliance. In addition, in case of any violation with regard to corporate ethics, it discusses the measures to deal with it and submits them to the executives.

## Disaster risk reduction measures

In preparedness for a large-scale earthquake or other emergency situation that may occur, Kawai has a BCP (Business Continuity Plan) that summarises various measures and methods to take in normal circumstances and in case of emergency so that Kawai will be able to secure the safety of employees, minimise damage to its business assets, continue to be operational, and achieve full recovery of the entire operation quickly. The most important thing in implementing the BCP is to secure and confirm the safety of people's lives. For this end, we have introduced a safety confirmation system and distributed a disaster prevention handbook.

### Safety confirmation system

It is important to confirm the safety of employees immediately upon occurrence of a disaster. We have a safety confirmation system that automatically sends broadcast email messages and aggregates safety information upon occurrence of a large-scale earthquake or other disaster. Employees receive regular training to be able to respond promptly to emergency events.

### Disaster Prevention Handbook

We issued a disaster prevention handbook summarizing knowledge and information related to disasters, preparedness, and necessary actions so that employees will be prepared for large-scale earthquakes and other disasters. This handbook also provides easy-to-understand explanations about the BCP, to ensure that it will be fully understood by all employees.

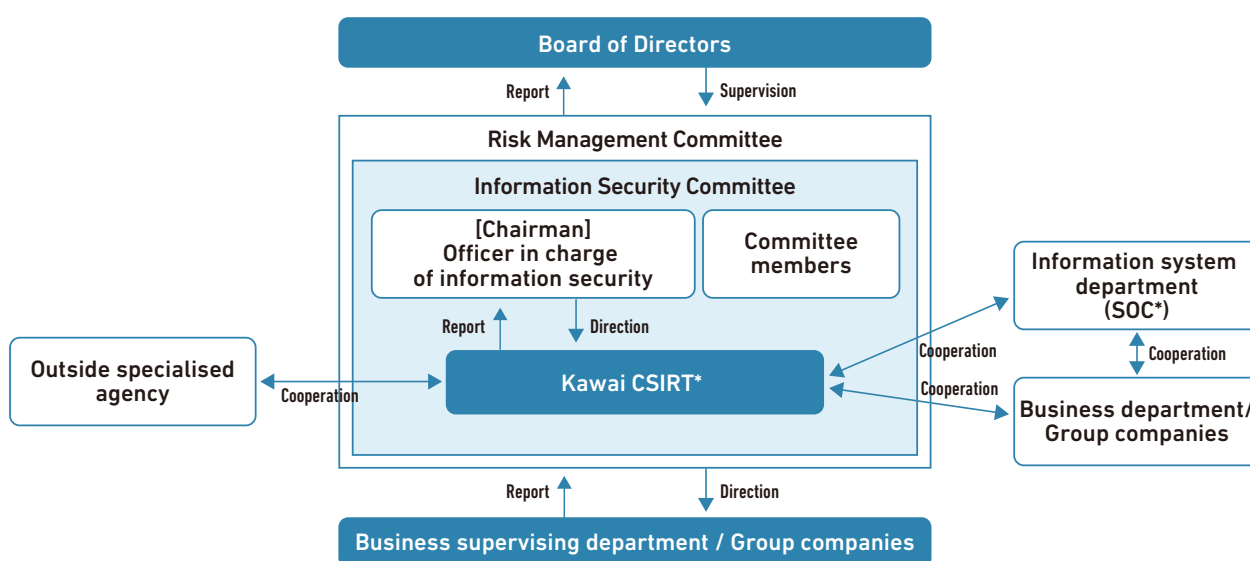


## Measures for information security

The Kawai Group recognises information security risks as one of its critical management challenges. In line with the Basic Policy on Information Security, which was established to ensure the proper protection and use of information assets, the Group is implementing a range of security measures.

### Information security structure

The Kawai Group has put in place an appropriate management framework to address information security risks and ensure the protection of information.



\* CSIRT (Computer Security Incident Response Team): Responds promptly in the event of an information security incident.

\* SOC (Security Operation Center): Monitors networks and devices around the clock, 365 days a year.

