

always with you... Achilles



# Achilles Report 2022

## Living with Society



## President's Message

# For a society filled with smiles

### Q1 Could you tell us about the background to your appointment as President, and to Achilles' transition to become a company with an Audit and Supervisory Committee?

In June 2022, Achilles Corporation celebrated its 75th anniversary, and embarked on the next 25 years of its corporate history. This new beginning has by no means been smooth sailing. With global climate change, frequent natural disasters, and the trend towards smaller families and the aging of the population starting to become a serious issue in Japan, there are a wide variety of factors that are adding uncertainty to people's lives. At the same time, the global economy is becoming ever more complex due to the effects of globalization, and the social environment within which Achilles operates is being transformed at an ever more rapid pace. Given this background, for our company to achieve sustained development as it heads toward its 100th anniversary, we need to proceed with renewal, including the appointment of a new president, and strive for constant enhancement of corporate value, and to this end we have transitioned to a new system.

Regarding the transition to become a company with an Audit and Supervisory Committee, this will enable members of the Committee to exercise votes at meetings of the Board of Directors, and can be expected to enhance the effectiveness of the oversight and auditing of the directors. Furthermore, strengthening the monitoring of the Board of Directors will take the company's corporate governance to a higher level and enable the realization of more transparent management, and in this way, we are aiming to put in place a system that responds more precisely to the need of stakeholders, both within and outside Japan.

### Q2 Could you outline your views on how "Strengthen business foundation and promote growth," Achilles' new materiality item, is linked to the business strategies that you will be focusing on as the new leader of revitalized Achilles?

Achilles Corporation is structured with eight business divisions, and we have a wide range of products—including shoes, housing construction materials, automotive materials, electronics materials, products related to daily life and film products—that are popular with customers across diverse markets. I recognize that this is an important strength for our company, something that was brought home to me through my experience of working in the sales division, where you are closer to the customer, for many years.

I believe that the key to growth for our company is to link these different businesses together to create new value by leveraging the company's total capability. As an example, in October 2021 we established a new Disaster Response Division, with the aim of strengthening our disaster preparedness, disaster response and infectious disease prevention products by integrating them. Another example is our conductive covering materials, which have been adopted by leading automotive manufacturers, and which were created through integration of our automotive materials and anti-static product businesses. Going forward, we will continue to implement initiatives of this kind that involve coordination between different business divisions.

With regard to the creation of new value, while creating highly original new products and services is very important, an important keyword for our company's business strategy is "high social utility." Our disaster response business is one manifestation of this commitment, but there are also various other social issues, such as the emergence of the hyper-aged society, food loss, and Japan's relatively low self-sufficiency in food. Achilles has product lines that can play a useful role in addressing these issues, including film products for use in the agricultural sector, products related to livestock raising, and insulating materials that can help food to keep longer. By making effective use of the product commercialization technology that we have accumulated over the years, in the future we will aim to continue expanding our business areas based around a commitment to high social utility.

In addition, in regard to our other existing products, we aim to provide products that embody a higher level of processing as well as new services. Rather than just supplying products, we are strengthening our ability to disseminate information to our target markets, and working to provide additional "information value." I believe that being able to provide highly original products and services that incorporate information value will help to further strengthen the brand value of our company's products, and hopefully also increase our corporate value.

A further point is that, from the perspective of realizing high social utility, it is very important to provide resource-saving, energy-saving products and services, and we aim to conduct our business activities in a way that minimizes greenhouse gas emissions.

For Japanese manufacturing industry, expanding one's range of business areas generally makes it necessary to develop business operations overseas. Our new automotive materials factory in China (located in Foshan, Guangdong Province) is scheduled to begin operation this year, and we are launching a medical film project in the USA. We are making effective use of our existing and new overseas production and sales facilities, and taking on the challenge of expanding into new fields.

### Q3 Could you tell us what strategies Achilles is adopting in response to the recent depreciation of the yen and rise in raw material prices?

Crude oil prices have been high since the beginning of last year. Going forward, although it is anticipated that the global economy will return to something closer to normal in the post-COVID era, and although business sentiment is expected to improve, on the other hand, it is likely that the price of natural resources will remain high and that raw material prices will continue to rise, due to factors such as increased demand for crude oil and naphtha, and the possibility that the conflict in Ukraine will continue for an extended period.

There are many factors affecting raw material prices, and it can be assumed that it will continue to be difficult to predict how they will fluctuate. With regard to these cost increases, we will be striving to eliminate waste and absorb as much of the increase as possible, through measures that will include rapid implementation of initiatives to enhance productivity through the use of smart processes and digital technology, with a focus on manufacturing.

Nevertheless, the fact remains that there are areas where we cannot absorb all of the increased costs just through our own internal efforts, and we will need to secure our customers' understanding for price adjustments that will be needed to maintain profitability. Over the medium to long term, we will be working to establish alternatives to existing raw materials, and to commercialize non-naphtha-derived raw materials.

### Q4 Could you tell us about the risks associated with becoming carbon neutral, and about your strategies for this?

We continue to set environmental targets every year as part of our internal environmental improvement activities. Regarding the goal of becoming carbon neutral, in FY 2021 we set a medium- to long-term target of reducing total CO<sub>2</sub> emissions deriving from energy use by 30% by the end of FY 2030 (compared to the base year FY 2018). Starting last year, we have begun to investigate and consider concrete strategies for achieving this goal, including switching over to using "green" electric power, adopting co-generation systems, adopting solar power for internal use, and various energy-saving measures. In November 2021, we began implementing a gradual transition to green electric power.

Our Environmental Committee, which was established in 1999 to deliberate on all environment-related matters in connection with manufacturing, provides advice on strategies for energy-saving, switching over to alternative energy sources, reducing CFC emissions, reducing waste, and realizing more efficient transportation as a company designated as a Specified Shipper under Japan's Act on the Rational Use of Energy.

Besides aiming to become carbon neutral in our own production processes, Achilles is also targeting all CO<sub>2</sub> emissions, from raw materials procurement through to product use and disposal, and is aiming to respond to the Japanese government's goal of realizing carbon neutrality by 2050, by scrutinizing key trends and technology evolution both within and outside Japan, and considering all options. More specifically, the whole company is working together as one to actively utilize renewable energy at our production sites, improve productivity through smart processes and digital technology, and eliminate waste, including the generation of physical waste.

In the future, we will also be working to further strengthen our dissemination of information relating to these targets and to the results achieved.

A further point is that the "green" growth strategy announced by the Japanese government along with its commitment to achieving carbon neutrality includes energy-saving goals and initiatives to foster widespread adoption of zero-energy housing. As the high-performance heat insulation that our company manufactures can be used to develop high-performance housing at lower cost, I believe that we can make a positive contribution toward achieving energy-saving goals and bringing about the widespread adoption of zero-energy housing.

**Q5 Please tell us about your strategies for cultivating and utilizing intellectual property and human capital.**

It goes without saying that, of the various categories of management resources, human resources are the most important. Our company is proud of the fact that, traditionally, we have cultivated a corporate culture that values every individual employee, but we need to take this a step further. The diversity of our human resources will be important for our future growth, and to this end, we are working to build friendly workplaces characterized by mutual respect and by a serious effort to respect and accept one another.

In addition, in cultivating the human resources needed for global business development and in developing and in expanding the scope of application of the smart processes that we have developed in our manufacturing operations to include the sales division and back-office departments, we are strengthening training, etc. aimed at cultivating the human resources needed to drive digital transformation (DX). Going forward, in order to promote organizational diversity, we will be building working environments in which everyone can fulfill their potential, regardless of their personal identity, and we will be implementing workstyle reforms.

It is also very important for a manufacturing enterprise to strengthen its intellectual property, and particularly in relation to our Technical Center and other product development related units, we have worked to create an environment that encourages people to try new things and to challenge themselves.

**Q6 Regarding the revisions to Achilles's materiality, could you tell us about how Achilles has responded to the suggestions expressed in the third-party opinion?**

First of all, I would like to take the opportunity to thank Professor Doi, who provided these suggestions. As a global enterprise, the Achilles Group needs to commit itself to continue striving to take the needs of all multi-stakeholders into account.

Regarding the three issues that were raised by Professor Doi— Responding to human rights risk in the supply chain; Circularity-related initiatives; and Concrete measures addressing climate change and carbon neutrality—while we are already taking steps to address these issues, going forward, besides working to further enhance the effectiveness of the measures that we take, the comments from Professor Doi have provided a valuable opportunity for us to reinforce our recognition of the need for promoting disclosure of information in a way that meets our stakeholders' needs.

With regard to human rights risk in the supply chain, in FY 2021 we conducted a questionnaire survey of our main business partners for the first time. A summary of the survey results is presented in this report, but I think that, going forward, we will need to review the survey methods used, particularly in relation to suppliers where there is deemed to be a particularly high level of risk. Regarding our contribution to circularity and the resource-circulating society, from the perspective of reducing

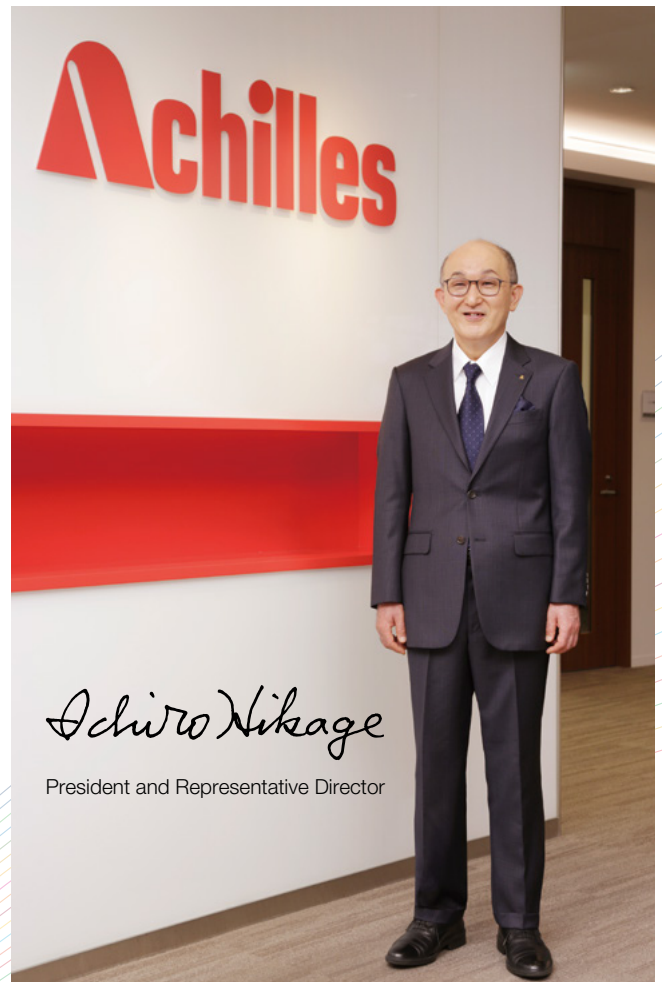
risk associated with the destruction of natural capital, which includes measures taken in response to global warming, with regard to changing the raw materials that we use and our medium- to long-term approach to our business model, I believe that we need to consider strategies that will contribute toward enhancing corporate value. As regards concrete measures for achieving carbon neutrality, initially, we will be implementing thorough energy-saving measures, and proceeding with a systematic transition to green electric power. Over the long term, we will be thinking in terms of adopting energy sources that do not generate CO<sub>2</sub> emissions, and adopting new technologies, and our fundamental approach will be to respond to these issues in a way that optimizes costs.

**Q7 Could you tell us what your vision is in your new role as company president?**

Since joining Achilles in 1985, apart from two years spent supervising the company's manufacturing division, I have been working in the sales division the whole time, including periods spent working in Osaka and Fukuoka.

My responsibility for the future is to address the various issues that I have outlined in detail above, taking the company's corporate philosophy as a foundation, and leading all Achilles executive officers, and all Achilles Group employees, to further increase the speed at which we tackle these issues and improve the practical results achieved.

Taking as a foundation the technology, knowhow, and business partner network, that Achilles has built up over the past 75 years, I am convinced that, if we combine the capabilities of all Achilles Group employees, we can continue to generate new value. One thing that I am particularly aware of due to having continuously worked in roles that brought me into close contact with customers is that one of Achilles' strengths is the positive feelings that many customers across a wide range of markets have toward our company. I hope that our customers will provide us with an even higher level of support as we strive to make effective use of this strength by implementing initiatives that involve horizontal integration across not only the disaster response business but also other business areas, and as we work to generate new value.



# Value Creation Model

In the area of corporate value creation, a shift has begun away from tangible things toward the intangible.

Similarly, the value that Achilles Group provides to society, which derives from the core competencies that we have cultivated through collaboration with our partner companies, is constantly changing in a flexible manner in line with society's needs.

Currently, when society needs to respond urgently to the issue of climate change, we are also faced with the actualization of transition risks such as instability in the price of petroleum products.

Aligning ourselves with the transition that is taking place, Achilles Group will strive to provide sustainable products and services, with the aim of helping to realize a sustainable, prosperous society for the future.

## Social issues to recognize

### Environment

- In terms of responding to climate change, there is need to respond to the physical risks that accompany global warming, and also to respond to the transition risks accompanying the reduction of greenhouse gas emissions.
- Initiatives are needed to prevent water and air pollution.
- Initiatives are needed to prevent plastic waste from reaching oceans.
- Initiatives are needed to conserve biodiversity.

### Social

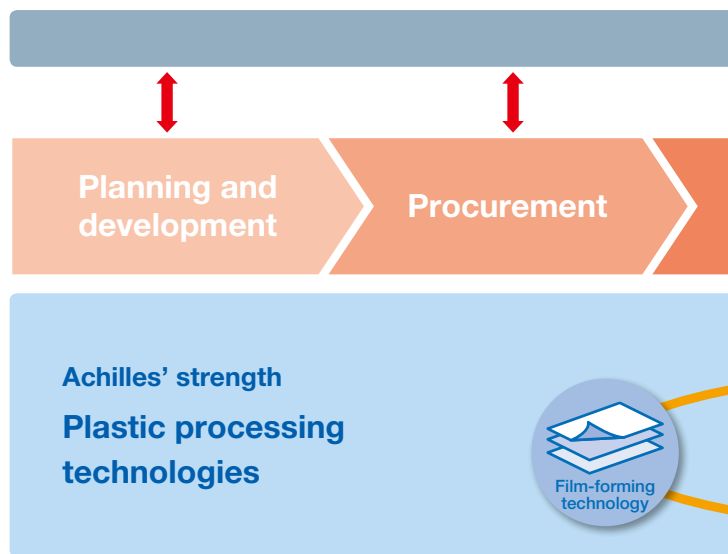
- Efforts are needed to prevent human rights violations in business activities.
- Initiatives are needed to support issues regarding smaller families and an aging population.
- Promotion of diversity and inclusion is required.
- Contribution to the local community is expected.

### Governance

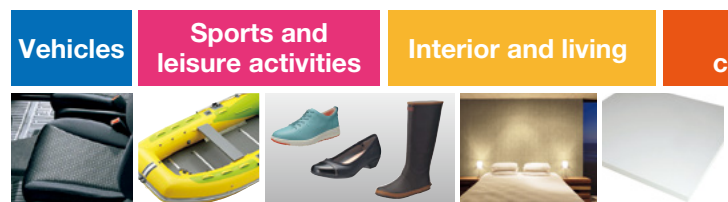
- Leadership that promotes sustainable growth together with a growth strategy is required.
- Dialogue with stakeholders including timely and appropriate information disclosure is required.
- Fair business practices and risk management are required.
- Cultivation of diverse personnel is required.

Customer First

## Achilles' value chain



## Achilles' business segments



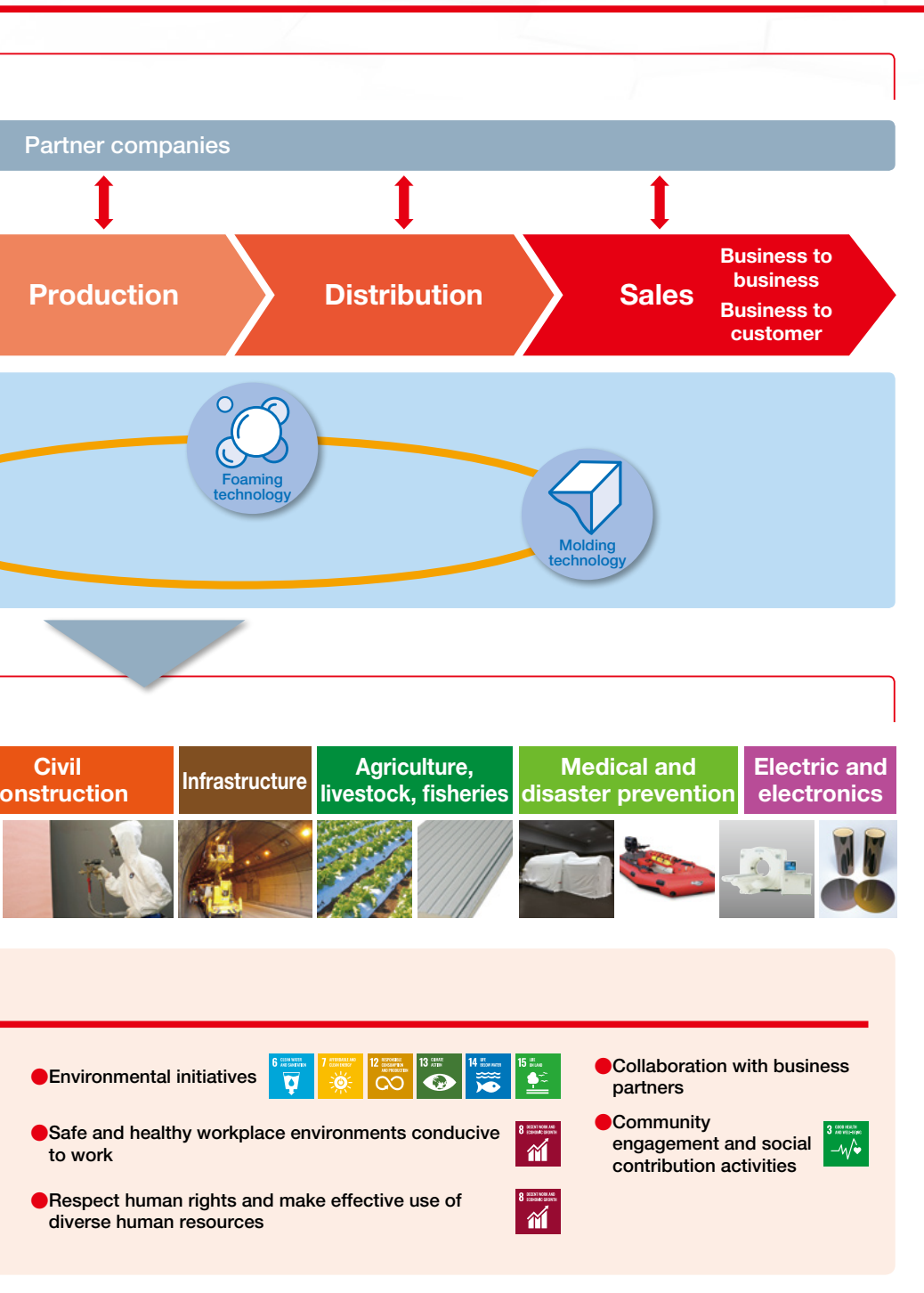
## Achilles' Materiality

- Strengthen business foundations and promote growth
- Governance/Risk management
- Provide true satisfaction and inspiration through products and services





## Achilles' business model



## Value provided to customers



Corporate Philosophy

# “Living with Society” = “Customer First”

Based on our commitment to putting customers first, we contribute to realizing an affluent society by creating products and providing services that satisfy and inspire our customers.

