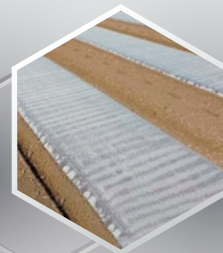
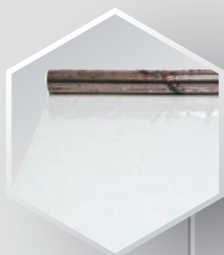


always with you... Achilles



Living with Society

Achilles Report 2024



Corporate Philosophy

“Living with Society” = “Customer First”

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

[History]

- May 1947 Established Kohkoku Chemical Industry with capital of 2 million yen; began manufacture and sales of rubber products, with the Head Office located in Nihonbashi, Chuo-ku, Tokyo, and a factory in Ashikaga, Tochigi Prefecture
- April 1948 Began manufacture and sales of polyvinyl chloride (PVC)
- March 1951 Relocated the Head Office to Shintomi-cho, Chuo-ku, Tokyo
- June 1956 Elevated the Osaka Sales Office to the Osaka Branch (currently constructed the Yamabe Factory (currently the Ashikaga Factory No. 1) in Ashikaga, Tochigi Prefecture
- April 1957 Constructed the Yamabe Factory (currently the Ashikaga Factory No. 1) in Ashikaga, Tochigi Prefecture
- June 1961 Began technical cooperation with UK-based ICI for the manufacture of soft polyurethane foam
- September 1962 Listed on the First Section of the Tokyo Stock Exchange
- January 1963 Successfully manufactured our original Cabron synthetic leather and began sales
- February 1964 Relocated the Head Office to Daikyo-cho, Shinjuku-ku, Tokyo
- November 1965 Established Achilles K.C.I. Corporation in New York, USA (absorbed into Achilles USA, Inc. in 1978)
- July 1969 Constructed the Yamabe Factory (currently the Ashikaga Factory No. 1) in Ashikaga, Tochigi Prefecture; began manufacture of industrial materials including automotive interior materials and rigid urethane shells
- February 1973 Incorporated the Hong Kong representative office as a local company (currently Achilles Hong Kong Co., Ltd.)
- October 1973 Constructed the Kansai Factory (currently the Shiga Factory No. 2) in Inukami District, Shiga Prefecture
- November 1973 Established Kohkoku USA, Inc. (currently Achilles USA, Inc.) in Everett, Washington, USA
- August 1974 Constructed the Bibai Factory in Bibai, Hokkaido
- November 1978 Established the Shiga Factory No. 1 in Yasu, Shiga Prefecture
- February 1982 Changed the company name from Kohkoku Chemical Industry Co., Ltd. to Achilles Corporation
- June 1986 Formed a technical tie-up with A.S.Creation Tapeten AG of Germany
- January 1989 Constructed the Kyushu Factory in Iizuka, Fukuoka Prefecture

[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



1971 Began production of COSSACKY series using slush molding technique



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



1973 Announced first model of ARTLEUM cushion flooring



1973 Launched sales of Achilles Flarre flameproof film for partitions

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



1985 Launched sales of Flashpal kids' sports shoes



1985 Launched sales of rotary screen-printed wallpaper

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Provide True Satisfaction and Inspiration Through Products and Services		Data Version: Environmental Footprint Data	37
Initiatives to Create Shared Value with Society	19		

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 synthetic 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

January 2024 Expanded the production line of soft urethane foam in Shiga Factory No. 2.

February 2024 Former Achilles Osaka Vini Star Co., Ltd. changed its name to ACHILLES VINISTAR and changed its location.

1990

2000



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



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



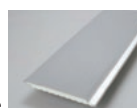
2013 Launched sales of ALL DAY Walk pumps offering sneaker-like comfort



2013 Launched sales of ACHILLES FUNEN CLEAR certified nonflammable films



2015 Rescue boat "Navi Cargo" received JIDA Design Museum Selection award



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



2020 Launched sales of ecofriendly 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
Note: Noted separately when the scope is different.
- **Reporting period**
April, 2023 to March, 2024
- **Publication date**
Previous report: September 2023
This report: September 2024
Next report: September 2025 (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
TCFD Recommendations and GHG Protocol

- **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.

Note: 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/>



Accomplish transformation by creating new values and businesses



Fiscal 2023 saw business recovery in food and automobile retail industries. However, in the chemical industry, which the Group belongs to, procurement costs remained high because of high resource prices due to prolonged geopolitical risks and weak yen due to interest rate differences with other countries.

The group made relentless cost cutting while revising prices through dialog with customers. However, higher prices set back demands and there was delay in the launch of new products and services for compensating this situation. With these, the Group could not secure enough profits to cover the lowered operation, resulting in a consolidated operating loss of 958 million yen (an operating loss of 713 million yen in the previous year) and consolidated ordinary loss of 171 million yen (ordinary loss of 117 million yen in the previous year) in fiscal 2023. The Group recorded an impairment loss of 4,973 million yen for the vehicle, urethane, and thermal insulation material businesses and 3,093 million yen for the adjustment of corporate tax and other taxes including the reversal of deferred tax asset. As a result, the period under review recorded a net loss of 8,210 million yen (1,204 million yen in the previous year).

The most important challenge that the Group faces is to improve profitability by overcoming high costs in the existing businesses. However, we must also create new values to return the business results to an upward trend. We will continue price revisions to compensate rising costs, but this effort potentially sets back demand. Therefore, it is vital to create new businesses to keep operation going.

In creating value, we will explore new fields in addition to the cultivation of existing businesses. In order for the Group to continuously grow, it must transform to a corporation that constantly explores new business fields and unceasingly creates innovations that lead to the resolution of social issues. To this end, we must provide an environment in which all executives and employees develop products and services through interaction with people in different industries with freewheeling thinking and without being bound by existing practices, and value and respect resulting accomplishments. From this perspective, the Group recognizes the importance of human capital management and started listing challenges from the previous fiscal year. Going forward, we will enhance human capital management to contribute to the growth of the Group in the medium- and long-term perspective.

I look forward to the continuing support of our stakeholders.

Focused areas and business strategy

Based on our corporate philosophy, the Group adopts the slogan of “company that creates a comfortable living space that is human- and environment-friendly”, and considers the following fields important in terms of the business strategy.

- (1) Disaster prevention
- (2) Mobility
- (3) Energy conservation
- (4) Electronics
- (5) Life science (in a broad sense including health)

They all can also be viewed as human-centric business fields. The Group is driving the approach of creating *new values* by fostering products and services that resonate with five senses *people* through our technology.

