



# Environmental and Social Report

# 2020



## Management Philosophy

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

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

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

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.

#### Photographs on the front and back covers

Upper and lower on the front cover ..... Ryuyo Factory

Middle on the front cover ..... Full concert grand piano SK-EX

Back cover ..... Bird's-eye view of Ryuyo Factory

Ryuyo Factory marks its 40th anniversary in 2020.

## Editorial policy

### Information in this report

“Environmental and Social Report” provides the information on the Kawai Group’s environmental activities as well as its view of corporate social responsibility and the measures of corporate governance.

Company outline is described on page 5.

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.

### About 2020 report

Principles for each item are stated so that the Kawai Group’s activities can be easily understood by all readers.

### Period subject to report

The scope of this report is mainly the FY2019 (from April 2019 to March 2020) and latest information after April 2020 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

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## Measures to contribute to SDGs

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

Activities of the Group related to the SDGs are marked with a relevant icon of these goals in this report.

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



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.

*Niitaka Kawai*  
Chairman, President & CEO



First of all, I extend my deepest sympathies and condolences to those who suffer COVID-19 and their families, and at the same time express my deep respect and appreciation to those working in medical facilities for their devotion to tackle the prevention and treatment of the disease.

Kawai Group has been taking necessary steps focusing on the priority tasks of protection against the disease and ensuring safety of people, including pupils and instructors of our music school and gymnastic school, our customers, employees and their families in accordance with the policy of countermeasures against COVID-19 announced by the government and administrative agencies. We continue our efforts calmly to prevent the disease from spreading and take necessary measures.

### Implementation of the Medium-term management plan “Resonate 2021”

Setting out the long-term vision “Establishing a 100-year brand”, the Kawai Group started the 6th Medium-term management plan “Resonate 2021” in FY2019. According to this medium-term plan, we are striving to achieve the improvement of our corporate value and brand quality as well as continuous growth by reinforcing the strength of each business, pursuing and increasing customer satisfaction and contributing to the music culture, with the aim of becoming top brand of piano manufacture which is the core business continuing right from the foundation.

In Japan, the Group worked continuously on the reinforcement of sales activities under the regional unit structure in which schools, sales and after-sale services are all integrated, and promoted sales of high-value added products such as “Shigeru Kawai” by making the most of the stores as the promotion base of the Kawai brand.

In overseas countries, we focused our efforts on launching stores directly operated by the company in the U.S. and Germany to increase sales of keyed instruments, and in China and the Southeast Asian region, we implemented the measures for mid-to long-term growth using the know-how of integrated strength of Kawai of sales, music school, technical service and production.

As a product strategy, we developed “NOVUS NV5”, a hybrid piano which is mounted with sound board speakers and upright piano action, enabling reproduction of dynamic notes, and introduced it in the market in October 2019. We also introduced our high-end models of digital piano, “CA99” and “CA79” in “2020 NAMM Show” held in January 2020 in the U.S. which enabled reproduction of feeling like playing a grand piano, showcasing the attractive features of our products.

Outlook of Japanese economy and the prospects of world economy as well as the business environment surrounding our Group are really unclear due to the effect of spreading COVID-19. However, we are committed to provide quality goods and services, placing top priority on customer satisfaction, and to create rich and comfortable living environment for people, with the aim of increasing corporate value as a 100-year brand and realizing long-term stable growth.

\* “Resonate” means “reverberating, resounding” and “producing consonance”.

### Inheriting the founding spirit and challenges, 40th anniversary of Ryuyo Factory 20th anniversary of “Shigeru Kawai”

Our company was founded in 1927 by Koichi Kawai who had the aspiration for “creating the finest piano in the world”, together with his comrades who respected him. Koichi Kawai is now known as an engineer who contributed to the accomplishment of producing the first piano in Japan.

Shigeru Kawai who succeeded Koichi as the second president of the company established Ryuyo Factory with the aim of realizing the dream envisioned by Koichi. Ryuyo Factory is characterized by three symbolic concepts; “Workshop in the woods” surrounded by the environment that enables workers to devote themselves to manufacturing of piano feeling breath of nature changing season to season; “Prototyping creation process” to master the original concept of piano manufacturing that “each unit of piano should be created elaborately by hand; and “Shigeru Kawai R&D Laboratory” to pursue piano manufacturing based on the results of study using state-of-the art technologies. And the dream has finally come true in 1999, bearing fruit of the prestige model of grand piano “Shigeru Kawai”. In 2019, we marked the 20th anniversary of the Shigeru Kawai model and it is great honor for us that the model is receiving high evaluation from prominent pianists both in and outside Japan and other people in the music community. Additionally, Ryuyo Factory is now surrounded by as many trees as 30,000, and this year, we celebrate the 40th anniversary of the factory that is worthy of the name “Workshop in the woods”.

Piano manufacturing takes time and we have to commit to it for a long term from generation to generation until final completion. This is the firm founding spirit of our company and has been handed down as the original concept of our corporate activities and value creation to each employee of the Kawai Group who are in pursuit of further evolution.



## Positioning of the long-term vision “Establishing a 100-year brand” and the 6th Medium-term Management Plan “Resonate 2021”

### Contribution to the music culture and discovery/fostering of talents

The 3rd “Shigeru Kawai International Piano Competition” was held in July 2019, which was created for the purpose of discovering and fostering next generation pianists. A total of 234 pianists from 18 countries and regions made an entry in the competition and they presented high-level performance and received great public response.

The winner of the competition was Mr. Ilya Shmukler (from Russia) and he will receive ongoing support from our company in order to improve his career as a pianist.

We endeavor continuously to discover and cultivate pianists of the next generation from all over the world through this international piano competition and at the same time focus our efforts on the promotion of international exchange and the development of music culture.

### Development of human resources

To establish an organization in keeping with the times and world affairs that are rapidly changing, it is important to develop “human resources” to take charge of future operation of Kawai. In addition, our company recognizes that diversity management and promotion of work-life balance are important issues to address in order to create workplace that enables each and every one can demonstrate their ability to the fullest extent.

In 2019, we have set out “Love it!”, a project to promote women’s participation with the aim of becoming a powerful company with women workers flourishing on a continual basis, and started implementation of the project.

Further, we established “Healthy management declaration”, recognizing that physical mental well-being of all the people working in the Kawai Group and their families constitute the basis of our management philosophy “Aiming to become a favored company with great creativity” and is valuable asset of the Group and companies. Our Group’s effort of increasing health of our employees and their families was recognized and the company was selected as “Certified Health & Productivity Management Outstanding Organization (The Large Enterprise Category) 2020” in the award jointly held by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

### Environmental activities

To create excellent piano, a wide range of natural materials of good quality are essential, including various kinds of wood produced in many different parts of the world and felt made of wool. Keeping the state of natural environment as bountiful as ever, i.e. preservation of global environment is imperative requirement for our Group to realize sustainable development. In accordance with this fundamental policy, in 1994 we set out “Global environment charter” and “environment policy” and established a company-wide organization “Kawai Global Environment Committee” to implement such policy.

Further, our Ryuyo Factory obtained the certificate of the Environment Management System ISO14001 in 1997 for the first time in the industry to implement business activities, taking into consideration the preservation of global environment from a global standpoint. Since then, our Group has introduced ISO14001 to main production facilities in Japan, Indonesia, and China. We have focused our efforts on the important issues in these activities such as responsible procurement pursuant to the policy including “wood material procurement guideline”, energy conservation and CO<sub>2</sub> emission reduction, and improvement of source efficiency and source cycle through reduction of waste and increased recycling rate.

In Indonesia, Kawai Forest Project started “Kawai Forest” activity in collaboration with PT. Kawai Indonesia and the Indonesian forest public corporation for the purpose of CO<sub>2</sub> absorption and prevention of natural disasters in 2007. The group has so far planted 550,000 trees including teak in the area of about 550 ha, and since 2017, the project has also been engaged in tree plantation to reproduce mangrove forests that are rapidly decreasing.

International community is changing fast toward realizing sustainable society as Paris Agreement took effect and SDGs were adopted. On the other hand, the world is transforming as a result of the spread of COVID-19. Under these circumstances of changing society and business environment, Kawai Group is committed to making contributions to realizing sustainable society through the efforts to address various ESG issues, aiming at becoming a company trusted by you all.

We would be incredibly grateful for your stronger support than ever.

# Company outline and main business of Kawai Group

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

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

**Established:** August 9th, 1927

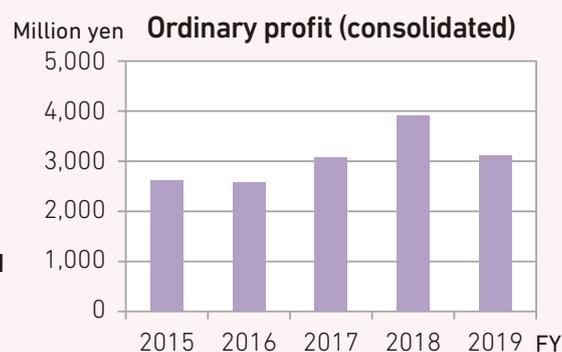
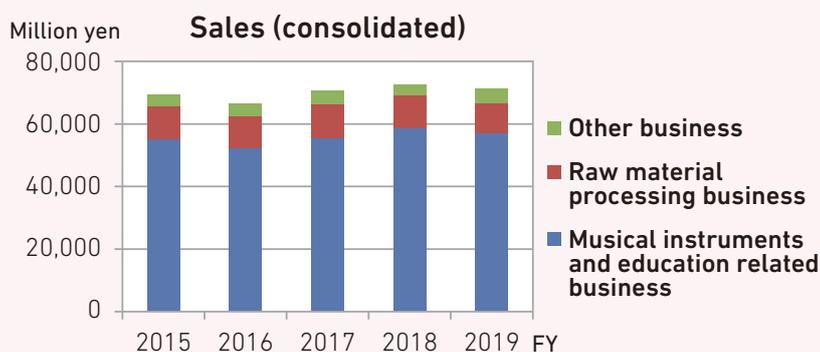
**Reorganized:** May 15, 1951

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

**Capital:** 7,122 million JPY (as of end of March 2020)

## Management index

		FY2017	FY2018	FY2019
Sales (Million yen)	Non-consolidated	50,197	51,524	49,481
	Consolidated	70,795	72,376	71,302
No. of employees	Non-consolidated	1,291	1,269	1,282
	Consolidated	2,837	2,813	2,839



## 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 musical instructions

Kawai Musical Instruments Manufacturing Co., Ltd.