## [History]

<p>May 1947 Establish Kohkoku Chemical Industry with capital of 2 million yen. Begin manufacture and sales of rubber products, with the Head Office located in Nihonbashi, Chuo-ku, Tokyo, and a factory in Ashikaga, Tochigi Prefecture.</p> <p>April 1948 Begin manufacture and sales of polyvinyl chloride (PVC) products.</p> <p>March 1951 Relocate the Head Office to Shintomi-cho, Chuo-ku, Tokyo.</p> <p>June 1956 Elevate the Osaka Sales Office to the Osaka Branch, aiming to expand business in the Kansai market.</p> <p>April 1957 Construct the Yamabe Factory (currently the Ashikaga Factory No. 1) in Ashikaga, Tochigi Prefecture.</p>	<p>June 1961 Begin technical cooperation with UK-based ICI for the manufacture of soft polyurethane foam.</p> <p>September 1962 Listed on the First Section of the Tokyo Stock Exchange.</p> <p>January 1963 Successfully manufacture our original Cabron synthetic leather and begin sales.</p> <p>February 1964 Relocate the Head Office to Daikyo-cho, Shinjuku-ku, Tokyo.</p> <p>November 1965 Establish Achilles K.C.I. Corporation in New York, USA (absorbed into Achilles USA, Inc. in 1978).</p> <p>July 1969 Construct the Mikuriya Factory (currently the Ashikaga Factory No. 2) in Ashikaga, Tochigi Prefecture. Begin manufacture of industrial materials including automotive interior materials and rigid urethane shells.</p>	<p>February 1973 Incorporate the Hong Kong representative office as a local company (currently Achilles Hong Kong Co., Ltd.).</p> <p>October 1973 Construct the Kansai Factory (currently the Shiga Factory No. 2) in Inukami District, Shiga Prefecture.</p> <p>November 1973 Establish Kohkoku USA, Inc. (currently Achilles USA, Inc.) in Everett, Washington, USA.</p> <p>August 1974 Construct the Bibai Factory in Bibai, Hokkaido.</p> <p>November 1978 Establish the Shiga Factory No. 1 in Yasu, Shiga Prefecture.</p>
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## 1940

## [History of Main Products]



1957 Launch sales of Roketto Shoes.



1957 Launch sales of vinyl film for agriculture applications.

## 1960



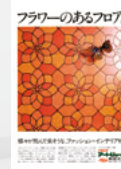
1967 Launch sales of Mina patterned kids' shoes.



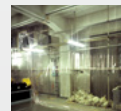
1971 Begin production of COSSACKY series using slush molding technique.

1972 Begin production of vinyl wallpaper at Yamabe Factory and launch sales.

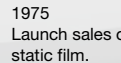
## 1970



1973 Announce first model of ARTLEUM cushion flooring.



1973 Launch sales of Achilles Flarre flame-retardant film for partitions.



1975 Launch sales of Achilles Seiden F anti-static film.

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## About This Report

### ■ Reporting scope

Achilles Corporation and subsidiaries inside and outside Japan

\*Noted separately when the scope is different

### ■ Reporting period

April 1, 2021– March 31, 2022

### ■ Publication date

Previous report: September 2021

This report: September 2022

Next report: September 2023 (planned)

\*Published once a year

### ■ Referenced guidelines, regulations, and technical standards

ISO 26000 (social responsibility guidance)

ISO 14001 (environmental management system)

SDG Compass (guide for business action on the SDGs)

ISSB Integrated Reporting Framework

### ■ Editorial policy

The Achilles Group's corporate philosophy states, "Based on our commitment to putting customers first, we contribute to realizing an affluent society by creating products and providing services that satisfy and inspire our customers." As such, we position providing products and services that create feelings of peace of mind, health, comfort, and fun as a key priority for our group. We are also proactively taking steps to conserve energy and reduce global warming through activities that contribute to sustainable social development. We believe that partnering with our shareholders, customers, business partners, employees, and many other stakeholders is essential to addressing these issues. While evaluating our initiatives using ISO 26000 and other standards as a guide, we have included detailed information about our group's main CSR activities in this report, categorized under Environment, Society, and Governance (ESG), along with performance data.

\*This report is also available on the Achilles Corporation website, which can be accessed from the QR code on the right and the URL below.

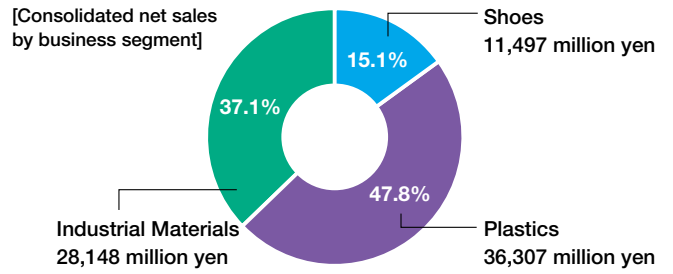
<https://www.achilles.jp/english/csr/>





# Business Segments

Focusing on a core expertise in plastic processing technologies, Achilles delivers a wide range of products to the world that support people's regular lives as well as industry, from daily necessities to the automotive, medical, agricultural, forestry and fisheries, electric machinery and electronics, and construction and civil engineering fields.



## Shoes Business Group

### Shoes Business Division

[Shoes for kids, men, and women]

Achilles makes shoes with the concept of fusing inspiration and technology to create functional beauty. Since our founding, we have been making shoes to meet market needs based on the technologies we have developed and refined.

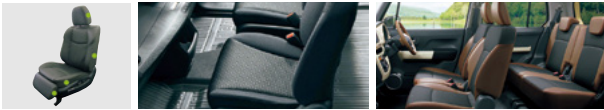


## Plastic Business Group

The Plastic Business Group combines plastics, rubbers and other materials into intermediary and finished products designed for the application and delivers them to customers. The group is also focusing on biodegradable plastics, biomass and antiviral products that address social issues as well as disaster and emergency applications including negative- and positive-pressure air tents and lifesaving boats. We also provide solutions for infrastructure repair.

### Automotive Materials Division

[Automotive interior materials, general-purpose PVC leather, synthetic leather, etc.]



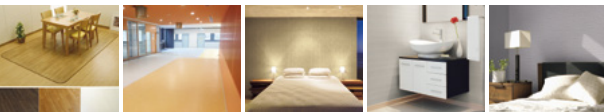
### Chemical Products Division

[General-use, industrial-use, agricultural-use, and medical-use films, etc.]



### Floor and Wall Coverings Division

[Interior materials for construction]



### Disaster Response Division

[Emergency tents, inflatable boats, portable water spraying device, flexible couplings for residential drain pipes, etc.]



[Solutions that include Achilles' technologies to address the challenges of age-related infrastructure deterioration including for aging tunnels]



## Industrial Materials Business Group

Leveraging its core technologies in film-forming, foaming and molding, the Industrial Materials Business Group offers environmentally friendly thermal insulation products and foam material products able to be used in a wide diversity of applications. In addition, the group is also focusing on proposing products centered on its conductive technologies for precision instrument applications that meet global market needs, such as electric and electronic devices and medical analysis devices.

### Urethane Division

[Soft urethane foam products and secondary processed products]



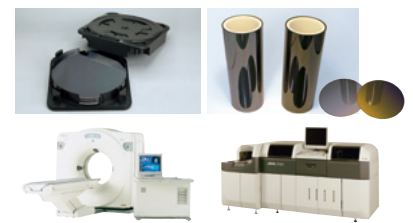
### Heat Insulation Materials Division

[Rigid urethane foam insulation products, rigid urethane foam for on-site foam blowing, polystyrene insulation materials, etc.]



### Industrial Materials Division

[Anti-static products, reaction injection molding (RIM) products, etc.]





# Achilles Group

		Name	Capital	Address	Percentage owned	Main business areas	
Parent		Achilles Corporation	14,640 million	Shinjuku-ku, Tokyo	–	Shoes, plastic, industrial materials (manufacture / sales)	
Consolidated subsidiaries	Japan	Achilles Retail Corporation	¥30 million	Sumida-ku, Tokyo	100.0	Shoes (sales)	
		Achilles Shimane Co., Ltd.	¥10 million	Okuizumo, Shimane	100.0	Shoes (manufacture)	
		Achilles Core Tech KK	¥32 million	Sumida-ku, Tokyo	100.0	Plastic, industrial materials (sales)	
		Achilles Osaka Vini Star Co., Ltd.	¥60 million	Higashiosaka, Osaka	100.0	Plastic (sales)	
		Achilles Welder Co., Ltd.	¥10 million	Tochigi, Tochigi	100.0	Plastic (manufacture)	
		Tohoku Achilles KK	¥10 million	Aoba-ku, Sendai	100.0	Plastic, industrial materials (sales)	
		Yamagata Achilles Aeron Co., Ltd.	¥10 million	Kaneyama, Yamagata	100.0	Industrial materials (processing / sales)	
		Kanto Achilles Aeron Co., Ltd.	¥10 million	Ashikaga, Tochigi	100.0	Industrial materials (processing / sales)	
		Osaka Achilles Aeron Co., Ltd.	¥10 million	Kita-ku, Osaka	100.0	Industrial materials (processing / sales)	
		Kyushu Achilles Aeron Co., Ltd.	¥10 million	Izuka, Kyushu	100.0	Industrial materials (processing / sales)	
		Sanshin Enterprises Co., Ltd.	¥30 million	Shinjuku-ku, Tokyo	100.0	Industrial materials (processing / sales)	
		Achilles Marine Co., Ltd.	¥50 million	Ashikaga, Tochigi	100.0	Plastic (manufacture)	
		Achilles Shoji Co., Ltd.	¥10 million	Shinjuku-ku, Tokyo	100.0	Industrial materials (insurance agent)	
		International	Achilles USA, Inc.	US\$6.72 million	Everett, Washington, USA	100.0	Plastic (manufacture / sales)
	Achilles Hong Kong Co., Ltd.		HK\$502,000	Hong Kong	100.0	Shoes, plastic (sales)	
	Winfast Technology Ltd.		HK\$68 million	Hong Kong	100.0	Industrial materials (sales)	
	Achilles (Shanghai) International Trading Co., Ltd.		US\$200,000	Shanghai, China	100.0	Plastic, industrial materials (sales)	
	Achilles Advanced Technology Co., Ltd.		NT\$11 million	Hsinchu, Taiwan	100.0	Industrial materials (sales)	
	Achilles (Foshan) New Materials Co., Ltd.		CN¥300 million	Guangdong, China	100.0	Plastic (manufacture)	
	Equity method affiliates	Japan	Toukai Kakou Corporation	¥20 million	Seto, Aichi	30.0	Industrial materials
			Koa Kogyo Co., Ltd.	¥20 million	Fujisawa, Kanagawa	25.0	Industrial materials
		International	Kunshan Achilles New Material Technology Co., Ltd.	US\$6.65 million	Jiangsu, China	50.0	Plastic
			ANL Group Limited	US\$8 million	Hong Kong	39.0	Shoes

# Achilles' Sustainability

## Basic Approach

We at the Achilles Group strive to be a company that contributes to building an affluent and comfortable society. To do this, we must continue creating new value for our company, society, and the future. With the keywords of reassurance, health, comfort, fun, and energy conservation, we will continue to improve and evolve our plastic processing technologies built up since our founding to provide customers with products that better support their lives as well as inventive products. We implement an ongoing cycle of improvements to earn the trust and meet the expectations of all of our stakeholders.

## Sustainability Management

### CSR Basic Policy

Through dialog with stakeholders as a member of society, the Achilles Group strives to expand its activities aimed at helping to solve social problems, and contributes to the sustainable development of society.

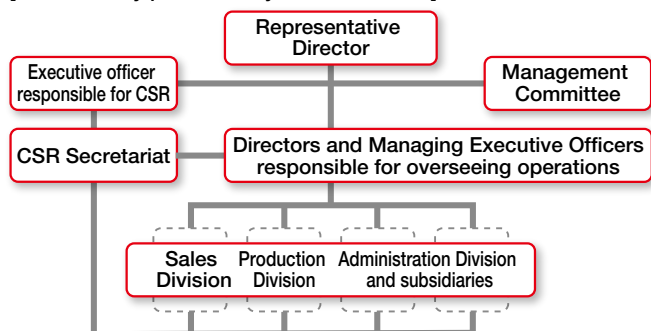
In line with this policy, the Achilles Group carries out its business activities while positioning eight issues as Achilles' Materiality.

### Sustainability Promotion System

At Achilles Corporation, the Board of Directors is actively involved with, and performs oversight over, important matters relating to sustainability-focused management, such as the effective utilization of intangible assets that are important to our growth strategy (including human assets, intellectual property, and other technology and know-how) and the risk of harm being caused to natural capital.

The executive officer responsible for CSR provides support for the promotion of sustainability-focused management at the level of individual divisions, while the Compliance Promotion Office and the Safety and Environment Promotion Department function as a CSR Secretariat, providing support for sustainability activities and compiling related reports.

#### [Sustainability promotion system framework]



## Achilles' Stakeholders

Main stakeholders	The Achilles Group's main responsibilities and challenges	Main opportunities for dialog and disclosure
Customers	<ul style="list-style-type: none"> <li>Enhancing customer satisfaction</li> <li>Providing products and services that can be used safely and with peace of mind</li> <li>Providing appropriate information regarding product use, etc.</li> <li>Responding promptly and appropriately to customers' inquiries</li> <li>Implementing appropriate management of customers' personal information</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day operations (on an ongoing basis)</li> <li>Customer Consultation Office (handling telephone calls and e-mail inquiries) (on an ongoing basis, during business hours)</li> <li>Company website (on an ongoing basis)</li> <li>Special events (including exhibitions etc.) (on an occasional basis)</li> <li>"Sokuiku" consultation sessions</li> <li>"Sokuiku" consultation room (foot measurement and visiting sessions)</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Timely and appropriate disclosure</li> <li>Enhancement of corporate value</li> <li>Respect for voting rights (in relation to the shareholders meeting)</li> <li>Investor relations activities</li> </ul>	<ul style="list-style-type: none"> <li>Company website (on an ongoing basis)</li> <li>Issuing of earnings briefings (four times a year)</li> <li>Issuing of supplementary explanatory materials in relation to the company's financial results (four times a year)</li> <li>Issuing of quarterly reports and the annual securities reports (four times a year)</li> <li>Issuing of reports to shareholders (twice a year)</li> <li>Holding of the annual general meeting of shareholders (once a year)</li> <li>Issuing of the "Achilles Report" CSR report (once a year)</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Fair and equitable transactions</li> <li>Open transaction opportunities</li> <li>Requesting collaboration on, and providing support for, CSR promotion</li> <li>Appropriate provision of information</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day procurement activities (on an ongoing basis)</li> <li>Special events (including exhibitions etc.) (on an occasional basis)</li> <li>Information exchange meetings (on an occasional basis)</li> <li>CSR procurement questionnaire surveys and human rights risk surveys</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Respect for human rights</li> <li>Concern for occupational health and safety</li> <li>Promoting work-life balance</li> <li>Mutual trust between labor and management</li> </ul>	<ul style="list-style-type: none"> <li>Labor-management meetings (on an occasional basis)</li> <li>Direct communication from senior management (on an occasional basis)</li> <li>Off-the-job training (on an occasional basis) and e-learning</li> <li>Safety dojo in manufacturing divisions (on an occasional basis)</li> <li>Seminars (on an occasional basis)</li> <li>In-house magazine</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Respect for local cultures and traditions</li> <li>Prevention of workplace accidents and disasters</li> <li>Activities that make a positive contribution to the local community</li> <li>Reducing the environmental footprint</li> <li>Compliance with laws and regulations</li> <li>Payment of taxes</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of factory visits (on an occasional basis)</li> <li>Implementation of social contribution activities (including volunteering activities) (on an occasional basis)</li> <li>Communication and exchange of views with local government authorities (on an occasional basis)</li> <li>Purchase of J-Credits (once a year)</li> <li>Responding to requests for meetings, and providing information (on an occasional basis)</li> <li>Implementation of dialog, coordination and support through collaboration, etc. between industry, universities and government (on an occasional basis)</li> </ul>

## Sustainable Development Goals (SDGs)

The SDGs are a collection of 17 goals and 169 targets adopted internationally by the United Nations in 2015 to be achieved by 2030. The logos placed in the chart on the next page indicate the goals that the Achilles Group is contributing to through the respective initiatives.



## Achilles' Materiality

Based on the seven core subjects of ISO 26000, recent social issues, and issues that specifically affect our company, we position our high-priority initiatives as our materiality.

	E	S	G
<b>Strengthen business foundations and promote growth → p. 17</b> Strengthen the company's business foundations, and promote a sustainable growth strategy		●	●
<b>Governance/Risk Management → p. 28</b> Build a fair, transparent governance system, and put in place a risk management system to enhance resiliency			●
<b>Provide true satisfaction and inspiration through products and services → p. 17</b> Ensure product safety, implement quality improvements, and pursue manufacturing that meets the needs of society, in terms of safeguarding the environment, etc., and which offers inspiration		●	
<b>Environmental initiatives → p. 12</b> Strive to reduce greenhouse gas emissions, including CO <sub>2</sub> , and promote efforts to reduce environmental impacts, in regard to water, waste, etc. Implement initiatives for environmental conservation, including forests and biodiversity	●		
<b>Safe and healthy workplace environments conducive to work → p. 25</b> Initiatives to create high-productivity workplaces that allow people to work safely and healthily		●	
<b>Respect human rights and make effective use of diverse human talent → p. 23</b> Develop global human resources with consideration for human rights and using diverse human resources		●	
<b>Collaboration with business partners → p. 22</b> Implement initiatives relating to environmental conservation and respect for human rights throughout the entire supply chain		●	
<b>Community engagement and social contribution activities → p. 26</b> Place importance on communication with local communities and social contribution activities, and make contributions to community development		●	

E: Environment; S: Social; G: Governance

## Process for Specifying Materiality

### (1) Identification of areas

Based on our corporate philosophy, identify items related to social issues (ISO 26000, recent social issues, issues that specifically affect our company, etc.)