# Compliance

## Basic principles regarding compliance

The Kawai Group's definition of compliance is not limited to compliance with laws and regulations, but also encompasses observing internal rules etc. and acting in accordance with social norms and codes of ethics to earn trust in society. It is committed to compliance management that involves all-out efforts by all employees. To be more specific, we established "Kawai Code of Ethics" and "Standards of Ethical Conduct," and established Corporate Ethics Committee that includes outside expert members (lawyers).

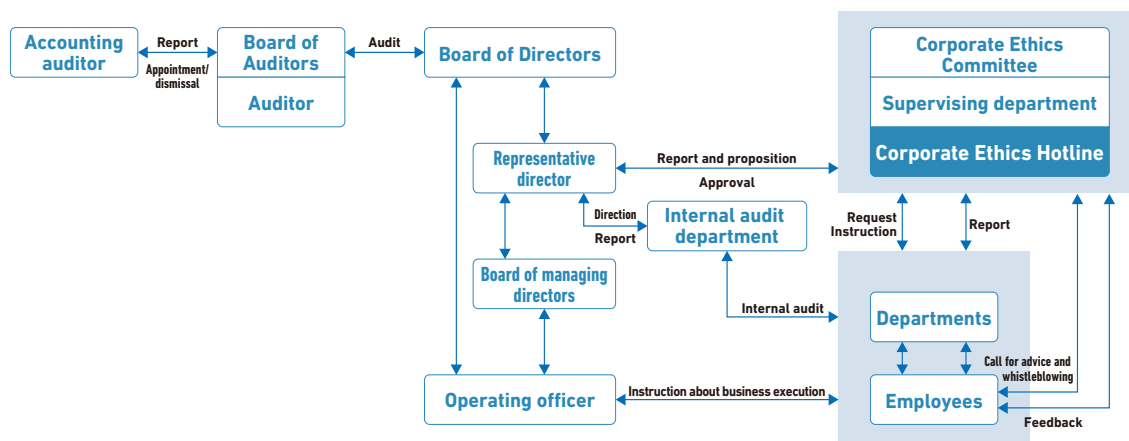
### ■ "Kawai Code of Ethics" and "Standards of Ethical Conduct" (summary)

- Compliance with laws and regulations, and internal rules
- Action in accordance with high standards of morality and ethics
- Prohibition of illegal and unethical transactions
- Clear line between business and private activities
- Respect for fundamental human rights and individuals' dignity
- Prohibition of discrimination and harassment
- Prohibition of anti-social conduct
- Preservation of the global environment
- Enhancement of customer satisfaction
- Free competition and fair trade
- Fair transactions with suppliers, partners, and dealers
- Prohibition of bribery and corrupt conduct
- Prohibition of untruthful advertising
- Appropriate disclosure of corporate information
- Prohibition of insider trading
- Management and proper use of company property
- Protection of intellectual property rights

## Compliance promotion structure

In fulfillment of compliance management, Kawai established the Corporate Ethics Committee as a consultative and advisory organization in the area of compliance. The Corporate Ethics Committee establishes basic policies on compliance issues, monitors related measures, discusses actions to be taken in the event of serious legal violations, submits reports to the President and the Board of Directors, and provides guidance to the department supervising corporate ethics.

The section responsible for supervising corporate ethics operates the "Corporate Ethics Hotline" to detect and correct violations etc. promptly, and organises and conducts compliance programs to raise awareness among employees.



