

**KAWAI**

もっと伝えたい、感動を。



# KAWAI Report

# 2022

Sustainability  
Environment  
Social  
Governance



Kawai Musical Instruments Manufacturing Co., Ltd.  
Kawai Report 2022

## Management Philosophy

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### In order to make the Corporation more creative and likeable...

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We create a rich, pleasant environment for living.

We provide our products and services with our customer's satisfaction as the first priority.

We carry out our corporate activities toward the future.

We take good care of our employees and aim to make the Corporation fair and open.

## Code of Conduct

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### Always have pioneering spirit without satisfaction with the status quo

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Act aggressively without worrying about failure

Constantly improve yourself with aspiration

Demonstrate great creativity and challenge yourself in this era of change

Focus on living in harmony with nature and actively take action to contribute to society

Behave with pride and confidence as a player to promote the music culture

Since the foundation of the company, we have been continuing our business activities with the purpose of manufacturing quality instruments and making contributions to the music culture.

In today's world where society and industrial structure are dramatically changing, Kawai strives to continue our corporate activities pursuant to the management philosophy and the code of conducts described above in order to further contribute in wider areas to people's lives and culture.

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## Editorial policy

### Information in this report

The title of this report has been changed from "Environmental and Social Report" to "KAWAI Report."

In addition to the existing topics of the "Environmental and Social Report", information about "our activities in relation to sustainability" is also provided in this report. We tried to convey Kawai Group's activities to readers in an easy-to-understand way by clarifying each item's policy and their relation to SDGs.

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

The scope of this report is mainly the FY2021 (from April 2021 to March 2022) and the latest information after April 2022 is also added for some important items. For some items and figures in this report, existing data was modified as a result of review of the aggregation method.

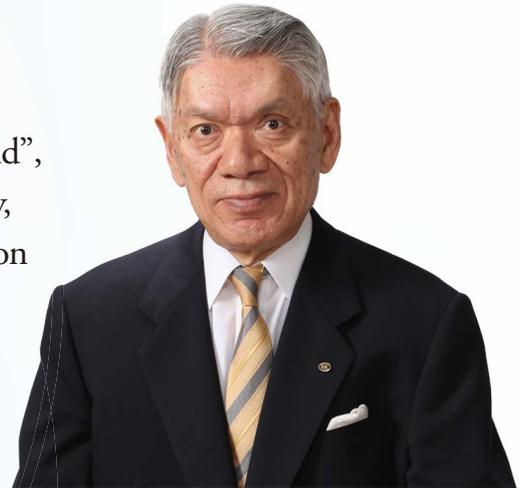
### Organizations subject to report

Kawai Musical Instruments Manufacturing Co., Ltd.,  
Headquarters and Ryuyo Factory  
Kawai Precision Metals Co., Ltd.  
Kawai Casting Co., Ltd.  
Kawai Hyper Wood Co., Ltd.  
Kawai Acoustic System Co., Ltd

## TOP MESSAGE

Setting out the long-term vision “Establishing a 100-year brand”, we endeavor to improve our corporate value and brand quality, and promote sustainable growth aiming at continuing evolution for 100 years and beyond.

*Kirotaka Kawai*  
Chairman, President & CEO



It has been more than two years since the outbreak of the new coronavirus pandemic and the future outlook continues to be uncertain as it appears the situation in Japan and overseas has yet to settle. Under these circumstances, I would like to pay my respects and express my heartfelt gratitude to those people in medical institutions who dedicate themselves every day in medical services to prevent the spread of infections

The 6th medium-term management plan (from April 2019 to March 2022) has come to an end. Looking back on it, changes in the business environment caused as a result of the worldwide spread of COVID-19 had an impact on Kawai Group' activities in many ways, including our supply chain and the operation of our music school and gymnastic school. In such a severe situation, however, we captured the demand rising from changing life styles and stay-at-home demand to increase the sales of high-value-added products including “Shigeru Kawai” and hybrid products as well as digital pianos, resulting in strong consolidated profits in the final year of the plan, significantly exceeding the business targets.

In addition, the previous year marked a remarkable feat for Kawai. The International Chopin Piano Competition which is held once every five years and is a very important competition for our company was held in Warsaw, Poland. In the competition, three contestant pianists of the finalists chose our company's full concert piano SK-EX, which was the largest-ever number, and two of those three had won the 2nd and 6th prizes, respectively. This event was an important milestone for our company, and I was deeply moved.

Starting from April 2022, the 7th medium-term management plan is currently ongoing for 3 years with the theme of stable growth in new business environments. In this plan, we are setting “Evolution of contacts with customers”, “Strengthening areas of growing demand”, “Responding to increasing costs” as our main strategy, aimed at steady growth while fitting in well with a new business environment to the end of establishing a 100-year brand, and thereby building up a solid

structure which enables us to celebrate the company's 100th anniversary.

We also established our sustainability principles to realize a sustainable society in cooperation with all our stakeholders. Pursuant to this policy, we are committed to making contributions to SDGs by addressing many of the environmental and social issues. Among others, promotion of diversity is imperative to creating a workplace environment where various talents can work actively. We will focus our efforts on activities ensuring the diversity of human resources such as increasing the ratio of female executives and the number of foreign employees.

On the other hand, with the environmental issues around the globe including climate change and decreasing biodiversity becoming increasingly severe, the roles that companies are required to play are getting more and more important. In 1994, our company established “Kawai Earth Environment Charter” based on which the environment principles were set and hence the Global Environment Committee was formed as a mean to promote them. Our main production facilities in Japan, Indonesia and China have introduced ISO14001 Environmental Management System to address environment-friendly business activities and preservation of the global environment. We are committed to preserving the global environment through activities to reduce environmental load, which includes reduction of CO<sub>2</sub> emissions which is a cause of global warming, waste reduction for effective use of resources and resource circulation by recycling, and by continuing our afforestation activities in Kawai Forest with the purpose of CO<sub>2</sub> absorption and biodiversity preservation.

As always, we are incredibly grateful for your ongoing support.

# Company history

1930

## 1927 – 1951

- 1927 Koichi Kawai established the Kawai Musical Instruments Research Laboratory. Started manufacturing and selling pianos.
- 1929 Company name changed to Kawai Musical Instruments Manufacturing Company.
- 1935 Corporate structure expanded to partnership basis.
- 1951 Company reorganized into a joint-stock company, Kawai Musical Instruments Manufacturing Co., Ltd.

1940

1950

1960

## 1989 – 1998

- 1989 Hirotaka Kawai appointed president.
- 1994 Global Environment Committee, a company-wide organization to promote environmental activities established.
- 1996 Constituted the new Business Principal and Code of Conduct.
- 1997 Hamamatsu office of Kawai Precision Metals Co., Ltd. receives ISO9002 certification. Ryuyo Facility receives ISO14001 certification which is the first in the instrument industry.
- 1998 Kawai Hyper Wood Co., Ltd. established.

1970

1980

1990

2000

## 2012 –

- 2012 Shanghai Kawai Emi Co., Ltd. established in China. Kawai Casting Co., Ltd. established in Hakui city, Ishikawa prefecture. Kawai Musical Instruments (Ningbo) Co., Ltd. received ISO14001 certification.
- 2013 Shanghai Kawai Emi Co., Ltd. received ISO9001 certification.
- 2014 Zen-On Music Company Limited acquired as subsidiary company. Kawai Piano (Russia) LLC established in Moscow, Russia.
- 2015 First overseas directly managed showroom opened in Houston, Texas, U.S.A. Kawai Precision Metals Co., Ltd. received ISO14001 certification. "Kawai Forest" the tree planting activities for Tohoku reconstruction support started in Higashi-matsushima city.
- 2016 "Basic Agreement on Piano Technical Service Business" concluded with China Musical Instrument Association. Kawai Musical Instruments (China) Co., Ltd. established in Beijing, China. Kawai Hyper Wood Co., Ltd. received ISO14001 certification.
- 2017 The 1st Shigeru Kawai International Piano Competition held. Second overseas directly managed showroom opened in Dallas, Texas, U.S.A. Kawai Acoustic System Co., Ltd. made Declaration of Conformity with ISO14001. PT. Kawai Indonesia's Factory No.3 received ISO14001 certification.
- 2018 Kawai France SAS established in Courbevoie, France. Third overseas directly managed showroom opened in Hamburg, Germany.
- 2019 "Shigeru Kawai series" marked 20th anniversary.
- 2020 Ryuyo Factory marked 40th anniversary. Shanghai Kawai Emi Co., Ltd. received ISO14001 certification.

2010

2020



In 1927, Koichi Kawai established the Kawai Musical Instruments Research Laboratory.

## 1955 – 1985

- 1955 Shigeru Kawai appointed president.
- 1956 Kawai Music School established.
- 1961 Maisaka Factory completed as a main assembly plant. Kawai Piano Technicians School (current Kawai Academy of Music) opened.
- 1963 Kawai America Corporation established in U.S.A.
- 1967 Physical training program, Kawai Gymnastic School established.
- 1980 Kawai Precision Metals Co., Ltd. of metal rolling established. Ryuyo Factory established as grand pianos factory exclusively.
- 1985 Kawai Business Software Co., Ltd. established.

## 1999 – 2011

- 1999 "Shigeru Kawai" series of luxury grand piano instruments launched.
- 2001 Luxury full concert piano "SK-EX" introduced. PT. Kawai Indonesia established in Indonesia.
- 2002 Kawai Trading (Shanghai) Co. Ltd. established in Shanghai, China.
- 2003 Hamamatsu office of Kawai Precision Metals Co., Ltd. received ISO9001 certification.
- 2004 Kawai Precision Metals Co., Ltd. expanded the registration of ISO9001 certification to the whole company. Kawai Musical Instruments (Ningbo) Co., Ltd. established.
- 2005 Ryuyo Factory receives ISO9001 certification.
- 2007 First Kawai Music School in China established in Shanghai. "Kawai Forest" the tree planting activities in Indonesia started.
- 2008 Kawai Musical Instruments (Ningbo) Co., Ltd. received ISO9001 certification. PT. Kawai Indonesia's Factory No.3 received ISO9001 certification.
- 2009 Domestic piano manufacturing processes integrated into Ryuyo Factory. PT. Kawai Indonesia's Factories No.1 and No.2 received ISO9001 certification.
- 2011 PT. Kawai Music Indonesia established in Indonesia. PT. Kawai Indonesia's Factories No.1 and No.2 received ISO14001 certification.



In 1955, Shigeru Kawai was appointed president, inheriting Koichi's ambition.

# Overview of the 7th Medium-term Management Plan “Resonate 2024”

## Long-term vision

### Establishing a 100-year brand

Aspiring to continuous development for 100 years and beyond, we strive to increase our corporate value and brand quality and realize constant growth by reinforcing the strength of each business, pursuing and increasing customer satisfaction and contributing to the development of music culture, with the aim of becoming the world's No.1 brand of piano manufacture which is the core business continuing right from the foundation.