\*Materiality revision was implemented in FY 2021

### (2) Ordering of priority

From the perspectives of resolving social issues through business activities and the positive and negative impacts of our business activities on society, (A) evaluate priority using a matrix, and (B) collate materiality items by grouping potential items in categories

### (3) Specification of materiality

After deliberation by the members of the Management Committee, incorporating assessments from external directors, and evaluations from outside experts, the issues that should be given priority are sorted through and specified as Achilles' Materiality

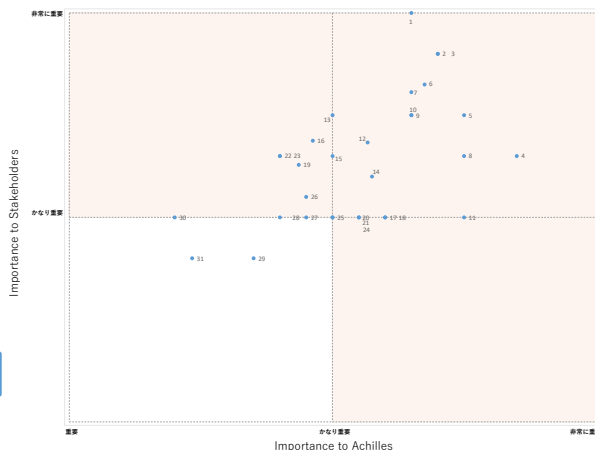
### (4) Periodic revision

In addition to new social issues that arise with changes in the external and internal environment, periodically review the priority

### (A) Evaluate priority using a matrix

Priority Categories	アキレス	ステークホルダー
10. サプライヤー	3.0	4.0
11. 労働環境等の整備	3.4	3.8
12. シンク・ドレン・トイレ等の整備	3.4	3.8
13. 労働環境等の整備	3.7	3.3
14. 労働環境等の整備	3.5	3.5
15. 労働環境等の整備	3.4	3.7
16. 労働環境等の整備	3.3	3.4
17. 労働環境等の整備	3.5	3.3
18. 労働環境等の整備	3.3	3.5
19. 労働環境等の整備	3.3	3.5
20. 労働環境等の整備	3.5	3.3
21. 労働環境等の整備	3.1	3.4
22. 労働環境等の整備	3.0	3.5
23. 労働環境等の整備	3.2	3.3
24. 労働環境等の整備	3.0	3.3
25. 労働環境等の整備	3.0	3.3
26. 労働環境等の整備	3.2	3.3
27. 労働環境等の整備	2.9	3.3
28. 労働環境等の整備	3.1	3.3
29. 労働環境等の整備	3.1	3.3
30. 労働環境等の整備	2.8	3.3
31. 労働環境等の整備	2.8	3.3
32. 労働環境等の整備	2.8	3.3
33. 労働環境等の整備	2.8	3.3
34. 労働環境等の整備	2.8	3.3
35. 労働環境等の整備	2.8	3.3
36. 労働環境等の整備	2.8	3.3
37. 労働環境等の整備	2.8	3.3
38. 労働環境等の整備	2.8	3.3
39. 労働環境等の整備	2.8	3.3
40. 労働環境等の整備	2.8	3.3
41. 労働環境等の整備	2.8	3.3
42. 労働環境等の整備	2.8	3.3
43. 労働環境等の整備	2.8	3.3
44. 労働環境等の整備	2.8	3.3
45. 労働環境等の整備	2.8	3.3
46. 労働環境等の整備	2.8	3.3
47. 労働環境等の整備	2.8	3.3
48. 労働環境等の整備	2.8	3.3
49. 労働環境等の整備	2.8	3.3
50. 労働環境等の整備	2.8	3.3
51. 労働環境等の整備	2.8	3.3
52. 労働環境等の整備	2.8	3.3
53. 労働環境等の整備	2.8	3.3
54. 労働環境等の整備	2.8	3.3
55. 労働環境等の整備	2.8	3.3
56. 労働環境等の整備	2.8	3.3
57. 労働環境等の整備	2.8	3.3
58. 労働環境等の整備	2.8	3.3
59. 労働環境等の整備	2.8	3.3
60. 労働環境等の整備	2.8	3.3

Mapping of Priority Evaluation Results



### (B) Collate materiality items by grouping potential items in categories

マテリアリティ(重要課題)特定プロセス - マテリアリティ

マテリアリティ	重要課題	重要課題	重要課題	重要課題
環境	環境負荷低減	環境負荷低減	環境負荷低減	環境負荷低減
社会	労働環境の整備	労働環境の整備	労働環境の整備	労働環境の整備
ガバナンス	ガバナンス	ガバナンス	ガバナンス	ガバナンス

# Views on Materiality

## Background to the Revision of Achilles' Materiality

In FY 2021, our company revised its materiality amidst rapid changes in the business environment. Impacts include extended effects from COVID-19, rising prices in raw materials and transportation due to the devaluation of the yen and the high price of crude oil, and rising expectations for sustainable management that include efforts to achieve carbon neutrality and boost productivity. Global uncertainty has also grown due to a major power's military invasion of another country. Adequate risk management is needed more than ever to guide the direction of our company.

At this time, a review of materiality was conducted that has provided the opportunity to rethink how our company should be run in light of a multi-stakeholder consensus. The review reaffirmed the importance of pursuing a strategy of both business growth and sustainable management. A timeline was created for each issue, with visibility in the short-term, medium-term, and long-term, and efforts will now be made to employ flexible management to improve resilience and appropriately manage risk-taking.

## External Directors' Viewpoint

With no end in sight to the COVID-19 pandemic and the terrible situation in Ukraine, resources have become hard to obtain and times of uncertainty abound. In such circumstances, as a company with expert manufacturing technologies, specific policies must be put in place beyond the priorities we have already set, such as governance and risk management, promoting diversity, and community engagement.

We must continue to strengthen our efforts in Environment, Society and Governance (ESG) and the SDGs, pursue management that brings multiple stakeholders to the table, and ensure a workplace environment in which people can work safely and easily. As a manufacturer, we need to pursue sustainable growth, and to strengthen our global competitiveness we need to adopt new manufacturing equipment and smart work processes, and make a shift to high productivity and the creation of high-value-added products. Also, to diversify risk we need to expand our supply routes for procuring materials and work toward multi-skill development in production departments.

In addition, we need to ask what we can do as a company to achieve decarbonization, a pressing issue for humanity. There are many things we can do toward this end—expand the use of biodegradable plastics and biomass materials, or pursue product design with recycling in mind,

for example. These are areas in which we can make a difference as a chemicals manufacturer. The use of advanced digital technologies will be essential, but early action must be taken, including the training of personnel.

The utilization of human resources to boost Achilles' value creation capabilities will be necessary to take on the various issues mentioned above.



**Koichiro Yonetake**  
External Director  
(Retired on June 29, 2022)



**Osamu Sato**  
External Director



**Masako Suto**  
External Director  
(External Director and the Audit and Supervisory Committee Member since June 29, 2022)

## Third-Party Viewpoint



### Masaatsu Doi

Professor of Hosei University, Graduate School of Social Well-being Studies / director of Japan Forum of Business and Society (JFBS)

[Field of specialization]

Social innovation: Innovation that creates new social value by resolving social issues through business and that delivers economic and social results

Achilles' priority CSR areas were established in 2016, to which another item has been added, resulting in the current materiality. That item can be seen as governance-reinforcing reform—strengthening the business foundation and pursuing growth. We are starting to see the creation of a new position in leading companies—Chief Sustainability Officer (CSO)—or the assignment of a board member conversant with ESG and sustainability. This means we can expect to see the building of governance systems and business foundation oriented toward establishing sustainable business models and responsible competitiveness.

In light of recent international trends and looking beyond the eight issues that have been identified, a more detailed approach to identifying individual matters requiring specific action under materiality needs to be taken. Achilles must listen to employees and other stakeholders and ex-

tract themes unique to the company that can address the same vectors. The following table shows additional issues that should be studied with a view toward the future. It is our hope that discussions will expand with this revision of materiality and that a corporate culture will develop for extracting specific materiality issues unique to the company through an ongoing dialogue with employees in the field and other stakeholders.

<b>Responding to human rights risk in the supply chain</b>	The pursuit of fair business practices and improvements to the working environment in the supply chain are urgent issues for the company, with its supply-chain relationship with factories outside of Japan. Beyond protecting human rights in Japan, it is necessary to make a direct connection between protecting human rights and supply chain management. Proactive leadership on sustainability is required now, especially with intense scrutiny on human rights due diligence in TIER1 and TIER2 supply processes in manufacturing.
<b>Circularity-related initiatives</b>	The plastics industry is likely to require major changes in the future related to circularity. A proper response calls for a broader perspective on upcoming issues for strengthening business foundations, including a shift to biomass plastics—which use plant-based resin—from a management footing reliant upon virgin plastic from fossil resources, along with a rethinking of the circularity of materials themselves.
<b>Concrete measures addressing climate change and carbon neutrality</b>	The company has been steadily achieving results in environmental areas. Still, we look forward to seeing what specific environmental measures it will pursue regarding circularity, including how and when, with disclosures presented on an impact basis.



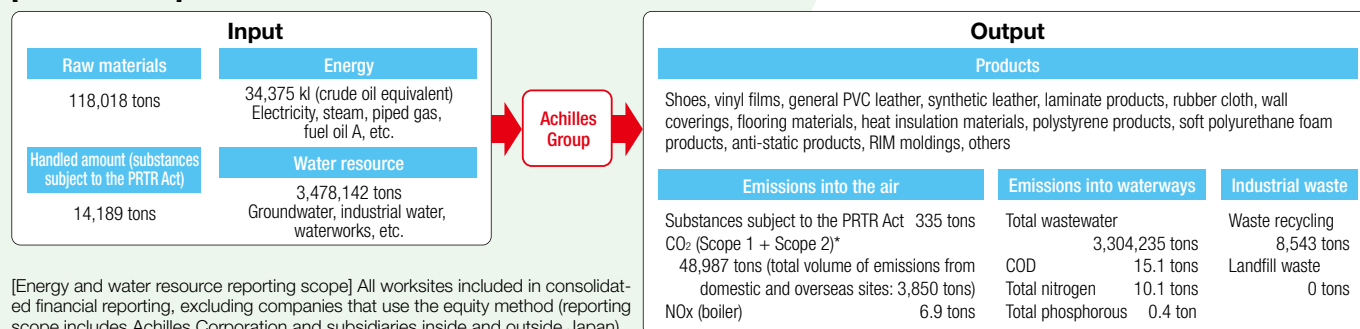
# Environment

## Environmental Initiatives

### Overview of Environmental Impacts

We at the Achilles Group quantitatively identify the flow of substances and energy as part of our business activities, and strive to reduce our environmental impacts and effectively use resources in our business activities to achieve sustainable company development. The following presents an overview of the environmental load of Achilles Group.

#### [Material balance]



[Energy and water resource reporting scope] All worksites included in consolidated financial reporting, excluding companies that use the equity method (reporting scope includes Achilles Corporation and subsidiaries inside and outside Japan).

\*Please visit the following website for more information about Scope and its definitions.

[https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/supply\\_chain.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/supply_chain.html) (in Japanese)



Achilles Group Environmental Policy



[https://www.achilles.jp/assets/pdf/csr/philosophy/policy-env\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-env_en.pdf#view=Fit)



### Environmental Management System

#### ISO 14001 Environmental Management System Initiatives

To conserve the global environment, and to enhance the corporate constitution of the Achilles Group, we define our Environmental Policy and environmental targets using the ISO 14001 environmental management system standards as a tool. We develop production processes and create products that lead to reduced environmental impacts, and continuously conduct activities to improve the environment. In FY 2021, we underwent a renewal audit for ISO 14001:2015. We received 40 observations, but no non-conformances were noted, and we were able to maintain our ISO certification.

#### [ISO 14001: 2015 registered worksites JUSE-EG-661 (Renewed and re-registered in July 2021)]

Achilles Corp. Ashikaga Factory No. 1	Expanded certification in September 2001
Achilles Corp. Ashikaga Factory No. 2	Acquired certification in July 2000
Achilles Corp. Shiga Factory No. 1	Expanded certification in September 2002
Achilles Corp. Shiga Factory No. 2	Expanded certification in September 2002
Achilles Corp. Bibai Factory	Expanded certification in September 2002
Achilles Corp. Kyushu Factory	Expanded certification in September 2002
Achilles Marine Co., Ltd.	Expanded certification in September 2001
Achilles Welder Co., Ltd.	Expanded certification in September 2001
Kanto Achilles Aeron Co., Ltd.	Expanded certification in September 2001
Osaka Achilles Aeron Co., Ltd. Shiga Sales Office	Expanded certification in September 2002
Kyushu Achilles Aeron Co., Ltd.	Expanded certification in July 2021

#### [Overview of FY 2021 activities results, targets for FY 2022 and beyond]

Item	Target		FY 2021 result	Evaluation	Target for FY 2022 and beyond	Listed page
	Management item	Value				
Global warming prevention and energy conservation	Total CO <sub>2</sub> emissions from energy use (Target set from FY 2021)	No target set for FY 2021	3.7% reduction (compared to FY 2018) Conducted surveys and formulated draft measures in relation to the achievement of the target for FY 2030	○	30% reduction by the end of FY 2030 (compared to FY 2018) Conduct research and plan actions for achieving the above FY 2022 target	P. 14
	Per-unit energy consumption (Electricity, fuel, etc.)	1% reduction (YoY comparison)	1.7% increase (YoY comparison)	×	1% reduction (YoY comparison)	P. 15
	Per-unit energy consumption in transportation	1% reduction (YoY comparison)	1.1% reduction (YoY comparison)	○	1% reduction (YoY comparison)	P. 14
Complete zero emissions through 3R activities	Total volume of generated waste and other materials *Based on promoting 3R activities	8% reduction (compared to FY 2018)	6.5% reduction (compared to FY 2018)	×	20% reduction by the end of FY 2030 (compared to FY 2018) 10% reduction in FY 2022	P. 15
	Achieve final waste disposal rate of less than 0.1%	Maintain less than 0.1% by FY 2020	0%	○	Maintain final waste disposal rate of less than 0.1%	P. 15
Air pollution prevention of environmentally hazardous substances	Atmospheric emissions of five environmentally hazardous substances	3.5% reduction (compared to FY 2018)	36.4% reduction (compared to FY 2018)	○	35% reduction by the end of FY 2030 (compared to FY 2018) 7% reduction in FY 2022	P. 16
Environmental improvements from smart processes	Environmental consideration rate* *(Energy fees + waste treatment expense) ÷ Production value × 100	Lower than previous fiscal year	1.9% increase (YoY comparison)	×	Lower than previous fiscal year	-
	Identify environmental risks and draft countermeasures	Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring	Plan and implement facility installations, improvements, and other measures leading to reduced environmental impacts	○	Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring	P. 33

Item	Target		FY 2021 result	Evaluation	Target for FY 2022 and beyond	Listed page
	Management item	Value				
Environmentally friendly product development	Launch and sell environmentally friendly products	Using internal targets	Achieved sales targets for, or launched, environmentally friendly products, including our independently-developed biodegradable film formulation, PO film for medical applications and Juten Bag for enhancing working efficiency and filling effectiveness in repair work to fill holes in infrastructure such as river and lake embankments, bridges, etc.	○	Promote product development and R&D with consideration for environmental impacts	P. 19
Adaption to climate change	Internal impacts and countermeasures due to climate change	Understand the current situation with an eye to activities to adapt to climate change	<ul style="list-style-type: none"> <li>Conducted surveys on anticipated chemical substance runoff in the event of factories being flooded</li> <li>Achieved zero internal infectious disease clusters</li> <li>Implemented thorough heatstroke prevention measures</li> </ul>	○	(1) Flooding countermeasures during heavy rains (i) Prevention of outflow of hazardous substances, etc. (ii) Flood damage countermeasures for facilities (2) Zero cluster infections with thorough infection control measures (3) Thorough heatstroke prevention measures	-

### Corrective Measures for Environment-related Incidents

In FY 2021, there was one wastewater incident at Ashikaga Factory No. 1, and one at Ashikaga Factory No. 2. In the incident at Ashikaga Factory No. 2, a small quantity of oil leaked into an irrigation channel outside the factory, but the situation was resolved without the oil spreading over a wide area, and measures were implemented to permanently resolve the problem.

In FY 2021, measured values for water quality, air quality, and noise at all worksites were within the standard values defined in all environment-related legislation.

### Awareness-raising Activities

Environmental conservation activities cannot be done without the awareness and actions of each of our employees.

We conduct new employee trainings and trainings by company grade as well as making proactive efforts to have employees acquire specialized knowledge and qualifications.

Environment-related information is also disseminated using our corporate intranet, thereby helping to spread awareness of the importance of environmental protection activities.

### Initiatives for Biodiversity

#### Basic approach to biodiversity

While human society receives many benefits from ecosystems, we recognize that it also places a great burden on ecosystems, and we are working to reduce the harm caused to natural capital, through measures such as efforts to conserve biodiversity, with a focus on reducing greenhouse gas emissions, which place a burden on the environment, and on managing and reducing the use of chemical substances.

#### Cedar Avenue of Nikko Ownership System

The Cedar Avenue of Nikko is a tree-lined avenue of cedars planted around 370 years ago. The avenue consists of three parts that converge, which are the Nikko-Kaido Road, the Reiheishi-Kaido Road, and the Aizu-Nishi-Kaido Road. The Reiheishi-Kaido Road runs through Ashikaga City, the location of our Ashikaga factories. We are lending our cooperation to the conservation of the cedars by supporting the Cedar Avenue of Nikko Ownership System, which aims to protect the avenue of cedars from the deterioration of the surrounding environment that has occurred in recent years.



Cedar Avenue of Nikko

#### Donations to a fund for afforestation of Lake Biwa

Lake Biwa is located in Shiga Prefecture, where we have manufacturing plants, and is an important water source. The forests around Lake Biwa are also important to protecting the water sources of Lake Biwa and the Yodogawa river basin. At the same time, the forests provide habitat for a diverse variety of plants and animals.

Shiga Prefecture is conducting afforestation projects to protect the environment of this important area, and we are supporting these activities.



Image of tree thinning in the forests surrounding Lake Biwa (photo provided by Shiga Prefecture)

## Conservation of Water Resources

We independently conduct monthly measurement of wastewater, and discharge wastewater into rivers after use in a state that does not pose environmental impact. Our Ashikaga Factory No. 2, Shiga Factory No. 1 and Kunshan Achilles New Material Technology Co., Ltd. recycle and reuse a portion of industrial water.

### ■ Participation in drills to prevent damage from water-quality accidents from spreading

We actively participate in drills assuming an unexpected accident that are conducted by Shiga Prefecture and the Konan/Kouka Environmental Association and designed to prevent damage from water-quality accidents from spreading. The drills reaffirm the importance of conserving the surrounding environment including Lake Biwa.

The drills held on November 5, 2021 were limited in scope due to COVID-19, with a total of 96 people participating including council members and local and prefectural authorities.



Training in the use of sandbags (Shiga Prefecture)

## Global Warming Countermeasures

### Greenhouse Gas Emissions Reductions

Greenhouse gases emitted by the Achilles Group mainly consist of carbon dioxide emissions as a result of energy consumption (fuel, electricity, etc.) and production of rigid urethane foam (CO<sub>2</sub>e of CFCs).

In FY 2021, in addition to the effects of environmental investments made the previous year and increasing our rate of use of non-fluorocarbon varieties of rigid urethane foam, we also reduced our energy consumption, compared to FY 2018, as a result of decreased production volume, and the greenhouse gas emissions of our ISO 14001: 2015 registered factories fell by approximately 5.8% compared with FY 2018.

In view of the government of Japan's goal to become carbon neutral by 2050, we are strengthening our CO<sub>2</sub> emissions reduction efforts.

#### [Examples of measures implemented in FY 2021]

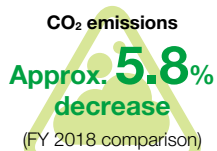
- We switched over to using green electric power at our head office (in Shinjuku, Tokyo) and at some of our manufacturing plants
- We switched over to using electric forklifts for some of the forklifts using for transporting items at our manufacturing plants
- We adopted fuel cell vehicles (FCVs) for use by our corporate executives



Fuel cell vehicle (FCV) used by our corporate executives

### P. 33 Changes in greenhouse gas emissions

[Scope] ISO 14001: 2015 registered worksites



## Environmental Conservation Activities in Logistics

### ■ Carbon dioxide emissions reduction activities and emissions results

We have reduced our CO<sub>2</sub> emissions in transportation through modal shift\*1, improvements in loading efficiency and the use of larger trucks.

In FY 2021, we improved our per-unit energy consumption in transportation by approximately 1.1%, although our CO<sub>2</sub> emissions\*2 rose by approximately 1.5% due to a 2.7% increase (compared to FY 2020) in the volume of transportation, measured in ton-kilometers\*3, resulting from increased production.

\*1 Shifting freight transportation from trucks to rail and ship. Larger amounts of freight can be shipped at once, making it possible to achieve reductions in CO<sub>2</sub> emissions.

\*2 CO<sub>2</sub> emissions (t-CO<sub>2</sub>) = Energy consumption (GJ) × Emissions factor (from the Japanese Ministry of Economy Trade and Industry)

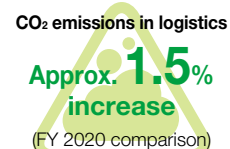
\*3 Ton-kilometer = Freight weight (tons) × Transportation distance (kilometers)



Loading containers for rail transport

### P. 33 CO<sub>2</sub> emissions in conjunction with transportation and modal shift rate

[Scope] ISO 14001:2015 registered worksites

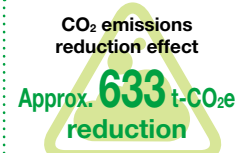


## Energy Creation from Solar Photovoltaic Power Generation

We have installed solar photovoltaic power generation systems at Ashikaga and Shiga with a total power generating capacity of 1,535 kW.

In FY 2021, we generated approximately 1,624,000 kWh of electricity, with a CO<sub>2</sub> emissions reduction effect of approximately 633 t-CO<sub>2</sub>e. This is equivalent to approximately 1.4% of our group's CO<sub>2</sub> emissions from energy use.