## Corporate Ethics Hotline

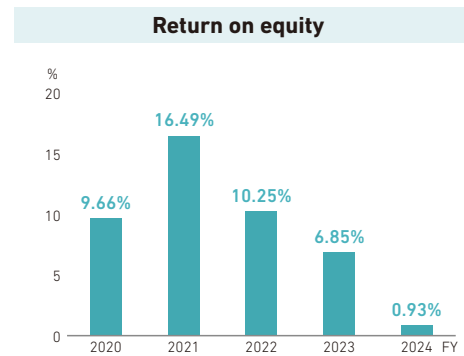
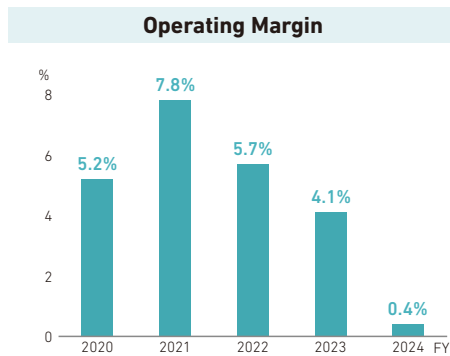
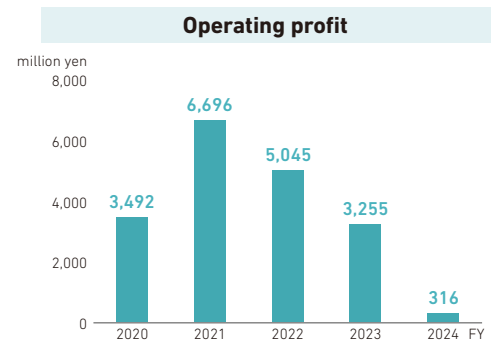
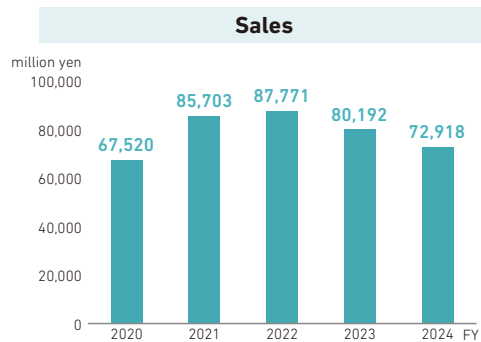
Kawai has a "Corporate Ethics Hotline" to receive reports from whistleblowers and discover and solve violations immediately. Reports may be made anonymously, and the "Corporate Hot Line Standards" stipulate that no unfavorable treatment is given to the whistleblowers.

## Compliance education and enlightenment

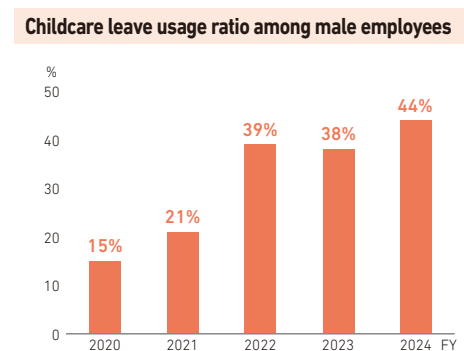
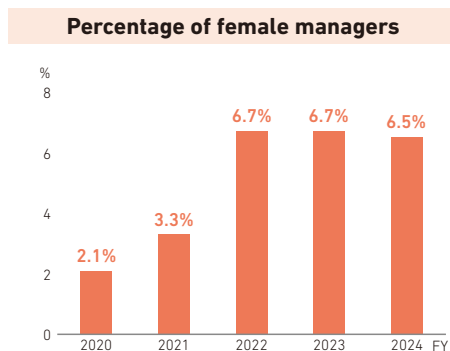
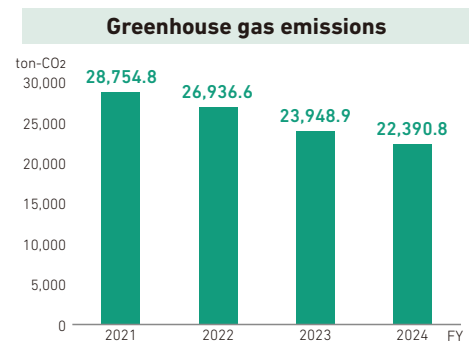
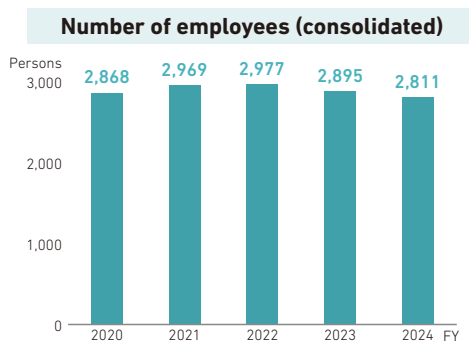
Kawai makes efforts to arouse employees' awareness of compliance through education and enlightenment activities, including "enlightenment during Corporate Ethics Month (October)," "issuance of monthly corporate ethics news," "self-check using a check list for identifying compliance risks," and "compliance training."