Specifically, the Group focuses on the following four business strategies:

(1) Enhancement and Strengthening of Growing Businesses

[1] Strengthening of businesses that promote decarbonized society

- 1) Strengthening of thermal insulation material businesses for the realization of ZEH (Net Zero Energy House)
- 2) Enhancement of businesses that handle biomass and biodegradability materials
- 3) Promotion of the recycling of existing plastic products
- 4) Strengthening of vehicle material businesses targeting EVs

[2] Promotion of the enhancement of overseas businesses

- 1) Manufacturing and sales of medical-care films by ACHILLES USA, INC. (based in the United States)
- 2) Manufacturing and sales of materials for vehicles and others by Achilles (Foshan) New Materials Co., Ltd. (based in China)
- 3) Development of new business fields leveraging the existing and new overseas production/sales business locations
- 4) Optimization of product-delivery channels from manufacturing sites inside and outside Japan to the global market

[3] Fostering businesses for solving issues arising from the movement of population

- 1) Promotion of businesses required for super-aging society
- 2) Strengthening of businesses for responding to the food waste problem and raising Japan's self-sufficiency rate of agriculture products

(2) Creation and Establishment of New Businesses (and New Exploitation)

[1] Enhancement of disaster prevention businesses

Enhancement of businesses of products used for disaster measures, disaster prevention, and infectious diseases measures by developing new products leveraging the total power of the Group.

[2] Creation of new ways of using intermediate goods by improving their quality

Promotion of the development of functional films and functional foam materials

[3] Effective use of management resources in different groups

Creation of new businesses by the effective use of "diverse product groups and customers in diverse markets."

(3) Reconstruction of Existing Businesses

Improvement of the profitability of the shoes business

- 1) Focusing on main products such as Syunsoku, ACHILLES SORBO, and BROOKS
- 2) Promotion of sales of Syunsoku and ACHILLES SORBO in Asia
- 3) Transformation to effective business management system by closing manufacturing in Japan

(4) Strengthening of Management Base

[1] Strengthening of initiatives for the reduction of greenhouse gas emissions

- 1) Quick development of new products from the customer viewpoint, taking into account resource saving, energy saving, and the reduction of greenhouse gas emissions
- 2) Promotion of the manufacturing style that minimizes greenhouse gas emissions by the active use of renewable energy and other ways
- 3) Reform of logistics for the reduction of greenhouse gas emissions and the improvement of profitability

[2] Improvement of productivity

- 1) Improvement of productivity in all business activities by smart processes and digital technology
- 2) Global business development, fostering of talents who lead DX, and the promotion of work-style reform with respect for diversify

We will continue active and efficient business operation by making maximum use of the management resources of the Group in order to respond to changes in production and consumption inside and outside Japan to maintain sustainable growth.

Current State of Investments

Achilles (Foshan) New Materials Co., Ltd. founded in December 2022, recorded a loss in fiscal 2023 due to the cost of launching

business. However, the company started mass production from April 2024, and expects the transfer of production functions from the Group as well as expansion in sales to major customers. On the other hand, the urethane manufacturing facility built in Shiga Factory No. 2 in fiscal 2023 recorded an impairment loss due to the recent decline of demand in urethane products. However, this production facility is an environment-friendly facility with the use of liquefied carbon dioxide and is capable of a significant improvement in quality and productivity. Therefore, we expect that it will contribute to the strengthening of our competitive edge. Also, facility investment is ongoing for in ACHILLES USA, INC. (based in Washington, USA) aiming to enhance the production capability of film products, with the target completion date in September 2025. We, the whole Group, are committed to recovering investments that we have made.

Responses to Climate Change Issues

The Company announced its agreement with the TCFD* recommendations in April 2023, and disclosed the information on the risks that climate change presents to its business. This year, we changed the transition risk scenario used for analysis from that of less than 2°C to 1.5°C. We also changed the reduction targets of scope 1 and scope 2 greenhouse gas emissions to 50% at the end of 2030 compared to fiscal 2018, which was 30% in our previous goal. Toward the achievement of this reduction target, we will find the optimum solution for the Group through the comprehensive examination of different measures, including through energy saving, use of the cogeneration system, procurement of renewable energy, use of in-house solar generators, purchase of credits, and introduction of e-methane.

We also disclosed the calculation result of scope 3 emissions of the Company. Going forward, we will enhance the scope 3 calculation to cover the Group.

For a society filled with smile

The basic idea of the *new value* that the Group aims to create is to contribute to *high sociality* and *resolution of social issues*. That is to say, *receiving compensation for the true satisfaction* of customers. In order to truly satisfy customers, we must largely exceed their expectations—what we should provide may be something beyond customers' imagination. Therefore, we must design products and services with exploration beyond customers and a hypothesis on the core of satisfaction. This looks tough, but I think it is a challenging and exciting task.

I would like to contribute to the realization of a society filled with smile by having more employees of the Group smile through this existing challenge and also having customers smile.

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

Value Creation Model

Fields of corporate value creation are beginning to shift from tangible things to intangible things.

Values that the Achilles Group provides, which have been born from the core competence cultivated through collaboration with partner companies, are also changing constantly and flexibly along with changes of society.

Society today is facing rapid changes such as economic recovery from the COVID-19 pandemic, geopolitical risks, and actions taken for climate changes.

The Achilles Group will overcome these changes through the provision of sustainable products and services, and contribute to the realization of sustainable society.

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

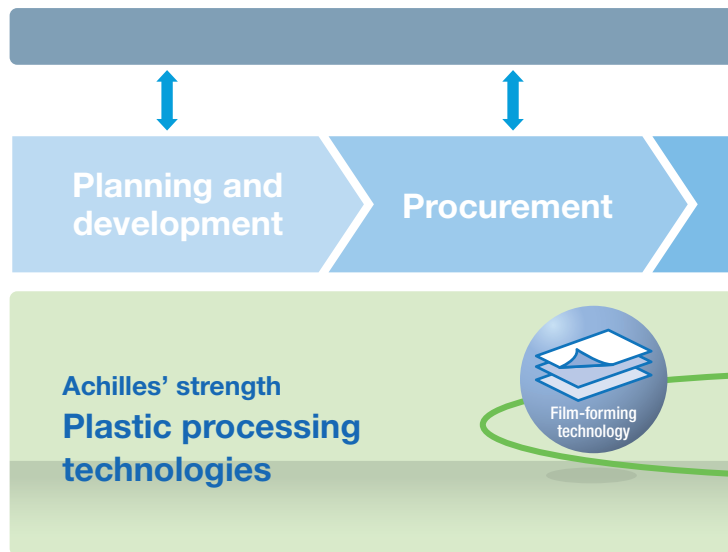
- Efforts are needed to prevent human rights violations in business activities.
- Initiatives are needed to support issues regarding smaller families and an aging population.
- Promotion of diversity and inclusion is required.
- Contribution to the local community is expected.