### ● Overseas musical instructions

PT. Kawai Music School Indonesia

### ● Other

Kawai Tomo-no-Kai

## Raw 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.

# Company history

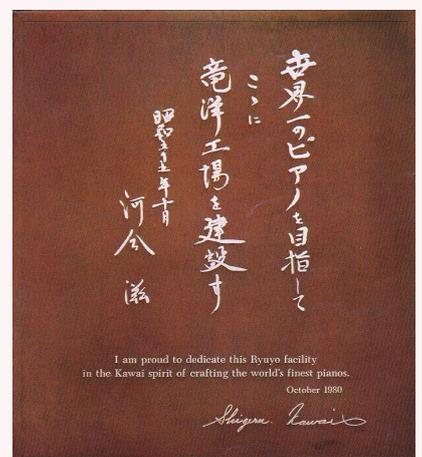
- 1927** Koichi Kawai established the Kawai Musical Instruments Research Laboratory. Started manufacturing and selling pianos.
- 1929** Company name changed to Kawai Musical Instruments Manufacturing Company.
- 1935** Corporate structure expanded to partnership basis.
- 1951** Company reorganized into a joint-stock company, Kawai Musical Instruments Manufacturing Co., Ltd.
- 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.
- 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.
- 1999** "Shigeru Kawai" series of luxury grand piano instruments launched.
- 2001** PT. Kawai Indonesia established in Indonesia. Luxury full concert piano "SK-EX" introduced.
- 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.
- 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.
- 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.



In 1927, Koichi Kawai established the Kawai Musical Instruments Research Laboratory with seven other technicians.



In 1955, Shigeru Kawai was appointed president, inheriting Koichi's ambition to build the world's finest piano.



In 1980, Ryuyo Factory was established to accomplish manufacturing the finest piano in the world.

# Overview and progress of the 6th Medium-term Management Plan “Resonate 2021”

## 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 6th Medium-term Management Plan “Resonate 2021” (FY2019 to FY2021)

### Basic principles

Kawai Group's mission is to provide many people with great impression through programs of learning piano and other instruments and musical education, thus contributing to creating comfortable living environment for all, under the following management philosophy with the aim of becoming a favored company with great creativity; We create rich and comfortable living environment; We provide goods and services giving top priority to customer satisfaction; We carry out corporate activities in view of new age; and We respect our employees and become an open company. In the 6th Medium-term Management Plan “Resonate 2021” (“Resonate” means “reverberating, resounding” and “producing consonance”) starting from FY2019, to the end of establishing a 100-year brand, we strive to enhance Kawai brand quality by pursuing in-depth “sales ability”, “product and service strength”, “production power” and “organizational strength”, address tasks of increasing the profitability of musical instrument education as the core business and strengthening the platform for growth, and work to increase corporate value.

### Prioritized strategies

To increase profitability of musical instrument education business and expand the business, strengths of different functions are built up and combined to achieve the growth of Kawai.

#### (1) Enhancing sales ability

In matured market, we address reinforcement of sales activities for high-value-added products including the flagship model “Shigeru Kawai” and hybrid products to ensure stable growth and an increase of profitability. In addition, as the measures of making the sales network stronger, we focus in particular on increasing sales at directly managed shops in the U.S. and Germany, and beefing up the activities of sales companies in France. In Japan, we work on establishment of a sales structure that is integrated with four functions (direct sales, technical service, musical education and wholesale/instrument shops), reinforcement of sales platform using CRM (customer relationship management system), renewal of flagship shop and intensification of the operation in the Tokyo metropolitan area. In Chinese market, we expand our business through establishing stronger collaborations with partner companies to increase added value of the value chain and operate music school business and technical service business also in collaboration with such partners. Additionally, we actively pursue sales increase in the Southeast Asian region and promote market development in the Central and South America, the Middle East, Africa and other regions.

#### (2) Enhancing the competitiveness and services

We pursue in depth the quality and strength of products including “Shigeru Kawai” through ongoing research at a level of raw material and basic development and seek to obtain customer satisfaction. For three years from 2019, in particular, we emphasize intensification of the development of hybrid products and digital piano with special quality of touch and sound, and incorporate planning and development functions into manufacturing factories in reviewing the structure so as to ensure development of products to meet the market needs. With these efforts, we enhance the marketing of products for China and drive product development to increase our share in the markets in which the Group's share is small. At the same time, to intensify Kawai brand marketing, an integrated structure will be established to centrally manage different functions from product planning, designing to sales promotion. In addition, we strengthen artist relations and development of MPA (Master Piano Artisan: this internal qualification is granted only to highly skilled piano technicians), and enhance after-sale service system to further increase customer satisfaction.

#### (3) Enhancing productivity

We implement reinforcement of the global and flexible production structure and priority equipment investment to further improve QCD (Quality, Cost and Delivery).

With regard to piano, we operate the manufacturing in such a manner that is worthy as a 100-year brand on a global basis mainly at Ryuyo Factory as Mother factory by leveraging the unique techniques of Kawai that have been developed over time and handed down to the next generation. In addition, we work on reformation and building up of capacity of the production line of “Shigeru Kawai” which shows good sale, as well as strategic cost control and optimum production by introducing a new production system.

As for digital piano, we enhance the production system so as to be able to deal with sales increase in China and around the world, and make efforts to reduce costs as well on a continual basis, including a shift to in-house production process.

#### (4) Enhancing organizational ability

We address enhancement of our human capital for the Kawai Group to flourish on a medium- to long-term basis.

- Implementation of "healthy management" to enable employees to work lively
- Education and skill development through enhancement of education and training programs designed for each class
- Provision of support for striking a balance between the work that is based on women's power and their child rearing or family care, and promotion of work style reform
- Implementation of global talents development and innovation of human resource management system

Furthermore, to reinforce our management foundation, we work on a continual basis on building a horizontal organization structure and optimization of management process, company-wide productivity increase and improvement of routine tasks efficiency.



## Business strategies

### Overseas evolution of music education and technical service business

The Group strives to establish a platform for demonstrating the total strength of the Kawai brand in each market using the company's know-how of education and technical service. In China, collaboration business with Soong Ching Ling Foundation will be reinforced and we address development and diversification of the courses, systematization of instructors to be certified by Kawai, and increasing the number of places and regions to provide education including educational institutions and musical instrument shops. In addition, we promote the expansion of technical service training business with China Musical Instrument Association and the operation of commissioned technical service. In the Southeast Asia, school business will be expanded in Indonesia and Thailand and the launching of the business will be accelerated in Malaysia, Singapore and Vietnam.

### Material processing business

In metal processing business as the core, the Group will make capital investment of 1.8 billion yen in total in three years to beef up the production capacity in order to deal with increasing orders received for parts for CVT cars. Additionally, we endeavor to cultivate new products in view of the trend of shifting to EV and development of a third pillar product as well. In coating business, we further polish our own coating technique and make stronger efforts to increase cost competitiveness and order receiving activities.

## Consolidated business result index

In the fiscal year ending March 2020, sales of piano which is the main business of the Group was robust in Japan, Europe and China. Digital piano sales also increased in China and was strong in Europe. However, there were negative factors such as an impact of the appreciation of yen, a decrease in orders received in material processing business and the fact that Kawai's music school and gymnastic school classes were called off due to the effect of spreading COVID-19 in Q4 and after, which resulted in decreased revenues and decreased profit against the initial plan.

(Unit: million yen)

	FY March 2020 Plan (*2)	FY March 2020 Result	FY March 2021 Plan (*2)	FY March 2022 Plan (*2)
Sales	73,000	71,302	74,000	76,000
Operating profit	3,100	2,960	3,600	4,200
Recurring profit	3,100	3,118	3,600	4,200
Current term net profit (*1)	1,900	1,545	2,250	2,650
Operating profit ratio	4.2%	4.2%	4.8%	5.5%
ROE	7.5%	6.1%	8.3%	9.2%

(\*1) Current term net profit attributable to owners of parent company

(\*2) Planned figures as of March 2019

Note that consolidated business result forecast for the fiscal year ending in March 2021 is undecided because reasonable estimation of the impact of COVID-19 was difficult as of May 2020.

Exchange rate assumed for plan:  
110 JPY/US\$, 125 JPY/euro, 16 JPY/yuan  
For FY March 2020 result:  
109.1 JPY/US\$, 122.1 JPY/euro, 15.8 JPY/yuan

## Enhance the corporate value Addressing ESG

Kawai Group address the following activities to contribute to creating a sustainable society.

### E ... Environment

Pursuant to the "Global Environment Charter" established by Kawai, the Group-wide active involvement as a corporate citizen on the globe in activities to protect the environment and resources, for example, priority procurement of materials, parts and products that have lower environmental load according to "environment principles" and "green procurement guideline" and the tree planting activities.

### S ... Social

Activities to contribute to the music culture as a musical instrument manufacturer by way of fostering and providing support for young musicians through, for example, the Shigeru Kawai International Piano Competition, and promoting dissemination of music education.

### G ... Governance

Aiming at establishing a 100-year brand and sustainable growth, activities to ensure an effective governance system to realize sound business management.

# Implementing environment preservation activities based on the Global Environment Charter

## Global 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 "Global 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.

### Global Environment Charter

## 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 principles

Kawai Global Environment Committee established "Environment Principles" based on the "Global 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>.

### Environment principles

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.

# 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 of green procurement >

- (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.

The green procurement guideline applies to all goods and services to be procured by Kawai Group.