### P. 33 Solar photovoltaic power generation equipment



Achilles Corporation Ashikaga Factory No. 2



Achilles Corporation Shiga Factory No. 2

## Energy Conservation

### Energy Conservation Activities

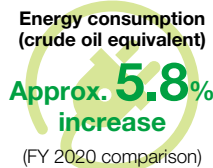
We at the Achilles Group recognize the importance of activities to conserve energy based on the Japanese Energy Conservation Act, and are taking steps companywide to conserve energy as an important part of efforts to reduce our environmental impacts.

#### Energy consumption (crude oil equivalent)

Our energy consumption increased by approximately 5.8% (1.5 kl/year) in FY 2021 compared with the previous fiscal year. Although energy efficiency improved due to facilities improvements, increased production resulted in increased energy consumption on a year-on-year basis.

**P. 33** Changes in annual power consumption (crude oil equivalent)

[Scope] ISO 14001:2015 registered worksites



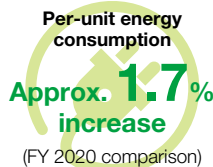
#### Per-unit energy consumption

In FY 2021, we undertook facilities improvements and installed energy-efficient equipment to meet our target of reducing our per-unit energy consumption compared with FY 2020 consumption by 1%, but our consumption increased by approximately 1.7% compared with FY 2020, because although production volume increased, we were unable to realize sufficiently efficient production due to factors such as product mix, and we did not meet our target.

We will continue conducting activities to conserve energy with the goal of decreasing our per-unit energy consumption by 1% year on year.

**P. 33** Annual changes in per-unit energy consumption for the entire company and for each management-specified plant

[Scope] Achilles Corporation—Ashikaga Factory No. 1, Ashikaga Factory No. 2, Shiga Factory No. 1, Shiga Factory No. 2, Bibai Factory, Kyushu Factory

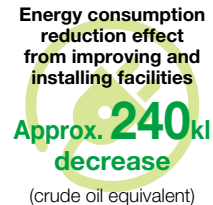


#### Decrease in energy consumption by improving and installing facilities

In FY 2021, we took steps to reduce our energy consumption, including replacing equipment with higher efficiency equipment, operating existing facilities more efficiently, and switching to LED lights.

**P. 33** Main details of facility modification and introduction and energy consumption reduction effects (crude oil equivalent value)

[Scope] ISO 14001:2015 registered worksites



## 3R Activities and Complete Zero Emissions

### To Reduce Waste

We are conducting 3R\* activities aiming to realize a sound material-cycle society. We place particular importance on Reduce, aiming to decrease the amount of waste we generate in the first place, and are focusing on pursuing the root causes of waste and reducing waste generation.

\*Short for Reduce, Reuse, Recycle, e.g., reducing waste, reusing parts and other materials, and recycling resources

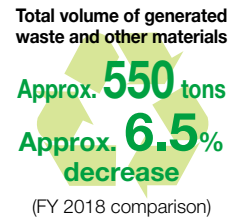
### Results of Activities to Reduce Waste and Other Materials\*

In FY 2021 we conducted activities aimed at achieving our target of a 8% reduction in generated waste compared with FY 2018. Although we achieved a decrease of approximately 550 tons (approx. 6.5%), we did not meet our target. A major factor contributing to the reduction that we did achieve was the ability to sell materials that were considered waste in 2018 as valuable materials. Going forward, we will continue to focus on reducing waste, specifically on revising our existing recycling flow, thoroughly separating and sorting waste materials, promoting obtaining value and making products from waste materials, and reducing the amount of waste generated from increased production.

**P. 33** Total volume of generated waste and other materials

\*"Waste and other materials" includes industrial waste and recycled materials.

[Scope] ISO 14001:2015 registered worksites



### Final Disposal Volume

In FY 2021, we conducted activities with the target of achieving complete zero emissions (less than 0.1% final disposal rate\*) by FY 2020. As a result of our activities, we had a final disposal rate of 0%, achieving complete zero emissions again following FY 2020 (0.03% final disposal rate).

We will continue to set the target of complete zero emissions, taking steps to further increase separating and sorting waste as well as recycling.

**P. 34** Final disposal volume and final disposal rate

\*Final disposal rate (%) = Final disposal volume/ Total emissions volume × 100

[Scope] ISO 14001:2015 registered worksites





## Air Pollution Prevention

### Atmospheric Emissions Reduction Targets for Environmentally Hazardous Substances

Preventing air pollution from environmentally hazardous substances is set as a shared action goal for the Achilles Group. We set the mid- to long-term target of a 35% reduction in atmospheric emissions of environmentally hazardous substances by FY 2030 compared with FY 2018, and have worked to systematically manage and reduce atmospheric emissions based on the Japanese Industrial Safety and Health Act, PRTR\* Act, and Air Pollution Control Act.

\*Pollutant Release and Transfer Register: Systems to collect and disseminate information on a wide variety of hazardous chemical substances released into the environment as waste or transferred off-site for treatment, their amounts and locations

### Reduction in Class I Designated Chemical Substances under the PRTR Act

As a result of identifying emissions of the relevant substances based on the PRTR Act, in FY 2021 our annual emissions of Class I Designated Chemical Substances under the PRTR Act came to approximately 318 tons (approx. 28.2% reduction compared with FY 2018), and our annual transfer volume came to 220 tons (approx. 12% increase compared with FY 2018). Our annual combined emissions and transfer volume was 538 tons (approx. 22.4% reduction compared with FY 2018).

**P. 34** Emissions and transfer volumes of chemical substances subject to the PRTR Act

[Scope] Achilles Corporation—Ashikaga Factory No. 1, Ashikaga Factory No. 2, Shiga Factory No. 1, Shiga Factory No. 2, Bibai Factory, Kyushu Factory/Achilles Marine Co., Ltd.

**Emissions and Transfer Volumes of Chemical Substances Subject to the PRTR Act**

**Approx. 22.4% reduction**  
(FY 2018 comparison)

### Atmospheric Emissions Reductions of VOCs

Of the VOC\* substances included in the substances subject to the PRTR Act, we defined the five substances we release into the atmosphere in the greatest volumes (DMF, dichloromethane, toluene, MEK, ethyl acetate), and are working to reduce atmospheric emissions by shifting from VOCs to non-VOC alternative substances and introducing flue gas treatment equipment (RTO) at all manufacturing divisions.

In FY 2021, as a result of efforts to achieve our target of a 3.5% reduction compared with FY 2018, we achieved approximately 36.4% reduction and met our target.

**P. 34** Total atmospheric releases of five substances of environmental concern

\*Volatile Organic Compound: Organic compound that easily become vapors or gases

[Scope] Achilles Corporation—Ashikaga Factory No. 1, Ashikaga Factory No. 2, Shiga Factory No. 1, Shiga Factory No. 2, Bibai Factory, Kyushu Factory/Achilles Marine Co., Ltd.

**Total atmospheric releases of five substances of environmental concern**

**Approx. 36.4% reduction**  
(FY 2018 comparison)

## Provide True Satisfaction and Inspiration Through Products and Services

### Achilles' Strengths

#### Aiming to realize safe, secure lifestyles

#### Establishment of the new Disaster Response Division

##### ■ The purpose and mission behind the establishment of the Disaster Response Division

In Japan, which experiences frequent earthquakes, the need to strengthen preparedness and safeguard lives and property is an important issue that affects all citizens. Furthermore, in recent years Japan has, almost every year, been experiencing severe torrential rains of a kind that in the past would only have been expected to occur once every 100 years or so, and these have caused extensive damage throughout the country. Faced with these natural disasters, there is a need to strengthen everyday preparedness, so that when disasters do occur the resulting damage can be kept to a minimum. This is why the Japanese government has revised the Basic Act on Disaster Management, why it enacted the Basic Act for National Resilience, and why it is working to promote disaster preparedness, disaster mitigation, and national resilience.

Achilles has reorganized its existing Rubberized Fabric and Marine Sales Department and Sales Development Department to create the new Disaster Response Division. Besides using the highly-durable rubberized fabric material processing technology which is one of our company's strengths to expand provision of tents, boats, mattresses and other compact, collapsible disaster response products, we are also utilizing the Tn-p method, which makes use of our rigid urethane foam technology, and expanded polystyrene (EPS) blocks, to serve the market for repair of old and dilapidated infrastructure.

Through the provision of the Disaster Response Division's products and services, we will help to implement disaster preparedness, disaster mitigation and national resilience, and in doing so will contribute toward safeguarding lives and property.

##### ■ Products

Our Disaster Response Division offers a wide range of products, including lifesaving boats for use in responding to maritime or riverine accidents, air tents for disaster response and medical applications, portable water spraying devices for use in firefighting, antiviral products for combating infectious diseases, products for protecting against spray and splashes, mattresses and emergency toilets for use in evacuation centers, the Tn-p method for use in civil engineering and EPS lightweight banking material, insulating materials for temporary housing, boots and safety boots, etc.

Going forward, we will conduct wide-ranging surveys to identify the disaster preparedness and business continuity planning (BCP) needs of local government authorities, disaster prevention related organizations, business enterprises and ordinary consumers, and we will expand the provision of related products and services that make effective use of our company's strengths. For more details about individual products, please view the Business Contents pages on the Achilles Corporation website.

#### Negative- and positive-pressure air tents for infectious disease management



Our negative- and positive-pressure air tents for infectious disease management have the ability to reduce the proliferation of viruses and can be set up outdoors at healthcare facilities as a place to receive patients exhibiting fever, and as such are anticipated to reduce the risk of hospital-associated infections.

The large tent is easy to assemble and comes with an air purifier equipped with a HEPA filter that is also able to filter out viruses. By lowering the air pressure inside the tent to below the atmospheric pressure, viruses and other substances are inhibited from spreading outside the tent.



**Negative- and positive-pressure air tent for infectious disease management**  
<https://www.achilles.jp/product/medical-lifesaving/lifesaving/medical-tent/> (in Japanese)



#### FIRE HUNTER MODEL:

##### FH-01 portable water spraying device



From February to March 2021, a large-scale wildfire occurred in the city of Ashikaga, Tochigi Prefecture where our production center is located.

We gifted 200 Fire Hunter water backpacks to the Ashikaga Fire Department. Fire Hunter is a backpack-style water container that has a high center of gravity and does not contain air inside that would cause water to slosh when moving, allowing for comfort while walking.



Extinguishing the remaining flames (Image provided by the city of Ashikaga)

**FIRE HUNTER MODEL: FH-01 portable water spraying device**  
<https://www.achilles.jp/product/medical-lifesaving/lifesaving/fh-01/> (in Japanese)



#### Lifesaving boats, emergency tents



##### Lifesaving boat

<https://www.achilles.jp/product/medical-lifesaving/pro-use-boat/?tab01> (in Japanese)



##### Emergency air tent

<https://www.achilles.jp/product/medical-lifesaving/lifesaving/emergency-tent/> (in Japanese)



#### The Tn-p method and EPS lightweight banking method



##### Tn-p method

<https://www.achilles.jp/product/construction/civil-work/tn-p-method/> (in Japanese)



##### EPS lightweight banking method

<https://www.achilles.jp/product/construction/civil-work/eps-method/> (in Japanese)



#### Topics

Achilles exhibited at the RISON TO-KYO Security & Safety Trade Expo, held in October 2021. Our DEIB-310 lifesaving boat won First Prize in the Disaster Preparedness Products section of the 2021 Disaster Preparedness and Epidemic Preparedness Products Awards organized by the Disaster Prevention Safety Association.



**Business Supporting the Digital Society**

**Establishment of the new Industrial Materials Division**

**The purpose and mission behind the establishment of the Industrial Materials Division**

The spread of the COVID-19 pandemic had led to an increase in remote working. At the same time, with the need to minimize destruction of natural capital, including controlling greenhouse gas emissions, having become a shared goal for the entire world in order to safeguard the global environment, the shift toward the use of renewable energy and the adoption of electric vehicles (EVs) have begun to accelerate. In the business world, digital transformation (DX) is starting to prove effective in terms of enhancing productivity. These dramatic transformations in industry have led to a rapid increase in demand for semiconductors, which play a key role in digital technology. Semiconductors continue to evolve, with circuits becoming more complex and miniaturized. Static electricity countermeasures play a vital role in semiconductor production processes for enabling stable production of high-performance semiconductors.

We supply anti-static products that use our innovative ST Polymer\*1 conductive processing technology to semiconductor manufacturers. In the wafer carrier segment, we have rolled out a business model that allows carriers to be cleaned and reused on a global scale. In addition, our rigid foam Reaction Injection Molding (RIM) technique has applications in the manufacturing of large-sized formed products such as the covers of diagnostic X-ray machines.

By supporting the development of electronics and medicine through anti-static technology and rigid foam RIM technique, we are contributing toward the realization of a safe, secure society. We are also promoting the reduction of CO<sub>2</sub> emissions by proceeding with a transition toward the use of biomass-based raw materials.

**Products**

**Protos Carrier NA-300LA wafer carrier**



Static electricity countermeasures are essential for the digital transformation of our daily lives, including 5G\*2, AI\*3, and autonomous driving technologies. Even the smallest static electricity issue in semiconductor production processes can result in parts damage and lower quality that impact the performance of the entire device.

The Protos Carrier adds original anti-static technology to our core plastic processing technologies to prevent damage from static electricity during semiconductor production processes and transportation. The Protos Carrier supports digital technologies that will create more convenience in the future society.

\*2 5th generation cellular communication systems used with mobile phones and other devices.

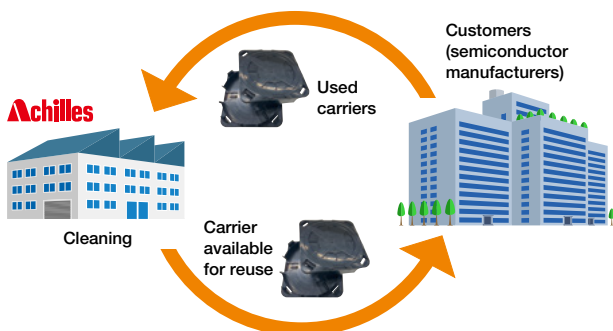
\*3 Artificial intelligence.



**Protos Carrier NA-300LA**  
<https://www.achilles.jp/product/electronics/packing-materials/> (in Japanese)



**Wafer carrier cleaning and reuse service**



**Achilles Tafron rigid foam RIM products**

Achilles Tafron is a large-sized resin molding product that uses reaction injection molding (RIM), whereby the liquid raw material is mixed rapidly in the mixing head and then flows into the mold where solidification and plasticization take place.

<b>Ideal for large-sized molded products</b>	Makes possible the manufacturing of large-sized molded products more than 2m square.
<b>Allows a high degree of design flexibility</b>	Width can be varied easily, and this solution can cope with designers' exacting requirements.
<b>Low initial cost</b>	Mold cost is very low, making this solution optimal for small-lot and medium-sized-lot production of a wide variety of different products.
<b>Three types to choose from</b>	Users can choose the type with the appropriate physical properties based on their own purposes and objectives.
<b>Environmentally-friendly</b>	The use of low-temperature, low-pressure reaction molding makes this an environmentally-friendly solution.
<b>Excellent coating properties</b>	Coatings adhere well, and a wide range of colors are supported.
<b>High dimensional accuracy</b>	Demonstrates superb performance for assembly of metal machinery parts.



<https://www.achilles.jp/english/company/business/industrial-materials/>



**Anti-static products**

<https://www.achilles.jp/product/electronics/esd/> (in Japanese)



Conductive Table Mats and anti-static flooring materials

Ionized Air Blowers and Electrostatic Voltmeters

Transparent Anti-static Bags

**Main ST Polymer\*1 products**

Anti-static Adhesive Tapes    Transparent Conductive Sheets    Conductive Clear Files

Wafer Carrier for Single    Anti-static Protect Film

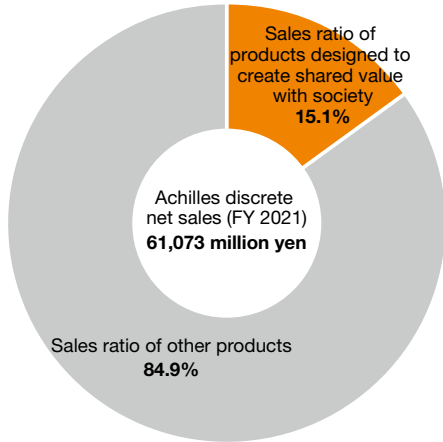
\*1 For more information about ST Polymer, please view this page on the Achilles website:  
<https://www.achilles.jp/product/electronics/knowledge/st-poly/> (in Japanese)

Initiatives to Create Shared Value with Society

All Achilles products are designed to meet customer needs, and in a broad sense are positioned as solution-type products. However, we define products we develop ourselves or develop in collaboration with customers with the objective of resolving specific, individual social issues as products designed to create shared value with society.

Aiming to achieve a sustainable society, we are working to expand and enhance our products designed to solve social issues.

[Sales ratio of products designed to create shared value with society (FY 2021)]



Initiatives for Products Designed to Create Shared Value with Society

Eco-friendly Products



Response to ocean plastic pollution

We are participating in CLOMA\*1 and working to develop and market film products made of biodegradable plastic, primarily for agricultural and forestry applications, so that they become widely adopted. (Chemical Products Division)

\*1 The Japan Clean Ocean Material Alliance (CLOMA) was established as a platform to strengthen collaboration and accelerate innovation among wide-ranging stakeholders across different industries. In addition to appropriate waste management to reduce marine plastic pollution, CLOMA participants are also strengthening their 3R (reduce, reuse, recycle) efforts for plastic products, and encouraging the development and widespread uptake of plastics with excellent biodegradability as well as alternative materials such as paper.



Japan Clean Ocean Material Alliance  
<https://cloma.net/english/>



Biodegradable plastic film for agricultural use  
<https://www.achilles.jp/product/agriculture/horticulture/bioflex-multi/> (in Japanese)



Building energy-efficiency

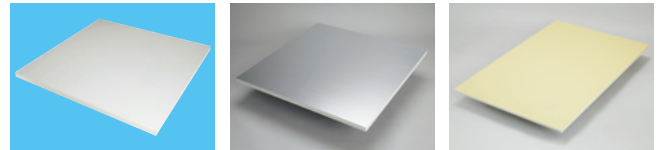
In aiming to realize decarbonization in society, one issue is improving the energy-saving performance of homes and buildings. In the detached home field, reducing CO<sub>2</sub> emissions by approximately 40% is anticipated by 2030 (2013 baseline) by achieving ZEH\*2 on average for newly built homes and improving the heat insulation performance of existing houses.

As part of this, we view developing and achieving the widespread uptake of high-quality heat insulation products as a major mission given to us. As such, we are proactively developing and selling products to meet a variety of needs, which include not only our Q1 Board and Z1 Board high-performance heat insulation materials for homes, but also products such as our Achilles JD Panel and Achilles Juten R able to improve the heat insulation performance of existing homes, which is a challenge.

These products demonstrate excellent heat insulation performance over the long term, and in addition, they also contribute to healthy living by lowering the indoor temperature and thus lowering the risk of heat shock. (Heat Insulation Materials Division)

\*2 ZEH, or net zero energy houses, achieve dramatically higher energy savings while maintaining the quality of the indoor environment by significantly improving the heat insulation performance of exterior coverings and installing high-efficiency equipment and systems. In addition, ZEH aims to achieve net zero primary energy consumption annually by using renewable energy sources. (From the website of the Agency for Natural Resources and Energy of Japan)

[High-performance rigid urethane foam with heat shield material]



Q1 Board

Z1 Board

Achilles JD Panel

[Flexible polyurethane foam]



Achilles Juten R being installed

Please see the Achilles website for detailed product information.  
<https://www.achilles.jp/product/construction/insulation/> (in Japanese)



Infection Control Products



Antiviral functional films

Achilles Virusafe is an antiviral functional film. Adhesive processing allows Achilles Virusafe to adhere to high-touch surfaces such as doorknobs and touch panels, and is effective at inhibiting the activity of viruses including the SARS-CoV-2 novel coronavirus. (Chemical Products Division)

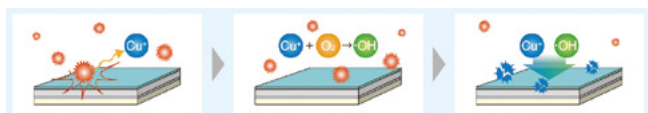
Achilles Virusafe

<https://www.achilles.jp/product/manufacturing-facility/film/virusafe/> (in Japanese)





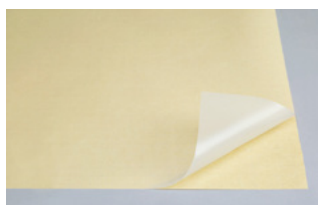
### Antiviral and anti-bacterial mechanism of Achilles Virusafe



When the nanoparticles of a monovalent copper compound that is mixed into Virusafe collide with viruses or bacteria, they elute monovalent copper ions into the ambient moisture.

