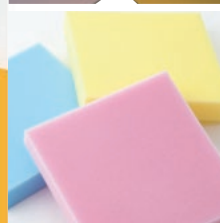
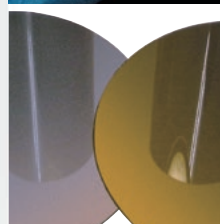
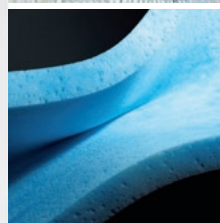
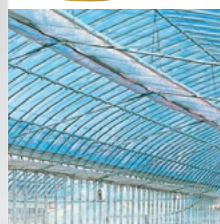


always with you... Achilles

Achilles

Achilles REPORT 2023

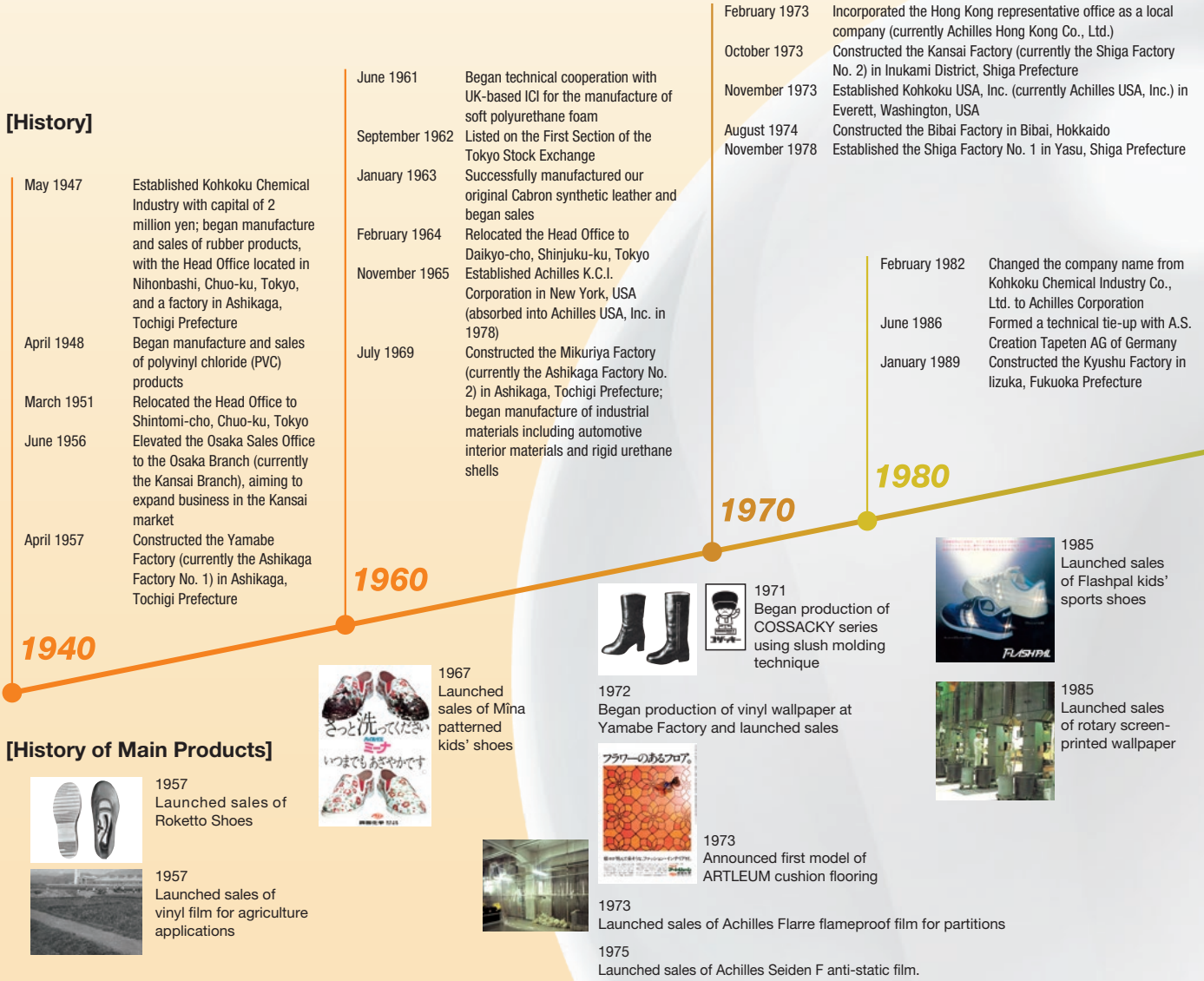
Living with Society



“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]



[History of Main Products]



1957 Launched sales of Roketto Shoes



1957 Launched sales of vinyl film for agriculture applications



1967 Launched sales of Mina patterned kids' shoes



1973 Launched sales of Achilles Flarre flameproof film for partitions



1971 Began production of COSSACKY series using slush molding technique



1972 Began production of vinyl wallpaper at Yamabe Factory and launched sales



1985 Launched sales of Flashpal kids' sports shoes



1985 Launched sales of rotary screen-printed wallpaper

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December 1993 Established Kunshan Achilles Artificial Leather Co., Ltd. (currently Kunshan Achilles New Material Technology Co., Ltd.) in a joint venture in Kunshan, Jiangsu Province, China, for the manufacture of PVC leather

December 1998 Began production of the conductive polymer material ST-Poly

September 2002 Acquired ISO 14001 certification at all seven factories and six group companies in Japan

October 2002 Established Achilles (Shanghai) International Trading Co., Ltd. in Shanghai, China, for sales and import/export of Achilles products in China

February 2004 Began operations at the No. 2 Factory of Kunshan Achilles Artificial Leather Co., Ltd. (currently Kunshan Achilles New Material Technology Co., Ltd.)

December 2005 Opened the Achilles Technical Center at Ashikaga Factory No. 1 in Ashikaga, Tochigi Prefecture

November 2006 Acquired 100% of the shares of Sanshin Enterprises Co., Ltd. and made it a wholly owned subsidiary

October 2007 Installed the latest manufacturing facilities in Ashikaga Factory No. 1 for the production of environmentally friendly synthetic leather for automotive interiors; all business divisions acquired ISO 9001 certification

February 2008 Established Achilles Advanced Technology Co., Ltd. in Taiwan to meet demand from expanding production in the semiconductor market

April 2008 Established a sales office of Achilles USA, Inc. in Detroit, Michigan, USA

March 2009 Concluded a partnership agreement with Itochu Corporation for the Syunsoku shoes brand

February 2015 Relocated the Head Office to Kita-Shinjuku, Shinjuku-ku, Tokyo

May 2019 Established Achilles (Foshan); established New Materials Co., Ltd. in Foshan, Guangdong Province, China

November 2019 Established Achilles Retail Corporation

October 2021 Reorganized Rubberized Fabric and Marine Sales Department and established Disaster Response Division; reorganized Industrial Materials Sales Department and established Industrial Materials Division

April 2022 Eliminated Sales Development Department and transferred its operations to the Disaster Response Division; transferred to the Prime Market of the Tokyo Stock Exchange

June 2022 Became a company with an Audit and Supervisory Committee

November 2022 Established a Sustainability Committee

1990



1991 Launched sales of air tent



1993 Launched official sales of insulation method using exterior siding



1998 Launched sales of Achilles POVic series of polyolefin films



1998 Began production of the conductive polymer material ST-Poly



1998 Started operation of non-coating processing unit no. 1; launched sales of new Airlon Mumakku foam

2000



2002 Launched sales of Protos Carrier wafer carrier systems



2002 Launched sales of Bioflex Multi biodegradable films



2003 Launched sales of Syunsoku kids' sports shoes



2003 Launched direct sales of Achilles Joint pipe connections



2006 Announced Tn-p method for tunnel repair work



2008 Launched sales of ACHILLES SORBO series



2008 Launched sales of Q1 Board high-performance heat insulation with heat shielding material



2010 Launched sales of AIRLON ECO environmentally friendly foam



2013 Launched sales of ALL DAY Walk pumps offering sneaker-like comfort



2013 Launched sales of ACHILLES FUNEN CLEAR certified non-flammable films



2015 JIDA Design Museum Selection award received for Navi Cargo rescue boat



2018 Launched sales of "Triton Revo-P" (for walls) insulation materials for use in agriculture and stockbreeding



2020 Launched sales of eco-friendly AM-01 soft PVC sheet made with biomass materials



2020 Launched sales of Achilles Virusafe antiviral, antibacterial activity film



2022 Launched sales of "ACHILLES QZ-Box" cold storage box

About This Report

■ Reporting scope

Achilles Corporation and subsidiaries inside and outside Japan
*Noted separately when the scope is different

■ Reporting period

April 1, 2022–March 31, 2023

■ Publication date

Previous report: September 2022

This report: September 2023

Next report: September 2024 (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/>



President's Message

For a society filled with smiles



Shiro Nikage

President and Representative Director

In FY 2022, the cost of raw materials, energy and distribution rose sharply, significantly influencing our business performance. Despite our best efforts to reduce costs, increase production, and launch new products, we were unable to balance out the cost increases. We discussed our options with customers and decided to increase product prices.

Even after the adjustment of prices, however, according to the consolidated financial results for FY 2022, operating income was minus 713 million yen, ordinary income was minus 117 million yen, and net income was minus 1,204 million yen. The major cause of the decrease in net income was the inclusion of impairment loss in the

heat insulation materials and flooring materials businesses. For both businesses, we continue promoting new product development as well as cost reduction from the viewpoint of lowering the break-even point and working on price revision. In addition, since costs are expected to remain high in the current fiscal year, we continue seeking proposals for values that provide effective solutions for problems encountered by our customers as well as the improvement of percentage yield and services while considering price revisions in other businesses.

Besides addressing increased costs, we need to adjust our business activities to a rapidly changing management environment. I look forward to the continuing support of our stakeholders.

Current State of Investments

Achilles (Foshan) New Materials Co., Ltd. was established in Foshan City, Guangdong Province, China in 2019 as a manufacturing and sales subsidiary of Achilles Corporation for interior materials for vehicles and aircraft. Due to COVID-19 pandemic, the installation of equipment was delayed. However, installation was completed and the company held its opening ceremony in December 2022. In this term, Achilles (Foshan) New Materials continues making proposals for specifications to customers using our technology and products to lead to full-scale mass production. Since EVs have rapidly become

popular in China, Achilles (Foshan) New Materials utilizes the merits of its products to reinforce marketing for EVs.

At manufacturing bases in Japan, we have been increasing foam molding and processing equipment at plants manufacturing soft urethane foam. Furthermore, we have also installed foam molding equipment for research and development to improve quality and productivity as well as focusing on new product development. In regard to investments, we continue working as one to ensure the recovery of the investments.

Responses to Climate Change Issues

We announced our agreement with the TCFD* recommendations in April 2023, and analyzed the risks and opportunities that climate change presents to our business using the less than 2 °C scenarios and 4 °C scenarios. When using the less than 2 °C scenario under

the implementation of carbon tax in Japan, although the financial impact increases, we confirmed that our company businesses can be used as solutions. Since we have confirmed the impact of flooding risk when using the 4 °C scenario, we have taken appropriate mea-

asures for mitigation.

While responding to the Japanese government's goal of realizing carbon neutrality by 2050, Achilles Corporation also sets the goal of reducing greenhouse gas (GHG) emissions (Scope 1, 2) by 30% compared with FY 2018 by 2030. Specifically, we comprehensively ensure energy saving, the implementation of cogeneration equipment, the procurement of renewable energy, solar energy self-consumption, implementation of the J-credit Scheme, and the promotion of tech-

nologies that may become popular in the near future to optimize our business.

We also strive to identify Scope 3 of GHG emissions, and the reduction of GHG emissions at group companies, including overseas subsidiaries.

*Abbreviation of the Task Force on Climate-related Financial Disclosures, which is an international organization established by the Financial Stability Board (FSB) to promote the disclosure of specific approaches to climate change by companies.

Human Capital Management

Achilles Corporation has expanded its businesses globally based on its plastic processing business. To fully utilize its combining technology, processing technology, equipment design capability, information processing technology, intellectual property creation capability including new-product development, as well as improving capabilities required to promote overseas business expansion, including unique sales strategies, corporate management capability that includes financial and accounting abilities, language proficiency, and skills for overseas business, it is essential for the company to cultivate employees in individual specializations and utilize them as pillars to ensure sustainable growth. In order to do so, we have established a basic policy for the cultivation and utilization of diverse human resources. The basic concept is that, through communication, the diverse values and personalities of diverse human resources can be integrat-

ed, leading to the creation of innovation. Achilles Corporation aims to cultivate a climate and culture that allows individual employees to fully express their motivation and capability. As an important aspect of cultivating diversity, it is essential for us to assign female employees to managerial positions. As a prerequisite to this, we have ensured the hiring of a certain rate of female employees, and we have supported their acquisition of necessary skills through opportunities available in a wide variety of training.

In addition, to respond to work requiring specialized skills and experience, we actively hire mid-career employees for managerial positions.

Employees are the most important asset that the Achilles Group has, and the growth of our employees is essential for the sustainable growth of the Achilles Group.

Achilles Group Future Visions

Looking at the portfolio of our company's sales, the shoes business accounts for 13.7%, the plastics business accounts for 50.9%, and the industrial materials business accounts for 35.4%.

Since it is urgent that the Achilles' shoes business improves profits, we select and concentrate categories. We conduct detailed market analyses in individual segments to identify and focus on the most important ones. We will also work on early improvement of profitability by further increasing business efficiency using web systems and expanding sales to East Asia to minimize the influence of exchange rates.

As our plastics business encountered stagnation in sales for automobile-related businesses due to COVID-19 pandemic, in FY 2023, it is important for us to absorb costs that have remained elevated while anticipating recovery. We prioritize the expansion of business in the Disaster Response Division, which was established in FY 2021. The disaster response business leverages our advantage in diverse product manufacturing technologies. At the newly established disaster prevention plant, we promote the expansion of sales by utilizing our comprehensive capabilities to accelerate new product development in areas such as products for use by local residents in areas affected by disasters, and products relating to employer support for individuals unable to return home during disasters, in line with the shift in emphasis from public assistance to mutual assistance and self-help.

In addition, we develop products such as rescue boats and air tents for disaster response.

In the industrial materials business, we need to improve profitability in its heat insulation materials business. This business has the potential to contribute to the popularization of high-quality energy-saving housing, which Achilles Corporation sets as one of the major pillars of its business strategy. As an important sales opportunity in response to the current state in which semiconductor manufacturing sites have been built nationwide, the Industrial Materials Division is handling antistatic products and reinforcing marketing.