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:

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

## 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.

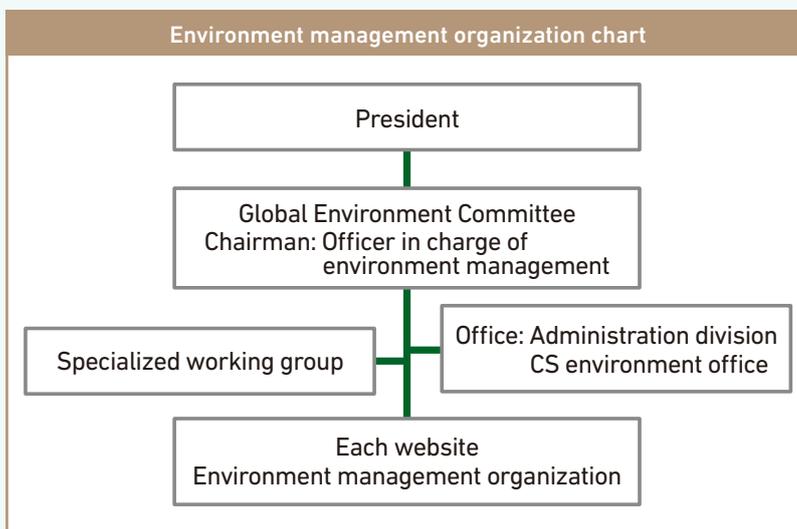
### < Basic Principles >

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.

## 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.



# Implementing environmental load reduction and resources recycling activities

## 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 “Global 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 FY2019, we worked accordingly to achieve the reduction of both by 1% 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 4.5% and amount of waste per unit of sales was reduced by 7.7% from the level of FY2018, both achieving the goal.

Successful reduction of amount of waste was largely owing to 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
	2015	2016	2017	2018 (Reference)	2019			
Prevention of global warming	CO <sub>2</sub> emissions intensity (kg-CO <sub>2</sub> /million yen)	314	341	311	292	279	-4.5%	◎
	Energy amount intensity (MJ/million yen)	6,238	6,710	6,201	5,891	5,655	-4.0%	◎
Effective use of resources	Amount of waste (total volume) (ton)	2,252	2,242	1,976	2,058	1,869	-9.2%	◎
	Amount of waste intensity (kg/million yen)	32.5	33.7	27.9	28.4	26.2	-7.7%	◎

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.

### CO<sub>2</sub> emissions reduction activities

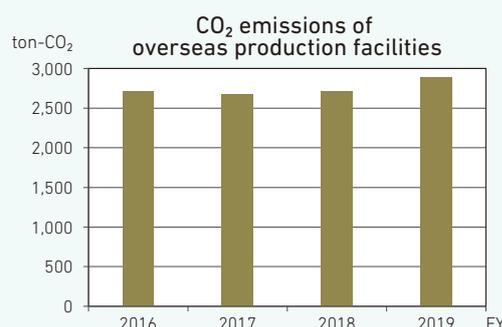
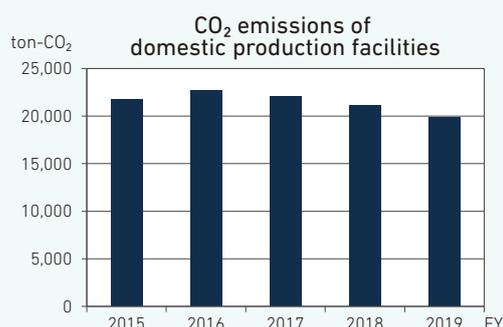
- Introducing plant facilities with due considerations to energy conservation
- Replacing existing lights with LED lighting systems
- Reviewing the use of renewable energies
- Performing an energy conservation evaluation regularly with an electric company
- Launching “Cool Biz” and “Warm Biz” campaigns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

Kawai Group’s total CO<sub>2</sub> emissions in Japan in FY2019 was reduced by 32% 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 FY2019, Kawai Musical Instruments Manufacturing Co., Ltd. received consecutively 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)

From current fiscal year and on, the report also includes the data of overseas production facilities. A lot of overseas production facilities have already introduced ISO14001 (Environmental Management System) and will continue to address the issue of reduction of energy use and CO<sub>2</sub> emissions from a global standpoint.



## Waste reduction activities

We are working on the reduction of waste, understanding that our important mission is to reduce the amount of waste and promote resources recycling through recycling of waste.

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.

Thereafter, Kawai Casting Co., Ltd. took the measures to streamline its production lines and improve production efficiency. As a result, the amount of industrial waste by Kawai Group was reduced to 1,869 ton in FY2019, down 41.6% from the level of FY2012 and also achieving a reduction by 9.2% from the level of FY2018, the reference year of the three-year plan.

Kawai Group's overall waste recycling ratio was also greatly affected by a low recycling ratio at Kawai Casting Co., Ltd. at first, but the measure of reusing slag as roadbed material performed by Kawai Casting Co., Ltd. was effective to improve its recycling ratio from 39% in FY2012 to 71% in FY2019, and Kawai Group's overall waste recycling ratio was also increased from 57% in FY2012 to 88% in FY2019.

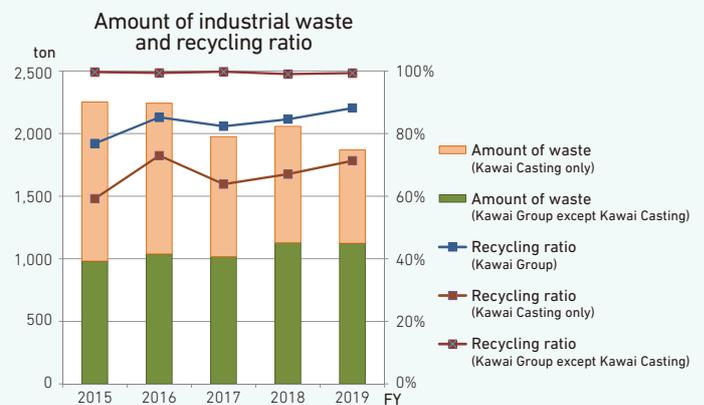
The amount of industrial waste by Kawai Group except Kawai Casting Co., Ltd. was 1,123 ton in FY2019, at about the same level of the reference year FY2018 with 1,129 ton. Recycling ratio was over 99%, continuously maintaining a high level.

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.

We will continue making the Group-wide efforts in reducing amount of waste and increasing recycling ratio.



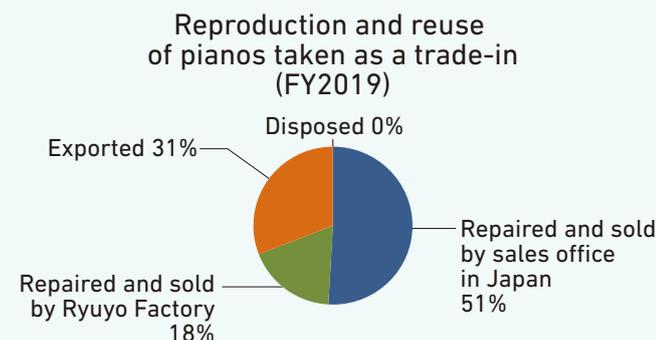
Display of an example of recycling coating waste



## 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. In addition, those pianos taken as a trade-in at sales offices in Japan are reproduced and delivered to new customers.

In FY2019, about 900 units of piano were reproduced or reused in Japan, 31% of which were exported and currently used in many places in the world.



## Reproduction of piano by manufacturer

There is specific work that can be done properly only by the manufacturer. Experienced technicians who are experts and well-versed in piano making are able to 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.



Reproduced by an expert technician

# Striving to increase the environment management level

## 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 Plant No.1 and No.2, 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.

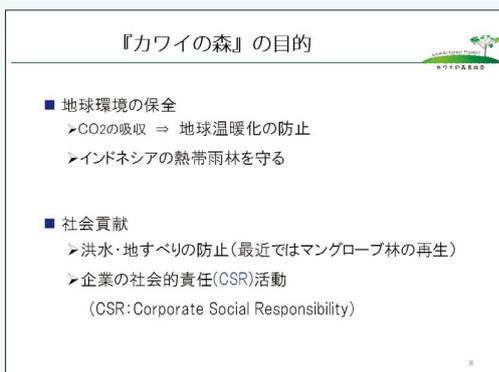
In addition, those facilities that have the ISO14001 certification are subject to an annual surveillance as well as a regular renewal evaluation conducted by an external certifying body to check whether the environment management system in the facility functions effectively.

## Raising awareness of all employees

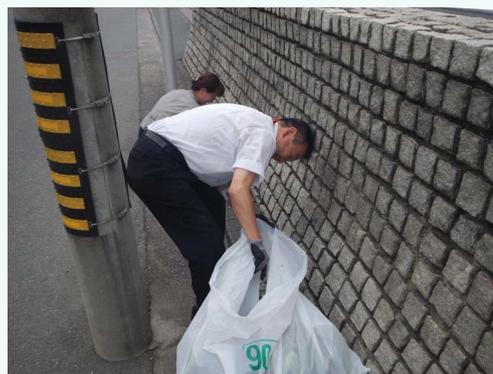
### Environmental education and enlightenment

Kawai provides new employees with education in which our Forest Project delivers a lecture on the theme of tree-planting activities in order to raise awareness of the employees regarding the environmental activities.

In addition, Kawai provides opportunities to evoke our employees' attention to the environment issue in various occasions such as an event of cleaning inside and outside the company during the Environment Month and displaying the environment policy in the building and chanting them in morning meetings at the facilities that implement ISO14001.



Education material for new employees in Japan



Cleaning event

### “Workshop in the woods” Ryuyo Factory

Ryuyo Factory obtained ISO14001 certificate in 1997 which was the first in the piano industry. The factory sets a goal in its environment policy to green 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 30,000 trees planted and the factory truly became a “Workshop in the woods”, fulfilling the aspiration of the second president, Shigeru Kawai.

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



“Workshop in the woods” Ryuyo Factory



Kindergarten children picking up acorns



A cake toy decorated with acorns

# Promoting the tree planting activities in and outside Japan



## “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 product to celebrate the 80th anniversary of Kawai. Pursuant to the basic philosophy of the Kawai Group’s Global Environment Charter, the Forest Project engages in the tree planting activities in Indonesia where we have our overseas production facility in collaboration with 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 a regeneration project of mangrove forests that are presently reevaluated as having functions of seawater purification and a breakwater against tsunami, and by 2019 the group has planted seedlings of about 48,000.