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



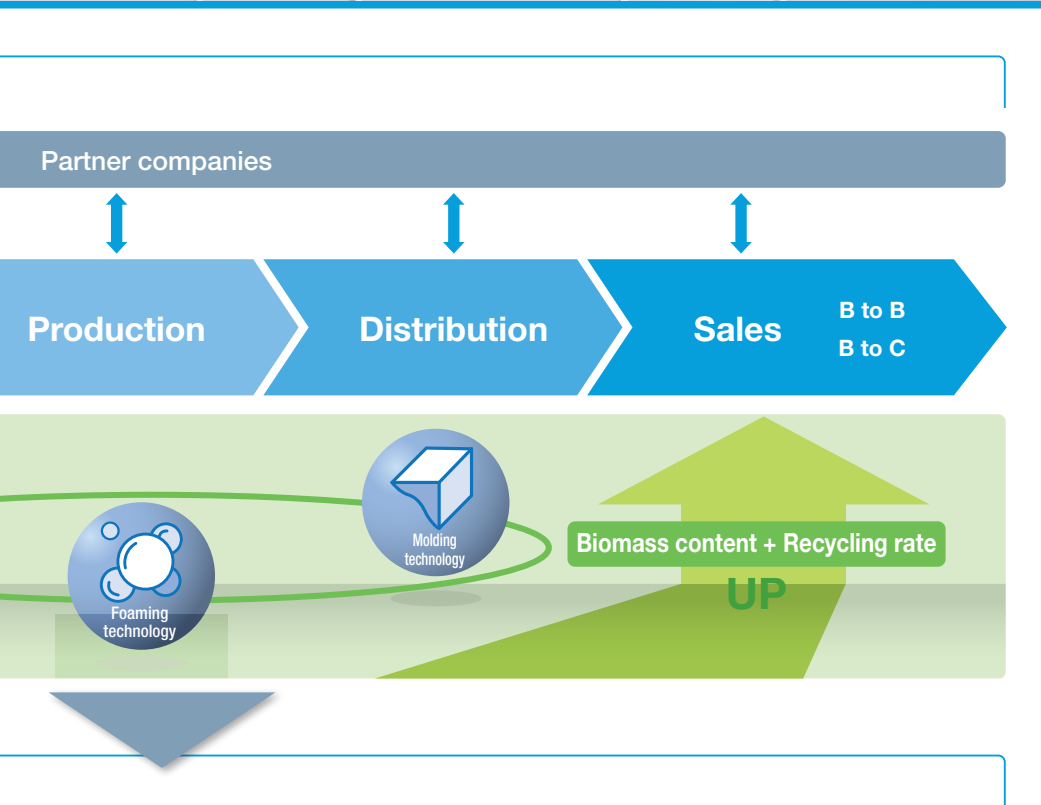
Achilles' materiality → See p.9

- 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



Living with Society

Reassurance

Health

Comfort

Fun

Energy Conservation



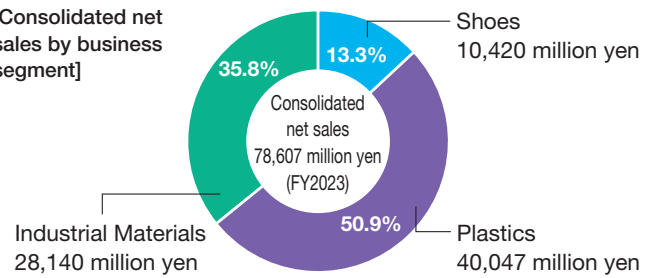
A Sustainable,
Prosperous Society

- Environmental Initiatives
 - 6 Climate Action
 - 7 Affordable and Clean Energy
 - 12 Responsible Consumption and Production
 - 13 Climate Action
 - 14 Life Below Water
 - 15 Life on Land
- Safe and Healthy Workplace Environments Conducive to Work
 - 8 Decent Work and Economic Growth
- Respect Human Rights and Make Effective Use of Diverse Human Resources
 - 8 Decent Work and Economic Growth
- Collaboration with Business Partners
 - 9 Industry, Innovation and Infrastructure
- Community Engagement and Social Contribution Activities
 - 17 Partnerships for the Goals

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.

[Consolidated net sales by business segment]



Shoes Business Group

Shoes Business Division

Shoes for kids, sports, 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.

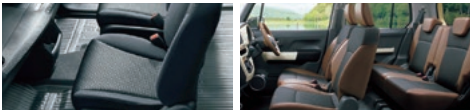


Plastic Business Group

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

[PVC synthetic leather, urethane synthetic leather, etc. for automotive interior and other applications]



Disaster Response Division

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



Chemical Products Division

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

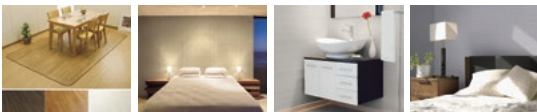


[Solutions to help mitigate disasters that include technologies to address aging tunnels and methods of repairing roads, bridges, and embankments]



Floor and Wall Coverings Division

[Interior materials for construction]



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]



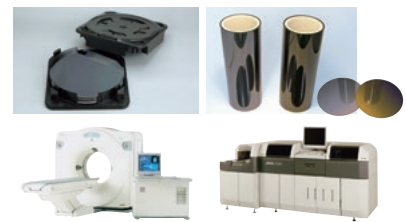
Heat Insulation Materials Division

[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	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)	
Consolidated subsidiaries	Achilles Core Tech Co., Ltd.	¥32 million	Sumida-ku, Tokyo	100.0	Plastic, industrial materials (sales)	
	ACHILLES VINISTAR*	¥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)	
	International	ACHILLES USA, INC.	US\$6.72 million	Everett, Washington, USA	100.0	Plastic (manufacture / sales)
		ACHILLES HONG KONG CO., LIMITED	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.	CNY\$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

* Former Achilles Osaka Vini Star Co., Ltd. changed its name to ACHILLES VINISTAR in February 2024.

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 Customer Consultation Office (handling telephone calls and e-mail inquiries) (during business hours) Company website Special events (including exhibitions etc.) "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 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 semiannual reports and the annual securities reports (twice 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 Special events (including exhibitions etc.) Information exchange meetings 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 Direct communication from senior management Off-the-job training and e-learning Safety dojo in manufacturing divisions Seminars 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 Implementation of social contribution activities (including volunteering activities) Communication and exchange of views with local government authorities Purchase of J-Credits (once a year) Responding to requests for meetings, and providing information Implementation of dialog, coordination and support through collaboration, etc. between industry, universities and government

* Suppliers include partner companies (subcontractors) that are indispensable for the Achilles Group to create value.

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 businesses, society, and the future. With the keywords of reassurance, health, comfort, fun, and energy conservation, we will continue to improve and evolve our

plastic processing technologies built up since our founding to provide customers with products that better support their lives as well as inventive products. We implement an ongoing cycle of improvements to earn the trust and meet the expectations of all of our stakeholders.

Sustainability Management

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)

SDGs is the acronym of Sustainable Development Goals. They 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.

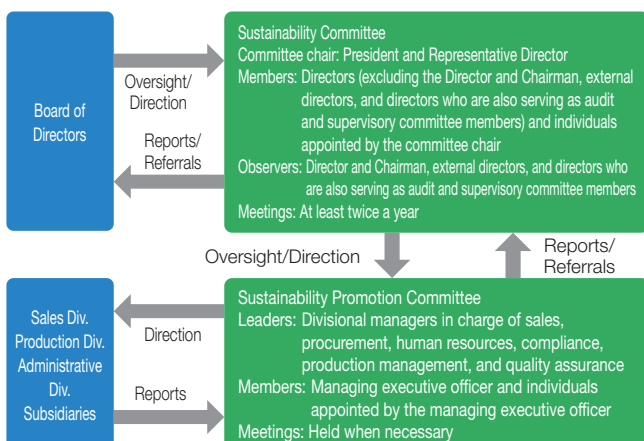
The Sustainability Committee is chaired by the Representative Director; its members consist of individuals appointed by the committee chair along with directors, excluding those who provide advice as observers (the Director and Chairman, external directors, and directors who are also serving as audit 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 Achilles 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 Achilles 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 FY2023 were 34,045t-CO₂.