Monovalent copper ions react with oxygen to produce reactive oxygen.

Monovalent copper ions and reactive oxygen act together to reduce viral and bacterial activity.



Achilles Virusafe



Example of Achilles Virusafe applied to a doorknob

### Splash prevention films

Achilles Splash Prevention Film II is a transparent film with flameproof properties that guards against spray and splashes. Using the film as a partition offers an effective way to reduce the risk of exposure to spray and splashes. (Chemical Products Division)

#### Achilles Splash Prevention Film II

<https://www.achilles.jp/product/manufacturing-facility/film/splash-prevention/> (in Japanese)



Example of using Achilles Splash Prevention Film II

### Antiviral sneakers

The kids' sports shoe brand Syunsoku, established 18 years earlier, added a new antiviral sneaker to its lineup in 2021 that uses antiviral treatment on the outsoles to help protect against viruses at a person's feet. In an antiviral test, a reduction of more than 99% in the viral activity of typical viruses that adhered to the product was confirmed after 24 hours. One of the features of this product is the long-lasting effect owing to the use of a special chemical mixed into the molded polyvinyl chloride (PVC) material used for the outsoles.



**Syunsoku JC-951 antiviral sneakers**  
<https://achilles-webshop.com/shop/g/HIS9519-B-180/> (in Japanese)



## Decontamination Products



### Inflatable decontamination air tents

The Achilles air tent is an inflatable tent for decontamination in emergencies. It is capable of handling NBC contamination (such as an accident at a nuclear facility or a terrorist attack using biological or chemical weapons). It comes with all of the equipment necessary for decontamination, including a shower unit/decon pool\*3, hot-water heater, drainage pump and wastewater bladder\*4. (Disaster Response Division)

\*3 A pool for temporarily storing contaminated water during decontamination

\*4 A bag for storing contaminated water outside the tent during decontamination



**Inflatable decontamination air tent MC-2**  
<https://www.achilles.jp/product/medical-lifesaving/lifesaving/medical-tent/> (in Japanese)



## Products for Resolving Other Issues

### Soft non-flammable films

Soft non-flammable film ACHILLES FUNEN CLEAR II is a material with a glass cloth sandwiched between two transparent, non-combustible PVC film layers in a triple-layer structure. It has been certified by Japan's Minister of Land, Infrastructure, Transport and Tourism as a non-combustible material (certification number NM-5204).

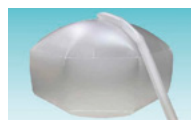
The film can be used in a wide range of ways, including for partitions, wall material and panels in buildings classified as special buildings subject to interior restrictions.



**FUNEN CLEAR II**  
<https://www.achilles.jp/news/2022/0117.html> (in Japanese)



### Cavity-filling bag (Disaster Response Division)



**Juten Bag**  
<https://www.achilles.jp/product/construction/civil-work/juten-bag/> (in Japanese)



## Other Disaster Preparedness Products

Please refer to p. 17 for products from the Disaster Response Division.

## Products Supporting the Digital Society

Please refer to p. 18 for products from the Industrial Materials Division.

## Initiatives for Quality Assurance

### Our Approach to Quality

The Achilles Group has formulated the Achilles Action Guidelines, so that all employees will be thoroughgoing in safeguarding product safety and quality. In addition, to provide a solid basis for accurately appraising customer needs and market trends, and to ensure that we can provide products and services that satisfy our customers, nearly all of our group

companies in Japan have secured ISO 9001 international quality management system certification. The Achilles Quality Manual stipulates that the divisional manager of each division shall set quality objectives in their capacity as manager responsible for quality assurance, and shall strive to ensure that the Achilles Group provides products and services that can be used safely and with peace of mind.

**Achilles Group Basic Policy on Quality Assurance**

[https://www.achilles.jp/assets/pdf/csr/philosophy/policy-quality\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-quality_en.pdf#view=Fit)



**[ISO 9001: 2015 registration status]**

Registered organization	Year and month of registration	Registration number
Achilles Corporation	April 2003	JUSE-RA-2090
Achilles USA, Inc.	April 1998	33354

\*In FY 2020, ISO 9001 registration of group companies in Japan including subsidiaries was integrated.

**Quality Improvement Program**

Process Patrols (internal audits) verify that process management and inspection methods on the production lines are being carried out appropriately. Working from an independent position, quality assurance depart-

ments verify at the production line (“genba”) that the reality (“genjitsu”) of products produced according to standardized operations is taking place while looking at the actual products (“genbutsu”), including the raw materials. In addition, information about better systems and the latest technologies obtained at other production lines is shared horizontally, and improvement suggestions are made. Improvement suggestions to the production lines are promoted to support the PDCA cycle at production lines and promote quality enhancements.



Process Patrols

**Quality Assurance Framework**

Our Quality Assurance Head Office submits proposals where appropriate regarding individual divisions’ product planning, development, production and sales processes, and strives to maintain and enhance the quality assurance system.

**Production**

- By establishing process management and inspection methods appropriate to the production line for each product, we promote efficient production and consistent quality.
- With the aim of reducing the impact on the global environment, we implement activities aimed at combating global warming, saving energy and fostering the “3Rs” (Reduce, Re-use, Recycle), as well as working to help prevent atmospheric pollution, etc.
- We implement education and guidance for all employees, with the goal of enhancing product quality and raising skill levels.
- Quality control activities are undertaken with the participation of all employees, and improvement activities to resolve process and quality problems are conducted.

**Procurement**

- Working closely with the planning and development and manufacturing departments, our procurement departments investigate whether materials are safe and environmentally friendly, and whether our suppliers have proper quality assurance systems in place, etc., before deciding which items should be purchased during procurement.
- By encouraging our suppliers to comply with the Achilles Group Basic Policy on Procurement, we are extending our CSR measures to include the supply chain as a whole. Furthermore, we do not participate in any unlawful acts in our procurement activities.

**Sales and after-sales service**

- Consultations and inquiries from customers regarding our products and services are handled both by individual sales departments and by our Customer Consultation Office. In all cases, we listen carefully to our customers, and endeavor to respond to their needs as promptly as possible.

- When serious, unexpected issues are foreseen, we place our customers’ safety first while disclosing information and quickly responding.
- In regard to products featuring environmentally friendly design, we endeavor to ensure that customers can easily compare the environmental benefits of other similar products.



**Planning and development**

- We undertake product design from the perspective of customer requirements and in terms of safety and peace of mind.
- We implement verification of the safety of raw materials and other materials used (to ensure that our products do not contain chemical substances the use of which is prohibited or restricted, or any substances that could be harmful to human health).
- We implement compatibility testing to verify that the materials used have the required material properties during product processing, installation and use.
- Individual quality assurance departments are entrusted with the task of implementing design review with respect to each product.

**Working Together with Our Customers**

**Basic Approach**

In line with Achilles’ corporate philosophy—“Living with Society” = “Customer First”—we aim to contribute to the realization of a sustainable, prosperous society by creating products and providing services that will bring our customers real satisfaction and joy. In order to maintain a clear awareness of customers’ manifest and latent needs, we attach great importance to creating opportunities for dialog with customers. As one of the contact windows that fulfil this role, the Achilles Corporation has established a Customer Consultation Office.

**Measures Aimed at Further Enhancing the Quality of Our Handling of Customer Communication**

The Customer Consultation Office receives evaluation from customers regarding the quality of the support that it provides, and strives to realize improvements. In FY 2021, the overall rating was 4.9 (the rating in FY 2012, the first year of evaluation, was 4.5).

In FY 2021, the Customer Consultation Office received a total of 5,065 telephone calls and e-mails, including both inquiries and comments (around 916 less than in the previous fiscal year).

[Evaluation from customers] The customer evaluation survey questionnaire employs a format using a five-point scale.

[Evaluation items] (1) Wording and attitude, (2) Friendliness, (3) Information and product knowledge, (4) Speed, (5) Level of satisfaction

### Awareness-raising Activities Targeting University Students

The Achilles Corporation is a member of ACAP\*, which addresses various consumer-related issues. In FY 2021, Achilles was selected as an ACAP Corporate Training Committee Member, in which capacity Achilles provided grade-specific training for new employees, mid-career employees and managers at ACAP member companies. This activity is scheduled to continue in FY 2022. In addition, Achilles staff members have given lectures, in collaboration with ACAP, at two universities (Daito Bunka University and Rissho University) on topics including “The Role of the Customer Consultation Office Within the Business Enterprise” and the SDGs. These online lectures examined the nature, and necessity for, sustainable consumption.

\* ACAP: Association of Consumer Affairs Professionals (has approximately 600 corporate members)

ACAP  
<https://www.acap.or.jp/> (in Japanese)



### Strengthening Communication with Customers

We are implementing measures to bring us closer to our customers. As one example, to be prepared for inquiries about our shoe products, we have arranged for four of our customer communication staff to obtain Shoe Fitter certification (a specialist qualification relating to shoes and feet), and we strive to be able to handle customer consultations

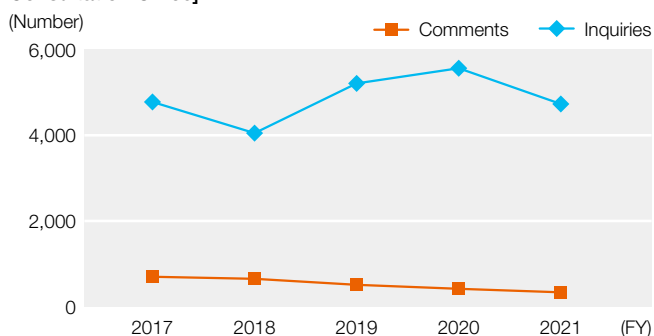
appropriately.

In addition, we are continuing with the existing activities of our “Sokuiku (“Foot Education”) Consultation Office” program. We provide the Foot Measurement and Counseling service for customers who visit our Tokyo Head Office showroom, and we also provide visiting lectures about feet and shoes at elementary schools and junior high schools. In FY 2021, these activities continued to be affected by COVID-19, but we did have 40 customers make use of the Foot Measurement and Counseling service, and we implemented 13 visiting lectures, with a total of 820 people participating. Since this initiative was first launched in FY 2013, we have had a cumulative total of 563 customers make use of the Foot Measurement and Counseling service, and we have given a total of 248 visiting lectures, with a cumulative total of 13,350 participants.



Foot Measurement and Counseling service in progress at Achilles' Tokyo Head Office showroom

### [Number of comments and inquiries received by the Customer Consultation Office]



## Collaboration with Business Partners

### Basic Approach

The Achilles Group adheres to the Charter of Corporate Behavior, striving not only to comply with the requirements of the law but also to behave in an ethical manner, and aiming to build long-term relationships of trust with our suppliers through fair and free transactions and to develop mutually-beneficial relationships based on close collaboration. We have drawn up the Achilles Group Basic Policy on Procurement, and we are extending our measures for fostering environmentally friendly, sustainable procurement and compliance as well as respect for human rights, etc. to cover the entire supply chain.

Achilles Group Basic Policy on Procurement

[https://www.achilles.jp/assets/pdf/csr/philosophy/policy-procurement\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-procurement_en.pdf#view=Fit)



### CSR Procurement

Once a year, we conduct the CSR Procurement Questionnaire with our major suppliers and verify compliance with our basic policy on procurement.

Starting from FY 2021 we have also conducted a human rights risk survey.

Both surveys are conducted using self-assessment. Based on the survey response results, we engage in repeated dialog with suppliers, and implement measures to reduce risk.

### Survey of Human Rights Risk in the Supply Chain

Survey of Human Rights Risk contents

- ✓ Risk of involvement with forced labor, child labor, etc.
- ✓ Labor management risk
- ✓ Workplace health and safety risk
- ✓ Management systems to prevent human rights infringements

#### Summary of survey implementation results

We asked 263 of our major suppliers, including subcontractors, to respond to the survey, which involved asking second-tier suppliers to provide information. A total of 262 suppliers provided responses. The results obtained did not make it possible to confirm matters relating to issues that are of concern to the global community, such as forced labor, child labor and coercive treatment of foreign workers, etc. Overall, the survey results re-confirmed that firms operating on a small scale lack the necessary management resources, and tend to have inadequate awareness of labor-related legislation and how to comply with it, and that there is an ongoing need to request improvement of management systems. With regard to labor management, 2.3% of respondents did not meet Achilles' standards, due to concerns regarding compliance with statutory working hours and measures taken to prevent harassment, etc. Regarding workplace health and safety, 14.9% of respondents did not meet Achilles' standards, due to concerns regarding failure to implement emergency evacuation training, measures taken in response to health risks, failure to

install fire alarms, etc.

As regards other human rights infringement risk, which covers matters such as the response to the issue of conflict minerals and appropriate handling of personal data, 21.8% of respondents did not meet Achilles' standards.

With regard to the management systems needed to prevent human rights violations, 44.3% of respondents did not meet Achilles' standards, due to issues such as failure to establish documentation in writing with regard to policies and rules. In the case of firms operating on a smaller scale, there were a few cases of failure to put in place adequate rules.

Overall, 17.3% of respondents failed to meet Achilles' standards.

We will continue to request improvements from these suppliers through dialog with them.

## Remote Briefing Session on Procurement Policy

Due to COVID-19, the briefing session on procurement policy that is usually held face to face was once again held remotely this year. The company's policy regarding stable supply, respect for human rights, carbon neutrality and other issues, with the aim of realizing sustainable procurement,



was explained to approximately 200 business partners, whose support for these policies was requested.

Remote briefing session on procurement policy

# Respect Human Rights and Make Effective Use of Diverse Human Resources

## Basic Approach

The Achilles Group views our employees as being important stakeholders. We will realize workstyles that enhance employees' capabilities and respect employees' diversity and their individual characters and personalities, and we will provide employees with a convenient working environment in which due attention is paid to safety and health issues.

## Respect for Human Rights and Fairness

All directors and employees of the Achilles Group respect human rights and vow not to abet any behavior that infringes on those rights, including discrimination.

Workplace bullying and sexual harassment are prohibited, and both internal and external reporting windows are available.

The Achilles Group strives to ensure that all employees enjoy fair treatment and equal opportunity.

## Employment

The Achilles Group endeavors to implement systematic employment practices, and provides equal opportunity with respect to employment.

In April 2021, we (Achilles Group in Japan) revised the age of compulsory retirement from 60 to 65, and are putting in place transitional measures to incrementally raise the age of compulsory retirement until FY 2029.

[Number of employees] \*As of March 31, 2022 (whole Group)

Male 1,330	Female 321	Total 1,651
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[Employment data] \*As of March 31, 2022 (Achilles Corporation only)

Average age	Male 40.7	Female 43.2	Total 41.1
Average years of service	Male 18.7	Female 21.2	Total 19.1
Average annual income	Approximately 5.89 million yen		
Executive officers (including managing executive officers)	Male 28	Female 2	Total 30
Departmental managers	Male 38	Female 0	Total 38
Section managers	Male 194	Female 8	Total 202
No. of persons using the system for the re-employment of employees who have reached retirement age as of FY 2021			138
Ratio of mid-career hires in FY 2021			17.9%
Ratio of hires of people with disabilities in FY 2021			2.5%

## Protection of Personal Information

Based on our Personal Information Management Rules, the Achilles Group offers training to employees, has established measures for the safeguarding and management of personal data, and protects and manages all personal information it holds.

## Employee Welfare

In FY 2021, we carried out special cleanings (disinfection) of shared spaces of dormitories for single employees on an ongoing basis as a COVID-19 infection control measure. In addition, we installed hand sanitizer in shared spaces and required masks to be worn in those spaces.

Major support systems

- Dormitory for single employees and company housing
- Employee shareholding system
- Childcare leave and nursing care leave system



Dormitory for single employees/ Tokyo Head Office

[FY 2021 benefits data] \*As of March 31, 2022 (Achilles Corporation only)

No. of employees using the childcare leave system	Male 0	Female 4	Total 4
Percentage of eligible employees using the childcare leave system	Male: 0%		Female: 100%
No. of employees using the nursing care leave system	0		
Average total hours worked per employee per year	1,952.8 hours		
Average no. of days of paid leave taken per year (leave utilization rate*)	10 days (55.0%)		

\*Leave utilization rate = Total number of days of paid leave taken by all employees ÷ Total number of days of paid leave to which employees were entitled, for all employees × 100%

## Labor Unions

### ■ Labor-management relations

The Achilles Corporation has two labor unions: the Achilles Labor Union and Achilles Head Office Labor Union. Working together on a basis of mutual trust between labor and management, we aim to realize smooth communication between labor and management and implement measures through labor-management coordination, in line with our basic policy of helping to maintain and enhance employees' living standards while at the same time contributing to the company's continued development in line with the company's overall strategy.

The Achilles Labor Union has a total of 847\* members, who are employees (not including executive officers and managers) working in the company's manufacturing divisions. The Achilles Head Office Labor Union has a total of 218\* members, who are employees (not including executive officers and managers) working in the company's sales divisions.

\*Numbers as of July 1, 2022

### ■ Meetings with the labor unions

Besides holding scheduled operational coordination meetings with the labor unions three times a year (in May, September, and November) in relation to the twice-yearly meetings regarding salaries and bonuses, the



Achilles Corporation also holds labor-management meetings in regard to changes in working conditions such as changes to personnel systems and to the content of employee welfare provision, and in regard to the establishment of new systems, etc., to build consensus prior to implementation.

Matters relating to health and safety, environmental issues, qualification systems, re-employment, etc. are discussed by labor and management in committees, with the aim of ensuring that the company operates fairly and appropriately.

In addition, a photo contest and other mutual aid events sponsored by the union promote interaction between labor and management.

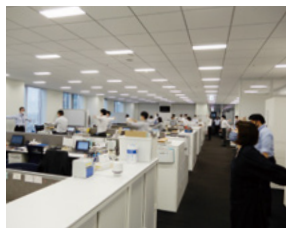
**[Main labor-management meetings]**

Operational coordination meeting (three times a year) / Head Office labor-management meeting (held as needed, in principle once a month) / Branch Office labor-management meeting (held as needed, in principle once a month) / Branch meetings (held as needed)

**Health Management**

The Achilles Group implements health management for its employees. As part of Achilles' corporate social responsibility (CSR) efforts, besides providing health and sanitation management for employees, we also use seminars to raise awareness, with the aim of encouraging individual employees to notice problems with their lifestyle habits and make improvements, so that they can enjoy a long, healthy life.

In light of the need to prevent the spread of COVID-19, instead of holding off-the-job trainings, in FY 2021 we used message boards and other means to present a selection of easy-to-do sports (supervised by the Japan Sports Agency) and provided information on the importance of exercise during the COVID-19 pandemic, along with things to watch out for.



Radio calisthenics (Tokyo Head Office)



Designated a FY 2021 Tokyo Sports Promotion Company\*1



Designated a Sports Yell Company\*2 (Japan Sports Agency)

\*1 Since FY 2015, Tokyo Prefecture has designated companies and other entities that make outstanding efforts to promote sports activities among employees and support the sport sector as Tokyo Sports Promotion Companies.

\*2 The Japan Sports Agency designates companies as Sports Yell Companies in a program that certifies companies actively promoting measures to improve employees' health through sport.

**Human Resource Development**

The training of personnel is a key issue in the ongoing challenge to generate value that takes the form of training successors, training people in DX, and taking advantage of intangible assets.

The Achilles Group carries out systematic training programs as part of an effort to increase investment in human capital.