In regard to our overseas business, we are planning the reinforcement of manufacturing facilities for medical film at Achilles USA, Inc. as we promote the expansion of overseas business, including business conducted by Achilles (Foshan) New Materials Co., Ltd. We are also entering new fields utilizing both existing and newly-established overseas manufacturing and sales bases.

As described above, improvement in the profitability of individual businesses is an urgent issue; however, from the medium- to long-term viewpoint, we are of the opinion that timely and appropriate investment can address these issues to ensure the growth of our business since we have many growth opportunities due to a broad range of individual segment fields.

For a society filled with smile

Our hope is to use Achilles Corporation products and services to increase customer smiles by solving their problems and social issues, confident that doing so will lead to a society filled with smiles. In order to do so, we cultivate corporate culture while building a safe and secure working environment where all employees respect one another

and work both happily and with a high sense of responsibility.

With its corporate philosophy, "Living with Society" = "Customer First," as its backbone, the Achilles Group continues to make each step forward a step toward realizing a society filled with smiles through the unified effort of all group companies.

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 flexibly in line with society's needs.

The world continues to undergo rapid change as we recover economically from the COVID-19 pandemic, yet we still face geopolitical risks and must respond to the climate crisis.

The Achilles Group aims to help society overcome these difficulties and achieve sustainability through the products and services we provide.

Social issues to recognize

Environment

- In terms of responding to climate change, there is a need to respond to the physical risks that accompany global warming, and also to respond to transition risks such as those accompanying restrictions on 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

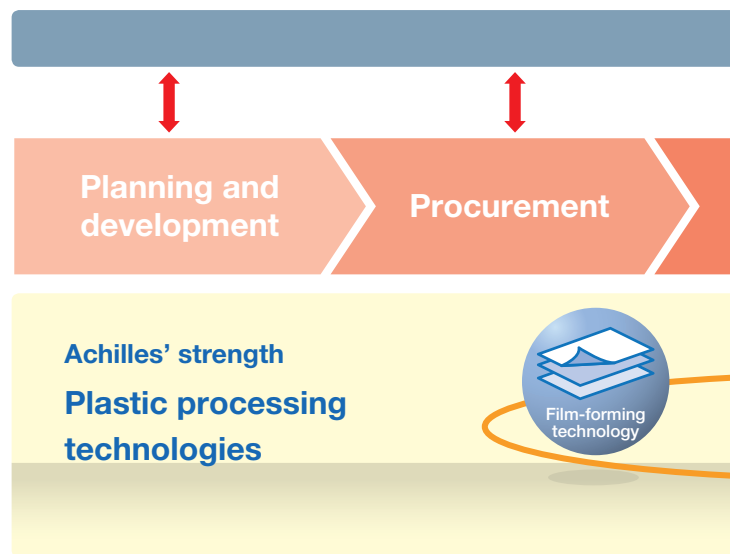
- Efforts are needed to prevent human rights violations in business activities.
- Initiatives are needed to support issues regarding smaller families and an aging population.
- Promotion of diversity and inclusion is required.
- Contribution to the local community is expected.

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.
- Innovation that makes use of diverse personnel is required.

Customer First

Achilles' value chain



Achilles' business segments



Achilles' materiality → See p.9

- 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

Reassurance

Health

Comfort

Fun

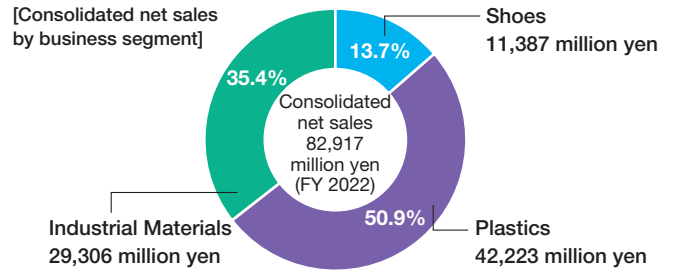
Energy conservation

Living with Society

A Sustainable,
Prosperous Society

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 rescue boats. We also provide solutions for infrastructure repair.

Automotive Materials Division

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



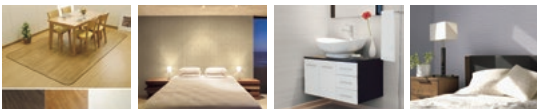
Chemical Products Division

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



[Solutions to help mitigate disasters that include technologies to address aging tunnels and methods of repairing roads, bridges, and embankments]



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]



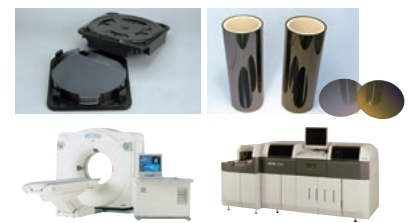
Heat Insulation Materials Division

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



Industrial Materials Division

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



Achilles Group

		Name	Capital	Address	Percentage owned	Main business areas
Parent	Japan	Achilles Corporation	¥14,640 million	Shinjuku-ku, Tokyo	–	Shoes, plastic, industrial materials (manufacture / sales)
		Achilles Retail Corporation	¥30 million	Sumida-ku, Tokyo	100.0	Shoes (sales)
		Achilles Core Tech Co., Ltd.	¥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 Co., Ltd.	¥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 Shimane Co., Ltd.	¥10 million	Okuizumo, Shimane	100.0	Industrial materials (manufacture)
		Achilles Shoji Co., Ltd.	¥10 million	Shinjuku-ku, Tokyo	100.0	Industrial materials (insurance agent)
		Consolidated subsidiaries	International	Achilles USA, Inc.	US\$6.72 million	Everett, Washington, USA
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 Marine Co., Ltd. was dissolved on March 31, 2023, and its operations were transferred to Achilles Corporation.

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 pro-

cessing 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

Basic Sustainability 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.

Process for Specifying Materiality

The process for specifying materiality is outlined on p. 10 of Achilles Report 2022.

Download the Achilles Report PDF
<https://www.achilles.jp/english/csr/report/>



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
Strengthen business foundations and promote growth → p. 19 Strengthen the company's business foundations, and promote a sustainable growth strategy		●	●
Governance/Risk Management → p. 33 Build a fair, transparent governance system, and put in place a risk management system to enhance resiliency			●
Provide true satisfaction and inspiration through products and services → p. 19 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		●	
Environmental initiatives → p. 13 Strive to reduce greenhouse gas emissions, including CO ₂ , and promote efforts to reduce environmental impacts, in regard to water, waste, etc. Implement initiatives for environmental conservation, including forests and biodiversity	●		
Safe and healthy workplace environments conducive to work → p. 29 Initiatives to create high-productivity workplaces that allow people to work safely and healthily		●	
Respect human rights and make effective use of diverse human talent → p. 27 Develop global human resources with consideration for human rights and using diverse human resources		●	●
Collaboration with business partners → p. 27 Implement initiatives relating to environmental conservation and respect for human rights throughout the entire supply chain		●	
Community engagement and social contribution activities → p. 31 Place importance on communication with local communities and social contribution activities, and make contributions to community development		●	

E: Environment; S: Social; G: Governance

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 in the chart above indicate the goals that the Achilles Group is contributing to through the respective initiatives.



Disclosure Based on TCFD Recommendations

We endorse the TCFD* recommendations and shall disclose information based on them. We will continue to analyze information and strive to expand the content of our information disclosure.



*The TCFD (Task Force on Climate-related Financial Disclosures) is an international organization that recommends specific disclosures for companies pertaining to their activities with regard to climate change.

Governance

Board oversight and management's role in assessing and managing climate-related risks and opportunities

Achilles Corporation considers sustainability issues, which include climate-related issues, to be among our most important management issues and are therefore overseen by the Board of Directors. The Sustainability Committee issues reports to the Board on sustainability issues at least twice a year, which include climate-related information. The Board reviews the status of ongoing initiatives, provides direction, and makes important decisions.

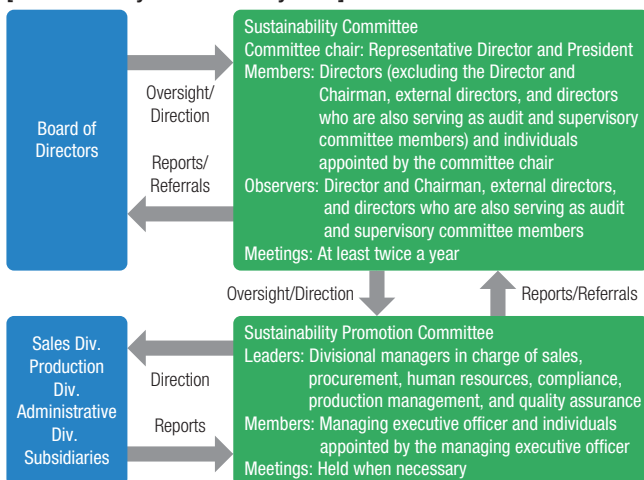
The Sustainability Committee is chaired by the Representative Director; its members consist of individuals appointed by the committee chair along with directors, excluding those who provide advice as observers (the Director and Chairman, external directors, and directors who are also serving as audit and supervisory committee members). Discussions may also be held with outside experts as necessary. The Sustainability Committee deliberates on many issues related to the Group's sustainability—the formulation of policies, targets, and measures, as well as the identification of material issues, management of progress toward targets, and methods of information disclosure. It also reviews the status of initiatives and issues reports to the Board of Directors.

The Sustainability Promotion Committee is comprised of a managing executive officer and individuals appointed by the managing executive officer, and is led by the divisional managers in charge of sales, procurement, human resources, compliance, production management, and quality assurance.

The Sustainability Promotion Committee is responsible for analyzing and assessing risk and opportunity with regard to sustainability issues, including climate-related issues. It identifies issues that need to be addressed and opportunities to be pursued. Each divisional manager is responsible for handling the identified items within their own division.

The Sustainability Promotion Committee presents its reports to the Sustainability Committee covering the results of their risk/opportunity analyses and assessments, as well as measures taken and progress made.

[Sustainability Promotion System]



Risk Management

The risk identification and assessment process

The Sustainability Promotion Committee analyzes and assesses risks and opportunities with regard to sustainability issues, including climate-related issues, in line with the policies outlined by the Sustainability Committee.

It conducts qualitative and quantitative analyses and assessments using widely disclosed scenarios to evaluate the risks and opportunities of climate-related events that may affect our business. It identifies the most financially consequential events, reporting them to the Sustainability Committee, where they are discussed and a report is created for the Board of Directors.

Risk management processes and their integration into organization-wide risk management

The Sustainability Promotion Committee summarizes the progress in measures to address identified risks and opportunities that have been reported to the Board of Directors, and reports the summary to the Sustainability Committee, which then discusses the contents, provides guidance or advice as necessary, and reports its findings to the Board of Directors.

The Group manages risks related to sustainability issues in the same way as other business risks, with oversight provided by the Board of Directors, thereby ensuring a group-wide integrated approach to risk management. The magnitude of the impact and likelihood of occurrence of the identified risks determine their priority, based on which systematic countermeasures are then taken.

Indicators and Targets

The bulk of the Group's greenhouse gas emissions derives from energy use (fuel, electricity, etc.), with part attending to product manufacturing. The total amount of GHG emissions (Scope 1+2) is set as an indicator; the actual emissions in FY2022 were 38,341t-CO₂.

We have set a reduction target of a 30% reduction of GHG emissions in Scope 1+2 by the end of FY2030 as compared to 2018.

We are also strengthening our measures toward GHG emissions to align with the Japanese government's pledge to reach complete carbon neutrality by 2050.

Strategy

We consider climate change to be a medium- to long-term risk and perform scenario analyses to evaluate the resilience of our strategy with regard to climate-related risks and opportunities. We consider the impact of climate change scenarios (from under 2.0 °C to 4 °C) forecast by the International Energy Agency (IEA) and Intergovern-

mental Panel on Climate Change (IPCC) in light of long-term impact on the company up to the year 2050, based on which countermeasures are formulated.

Note: Scenarios used in the scenario analysis—Less than 2 °C scenarios: IEA/WEO2022 APS (Announced Pledges Scenario); 4 °C scenarios: IPCC/AR5 RCP8.5