About 550,000 trees have been planted on an area of 550 ha by 2019 and most of those trees are growing without problem. Kawai Forest Project is estimated to have an effect of absorbing 8,000 ton CO<sub>2</sub> annually and we believe that it is equivalent to absorption of 38% of overall CO<sub>2</sub> emissions of Kawai Group.

Those tree planting activities mentioned above were recognized as CSR activity contributing to West Java Province and PT. Kawai Indonesia was granted afforestation prize by the governor in the West Java Province CSR award In November 2019.



Planting for mangrove regeneration



Checking the growth of teak planted by them



Employee of PT. Kawai Indonesia receiving afforestation prize from the governor (right) in the West Java Province CSR award

## “Kawai Forest” the tree planting activities to support the reproduction of the coastal disaster-prevention forest in disaster area

Kawai Forest Project has been participating for five years in the “Midori-no-kizuna (Bond through green) reproduction Project” operated by the Forestry Agency for the purpose of the reproduction of the coastal disaster-prevention forest that was lost due to tsunami in the Great East Japan Earthquake. Under the agreement with the Tohoku Regional Forest Office, the group is continuously working on the reproduction of the coastal disaster-prevention forest from planting to raising.

During the time of tree planting event, Kawai Forest Project members visit the places of the tree planting event in the past to examine the growing state of trees they planted. Japanese black pine trees planted in 2015 in Yamoto region in Higashimatsushima City have now grown to 1.5 m at the tallest.



Growing Japanese black pine trees for the coastal disaster-prevention forest in Yamoto, Higashimatsushima City



# Understanding the environmental load of corporate activities with numeric values

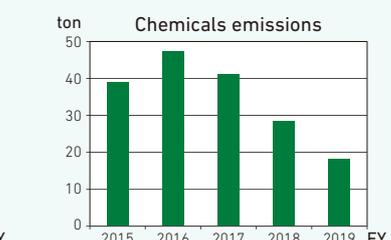
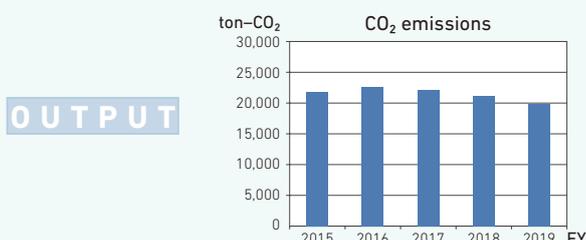
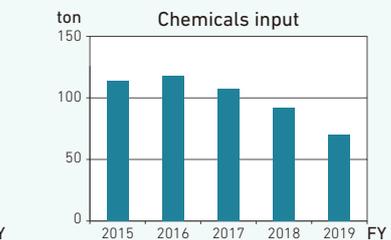
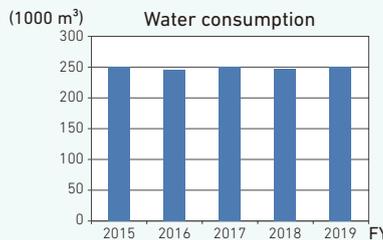
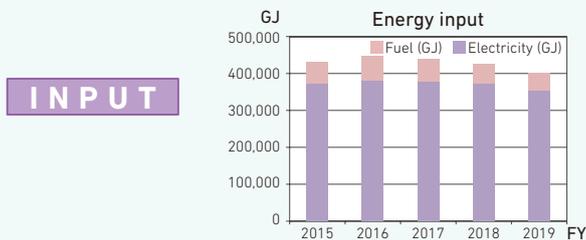
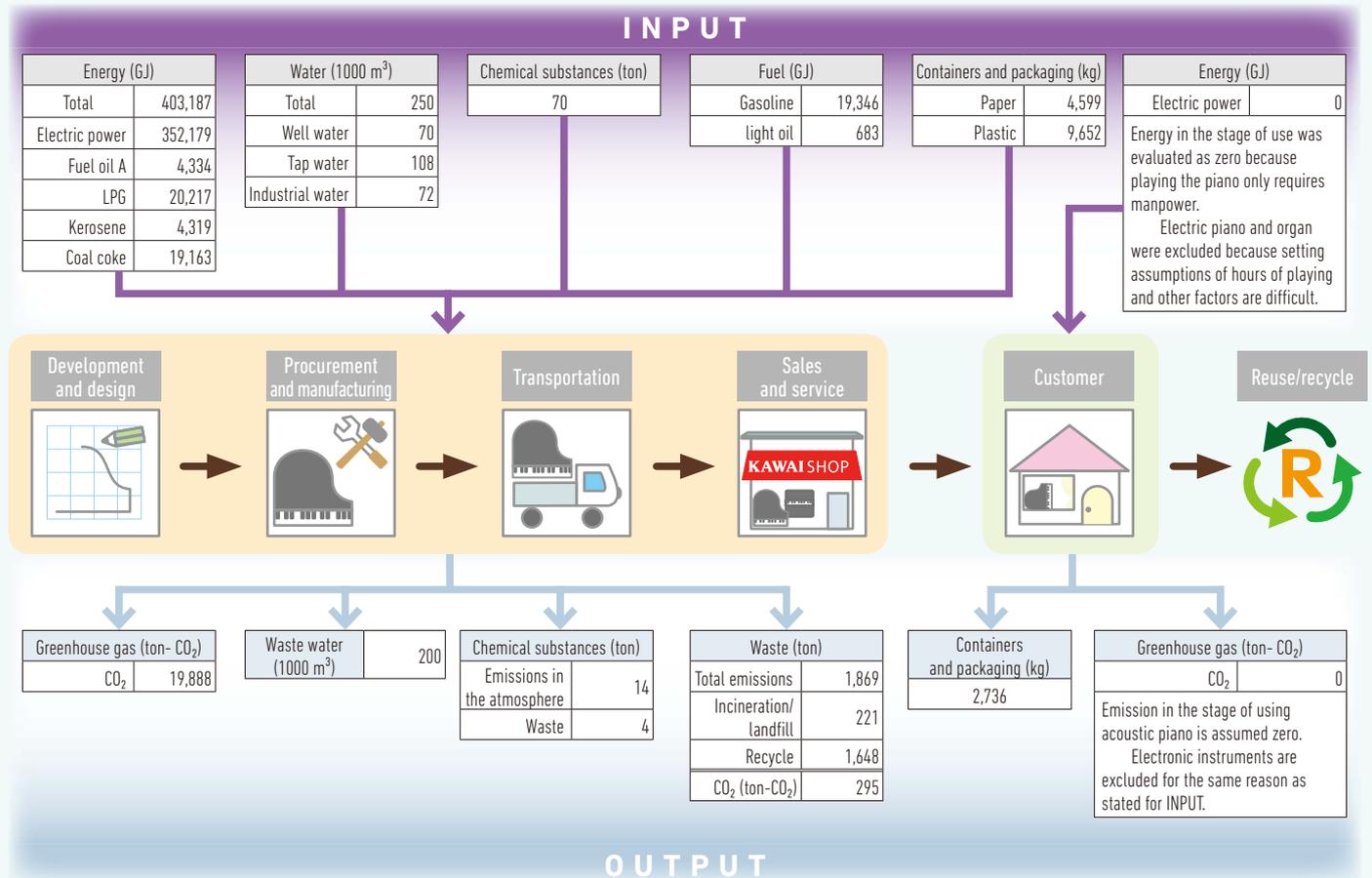


## Material balance

To understand the environmental load caused by the corporate activity and to reduce the impact of such load, Kawai Group performs aggregation of data with regard to amount of resources and energy used and other environmental loads in each stage from development, design, procurement, manufacturing to transportation, and further to use, recycling and disposal of our products by our customers.

Input of energy, chemicals and other materials and emissions of CO<sub>2</sub>, waste water, chemical substances and waste in FY2019 are shown below.

Kawai Group is committed to ongoing reduction of the environmental load, as well as expansion of the scope of data and data collection on a global basis.



# Kawai's contribution towards musical culture promotion



Aiming at broadening rich and prosperous society through music, the Kawai Group is taking initiative in numerous activities to promote world's musical culture. We would like to expand the circle of excitement in people's hearts. Kawai's wish to expand the circle of excitement in people's hearts is steadily bearing fruit.

## Nurturing the next generation pianists

### Hosting the Shigeru Kawai International Piano Competition

The Shigeru Kawai International Piano Competition was established to celebrate Kawai's 90th anniversary in 2017 to discover and nurture pianists of the next generation from all over the world, and also to promote international exchange and world's musical culture.

This competition is named after the "Shigeru Kawai" grand piano that has been selected as the official piano for a number of prominent competitions in recent years. The third competition was held in 2019 and attracted 234 contestants from 18 countries. Mr. Ilya Shmukler from Russia won the First Prize.

Meanwhile, as an overseas activity, the First Shigeru Kawai Piano Competition Madrid was held. This competition also served as a preliminary contest for the Third Shigeru Kawai International Piano Competition. Mr Harrison Herman from Australia won the First Prize in Madrid, and he also won the Second Prize in the latter.



Winners, juries, accompanists, and committee chairperson



Mr. Ilya Shmukler (front)

### Participating in International Piano Competitions

Competitions for various purposes such as to discover and nurture talented young pianists and to provide performance opportunities are held all over the world such as the International Chopin Piano Competition and Hamamatsu International Piano Competition.

Kawai has been contributing towards promotion of musical culture by manufacturing pianos that is good enough to be selected as the official piano for these competitions.

Mr. Jiale Li from China, who played SK-EX, successfully won the First Prize in the Gurwitz International Piano Competition held from January to February in 2020 in San Antonio, U.S.A.



Mr. Jiale Li

### 20th anniversary of the "Shigeru Kawai" grand piano and 40th anniversary of the Ryuyo Factory

The "Shigeru Kawai" grand piano which has been active in competitions and concerts around the world celebrated its 20th anniversary in 2019. Kawai released the history video and hosted the 20th Anniversary Reception to commemorate the occasion.

Also, Kawai's Ryuyo Factory is celebrating its 40th anniversary in 2020. The factory is aiming at producing the best piano in the world.