We also promote personnel diversity as we aim to develop a corporate culture geared toward innovation. We are training women for managerial positions, aiming to increase the number of women in the management ranks by at least 20 by 2030. We are also looking to mid-career hires for candidates with advanced skills for executive positions that need to be filled. And at overseas business locations, we are promoting the training of non-Japanese managerial level staff from pools of local employees.

**Basic Policy for Human Resource Development**

[https://www.achilles.jp/assets/pdf/csr/philosophy/policy-hrd\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-hrd_en.pdf#view=Fit)



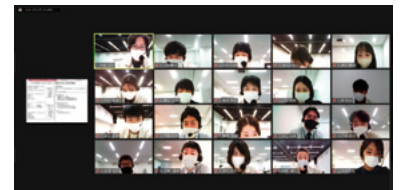
**Human Resource Development System**

**On-the-job training (OJT)**

OJT plays a fundamental role in Achilles Corporation's human talent cultivation. It involves setting operational targets in collaboration with the employee's supervisor, getting employees to challenge themselves to overcome problems, and providing timely review and feedback. Through effective communication, employees' awareness is heightened and their perspective broadened.

**Off-the-job training (Off-JT)**

The Achilles Corporation has been providing support in the form of off-the-job trainings to help employees acquire the skills and specialized knowledge required to fulfill their individual roles. During the COVID-19 pandemic, however, these trainings were provided through online seminars or other forms of e-learning. To train employees to be effective on the global stage, we have encouraged the acquisition of language skills to ensure good communication even when meetings take place online, alongside our aim to develop in employees a more in-depth understanding of foreign cultures.



Grade-specific online training (Tokyo Head Office)



Newly hired employees taking a seminar (Tokyo Head Office)



Specialist skill enhancement online training (Tokyo Head Office)

**Self-development (SD)**

The Achilles Corporation has established a funding support system to help employees undertake training using distance learning.

**[Education and training system] (Achilles Corporation)**

	Executive officers	Business group managers	Department managers	Section managers	All employees	New employees
Manager cultivation						
Global training						
Managerial position training						
Grade-specific training						
Compliance training						
Specialist training						
OJT support						
Self-development support						

**[Main Off-JT programs in FY 2021]**

Training field	No. of training themes	No. of participants
Global training	1	12 employees
Grade-specific training (initial training for new employees)	13	257 employees (36 employees)
Compliance training*	5	2,490 employees
Specialist skill enhancement training	9	567 employees
Distance learning	Various types	193 employees
Health and safety training	3	86 employees
Disaster response training	1	39 employees

\*The figures given for compliance training are for all Achilles Group personnel inside Japan. Other data is for Achilles Corporation personnel only. The figures given for the number of participants are the sum total of participants in all sessions.

# Safe and Healthy Workplace Environments Conducive to Work

## Our Approach to Occupational Health and Safety

Achilles Group Health and Safety Policy

 [https://www.achilles.jp/assets/pdf/csr/philosophy/policy-safty\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-safty_en.pdf#view=Fit)



## Major Health and Safety Management Activities

### Health and safety

Achilles Corporation has established a Health and Safety Committee at all of its manufacturing sites, and has put in place an effective health and safety system, with the provision of health and safety education for employees, and the cultivation of personnel holding the various qualifications required by law for health and safety purposes, etc. We also implement various types of risk assessment, and implement improvements based on the results of these assessments, with the aim of realizing meaningful safety.



Health and safety education for forklift operators (Shiga Factory No.2)

### Percentage of employees who are members of Health and Safety Committees

Business location	No. of Health and Safety Committee members	No. of employees (%*)
Tokyo Head Office	12 persons	283 persons (4.2)
Kansai Branch Office	6 persons	79 persons (7.6)
Ashikaga Factory No. 1	19 persons	570 persons (3.3)
Ashikaga Factory No. 2	16 persons	302 persons (5.3)
Shiga Factory No. 1	12 persons	100 persons (12.0)
Shiga Factory No. 2	14 persons	122 persons (11.5)
<b>Total</b>	<b>79 persons</b>	<b>1,456 persons (5.4)</b>

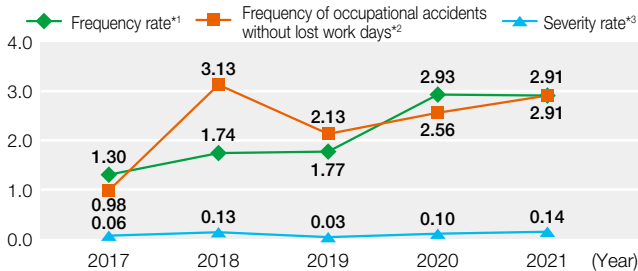
As of March 31, 2022

\*The ratio of Health and Safety Committee members to all employees at each manufacturing site.

### Occupational accidents

The incidence of occupational accidents at the Achilles Corporation in 2021 is shown below. For manufacturing firms in Japan (including only firms with at least 1,000 employees) in 2021, the average occupational accident frequency rate was 0.31, and the average occupational accident severity rate was 0.03; the corresponding figures for the Achilles Corporation were 2.91 and 0.14 respectively. We are striving to reduce the incidence of occupational accidents by strengthening safety awareness raising and related education and training.

### [Occupational accident frequency rate, frequency of occupational accidents without lost work days, and occupational accident severity rate (Achilles Corporation only)]



\*1 Indicator denoting the frequency of occupational accidents (with lost work days) involving injury or death  
Occupational accident frequency rate = No. of occupational accident deaths or injuries/Total no. of hours worked × 1,000,000

\*2 Indicator denoting the frequency of occupational accidents (without lost work days) involving injury  
Frequency of occupational accidents without lost work days = No. of occupational accidents without lost work days/Total no. of hours worked × 1,000,000

\*3 Indicator denoting the frequency of occupational accidents (all types)  
Occupational accident severity rate = Total no. of work days lost due to occupational accidents/Total no. of hours worked × 1,000

### Safety awareness promotion and education

To enhance safety awareness at the Achilles Corporation, we offer prayers for safety twice a year. We also implement special health and safety week activities, timed to coincide with related national activities, and we hold a “zero accidents” campaign during the year-end / New Year period, along with traffic safety campaigns. At the beginning of the year, “safety oaths” that employees have written themselves are displayed around workplaces.



Offering prayers for safety (Ashikaga Factory No.1)

### Health management

Besides implementing periodic health examinations, special health examinations and stress checks, when necessary, Achilles Corporation also arranges for occupational health physicians and nurses to provide consultations and guidance, including mental health care. We also encourage employees to participate in a wide range of health enhancement events, as part of our efforts to support the Total Health Promotion Plan (THP). Due to COVID-19, participation in external events was temporarily put on hold in FY 2021.

## Our Approach to Fire and Disaster Prevention

Achilles Group Basic Policy on Fire Prevention and Disaster Response

 [https://www.achilles.jp/assets/pdf/csr/philosophy/policy-fire-prevention\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-fire-prevention_en.pdf#view=Fit)



### Comprehensive Fire Prevention and Disaster Response Drills

The Achilles Corporation has established a Fire Prevention and Disaster Response Committee in each region, and Comprehensive Fire Prevention and Disaster Response Drills are held annually at each workplace with the aim of spreading and strengthening fire prevention and disaster prevention awareness and equipping employees with fire-prevention skills (indoor fire prevention and disaster response drills are held at manufacturing units three times a year, and disaster response drills are held at Achilles Corporation's Head Office and Kansai Branch Office at least once a year).

Due to COVID-19, we reduced the scale of our operations in FY 2021 and held wireless communication disaster prevention drills at each workplace.

Disaster prevention drill using wireless communications (Ashikaga Factory No. 1)



### Safety dojos

In October 2019, “safety dojos” were opened at Ashikaga Factory No. 2 and Shiga Factory No. 2, and by the end of March 2022, a total of 1,436 employees and partner company employees had undergone training there. The safety dojos use special equipment to allow employees to experience simulations of dangers based on past real-life incidents, and these simulations can be expected to enhance employees’ sensory perception of danger. In particular, we anticipate that the safety dojos will facilitate accident prevention among employees who have relatively little work experience.



Ashikaga Factory No. 2



Shiga Factory No. 2

### Stockpiling of food, etc.

The Achilles Corporation’s individual business locations maintain stockpiles of food, water, etc. for use in the event of an earthquake or other natural disaster.

# Community Engagement and Social Contribution Activities

## Measures Implemented as Part of the Local Community

The Achilles Group positions communication with local communities and social contribution activities as an important aspect of its materiality, and implements measures that contribute to local development. Through our business activities, we strive to provide solutions to sustainability-related issues (such as climate change, disaster prevention, health issues, etc.) that affect local communities.

### ■ Signing of disaster support agreements (Tochigi Prefecture, Hokkaido and Tokyo)

On February 28, 2022, Achilles Corporation signed an Agreement Regarding Equipment and Materials to Be Used in Evacuation Shelters etc. in the Event of a Disaster with Ashikaga City, Tochigi Prefecture.

On March 23, 2022, we signed a similar agreement with Tochigi City, Tochigi Prefecture.

In addition, we have signed similar agreements with Ishikari City, Hokkaido, with Atsuma Town, Yufutsu-gun, Hokkaido, and with Adachi City, Tokyo.

Under the terms of these agreements, when a disaster occurs, on receiving a request from one of the local government authorities in question, Achilles will provide our company's products, such as air-tents, life-saving boats, personal flotation devices (PFDs), portable water-spraying devices, urethane mattresses, emergency toilets, slippers, boots, etc.

With large-scale disasters occurring frequently throughout Japan, as a company involved in the development and manufacturing of disaster preparedness related products, Achilles aims to provide an even higher level of support for those working in disaster-affected areas and for people affected by such disasters, and we will continue to proactively explore opportunities to sign similar agreements with other local government authorities.



Agreement signing ceremony on February 28, 2022: Mr. Naohide Hayakawa, Mayor of Ashikaga City (left), and Achilles President (as he was then) Mr. Mamoru Ito (right)



Agreement signing ceremony on March 23, 2022: Ms. Hideko Okawa, Mayor of Tochigi City (left), and Achilles President (as he was then) Mr. Mamoru Ito (right)

### ■ Achilles provides support for Ichigo Ichie Tochigi National Sports Festival and Ichigo Ichie Tochigi Sports Festival (Tochigi Prefecture)

As a company that was founded in Ashikaga City, Tochigi Prefecture, Achilles became an Official Supporter of Ichigo Ichie Tochigi National Sports Festival and Ichigo Ichie Tochigi Sports Festival, which are being held in Tochigi Prefecture for the first time in 42 years.

Ichigo Ichie Tochigi National Sports Festival (the 77th National Sports Festival), Japan's largest sporting event, has around 23,000 athletes and stewards from all over Japan taking part. Ichigo Ichie Tochigi Sports Festival (22nd National Sports Festival for People with an Impairment), the country's largest sporting event for people with disabilities, has around 5,500 participants in teams representing prefectures and cities throughout Japan.

The slogan for this year's festivals is "Turning dreams into inspiration, and using inspiration to build the future."

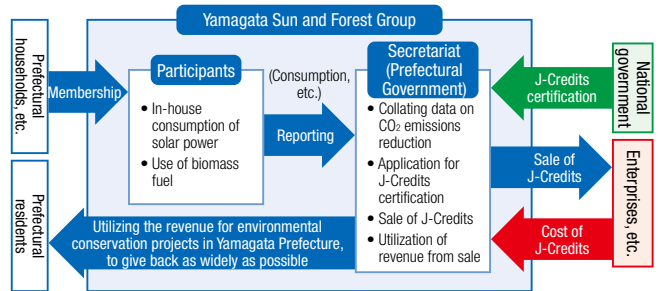
### ■ "Yamagata Sun and Forest Group" Credits (Yamagata Prefecture)



We have purchased J-Credits in Yamagata Prefecture, where Yamagata Achilles Aeron Co., Ltd. is located, every year since FY 2017. In FY 2021 we purchased credits equivalent to 300 t-CO<sub>2</sub>, and we have striven to reduce our total CO<sub>2</sub> emissions by deducting these credits from the total CO<sub>2</sub> emissions attributed to the Achilles Group's business activities.

Taking into account the need to combat the spread of COVID-19, a signing ceremony was not held for the J-Credits purchase agreement at the Yamagata Prefectural Government offices.

#### [Framework for environmental conservation projects utilizing J-Credits in Yamagata Prefecture]



\*J-Credit scheme: This is a program where reductions in CO<sub>2</sub> emissions achieved through the adoption of renewable energy equipment, etc. are certified by the government; this certification makes it possible to use these reductions in market transactions. The unit used to measure emissions reductions is t-CO<sub>2</sub>.

### ■ "Sokuiku" ("Foot Education") activities (Tokyo)



From 13:00 to 17:00 in the afternoon on Tuesdays, Wednesdays, Thursdays and Fridays, the Foot Measurement and Counseling service is provided in the showroom at Achilles Corporation's Tokyo Head Office (reservations required). Achilles Corporation can also arrange to give visiting sessions at elementary schools and junior high schools, etc. (these can be booked on the Achilles website), showing people how to choose shoes that are right for their feet, the right way to put shoes on, etc. To reduce the risk of COVID-19 infection, the Tokyo Head Office showroom is taking protection measures when providing the Foot Measurement and Counseling service, including employees wearing face masks and disinfecting surfaces with alcohol-based disinfectant.



Foot Measurement and Counseling service in progress at the showroom at Achilles Corporation's Tokyo Head Office (Shinjuku-ku, Tokyo)

### ■ Clean Challenge (Tochigi Prefecture)



Achilles Corporation's Ashikaga Factory carries out regular street-cleaning activities in the area near the Factory.



Street-cleaning activity in progress near the Ashikaga Factory (Ashikaga, Tochigi Prefecture)



**Waste reduction through scrap recycling**

**Achilles USA, Inc. (Headquarters)**  
**(USA)**



Following the adoption of pelletizer machinery in 2019, Achilles USA, Inc. succeeded in reducing the amount of PVC\*1 film scrap by over 50%. It also established a recycling program jointly with several major customers. Having noticed that many customers generated large quantities of scrap in their own production processes, Achilles USA launched a recycling program to purchase this scrap, pelletize it, and then make use of it in production using the same compound. Through this collaboration with customers, Achilles USA was able to achieve its goal of “zero scrap.”

Going forward, the company intends to expand this program to include other major customers, striving not only to achieve economic benefits but also to reduce the burden on the environment.

\*1 Polyvinyl chloride



PVC film scrap

Scrap recycled in pelletized form

Manufacturing film using recycled pellets

**Visiting senior citizens and people with disabilities**

**Achilles Hong Kong Co., Ltd.**  
**(Hong Kong)**



On September 17, 2021, as part of the activities organized through the Caring Company initiative—a program that promotes social contribution activities by enterprises located in the Hong Kong region, and which Achilles Hong Kong Co., Ltd. participates in—Achilles Hong Kong personnel visited multi-unit housing provided by the Hong Kong government for low-income residents. These residents are mainly senior citizens and people with disabilities.

The visits were made on the day of the Mid-Autumn Festival, an important traditional festival for ethnic Chinese communities, on which people get together with their family members. On this day, the Achilles Hong Kong personnel, along with Caring Company staff, distributed traditional moon-cakes and confectionery to 80 households, and were able to talk directly to the residents about their living environment and any problems that they were experiencing. The visitors also distributed mask-cases made using Achilles Virusafe\*2, which the recipients were very pleased with. The five Achilles Hong Kong personnel who took part in the activity were delighted to have had the opportunity to make a positive contribution to the local community.

\*2 A functional film with anti-virus properties manufacturing by Achilles Corporation



Visiting low-income housing on the day of the Mid-Autumn Festival

Gifting moon-cakes and mask-cases made using Achilles Virusafe

**Switching from cardboard to steel pallets**

**Achilles (Shanghai) International Trading Co., Ltd.**  
**(China)**



Achilles (Shanghai) International Trading Co., Ltd. has been working to reduce resource usage within China.

Normally, PVC coated fabric products manufactured in China are packaged in cardboard boxes for delivery to customers. However, the need to open and dispose of cardboard boxes is onerous for customers, there can be problems with deformation and damage while the products are being transported, and it has also been pointed out that using cardboard boxes in this way represents an unnecessary waste of resources. Achilles (Shanghai) is therefore promoting a shift away from cardboard boxes toward steel pallets, which can be reused, focusing on customers in the automotive sector where product deliveries need to be made frequently. Currently, Achilles (Shanghai) is already delivering products to two customers using steel pallets, and we are working on expanding the scope of the program to include another 10 companies. It is estimated that the shift away from cardboard boxes to using steel pallets will reduce the amount of cardboard boxes that need to be used by around 2,000 boxes per year.

Achilles (Shanghai) staff are working together with the aim of contributing toward reducing CO<sub>2</sub> emissions through this resource-saving project.



Before: Packaging using cardboard boxes

After: Delivery using steel pallets (which can be re-used)

**Achieving safe, secure sales activities through online advertising and improvements to the Company's website**

**Achilles Advanced Technology Co., Ltd.**  
**(Taiwan)**



In 2021, the COVID-19 pandemic continued to spread around the world, making conventional face-to-face field sales activities difficult to implement. This year, therefore, Achilles Advanced Technology Co., Ltd. in Taiwan continued to make use of the online advertising that it had been using since the previous year, and strove to attract potential customers to the company's website, aiming to strengthen inside sales where contact is made online. Achilles Advanced Technology also made improvements to its website, adopting a new style so that the company's product line-up, product uses and method of use could be displayed in an easy-to-understand way. It has also been striving to increase the number of page-views and the amount of time that people spend viewing pages on the company website. Thanks to continued implementation of these efforts, the number of inquiries received via the website and the number of visitors to trade shows, etc. has increased steadily year by year, generating new orders and new product development projects.

Despite the impact of COVID-19 pandemic, Achilles Advanced



Technology is taking creative steps to meet customers' needs while still protecting the safety and peace of mind of both customers and employees.

Achilles Advanced Technology website  
<https://www.achilles-at.com.tw/> (in Chinese)





# Governance

## Governance/Risk Management

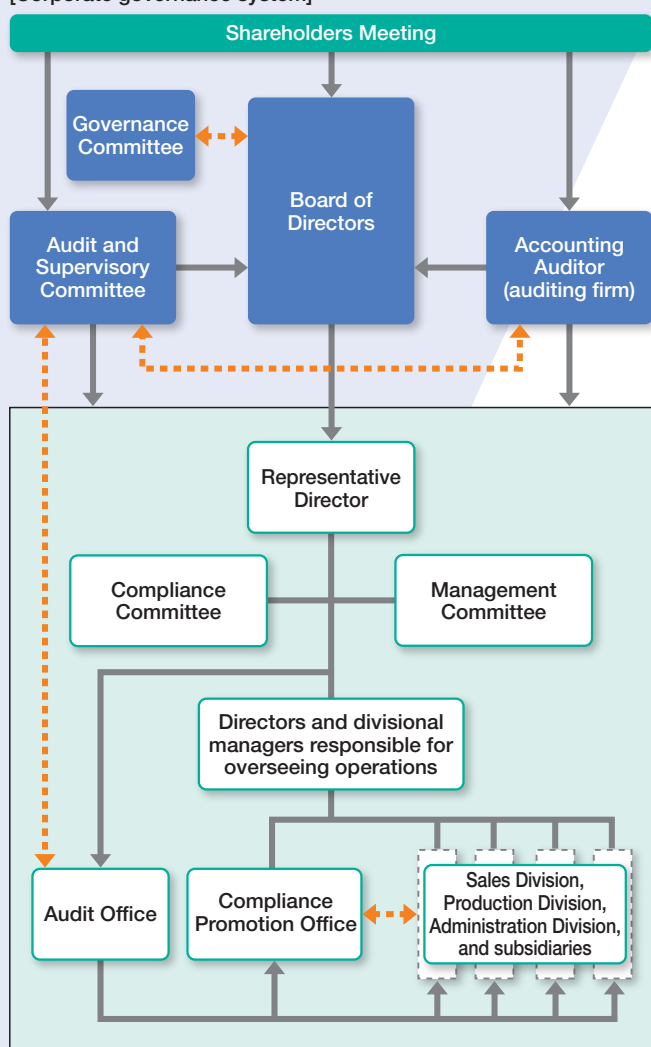
### Corporate Governance

#### Corporate Governance System

For the purpose of strengthening governance, Achilles Corporation changed its organizational design on June 29, 2022, from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee. Together with this change, we also changed the portion of our Articles of Incorporation that describes our business activities, adding new business areas to create a business model that focuses on adding higher value.