Based on the Japanese government policy "Carbon Neutral 2050," we have reviewed our efforts to reduce greenhouse gas emission reductions, we have revised our Scope 1 and 2 GHG emissions reduction target from 30% reduction by the end of FY2030 compared to 2018 to 50% reduction by the end of FY2030, and set a new reduction target.

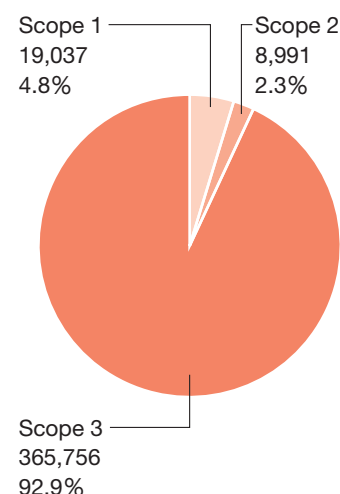
Of the Group's actual greenhouse gas emissions, our non-consolidated Scope 3 emissions in FY2023 were calculated to be 365,756 t-CO₂. The calculated values by category are as follows.

In order to reduce greenhouse gas emissions, the Achilles Group is working to improve productivity through smart process activities, use of biomass materials, more efficient transportation, and switching to renewable energy sources. In addition to these efforts, we will continue to expand the scope of our emissions calculation and improve the accuracy of our calculations.

[Scope 3 emissions by category FY2023 results*]

Scope 3 category	FY2023 result (t-CO ₂)	Reason for and comment on exclusion from calculation
1	Products/Services purchased	221,789
2	Capital goods	14,908
3	Fuel/Energy-consuming activities not included in scope 1 or 2	6,289
4	Transportation and delivery (upstream)	31,007
5	Waste discharged from business activities	12,089
6	Business trip	515
7	Employee commutation	1,012
8	Leased asset (upstream)	— Emissions from leased vehicles in the scope of calculation are included in scope 1.
9	Transportation and delivery (downstream)	5,065
10	Machining of products sold	515
11	Use of products sold	— Excluded, because products of the Company do not emit greenhouse gas when used
12	Disposal of products sold	72,402
13	Leased asset (downstream)	164
14	Franchise	— Excluded, because the Company does not engage in franchise businesses
15	Investment	— Excluded, because investment does not account for a major part of the Company's business
Total of scope 3 emissions	365,756	

[Emissions by Scope FY2023 Results* [Unit: t-CO₂]]



* Scope 3 emissions by category FY2023 results and emissions by scope FY2023 results are calculated emissions at Achilles Corporation, not on a consolidated basis.

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 (1.5°C and 4°C scenarios) forecast by the International Energy Agency (IEA) and

Intergovernmental 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— 1.5°C scenarios: IEA/ WEO2023 NZE (Net Zero Emissions by 2050); 4°C scenarios: IPCC/AR5 RCP8.5

Scenario	Primary factor	Change	Category	Assessment	Impact on Achilles	Countermeasures
1.5°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	

Scenario	Primary factor	Change	Category	Assessment	Impact on Achilles	Countermeasures
1.5°C	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

* Impact on our business is regularly evaluated.

June 27, 2024

Future Issues regarding Information Disclosure Based on TCFD Recommendations

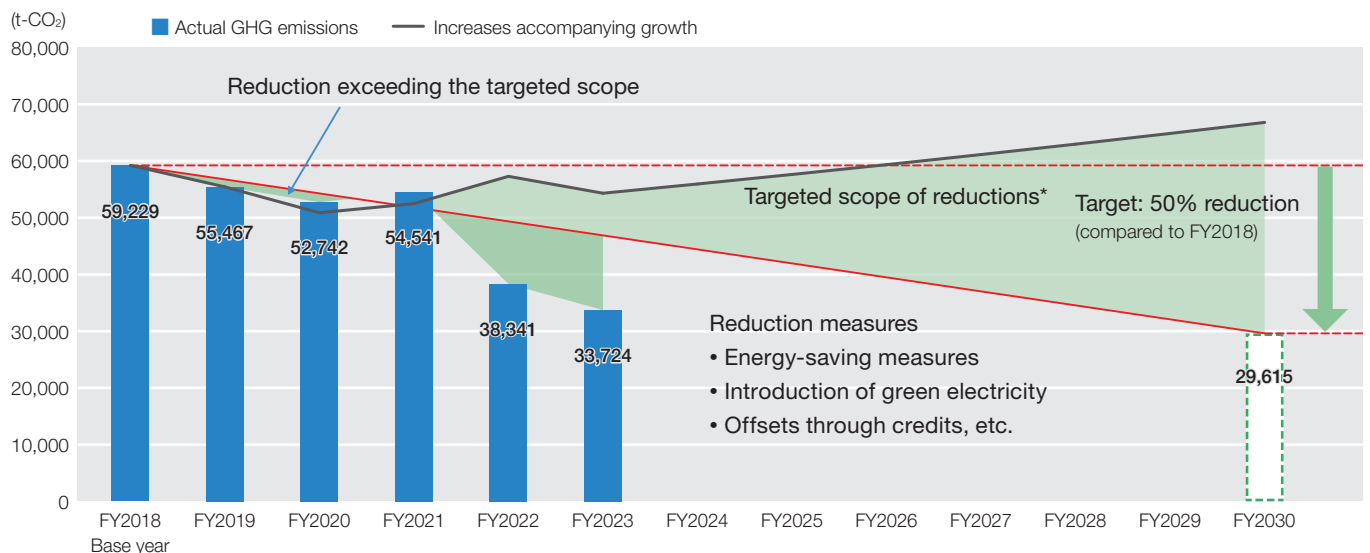
[Future Issues]

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

Risk Management	Making advances in the mitigation and management of risk
Indicators and Targets	In-depth deliberation of measures for emissions reduction for scope 1 and 2, and enhancement of calculation scope and defining the reduction goal for 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 2024 and may change with future circumstances.

The actual GHG emissions does not include the amount reduced by the purchase of J-Credits. Please see page 13 [Changes in greenhouse gas emissions] for the actual amount reduced by the purchase of J-Credits.