**History video:** Shigeru Kawai's progress over 20 years (Japanese text only)

<https://www.youtube.com/watch?v=mRxW4aFen1M>

**Ryuyo factory 40th anniversary video:** Make one sound — Inside Kawai's "Workshop in the Woods"

<https://www.youtube.com/watch?v=E7R1kZSmw3o>



## Diffusing musical culture

### 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.

See the Kawai Music Association website for details on a variety of concerts and open seminars.

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

### Kawai Concerts

The Kawai Concert started in 1971 in order to deliver good music to everyone in Japan and there has been nearly 2,300 concerts since then. International pianists to up-and-coming young musicians have been invited to perform. Also, pupils and tutors of Music School are brought to appreciate the music and refine their musical sensitivity. Concerts are held at various locations to stimulate the local musical culture.

See the Kawai Music Association website for information on Kawai Concerts.



Concert given by Mr. Andrei Shychko



Concert given by Ms. Noriko Ogawa

### Open lesson at the Russian Piano School in Tokyo 2019

The Russian Piano School in Tokyo has been held annually since 2003. This school provides lessons by tutors from the class of late Professor Sergei Dorensky of Moscow Tchaikovsky Conservatory which has produced over 100 prize winners of international competitions. Many of those who attended the Russian Piano School in Tokyo won prizes in overseas and domestic competitions afterwards.

In addition to lessons, model performance by the tutor and the attendee selected performance are also held to offer high quality music for visitors as well as fostering the attendees and observers.



Open lesson by Mr. Andrei Pisarev



Attendee selected performance

# Supporting and collaborating with musical organizations for diffusing musical culture



## 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. The first President was Mr. Miyaji Takaori, and Mr. Shigeru Kawai (then President of Kawai) who had a connection with Mr. Miyaji Takaori became the Honorary President. The society set the administrative office within the premises of Kawai to start its activities.

Since then, the society has been energetically promoting Chopin's music through organizing several concerts every year and regular open seminars. In 1980, it also started the competitor audition for the International Chopin Piano Competition that is held every 5 years. In 2005, it started the Chopin Piano Competition in Japan that is also held every 5 years. In 2010, it started annual Chopin Festival in Omotesando. In 1974, the society established the "Frédéric Chopin Society of Japan Prize" that has since been presented to the pianist who played Chopin best in the year.

<http://chopin-society-japan.com/>



Chopin Festival

## 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 first president was Mr. Miyaji Takaori. The society has been working on various projects according to its initial aim to assist development of the piano music circle in Japan.

The society established "The Kreutzer Award" since 1971 to commemorate Professor Kreutzer's work for Japanese music circle, and presents the prize to graduate School piano degree graduates for their outstanding performance in the graduate piano program from the Tokyo University of the Arts and Kunitachi Collage of Music where Professor Kreutzer taught, and also from the Musashino Academia Musicae where he had connections.

The society has been organizing annual recitals with these The Kreutzer Award winners since 1976, and collaborated with the Ongaku no Tomo Sha Corp. to publish the sheet music for Chopin revised by Kreutzer (currently now on sale from the sheet music download shop www.at-elise.com).

<http://kawai-kmf.com/kreutzer/>



The Kreutzer Award Winners Recitals

## Support for Japan-Russia Society for Musicians

Japan-Soviet Society for Musicians was established in 1984 through the friendship between Mr. Tikhon Khrennikov, then leader of the Union of Soviet Composers and Mr. Yasushi Akutagawa, who became the first management committee leader in order to promote musical culture exchange mainly in exchanging recitals of works from each country. The society changed its name to Japan-Russia Society for Musicians following the dissolution of the Soviet Union and restarted their exchange activities with the new Russia and member states of the former Soviet Union.

In addition to organizing culture exchange concerts with Russia, the society regularly holds concerts for vocal music and instrumental music.

<http://japan-russia-sfm.net/>



Russian folk song festival

## Support for Karol Szymanowski Society of Japan

Karol Szymanowski Society of Japan was established in 1981 to commemorate Karol Szymanowski's birth centenary.

There are several reasons for his being the most celebrated Polish composer together with Chopin; among them, the main reason is that masterpieces in his later years were based on the folk idioms of Polish highland. 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 fresh concerts in audition format, regular concerts and open seminars.

<http://kawai-kmf.com/szymanowski/>



Karol Szymanowski Society of Japan

# Diffusing musical culture overseas

## Diffusing musical culture in china

Kawai is promoting musical culture by liaising with the Soong Ching Ling Foundation on development of music school. In addition to displaying the products in the International exhibition for musical instruments in Shanghai, China (Music China), Kawai is also holding seminars for piano technical service and music education. As part of piano technician training activities, Kawai is supporting Jing Song Vocational High School in Beijing by inviting its students to Japan to teach piano technician's skill acquisition.



Music school in Beijing China



Music China



Opening ceremony of piano technician training



Student of JingSong Vocational High School in teaching piano technician's skill

## Diffusing musical culture in developing countries

Kawai is promoting native educational instructors training and contributing to diffusing for musical culture and musical education in each country.



Vietnam



Thailand



Malaysia



Indonesia



## Music education business

Kawai is developing wide-ranging educational activities such as English school and drawing and modelling school in addition to music school and gymnastic school. Kawai believes education must bring out personality of each pupil; therefore, it provides support for infants to adults, up to the elderly, according to their ages and levels while respecting their individual talent and help them to express their self naturally.

### Kawai Music School

#### 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.

#### Education system

The school has always believed “music is the most nourishing seeds to enrich a person” through its history over 60 years, and implemented the education system and ceaselessly pursued better teaching methods.

It provides courses for all age groups from children to adults to “nurture pupils who love music”.

#### High standards of tutors

Since its establishment in 1956, the Kawai Music School has continuously pursued the latest education research and achieved a highly acclaimed track record. The school believes the perfection of its course contents are unprecedented. It places particular emphasis on infant courses and the tutors are to learn child psychology and infant education, and attend regular hands-on seminars.

The school is proud that it has plenty of high quality tutors.

#### personality & harmony Kawai Music School (education philosophy)



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.



#### Various courses to develop personality

#### Infant eurhythmics course (group lesson)

親子でふれあい  
リトミック

1歳からの  
クーちゃんランド

2020年度クラス  
対象:2018.4.2~2019.4.1生まれのお子さま

お友達と音楽  
いっぱい!

2歳からの  
くるくるクラブ

2020年度クラス  
対象:2017.4.2~2018.4.1生まれのお子さま

リトミック&  
鍵盤コース

3歳のための  
ピコルわーど

2020年度クラス  
対象:2016.4.2~2017.4.1生まれのお子さま

グループ  
鍵盤コース

4歳のための  
ピコルわーど

2020年度クラス  
対象:2015.4.2~2016.4.1生まれのお子さま

#### Individual course (one-to-one lesson)

個人・グループ  
レッスン

3歳からの  
3歳ソルフェージュ

個人レッスン

4歳からの  
子どもピアノコース

個人レッスン

小学生からの  
ピアノコース

個人レッスン

ハイレベル  
ピアノコース

personality & harmony  
カワイ音楽教室

カワイ大人の音楽教室  
personality & harmony  
KAWAI MUSIC SCHOOL



personality & harmony  
カワイ英語教室



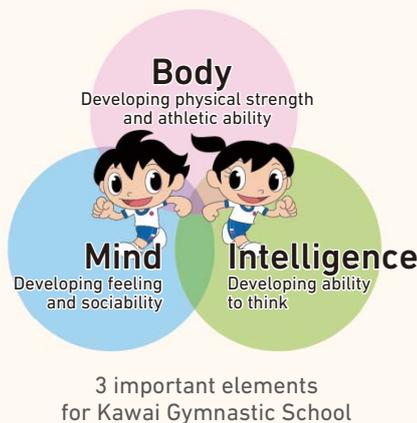
personality & harmony  
カワイ絵画造形教室



# Harmonizing minds and bodies of children, and supporting to build the foundation for their rich lives through Gymnastic and Sport School

## 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



#### 2-years-old class

Nurture their individuality, athletic ability, and sociability while using the whole body.



#### Infant class

Teach them the joy of exercising and love of sports.



#### Child class

Nurture their athletic creativity and enthusiasm for sports.



#### Challenge course

Nurture their sense of achievement and zest for living in the mixed-age group.

### Sport courses



#### Soccer class

Improve because they enjoy. Continue because they love it. Let them dream of the J. Leaguer.



#### Rhythmic gymnastics class

Nurture their movingly beautiful physical expression.



#### Artistic gymnastics class

Nurture their mind and body balance through artistic gymnastics techniques.



#### Swimming class

Start with paddling, then teach 4 swimming styles to develop their whole body.

## Support for overall health promotion at every stage

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.

### Kawai Health Promotion Support System



#### Kawai Gymnastic School regular curriculum and extra-curriculum

Kawai is proposing deployment of “Kawai Gymnastic School” to support the health matters in the government course guidelines for kindergartens.



#### Support for the specific health guidance

Kawai is proposing implementation of workers' health promotion programs based on its long-nurtured knowhow to municipality and companies.



#### Preventive care system

Kawai supports senior citizen's preventive care by improving their mobility, nutrition, and oral cavity function, and preventing their cognitive function from deteriorating.



#### Mobile health improvement tool

Kawai offers the unique tool that supports walking and health management using “interactivity” and “information processing function” of mobile phones and PCs.



#### Preventive care exercise instructors seminar

As a designated business operator for preventive care exercise instructors who play a central role in the preventive care prevention business, Kawai plans and implements seminars.

## Sport community Nurturing next generation athletes and providing the starting point for lifetime sports

Kawai believes that encouragement, demonstrations, and instructions from top level athletes improve interest in sports and willingness to get involved in sports; therefore, leading to nurturing next generation athletes and providing the starting point for lifetime sports.

Kawai has invited top level athletes including Hisashi Mizutori, the Chief Advisor of the Kawai Gymnastic School and Yukari Kawamoto, the Chief Advisor of the Rhythmic Gymnastics Class, to develop a "sport community" to offer opportunities such as local events and the "Kawai Cup Games" to meet top level athletes.



Gymnastics instruction by Mr. Mizutori



Talk given by Ms. Kawamoto

### 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.

● **Merits and importance of sports**

Sports help us build physical strength, athletic ability, and robust bodies. Sports also help our mental growth such as ability to achieve goals and to concentrate, and nurture our sociability through communications with teammates and instructors. I believe such opportunities for children to attain these qualities naturally while playing is extremely important.