Scenario	Primary factor	Change	Category	Assessment	Impact on Achilles	Countermeasures
Less than 2 °C	Introduction of carbon pricing	Increased procurement costs	Risk	High	<ul style="list-style-type: none"> The introduction of carbon pricing will increase our procurement costs and squeeze profits when prices are passed on to plastic and resin raw materials 	<input type="checkbox"/> Fortify alliances with suppliers to reduce GHG emissions throughout the entire supply chain <input type="checkbox"/> Revise selling prices and develop high-value-added products
		Increased operational costs	Risk	High	<ul style="list-style-type: none"> The introduction of carbon pricing will increase the cost burden based on GHG emission volumes and will squeeze profits 	<input type="checkbox"/> Continuously pursue energy savings <input type="checkbox"/> Reduce carbon pricing burden by switching energy plans and purchasing certificates <input type="checkbox"/> Reduce emissions by installing a cogeneration system at the production site (Shiga Factory No. 2) <input type="checkbox"/> Further pursue power generation
		Increased transportation costs	Risk	Medium	<ul style="list-style-type: none"> The introduction of carbon pricing will squeeze profits as the burden on logistics companies will be passed on to our transportation prices Additional price pass-through of costs is also a concern if logistics companies introduce EVs and FCVs 	<input type="checkbox"/> Give priority to logistics companies that are aligned with decarbonization <input type="checkbox"/> Continue to pursue a modal shift <input type="checkbox"/> Further improve transportation efficiency
	Increased stakeholder interest and concern about climate change	Reputational impact of failure to respond	Risk	High*	<ul style="list-style-type: none"> Failure to achieve GHG emissions reduction targets, continued high dependence on fossil fuel-derived raw materials, and inadequate information disclosure could harm the business due to a loss of reputation among stakeholders and could negatively impact employee recruitment 	<input type="checkbox"/> Respond appropriately to ESG issues, which include climate change, and enhance information disclosure <ul style="list-style-type: none"> Continue to expand TCFD disclosures Disclose GHG emissions, reduction targets and reduction measures Implement carbon footprint and Biomass mark initiatives
		Growing need for ethical products	Opportunity	Medium*	<ul style="list-style-type: none"> As consumers become more environmentally aware and their values shift in regard to products, responding to these needs will enhance our brand image and allow us to offer more products of greater value 	<input type="checkbox"/> Develop and promote products that employ materials and manufacturing methods with low environmental impact <input type="checkbox"/> Promote the longevity of our products <input type="checkbox"/> Reduce packing materials, etc.
	Progress in decarbonization	Decline in demand for existing plastics	Risk	High	<ul style="list-style-type: none"> The decline in demand for existing plastics will be a concern as decarbonization progresses and there is a loss of markets due to decarbonization becoming a condition of trade 	<input type="checkbox"/> Develop new products using bioplastics and recycled materials <input type="checkbox"/> Revise the material composition of existing products to decarbonize them <input type="checkbox"/> Further develop the semiconductor packing material reuse business
	Shift to EVs and progress in DX	Growing need for EV-related products and semiconductor-related products	Opportunity	Medium	<ul style="list-style-type: none"> We can expect to harness customer demand by actively developing product lines such as vehicle interior materials for EVs and semiconductor-related materials 	<input type="checkbox"/> Increase production capacity for materials used in the semiconductor field <input type="checkbox"/> Get more orders for covering materials for EVs and strengthen our overseas production system <input type="checkbox"/> Develop semiconductor packing materials and attract overseas demand
ZEB/ZEH policy advancement	Growing need for high-insulation products in the residential/building sector	Opportunity	Medium	<ul style="list-style-type: none"> We can expect to harness customer demand by actively developing product lines that contribute to GHG emissions reductions, such as insulation materials for homes and buildings 	<input type="checkbox"/> Expand sales of insulation materials for homes and buildings <input type="checkbox"/> Expand supply capacity to meet demand	
4 °C	Intensifying weather disasters	Heightened exposure to disaster in the supply chain	Risk	Medium	<ul style="list-style-type: none"> In the event of flood damage, primarily at coastal suppliers, the stoppage of raw material supply and the impact that would have on our production activities is a concern 	<input type="checkbox"/> Sort out the disaster exposure of suppliers and firmly request countermeasures <input type="checkbox"/> Take countermeasures for raw materials at high risk of supply interruption <ul style="list-style-type: none"> Seriously pursue purchasing from multiple companies Review inventory levels Establish a system for sharing raw materials among our plants
		Heightened exposure to disaster at our business sites	Risk	High	<ul style="list-style-type: none"> Flood damage to our production sites and production stoppages are concerns if a severe, once-in-1,000-year flood (envisioned by local governments) were to occur 	<input type="checkbox"/> Implement business continuity and recovery plans for exposed sites <input type="checkbox"/> Establish a disaster-resilient production system that includes other production sites (develop a system of alternate production)
		Growing need for disaster mitigation and recovery measures	Opportunity	Medium	<ul style="list-style-type: none"> We can contribute to efforts that address social issues arising from increasingly severe disasters by proactively responding to demands for establishing disaster agreements with local governments, making products for disaster mitigation, and reinforcing tunnels in preparation for severe disasters 	<input type="checkbox"/> Expand sales channels for disaster mitigation-related products and develop new products <input type="checkbox"/> Promote tunnel reinforcement methods that can reduce environmental impact and costs and seek real results
	More hot days over 30 °C	Increased cooling costs and costs to contend with high temperatures	Risk	Low	<ul style="list-style-type: none"> Rising costs for cooling are a concern Halting summer production due to the difficulty of manufacturing some products in extremely hot weather is a concern 	<input type="checkbox"/> Make changes in operating hours to avoid daytime work <input type="checkbox"/> Reinforce building insulation (improve air conditioning efficiency) <input type="checkbox"/> Improve cooling capabilities for the entire production line (for products that are difficult to manufacture under extremely hot conditions)
		Growing demand for medical products to address heat stroke and viral infection risks	Opportunity	Medium	<ul style="list-style-type: none"> We can contribute to efforts that address social issues stemming from incidences of heat stroke and viral infection by establishing a supply system for materials for the medical field 	<input type="checkbox"/> Reinforce production and sales systems for materials for the medical field in Japan and overseas

Note: Risks and opportunities that have been qualitatively evaluated for their impact on our business are marked with an asterisk (*) in the "Assessment" column.

Future Issues regarding Information Disclosure Based on TCFD Recommendations

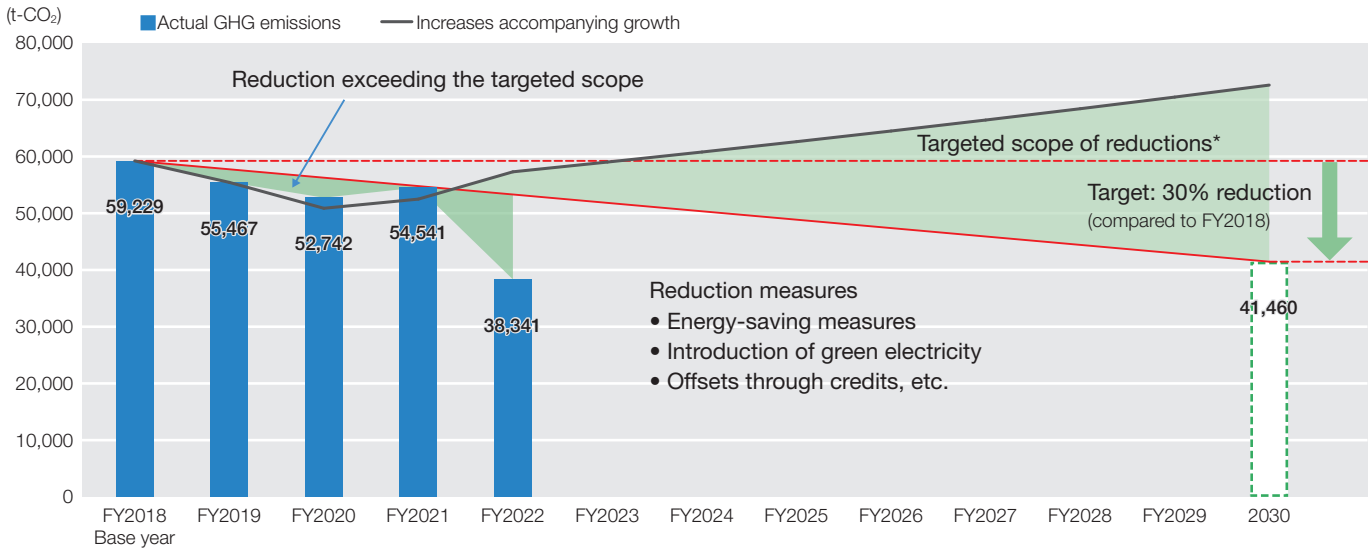
[Future Issues]

Governance	Bolstering our system for executing measures to combat climate change
Strategy	Consideration of a business strategy based on a 1.5 °C scenario

Risk Management	Making advances in the mitigation and management of risk
Indicators and Targets	Deeply exploring Scope 1 and 2 reduction measures and calculating Scope 3

Roadmap for GHG Emission Reduction to Achieve Carbon Neutrality

[Potentiality of reducing GHG emissions (Scope 1+2) (consolidated group figures)]



*The graph is a depiction as of 2023 and may change with future circumstances.

The actual GHG emissions does not include the amount reduced by the purchase of J-Credits. Please see p. 37 (Data Version (Environmental Footprint Data)) for the actual amount reduced by the purchase of J-Credits.

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

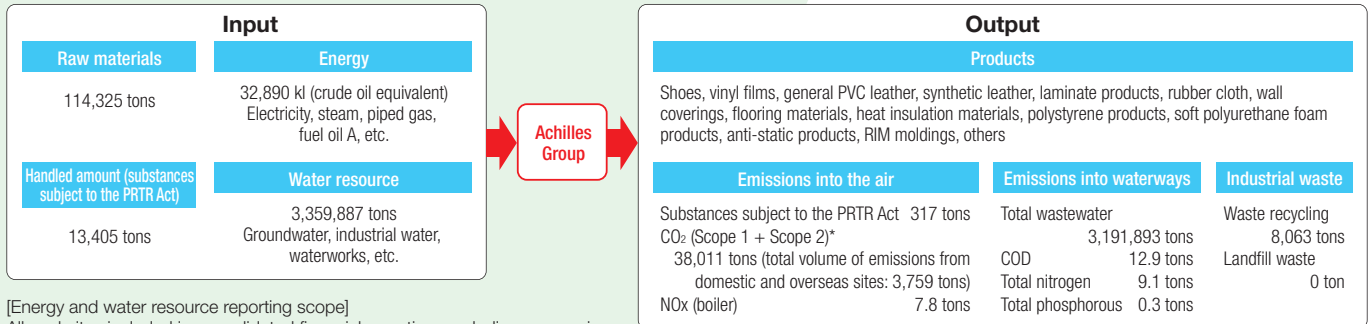
Environment

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. 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 see the following website for more information about Scope and its definitions.

Greenhouse Gas Protocol
<https://ghgprotocol.org/>



Achilles Group Environmental Policy

https://www.achilles.jp/assets/pdf/csr/philosophy/policy-env_en.pdf#view=Fit



Environmental Management System

ISO 14001 Environmental Management System Initiatives

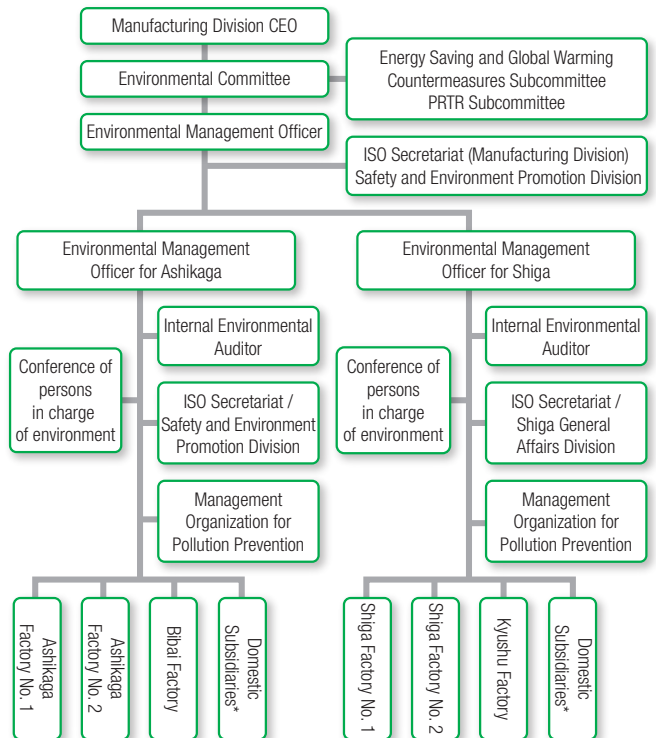
To conserve the global environment and to enhance the corporate constitution of the Achilles Group, we define our Environmental Policy and environmental targets using ISO 14001 environmental management system standards as a tool. We develop production processes and create products that lead to the reduction of environmental impacts, and continuously engage in activities to improve the environment. In FY2022, we underwent ISO14001:2015 surveillance. Minor non-conformances were noted; however, these were corrected and ISO certification was renewed.

[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

*Achilles Marine Co., Ltd. was dissolved on March 31, 2023, and its business has been transferred to Achilles Corporation.

[Environmental Management Promotion Organization]



*Achilles Welder Co., Ltd., Kanto Achilles Aeron Co., Ltd., Osaka Achilles Aeron Co., Ltd. Shiga Sales Office, Kyushu Achilles Aeron Co., Ltd.

[Scope] ISO 14001: 2015 registered worksites

[Overview of FY 2022 activities results, targets for FY 2023 and beyond]

Item	Management item	Target for FY 2022	FY 2022 result	Evaluation	Target for FY 2023 and beyond	Listed page
	Global warming prevention and energy conservation	Total CO ₂ emissions from energy use	20% reduction by the end of FY 2022 (compared to FY 2018)	38.2% reduction (compared to FY 2018)	○	22% or more reduction by the end of FY 2023 (compared to FY 2018) 30% reduction by the end of FY 2030
Per-unit energy consumption (Electricity, fuel, etc.)		1% reduction (YoY comparison)	0.44% increase (YoY comparison)	×	1% reduction (YoY comparison)	P. 16
Per-unit energy consumption in transportation		1% reduction (YoY comparison)	4.73% increase (YoY comparison)	×	1% reduction (YoY comparison)	P. 15
Complete zero emissions through 3R activities	Total volume of generated waste and other materials (Based on promoting 3R activities)	10% reduction (compared to FY 2018)	14.8% reduction (compared to FY 2018)	○	12% reduction by the end of FY 2023 (compared to FY 2018) 20% reduction by the end of FY 2030	P. 16
	Achieve final waste disposal rate of less than 0.1%	Maintain less than 0.1%	Maintain final waste disposal rate at 0.0%	○	Maintain final waste disposal rate of less than 0.1%	P. 16
Air pollution prevention of environmentally hazardous substances	Atmospheric emissions of five environmentally hazardous substances	7% reduction (compared to FY 2018)	39.7% reduction (compared to FY 2018)	○	10.5% reduction by the end of FY 2023 (compared to FY 2018) 35% reduction by the end of FY 2030	P. 17
Environmental improvements from smart processes	Environmental consideration rate* *(Energy fees + waste treatment expense) ÷ Production value × 100	Lower than previous fiscal year	2.1% increase (YoY comparison)	×	Another target is under consideration because of difficulty in acquiring accurate achievement evaluations along with rising energy costs	-
	Identify environmental risks and draft countermeasures	Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring	Implemented and remodeled equipment for the reduction of environmental load, including energy saving and the prevention of air pollution	○	Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring	P. 37
Environmentally friendly product development	Launch and sell environmentally friendly products	Using internal targets	Achieved through sales of original fabric for export boats compliant with RoHS2, the market launch of CFC-free on-site foam insulation, and the establishment of specifications for recycled sheets using disposed PVC paste used for flooring materials	○	Promote product development and R&D with consideration for environmental impacts	-
Adaption to climate change	Internal impacts and countermeasures due to climate change	(1) Flooding countermeasures during heavy rains (2) Zero cluster infections with thorough infection control measures (3) Thorough heatstroke prevention measures	(1) Established preventive measures for malfunctions of important equipment due to flooding (2) Achieved zero internal infectious disease clusters (3) Implemented thorough heatstroke prevention measures	○	(1) Establish rules regarding the measures described on the left (2) Thorough heatstroke prevention measures	-

Corrective Measures for Environment-related Incidents

In FY 2022, there were no complaints from others, and no other environmental troubles arose.

In FY 2022, 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.