## The 7th Medium-term Management Plan “Resonate 2024” (FY2022 to FY2024)



\* At the time of the previous Medium-Term-Management-Plan in 2019, we positioned the upcoming three years starting from April 2022 as “Acceleration of growth” which was changed to “Stable growth in new business environment” because our company profits have increased substantially ahead of the original plan due to the effect of stay-at-home demand. We are also taking into consideration the uncertainty in demand for keyboard musical instruments after stay-at-home demand declines, ongoing disruption in the supply chain, and other factors.

### Basic principles

Build a rock-solid system to mark the centenary by growing steadily, compatible with the new business environment, with the aim of establishing a 100-year brand. Draw the future that KAWAI wishes to bring into reality by seeing “far beyond” the centenary.

### Important strategy

#### Evolution of contacts with customers

Implement promotional measures tailored to changes in customer purchasing behavior. Communicate the value of products and services to “as many target customers as possible” in a way that is “as easy to understand as possible” by fusing real and digital measures.

#### Strengthening areas of growing demand

Broaden the lineup of product categories in particular whose demand has grown due to changes to lifestyles (hybrid products and digital pianos) and expand and reinforce their production system.

#### Responding to increasing costs

Improve productivity and set appropriate prices in order to address rising costs, resulting from surges in the cost of materials, such as semiconductors, and overseas transportation fees.

## Basic strategy (musical instruments and education related business)

### Enhancement of brand strength

- Further enhancement of KAWAI brand in preparation for becoming “a 100-year brand”

### Reinforcement of sales ability

- Musical instrument manufacturing and sales  
Pursuing high-value-added products and increasing the share in each market
- Musical education  
Promotion and dissemination of the music culture aimed to send a brand message and create demand for keyboard instruments

### Reinforcement of product and service strength

- Relentless pursuit of “customer satisfaction” applying unique techniques only by a piano manufacturer

### Strengthening of production power

- Strengthening QCDF\* in the global production structure  
(efficiently produce quality products and supply them at the right time in a stable manner)  
\* Quality, Cost, Delivery, Flexibility

### Building up of organizational strength

- Reviewing the organization from the perspective of functionality before establishing an organizational structure and carrying out personnel assignment, which are necessary for the expansion of the company



## Basic strategy (Material processing business)

### Metal product business

- Increasing orders received for new in-vehicle products and building up a structure for production increase
- Horizontal expansion of existing products and order receiving for new products
- Acceleration of asset investments to increase productivity

### Acoustic product business

- Expanding application for individuals and developing a corporate user market
- New product development in pursuit of comfortable acoustic space
- Establishing a production structure to accommodate sales increase

## Consolidated business result index

	FY March 2025
Sales	90,000
Operating profit	6,800
Recurring profit	6,800
Current term net profit*	4,400

[Unit: million yen]

	FY March 2025
Operating profit ratio	7.6%
ROE	10% or more

\* Current term net profit attributable to owners of parent company  
Exchange rate assumed for plan:  
115 JPY/US\$, 125 JPY/euro, 18 JPY/yuan

## Return to shareholders

We have a basic policy to perform flexible return to shareholders for the purpose of stable dividend payment and increasing of capital efficiency while keeping adequate internal reserves for stabilizing management foundation, taking into account the future management environment and our business development, thereby increasing the total return ratio.

### [Notice regarding the future forecasts]

Information shown on this page includes forecasts based on the assumptions, outlook, and plans depicting the future as of March 25, 2022. Actual measures taken and business results may differ from those aforementioned forecasts depending on uncertain factors, including the world economy, competitive conditions, technological innovation and fluctuation of exchange rates.

## Sustainability principles

To realize our management philosophy to “become a favored company with great creativity...” we endeavor to make sustainable developments as a corporation by ensuring harmony between the global environment and society as well as healthy management through our business activities to manufacture instruments of higher quality and make contributions to the development of musical culture.

And at the same time, we are committed to contribute to realization of a sustainable society in collaboration with our customers and all other 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

As a company in “great impression manufacturing industry” that delivers moving experiences and satisfaction to people through music, we aim to realize an enriched society with enjoyment, and build good relationships with all our 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.**

### 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.

Kawai Group is committed to making contributions to accomplishing these goals through its business activities.



# Addressing environmental and social issues

We address sustainability issues focusing on those in relation to environment and society, and strive to ensure sustainable growth of the company.

## Activities for global environment

### Tree planting projects in Japan and overseas

- Planting seedlings in Indonesia (Since 2007; A total number of trees planted so far is 750,000 as of March 2022.)
- Performing afforestation/raising to support regrowth of the forest for coastal disaster prevention in the northeastern districts (since 2015)

### Reduction of environmental load

- Prevention of global warming (reduction of CO<sub>2</sub> emission)
- Effective use of resources (reduction of waste)



## Promotion of diversity

- Striving to help realize work-life balance centering around the activity to promote female participation (Love it!)
- Setting a basic policy and numerical targets to ensure diversity of human resources playing central roles



	Numerical targets
Female managers ratio	12.5%
Female supervisors ratio	20.0%
Number of employees of foreign nationality	15
Number of mid-career-hired employees	50

\* To be accomplished by the end of March 2025

## Musical culture promotion

- Since 1971, we have invited various musicians to Japan and held the "Kawai Concert" event over 2,000 times in many places in Japan.
- Since 2017, we have been holding the Shigeru Kawai International Piano Competition for the purpose of fostering the next generation of pianists.



## SDGs related to each activity policy

Category		Indicator	FY 2021 results
<b>E</b> Environment	Environmental load reduction	<ul style="list-style-type: none"> <li>● CO<sub>2</sub> emission</li> <li>● CO<sub>2</sub> emissions intensity</li> <li>● Energy amount intensity</li> <li>● Amount of waste</li> <li>● Amount of waste intensity</li> <li>● Environment management system introduced</li> </ul>	<ul style="list-style-type: none"> <li>○ 21,067 tons</li> <li>○ Compared to 2018 -15.8% (246 kg-CO<sub>2</sub>/million yen)</li> <li>○ Compared to 2018-16.7% (4,907 MJ/million yen)</li> <li>○ 2,004 tons</li> <li>○ Compared to 2018 -17.6% (23.4 kg/million yen)</li> <li>○ 10 offices (5 in Japan and 5 overseas)</li> </ul>
	Resource recycling	<ul style="list-style-type: none"> <li>● Recycling ratio</li> <li>● Reuse ratio of pianos taken as a trade-in</li> </ul>	<ul style="list-style-type: none"> <li>○ 90%</li> <li>○ 99%</li> </ul>
	Afforestation/ tree-planting	<ul style="list-style-type: none"> <li>● Number of trees planted (Indonesia)</li> <li>● Afforestation area (Indonesia)</li> </ul>	<ul style="list-style-type: none"> <li>○ Accumulating total number: 750,000</li> <li>○ Accumulating total area: 700 ha</li> </ul>
<b>S</b> Social	Contribution to musical culture promotion	<ul style="list-style-type: none"> <li>● Supporting musical organizations</li> <li>● Presenting concerts</li> </ul>	<ul style="list-style-type: none"> <li>○ Support for the Frédéric Chopin Society of Japan, Leonid Kreutzer Memorial Society and Karol Szymanowski Society of Japan</li> <li>○ Holding KAWAI PREMIUM CONCERT events</li> </ul>
	Education/training	<ul style="list-style-type: none"> <li>● Holding recitals and competitions</li> <li>● Participation and support for sporting events</li> </ul>	<ul style="list-style-type: none"> <li>○ Holding KAWAI Music Competition</li> <li>○ Gymnastics festival in Gamagori, Aichi Prefecture</li> </ul>
	HR development	<ul style="list-style-type: none"> <li>● Providing training</li> </ul>	<ul style="list-style-type: none"> <li>○ Training for newly hired, annual training, Training for new supervisors, Training for new managers</li> </ul>
	Diversity	<ul style="list-style-type: none"> <li>● Female managers ratio / Female supervisors ratio</li> <li>● Number of foreign national employees</li> </ul>	<ul style="list-style-type: none"> <li>○ Managers: 3.3% / Supervisors: 12.9%</li> <li>○ 9</li> </ul>
	Work-life balance	<ul style="list-style-type: none"> <li>● Ratio of taking childcare leave</li> <li>● Ratio of taking spouse maternity leave</li> </ul>	<ul style="list-style-type: none"> <li>○ Female: 100% / Male: 21%</li> <li>○ 53%</li> </ul>
	Health and productivity management	<ul style="list-style-type: none"> <li>● Evaluation of health and productivity management by outside organization</li> </ul>	<ul style="list-style-type: none"> <li>○ Health &amp; Productivity Management Outstanding Organization 2022, Governor's award of health promotion activity</li> </ul>
	Contribution to society	<ul style="list-style-type: none"> <li>● Participation and support for activities for society</li> </ul>	<ul style="list-style-type: none"> <li>○ Providing factory tours, local area cleaning, Exhibiting products at events in Hamamatsu</li> </ul>
<b>G</b> Governance	Corporate governance	<ul style="list-style-type: none"> <li>● Number of outside directors / Number of outside auditors</li> <li>● Risk management committee meeting</li> <li>● Compliance education</li> </ul>	<ul style="list-style-type: none"> <li>○ Director: 2 / Auditor: 2</li> <li>○ Periodical</li> <li>○ Enlightening during corporate ethics month, Issuing monthly corporate ethics news, Compliance training</li> </ul>