I also believe the beauty of sports is that the result of your great efforts will materialize, and will also touch the spectators' hearts.



**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.

● **Merits and importance of sports**

Since I was a little girl, I have always been very active and competitive, and never gave up till I achieved it.

I believe the sense of achievement however small leads to confidence, and develops liking for devising and creating own sporting style. For example, if you learn wide-ranging body movements through various sport activities in your childhood, you will continue to enjoy moving your body throughout your life. Also, experience such as sharing joy with teammates, helping and encouraging each other will help acquiring strength to live one's life. Therefore, I believe it is important to provide environments for experiencing group activities.

### Running Festival

The "Running Festival" for infants and elementally school children was held on January 13, 2020 at Sala Green Field in Hamakita-ku, Hamamatsu City, sponsored by the Hamamatsu Amateur Sports Association. The festival was commissioned to the Kawai Gymnastic School and the school offered plentiful choices to improve agility, explosiveness, and reflexes such as start exercises using rope jumping and beach flags so that children can learn basics of running while they are enjoying games. In addition to instructors from the Kawai Gymnastic School, Mr. Jun Hiratsuka, the silver medalist at the Asian Games (currently General Manager of the Track and Field Club, Josai University) was invited as the guest instructor. Children were running everywhere on the new artificial grass ground and enjoying the activities.

The Kawai Gymnastic School plans to develop classes to enjoy exercising without limiting the activities to running.



Instruction at the Running Festival

# Valuing our human resources

Kawai is aiming to be a strong enterprise; therefore, Kawai is making every effort to create the organization that can cope with the fast-changing world as it approaches our 100th anniversary.

## Implementing the General Employers Action Plan

Kawai is reviewing employees' work-life balance especially for those who are raising children to create a better workplace. Kawai is working towards implementing the General Employers Action Plan to be certified as a "Child Care Support Enterprise" from the Minister of Health, Labour and Welfare.

Part of the activities is "family open day" where employees' family can visit the factory to see the workplace where their family member works and the work their family member does. Kawai hopes that learning about the workplace and work itself will deepen understanding of the company and work style within their families.

In addition to the "family open day", Kawai is also working on:

- Encouraging to take maternity leave for partners
- Encouraging male employees to take child-care leave



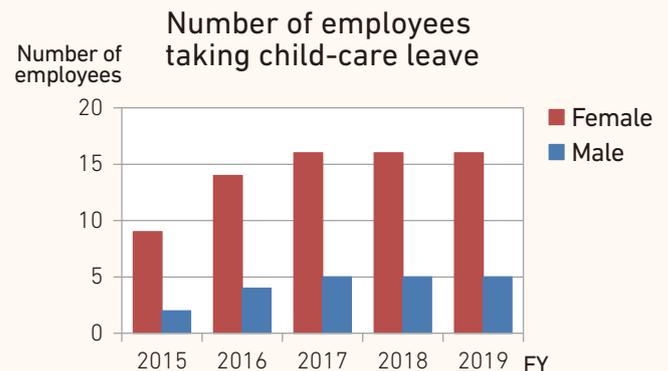
Family open day

## Encouraging employees' child-care leave

Since Kawai introduced child-care leave in 1992, more employees are taking leave.

16 applicable female employees took the leave in 2019, meaning the rate of taking child-care leave was 94%. 5 male employees also took the leave.

The Human Resource Department provides support for female employees to smoothly return to work. The department encourages them to take distance education courses and pays all the fee for the employees who completed the course, in addition to contacting them monthly to provide advice on child-care and company news.



### Factory tour

Apart from the "family open day", the Ryuyo Factory also welcomes many visitors including students of local primary, junior high, and high schools and universities. People joined the tour can observe the assembly process of the grand piano.

The factory has received letters of appreciation from many visitors including primary school students and has received great feedback such as "Because I was moved to see serious faces of craftsmen and I will treat my piano with care." and "I was surprised to learn the necessary volume of manual work by so many craftsmen to make one piano."

The factory also receive visitors from overseas, and visitors of Japanese and overseas pianists.

**お客様の声**  
—工場見学のご感想—

お客様から、たくさんの感想を頂きました♪

皆さんが一生懸命ピアノを作っておられる所、ピアノの内部など、細かく見学できて大変良かったと思いました。

前からピアノや歌をならっていて、今日きいたら、もっとピアノのれきしや、いろいろなピアノのことを知りたくなりました。カワイのピアノ、大好きです。今日は本当にありがとうございました。

作業の方が笑顔であいざつしてくれた。雰囲気良かった。

わかりやすい説明がありありがとうございました。細かく小さな仕事が重なり、素晴らしいピアノが作られているところを見られて感動いたしました。皆様笑顔にも感動いたしました。ありがとうございました。

とても素晴らしい工場見学でした。非常にわかり易い説明に加え、工場の方々の熱意がわかりました。ありがとうございました。

楽しく興味深く拝見しました。職人さんたちの技にびっくり!!

2019年11月・12月の工場見学のお客様アンケートより  
実施：1145名  
(令和2年3月 調査日)

人手がここまでかかっているとは予想以上で驚いた。

Messages from visitors displayed in the Ryuyo Factory

### Queries concerning the factory tour

Ryuyo Factory (Piano Division, Administrative Office)  
Address: 252 Tobihiramatsu, Iwata-shi, Shizuoka, Japan  
TEL: 0538-66-5111 FAX: 0538-66-5919

You can book the tour from factory's website (Japanese text only).

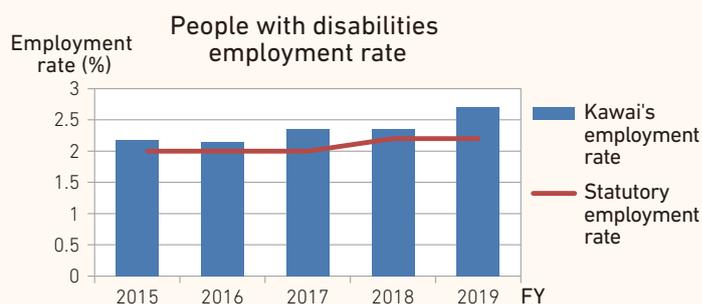
<http://www.kawai.jp/ryuyofactory>

## Actively employing people with disabilities

Kawai has been employing more people with disabilities than the statutory employment rate for the five years in a row since fiscal year 2015. In fiscal year 2019, the employment rate of people with disabilities in Kawai was also 2.7% whereas the statutory rate was 2.2%.

Thanks to the help from the local school for special needs, Kawai has been able to continuously employ suitable workers through the work experience program.

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



## Actively developing human resources

Kawai implemented education training along with the human resource development system under the new human resource regulation which came into force in 2007.

Especially in recent years, Kawai is placing a great deal of importance on young employees. Starting with the new employee training, followed by 6 months of follow-up training, 2nd year training, 3rd year training, 4th year sales field training for administrative, technical, and skilled members, 5th year production field training for sales members, and 6th year training. In other words, new employees receive almost annual training for 6 years.

Kawai also provides advanced training for supervisors and managers, as well as training that is customized for each layer of employees to improve their abilities every year.

In addition to training for given serving years and layers, in order to fulfill our responsibility as a piano manufacturer and develop first-class piano technicians, we also send candidates selected from our piano technicians with national certification level 1 to overseas training for one year in order to develop them to acquire the MPA certification, which is proof of their thorough knowledge of Kawai pianos.

Female piano technicians have also been active as MPAs after going on overseas training programs in 2014 and 2018.

MPA: Master Piano Artisan. Kawai's qualification for only the highly skilled piano tuners.



Education training



Overseas trainee giving a lecture to children

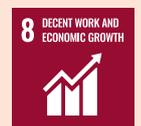
### Certified Health & Productivity Management Outstanding Organization

Kawai has been certified as the "Health & Productivity Management Outstanding Organization (The Large Enterprise Category) 2020" which are selected jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Director in charge of personnel and labor divisions acts as the "health and productivity management officer" to lead health and productivity management, while personnel and labor divisions plays 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 each business branch and representatives of the labor union, as well as industrial health staff and Society-Managed Health Insurance.



# Implementing activities to promote women's participation



Kawai is promoting activities aimed at building the organization that can respond to the changing times. We have established and are working on a project to promote women's participation "Love it! (Rabbitto)", which aims to "create an environment where women can advance their careers beyond life events," "create a workplace where all employees can fully demonstrate their individuality and abilities," and "lead to organizational reform and revitalization by introducing new perspectives and ideas."



## Providing training

Kawai is providing training to support employees to cope with child caring and nursing care at the same time. They can learn how to work while raising children and how to approach nursing care through this training, and fulfill their role with satisfaction and increased motivation.

Kawai is also providing manager training to enlighten them to consider their subordinates' work and private lives, and also enjoy their own work and private lives.



Nursing care training

## Supporter Team activities

The Supporter Team consists of members from different divisions, jobs, roles, regions, and genders across the organization to introduce new perspectives and ideas to revitalize the organization as well as plan and propose women's participation ideas. In addition, through communication among employees from different environments, they are able to tackle issues with high motivation and improve their careers.

## Dissemination activities

Kawai is issuing newsletter regularly to make it known the activities and training etc. of the Supporter Team for employees at any time. Also, Kawai has issued the Work-life Balance Guide Book to clearly explain internal systems that support employees to cope with the work and private life in each life event.



Work-life Balance Guide Book

### The origin of "Love it!"

The mascot of Kawai Music School, "Kawai-chan", which is familiar to our employees, is a rabbit, and the above notation "Love it!" is a phrase used to mean "Love it!" and "I like it!"

Because of this, we multiplied these and named it Rabbitto.

The logo mark is based on the rabbit motif associated with Rabbitto, and is designed to create an image that fuses rabbit ears, a heart that represents the heart, a peace sign that shows fun and joy, and a sprout that is a symbol of growth.

This logo mark was designed by Kawai's female employee.

Love it!

いいね!



[Rabbit]



[Heart]



[Peace]



[Sprout]



## Establishing a sound corporate management system

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

Kawai established its basic principles of corporate governance based on the "Management Philosophy" to achieve sustainable growth and creation of mid- to long-term corporate value. This basic principles prescribes the basic concept and a system of corporate governance and other related matters in five chapters.