Global Warming Countermeasures

Greenhouse Gas Emissions Reductions

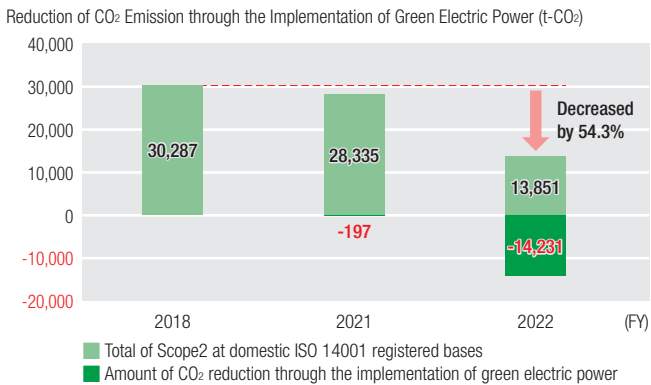
Greenhouse gases emitted by the Achilles Group mainly consist of carbon dioxide emissions resulting from energy consumption (fuel, electricity, etc.) and production of rigid urethane foam (CO₂e of CFCs). The Achilles Group is implementing initiatives that will lead to the reduction of environmental impacts, with our manufacturing sites in Japan that are ISO 14001 registered worksites playing a central role.

In FY 2022, supported by the shift to green electric power, approaches to energy saving, and decreased production volume, the greenhouse gas emissions associated with electric power consumption (Scope2) by our ISO 14001: 2015 registered worksites fell by approximately 54.3% compared with FY 2018. As a result, the greenhouse gas emissions (Scope1 & 2) of our domestic ISO 14001 registered bases became 33,891t-CO₂ in FY 2022, which was an approximately 38.2% decrease from those in FY 2018 (54,804t-CO₂).

For more details regarding the changes in the greenhouse gas emissions of the Achilles Group as a whole, including our ISO 14001 registered worksites, see "Changes in greenhouse gas emissions" on P.37.

[Reduction of greenhouse gas emissions through the implementation of green electric power]

We expanded the use of green electric power at Ashikaga Factories No.1 and 2, Shiga Factory No.1, Bibai Factory, and Kyushu Factory.



[Scope] ISO 14001: 2015 registered worksites

Greenhouse Gas Emissions (Scope 1 & 2)
Approx. 38.2% decrease
 (FY 2018 comparison)

Environmental Conservation Activities in Logistics

Carbon dioxide emissions reduction activities and emissions results

We have reduced our CO₂ emissions in transportation through modal shift*1, improvements in loading efficiency and the use of larger trucks.

In FY 2022, due to the decrease in the volume of production, and partial changes in production bases, ton-kilometers*2 decreased by 8.1% (compared to FY 2021), and our CO₂ emissions*3 decreased by 3.9%. However, our per-unit energy consumption in transportation increased by approximately 4.73%.

- *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 CO₂ emissions.
- *2 Ton-kilometer = Freight weight (tons) × Transportation distance (kilometers)
- *3 CO₂ emissions (t-CO₂) = Energy consumption (GJ) × Emissions factor (from the Japanese Ministry of Economy Trade and Industry)



Loading containers for rail transport

P. 37 CO₂ emissions in conjunction with transportation and modal shift rate

[Scope] ISO 14001:2015 registered worksites

CO₂ emissions in logistics

Approx. 3.9% decrease
 (FY 2021 comparison)

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 2022, we generated approximately 1,679,000 kWh of electricity, with a CO₂ emissions reduction effect of approximately 710 t-CO₂. This is equivalent to approximately 1.5% of our group's CO₂ emissions from energy use.

P. 37 Solar photovoltaic power generation equipment

CO₂ emissions reduction effect

Approx. 710 t-CO₂e reduction



Achilles Corporation Ashikaga Factory No. 2



Achilles Corporation Shiga Factory No. 2


Energy Conservation

Energy Conservation Activities

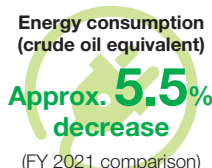
We at the Achilles Group recognize the importance of activities to conserve energy based on the Japanese Energy Conservation Act, and are taking steps groupwide to conserve energy as an important part of efforts to reduce our environmental impacts.

■ Energy consumption (crude oil equivalent)

Our energy consumption decreased by approximately 5.5% (1.5 kl/year) in FY 2022 compared with the previous fiscal year. Due to the improvement of energy efficiency through facility improvement and decreased production, energy consumption decreased on a year-on-year basis.

 **P. 37** Changes in annual power consumption (crude oil equivalent)


[Scope] ISO 14001: 2015 registered worksites



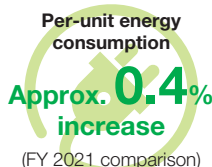
■ Per-unit energy consumption

In FY 2022, we undertook facilities improvements and installed energy-efficient equipment to meet our target of reducing our per-unit energy consumption compared with FY 2021 consumption by 1%, but our consumption increased by approximately 0.44% compared with FY 2021, because we were unable to realize sufficiently efficient production due to the decrease in production volume.

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


 **P. 37** 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

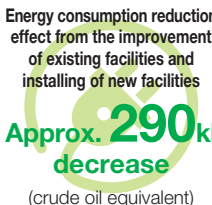


■ Decrease in energy consumption through the improvement of existing facilities and installing of new facilities

In FY 2022, 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. 37** Main details of the improvement of existing facilities and installing of new facilities, 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

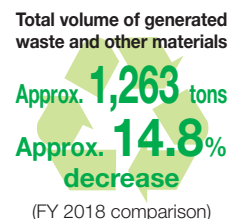
Results of Activities to Reduce Waste and Other Materials*

In FY 2022, we conducted activities aimed at achieving our target of a 10% reduction in generated waste compared with FY 2018, and we achieved a decrease of approximately 1,263 tons (approx. 14.8%). 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, though the reduction of production etc. also influenced the result. 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.

 **P. 37** 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

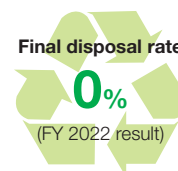
In FY 2022, we conducted activities with the target of successively achieving complete zero emissions (less than 0.1% final disposal rate*). As a result of our activities, we had a final disposal rate of 0%, successively achieving complete zero emissions following FY 2021.

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. 37** 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*1 Act, and Air Pollution Control Act.

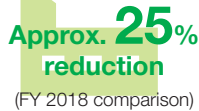
Reduction in Class I Designated Chemical Substances under the PRTR Act

As a result of identifying emissions of the relevant substances based on the PRTR Act, in FY 2022 our annual emissions of Class I Designated Chemical Substances under the PRTR Act came to approximately 300 tons (approx. 32.3% reduction compared with FY 2018), and our annual transfer volume came to 220 tons (approx. 12% decrease compared with FY 2018). Our annual combined emissions and transfer volume was 520 tons (approx. 25% reduction compared with FY 2018).

For emissions and transfer data for designated chemical substances under the PRTR Act for the Achilles Group as a whole, including the Scope specified below, see “Emissions and transfer volumes of chemical substances subject to the PRTR Act” on P.38.

[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.*2

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



Atmospheric Emissions Reductions of VOCs

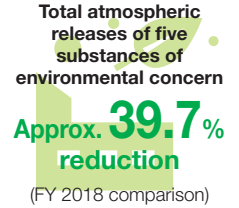
Of the VOC*3 substances included in the substances subject to the PRTR Act, we defined the five substances we release into the atmosphere in the greatest volumes (DMF, dichloromethane, toluene, MEK, ethyl acetate), and are working to reduce atmospheric emissions by shifting from VOCs to non-VOC alternative substances and introducing flue gas treatment equipment (RTO) at all manufacturing divisions.

In FY 2022, as a result of efforts to achieve our target of a 7% reduction compared with FY 2018, we achieved approximately 39.7% reduction and met our target.

The reduction was achieved by the review of emission factors and the decrease in production volume as well as the use of solventless surface separation agents and the decrease in processing through the changes in production structures.

For atmospheric emissions data for the five substances of environmental concern for the Achilles Group as a whole, including the Scope specified below, see “Total atmospheric releases of five substances of environmental concern” on P.38.

[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.*2



*1 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
*2 Achilles Marine Co., Ltd. was dissolved on March 31, 2023, and its business has been transferred to Achilles Corporation.
*3 Volatile Organic Compound: Organic compound that easily become vapors or gases

Initiatives for Biodiversity

Forest Conservation

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 October 4, 2022 were limited in scope due to COVID-19, with a total of 60 people participating including council members and local and prefectural authorities.



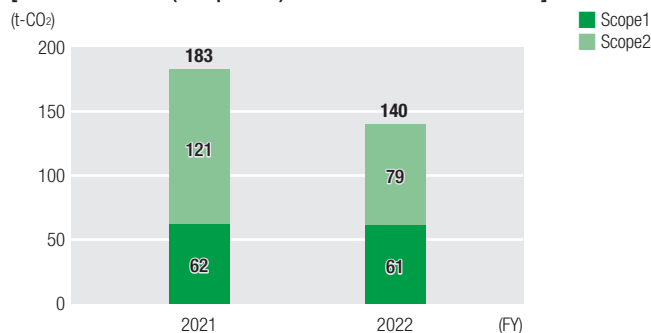
Training for the collection of floating oil on surface of water using oil mats (Shiga Prefecture)

Approaches by Sales Bases

Our domestic sales bases, including subsidiaries, also work on CO₂ emission reduction as one of the global warming countermeasures. CO₂ emissions at sales bases are mainly caused by the use of electricity and gases. Most of our sales bases reside in tenant buildings, which makes it difficult to shift from contracted electricity to green electric power. Therefore, we continue placing effort into using LED lighting and saving energy while considering a balancing out through the implementation of the J-credit Scheme, and other projects.

In addition, to reduce CO₂ emissions by the company's gasoline vehicles, we are promoting the shift to hybrid vehicles. We will also enhance employees' understanding of the efficient use of rental vehicles for sales activities.

[CO₂ Emissions (Scope1&2) at Domestic Sales Bases]



Note: Please see the following website about the definitions of Scope.

Greenhouse Gas Protocol

<https://ghgprotocol.org/>



Social

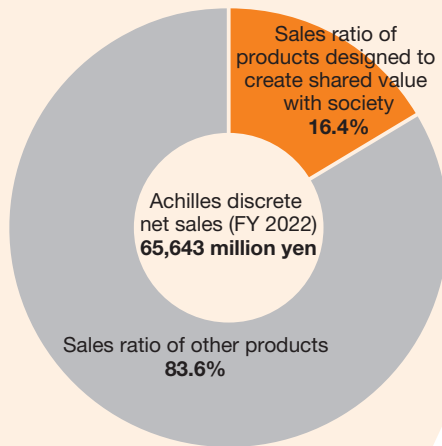
Provide True Satisfaction and Inspiration Through Products and Services

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 2022)]



Divisional Initiatives

Shoes Business Division



Carbon Neutral Products

The new Brooks Ghost 15 running shoe was released in the United States in October 2022. The Ghost 15 uses DNA LOFT v2 cushioning for the midsole, improving running comfort and making the product carbon neutral. The shoe is made with recycled polyester; materials and products are procured from factories that use renewable energy; and carbon offsets are purchased for unavoidable CO₂ emissions.



"Ghost 15" Carbon Neutral Shoes

<https://www.achilles.jp/news/newsrelease/2022/1027.html>
(in Japanese)



Automotive Materials Division + Industrial Materials Division



Conductive Covering Materials for Automobile Seats

An automobile manufacturer has adopted conductive covering materials developed by Achilles.

By using conductive covering material for the driver's seat, the static electricity that builds up in and around the driver's body is dispersed throughout the body, thereby reducing the total static charge. This static-reducing capability leads to stable vehicle behavior, better driving comfort, and less fatigue.

Our anti-static technology has a 40-year history that covers a wide range of applications, including anti-static material for manufacturing facilities, packaging, and equipment, and anti-static products for semiconductor wafers and electronic devices. We also have years of expertise in automotive seat covering material, so we combined these technologies, and with the cooperation of automobile manufacturers have been able to innovate further.

Chemical Products Division



Response to Ocean Plastic Pollution

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

*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)



Biomass Plastic Products

In June 2022, Achilles released Biomass Seiden Crystal, a soft PVC film that is anti-static, flame-retardant, and transparent, and has earned the industry's first Biomass Mark for its plant-derived raw materials.

Partially using biomass materials reduces the amount of petroleum-derived materials in the product, and our proprietary film-forming technology has added anti-static performance (with a surface resistivity of $10^9 \Omega$).



[Achilles PVC Film "Biomass Seiden Crystal"]
<https://www.achilles.jp/product/manufacturing-facility/film/biomass-seiden-crystal/> (in Japanese)



Floor and Wall Coverings Division



Carbon-recycled Vinyl Wallpaper

Achilles has established a new method for manufacturing vinyl wallpaper that replaces the mined calcium carbonate that is ordinarily used with a synthetic calcium carbonate manufactured by removing CO₂ from atmospheric emissions and "fixing" that CO₂ into the product, creating a product with the same physical properties and functionality. Immobilized CO₂ from atmospheric emissions accounts for approximately 10% of the product weight of the patent-pending vinyl wallpaper made with this process.

Our product will be the industry's first carbon-recycled vinyl wallpaper used as an interior material, and will be named "e-tan cloth" (pending trademark registration), to be released by the end of 2023.



[e-tan cloth]
<https://www.achilles.jp/news/newsrelease/2023/0420.html> (in Japanese)



Disaster Response Division + Urethane Division



Compressible Emergency Mattresses

Utilizing our considerable experience and urethane foam manufacturing technologies developed over decades, Achilles created a mattress for evacuation centers that can be compressed for storage. The inner material is made of urethane foam with moderate elasticity and excellent cushioning properties to support the body when laid on hard floors, promoting good rest and sleep, thereby lightening the physical stress on evacuees. For the outer covering, we use material with a soft feel that quickly absorbs moisture to enhance comfort.



[Achilles Compressible Emergency Mattress]
<https://www.achilles.jp/product/medical-lifesaving/refuge-support/compression-mat/> (in Japanese)



Urethane Division



Recycling of Slow-rebound Urethane Offcuts

Slow-rebound urethane foam is widely used in beds, furniture, and vehicles for its excellent body weight pressure dispersion and shock absorption. However, most of the material that becomes scrap has been incinerated as industrial waste. Achilles recycles scraps of slow-rebound urethane foam using proprietary technologies and has developed chip foam products that demonstrate all of the foam's excellent properties.



[Fitty™]
<https://www.achilles.jp/news/newsrelease/2023/0222.html> (in Japanese)



Heat Insulation Materials Division



Heat Insulation Performance Grade 7 Products

On October 1, 2022, the Japanese government revised the following housing performance evaluation indication standards and evaluation method standards according to the Housing Performance Indication System, which is based on the Housing Quality Assurance Act. Heat Insulation Performance Grade 6 and Grade 7 were newly established as grades that exceed the ZEH (Net Zero Energy House) level for single-family dwellings. Achilles has released Q1 Board MA—a thick, rigid urethane foam insulation board—which is compatible with Heat Insulation Performance Grade 7.