Environment

Environmental initiatives

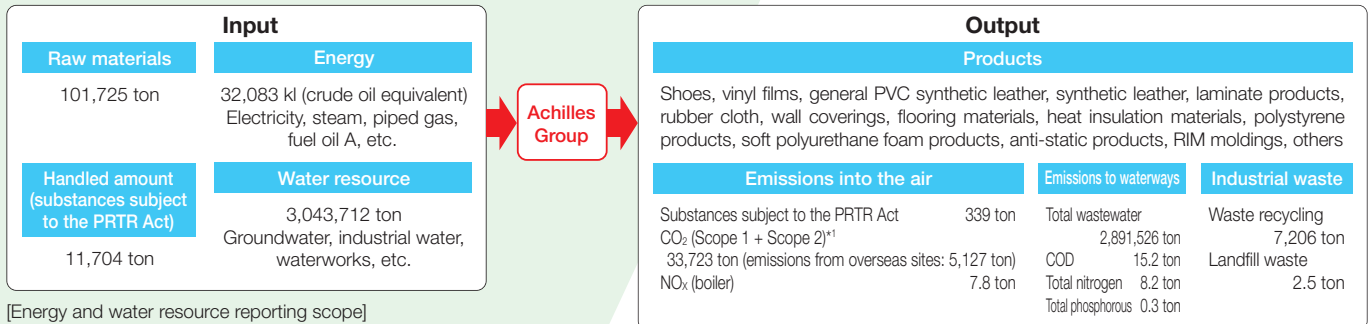
Overview of Environmental Impacts

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 Achilles Group established the TCFD Subcommittee under the Sustainability Promotion Committee to

promote the reduction of overall greenhouse gas emissions across the Achilles Group.

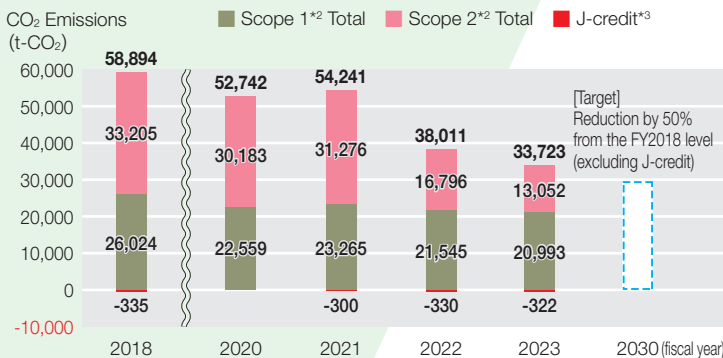
The following presents an overview of the environmental load of Achilles Group.

[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).

[Changes in greenhouse gas emissions]



*1 Please see the following website for more information about Scope and its definitions. https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/dms_trends/semi-nar2016_06.pdf

*2 Greenhouse gas directly emitted from manufacturing facilities, heating facilities, and transportation vehicles of business sites is converted to the amount of CO₂, and it is included in scope 1. Scope 1 includes the amount of CO₂ converted from greenhouse gas emitted from urethane foam production. Indirect CO₂ emissions due to the use of electric power are included in scope 2. From this report onwards, CO₂ emissions are calculated based on the emission factor of the fiscal year under review.

Actual emissions are calculated for consolidated subsidiaries except equity method affiliates (which the Company does not govern). However, their data for FY2018 to FY2020 include estimated values.

*3 The amount of emissions reduction bought from "Yamagata Sun and Forest Group Credits (J-Credits)" is subtracted from the total of scope 1 and scope 2.

[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).

(For reference) For scope 3, we calculated the result of Achilles Corporation alone, and it is shown on page 15.

Use of emissions from the supply chains
<https://ghgprotocol.org/>



Achilles Group's Policy on Environment

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



Environmental Management System

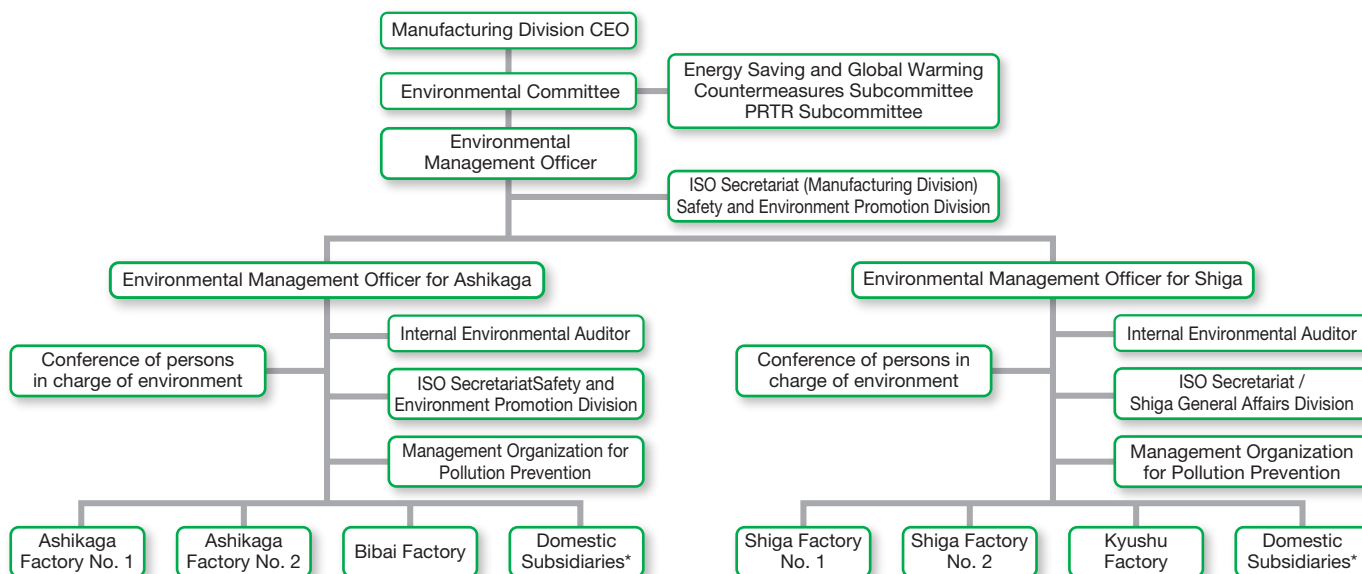
ISO 14001 Environmental Management System Initiatives

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 FY2023, 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 2024)]

Ashikaga Factory No. 1, Achilles Corporation	September 2001, certified for enhancement
Ashikaga Factory No. 2, Achilles Corporation	July 2000, certified
Shiga Factory No. 1, Achilles Corporation	September 2002, certified for enhancement
Shiga Factory No. 2, Achilles Corporation	September 2002, certified for enhancement
Bibai Factory, Achilles Corporation	September 2002, certified for enhancement
Kyushu Factory, Achilles Corporation	September 2002, certified for enhancement
Achilles Welder Co., Ltd.	September 2001, certified for enhancement
Kanto Achilles Aeron Co., Ltd.	September 2001, certified for enhancement
Shiga Sales Office, Osaka Achilles Aeron Co., Ltd.	September 2002, certified for enhancement
Kyushu Achilles Aeron Co., Ltd.	July 2021, certified for enhancement

[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 FY2023 results / Targets for FY2024 and after]