Policy/activity	Related SDGs
<ul style="list-style-type: none"> <li>● Implementing environment preservation activities based on the Kawai Earth Environment Charter</li> <li>○ Establishing Kawai Earth Environment Charter ○ Setting Global Environment Committee</li> </ul>	
<ul style="list-style-type: none"> <li>● Striving to increase the environment management level</li> <li>○ Establishing Environment principles ○ Introducing environment management system</li> </ul>	
<ul style="list-style-type: none"> <li>● Implementing procurement of raw materials and resources that have less environmental load</li> <li>○ Establishing green procurement guidelines</li> <li>○ Establishing wood materials procurement guidelines</li> </ul>	 
<ul style="list-style-type: none"> <li>● Implementing activities to reduce environmental load</li> <li>○ Prevention of global warming ○ Effective use of resources</li> <li>○ Taking action pursuant to the Energy Conservation Act</li> </ul>	  
<ul style="list-style-type: none"> <li>● Implementing activities for resource recycling</li> <li>○ Reduction of industrial wastes ○ Recycling of wastes ○ Refurbishing of pianos taken as a trade-in</li> </ul>	  
<ul style="list-style-type: none"> <li>● Addressing afforestation/tree-planting activities</li> <li>○ Afforestation project in Indonesia</li> <li>○ Support for regrowth of the forest for coastal disaster prevention in disaster-hit area</li> <li>○ Promotion of Ryuyo Factory greening activity</li> </ul>	 
<ul style="list-style-type: none"> <li>● Supporting and fostering next generation pianists</li> <li>○ The 18th International Chopin Piano Competition</li> <li>○ The 4th Shigeru Kawai International Piano Competition</li> </ul>	 
<ul style="list-style-type: none"> <li>● Kawai's contribution towards musical culture promotion</li> <li>○ Giving Kawai Premium Concerts ○ Supporting various musical organizations</li> </ul>	 
<ul style="list-style-type: none"> <li>● Diffusing musical culture overseas</li> <li>○ Diffusing musical culture in China ○ Diffusing musical culture in developing countries</li> </ul>	 
<ul style="list-style-type: none"> <li>● Develop and enrich personality through educational activities</li> <li>○ Kawai Music School ○ KAWAI Music Competition</li> </ul>	
<ul style="list-style-type: none"> <li>● Support for overall health promotion at every stage</li> <li>○ Gymnastic and Sport School ○ Sport community</li> </ul>	 
<ul style="list-style-type: none"> <li>● Valuing our human resources</li> <li>○ Training by class ○ Training by job ○ Self-development support</li> </ul>	 
<ul style="list-style-type: none"> <li>● Working on creating workplace environment where diversified talents can work actively</li> <li>○ Promotion of female participation ○ Development of global human resources</li> <li>○ Mid-career recruitment ○ Employment of people with disabilities</li> </ul>	 
<ul style="list-style-type: none"> <li>● Providing support for striking a balance between work and private life</li> <li>○ Promotion of work-life balance ○ Promotion of taking childcare leave</li> </ul>	 
<ul style="list-style-type: none"> <li>● Promoting health of our employees and their families</li> <li>○ Promotion of health &amp; productivity management</li> </ul>	
<ul style="list-style-type: none"> <li>● Working on activities to contribute to society for the benefit of local community</li> <li>○ Exhibiting products in the Sound Design Festival ○ Factory tours</li> </ul>	 
<ul style="list-style-type: none"> <li>● Establishing a sound corporate management system</li> <li>○ Establishing corporate governance basic policy</li> <li>○ Establishing basic policy for building an internal regulations</li> </ul>	
<ul style="list-style-type: none"> <li>● Corporate governance Structure / Internal regulations</li> <li>○ Preparation of internal regulations ○ Setting a corporate governance committee</li> </ul>	
<ul style="list-style-type: none"> <li>● Risk management structure / compliance</li> <li>○ Setting a risk management committee ○ Setting a corporate ethics committee</li> </ul>	 

## Reduction of environment load

# Implementing environment preservation activities based on the Kawai Earth Environment Charter



## 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

Setting a motto of "great impression manufacturing industry", we, as a global citizen, protect the environment and resources as well as endeavor to realize true 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 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 at recycling and reducing 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 environment preservation activities, we will be actively involved for the purpose of living in harmony with local communities in the implementation of measures of environmental protection.

## Environment management organization

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

In addition, specialized working group meetings are held every other month and the progress of environmental management goals is reported on each website and we also exchange information on our activities.



## Environment principles

Kawai Global Environment Committee established "Environment Principles" based on the "Kawai Earth Environment Charter".

The whole company is committed to the promotion of <discovery of useful environmental aspects>, <prevention of global warming>, <cyclic use of resources>, <effective use of resources> and <green procurement>.

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 environment management system. At the same time we review the objectives on a regular basis according to the expectation from society and appropriate scale.
  - 1) Work on "provision of products and services" and "development of technology", taking into account the expectation from society and environmental load.
  - 2) 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. Procure and purchase materials, parts and products that have less environmental load by priority whenever such resources are required. (Green procurement)
3. Comply with laws and regulations in relation to the environment and set self-standards as well, taking into consideration other requirements to improve the environment management to a higher level.
4. Raise all employees' awareness through the environment 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 this Environment Principles, establish an environment management organization led by the officer in charge of environment 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 the environment preservation activities.

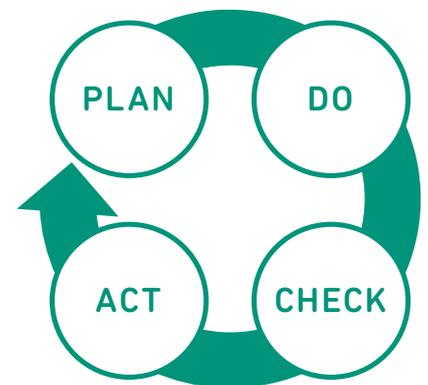
## Environment management system

Kawai Group is promoting introduction of the environment management system ISO14001. Currently in Japan, Ryuyo Factory, Kawai Hyper Wood Co., Ltd. and Kawai Precision Metals 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 environment 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 body to check whether the environment management system in the facility functions effectively.

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



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

Year of introduction	Facility
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 Precision Metals Co., Ltd. (received ISO14001 Certification)
2016	Kawai Hyper Wood Co., Ltd. (received ISO14001 Certification)
2017	Kawai Acoustic System Co., Ltd. (made Declaration of Conformity with ISO14001) PT. Kawai Indonesia's Factory No.3 (received ISO14001 certification)
2020	Shanghai Kawai Emi Co., Ltd. (received ISO14001 certification)

## Reduction of environment load

# Implementing procurement of raw materials and resources that have less environmental load



## 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 "Environment principles" established by Kawai Global Environment Committee.

We implement green procurement in accordance with the basic principle of green purchasing method and green purchasing network (GPN) to decrease the total environmental load, and engage actively and continuously in the activity of contributions to 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 equipment.
- 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 which is essential, it is also prescribed as the procurement standards that environment-friendly measures should be taken in all phases from natural resources preservation to resource savings, energy conservation, disposal and recycling.

Consideration items for selecting suppliers are also set out, including state of environment management, measures of resource savings and energy conservation, and disclosure of environmental information. All our partner companies are requested by a purchasing division to follow these standards.

For more information on the green procurement guideline, please refer to the following website  
[https://www2.kawai.co.jp/company/activity/pdf/kg\\_20040130.pdf](https://www2.kawai.co.jp/company/activity/pdf/kg_20040130.pdf) (Japanese text only)

## Wood materials procurement guideline

We understand that wood materials are important raw materials for manufacturing piano 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 effectively wood materials that are sustainable resource we are receiving 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 environment management measures to be taken and compliance with related laws to preserve, protect and regrowth forests.
3. Kawai promotes appropriate and efficient utilization of procured wood materials.
4. Kawai procures products produced using recycled materials by priority.
5. Kawai procures forest products, etc. that are certified by the forest certification system by priority.



## Goals and achievements of environmental load reduction

Global Environment Committee addresses the reduction of environmental load for such purposes as “prevention of global warming” and “resources recycling and effective use of resources” under the “Kawai Earth Environment Charter” and “Environment principles”.

The committee has set the goal for three years from FY2019 to FY2021 to reduce CO<sub>2</sub> emissions and amount of waste per unit of sales by 1% year on year from the level of FY2018 as the reference. In FY2021, we worked accordingly to achieve the reduction

of both by 3% from those in FY2018 and the results are shown in the table below. CO<sub>2</sub> emissions per unit of sales was reduced by 15.8% and amount of waste per unit of sales was reduced by 17.6% from the level of FY2018, both achieving the goal.

Successful reduction of amount of waste was largely owing to a reduction in defective fraction, by reviewing the production process and the reduction of slag generated as a result of the streamlining of production and processes implemented by the casting production division.

	Index	FY					Increase/decrease	Evaluation
		2017	2018 (Reference)	2019	2020	2021		
Prevention of global warming	CO <sub>2</sub> emissions intensity (kg-CO <sub>2</sub> /million yen)	311	292	279	278	246	-15.8%	◎
Effective use of resources	Amount of waste intensity (kg/million yen)	27.9	28.4	26.2	25.0	23.4	-17.6%	◎
(Reference value)	Energy amount intensity (MJ/million yen)	6,201	5,891	5,655	5,636	4,907	-16.7%	-
	Amount of waste (total volume) (ton)	1,976	2,058	1,869	1,689	2,004	-2.6%	-

Evaluation ◎: Achieved ×: Not achieved

## Global warming prevention activities and energy conservation act response measures

Kawai Group regards the initiatives of global warming prevention as important item of its environment 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.

Kawai Group's total CO<sub>2</sub> emissions in Japan in FY2021 was reduced by 28% from the level of FY1990, the reference year of the Kyoto Protocol. The Energy Conservation Act (or the Act on the Rational Use of Energy) provides for an obligation of a business operator who uses a certain amount of energy or more (specified operator) to carry out energy management to rationalize energy use, and requires such operator to report on their actual amount of energy used and submit a medium- to long-term energy conservation plan. In Kawai Group, Kawai Musical Instruments Manufacturing Co., Ltd., Kawai Precision Metals Co., Ltd. and Kawai Casting Co., Ltd. are the specified operators, and Ryuyo Factory of piano manufacturing, the Headquarters/Hamamatsu factory of Kawai Precision Metals Co., Ltd. of metal working and three factories of Kawai Casting Co., Ltd. iron casting facility are specified as Class 2 energy management factory.

In FY2021, Kawai Musical Instruments Manufacturing Co., Ltd. received for the 6th year in a row and Kawai Precision Metals Co., Ltd. for the second year in a row, Class S\* evaluation as an excellent operator according to the operator evaluation system by classification that is provided for in the Energy Conservation Act.

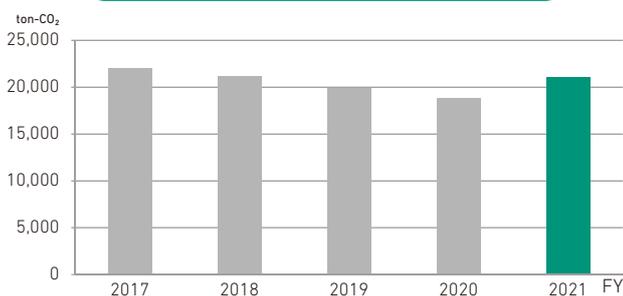
(\*: Class of operator who achieved the goal of reducing 5-year average of energy consumption intensity by 1% or more year on year)

We will continue to address the issue of reduction of energy consumption and CO<sub>2</sub> emissions from a global standpoint.