[Q1 Board MA]
<https://www.achilles.jp/product/construction/insulation/q1-board-ma/>
 (in Japanese)

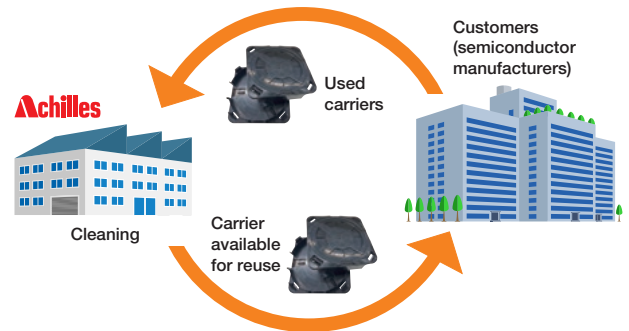


Industrial Materials Division



Wafer carrier cleaning and reuse service

Achilles provides anti-static technologies for manufacturing semiconductors, essential for society's digital advancement. In conjunction with supplying these products, we are developing a cleaning and re-use service for wafer carriers to help reduce environmental impact.

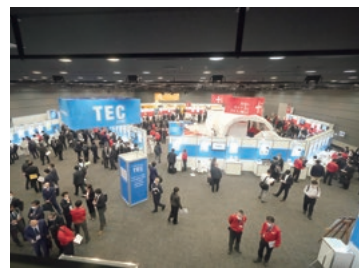


Topics

Achilles THE NEXT 2022 Exhibition Held

Achilles held a material and product exhibition on May 18–19, 2022, on the theme of having fun with and discovering delight in technology. The fair had three exhibition zones and two presentation corners where attendees could learn all about Achilles' technologies, products, and services. We received many valuable comments from visitors, making this a good opportunity for shared value creation.

Although the exhibition was postponed twice due to the pandemic, the exhibition was held this time with measures taken against viral infection and it attracted a total of 2,055 visitors over the two days.



Achilles THE NEXT 2022 exhibition



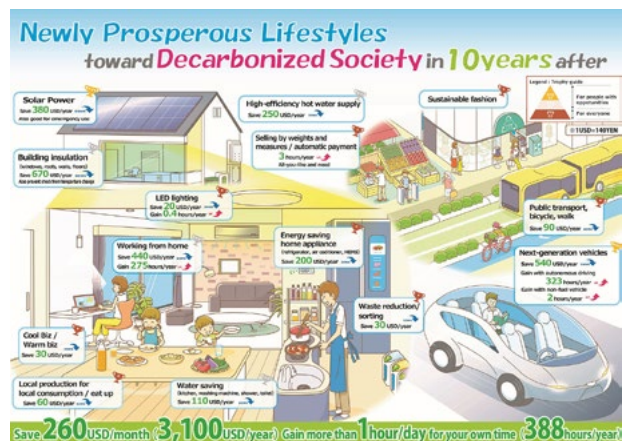
Joining the National Movement for New and Prosperous Lifestyles toward Decarbonization

To put a cap on global warming, it will be necessary to make drastic cuts in greenhouse gas emissions, including carbon dioxide. Every citizen can help to reduce CO₂ emissions by making changes in their daily behavior and lifestyles. The Japanese government is calling on its citizens to make such changes to reduce CO₂ emissions. Things people can do include saving energy by switching to LED lighting, adopting renewable energy such as solar power, improving the heat insulation performance of buildings, buying electric vehicles or other next-generation vehicles, or even more practically, producing less waste and carefully turning out the lights.

Achilles supports this initiative and we are participating in the government's national movement to promote new and prosperous lifestyles that lead to decarbonization. For information on this movement, please refer to the Ministry of the Environment's web page.

National Movement for New and Prosperous Lifestyles toward Decarbonization

https://ondankataisaku.env.go.jp/cn_lifestyle/en/



This illustration depicts a lifestyle approximately 10 years in the future that is more prosperous, adaptable to one's needs, comfortable, and healthier for people, and that also meets 2030 targets for reducing greenhouse gases.

Measures by Domestic Subsidiaries

Kanto Achilles Aeron Co., Ltd.



We introduce measures undertaken by Kanto Achilles Aeron to reduce waste and save energy.

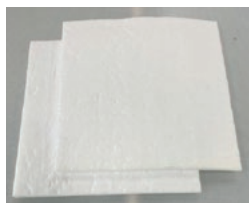
Waste Reduction (Resource Conservation)

Kanto Achilles Aeron converts urethane foam cut-offs into chips and reuses them as the cores in cushions.



Filling work using chipped urethane (reuse rate: approximately 10.0%)

We also reuse urethane foam cut-off sheets for the cores of cushions and mattresses.



Urethane cut-off sheets



A product with reused urethane cut-off sheets (reuse rate: approximately 3.3%)

Cutting CO₂ Emissions by Increasing Transportation Efficiency

Mattresses are compressed and packaged so that the volume is reduced to one-third or one-quarter. This increases loading efficiency during transportation.



Before packaging



After compression and packaging

Energy-Saving Initiatives

When selling thermal insulation products, we use energy-saving assessment software and create “visualization proposals” for hard-to-see temperature and utility expenses in an effort to promote energy-saving homes.

We are also promoting the introduction of hybrid vehicles (FY2022 introduction results: one vehicle).

Contributions to Local Communities

Kanto Achilles Aeron and Achilles Corporation participate in regional beautification programs (Clean Challenge).

Tohoku Achilles Co., Ltd.



Measures for Creating Comfortable Indoor Environments

Against the backdrop of the government policy to achieve carbon neutrality by 2050, the Act to Partially Revise the Act on Improvement of Energy Consumption Performance of Buildings to Contribute to the Creation of a Decarbonized Society and Other Acts was announced in June 2022. This Act amended the law about energy consumption performance gain of building, and in principle, the application of energy-conservation standards to all buildings has become mandatory. In conjunction with the increase in residences that comply with energy conservation standards, however, there has been an increase in indoor condensation, which is a source of concern regarding negative health impacts. Condensation can lead to the occurrence of mites and mold, which can be a cause of allergies.

Tohoku Achilles provides information on design and construction considerations concerning effective condensation countermeasures, how to select insulation materials, and other information to construction companies and building contractors through in-person seminars in an effort to create comfortable indoor environments.



A collaborative seminar held in the Tohoku region jointly by Tohoku Achilles and Joto Techno Co., Ltd.

Kyushu Achilles Aeron Co., Ltd.



Measures that Lead to Reduced Environmental Impact

Kyushu Achilles Aeron is taking action to eliminate industrial waste. Cut-offs generated during urethane processing are reused as furniture core material and automobile chip mold material, and cardboard and polyethylene packaging are recycled by recyclers.

In the future, the company will use data in its ongoing efforts to conserve resources including reducing the volume of cut-offs generated.



Urethane cut-offs and cardboard that will be recycled

Yamagata Achilles Aeron Co., Ltd.



Reducing Waste by Installing New Equipment

Yamagata Achilles Aeron manufactures net sponges for washing dishes. During the pillow packing process when the products are packed in bags, problems occurred where products were not fed into the bags properly and empty bags were sealed, packing defects were caused by product misalignment, and stoppage of the equipment occurred because of the equipment biting into the products.

The company introduced new equipment to the pillow packing process and was able to eliminate these problems, effectively reducing waste and raising productivity.

It is also taking action to reuse materials and reduce waste.

[Functions and Expected Effects of New Equipment]



Achilles Core Tech Co., Ltd.



Measures that Lead to Reduced Environmental Impact

As the Achilles Group reinforces its environmental initiatives, Achilles Core Tech is focusing on sale of biodegradable films for the agriculture and forestry fields, energy conservation, and sale of high thermal insulation boards for residences with the aim of achieving comfort.

In the agricultural field, Achilles Core Tech sells Bioflex Multi biodegradable films. In the forestry field, the company also sells biodegradable films for use in fumigation work for controlling pests on trees such as pine, oak, and evergreen oak.

Biodegradable films are ultimately broken down into water and carbon dioxide by microorganisms in the ground, which eliminates the need to recover them as industrial waste after use, and they are also a countermeasure against microplastics when released into the oceans, which leads to reduced CO₂ emissions relating to post-use waste.

In the construction field, Achilles Core Tech is highlighting insulation products with particularly high insulation performance and is taking action to reduce environmental burdens by focusing its efforts on the widespread adoption of the support-type high-performance building-wide air conditioning systems for small and medium construction companies.



Fumigating pine trees against pests

News release relating to receipt of the FY 2022 Energy Conservation Grand Prize

<https://www.achilles-dannetu.jp/assets/pdf/topics/20230202.pdf>
(in Japanese)



Osaka Achilles Aeron Co., Ltd.



Measures that Lead to Reduced Environmental Impact

Osaka Achilles Aeron is working to reduce industrial waste by reusing the scraps and cut-offs generated when foaming urethane and processing it.

When manufacturing urethane foam, for example, the boundary portions created when switching colors are not discarded and are used as core material in mattresses and other products. The performance, other than the color, is comparable to that of ordinary products, and as a result, these products are valued by consumers who seek cost performance. The company is also reducing waste and decreasing environmental impact by using cut-offs generated when processing urethane foam in products such as mattresses and sofa sets.



The block in the middle of the urethane foam is the boundary portion generated when changing colors.



Urethane foam cut-offs generated during processing



A high-bounce mattress that uses the core material mentioned above (Rich model)



Chipped urethane foam cut-offs



A sofa set suitable for napping

Sanshin Enterprises Co., Ltd.



Supporting Health with Personalized Insoles

Sanshin Enterprises provides products that protect the elderly in support healthy and comfortable lives including shoe insoles, bunion supporters, waist belts, hip protectors, and health mats. The Company uses foot pressure and foot measurement devices to propose products optimal for each individual at in-store events held at department stores, sporting goods sales floors, and other such locations.

In recent years, shoes and insoles have gained attention with a focus on walking from the perspective of a healthy lifespan, and the market for customized insoles to prevent foot problems and pre-symptomatic conditions is showing signs of growth.

Sanshin Enterprises has collaborated with other companies to automate all processes from foot measurement to design and cutting of insoles using digital technology and built a new custom insole manufacturing and sales system. The Company will focus on personalized insoles as a new business

[Digital and automated cutting process and customized insoles]



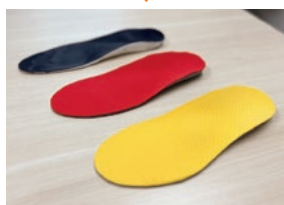
Data is acquired using a 3D measuring instrument



Insole data design



Data is transferred to the cutting machine for processing



Completed products

Achilles Osaka Vini Star Co., Ltd.

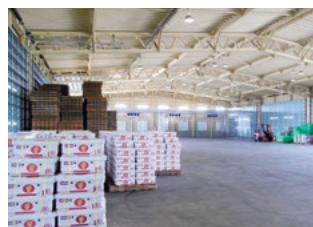


Using Partitions to Achieve Both Quality Control and Energy Savings

The need for energy saving is rising against a backdrop of calls to reduce CO₂ emissions and cut power consumption due to power shortages. At the same time, workspaces where forklifts and trucks frequently enter and exit such as warehouses require wide openings from the perspective of productivity, making energy-saving measures an issue.

Achilles Osaka Vini Star offers proposals that achieve both energy savings and high productivity in these types of workspaces by providing soft vinyl curtain partitions.

By surrounding an area with a soft vinyl curtain to create a simple cold storage area for collection of fruits and vegetables that are susceptible to spoilage in the summer, it is possible to enhance the effectiveness of the air conditioning and maintain the freshness of the fruits and vegetables, achieving both quality control and power saving measures and energy savings.



Fruit and vegetable collection area



Example of soft vinyl curtain installation

Initiatives for Quality Assurance

Our Approach to Quality

The Achilles Group has formulated the Achilles Action Guidelines to help ensure that all employees will be thorough in safeguarding product safety and quality. In addition, in order 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 establishes quality objectives in their capacity as manager responsible for quality assurance, and strives 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



[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

The company implements Process Patrols (internal audits) to verify production processes. The company's production lines are verified on a regular basis for screening purposes to ensure that standardized production methodology is properly applied.

In addition, we also regularly verify the quality control status of certified products. By surveying certified products (industrial and legal certifications) and quality control status, we are able to verify that no products are sold that fail to meet certification standards.

In addition to the above, with a view to boosting awareness of quality issues amongst our employees, we are also focused on quality training in recent years.



Process Patrols

Quality Assurance Framework

Our Quality Assurance Head Office submits proposals where appropriate regarding individual divisions' product planning, development, production and sales processes, as it works 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 ensure efficient production and consistent quality.
- With the goal of reducing the impact on the global environment, we implement projects designed to combat 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 engage in any unlawful acts in procurement.

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, endeavoring 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 verify 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"—our goal is to contribute to the realization of a more sustainable, prosperous society by creating products and providing services that bring our customers real satisfaction and joy. In order to maintain a clear awareness of customers' needs, both apparent and hidden, we attach great importance to creating opportunities for dialog with customers. As one of the contact windows that fulfill 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 2022, the overall rating was 4.9 (the rating in FY 2012, the first year of evaluation, was 4.5).

In FY 2022, the Customer Consultation Office received a total of 4,366 telephone calls and e-mails, including both inquiries and comments (around 699 less than in the previous fiscal year).

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

[Evaluation criteria] (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 issues. As of 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 project remains in effect. 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. Referencing these topics, these lectures examined the nature of—and necessity for—sustainable consumption.

*ACAP: Association of Consumer Affairs Professionals (has approximately 530 corporate members)



Class in progress at Rissho University

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



Strengthening Communication with Customers

We take steps to bring us closer to our customers.

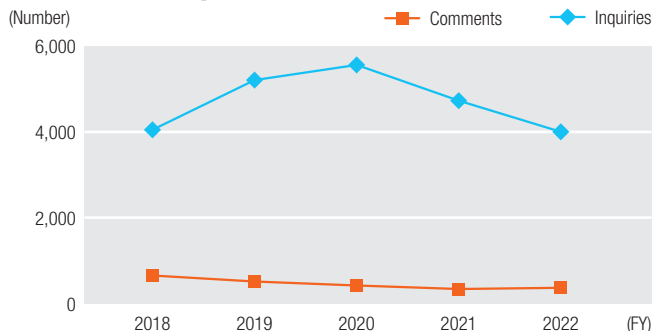
As one example, in order to be prepared for inquiries about our shoe products, we have arranged for four of our customer communication staff to obtain Shoe Fitter certification (a specialist qualification relating to shoes and feet), and we strive to handle customer consultations appropriately.