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)

### 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).

Furthermore, we have a corporate ethics office that is responsible for the administration of the matters related to corporate ethics to take initiative in operation of a corporate ethics hot line and arousing employees' awareness of compliance through education and enlightenment activities.

### Basic principles of internal control system

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 control system, we are working on its establishment pursuant to the "Basic principles of establishing internal control system" 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 control system.

#### Commitment of the Chairman, President & CEO of Kawai

To enable Kawai to be reborn in view of a new era, I established our new management philosophy in April 1996. The newly established management philosophy proclaims that "we provide products and services, giving top priority to customer satisfaction" and that "We carry out corporate activities in view of new era".

In other words, we always care about customer satisfaction, make efforts to maintain the reliability of the Kawai brand and perform our corporate activities in line with social requirements in the new era.

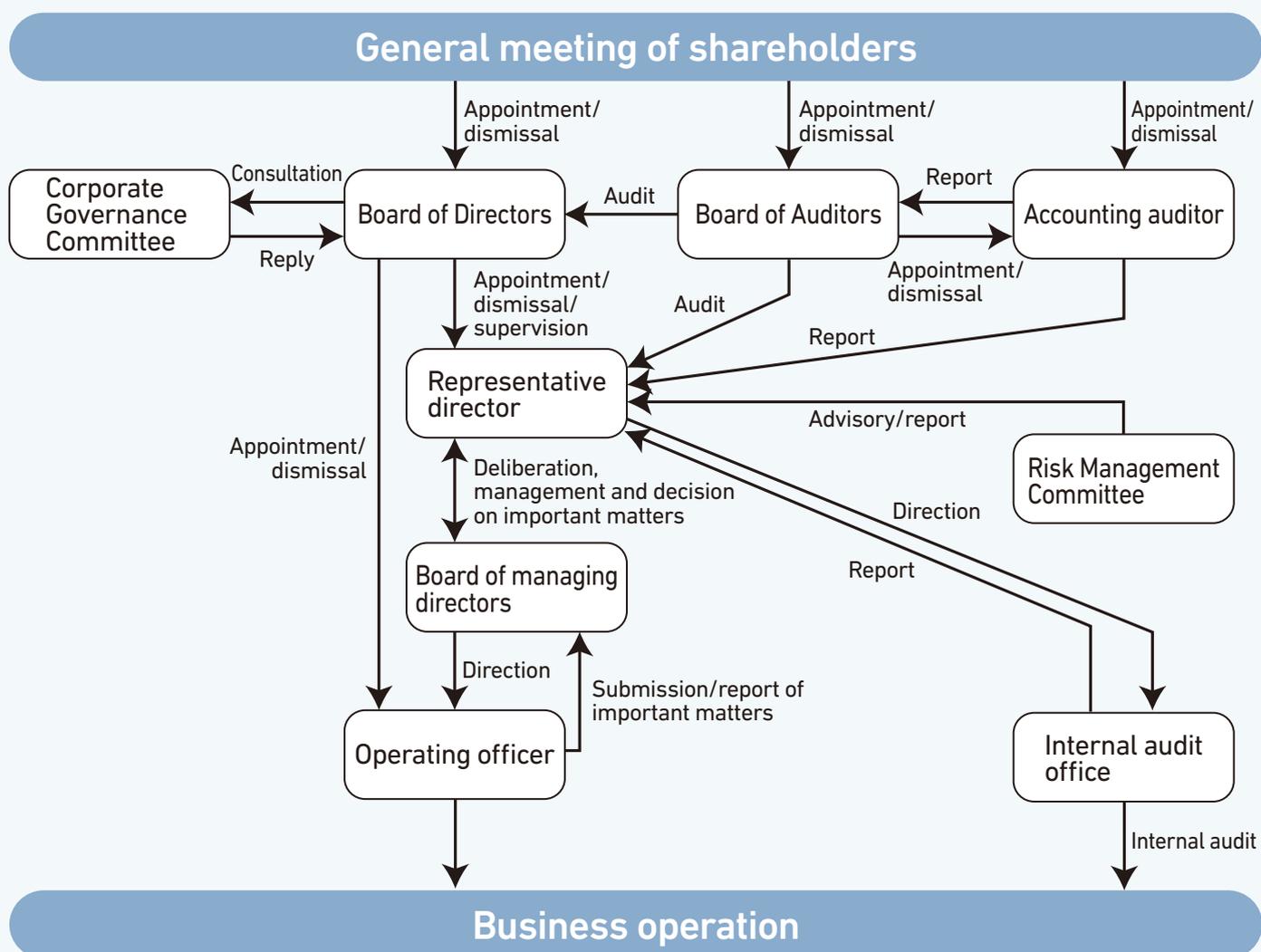
In October 2002, we established "Kawai Code of Ethics" and "Standards of Ethical Conduct" as a basis for each and every employee of Kawai to act in accordance with common sense in society as a worker and a member of society. We understand that we need to comply with Kawai Group's corporate ethics above all things and behave keeping in mind high standard of ethics and common sense, live up to "social trust" in our company and avoid any act that may damage the reliability of Kawai brand.

Accordingly, I hereby declare that I shall lead all the officers and other employees of Kawai Group and be the first to fulfill my duty fully aware of the corporate social responsibility of Kawai, and comply with the "Kawai Code of Ethics" in all cases and act in accordance with the spirit of "Standards of Ethical Conduct".



*Hirotaka Kawai*  
Chairman, President & CEO

# Corporate governance Structure / Internal control system



- 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	
<b>Global Environment Committee</b> 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 "Global 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.	<b>Product Safety Measures Committee</b> 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.
<b>Overseas Safety Measures Committee</b> This Committee is responsible for the risk management for overseas subsidiaries, expatriates and workers on overseas business travel.	<b>Central Disaster Prevention Measures Committee</b> 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.
<b>Information Security Committee</b> 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.	<b>Central Safety and Health Committee</b> This Committee strives to arouse attention of the employees in Kawai Group about their safety and health, and engages in various activities to prevent disasters and diseases.
Corporate Ethics Committee	
In order to promote compliance management, we have established a compliance outline (including the Kawai Code of Ethics and Standards of Ethical Conduct) that includes social norms in addition to legal compliance, and have also established a Corporate Ethics Committee that includes outside experts such as lawyers. In addition, 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 and arousing employees' awareness of compliance through education and enlightenment activities.	

### Kawai's measures to prevent COVID-19 from spreading (the measures taken as of May 2020)

Kawai set up the Emergency Headquarters to implement the measures to protect our customers and employees from the infectious disease in accordance with the "Declaration of a state of emergency" and "Basic policies for Novel Coronavirus disease control" announced by the government.

As the measures to protect our customers, we cancelled or postponed the events planned at our music and gymnastic schools, cancelled lessons in the areas where the disease is spreading, and temporarily closed or shortened the hours of operation of our directly managed shops.

To protect our employees, instructions are given to employees mainly by the Emergency Headquarters.

- Ensuring basic preventive measures including washing hands, coughing etiquette and disinfecting and humidifying in workplace
- Prohibiting domestic and overseas business trips, and postponing or cancelling outing for business purpose in principle
- Taking temperatures every morning
- Promoting staggered commuting hours and remote working according to local situation

We also permit extended application of "Child nursing care leave" for those employees who have a child in 6th grade of elementary school or smaller as a means for a limited time period.

We continuously endeavor to prevent COVID-19, considering the health and safety of customers and employees first and will disclose information promptly from time to time when there is a change in the situation.