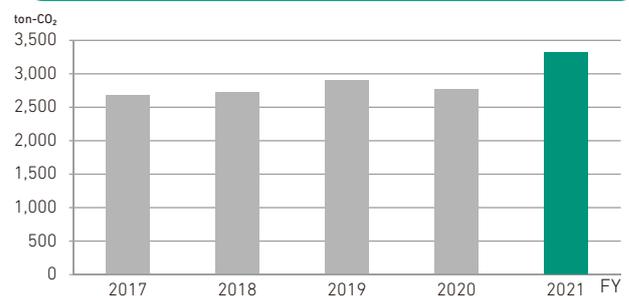
[Energy saving measures to reduce CO<sub>2</sub> emissions]

- Introducing plant facilities with due considerations to energy conservation
- Replacing existing lights with LED lighting systems
- Reviewing the use of renewable energies
- Performing an energy conservation evaluation regularly with an electric company
- Launching “Cool Biz” and “Warm Biz” campaigns in office

CO<sub>2</sub> emissions of domestic offices



CO<sub>2</sub> emissions of overseas production facilities



Resource recycling

# Implementing resources recycling activities

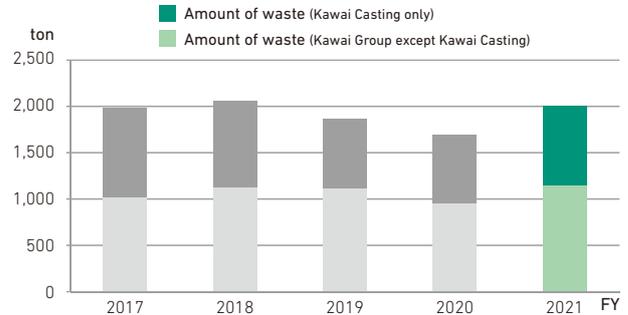


## Reduction of industrial waste amount

Kawai Group's amount of waste once increased to 3,203 ton 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 amount by taking measures to streamline its production lines and improve production efficiency.

In FY2021, the total amount of industrial waste generated by the entire Kawai Group increased from the previous year to 2,004 tons due to production volume increase, but it was reduced by 37.5% compared to the level of FY2012, and also by 2.6% from the level of the reference year (FY2018) of the three-year plan.

### Amount of industrial waste

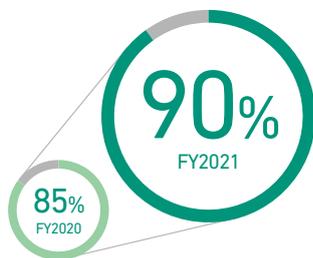


## Resource recycling activity

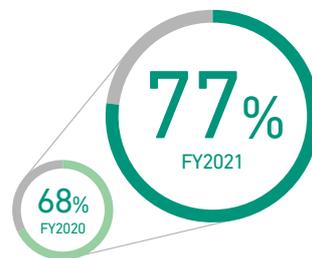
Although the resource recycling ratio at Kawai Casting Co., Ltd. was low at 39% in FY2012, the measure of reusing slag as roadbed material implemented by the company was effective to improve its recycling ratio to 77% in FY2021. Accordingly, Kawai Group's overall waste recycling ratio was also increased from 57% in FY2012 to 90% in FY2021.

Ryuyo Factory is generating the largest amount of industry waste in the entire Kawai Group but it is taking various measure to achieve 100% recycling ratio such as reusing the waste including wood chippings and wood flour as materials for papermaking, board, compost and fuel; felt waste for compost; and coating waste for harmless EcoStone.

### Kawai Group's recycling ratio



### Kawai Casting's recycling ratio



### Ryuyo Factory's recycling ratio

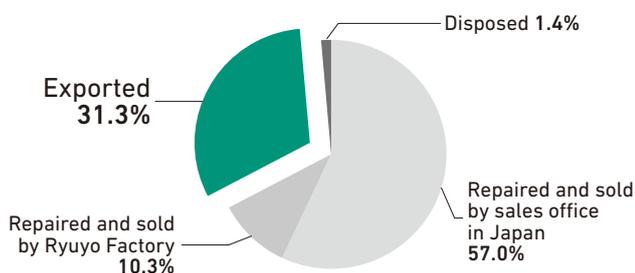


## Recycle and reuse activities

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 internal control division in Japan that is in charge of used 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 FY2021, about 700 units of piano were reproduced or reused in Japan, 31.3% of which were exported and currently used in many places in the world.

### Reproduction and reuse of pianos taken as a trade-in (FY2021)



## 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 perform an overhaul of piano in full including old ones. We reproduce a piano according to the needs of the customer from exchanging strings, hammers and actions to overall coating.



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



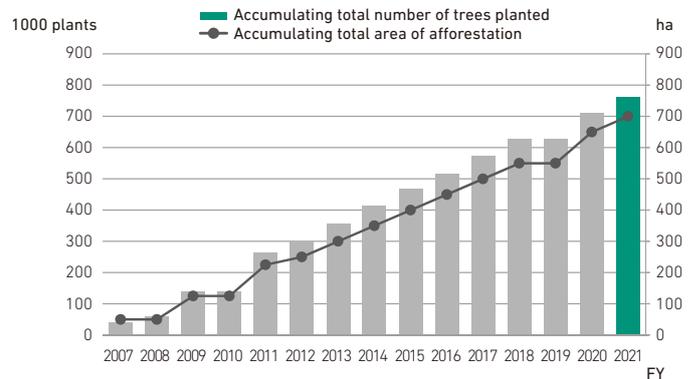
## “Kawai Forest” the tree planting activities in Indonesia

A large amount of wood materials are used for piano. Voluntary employees in Kawai Group that is a manufacturer handling those wood materials established Kawai Forest Project (Chairman Hiro-taka Kawai) in 2007 as a commemorative project to celebrate the 80th anniversary of Kawai.

Pursuant to the basic philosophy of the Kawai Earth Environment Charter, the Forest Project engages in the 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.

In 2021, the group has planted trees for mangrove in Karawang and Purwakarta Regency and an accumulating total of about 750,000 trees have been planted on an accumulating total area of about 700 ha.

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 11,000 tons annually, and it is estimated that about 46% of a total CO<sub>2</sub> emission generated by Kawai Group will be absorbed.



## Support for regrowth of the forest for coastal disaster prevention in disaster-hit areas

We participated in “Midori no Kizuna” regeneration project from 2015 to 2019 and engaged in afforestation in the North-eastern district.

In June and September 2021, we also carried out weeding in Arahamakita National Forest (where we planted trees in 2018 and 2019) in cooperation with Miyagi Prefecture Forest Instructors Association and elementary school children in Sendai City.

We will continue to be involved in the regeneration and growing of the forests for coastal disaster prevention, taking care of the growing conditions of the trees.



## “Workshop in the woods” Ryuyo Factory

In 2020, Ryuyo Factory commemorated the 40th anniversary of its establishment.

The Factory obtained ISO14001 certificate in 1997 which was the first in the piano industry. The factory sets a goal in its environment policy to expand the amount of green areas at the factory, which the factory has been promoting since its foundation. At present, an area of about 50% of the premises has been afforested with about 30,000 trees planted by the employees at the factory which have fully grown over the years, allowing the factory truly became a “Workshop in the woods”.



## Contributions to culture promotion

## Supporting and fostering next generation pianists



### ○ The 18th International Chopin Piano Competition

In October 2021, the 18th International Chopin Piano Competition was held in Warsaw, Poland, the homeland of Chopin. It is one of the world's top level competitions, which is regarded as the "gateway to success" for young pianists.

Two pianists named Alexander Gadjiev and J Jun Li Bui who used Kawai's full concert piano SK-EX had won the second prize and the sixth prize, respectively in the competition. The second-prize-winner Alexander Gadjiev tied for the second place, the highest ever success achieved by those pianists who used Kawai's piano.

In addition, Hyuk Lee, another finalist who also selected the Kawai piano throughout the competition from the 1st preliminary round, gave excellent performances, reverberating the great stage that is the hall of the International Chopin Piano Competition with the brilliant sounds of the SK-EX.



KAWAI piano technician team at the Chopin competition

#### Support for contestants

The Chopin competition support team made great contributions behind the scenes, playing a role in the competition by preparing the SK-EX piano.

A team, consisting of 6 piano technicians (MPA) and 2 in charge of artist service, provided tuning of the piano used for the contest, oversaw practise areas, and took care of everything including meals. For this reason, there were many contestants visiting the practicing rooms prepared by Kawai every day regardless of which piano model they selected in the competition.

\* MPA = Master Piano Artisan: Internal qualification only awarded to Kawai's most skilled piano technicians.



©D.Golik / The Fryderyk Chopin Institute

The second-prize-winner Alexander Gadjiev



## ● The 4th Shigeru Kawai International Piano Competition

Shigeru Kawai International Piano Competition was created in 2017, commemorating the 90th anniversary of the company's foundation, for the purpose of discovering and fostering next generation pianists, promotion of international exchange and the development of musical culture in the world.

The 3rd Competition was held in 2018. The 4th Competition which was scheduled in 2021 was postponed to 2022 due to the effect of the spreading COVID-19.

The application period for participation started in November 2021 and there were 237 entries from 21 countries and regions around the world. In February 2022, preliminary evaluation was held in two locations (in Tokyo and Osaka) in Japan, and a screening by video evaluation was conducted for overseas contestants.



©Shigeru Kawai International Piano Competition

The winner in the 3rd Competition, Ilya Shmukler



©Shigeru Kawai International Piano Competition

A scene of the 3rd Competition

However, in March 2022, a decision was made to once again postpone the 4th Competition, because it was determined that it would be difficult to accept contestants, judges and accompanists from other countries in a fully prepared and secure manner, partly due to changes in international affairs. We will make ardent and sincere efforts to hold the Competition in 2023.

For details about the Shigeru Kawai International Piano Competition, please visit the website: <https://skipc.jp/en/>

## Contributions to culture promotion

## Kawai's contribution towards musical culture promotion



## Kawai Music Association

Kawai Music Association was established in 1963 aiming at enhancing musical culture in Japan. The association plans and implements wide-ranging events such as Kawai Concerts, recitals and open seminars by outstanding Japanese musicians. It also invites prominent players and educators from overseas.

The association will also support numerous musical and cultural activities to contribute towards enriching society through music. Under its motto "Music for All", the association will continue to deliver high quality music through its activities.

<http://kawai-kmf.com/> (Japanese text only)

## KAWAI PREMIUM CONCERT

"The KAWAI PREMIUM CONCERT – The 18th International Fryderyk Chopin Piano Competition Send-off Concert" was held at ACT CITY Hamamatsu Concert Hall on Saturday, August 28, 2021.

Out of 87 contestants who were to participate in the 18th International Chopin Piano Competition, we invited six pianists to play in this concert.

We organized the concert in such a way that the audience could enjoy music safely by taking preventive measures against COVID-19, including measuring temperature at the entrance and ensuring disinfection. We also provided online live distribution for the audience who could not come to the concert hall due to being required to avoid cross-prefecture traveling.



Sogo Sawada



Asaki Iwai



Junichi Ito



Rikono Takeda



Shushi Kyomasu



Miyu Shindo

## Supporting various musical organizations

### Support for the Frédéric Chopin Society of Japan

The Frédéric Chopin Society of Japan was established as the fruit of interchange with the Fryderyk Chopin Society in Poland to celebrate 150th birth anniversary of the composer in August 1960. Mr. Shigeru Kawai (then President of Kawai) became the Honorary President and the society set the administrative office within the premises of Kawai, providing various support including for the International Fryderyk Chopin Piano Competition.