Item	Management item	FY2023 target	FY2023 result	Assessment	Target for FY2024 and after	Page
		Responses to climate change (mitigation and adaptation)	Total CO ₂ emissions due to energy consumption			
	Per-unit energy consumption (electricity, fuel, etc.)	Reduction by 1% year-on-year	Increase by 3.3% year-on-year	×	Reduction by 1% year-on-year	P.16
	Per-unit energy consumption for transportation	Reduction by 1% year-on-year	Reduction by 0.8% year-on-year	×	Reduction by 1% year-on-year	P.15
	Impact of climate change to the Company and measures taken	(1) Measures for flood caused by heavy rain (2) Thorough preventive measures for heatstroke	(1) Establishing a procedure for preventing major facilities from malfunctioning due to flood (2) Thorough preventive measures for heatstroke	○	(1) Measures for flood caused by heavy rain (2) Thorough preventive measures for heatstroke	—
Complete Zero Emissions through 3R Activities	[Total volume of generated waste and other materials] (based on the promotion of 3R activities)	Reduction by 12% from the FY2018 level	Reduction by 22.8% from the FY2018 level	○	Reduction by 14% at the end of FY2024 from the FY2018 level Reduction by 20% at the end of FY2030	P.16
	Achieving final waste disposal rate less than 0.1%	Maintaining under 0.1%	Final waste disposal rate of 0.04%	○	Maintaining final waste disposal rate less than 0.1%	P.17
Prevention of air pollution caused by environmentally hazardous substances	Total atmospheric releases of five substances of environmental concern	Reduction by 10.5% from the FY2018 level	Reduction by 36.9% from the FY2018 level	○	Reduction by 14% at the end of FY2024 from the FY2018 level Reduction by 35% at the end of FY2030	P.17
Development of environment-friendly products	Marketing and sales of environment-friendly products	Company internal target	Establishment of biomass-originated general-purpose materials that are blended with urethane, sales enhancement of CO ₂ -foam urethane, starting the operation of the secondary processing machine for biodegradable multi-film, finalizing the specification of floor materials made of recycled materials, etc.	○	Promotion of the research and development of environment-friendly products, and their marketing	—

Corrective Measures for Environment-related Incidents

In FY 2023, there were no complaints from others, and no other environmental troubles arose.

In FY 2023, 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

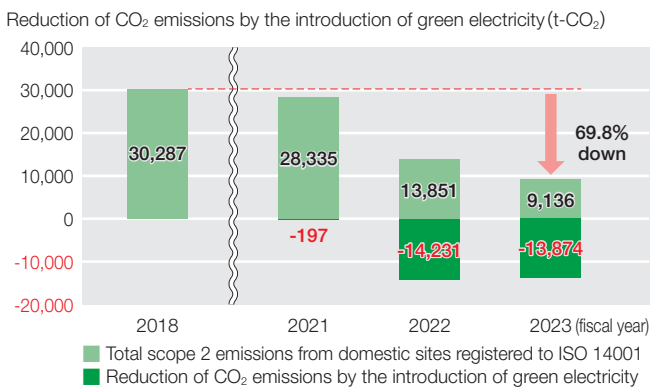
Greenhouse gases emitted by the Achilles Group mainly consist of carbon dioxide emissions resulting from energy consumption (fuel, electricity, etc.) and production of rigid urethane foam (CO₂ equivalence of CFCs). The Achilles Group is implementing initiatives that will lead to the reduction of environmental impacts, with our manufacturing sites in Japan that are ISO 14001 registered worksites playing a central role.

In FY 2023, supported by the shift to green electric power, approaches to energy saving such as the introduction of a cogeneration system, and decreased production volume, the greenhouse gas emissions associated with electric power consumption (Scope 2) by our ISO 14001: 2015 registered worksites fell by approximately 69.8% compared with FY 2018. As a result, the greenhouse gas emissions (Scope 1 & 2) of our domestic ISO 14001 registered bases became 28,280t-CO₂ in FY 2023, which was an approximately 48.4% 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.13.

[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.



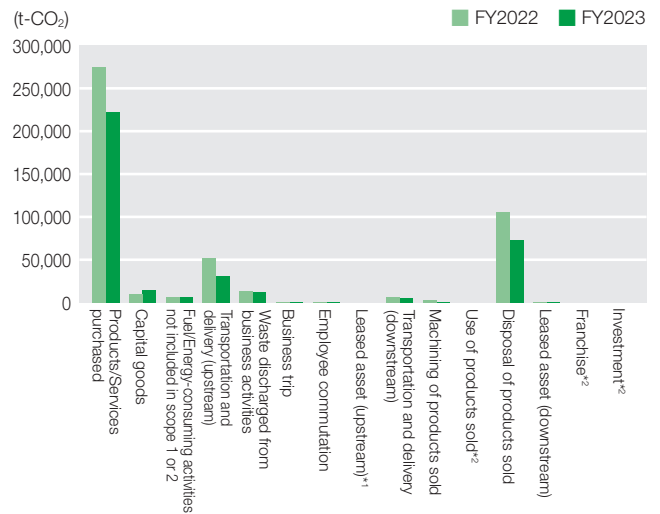
[Scope] ISO 14001: 2015 registered worksites

GHG emissions (Scope 1 + 2)
Reduced by approx. 48.4%
 (From FY2018)

Calculation of Scope 3 Actual Emissions

The Achilles Corporation calculated its scope 3 actual emissions in FY2023. Going forward, we will expand the calculation scope to include the consolidated companies and consider defining a reduction target.

[Changes in scope 3 emissions]



*1 Emissions from leased vehicles in the scope of calculation are included in scope 1.
 *2 Excluded, because it is not applicable to our business

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 2023, due to the decrease in the volume of production, ton-kilometers*2 decreased by 4% (compared to FY 2022), and our CO₂ emissions*3 decreased by approximately 4.6%. Despite the deterioration of the modal shift rate, the per-unit energy consumption for transportation decreased by 0.8% because transportation of some product was able to be made at one location.

- *1 Use of train/ship transportation instead of truck transportation reduces CO₂ emissions because of the large volume of transportation at a time.
- *2 Transportation ton-kilometers = weight of cargo [ton] x transportation distance [kilometer]
- *3 CO₂ emissions (t-CO₂) = energy consumption (GJ) x emission factor (specified by the Ministry of Economy, Trade and Industry)



Loading cargoes in train containers

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

[Scope] ISO 14001: 2015 registered worksites

Per-unit energy consumption for transportation

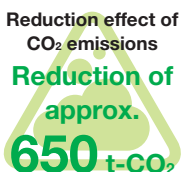
Reduced by approx. 0.8%
 (From FY2022)

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 2023, we generated approximately 1,733,000 kWh of electricity, with a CO₂ emissions reduction effect of approximately 650t-CO₂. This is equivalent to approximately 1.5% of the Achilles Group’s CO₂ emissions from energy use.

P.37 Solar photovoltaic power generation equipment



Ashikaga Factory No. 2, Achilles Corporation



Shiga Factory No. 2, Achilles Corporation

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 4.7% (1.1 kJ/year) in FY 2023 compared with the previous fiscal year. Due to the improvement of energy efficiency through facility improvement and the introduction of a cogeneration system*, as well as decreased production, energy consumption decreased on a year-on-year basis.

* The cogeneration system that we introduced increases energy efficiency (approximately 80% at a maximum) by generating and effectively using electricity and heat (steam and hot water) using a gas engine (fuel: city gas). The system is effective for energy conservation and has positive effect for CO₂ emissions reduction and BCP.