## List of environmental loads by site

			Reference		Reference year				Compared to reference year	
			1990	2015	2016	2017	2018	2019		
Ryuyo Factory Iwata City, Shizuoka Prefecture  Business: Manufacturing pianos Site area: 168,218 m <sup>2</sup>	INPUT	Electricity	GJ	101,341	59,759	57,787	55,627	55,292	54,549	-1.3%
		Fuel	GJ	28,253	16,091	17,861	18,032	16,876	16,668	-1.2%
		Water	1000 m <sup>3</sup>	3330.0	36.0	35.6	38.1	45.2	48.5	7.3%
		Chemical substances	ton		38.9	36.8	39.1	44.6	46.1	3.4%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>	7,632	3,551	3,553	3,462	3,388	3,343	-1.3%
		Chemical substances	ton		9.6	9.1	10.1	12.3	13.5	9.8%
		Waste incineration/landfill	ton	437.3	0.2	0.3	0.2	0.2	0.0	-100.0%
		Waste recycle	ton	102.0	767.8	823.2	836.0	854.5	921.5	7.8%
Kawai Precision Metals Co., Ltd. Headquarters/Hamamatsu Factory Shinmiyakoda, Kita-ku, Hamamatsu City, Shizuoka Prefecture  Business: Manufacturing metal parts Site area: 26,817 m <sup>2</sup>	INPUT	Electricity	GJ		57,647	63,386	68,526	67,822	63,834	-5.9%
		Fuel	GJ		21.1	21.9	22.7	29.1	29.4	1.0%
		Water	1000 m <sup>3</sup>		24.0	28.5	30.0	31.4	28.4	-9.6%
		Chemical substances	ton		1.8	3.0	1.8	3.0	0.0	-100.0%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		2,632	2,894	3,129	3,097	2,915	-5.9%
		Chemical substances	ton		0.0	3.0	1.1	2.6	0.0	-100.0%
		Waste incineration/landfill	ton		1.4	0.0	0.0	0.0	0.0	
		Waste recycle	ton		56.7	58.3	57.0	64.0	54.7	-14.5%
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	42,985	42,748	48,971	49,627	46,436	-6.4%
		Fuel	GJ	7,132	4,109	5,393	5,473	4,194	3,417	-18.5%
		Water	1000 m <sup>3</sup>	42.1	73.3	72.3	79.6	67.0	69.1	3.1%
		Chemical substances	ton		32.9	39.5	33.5	15.2	0.4	-97.4%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>	3,674	2,252	2,333	2,622	2,561	2,325	-9.2%
		Chemical substances	ton		23.7	30.6	26.1	8.6	2.0	-76.7%
		Waste incineration/landfill	ton	0.0	1.6	2.2	2.1	1.8	1.9	5.6%
		Waste recycle	ton	61.4	11.7	19.4	29.9	16.5	8.2	-50.3%
Kawai Casting Co., Ltd. Yanaidamachi, Haku City, Ishikawa Prefecture  Business: Manufacturing and selling pig iron castings Site area: 41,000 m <sup>2</sup>	INPUT	Electricity	GJ		62,918	70,178	65,776	59,159	54,354	-8.1%
		Fuel	GJ		29,113	33,656	28,847	23,875	21,442	-10.2%
		Water	1000 m <sup>3</sup>							
		Chemical substances	ton		19.4	22.8	19.5	14.6	13.9	-4.8%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		5,843	6,634	6,009	5,193	4,720	-9.1%
		Chemical substances	ton		2.0	1.9	1.7	2.5	2.7	8.0%
		Waste incineration/landfill	ton		518.3	349.7	345.1	298.5	212.6	-28.8%
		Waste recycle	ton	752.4	854.6	611.9	622.9	531.9	-14.6%	
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	15,799	15,084	14,134	16,415	13,174	-19.7%
		Fuel	GJ	11	3,636	3,595	2,885	2,771	2,517	-9.2%
		Water	1000 m <sup>3</sup>	28.6	4.3	3.6	3.0	3.4	2.7	-20.6%
		Chemical substances	ton		21.0	16.1	13.8	14.8	9.9	-33.1%
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>	1,250	979	943	849	945	780	-17.5%
		Chemical substances	ton		3.6	2.8	2.4	2.6	2.1	-19.2%
		Waste incineration/landfill	ton	218.2	0.0	0.0	0.0	0.0	0.0	
		Waste recycle	ton	32.3	131.4	117.6	79.7	91.6	77.1	-15.8%
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		969	920	871	865	881	1.8%
		Fuel	GJ		0.0	0.0	0.0	0.0	0.0	
		Water	1000 m <sup>3</sup>		0.1	0.2	0.2	0.2	0.2	0.0%
		Chemical substances	ton							
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		44	42	40	39	40	2.6%
		Chemical substances	ton							
		Waste incineration/landfill	ton		1.7	3.3	0.0	0.0	0.0	
		Waste recycle	ton	7.3	11.4	7.1	11.0	15.0	36.4%	
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		5,651	5,827	6,207	5,751	5,574	-3.1%
		Fuel	GJ		343	26	140	102	160	56.9%
		Water	1000 m <sup>3</sup>		4.1	3.6	3.6	3.4	3.7	8.8%
		Chemical substances	ton							
	OUTPUT	CO <sub>2</sub> emissions	ton-CO <sub>2</sub>		282	267	293	269	265	-1.5%
		Chemical substances	ton							
		Waste incineration/landfill	ton		4.4	4.5	4.2	5.5	2.5	-54.5%
		Waste recycle	ton	22.9	24.1	22.9	78.9	39.2	-50.3%	

## Third party comment



**Professor Kiyohiko Nakasaki**  
Tokyo Institute of Technology School of Environment and Society

This report is structured in a new form where each item of report is associated with an icon of SDGs (Sustainable Development Goals; refer to page 2 of this report), which clearly indicates each of the business and CSR activities that the Kawai Group has been engaged in corresponds to which one of the 17 goals of SDGs. From this report, we can see that the Group has been operating its business in line with “sustainability” which is a common goal of the international community and that the Group intends to further accelerate those activities in the future.

In the first part of the report, the Group’s next 6th medium-term management plan “Resonate 2021” is specifically introduced together with its goals that was started in FY2019 with the aim of “Establishing a 100-year brand”. Further, the Group’s steadfast progress made in view of “Establishing a 100-year brand” is explained, introducing, for example, the fact that in 2020, Ryuyo Factory marks its 40th anniversary that operates under the concepts of “prototyping creation process” to master the origin of piano manufacturing, “Shigeru Kawai R&D Laboratory” to pursue manufacturing of piano based on the results of study using state-of-the-art technologies and “workshop in the woods” to encourage employees to dedicate themselves to the manufacturing of piano feeling breath of nature changing season to season. In addition, its prestige model of grand piano “Shigeru Kawai” earns in its 20th anniversary high reputation from prominent pianists both in Japan and other countries and people involved in the music community.

The report shows that the Group is working on steadily and continuously the environmental activities, explaining that the Group has achieved its goal in CO<sub>2</sub> emissions, energy usage and waste amounts (reduction by 1% per unit of sales from those in

2018) and that Group companies achieved continuously to be S class in the activities pursuant to the Energy Conservation Act. Data of CO<sub>2</sub> emissions at its overseas production facilities are also included in the report, evidencing that the same measures taken in Japan are also applied to the overseas facilities.

With regard to “Human resources” activities, the Group started specific measures to contribute to gender equality by setting up the project “Love it!” to promote women’s activities with various objectives including creating workplace that enables women to improve their career beyond several life events. In addition, the Group’s effort to promote health of the employees and their families by establishing “Healthy management declaration” was recognized and the company was selected as “Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)” in the award jointly held by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. When employees can enjoy working in good health conditions, it will surely enable the corporate activities to earn satisfaction of customers.

As described above, not only many excellent activities that are continued from the past, but also proactive initiatives of new measures are introduced throughout the report, which indicates that the Kawai Group is evolving constantly. We are currently experiencing serious effects of spread of COVID-19 all over the world, but I believe that the Kawai Group will survive the difficulty through the commitment to its sincere and energetic activities as before and realize its evolution continuing for 100 years and beyond.

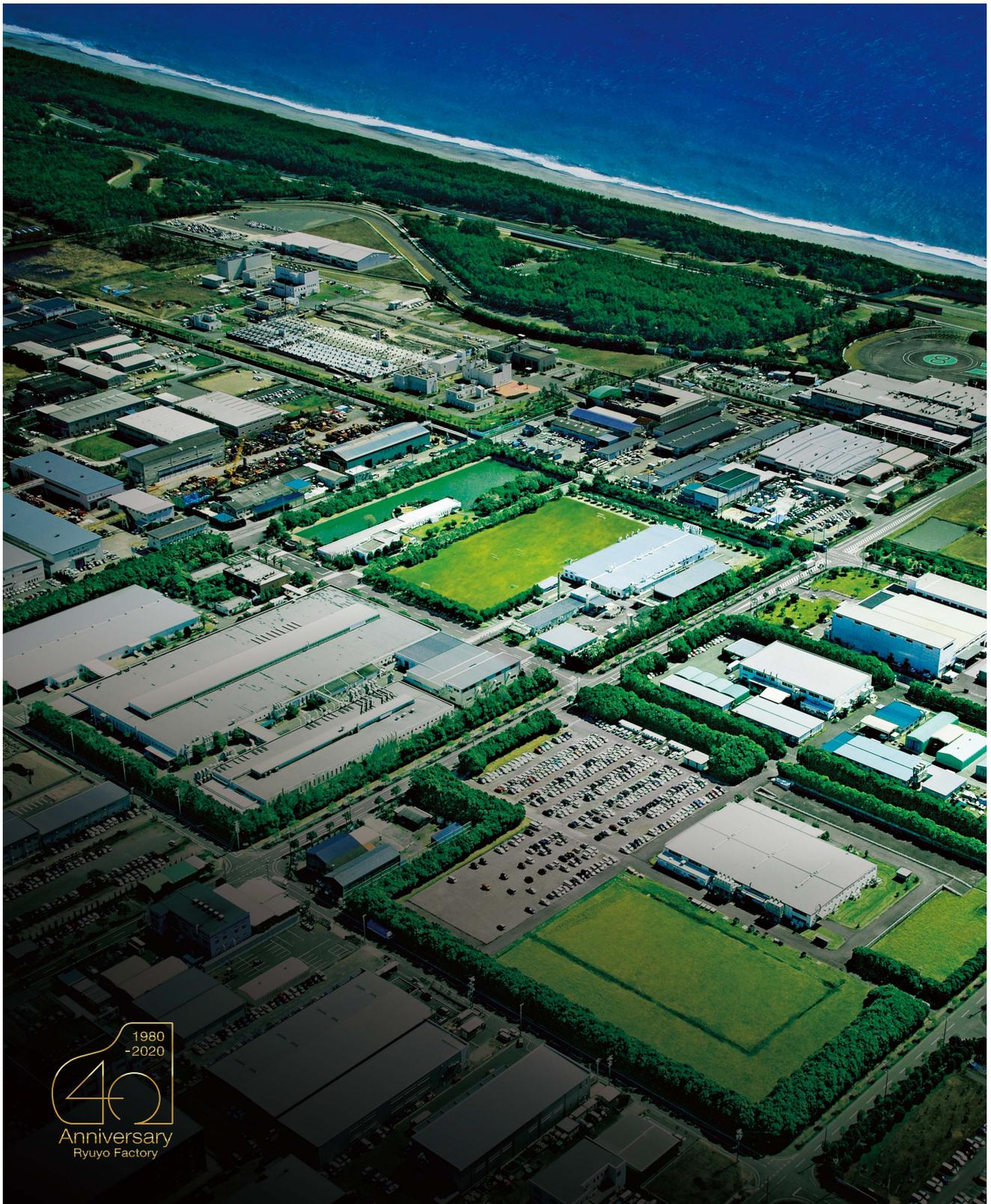
## In appreciation for the third party comment

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

Since corporate ESG activities and their making contributions to SDGs are recognized in recent years as essential requirements for sustainable development of corporations and society, the Environmental and Social Report 2020 of Kawai Group is structured and designed so that our Group’s activities to address these issues can be clearly understood. Receiving such evaluation of our activities from Professor Nakasaki, we are very much encouraged to continue our efforts. We will endeavor to enhance our activities through commitments including setting specific indicators for important issues.

Our Group is committed to ESG activities recognizing that each and every employee must deeply understand about CSR (corporate social responsibility) to accomplish our long-term vision “Establishing a 100-year brand” and to realize sustainable society.

(Kawai Global Environment Committee Office)



## Kawai Musical Instruments Manufacturing Co., Ltd.

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**KAWAI**  
THE FUTURE OF THE PIANO