<http://chopin-society-japan.com/> (Japanese text only)

### Support for Karol Szymanowski Society of Japan

Karol Szymanowski Society of Japan was established in 1981 to commemorate Karol Szymanowski's birth centenary. The society's activities are focused on introducing his works widely in Japan that express profound understanding of Polish national characteristics and local customs. The society also organizes concerts in audition format and open seminars.

<http://kawai-kmf.com/szymanowski/> (Japanese text only)

### Support for Leonid Kreutzer Memorial Society

Professor Leonid Kreutzer was active in Germany and Japan. Leonid Kreutzer Memorial Society was established by his pupils and concerned parties to commemorate his virtue in March 1962. The society established "The Kreutzer Award" in 1971 to commemorate Professor Kreutzer's work for Japanese music circle. The society has been organizing annual recitals with The Kreutzer Award winners since 1976.

<http://kawai-kmf.com/kreutzer/> (Japanese text only)

## Diffusing musical culture in China

Kawai is actively promoting musical culture in China by liaising with the Soong Ching Ling Foundation on development of music schools. In addition, as part of piano technician training activities, Kawai is supporting Jing Song Vocational High School to help in teaching piano technician's skill.



Music school in Beijing, China



Students at Jing Song Vocational High School receiving piano technician training (in an online class)

## Diffusing musical culture in developing countries

Kawai is promoting native educational instructors training and contributing to the diffusion of musical culture and musical education in each country.



## Education/training

# Develop and enrich personality through educational activities



## ○ Kawai Music School

Kawai is developing wide-ranging educational activities for children, respecting their individual interests to help them learn how to express themselves naturally.

### Education philosophy

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 Music School

Kawai Music School started in 1956 (Showa 31) with the aim of disseminating the music culture. We have deployed more than 4,000 schools throughout Japan, providing a wide variety of courses developed through Kawai's experiences in music education, which are helping a lot of pupils take interest in music and develop their potential.



### 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 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 standardized 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.

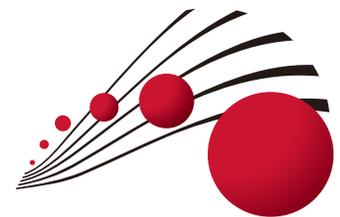


## ○ KAWAI Music Competition

KAWAI Music Competition started in 1968 under the philosophy to “positively appreciate spontaneous musical expression rather than technical superiority.” The Competition consists of three categories: “Kawai piano competition,” “Kawai piano competition for children” and “Kawai singing competition” and has been fostering many pianists for over a half-century.

In September 2021, the 54th National Piano Competition (duet and solo categories) was held. It was unfortunately not at a hall due to the effect of COVID-19, but future prominent pianists participated in this web evaluation by sending their performance videos showing their own expression of music baked by everyday relentless practices.

Grand prize winners in the solo category are granted various educational opportunities, including special lessons given by prominent pianists in Japan and other countries or music college professors as a way of support for their further growth as musicians.

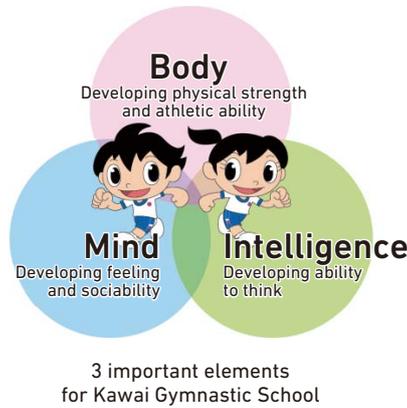


**KAWAI**  
**MUSIC**  
**COMPETITION**



## Gymnastic and Sport School

In addition to develop athletic ability and improve athletic techniques, Kawai aims to provide education to harmonize “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.



### Gymnastic 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.



### Sport courses

The course gives instructions to acquire basic skills of sports including apparatus gymnastics, rhythmic gymnastics and football. 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 Health Promotion Support System

Kawai has over 50 years’ history of supporting health promotion such as gymnastic school 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 scientific support for them to maintain and improve their health using measurement data and latest devices while they are enjoying.



## Sport community

### Gymnastics Festival in Gamagori Citizens Gymnastics Center

The Gymnastics Festival event was held in Gamagori Citizens Gymnastics Center in Aichi Prefecture on December 5, 2021.

We invited Mr. Hisashi Mizutori, Chief Advisor of Kawai Gymnastic School and Ms. Yukari Kawamoto, Chief Advisor of the Rhythmic Gymnastics Class as instructors and the participants experienced apparatus gymnastics such as vaulting box, horizontal bar and trampoline.

Kawai Gymnastic School is committed to healthy education of children who will be playing active roles in the future by developing a “sports community” as the opportunity for them to meet top level athletes.



## Kawai Gymnastic School staff



**Mr. Hisashi Mizutori**  
Chief Advisor

He was the gold medalist of artistic gymnastic men’s team competition at 2004 Summer Olympic in Athens. He took the position of the Chief Advisor of the Kawai Gymnastic School as he retired.

He has been giving talks and demonstration at various locations to widely propagate the joy of sports. He is also supervising sport programs for developing physical fitness of infants and children, and health improvement of adults.

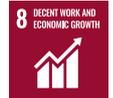


**Ms. Yukari Kawamoto**  
Chief Advisor of the Rhythmic Gymnastics Class

She performed at the 1992 Summer Olympics in Barcelona. She has been developing curriculums and training instructors as the chief advisor of the Rhythmic Gymnastics Class of the Kawai Gymnastic School. She is also participating in the running of the Sport Community.

Human resources development

Valuing our human resources



Basic principles of human resources development

Kawai Group regards human resources 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 resources 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 resources development system

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

	Training by class	Training by job (led by each division)	Support for self-development	Common
Executives	Newly appointed directors training			
Managers	Newly appointed operating officers training			Diversity training
	Next generation executive candidates selection and development Newly appointed managers training			Women’s career improvement training
Supervisors	Manager candidates training		Correspondence education/ e-learning	Compliance training
	Newly appointed supervisors 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>		
General employees	Reinforced young generation development 6th year training 5th year training 4th year training 3rd year training 2nd year training Follow-up training Newly hired employees training Support for career development	<ul style="list-style-type: none"> <li>• Piano technician skills (research course/ advanced course/MPA)</li> <li>• Inheritance of techniques (Development of successors to play the core role of piano manufacturing)</li> </ul>		My life plan training

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 for employees from newly hired to the 6th year, as well as providing them with career-creating support to expand the range of their job functions through job rotation, which in turn enhances the corporate strength.

Training by job

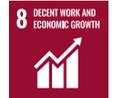
Education for improving skills is provided on a regular basis, as training by job is provided under the leadership of each division to enhance employees’ expertise in the job they engage.

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

# Promoting creation of workplace environment where diversified talents can work actively



### Basic diversity principles

Kawai Group believes that ensuring diversity in human resources 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 resources and appointing various talents to the core roles, and creating workplace environment where employees can demonstrate their individuality and abilities to the fullest extent.

#### Diversity promotion results and targets by year

	FY2018	FY2019	FY2020	FY2021	FY2025 end of March (target)
Female managers ratio (%)	1.6	2.4	2.1	3.3	12.5
Female supervisors ratio (%)	9.6	10.9	11.7	12.9	20.0
Number of employees of foreign nationality	6	7	8	9	15
Hired	0	1	1	1	
Enrolled	6	6	7	8	
Number of mid-career-hired employees	30	39	42	46	50
Hired	1	9	3	4	
Enrolled	29	30	39	42	

\* Targets shown above are only for Kawai Musical Instruments Mfg. Co., Ltd., excluding Group companies.

### 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 realize 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, the Supporter Team consisting of cross-division members engages in a variety of activities including making proposals for women's participation promotion, holding a symposium of female managers and issuing a periodical newsletter on the topics of female activities.

Our company was recognized 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.



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

We are reinforcing global human resources recruitment, training and appointment in the offices in Japan. Outside of Japan, we also have 13 overseas offices around the world in which locally-hired staff are working actively. We plan to dispatch our employees, especially young workers, to overseas offices 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.

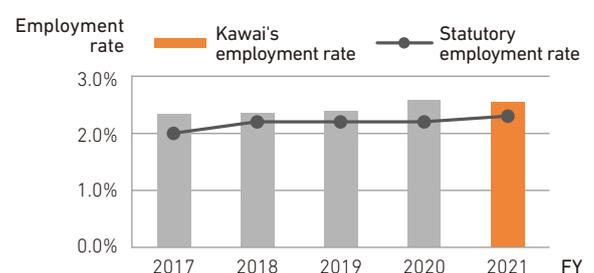
Kawai has also been actively promoting mid-career recruitment in these years, and the number of mid-career-hired employees increased by 16 in the past four years from FY2018 to FY2021. It includes recruitment of talents for supervisory positions and the core roles and we have some employees hired mid-career, who were work-ready as having professional skills and are now working energetically.

### 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 seven years in a row since FY2015. In FY2021, the employment rate of people with disabilities in Kawai was 2.55% exceeding the statutory rate of 2.30%.

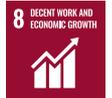
Kawai is determined to fulfill social responsibility as an enterprise while valuing relationships with local organizations.

#### Employment rate of people with disabilities



## Work-life balance

# Supporting good balance between work and private life



### Promotion of work-life balance

Pursuant to one of our management philosophies, "We take good care of our employees and aim to make the Corporation fair and open", Kawai Group has many systems in place to support various working styles and promotes creating an environment where all employees can work comfortably.

In addition, we implement "Love it!", a project to promote women's participation and issued a work-life balance guide book that provides easy-to-understand explanations about the company systems to support finding a good balance between work and private life in different life events, and introduced a new system of life support leave, with the aim of improving and raising awareness of those internal systems as well as encouraging utilization of the systems.



### 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	Family care 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
Support for pregnancy/childbirth/childcare	Family care leave	Can be taken 5 days per year for family care
	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 in the case an employee's spouse is giving birth
	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 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	

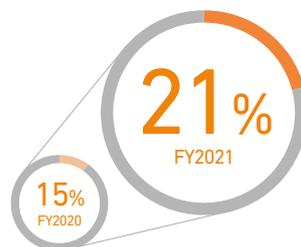
### Promotion of taking childcare leave

Childcare leave system was introduced in 1992 as a system to support employees in their child rearing while working. A 100% ratio of female workers who took childcare leave has been continuously achieved since FY2018. The same ratio of male workers also increased from 15% in the previous year. Additionally, the ratio of employees taking spouse maternity leave increased from the previous year to 53%. We continue our efforts to increase the ratio of using childcare leave and to create a workplace environment in which all employees can work comfortably.