Cogeneration system (Shiga Factory No. 2)

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

[Scope] ISO 14001: 2015 registered worksites

Energy consumption (crude oil equivalent)



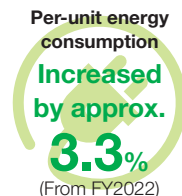
Per-unit energy consumption

In FY 2023, we undertook facilities improvements and installed energy-efficient equipment to meet our target of reducing our per-unit energy consumption compared with FY 2022 consumption by 1%, but our consumption increased by approximately 3.3% compared with FY 2022, 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] Ashikaga Factories No.1 and 2 of Achilles Corporation, Shiga Factory No.1, Shiga Factory No.2, Bibai Factory, and Kyushu Factory



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

In FY 2023, 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.

* 3R stands for Reduce (reduction of waste), Reuse (reuse of parts and other items), and Recycle (recycling of resources for reuse).

Results of Activities to Reduce Waste and Other Materials*

In FY2023, we conducted activities aimed at achieving our target of a 12% reduction in generated waste compared with FY2018 (approx. 8,507 ton), and we achieved a decrease of approximately 1,941 tons (approx. 22.8%). 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

* Generated waste and other materials: Include industrial waste and matters to be recycled
[Scope] ISO 14001: 2015 registered worksites



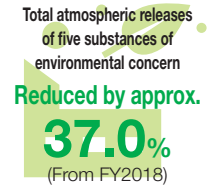
Final Disposal Volume

In FY 2023, 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 0.04%, successively achieving complete zero emissions following FY 2022.

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 volume) x 100
 [Scope] ISO 14001: 2015 registered worksites



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] Ashikaga Factories No.1 and 2 of Achilles Corporation, Shiga Factory No.1, Shiga Factory No.2, Bibai Factory, and Kyushu Factory

*1 Pollutant Release and Transfer Register: System for grasping, calculating, and disclosing the amounts and sources of various harmful chemicals being released to the environment or transferred as waste.

*2 Volatile Organic Compounds: Organic compounds that volatilize into atmosphere

Air Pollution Prevention

Atmospheric Emissions Reduction Targets for Environmentally Hazardous Substances

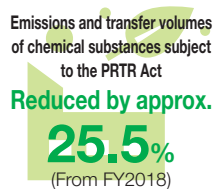
Preventing air pollution from environmentally hazardous substances is set as a shared action goal for the Achilles Group. We set the mid-to-long-term target of a 35% reduction in atmospheric emissions of environmentally hazardous substances by FY 2030 compared with FY 2018, and have worked to systematically 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 revised in FY2023, in FY 2023 our annual emissions of Class I Designated Chemical Substances under the PRTR Act came to approximately 325 tons (approx. 26.6% reduction compared with FY 2018), and our annual transfer volume came to 191 tons (approx. 23.6% decrease compared with FY 2018). Our annual combined emissions and transfer volume was 516 tons (approx. 25.5% 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] Ashikaga Factories No.1 and 2 of Achilles Corporation, Shiga Factory No.1, Shiga Factory No.2, Bibai Factory, and Kyushu Factory



Atmospheric Emissions Reductions of VOCs

Of the VOC**2 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 2023, as a result of efforts to achieve our target of a 10.5% reduction compared with FY 2018, we achieved approximately 37.0% reduction and met our target.

Initiatives for Biodiversity

Basic Approach

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.

Relationship between Achilles Group’s Business and Natural Capital

In the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) held in December 2022, a new global goal “Kunming-Montreal Global Biodiversity Framework” was adopted. The goal includes “managing or protecting at least 30% of land and sea areas by 2030 (30by30 goal).”

Based on this global goal, the government of Japan revised the national strategy of biodiversity in March 2023, and set the goal of realizing “Nature Positive” as a 2030 mission, which is to stop damaging natural capital and start improving it.

Corporations are now required to disclose more information on risks and opportunities regarding natural capital that corporations depend on and the impact of business activities on natural capital, while defining ecologically important locations in the area of business activities.

The Achilles Group has manufacturing sites of plastic products inside and outside Japan, and uses a large amount of petroleum-derived raw materials, plant-derived rubber, and fabric and paper products. The Group uses groundwater for cooling parts during machining, releases chemicals to atmosphere within the scope of laws and regulations, and generates wastes during machining. Therefore, the Group considers that it is important to take measures for and disclose information on reducing environmental load, when business activities potentially pose major impact on the ecosystem.

Causes of damage on natural capital include changes in ways of using land and sea areas, climate change, usage and development of natural resources, pollution, and invasive species. Corporations need to analyze risks arising from damage on natural capital brought by these causes from the following perspectives, and report their own conditions.

[Company risks brought by damage on natural capital]

Physical risk	Transition risk	Systemic risk
<ul style="list-style-type: none"> • Destabilization of supply chains • Natural disaster • Infectious diseases 	<ul style="list-style-type: none"> • Reputations • Regulations and lawsuits • Changes in consumer demands and investors' trend • Obsolescence of technology 	<ul style="list-style-type: none"> • Spread of physical/transition risks to the whole industry

Achilles Group will study risks on Group's businesses brought by damage on natural capital as well as measures for them.

Forest Conservation

■ 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.



Tree thinning in a forest around Biwa Lake (Picture 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.

In the drills held on October 3, 2023, a total of 90 people participated including council members and local and prefectural authorities.



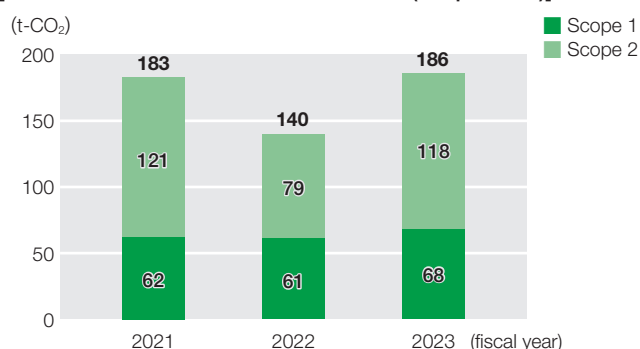
Exercise of piling up sandbags along a conduit (Shiga Prefecture)

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. The emissions in scope 2 increased in FY2023 because the green power used at the building that our headquarters is located in was switched to ordinary power.

[CO₂ emission of domestic sales bases (scope 1 + 2)]



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

Use of emissions from the supply chains

<https://ghgprotocol.org/>



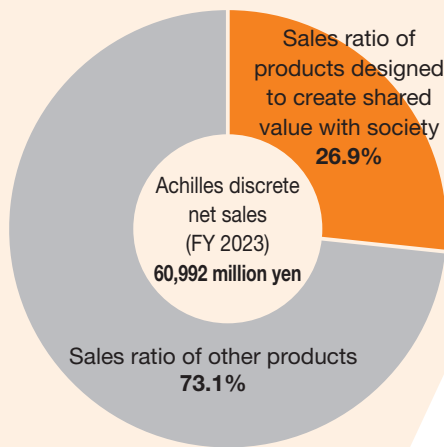
Provide True Satisfaction and Inspiration Through Products and Services

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.

[FY 2023 ratio of products designed to solve social issues in total sales]



Divisional Initiatives

Shoes Business Division



Renewal of ALL DAY Walk

The Company renewed ALL DAY Walk for more comfortable walking. ALL DAY Walk was born in 2013 after the Great East Japan Earthquake, and is a brand of stylish pumps for women designed for comfortable long walking. ALL DAY Walk features the carefully designed insole. The soft cushion supports the whole area of the foot bottom, and the low repulsion cushion at the sole mitigates the impact and load when walking.