Achilles Corporation's Board of Directors monitors the implementation status of business operations. In regard to implementation, the Company aims to ensure efficient management by delegating authority to the Directors and divisional managers with responsibility for individual departments.

#### [Corporate governance system]



#### ■ Board of Directors

The Board of Directors undertakes evaluation and decision-making in relation to the company's basic policy, regulatory requirements, and other important managerial issues including the Group's handling of sustainability issues; the Board also supervises operational implementation status.

#### [The knowledge and expertise desired in company Directors]

To secure a competitive advantage that will boost corporate value, a company must have knowledge backed by real-world experience in the fields of production, sales, technology, and market information (including information about competitors), along with sound business judgment. Also of growing importance are management skills at international business locations and experience in business practice compliance that includes financial accounting, an outlook based on experience outside of the company, and other forms of diversity, plus recently, business judgment from the perspective of ESG.

Taking all of the above into consideration, we discuss the knowledge and expertise that we deem necessary for corporate management and to raise corporate value, and select the appropriate candidates who possess those qualities to be directors.

#### [Board of Directors]

	Directors (external)	Directors who are the Audit and Supervisory Committee Members (external)	Total (external)
Male	10 (2) persons	3 (1) persons	13 (3) persons
Female	–	2 (2) persons	2 (2) persons
Total	10 (2) persons	5 (3) persons	15 (5) persons

#### ■ Management Committee

To help realize speedy decision-making and operational efficiency, the Management Committee undertakes evaluation of matters entrusted to it by the Board of Directors, and also undertakes evaluation and decision-making in relation to specific implementation strategies based on the policy decided on by the Board and the implementation of other important tasks relating to management.

#### ■ Audit & Supervisory Board, Internal Auditing and Accounting Auditor

Each Audit and Supervisory Committee Member follows the auditing policy and division of responsibility laid down by the Committee, supervising and monitoring the Directors' performance of their duties by attending meetings of the Board of Directors, examining circular approval letters and other important documents, visiting business locations (including subsidiaries), etc.

#### [Audit and Supervisory Committee]

	Directors who are the Audit and Supervisory Committee Members (external)
Male	3 (1) persons
Female	2 (2) persons
Total	5 (3) persons

The internal Audit Office verifies compliance status both periodically and as needed. The Audit Office also strives to maintain close liaison with the Audit and Supervisory Committee Members, collaborating with the Audit and Supervisory Committee to ensure effective implementation of auditing operations.

For the Accounting Auditor (external audit), Achilles Corporation has appointed Deloitte Touche Tohmatsu LLC to implement auditing. Audit report meetings are held at which the Audit and Supervisory Committee receives a presentation from the Accounting Auditor on the state of audit implementation and the audit implementation results, and at which the Accounting Auditor offers advice regarding issues relating to accounting and internal controls.

### Governance Committee

The Governance Committee convenes to advise the Board of Directors for the purpose of increasing the independence and objectivity of the Board of Directors' functions related to nomination and remuneration, etc.

#### [Governance Committee]

	Directors (external)	Directors who are members of the Audit and Supervisory Committee (external)	Total (external)
Male	4 (2) persons	–	4 (2) persons
Female	–	1 (1) persons	1 (1) persons
Total	4 (2) persons	1 (1) persons	5 (3) persons

### Internal controls system

Achilles Corporation has formulated an Internal Controls Basic Policy, which outlines the systems used for ensuring that Directors carry out their duties in compliance with relevant laws and regulations and with the company's Articles of Incorporation, and the system for ensuring that both Achilles Corporation and the business group formed by the Achilles Group and its subsidiaries carry out their business activities appropriately.

In accordance with the Internal Controls Basic Policy, regarding the internal controls relating to the financial statements stipulated by the Financial Instruments and Exchange Act, the preparation and utilization of these internal controls by Achilles Corporation and its consolidated affiliates is assessed, and the assessment results are presented in the Internal Controls Report.

### Analysis and evaluation of the overall effectiveness of the Board of Directors

Once a year, we give all directors an anonymous questionnaire regarding the effectiveness of the Board of Directors. The results of the questionnaire and opinions from auditors are confirmed by external directors, who issue a statement of opinion on the effectiveness of the Board of Directors. Lastly, the effectiveness is deliberated and evaluated by the Board of Directors. The results of the FY 2021 questionnaire are shown in the table below. The overall evaluation surpassed the standard score of 3, and we have determined that the Board of Directors is effective.

#### [Questionnaire regarding the effectiveness of the Board of Directors]

Question	FY 2020	FY 2021
Composition of the Board of Directors	3.9	4.0
Board of Directors operations	3.9	3.9
Information sharing with external officers	4.1	4.0
Completeness of deliberations in the Board of Directors	3.8	3.6
Improvement from the previous fiscal year	3.4	3.0
Overall evaluation	4.1	4.1

\*Five-point evaluation (5: Highly achieved; 3: Average; 1: Not achieved)

### [Results of the assessment of the Board of Directors' effectiveness in FY 2021]

In FY 2021, we had lively debate on a number of pressing issues and focused on providing supervision over measures being taken to enhance the effectiveness of governance. The issues extended from drastic measures being taken in unprofitable businesses to the impact on sales of the long, ongoing COVID-19 crisis and responses to rising costs such as the cost of raw materials due to a devalued yen and high crude oil prices. In the future, we will expand the time devoted to discussions of a number of issues to provide direction for the company. That will include addressing medium- to long-term issues, achieving net zero CO<sub>2</sub> emissions, and sustainable management buoyed by production innovations that are SDG-aligned and DX-based, while continuing to make deliberations more efficient through the use of IT.

## Outline of Officer Remuneration

Remuneration for directors, etc., is outlined below. For details, please refer to the company's financial statement.

### Basic Policy Outline (as of June 29, 2022)

#### [Remuneration for Directors (excluding Directors who are also serving as Audit and Supervisory Committee Members)]

	Number (of people)	Annual remuneration limit (million yen)	Fixed remuneration ratio (%)	Performance-based remuneration ratio (%)
Directors (not external)	8	270	30*1	70*1
External Directors	2	30	100	0
Total	10	300		

Calculation of performance-based remuneration = (target table\*2 × degree of target achievement) × management ability effect coefficient (weight)\*3

\*1 Percentages are approximate.

\*2 The average of the previous five years is considered the standard in the previous fiscal year; it is subject to review by the Governance Committee at the time of establishment.

\*3 Pre-set

Note: The above remuneration does not include employee salaries and bonuses when directors (non-external) also serve concurrently as employees.

#### [Remuneration for Directors who are also serving as Audit and Supervisory Committee Members]















	Number (of people)	Annual remuneration limit (million yen)	Fixed remuneration ratio (%)	Performance-based remuneration ratio (%)
The Audit and Supervisory Committee Members	5	70	100	0

### FY 2021 officer remuneration

Classification	Total remuneration (million yen)	Total remuneration by type (million yen)			Number of officers applicable
		Fixed remuneration	Performance-based remuneration	Non-monetary compensation	
Directors (external directors)	181 (23)	76 (23)	105 (–)	– (–)	9 (3)
Auditors (external auditors)	46 (13)	46 (13)	– (–)	– (–)	4 (2)
Total (external officers)	228 (37)	122 (37)	105 (–)	– (–)	13 (5)

Note: Actual remunerations for FY 2021 as a company with an Audit and Supervisory Board

## Director Skill Matrix

		Knowledge and expertise desired in Directors										
		Management Committee	Audit and Supervisory Committee	Governance Committee	Corporate management	Sales / marketing	Manufacturing / technology	Personnel / human resource development	Finance / accounting / tax affairs	Legal and Compliance	Global Business Affairs	ESG and Sustainability
 <b>Ichiro Hikage</b> Representative Director and President	●		●	○	○	○			○	○	○	
 <b>Mamoru Ito</b> Director and Chairman	●			○	○	○			○	○	○	
 <b>Minoru Fujisawa</b> Senior Managing Director, Responsible for Corporate Administration and CSR	●		●	○			○	○	○			
 <b>Hiroki Yokoyama</b> Managing Director, Head of Production Division and R&D General Manager	●			○		○	○				○	
 <b>Takaya Okura</b> Director, Responsible for Plastic Business Group, General Manager of Automotive Materials Division	●			○	○			○		○		
 <b>Katsuji Yamamoto</b> Director, Responsible for Industrial Materials Business Group	●			○	○							
 <b>Tatsuya Yanagawa</b> Director, Managing Executive Officer responsible for Overseas Business Promotion, General Manager of Industrial Materials Division and Industrial Materials Sales Department	●				○					○		
 <b>Kazuaki Kono</b> Director, Corporate Administration Advisor and Accounting Department General Manager	●							○	○			
 <b>Osamu Sato</b> Director (External and Independent)			●	○	○		○					
 <b>Hitoshi Tachino</b> Director (External and Independent)			●	○	○	○				○		
 <b>Shigeru Yamada</b> Director, Audit and Supervisory Committee Member (Full-time)		●					○	○	○			
 <b>Nobuyuki Kikuri</b> Director, Audit and Supervisory Committee Member (Full-time)		●					○		○			
 <b>Masako Suto</b> Director, Audit and Supervisory Committee Member (External and Independent)		●	●				○		○			
 <b>Yoshinori Ariga</b> Director, Audit and Supervisory Committee Member (External and Independent)		●						○	○			
 <b>Chie Kasahara</b> Director, Audit and Supervisory Committee Member (External and Independent)		●							○	○		

Note: Directors are appointed at the annual meeting of shareholders on June 29, 2022.

## Compliance

### Basic Approach

The Achilles Group has formulated a Charter of Corporate Behavior, which embodies the fundamental principles for corporate action that realizes compliance and respects corporate ethics, and has also formulated a Code of Conduct that specifies concrete standards in relation to the above. All Achilles Group personnel—including executive officers and contract and part-time workers—are required to understand the Charter of Corporate Behavior and to comply with the Code of Conduct. Revisions are made to the Charter of Corporate Behavior and the Code of Conduct corresponding to changes in society's expectations, including the SDGs (They were previously revised in April 2019).

#### Charter of Corporate Behavior



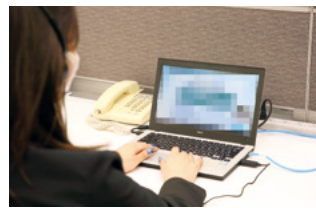
[https://www.achilles.jp/assets/pdf/csr/philosophy/policy-code\\_en.pdf#view=Fit](https://www.achilles.jp/assets/pdf/csr/philosophy/policy-code_en.pdf#view=Fit)



### Compliance Promotion Activities

The main compliance promotion activities implemented in FY 2021 are as follows. Trainings were held online in principle, and when trainings were held in a group format, the number of participants was limited and other infection control measures were implemented, including ventilation and mask wearing.

<b>Major compliance trainings</b>	Topics <ul style="list-style-type: none"> <li>• Antimonopoly Act (in response to amended legislation)</li> <li>• Personal information protection (in response to amended legislation)</li> <li>• Accounting methods (vouchers)</li> <li>• Harassment prevention</li> </ul>
<b>Other</b>	Other necessary adjustments to rules made in response to revision of relevant laws, etc., and making employees aware of these adjustments.



Employee taking an online compliance training (Tokyo Head Office)

### Information Security

In FY 2021 we saw a rise in information security risks, including an increase in suspicious emails.

The Achilles Group has in place an information security system and rules based on our information security policy, with a dedicated department that constantly monitors our network and connected devices. Whenever anything unusual is detected, it is dealt with quickly. In addition, we regularly conduct training and encourage employees to stay alert to suspicious emails and take measures to prevent information security incidents (such as a data breach).

#### Basic Policy on Information Security

The Achilles Group ("the Group") is committed to Group-wide information security, based on the following policy. We aim to protect information assets from threats including security incidents, damage due to fire or other physical threat, cybercrime, etc., whether the assets belong to the Group or are entrusted to us by our customers. By so doing we are living up to the trust placed in us by our customers and society.

##### 1. Provide products and services that are safe and secure

The Group strives to provide products and services that customers can use safely and securely from the point of view of the security of customer information.

##### 2. Managerial responsibility

The Group strives to continuously improve organizational information

security led by management.

##### 3. Compliance with laws and contractual obligations

The Group complies with all laws, regulations, norms, and contractual obligations related to information security, meeting the expectations of our customers and society.

##### 4. Establishment of an internal system

The Group has in place a management system that includes provisions for information security measures, and regularly assesses how the system is running and makes improvements as required.

##### 5. Education and training

The Group carries out the necessary education and training for directors and employees to heighten awareness of the importance of information assets and the prevention of data leaks.

##### 6. Response to policy violations and incidents

The Group shall take appropriate action in response to the occurrence of an information security-related legal violation, contractual breach, or other incident, and work to prevent any recurrence.

##### 7. Ongoing measures

The Group implements information security measures continuously to protect against various threats to information assets.

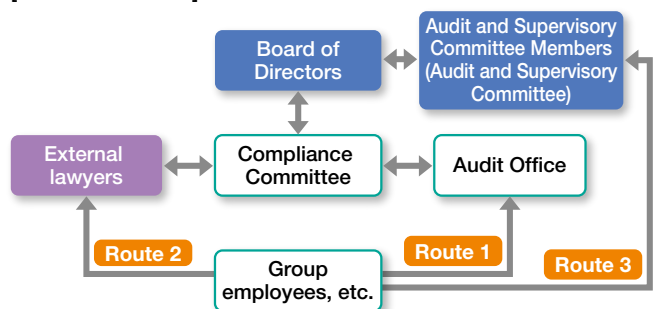
### Reporting and Consultation System

The Achilles Group has established, and utilizes, a hotline (internal reporting system) as a means for consultation and reporting in the event of improper, unlawful or unethical action by an organization or individual, or action that violates the Achilles Action Guidelines, or where it is determined that there is a danger of such action. In regard to matters relating to the Achilles Group's directors or senior managers, several reporting windows have been put in place, including a window for reporting directly to the Audit and Supervisory Committee Members; in this way, the Achilles Group endeavors to ensure that any unlawful behavior is discovered and remedied at an early stage, thereby minimizing the risk to the company. Furthermore, internal rules have been put in place to ensure that persons who report improper behavior do not suffer any adverse consequences.

The hotline is also used for consultation and reporting regarding harassment; every effort is made to ensure that persons requesting consultation or submitting reports do not suffer any adverse consequences as a result.

Regarding any violations of human rights that may come to light through the operation of the hotline and the occasional questionnaire surveys, such matters will be discussed at the periodic meetings of the Compliance Committee, and appropriate measures will be taken.

#### [Hotline framework]



#### [Hotline calls received in FY 2021]

Report from Group employee	3	Total: 3
Report from person not a Group employee	0	
Report details	Human relations: 2; Labor: 1	
Outline of response	No legal infractions in FY 2021 confirmed	



# Data Version (Financial Information)

## Consolidated Management Indices

	FY2017	FY2018	FY2019	FY2020	FY2021*
<b>• Management results</b>					
Sales (million yen)	87,910	85,705	80,225	73,617	75,953
Operating income (million yen)	2,343	1,402	1,602	1,569	855
Ordinary income (million yen)	2,769	2,004	2,048	2,080	1,595
Current net income attributable to the parent company (million yen)	2,284	338	1,895	3,215	1,525
<b>• Financial condition</b>					
Interest-bearing debt (million yen)	5,232	5,228	5,221	5,200	5,200
Net assets (million yen)	45,059	41,763	41,353	46,386	47,728
Total assets (million yen)	79,566	74,891	72,255	76,862	80,123
<b>• Cash flow</b>					
Cash flow from operating activities (million yen)	4,670	3,543	7,549	4,509	4,707
Cash flow from investing activities (million yen)	(3,463)	(4,241)	(4,595)	(2,830)	(5,030)
Free cash flow (million yen)	1,207	(698)	2,954	1,679	(323)
Cash flow from financing activities (million yen)	(2,518)	(2,668)	(1,078)	(650)	(860)
<b>• Management indicators</b>					
ROA (%)	3.5	2.6	2.8	2.8	2.0
ROE (%)	5.1	0.8	4.6	7.3	3.2
<b>• Per share data</b>					
Current net income per share (yen)	132.40	20.50	120.33	204.72	97.12
Net assets per share (yen)	2,671.90	2,620.91	2,632.34	2,952.98	3,049.81
Price-to-earnings ratio (multiple)	16.5	93.1	14.6	7.2	13.0
Dividend per share (yen)	40	40	40	50	40
<b>• Other</b>					
Capital expenditures (million yen)	4,291	4,520	4,561	3,595	5,446
Depreciation and amortization (million yen)	2,805	3,031	3,239	3,107	3,160
Research and development expenses (million yen)	1,503	1,442	1,460	1,415	1,359
Number of employees (persons)	1,707	1,677	1,675	1,662	1,651
<b>• Segment information</b>					
Shoes business (million yen, % in square brackets)	15,739 [17.9]	13,994 [16.3]	11,931 [14.9]	10,412 [14.1]	11,497 [15.1]
Plastic business (million yen, % in square brackets)	41,326 [47.0]	41,006 [47.9]	37,880 [47.2]	34,428 [46.8]	36,307 [47.8]
Industrial materials business (million yen, % in square brackets)	30,844 [35.1]	30,704 [35.8]	30,413 [37.9]	28,776 [39.1]	28,148 [37.1]

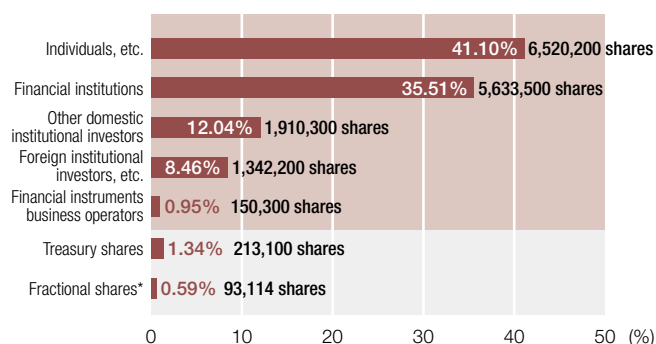
\*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related accounting standards were applied from the start of FY 2021. The consolidated management indices for FY 2021 are the indices after the application of these accounting standards, so a simple comparison cannot be made to the indices from FY 2020 and earlier. For details of the impact of the application of the Accounting Standard for Revenue Recognition, etc., please refer to the Company's securities report.

## Shareholding Status

[Total shares, etc.] As of March 31, 2022

Total number of authorized shares	70,000,000 shares
Total number of outstanding shares	15,862,714 shares
Total number of shareholders (those with voting rights)	13,413 (10,496) persons

[Shareholding distribution] As of March 31, 2022



\*Fractional shares are shares of less than one unit (100 shares), and the fractional shares above include no treasury shares.

## Reports/Interim Reports

Along with releasing information on our website, twice a year we also send shareholders half-year reports containing accessible overviews of our business operations. In addition to descriptions of the business environment and a summary of business performance from the President and Representative Director, the reports contain consolidated financial statements, information on business performance and new products in each business unit, and topics pertinent to the Achilles Group.