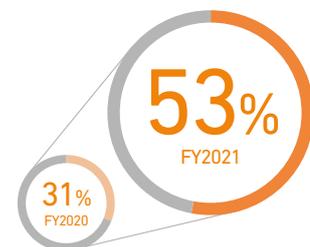
#### Ratio of female workers taking childcare leave



#### Ratio of male workers taking childcare leave



#### Ratio of workers taking spouse maternity leave



## 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.

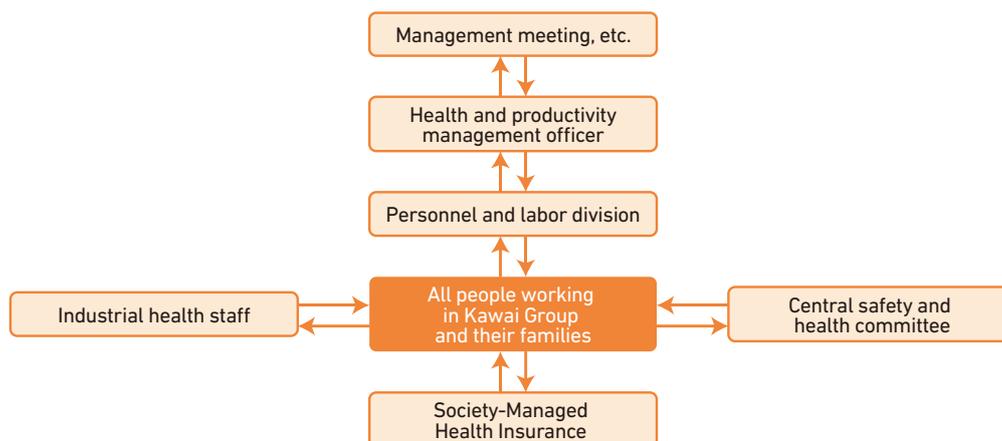
Kawai Group believes that physical and mental health of the people working at Kawai and their families is an important asset for the Group and society since it is the foundation to realize our management philosophy to “make the Corporation more creative and likeable”.

To this end, our company and the Society-Managed Health Insurance strive to work together closely to proactively support the activities to ensure maintenance and improvement of the health of our employees and their families, so that each and every employee can demonstrate their abilities to the fullest extent as a “key player in the music culture”, as well as finding their jobs rewarding and contributing to the promotion of the music culture as Kawai has been continuously doing since its foundation.

We hereby declare that Kawai is committed to make contributions in wide areas to people’s lives and culture as well as the music culture through our business activities with our employees working energetically to the fullest extent of their abilities.

## Health and productivity management promotion structure

Under the Health and Productivity Management Declaration, Director in charge of personnel and labor division acts as the “health and productivity management officer” to lead health and productivity management. Personnel and labor division play a central role in promoting the health improvement for employees and their families, in liaison with the central safety and health committee, which includes the heads of business branches and the labor union representatives, as well as industrial health staff and Society-Managed Health Insurance. The status of the employee health management is to be reported periodically in management meeting, etc. and the health improvement for employees is ensured through combined efforts of the whole company.



## Outside evaluation

### Certified Health & Productivity Management Outstanding Organization

Our company has been certified as the “Health & Productivity Management Outstanding Organization (The Large Enterprise Category) 2022” for consecutive years since 2020, which are selected jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



Health & Productivity Management Outstanding Organization is a system of recognizing large and small- to medium-sized corporations for their outstanding practices of health and productivity management through activities addressing local health issues or working on the health improvement measures promoted by Nippon Kenko Kaigi.

### Governor’s award of health promotion activity

Kawai was granted the “Governor’s award of health promotion activity” 2021 from Shizuoka Prefecture.

“Governor’s award of health promotion activity” is a system established for the purpose of encouraging health promotion in the workplace to commend business offices, etc. for their active commitment to the activities in relation to health improvement and in expectation of their continued efforts in the future.



## Contribution to society

# Working on activities to contribute to society for the benefit of the local community



### Cleaning activities in local area

As a member of the local community, Kawai Group works on increasing interaction with local people and engages in activities to contribute to society for the benefit of the local community.

Every office promotes cleaning activities in its premises as well as neighboring area, including rubbish collection on main roads and bushes surrounding the office, weeding, removing mud and fallen leaves from street gutters, in order to improve the landscape of local areas.



### Sound Design Festival in Hamamatsu 2021

The Sound Design Festival in Hamamatsu 2021 was held at ACT CITY Hamamatsu Concert exhibition event hall for two days on December 11 and 12, 2021, and Kawai exhibited some of its products.

We displayed a set showing a real piano and a toy piano with the theme of "Large piano and small piano". We also presented a piano disassembling show in which we disassembled the upright piano we displayed in front of the audience and removed the components usually hidden inside the instrument to explain about their structure and mechanism and the material they are made of.



### Factory tour

We suspended accepting people in our factory tour temporarily because of the impact of COVID-19. Currently, we have resumed the factory tour only for primary school and junior high-school students in Shizuoka Prefecture. People who join the tour can observe the assembly process of a grand piano.

The factory has received messages from primary school students who enjoyed our show such as "Because I have learned that so many people are working in piano making, I will treat my piano with care," "I was surprised to see there are so many parts," and "I myself want to experience making a piano", which made us very happy.



### Picking up acorns in Ryuyo Factory "Forest"

When the Ryuyo Factory was establishment 41 years ago, the then employees planted trees in the space surrounding the factory building on the site that used to be sandy soil, hoping to make the factory a "Workshop in the woods". We still continue planting trees on the premises and about 30,000 trees planted have now grown tall.

We are also contributing to the local community by utilizing the "woods" of Ryuyo Factory, for example, holding an event in every fall season where kindergarten children in Iwata City visit the factory to pick up acorns and enjoy handwork with them.



### Queries concerning the factory tour

Ryuyo Factory (Piano Division, Administrative Office)

Address: 252 Tobihiramatsumi, Iwata-shi, Shizuoka, Japan TEL: 0538-66-5111 FAX: 0538-66-5919

You can book the tour from factory's website (Japanese text only). <https://www.kawai.jp/ryuyofactory/> (Japanese text only)

## Corporate governance

## Establishing a sound corporate management system



## Basic principles of corporate governance (revised on December 27, 2018)

### Objectives and basic principles of corporate governance

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

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

For detailed information about the basic principles of corporate governance, please refer to the following website:  
<https://www.kawai.co.jp/company/governance/> (Japanese text only)

### Basic principles of internal regulations

Kawai has the "Management Philosophy" and "Code of Conduct" 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 and 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 an internal regulations, we are working on its establishment pursuant to the "Basic principles of establishing internal regulations" which was resolved in the board of directors held on May 12, 2006, recognizing the importance of such system as part of the corporate governance to increase our corporate value.

### Basic principles for elimination of antisocial forces

Eliminating antisocial forces from society is important in terms of security measures and it is necessary action to be taken by companies 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.

## About Kawai's corporate governance

Our company established the basic principles of corporate governance based on the "Management Philosophy" to achieve sustainable growth and the enhancement of corporate value. We built our corporate governance system pursuant to those principles and have been addressing faster decision-making and the increase of soundness and transparency of the management.

As the Corporate Governance Code was revised in June 2021 which requires corporations to make harder efforts on their governance, we need to strengthen our governance on this occasion of our company's transition to the Prime Market. We will endeavor to pursue higher standard of corporate governance by addressing a wide range of issues to find solution.

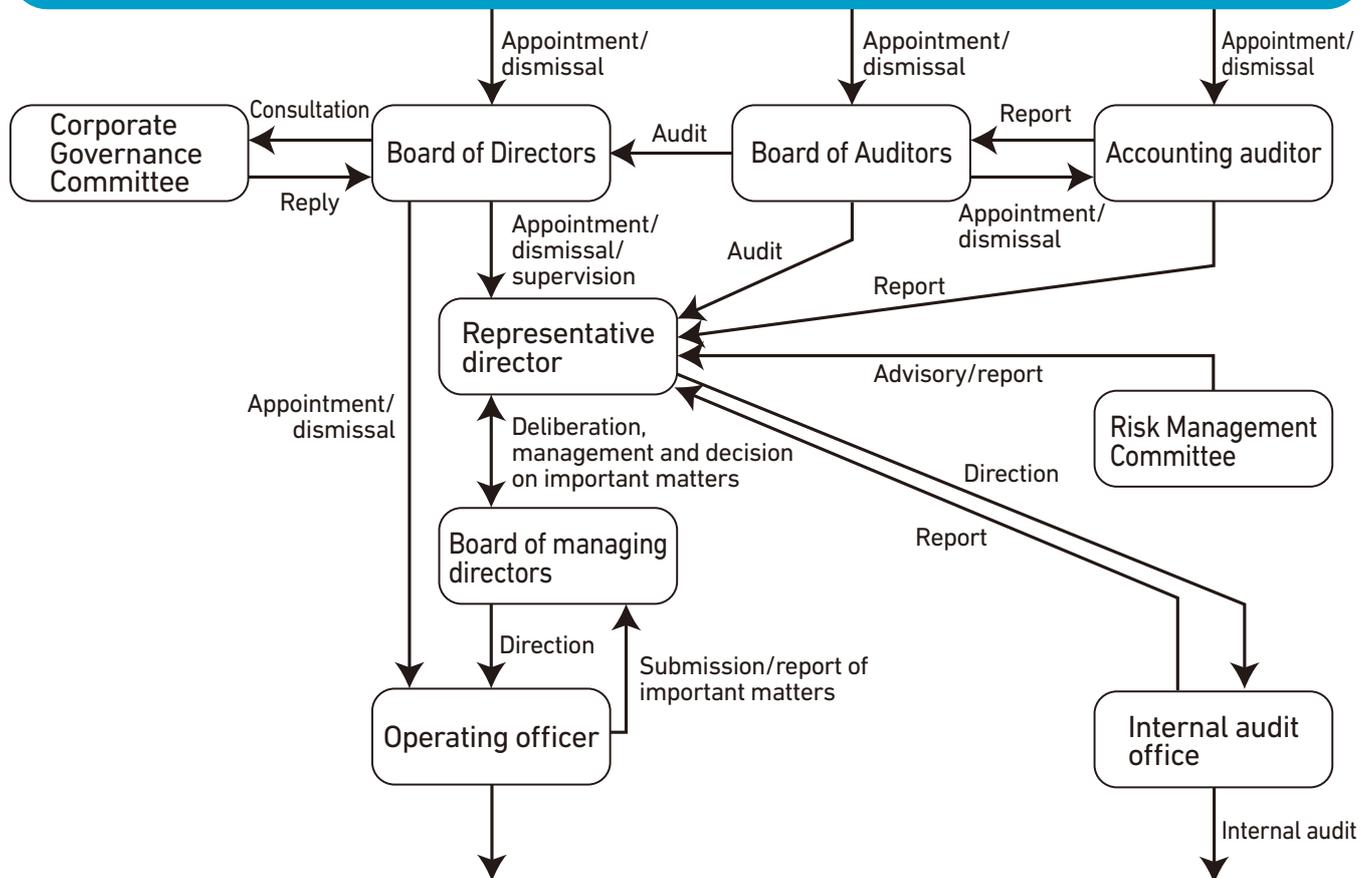
*Kiitaka Kawai*  
 Chairman, President & CEO

## Corporate governance

## Corporate governance Structure / Internal regulations



## General meeting of shareholders



## Business operation

- Board of Directors: Consisting of directors including 2 outside directors
- Board of Auditors: Consisting of auditors including 2 outside auditors
- Corporate Governance Committee: Established as an advisory organization to the Board of Directors to deliberate on the matters in relation to selection of candidates for director, remunerations of directors and other matters regarding the improvement of corporate governance, and reply or report on the results to the Board of Directors.
- Corporate officer system was employed in April 2002.
- Corporate officer system was reformed in June 2005 so that directors can concurrently serve as an operating officer for the purpose of strengthening the ability to address company-wide issues, clearly defining the responsibilities of business operations and the enhancement of line of command. Additionally, outside directors are appointed with the aim of increasing transparency of management based on their advice and supervision made in an objective position and from a broader perspective with respect to the appropriateness of decision-making by the Board of Directors and fulfillment of duties of the Board of Directors.
- To ensure strategy monitoring/controlling function, Steering Committee was formed as a management conference to deliberate company-wide issues and a company-wide strategic conference was set up to deliberate strategic issues from an across-the-board standpoint.
- Internal audit: "Internal Audit Office" was established to conduct an audit to check whether business operations are performed legitimately, properly and reasonably with regard to the overall business activities of Kawai Group and to check the usage of corporate resources and the state of compliance with laws and regulations and internal rules.