# Financial/non-financial data

## Financial data



## Non-financial data



# Connecting Communities and Culture

## Creating sustainable community and culture

The Group engages in a variety of activities that strengthen ties between communities, culture, and people, thereby contributing to the creation of a sustainable society across environmental, social, and educational dimensions.

### Use of Recyclable Vegetable Fiber (Ultrasuede®\*) in Shigeru Kawai Accessory Box



Shigeru Kawai grand piano accessories

As part of sustainable manufacturing initiatives, an environmentally friendly material is used for the accessory box included with the Shigeru Kawai grand piano. The artificial leather for the box is produced from raw materials such as recyclable vegetable fiber, giving it a texture similar to high-quality suede. This accessory box delivers two distinct values: a luxurious appearance befitting the flagship product of the series, and a contribution to a sustainable society. Efforts will continue to expand the use of eco-friendly materials in other product lines, in harmony with the environment and in support of musical culture.



Box



Contents



Hamamatsu Station Concourse



Wall of Station Concourse

### Street Piano Decorated with Flower Patterns



At Lake Hamana Hanahaku 2024, Kawai exhibited an art-wrapped piano with flower patterns as a street piano at Hamanako Garden Park.

▶ **Exhibition of Art-Wrapped Piano Begins  
at Lake Hamana Hanahaku 2024**

<https://www.kawai.co.jp/news/20240408/>



### Collaboration with local communities



Cleaning roads around our head office



Maintaining sea embankment and disaster prevention forests on the Enshu Sea coast

We participate in Hamamatsu City's road and river foster parent program, by cleaning roads around our head office. We also work on the maintenance of disaster prevention forests under an agreement with Shizuoka Prefecture.



## Factory tour



Ryuyo Factory provides factory tours for many people, including students from local elementary, junior high, and high schools. People who join the tour can observe the assembly process of a grand piano.

We received positive feedback from elementary school students after factory tours.

►You can book a factory tour  
from our company's website. (Japanese text)

<https://www.kawai.jp/ryuyofactory/>



## Supporting Food Drive Projects



Kawai supported the food drive project jointly organised by Enshu Railway Co., Ltd. and Meiji Yasuda Life Insurance Company by setting up a dedicated food collection box at its head office.

►Collection Box Set Up at Head Office (News release)

<https://www.kawai.co.jp/news/20250612/>



## Support for the "Mutual Aid Circle Project"



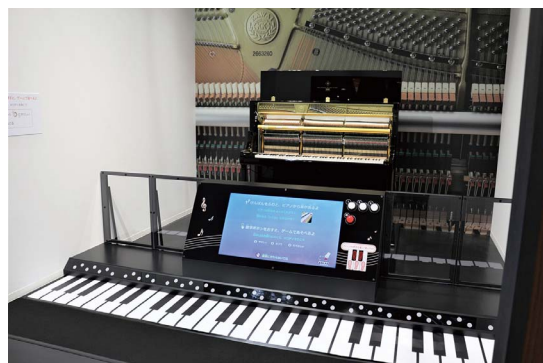
Kawai supported the "Mutual Aid Circle Project," operated in the mid-western part of Shizuoka Prefecture by the Shizuoka office of Ricoh Japan Co., Ltd., by delivering "Shared Sets for Disaster Prevention" to 100 of the company's vehicles.

►Equipped 100 Company Vehicles  
with Disaster Supplies (News release)

<https://www.kawai.co.jp/news/20241129/>



## Cooperation with Hamamatsu Science Museum



Kawai Musical Instruments' booth "Piano Action"  
in Hamamatsu Science Museum

We have been cooperating with Hamamatsu Science Museum on our permanent exhibition booth since its opening. In 2022, we renewed it so that children can play and learn the movement and structure of the piano keyboard.