Report for shareholders

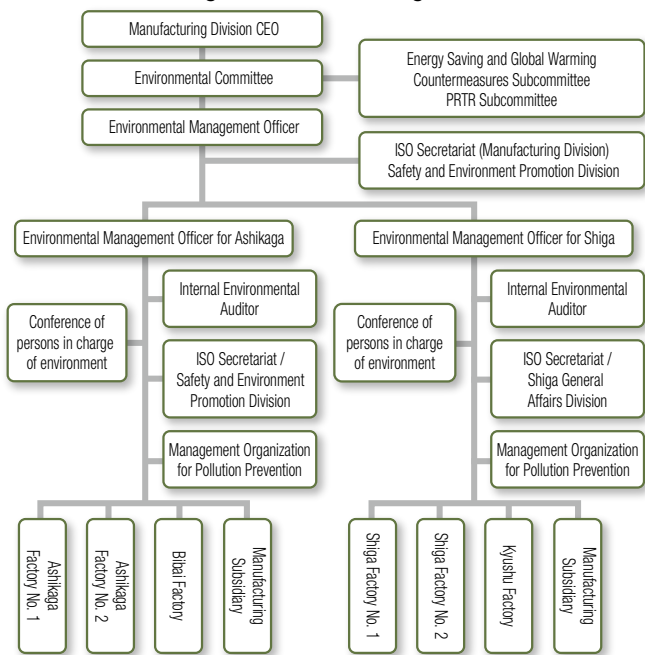
## Improving the Rate of Exercising Voting Rights at the General Meeting of Shareholders

The Achilles Corporation's annual general meeting of shareholders was held in June 2022, having introduced the exercising of voting rights via the internet and the issuance of a convocation notice in English.

# Data Version (Environmental Footprint Data)

## Environmental Management System

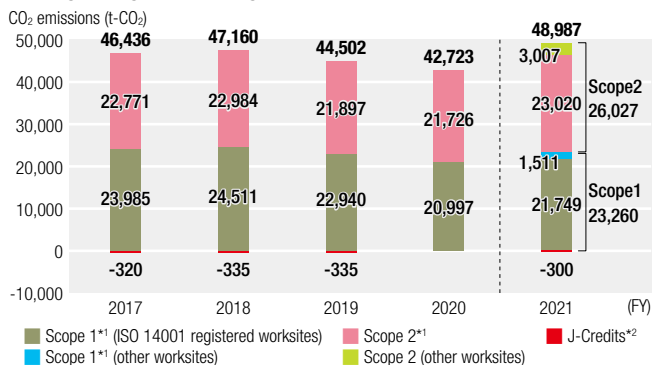
### Environmental Management Promotion Organization



[Scope] ISO 14001: 2015 registered worksites

## Global Warming Countermeasures

### [Changes in greenhouse gas emissions]



\*1 Scope 1 emissions represent the combined total of greenhouse gases emitted directly from a worksite's production facilities, heating equipment and transportation vehicles, converted into CO<sub>2</sub>. Scope 1 emissions for ISO 14001 registered worksites include greenhouse gases emitted during the manufacturing of urethane foam, converted into CO<sub>2</sub>. Indirect CO<sub>2</sub> emissions associated with the use of electric power are included in Scope 2. Starting from FY 2010, CO<sub>2</sub> emissions associated with the use of electric power at ISO 14001 registered worksites are calculated using the emission coefficient for FY 2010. Please note that, starting with the results for FY 2021, the totals presented in the results include all consolidated subsidiaries with the exception of companies that use the equity method (i.e., companies which Achilles Corporation does not control the management of). For more details about Scope definitions, please visit the following website: [https://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/en/supply\\_chain.html](https://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/supply_chain.html)

\*2 Emissions reductions from purchases of Yamagata Sun and Forest Group Credits (J-Credits) have been deducted from the combined total for Scope 1 + Scope 2 emissions.

[Scope] Starting from FY 2021, the scope comprises all worksites included in consolidated financial reporting, excluding companies that use the equity method (the scope includes Achilles Corporation and subsidiaries inside and outside Japan)

### [CO<sub>2</sub> emissions in conjunction with transportation and modal shift rate]

Item (unit)	FY 2020	FY 2021	YoY comparison
Transportation ton-kilometer <sup>*1</sup> (thousands)	70,078	71,941	Increase of 2.7%
CO <sub>2</sub> emissions generated (t-CO <sub>2</sub> ) <sup>*2</sup>	8,733	8,867	Increase of 1.5%
Modal shift rate <sup>*3</sup> (%)	19.4	18.6	Decrease of 0.8 points

\*1 Transportation ton-kilometer=Freight weight (tons) × Transportation distance (kilometers)

\*2 CO<sub>2</sub> emissions (t-CO<sub>2</sub>)=Energy consumption (GJ) × Emissions factor (from METI)

\*3 Modal shift: Shifting freight transportation from trucks to rail and ship. Larger amounts of freight can be shipped at once, making it possible to achieve reductions in CO<sub>2</sub> emissions.

[Scope] ISO 14001: 2015 registered worksites

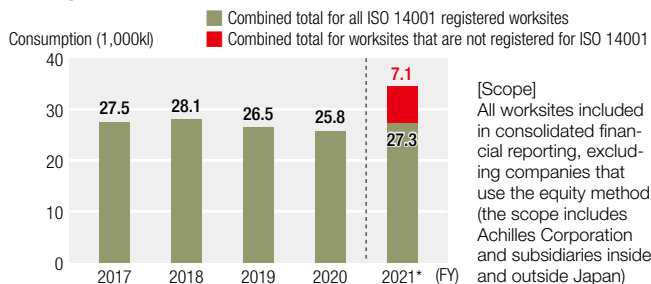
### [Solar photovoltaic power generation equipment]

	Solar power generation capacity (kW)	Electric power generated (thousand kWh/year)	Reduction in CO <sub>2</sub> * (t-CO <sub>2</sub> /year)
Ashikaga Factory No. 2	529	607	196.4
Shiga Factory No. 2	1,006	1,017	436.5
Total	1,535	1,624	632.9

\*The emission factor (2010) for Tokyo Electric Power Company was used for Ashikaga Factory No. 2, and the factor for Ennet power company was used for Shiga Factory No. 2

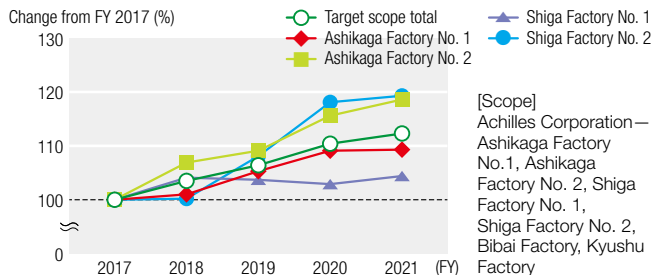
## Energy Conservation

### [Changes in annual power consumption (crude oil equivalent)]



\*Starting from 2021, consolidated affiliates have been included in the calculation of emissions

### [Annual changes in per-unit energy consumption for the entire company and for each management-specified plant]

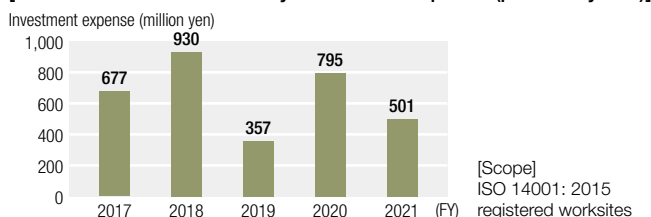


### [Main details of facility modification and introduction and energy consumption reduction effects (crude oil equivalent value)]

Details	Reduction Effects (kJ/year)
Improved thermal insulation of and prevented steam leaks from pipes, valves, etc.	115
Updated compressors, prevented air leaks	45
Updated to the top runner standard air conditioners	5
Installed LED lighting and Hf fluorescent lights	25
Updated to high-efficiency voltage transformers at transformer stations	20
Other (adopted inverter pumps and motors, etc.)	30
Total	240

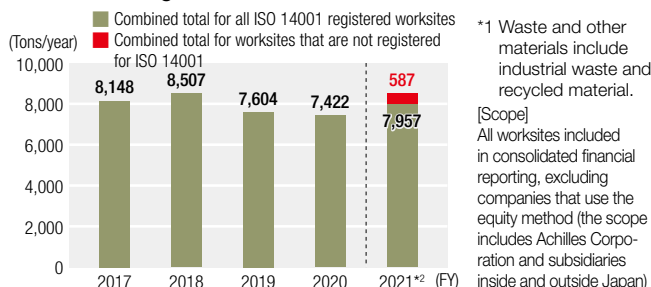
[Scope] ISO 14001: 2015 registered worksites

### [Annual environmental facility investment expense (past five years)]



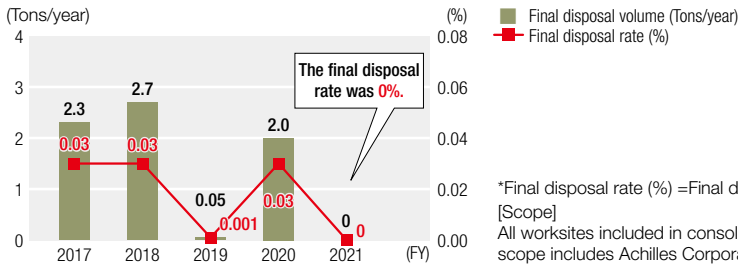
## 3R Activities and Complete Zero Emissions

### Total volume of generated waste and other materials<sup>\*1</sup>



\*2 Starting from 2021, consolidated affiliates have been included in the calculation of emissions

**[Final disposal volume and final disposal rate\*]**



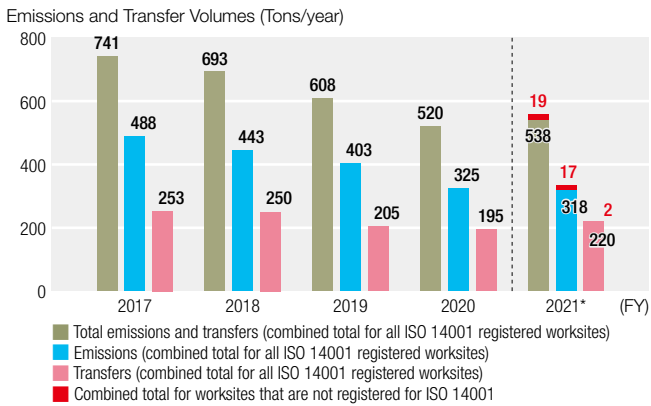
\*Final disposal rate (%) = Final disposal volume / Total emissions volume × 100

[Scope]

All worksites included in consolidated financial reporting, excluding companies that use the equity method (the scope includes Achilles Corporation and subsidiaries inside and outside Japan)

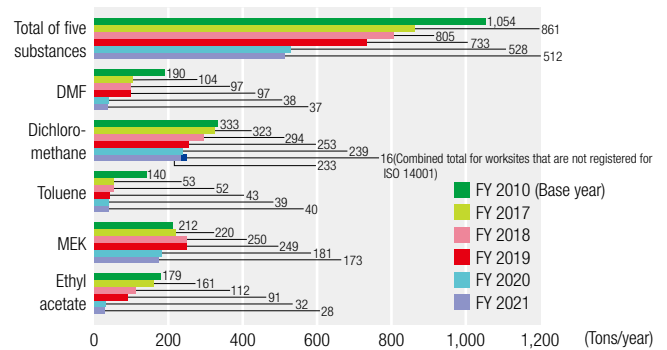
**Air Pollution Prevention (Environmentally Hazardous Substances)**

**[Emissions and transfer volumes of chemical substances subject to the PRTR Act]**



\*Starting from 2021, consolidated affiliates have been included in the calculation of emissions

**[Total atmospheric releases of five substances of environmental concern]**



[Scope] All worksites included in consolidated financial reporting, excluding companies that use the equity method (the scope includes Achilles Corporation and subsidiaries inside and outside Japan)

**Data by Business Site (April 1, 2021–March 31, 2022)**

**[PRTR data]**

Names of Class I Designated Chemical Substances subject to the PRTR Act	Ashikaga Factory No. 1			Ashikaga Factory No. 2			Bibai Factory			Achilles Marine Co., Ltd.		
	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Antimony and its compounds	0.00	0.00	2.50	0.00	0.00	0.06	-	-	-	-	-	-
Xylene	0.05	0.00	0.01	2.70	0.00	0.14	-	-	-	-	-	-
Dichloromethane (methylene chloride)	120.00	0.00	4.10	3.90	0.00	0.15	8.20	0.00	0.49	-	-	-
N, N-dimethylformamide (DMF)	37.00	0.22	6.30	-	-	-	-	-	-	0.00	0.00	0.00
m-tolylene diisocyanate	0.09	0.00	0.54	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
Toluene	32.00	0.00	1.10	6.00	0.00	0.32	-	-	-	2.20	0.00	0.00
Bis phthalate (2-ethylhexyl)	0.61	0.00	39.00	0.07	0.00	58.00	-	-	-	-	-	-
Methylenebis (4,1-phenylene) =diisocyanate	0.00	0.00	2.90	0.00	0.00	0.15	0.00	0.00	0.34	-	-	-

Names of Class I Designated Chemical Substances subject to the PRTR Act	Shiga Factory No. 1			Shiga Factory No. 2			Kyushu Factory			Sanshin Enterprises Co., Ltd.			Achilles USA, Inc.		
	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Xylene	0.02	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-
Dichloromethane (methylene chloride)	-	-	-	98.00	0.00	4.50	-	-	-	16.00	0.00	1.60	-	-	-
m-tolylene diisocyanate	-	-	-	0.08	0.00	0.00	-	-	-	-	-	-	-	-	-
Toluene	0.01	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-
Bis phthalate (2-ethylhexyl)	0.54	0.00	87.00	-	-	-	-	-	-	-	-	-	1.00	0.00	0.18
1-bromopropane	-	-	-	2.90	0.00	12.00	-	-	-	-	-	-	-	-	-
Poly (oxyethylene) nonylphenyl ether	-	-	-	0.00	0.00	0.01	-	-	-	-	-	-	-	-	-
Methylenebis (4,1-phenylene) =diisocyanate	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
Triphenyl phosphate	0.00	0.00	0.00	0.00	0.00	0.03	-	-	-	-	-	-	-	-	-

Chemical substances subject to the PRTR Act: only those Class I Designated Chemical Substances for which the annual amount handled in FY 2021 exceeded 1 ton and where the amount of emissions and/or transfers was substantial are listed (unit: tons/year)  
 A dash (-) indicates that the substance in question was excluded from reporting (due to the amount handled being less than 1 ton per year).

**Water quality**

Measurement item	Unit	Base value	Ashikaga Factory No. 2			Shiga Factory No. 1			Shiga Factory No. 2	
			Ashikaga Factory No. 1	Ashikaga Factory No. 2 Site 1*	Ashikaga Factory No. 2 Site 2*	Shiga Factory No. 1 Site 1*	Shiga Factory No. 1 Site 2*	Base value	Shiga Factory No. 2	
Hydrogen ion concentration (pH)	pH	5.8–8.6	7.0	7.2	7.2	6.0–8.5	7.4	7.7	6.0–8.5	7.8
Biochemical oxygen demand (BOD)	mg/ℓ	25 or less	1.6	4.2	3.4	25 or less	1.4	3.4	30 or less	1.0
Suspended solids (SS)	mg/ℓ	50 or less	1.2	10.6	1.5	25 or less	4.1	1.0	70 or less	1.3
Normal hexane extractable content	mg/ℓ	5 or less	0.5	0.5	0.5	5 or less	0.5	0.5	5 or less	0.5
Nitrogen content (T-N)	mg/ℓ	120 or less	3.1	3.3	3.7	12 or less	0.4	0.3	12 or less	2.5
Phosphorous content (T-P)	mg/ℓ	16 or less	0.1	0.1	0.1	1.2 or less	0.1	0.9	1.2 or less	0.1

\*Measurements were taken at two sites at the Ashikaga Factory No. 2 and two sites at the Shiga Factory No. 1.  
 \*The base value is determined according to regulations at each business site.

**The air**

Measurement item	Unit	Base value	Ashikaga Factory No. 1	Base value	Shiga Factory No. 1
SOx (boilers)	k value restriction	7	-	17.5	-
NOx (boilers)	ppm	150	37	150	34

City gas is used, and as a result, no SOx is released.

## Company Profile

Established May 1947  
 Representative Ichiro Hikage, President and Representative Director  
 Capital 14.64 billion yen  
 No. of employees 1,651 (consolidated) \*As of March 31, 2022  
 Listed stock Prime Market of the Tokyo Stock Exchange exchange

**Head Office address** Shinjuku Front Tower, 2-21-1 Kita-Shinjuku, Shinjuku-ku, Tokyo 169-8885, Japan  
**Offices** [Sales offices] Tokyo, Osaka, Hokkaido, Aichi (urethane), Fukuoka prefectures

[Production locations] Tochigi (2 locations), Shiga (2 locations), Hokkaido, Fukuoka prefectures

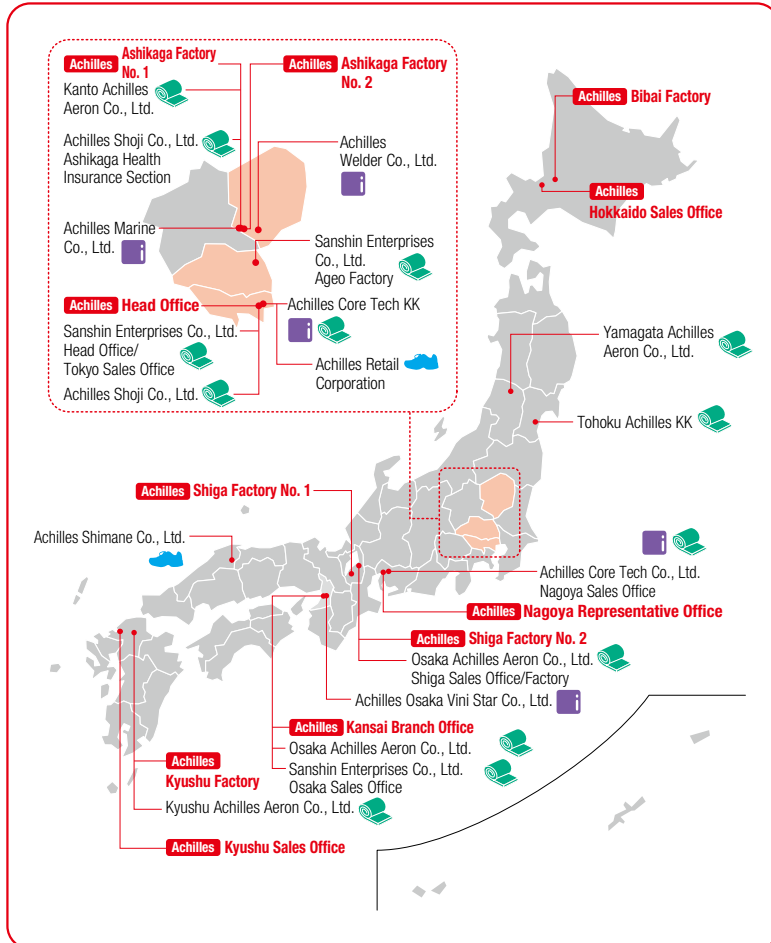
\*Scan the 2D barcode on the right or follow the link below for the full addresses of our business locations.

<https://www.achilles.jp/english/company/>



## Business Locations

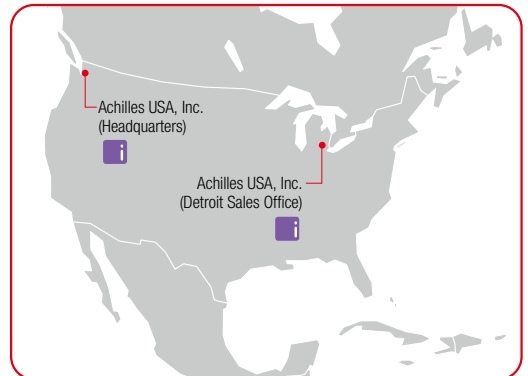
### Japan



### Asia



### North America



**Achilles** Achilles Corp. locations

#### Subsidiary business information

- Shoes
- Plastics
- Industrial Materials

\*In addition to the above, there are also the following four associated companies.  
 Toukai Kakou Corporation, Koa Kogyo Co., Ltd., Kunshan Achilles New Material Technology Co., Ltd. (Jiangsu, China), ANL Group Limited (Hong Kong)

#### Inquiries

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