## Risk management structure

Main purpose of the risk management structure of Kawai is to prevent risks involved in business operations from occurring. If any risk becomes obvious, measures to minimize the effects on society and the management will be taken flexibly by addressing the risk systematically with the organization of 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.

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 regularly reporting 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.

Risk Management Committee	
<p><b>Global Environment Committee</b></p> <p>Kawai Group established Global Environment Committee in 1994 which has since been actively engaged in preservation of the global environment. Global Environment Committee has set out "Kawai Earth Environment Charter", "Kawai Environment Principles", "Green procurement guideline" and "Wood materials procurement guideline". The Committee strives to ensure compliance with laws and regulations related to the environment as well as reducing the risks of environmental pollution by setting the objectives and goals of the environmental preservation.</p>	<p><b>Product Safety Measures Committee</b></p> <p>In the event that any safety deficiency is found in our product in the market which caused or is deemed likely to cause any injury to customer's life or body, the Committee will take quick actions including notice to customers, report to a relevant administrative organization and recall of such product, and also carry out all activities to minimize the damage to customers.</p>
<p><b>Overseas Safety Measures Committee</b></p> <p>This Committee is responsible for the risk management for overseas subsidiaries, expatriates and workers on overseas business travel.</p>	<p><b>Central Disaster Prevention Measures Committee</b></p> <p>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 minimize damage in the event of a disaster.</p>
<p><b>Information Security Committee</b></p> <p>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.</p>	<p><b>Central Safety and Health Committee</b></p> <p>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.</p>
<p><b>Corporate Ethics Committee</b></p> <p>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.</p>	

## Implementation of compliance

The term "compliance" is interpreted as to comply with laws, regulations, etc. and it is believed important to not only observe the laws and regulations in force in society and corporate internal rules, but also act in accordance with social norms and code of ethics to earn trust in society.

In that respect, Kawai Group is committed to compliance management that involves all the employees to work on compliance. To be more specific, we established "Kawai Code of Ethics" and "Standards of Ethical Conduct", and set up a corporate ethical committee that includes outside expert members (lawyer).



## Compliance education and enlightenment

Corporate ethics office that is responsible for the administration of the matters related to corporate ethics takes initiatives in operation of a corporate ethics hot line. It also 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".

## Company outline and main business

# Company outline

**Company Name:** Kawai Musical Instruments Manufacturing Co., Ltd.

**Company Headquarters:** 200 Terajima-cho Naka-ku, Hamamatsu City, Shizuoka Prefecture

**Established:** August 9th, 1927

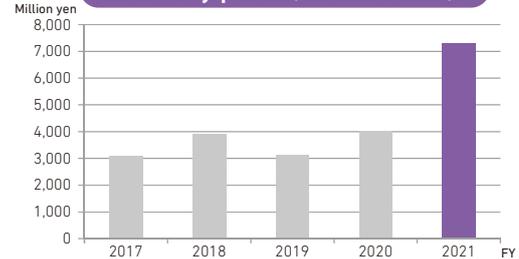
**Reorganized:** May 15, 1951

**Company President:** Hirotaka Kawai, Chairman, President & CEO

**Capital:** 7,122 million JPY (as of end of March 2022)

		2019	2020	2021
Sales (Million yen)	Non-consolidated	49,481	48,487	59,359
	Consolidated	71,302	67,520	85,703
No. of employees	Non-consolidated	1,282	1,302	1,280
	Consolidated	2,839	2,868	2,969

### Ordinary profit (consolidated)



### Sales (consolidated)



## Main business

### Musical instruments and education related business



Selling pianos, electronic instruments, wind, string and percussion instruments, accessories of instruments and instrument toys, and providing services of instrument technical service and repair  
Operation of music school and gymnastic school, selling learning materials, and manufacturing and selling musical scores and music instruction software

- **Domestic sales**  
Kawai Musical Instruments Manufacturing Co., Ltd.  
Zen-On Music Company Limited
- **Overseas sales**  
Kawai America Corporation  
Kawai Europa GmbH  
Kawai Canada Music  
Kawai Australia Pty. Ltd.  
PT. Kawai Music Indonesia  
Kawai Musical Instruments (China) Co., Ltd.  
Kawai Trading (Shanghai) Co., Ltd.  
Kawai UK Ltd.  
Kawai France SAS  
Kawai Piano (Russia) LLC
- **Instrument technical service and repair**  
Kawai Musical Instruments Manufacturing Co., Ltd.
- **Domestic instrument manufacturing**  
Kawai Musical Instruments Manufacturing Co., Ltd.  
Zen-On Music Company Limited
- **Overseas instrument manufacturing**  
PT. Kawai Indonesia  
Kawai Musical Instruments (Ningbo) Co., Ltd.  
Shanghai Kawai Emi Co., Ltd.
- **Domestic music schools and physical-training schools operation**  
Kawai Musical Instruments Manufacturing Co., Ltd.
- **Overseas music schools operation**  
PT. Kawai Music School Indonesia
- **Other**  
Kawai Tomo-no-Kai

### Material processing business



Metal material processing for electric and electronic parts, material processing for automobile parts, manufacturing and selling pig iron and castings, manufacturing and selling sound-proof chamber and acoustic components

- **Manufacturing deformed rolled metal parts**  
Kawai Precision Metals Co., Ltd.
- **Manufacturing materials for automobile parts**  
Kawai Hyper Wood Co., Ltd.
- **Manufacturing and selling pig iron castings**  
Kawai Casting Co., Ltd.
- **Manufacturing and selling sound-proof chamber and acoustic components**  
Kawai Acoustic System Co., Ltd.

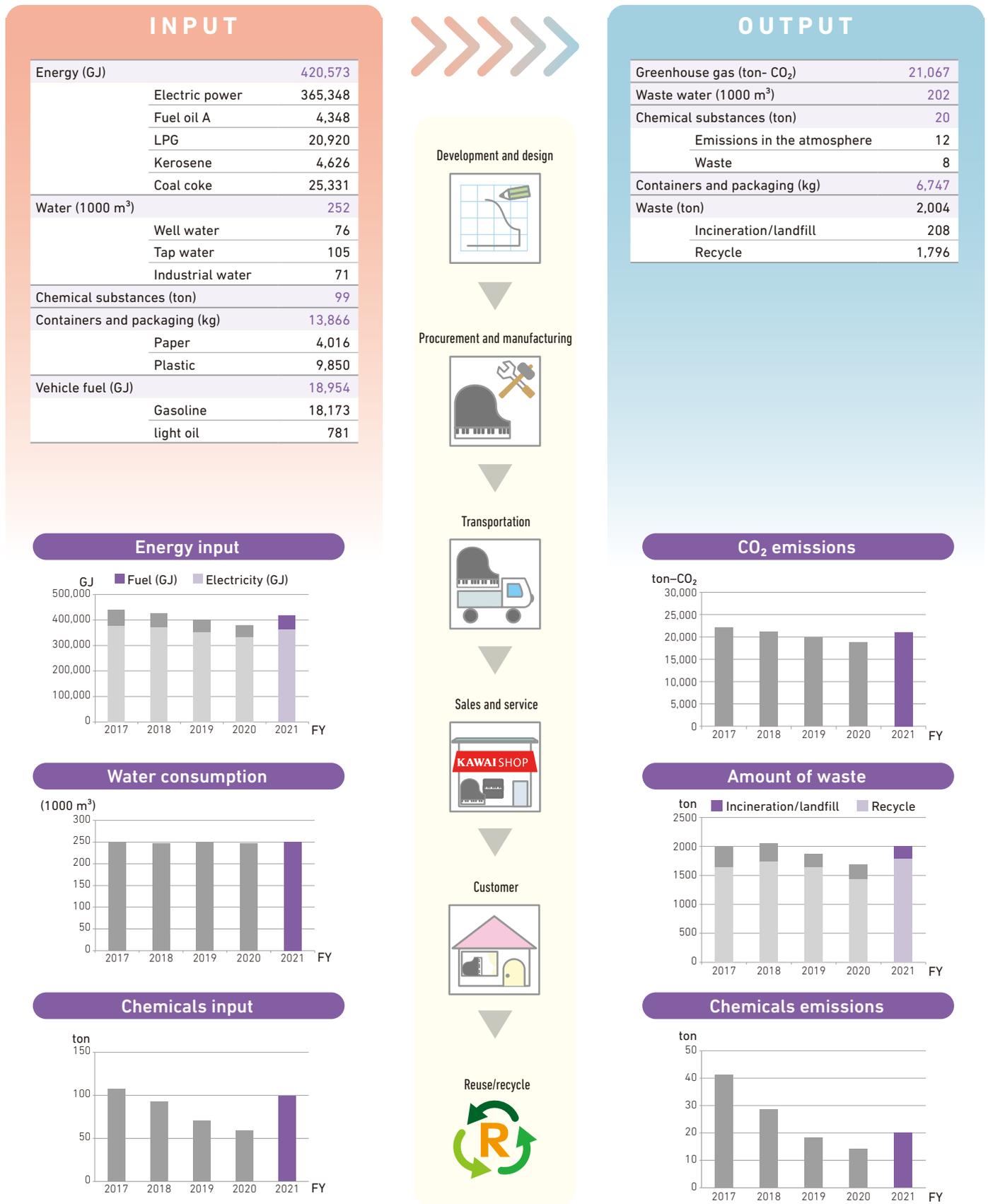
### Other business



- **Information-related business, financial business, insurance agent business and others**  
Kawai Business Software Co., Ltd.  
Kawai Assist Co., Ltd.