In addition, we are continuing with the existing programs 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 2022, we had 45 customers utilize the Foot Measuring and Counseling service. We offered 26 visiting lectures, with 1,040 people in attendance. The cumulative totals since this initiative was first launched in FY 2013 stood at 608 individuals making use of the Foot Measurement and Counseling Service, 274 visiting lectures, and 14,388 participants.



Class in progress at elementary school in Kawagoe City, Saitama Prefecture

[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, 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 strategies 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



CSR Procurement

Once a year, we conduct the CSR Procurement Questionnaire with our major suppliers and verify compliance with our basic policy on procurement. In addition, as of FY 2021, we have conducted surveys on human rights risk. Both surveys are conducted using the self-assessment method. We engage in repeated dialog depending on survey responses, and work to reduce risk accordingly.

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 248 of our major suppliers, including subcontractors, to respond to the survey, which involved asking second-tier suppliers to provide information. All 248 companies provided responses. As was the case last year, the results obtained did not indicate any problems on matters of concern to the global community, such as forced labor, child labor, coercive treatment of foreign workers, etc. However, the results did confirm that the company's strategy of repeated dialog is having a positive impact with regard to small-scale providers, who often lack management resources, as observed in improved labor management as well as health and safety strategies.

Overview of survey results

A total of 16 companies (6.7%) failed to meet the company's criteria considering all factors. The majority of these were small firms.

[Overview of Survey Results]

	Business partners falling short of our company's criteria	
	FY 2021	FY 2022
Risk of involvement in forced labor, child labor, etc.	0 (0.0%)	0 (0.0%)
Risks pertaining to labor management	6 companies (2.3%)	1 company (0.4%)
Risk of involvement in workplace safety issues	39 companies (14.9%)	24 companies (10.0%)
Risk pertaining to response to conflict minerals or individual information protection systems	57 companies (21.8%)	31 companies (13.0%)

Future Initiatives

We will narrow the scope of our investigations to scenarios deemed high risk. Where we find human rights violations upon further investigation, the company will consider all possibilities of how to address these issues.

Remote Briefing Session on Procurement Policy

Due to COVID-19, the briefing session on procurement policy that is usually held in person 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 goal 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, Achilles Corporation, including its consolidated subsidiaries 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, 2023 (whole Group)

Male 1,321	Female 328	Total 1,649
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[Employment data] *As of March 31, 2023 (Achilles Corporation only)

Average age	Male 40.9	Female 43.6	Total 41.3
Average years of service	Male 18.9	Female 21.4	Total 19.3
Average annual income	Approximately 5.75 million yen		
Difference in wages between male and female employees*	All employees 80.3% Full-time employees 82.9% Part-time and contracted employees 84.4%		
Executive officers (including managing executive officers)	Male 29	Female 2	Total 31
Departmental managers	Male 36	Female 0	Total 36
Section managers	Male 202	Female 8	Total 210
No. of persons using the system for the re-employment of employees who have reached retirement age as of FY 2022	122		
Ratio of mid-career hires in FY 2022	18.2%		
Ratio of hires of people with disabilities in FY 2022	2.0%		

* (Average annual wages of female employees ÷ average annual wages of male employees) × 100

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

Major support systems

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

[FY 2022 benefits data] *As of March 31, 2023 (Achilles Corporation only)

No. of employees using the childcare leave system	Male 31	Female 5	Total 36
Percentage of eligible employees using the childcare leave system	Male: 93.9% *1		Female: 100%
No. of employees using the nursing care leave system	0		
Average total hours worked per employee per year	1,949.9 hours		
Average no. of days of paid leave taken per year (leave utilization rate**)	11.2 days (60.7%)		

*1 Includes male employees who took child-care leave when their spouse was giving birth.

**2 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 856* 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 219* members, who are employees (not including executive officers and managers) working in the company's sales divisions.

*Numbers as of July 1, 2023

■ 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 FY 2022, we promoted health maintenance and the enhancement of individual employee health through the online health seminar "Sleep," hybrid seminar "Training and Stretching for a Good Posture," participation in walk rallies and other physical exercise while paying attention to the state of COVID-19.



Health seminar (Tokyo Head Office)



Designated a FY 2022 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 Capital Management

Policies regarding Human Resource Cultivation, including Securing Diverse Human Resources, and Policies regarding In-house Environmental Development

We set the goal of cultivating a corporate climate that enables individual employees to increase their motivation and exercise their abilities based on the idea that a diverse sense of values and individuality among employees as well as communication among them will lead to the creation of innovation. To increase effectiveness, we established a system for the recruitment of human resources capable of exercising their abilities without regard to gender and employment conditions.

Individual employees have opportunities to shift from specialist positions (which lead to improvements in the quality and efficiency of the existing job descriptions) to positions leading to future managerial careers (which involve new challenges and business reformation, building experience useful in managerial positions).

In addition, to increase the ratio of female employees in managerial positions in the future, we have maintained a certain rate of female employment. Furthermore, we provide all employees opportunities to improve their abilities. These opportunities include a wide variety of training without regard to gender, and support for the acquisition and development of skills necessary for their work.

Beyond this, to respond to business requiring specialized skills and experience, we actively hire mid-career employees (experienced employees) for managerial positions.

Employees are the most precious assets for the Achilles Group, and the growth of our employees is essential for the sustainable growth of the Group. Based on the cultivation of human resources through OJT and the application of a role-based personnel grading system, we promote the improvement of skills and abilities necessary for work through training for each grade. We also place priority on cultivating and supporting human resources who have the potential for becoming next-generation managers, human resources who are able to play an active role in accelerating overseas business expansion on a global level, and human resources handling digital transformation who contribute to the improvement of productivity, aiming to improve our organizational capacity.

[Indicator and target]

Indicator	Target	FY 2022 Achievements
Ratio of newly recruited female employees	20% or greater by March 31, 2026	18.6%
Female ratio in positions leading to future managerial careers	10% or greater by March 31, 2026	8.5%
Number of females in managerial positions	20 females by March 31, 2031	8 females

Note: Figures shown above are not on a consolidated base, but are based on the data of Achilles Corporation only.

[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 2022]

Training field	No. of training themes	No. of participants
Training to foster managers	1	37 employees
Global training	5	34 employees
Grade-specific training (initial training for new employees)	16	395 employees (23 employees)
Compliance training*	7	1,413 employees
Specialist skill enhancement training	12	483 employees
Distance learning	Various types	69 employees
Health and safety training	3	112 employees
Disaster response training	1	41 employees

*The figures given for compliance training are for all employees at Achilles Corporation and its consolidated subsidiaries in 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.



Global training



Initial training for new employees

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



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	68 persons (8.8)
Ashikaga Factory No. 1	19 persons	621 persons (3.1)
Ashikaga Factory No. 2	16 persons	268 persons (6.0)
Shiga Factory No. 1	12 persons	91 persons (13.2)
Shiga Factory No. 2	12 persons	129 persons (9.3)
Total	77 persons	1,460 persons (5.3)

As of March 31, 2023
*The ratio of Health and Safety Committee members to all employees at each manufacturing site.

Occupational accidents

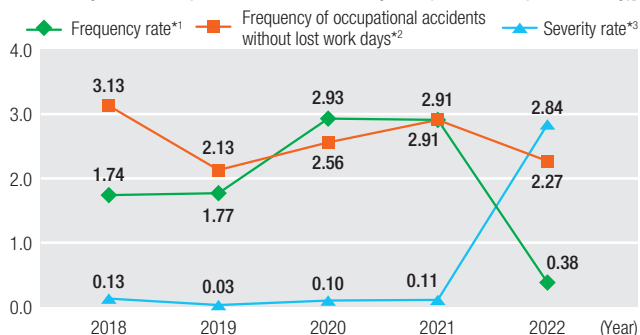
Compared to the figures for the previous year, when the average rate of occupational accidents was 2.91 and the average severity rate of occupational accidents was 0.11, the corresponding figures for FY 2022 were 0.38 and 2.84 respectively. The results show that although the rate of occupational accidents was improved and the number of accidents that require time off from work decreased, the severity rate of occupational accidents worsened significantly due to the occurrence of one fatal incident.

Immediately after the accident, we conducted risk assessment again at all of our manufacturing sites to plan and introduce safety measures while ensuring employee education and training when necessary.

Taking the accident seriously, we are striving to prevent the incidence of such occupational accidents by strengthening our approaches to ensure safety.

*The average rate of occupational accidents at manufacturing firms in Japan (including only firms with at least 1,000 employees) was 0.30, and the average severity rate of occupational accidents was 0.02 in FY 2022.

[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).

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



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 fire drills, and held wireless communication disaster prevention drills at each workplace in FY 2022, continuing from the previous year.



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 2023, a total of 2,032 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 prioritizes communication with local communities and social action projects as an important aspect of its materiality, taking steps to do its part for local development. Through our business, we strive to provide solutions to sustainability issues (such as climate change, disaster prevention, health issues, etc.) that impact local communities.

■ Signing of disaster support agreements (Shiga Prefecture)



On November 24, 2022, Achilles Corporation signed an Agreement Regarding Equipment and Materials to Be Used in Evacuation Shelters etc. in the Event of a Disaster with Toyosato-cho, Shiga Prefecture.

Under this Agreement, in the event where people would need to evacuate due to collapse of their homes, flooding, etc., caused by an earthquake in Toyosato, or where key city services such as electricity, public transportation, etc., are lost, the company offers Shiga Factory No. 2 in town as an evacuation site (upon request, capacity of roughly 150 people) where local people or those stranded on their way home can safely evacuate. In addition, equipment for charging cell phones will be provided at the site. The Plant will serve as a temporary storage site for commodities, and also offer information on public transport availability as well as other information pertaining to the disaster.

On February 14, 2023, the “Agreement Regarding Supply of Products for Use at Evacuation Shelters” was signed with Yasu City, Shiga Prefecture. Under the Agreement, the company provides commodities and materials for use in evacuation shelters in the event of a disaster—or the impending threat of one in Yasu City.



Agreement signing ceremony on November 24, 2022
Left: Mr. Sadamu Ito, Mayor of Toyosato
Right: Ichiro Hikage, President, Achilles Corporation



Signing ceremony on February 14, 2023
Right: Susumu Kayaki, Mayor of Yasu City
Left: Ichiro Hikage, President, Achilles Corporation

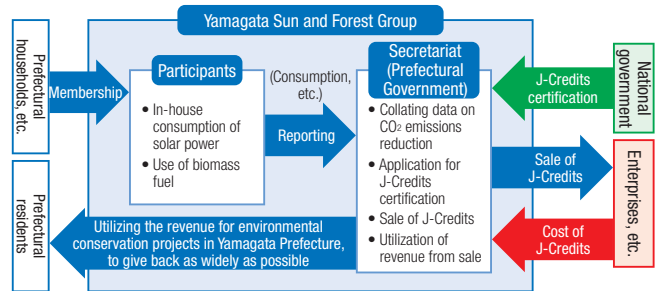
■ “Yamagata Sun and Forest Group” Credits (Yamagata Prefecture)



We have purchased J-Credits in Yamagata Prefecture, where Yamagata Achilles Aeron Co., Ltd. is located, every year since FY 2017. In FY 2022 we purchased credits equivalent to 330 t-CO₂, and we have worked to reduce our total CO₂ emissions by deducting these credits from the total CO₂ emissions attributed to the Achilles Group’s business.

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 CO₂ emissions achieved through the adoption of renewable energy equipment, etc. are certified by the government; this certification facilitates the use of these reductions in market transactions. The unit used to measure emissions reductions is t-CO₂.

■ “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 offered at Achilles Corporation’s Tokyo Head Office showroom (reservations required). Achilles Corporation can also arrange to give visiting sessions at elementary schools and junior high schools, etc. (book 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, Tokyo Head Office showroom employees take precautions during the Foot Measurement and Counseling service, including 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 employees regularly clean the streets in the area near the Factory.



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

■ Collaboration with a view to sustainability (USA)



Achilles USA, Inc. has registered with and been active in the Vinyl Sustainability Council (VSC), an organization that works with companies engaged in the vinyl value chain toward making the entire industry more sustainable in performance.

Together with the major VSC stakeholder members, such as PVC manufacturers, compounders, machinery manufacturers, vinyl product retailers, additive manufacturers, distributors, and more, Achilles USA collaborates every quarter at task force meetings on risks and

opportunities pertaining to three key categories in the industry (resource efficiency, emissions, and people/the community).

Meanwhile, Achilles USA is moving forward with applying for certification under the VSC +Vantage Vinyl program. This third-party verification process certifies vinyl supply chain providers pledging to apply more sustainable methodology. Earning +Vantage Vinyl certification* entails implementation of the following: submission of yearly emissions data; environmental stewardship; diligence with regard to the greater society; financial stability; collaboration; and open communication.

In the near future, Achilles USA, Inc. has plans to implement new sustainability initiatives through its VSC membership and +Vantage Vinyl. The goal is to do our part for the community and industry.

*Refer to the following on +Vantage Vinyl certification.



+Vantage Vinyl Website (English)
<https://vantagevinyl.com/>



■ Visiting senior citizens and people with disabilities

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



On September 9, 2022, as part of the activities organized through the Caring Company initiative—a program that implements social action projects by enterprises located in Hong Kong, 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, at which time people get together with their family members. On this occasion, Achilles Hong Kong held a number of fun events, such as decorating the first-floor common space in these multi-unit housing with lanterns, and compiling a short quiz book (a familiar game in the Chinese world) and hanging copies up in the space.

Individuals who successfully answered the quiz questions were given special gifts by drawing. This made everyone happy, despite the fact that the pandemic was still going on.

All of our employees at Achilles Hong Kong Co., Ltd. are working to live harmoniously with the people of the region.



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



Achilles Hong Kong Co., Ltd. staff pack gifts

■ Supporting children's growth

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



In recent years in China, a lack of exercise amongst children is recognized as one reason for problems of obesity and near-sightedness, which has become a social issue. Steps taken to remedy this situation include review of physical education in elementary school as well as adding exercise test to school entrance exams. In addition, the number of parents requesting more exercise for their children is rising dramatically.

Achilles (Shanghai) International Trading Co., Ltd. wanted to provide a place where Chinese children could enjoy exercising, which led to the support of "The Runbike Warrior™ King of Runbikers' Asian Cup". This event, which is held in places around China, provides shoes as prizes to the participants. Through tie-ups with clubs, Achilles (Shanghai) also gets ideas and opinions for product development from the children.