►Renewed our exhibition booth in Hamamatsu  
Science Museum. (News release) (Japanese text)

<https://www.kawai.co.jp/news/20220907/>

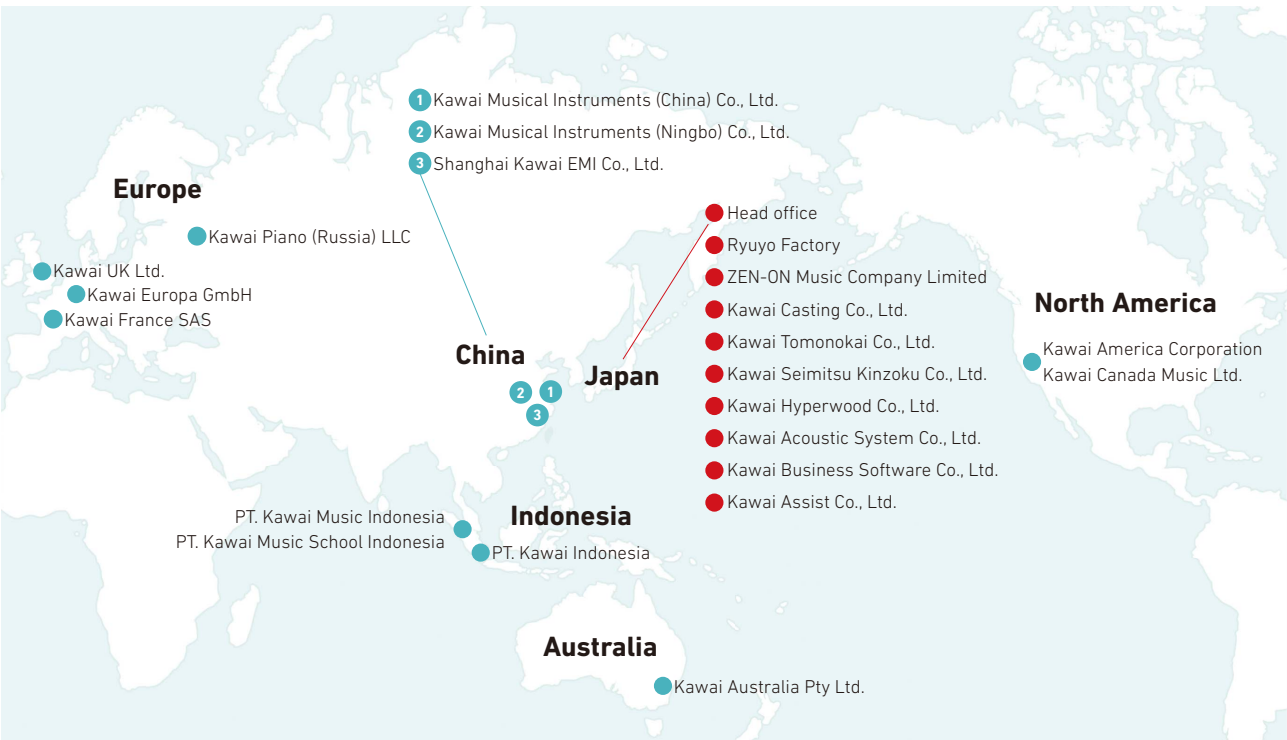


# About Kawai

## Company outline

|              |                                                  |                      |                                                               |
|--------------|--------------------------------------------------|----------------------|---------------------------------------------------------------|
| Company Name | Kawai Musical Instruments Manufacturing Co., Ltd | Company Headquarters | 200 Terajima-cho Chūō-ku, Hamamatsu City, Shizuoka Prefecture |
| Established  | August 9th, 1927                                 | Reorganised          | May 15, 1951                                                  |
| Capital      | <b>7,122</b> million JPY                         | No. of employees     | <b>2,811</b> Consolidated<br><b>1,270</b> Non-consolidated    |

## Kawai Group Bases



## Editorial policy

### Information in this report

This report covers our ESG (environmental, social, and governance) initiatives and other sustainability activities. For detailed information on the business of Kawai Group, please refer to the company website.