# Material balance

Input of energy, chemicals and other materials and emissions of CO<sub>2</sub>, waste water, chemical substances and waste in FY2021 are shown below.



## Environmental load data

## List of environmental loads by site

			Reference year							Compared to reference year
			Reference	Reference year						
			1990	2017	2018	2019	2020	2021		
Ryuyo Factory Iwata City, Shizuoka Prefecture  Business: Manufacturing pianos Site area: 168,218 m <sup>2</sup>	INPUT	Electricity	GJ	101,341	55,627	55,292	54,549	48,950	55,623	0.6%
		Fuel	GJ	28,253	18,032	16,876	16,668	14,989	14,894	-11.7%
		Water	1000 m <sup>3</sup>	3330.0	38.1	45.2	48.5	48.6	51.9	14.8%
		Chemical substances	ton		39.1	44.6	46.1	38.6	79.2	77.6%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>	7,632	3,462	3,388	3,343	3,001	3,302	-2.5%
		Chemical substances	ton		10.1	12.3	13.8	10.1	16.9	37.4%
		Waste incineration/landfill	ton	437.3	0.2	0.2	0.0	0.0	0.0	
		Waste recycle	ton	102.0	836.0	854.5	921.5	764.6	945.7	10.7%
Kawai Precision Metals Co., Ltd. Hamamatsu Factory Shinmiyakoda, Kita-ku, Hamamatsu City, Shizuoka Prefecture  Business: Manufacturing metal parts Site area: 26,817 m <sup>2</sup>	INPUT	Electricity	GJ		68,526	67,822	63,834	59,118	65,141	-4.0%
		Fuel	GJ		22.7	29.1	29.4	22.0	23.6	-18.9%
		Water	1000 m <sup>3</sup>		30.0	31.4	28.4	23.6	23.8	-24.2%
		Chemical substances	ton		1.8	3.0	0.0	0.0	0.0	
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		3,129	3,097	2,915	2,699	2,974	-4.0%
		Chemical substances	ton		1.1	2.6	0.0	0.0	0.0	
		Waste incineration/landfill	ton		0.0	0.0	0.0	0.0	0.0	
		Waste recycle	ton		57.0	64.0	54.7	32.3	32.6	-49.1%
Kawai Precision Metals Co., Ltd. Matsumoto Factory Sasaga, Matsumoto City, Nagano Prefecture  Business: Manufacturing metal parts Site area: 14,612 m <sup>2</sup>	INPUT	Electricity	GJ	57,070	48,971	49,627	46,436	45,629	50,566	1.9%
		Fuel	GJ	7,132	5,473	4,194	3,417	4,024	3,867	-7.8%
		Water	1000 m <sup>3</sup>	42.1	79.6	67.0	69.1	79.0	74.5	11.2%
		Chemical substances	ton		33.5	15.2	0.4	0.5	0.4	-97.4%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>	3,674	2,622	2,561	2,325	2,324	2,538	-0.9%
		Chemical substances	ton		26.1	8.6	0.0	0.0	0.0	
		Waste incineration/landfill	ton	0.0	2.1	1.8	1.9	1.1	7.2	300.0%
		Waste recycle	ton	61.4	29.9	16.5	8.2	15.3	8.4	-49.1%
Kawai Casting Co., Ltd. Yanaidamachi, Hakui City, Ishikawa Prefecture  Business: Manufacturing and selling pig iron castings Site area: 41,000 m <sup>2</sup>	INPUT	Electricity	GJ		65,776	59,159	54,354	54,472	64,017	8.2%
		Fuel	GJ		28,847	23,875	21,442	20,354	28,796	20.6%
		Water	1000 m <sup>3</sup>							
		Chemical substances	ton		19.5	14.6	13.9	12.8	18.2	24.7%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		6,009	5,193	4,720	4,597	5,898	13.6%
		Chemical substances	ton		1.7	2.5	2.7	2.0	2.6	4.0%
		Waste incineration/landfill	ton		345.1	298.5	212.6	237.9	197.7	-33.8%
		Waste recycle	ton		611.9	622.9	531.9	500.9	659.9	5.9%
Kawai Hyper Wood Co., Ltd. Nakagori-cho, Higashi-ku, Hamamatsu City, Shizuoka Prefecture  Business: Manufacturing automobile interior parts Site area: 15,074 m <sup>2</sup>	INPUT	Electricity	GJ	14,787	14,134	16,415	13,174	11,235	9,531	-41.9%
		Fuel	GJ	11	2,885	2,771	2,517	2,147	2,210	-20.2%
		Water	1000 m <sup>3</sup>	28.6	3.0	3.4	2.7	2.3	2.8	-17.6%
		Chemical substances	ton		13.8	14.8	9.9	7.2	1.5	-89.9%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>	1,250	849	945	780	665	592	-37.4%
		Chemical substances	ton		2.4	2.6	2.1	1.5	0.3	-88.5%
		Waste incineration/landfill	ton	218.2	0.0	0.0	0.0	0.0	0.0	
		Waste recycle	ton	32.3	79.7	91.6	77.1	47.6	46.0	-49.8%
Kawai Acoustic System Co., Ltd Sasagase-cho, Higashi-ku, Hamamatsu City, Shizuoka Prefecture  Business: Manufacturing and selling soundproof chamber and acoustic components Site area: 2,972 m <sup>2</sup>	INPUT	Electricity	GJ		871	865	881	1,066	1,119	29.4%
		Fuel	GJ		0.0	0.0	0.0	0.0	0.0	
		Water	1000 m <sup>3</sup>		0.2	0.2	0.2	0.2	0.2	0.0%
		Chemical substances	ton							
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		40	39	40	49	51	30.8%
		Chemical substances	ton							
		Waste incineration/landfill	ton		0.0	0.0	0.0	0.0	0.0	
		Waste recycle	ton		7.1	11.0	15.0	18.0	27.0	145.5%
Headquarters Terajima-cho, Naka-ku, Hamamatsu City, Shizuoka Prefecture  Business: Headquarters function, research and development Site area: 6,784 m <sup>2</sup>	INPUT	Electricity	GJ		6,207	5,751	5,574	5,710	5,660	-1.6%
		Fuel	GJ		140	102	160	166	136	33.3%
		Water	1000 m <sup>3</sup>		3.6	3.4	3.7	3.8	3.2	-5.9%
		Chemical substances	ton							
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		293	269	265	272	268	-0.4%
		Chemical substances	ton							
		Waste incineration/landfill	ton		4.2	5.5	3.7	11.1	0.0	-100.0%
		Waste recycle	ton		22.9	78.9	56.8	55.8	75.9	-3.8%

## Third party comment



**Professor Kiyohiko Nakasaki**

**Tokyo Institute of Technology School of Environment and Society**

The company has changed the document title from “Environmental and Social Report” to “KAWAI Report”, which properly reports on the summary of the 6th medium-term management plan (for a period from April 2019 to March 2022) and the outline of the 7th medium-term management plan which has started in April 2022, being positioned as aiming at steady growth under a new business environment. Toward “Establishing a 100-year brand” and ongoing development thereafter, in addition to the existing topics contained in the report, including “Environment”, “Social” and “Governance”, “Sustainability” was newly added and heavily emphasized. In particular, in each of the topics of environment (E), social (S) and governance (G), a list of “indexes”, “actual results” and “related SDGs” is provided, clearly showing the company’s intention to contribute to SDGs by addressing various issues related to environment, society and governance, and the status of their activities in an easy-to-understand way.

Looking back on the 6th medium-term management plan, the company reports that it steadily enhanced its business performance even in the severe environment with the effect of COVID-19, and resulted in consolidated profits largely exceeding the target in FY2021, the final year of the plan. It is also reported that their products of excellent quality were highly evaluated in the world, introducing an example that in the final of the 18th International Chopin Piano Competition, two of the three pianists who used Kawai’s full concert piano SK-EX had won the prize. With regard to the activities on environmental issues, the report describes the company’s basic philosophy, organization, principles, environment management system and guideline in an easy-to-understand way. In relation to the measures to reduce environmental load, the company successfully achieved a significant reduction in both CO<sub>2</sub> emissions and amount of waste per unit of sales. As for energy saving, Kawai Musical Instruments

Manufacturing Co., Ltd. received the highest Class S evaluation for the 6th year in a row, and Kawai Precision Metals Co., Ltd. received the same evaluation for the second year in a row. Furthermore, in the “Kawai Forest” project that has been continuing since 2007 in Indonesia, approximately 750,000 plants were planted so far in an area of about 700 ha in FY2021. It is estimated that this forest absorbs CO<sub>2</sub> emissions in an amount equivalent to 46% of a total CO<sub>2</sub> emission generated by Kawai Group. As explained above, we can understand from the report that the company’s diligent endeavors on environmental issues are producing great results.

This report newly covers the company’s measures in relation to its employees in a separate section on several pages. The contents of the report on this topic clearly convey the message of the company that it intends to realize the corporate philosophy “We take good care of our employees and aim to make the Corporation fair and open” by respecting “diversity” so that diversified talents can work actively, and by promoting “work-life balance” to support employees in keeping a good balance between work and private life. Additionally, the company reported adequately on its compliance education and enlightenment that Kawai has long been working on to establish a sound corporate management structure.

“Sustainable” is an important key word in today’s world. Kawai has been developing over the years as an excellent company and 2027 will mark the 100th anniversary of its foundation. Such a monumental achievement like the 100th anniversary will be just a milestone for Kawai. The “100-year brand” which Kawai aims to establish indicates the corporate vision of ongoing development for 100 years and beyond. I expect that Kawai Group will surely “establish a 100-year brand” and perpetually evolve into an even more excellent company.

### In appreciation for the third party comment

We express our deep gratitude to Professor Nakasaki for giving us valuable evaluation and comments continuously for this fiscal year.

We have changed the title of the report to “KAWAI Report” from FY2022. In addition to the explanations about ESG activities we have been addressing for many years, the report is designed to introduce our activities in relation to “Sustainability” that are prescribed in the 7th Medium-term Management Plan “Resonate 2024”, in a way that the information contained in this report can be clearly understood.

We are very happy to receive high evaluation of our activities from Professor Nakasaki, particularly for “Kawai Forest” afforestation in Indonesia we have been continuing since 2007 as the measure to reduce the environmental load, and other efforts for supporting employees such as “diversity” and “work-life balance” as well as the measures for compliance, and we are very much encouraged to continue our efforts even harder.

We are committed to achieve ongoing development as a corporation by maintaining harmony with the global environment and society pursuant to our sustainability principles, and securing sound management, and at the same time we strive to achieve our long-term vision “Establishing a 100-year brand” and contribute to realization of a sustainable society.

(Kawai Global Environment Committee Office)



## **Kawai Musical Instruments Manufacturing Co., Ltd.**

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