It is wonderful to see the children running fast toward the goal wearing Syunsoku kids' sports shoes, falling and getting up over and over again without ever giving up. Inspired by the spirit of these children challenging themselves, it is our hope at the Achilles (Shanghai) International Trading Co., Ltd. to continue to support their growth.



Balancing Bike Tournament, Kunshan, China

■ Waste-reduction initiatives

Achilles Advanced Technology Co., Ltd. (Taiwan)



Achilles Advanced Technology Co., Ltd. in Taiwan is making progress with waste reduction by reusing semiconductor silicon wafer transport cases.

Silicon wafers for semiconductors manufactured in places around the world are placed in transport cases and transported to Taiwan for additional processing. Achilles Advanced Technology Co., Ltd. collects, washes, and inspects the cases used, following which they are filled and re-supplied to semiconductor manufacturers in other countries. As long as quality is not compromised, the cases are reused multiple times. However, depending on how the cases are handled, transported, and stored, issues may occur with the external appearance of the cases, as well as abnormalities with dimensions, which means in some cases that they can no longer be reused. To maximize use of the cases, discussions are held with semiconductor manufacturers, transport providers, as well as the case washing facilities on how to improve the situation. All in all, Achilles Advanced Technology is working to reduce waste by improving the yield rate.

In FY2022, Achilles Advanced Technology succeeded in reducing plastic waste by approximately 240 tons. It also shared its ideas on reuse with headquarters, which has led to the development of more environmentally-friendly products, including improved transport cases.



The reuse process for wafer transport cases

Governance

Governance/Risk Management

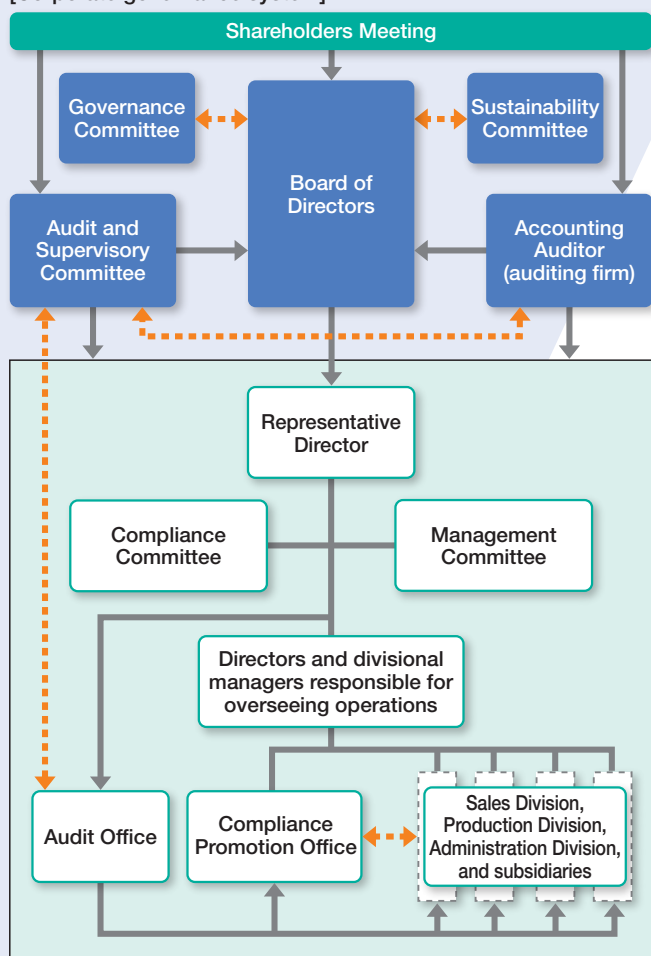
Corporate Governance

Corporate Governance System

By boosting our risk management as well as sustainability management, our goal is to enhance medium- to long-term corporate value. To this end, we established a Sustainability Committee on November 1, 2022.

Achilles Corporation is now a company with an Audit and Supervisory Committee. The 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) person	1 (1) person
Total	4 (2) persons	1 (1) person	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 are reviewed 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 2022 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 2021	FY 2022
Composition of the Board of Directors	4.0	3.6
Board of Directors operations	3.9	3.3
Information sharing with external officers	4.0	3.4
Completeness of deliberations in the Board of Directors	3.6	3.1
Improvement from the previous fiscal year	3.0	2.6
Overall evaluation	4.1	3.6

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

[Results of the assessment of the Board of Directors' effectiveness in FY 2022]

During FY 2022, developments such as higher oil prices and the devalued yen induced sharp cost increases, which in turn resulted in a drop in company performance. The Board of Directors focused on this crisis.

In addition to lowering costs and boosting productivity, the Board offered guidance including passing on price increases to consumers, which followed negotiations with customers.

The company prioritized urgent steps to address the situation. We realized that deliberations pertaining to sustainability management in the previous year were insufficient, as well as were discussions regarding management and investment over the medium- to long-term. Taking a proactive approach to this situation, the company established a system, involving a Sustainability Committee, in which all Directors participate.

Further, the company is addressing medium- to long-term management issues in response to the fact that profitability continues to fall due to increasing costs, in addition to the following initiatives: 1) considering drastic strategies to address the problems of loss-making business units, 2) implementing steps to improve profitability for the company's major businesses, and 3) consistently implementing growth strategy businesses.

As outlined above, as a result of appropriate steps taken at the appropriate time by the Board of Directors, the Board and its initiatives have been deemed effective in FY 2022 as well.

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 Performance indicators used to determine performance-based remuneration are as follows: the ordinary profit ratio from the perspective of short-term profitability, and the Return on Equity (ROE) and Return on Assets (ROA) from the perspective of improving corporate profits in the medium- to long-term. Performance-based remuneration is determined in accordance with regulations pertaining to compensation for Directors. The base pay is calculated taking the standard pay (which in turn is based on factors such as degree of responsibility, comparison to other companies, the company's performance, employee pay levels, etc.) and exempting the fixed remuneration from this figure. A goal table is devised with indicators used in calculations, specifically averages for the past five fiscal years. On top of this, criteria such as degree of achievement of the various goals of the past fiscal year (as well as management skills) are factored in and weighted in accordance with benchmarks determined ahead of time. Also, 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 2022 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 (excludes Audit and Supervisory Committee members) (No. of External Directors)	195 (17)	70 (17)	125 (-)	- (-)	12 (4)
Directors (Audit and Supervisory Committee members) (No. of External Directors)	45 (17)	45 (17)	- (-)	- (-)	5 (3)
Auditors (No. of External Auditors)	12 (3)	12 (3)	- (-)	- (-)	4 (2)
Total (external officers)	253 (38)	128 (38)	125 (-)	- (-)	16 (6)

Note: • The above reflects the departure of one Director and one External Director as of the 102nd Annual General Meeting of Shareholders, held June 29, 2022. As of this date, we made the transition from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee.
• The goals for the indicators of the base fiscal year as pertains to performance-based remuneration are as follows: ordinary profit ratio: 2.8%; return on investment: 4.55%; and return on assets: 3.0%. The actual figures for each were: 2.1%, 3.2%, and 2.0% respectively.
• The total indicates the actual number of individuals paid.

Director Skill Matrix

The Director Skill Matrix is described on page 13 of the Notice of the 103rd Annual General Meeting of Shareholders

[Notice of the 103rd Annual General Meeting of Shareholders]
https://www.achilles.jp/assets/pdf/ir/library/annual/230605_en.pdf



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



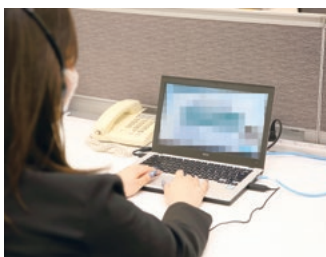
https://www.achilles.jp/assets/pdf/csr/philosophy/policy-code_en.pdf#view=Fit



Compliance Promotion Activities

The main compliance promotion activities implemented in FY 2022 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.

Major compliance trainings	Topics • Subcontract Act (compliance with revised criteria) • Preventing sexual harassment • Preventing power harassment • Whistleblower Protection Act (compliance with revised law)
Other	Other necessary adjustments to rules made in response to revision of relevant laws, etc., and making employees aware of these adjustments.



Employee taking on online compliance training (Tokyo Head Office)

Information Security

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).

As of FY 2021, an increased number of suspicious e-mails has become the norm, prompting the company to revise its strategies to address information security risk.

Basic Policy on Information Security



https://www.achilles.jp/assets/pdf/csr/philosophy/policy-security_en.pdf



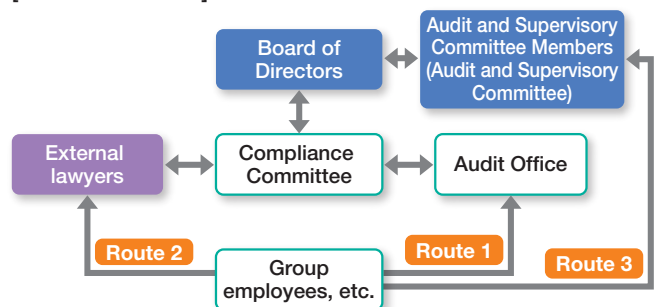
Reporting and Consultation System

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 2022]

Report from Group employee	5	Total: 8
Report from person not a Group employee	3	
Report details	Human relations: 6; Labor: 1, Other: 1	
Outline of response	No legal infractions in FY 2022 confirmed	

Data Version (Financial Information)

Consolidated Management Indices

	FY2018	FY2019	FY2020	FY2021*1	FY2022
• Management results					
Sales (million yen)	85,705	80,225	73,617	75,953	82,917
Operating income (million yen)	1,402	1,602	1,569	855	(713)
Ordinary income (million yen)	2,004	2,048	2,080	1,595	(117)
Current net income attributable to the parent company (million yen)	338	1,895	3,215	1,525	(1,204)
• Financial condition					
Interest-bearing debt (million yen)	5,228	5,221	5,200	5,200	11,100
Net assets (million yen)	41,763	41,353	46,386	47,728	46,206
Total assets (million yen)	74,891	72,255	76,862	80,123	86,220
• Cash flow					
Cash flow from operating activities (million yen)	3,543	7,549	4,509	4,707	(1,072)
Cash flow from investing activities (million yen)	(4,241)	(4,595)	(2,830)	(5,030)	(4,484)
Free cash flow (million yen)	(698)	2,954	1,679	(323)	(5,556)
Cash flow from financing activities (million yen)	(2,668)	(1,078)	(650)	(860)	4,547
• Management indicators					
ROA (%)	2.6	2.8	2.8	2.0	(0.1)
ROE (%)	0.8	4.6	7.3	3.2	(2.6)
• Per share data					
Current net income per share (yen)	20.50	120.33	204.72	97.12	(78.21)
Net assets per share (yen)	2,620.91	2,632.34	2,952.98	3,049.81	3,058.80
Price-to-earnings ratio (multiple)	93.1	14.6	7.2	13.0	—*2
Dividend per share (yen)	40	40	50	40	40
• Other					
Capital expenditures (million yen)	4,520	4,561	3,595	5,446	5,824
Depreciation and amortization (million yen)	3,031	3,239	3,107	3,160	3,329
Research and development expenses (million yen)	1,442	1,460	1,415	1,359	1,260
Number of employees (persons)	1,677	1,675	1,662	1,651	1,649
• Segment information					
Shoes business (million yen, % in square brackets)	13,994 [16.3]	11,931 [14.9]	10,412 [14.1]	11,497 [15.1]	11,387 [13.7]
Plastic business (million yen, % in square brackets)	41,006 [47.9]	37,880 [47.2]	34,428 [46.8]	36,499 [48.1]	42,223 [50.9]
Industrial materials business (million yen, % in square brackets)	30,704 [35.8]	30,413 [37.9]	28,776 [39.1]	27,956 [36.8]	29,306 [35.4]

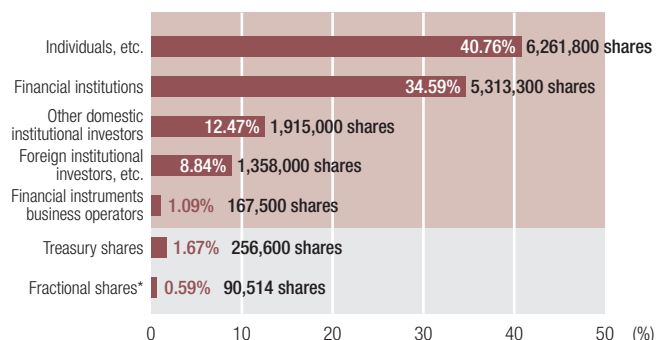
*1 The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related accounting standards have been applied from FY 2021 onward. The consolidated management indices for FY 2021 are the indices after the application of these accounting standards, so a simple comparison 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.
*2 Price-to-earnings ratio for FY 2022 is not shown because it is associated with the current net loss attributable to the parent company.
Note: Figures given in parentheses are negative values.

Shareholding Status

[Total shares, etc.] As of March 31, 2023

Total number of authorized shares	70,000,000 shares
Total number of outstanding shares	15,362,714 shares
Total number of shareholders (those with voting rights)	12,559 (9,687) persons

[Shareholding distribution] As of March 31, 2023



*Fractional shares are shares of less than one unit (100 shares), and the fractional shares above include 55 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

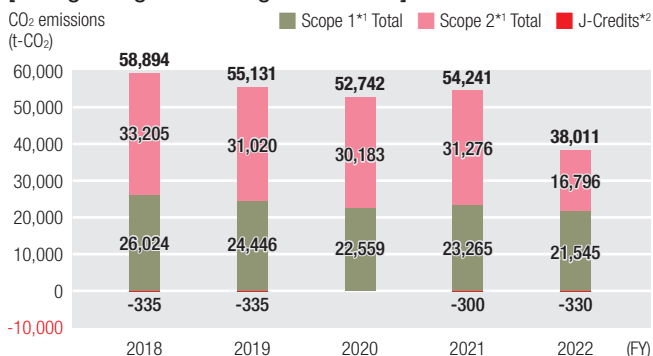
Improving the Rate of Exercising Voting Rights at the General Meeting of Shareholders

The Achilles Corporation's annual general meeting of shareholders was held in June 2022, having introduced the exercise of voting rights via the internet and the issuance of a convocation notice in English. It has also issued a statement of accounts in English since FY 2023.

Data Version (Environmental Footprint Data)

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 CO₂. Scope 1 emissions include greenhouse gases emitted during the manufacturing of urethane foam, converted into CO₂. Starting with this report, CO₂ emissions are calculated using the emission coefficient for the relevant fiscal year.