### Intended readers

This report is intended for various stakeholders, including customers, partner companies, employees, shareholders and investors, local residents and NGOs, administrative organizations and international organizations.

### Period covered by the report

This report mainly covers the fiscal year 2024 (April 2024 to March 2025). However, some important information includes data from outside this period. Additionally, certain items and figures have been revised and included in the report due to a review of the aggregation methods used.

### Organizations subject to the report

Kawai Musical Instruments Manufacturing Co., Ltd., Headquarters and Ryuyo Factory/Kawai Seimitsu Kinzoku Co., Ltd./Kawai Casting Co., Ltd./Kawai Hyperwood Co., Ltd.

\* This report also includes the activities of some other Group companies.

### Referenced guidelines

Ministry of the Environment, "Environmental Reporting Guidelines (2018)"; ISO26000 "Guidance on social responsibility"

## Third party opinion



**Kiyohiko Nakasaki**

Professor Emeritus at Tokyo Institute of Technology

This year's report explains the "8th Medium-Term Management Plan," announced in March 2025, in an easy-to-understand format. It focuses on three key themes: the KAWAI Ten-Year Plan, the KAWAI Philosophy, and Sustainability Management.

The KAWAI Ten-Year Plan spans a full decade, exceeding the usual three-year period of a medium-term plan. This extended horizon reflects the company's intention to set a clear outlook for sustainable corporate growth and long-term investment. In this report, the plan is presented in a compact digest format with figures and tables, allowing readers to grasp the overall picture at a glance. These efforts make complex strategies easier to understand and give the report strong credibility. Combining a long-term perspective with a clear, accessible format not only enhances management transparency but also provides powerful guidelines for all members of the company to work together and take on future challenges.

The section on the KAWAI Philosophy provides a detailed account of the president's vision for the company's development. While Japanese companies are often recognised for their ability to solve practical issues and fulfill responsibilities, they are sometimes seen as less adept at expressing philosophy in a systematic way. In this respect, articulating Kawai's long-term management philosophy in clear language is highly significant. The KAWAI Philosophy serves as a guide for employees and communicates Kawai's *raison d'être* to external

stakeholders. It is expected that the philosophy outlined in this report will be embedded in daily operations and concrete measures, leading to further growth alongside Sustainability Management.

As in the previous year, the report clearly identifies key issues (materialities) for the company to prioritise. Notably, this year it goes further by setting specific numerical targets. Stating quantitative goals, rather than only abstract ideas or directions, demonstrates accountability and the company's commitment to achieving them responsibly. These measurable goals enable progress to be tracked and results to be verified, further strengthening management transparency and effectiveness. More than simple indicators, these figures are expected to act as a driving force, accelerating new challenges and opening up the future.

Taken together, the president's philosophy, the company's proactive stance on numerical targets, and the clear, long-term description of its management plan provide a strong foundation for growth in a rapidly changing world. These initiatives will help build true corporate strength, ensuring that Kawai continues to thrive and to be recognised as an excellent company well into the future.

### In appreciation for the third-party comment

We sincerely appreciate the valuable feedback received on this report. Professor Nakasaki's comments have been a great source of encouragement, while also reminding us of the responsibility we carry for future initiatives.

In this year's report, particular effort was placed on presenting the 8th Medium-Term Management Plan, the "KAWAI Ten-Year Plan," the newly established "KAWAI Philosophy," and "Sustainability Management" in an easy-to-understand manner, with clear articulation of numerical targets linked to materiality. We are grateful that these efforts were recognised, which has given us confidence and motivation to further accelerate initiatives aimed at achieving sustainable growth.

The observation that the systematic expression of Kawai's management philosophy is highly significant confirms that the direction of our sustainability management is well understood. It also reaffirms our commitment to putting this philosophy into practice and carrying it forward through specific measures.

Looking ahead, feedback will be sincerely embraced as we continue to apply our management philosophy, steadily address key issues, and ensure transparent information disclosure. Through ongoing improvements, we remain dedicated to advancing sustainable management.

(Sustainability Committee administration office)

# KAWAI



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