In addition, 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); however, the results from FY 2018 to FY 2020 partially include estimated values.

For more details about Scope definitions, please visit the following website: <https://ghgprotocol.org/>

*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] 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)

[CO₂ emissions in conjunction with transportation and modal shift rate]

Item (unit)	FY 2021	FY 2022	YoY comparison
Transportation ton-kilometer*1 (thousands)	71,941	66,108	Decrease of 8.1%
CO ₂ emissions generated (t-CO ₂)*2	8,867	8,525	Decrease of 3.9%
Modal shift rate*3 (%)	18.6	14.3	Decrease of 4.3 points

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

*2 CO₂ emissions (t-CO₂) =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 CO₂ emissions.

[Scope] ISO 14001: 2015 registered worksites

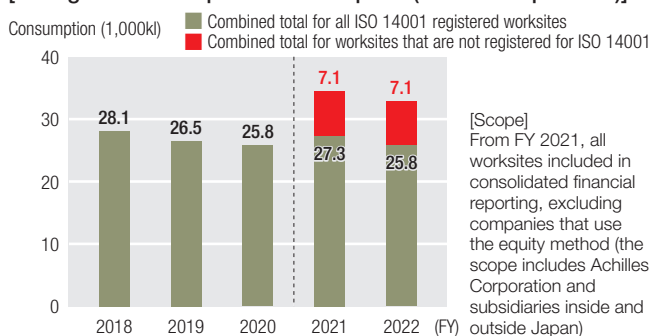
[Solar photovoltaic power generation equipment]

	Solar power generation capacity (kW)	Electric power generated (thousand kWh/year)	Reduction in CO ₂ * (t-CO ₂ /year)
Ashikaga Factory No. 2	529	566	256
Shiga Factory No. 2	1,006	1,113	454
Total	1,535	1,679	710

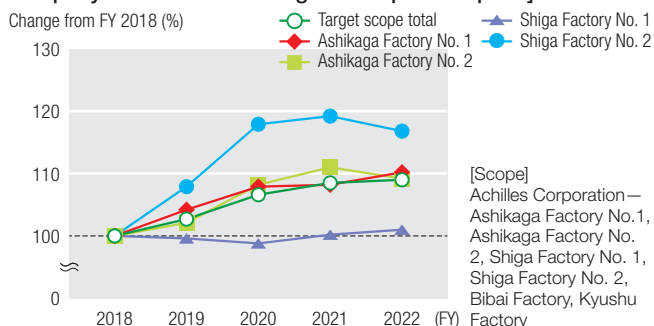
*The emission factor (2022) for Tokyo Electric Power Company and Daiwa House Industry was used for Ashikaga Factory No. 2, and the factor for Ennet power company was used for Shiga Factory No. 2

Energy Conservation

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



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

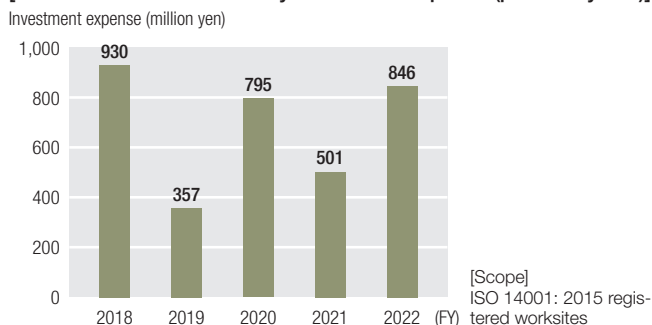


[Main details of the improvement of existing facilities and installing of new facilities, and energy consumption reduction effects (crude oil equivalent value)]

Details	Reduction Effects (kl/year)
Improved thermal insulation of and prevented steam leaks from pipes, valves, etc.	110
Updated compressors, prevented air leaks	60
Updated to the top runner standard air conditioners	40
Installed LED lighting and Hf fluorescent lights	55
Updated to high-efficiency voltage transformers at transformer stations	5
Other (adopted inverter pumps and motors, etc.)	20
Total	290

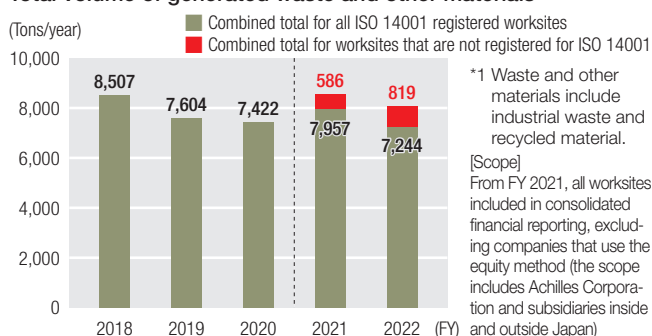
[Scope] ISO 14001: 2015 registered worksites

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

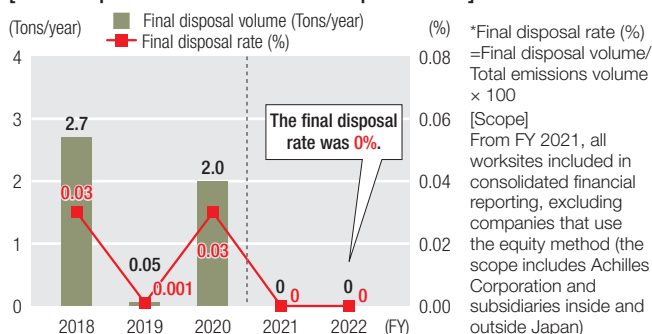


3R Activities and Complete Zero Emissions

Total volume of generated waste and other materials*1

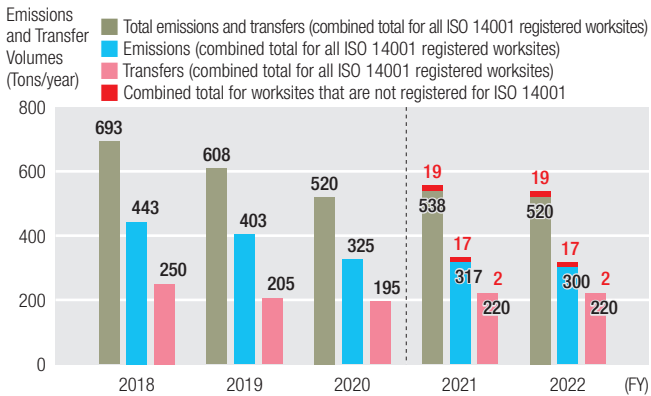


[Final disposal volume and final disposal rate*]

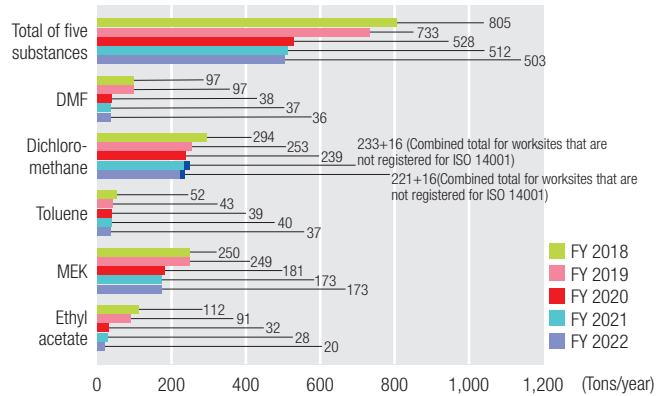


Air Pollution Prevention (Environmentally Hazardous Substances)

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



[Total atmospheric releases of five substances of environmental concern]



Note: Worksites where the volumes handled are below the specified threshold are excluded from the scope of aggregation.

[Scope] From FY 2021, 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, 2022–March 31, 2023)

[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	2.70	0.00	0.00	0.05	-	-	-	-	-	-
Xylene	0.08	0.00	0.01	2.20	0.00	0.12	-	-	-	-	-	-
Dichloromethane (methylene chloride)	120.00	0.00	3.70	2.50	0.00	0.14	6.40	0.00	0.51	-	-	-
N, N-dimethylformamide (DMF)	36.00	0.29	4.70	0.03	0.00	0.02	-	-	-	0.00	0.00	0.00
m-tolylene diisocyanate	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
Toluene	30.00	0.00	3.60	4.90	0.00	0.26	-	-	-	1.40	0.00	0.00
Bis phthalate (2-ethylhexyl)	0.56	0.00	30.00	0.08	0.00	58.00	-	-	-	-	-	-
Methylenebis (4,1-phenylene) =diisocyanate	0.00	0.00	1.30	0.00	0.00	0.36	0.00	0.00	0.37	-	-	-

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	0.01	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-
Dichloromethane (methylene chloride)	-	-	-	88.00	0.00	4.00	0.14	0.00	0.00	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)	0.50	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.02	-	-	-	1.00	0.00	0.16
1-bromopropane	-	-	-	2.60	0.00	10.00	-	-	-	-	-	-	-	-	-
Poly (oxyethylene) nonylphenyl ether	-	-	-	0	0	0	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-

*Achilles Marine Co., Ltd. was dissolved on March 31, 2023, and its business has been transferred to Achilles Corporation.

Note: 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. 1			Shiga Factory No. 1 Site 1*			Shiga Factory No. 1 Site 2*			Base value	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*	Shiga Factory No. 1 Site 2*					
Hydrogen ion concentration (pH)	pH	5.8–8.6	7.2	7.3	7.3	6.0–8.5	7.5	7.7	6.0–8.5	7.8			
Biochemical oxygen demand (BOD)	mg/ℓ	25 or less	1.9	4.7	1.8	25 or less	1.7	2.0	30 or less	1.0			
Suspended solids (SS)	mg/ℓ	50 or less	1.0	8.8	1.1	25 or less	4.4	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	2.9	3.1	12 or less	0.4	0.4	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	1.0	1.2 or less	0.1			

*Ashikaga Factory No.2 and Shiga Factory No.2 conducted measurements at two locations.

Note: 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	41	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 1,649 (consolidated) *As of March 31, 2023
 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

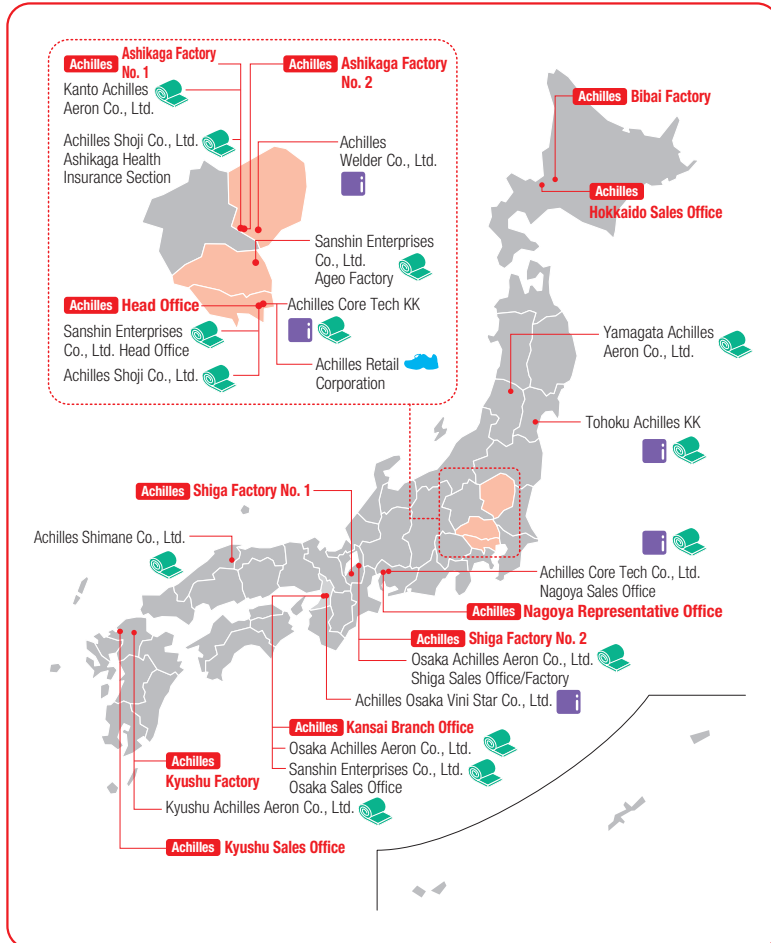
*Scan the QR code on the right or follow the link below for the full addresses of our business locations.

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



Business Locations

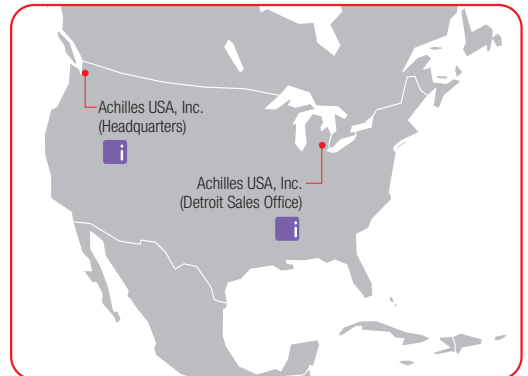
Japan



Asia



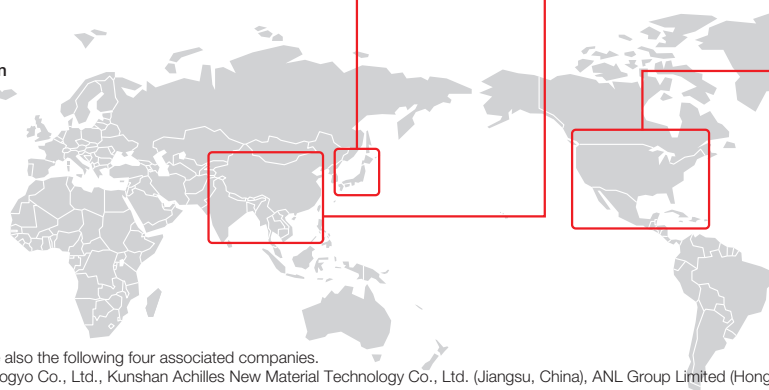
North America



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)

Achilles Report 2023

Published: September 2023 Publisher: Achilles Corporation

Inquiries

[Sustainability Promotion Office]

Nakanoshima Central Tower, 2-2-7 Nakanoshima, Kita-ku, Osaka 530-0005, Japan
 Tel: +81-6-4704-2210 Fax: +81-3-5338-8250

[Safety & Environment Promotion Office]

668 Kariyado-cho, Ashikaga, Tochigi 326-8511, Japan
 Tel: +81-284-73-9148 Fax: +81-284-73-9854