ALL DAY Walk
<https://www.achilles-shoes.com/product/alldaywalk/> (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. These are products that we innovated and created with the cooperation of automobile manufacturers.

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 Clean Ocean Material Alliance (CLOMA) was established as the platform for reducing plastic waste in the ocean by encouraging, in addition to the appropriate management of waste, wide collaboration among stakeholders in different industries for the acceleration of innovation through the 3R (Reduce, Re-use, Recycle) initiative for plastic products and the promotion of development and spread of biodegradable plastic and paper products to replace plastic.



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



Bioflex Multi Plus—Agricultural film made of biodegradable plastic
<https://www.achilles.jp/product/agriculture/horticulture/bioflex-multi-plus/> (in Japanese)



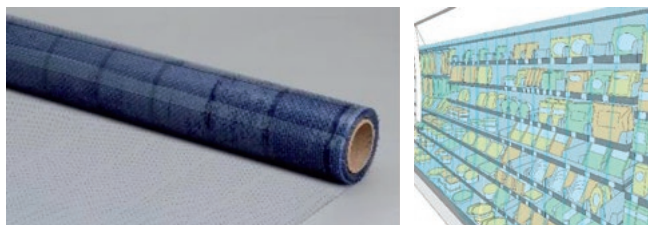
Agricultural film made of biodegradable plastic
Bioflex Multi GM (for konnyaku potato)
<https://www.achilles.jp/product/agriculture/horticulture/bioflex-multi-gm/> (in Japanese)



Cool Holding Film That Helps Stores Save Electricity

In June 2023, the Company started marketing Punching Flexible Film—transparent flexible PVC film specialized for insulating heat from commercial refrigerating showcase, and Showcase Cool Holding Film, which is shaped for immediate use in stores.

These films are compact and designed have high visibility and good heat insulation. They can be cut along the guide lane and are easy to retrieve, and their punched holes help to prevent condensation.



Punching Flexible Film

When used in a store

Punching Flexible Film

<https://www.achilles.jp/news/newsrelease/2023/0616.html>
(in Japanese)



Floor and Wall Coverings Division



Wallpaper That Can Be Pasted Over Existing Wallpaper without Glue

In February 2024, the Company started marketing KabeSTRY on the Achilles Web Shop. This product is a wall paper sheet made of special non-woven cloth with a printed pattern on the front and sticking treatment on the back, which allows it to be pasted over the existing wallpaper.

This product suits you if you want to change the atmosphere of your room by changing the wallpaper.



KabeSTRY

<https://achilles-webshop.com/collections/wallpaper>
(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 Mattresses

<https://www.achilles.jp/product/medical-lifesaving/refuge-support/compression-mat/> (in Japanese)



Urethane Division



Flexible Polyurethane Foam—Foamed by Recycled Liquefied Carbon Dioxide Gas

The company has developed and marketed CRIIN FOAM®, which is made of flexible polyurethane foam made by using recycled liquefied carbon dioxide gas emitted from industrial activities.

The company enhanced the production facility of CRIIN FOAM® in January 2024 responding to rising demand for environmental conservation.



CRIIN FOAM®

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



Heat Insulation Materials Division



SotoDanPlus— Heat-insulation and Anti-seismic Construction Method for Wooden Houses Realized by Covering Exterior Walls, Which Does Not Require Evacuation during Construction

On November 1, 2023, the Company started marketing SotoDanPlus, a heat-insulation anti-seismic construction method for wooden houses, realized by covering exterior walls, which does not require evacuation during construction. This construction method is expected as a solution for energy saving renovation of existing houses, which is a social issue in Japan.

SotoDanPlus is a new construction method for reinforcing the heat-insulation and anti-seismic performances by covering the walls of an existing wooden house by Q1 Boards, the Company's high-performance urethane foam heat-insulation material, and reinforcing Q1 Boards by structural plywoods.



SotoDanPlus—Covering existing walls Anti-seismic performance can also be strengthened using structural plywood

SotoDanPlus

<https://www.achilles.jp/product/construction/insulation/sotodanplus-method/> (in Japanese)

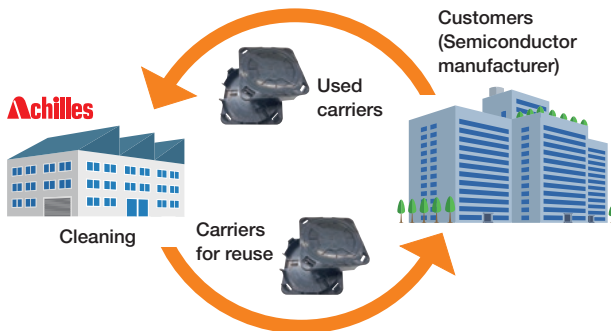


Industrial Materials Division



Wafer carrier cleaning and reuse service

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



Measures by Domestic Subsidiaries

Achilles Retail Corporation



Response to Customer Issues

In September 2023, the Company opened a formal online shop in BROOKS, and renewed the Achilles Web Shop next month.

The renewed site provides better user experience by the strengthening of the site design, payment method, and search function, and we now receive more comments and opinions from customers about Achilles's products.

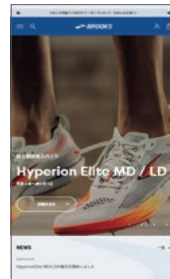


Achilles Web Shop

<https://achilles-webshop.com/> (in Japanese)



Customer voices in the site



BROOKS formal online shop

<https://brooksrunning.co.jp/> (in Japanese)



Customer voices in the site

Achilles Core Tech Co., Ltd.



Measures that Lead to Reduced Environmental Impact

As a member of the Achilles Group, Achilles Core Tech Co., Ltd. is strengthening its effort that leads to the reduction of environmental load.

Nowadays, with more new construction and expansion of data centers to respond to the rapid growth of the data center market, energy saving in data centers, which consume a large amount of energy, has become a challenge. As a solution for this issue, the company advocates the use of vinyl curtains to segment floor spaces for efficient air conditioning. The Company is pushing forward with business activities leveraging its unique capability of making total proposals tailored to customer requirements including cloth materials, processing, and collaboration in construction, etc.

In the construction segment, in response to the revision of the Energy Saving Act to mandate the conformance to the energy saving standards, the company hosts seminars and explanatory sessions for wholesalers, architect offices, and building contractor's offices to appeal the Company's high-performance heat-insulation materials.

In the agriculture segment, we focus on the sales of biodegradable films. Biodegradable films are equipped with properties that are essential for open-field culture, and they do not have to be buried or incinerated as industrial waste after use. They are decomposed to water and carbon dioxide by microorganisms, which also make it an effective measure to reduce marine plastic waste.



Open-field culture using Bioflex Multi Plus, biodegradable multi-film

ACHILLES VINISTAR



Promotion of Material Recycling

A movement is gaining momentum mainly in Europe to construct resource recycling-oriented society (circular community) as a measure against global warming.

Aiming to achieve a sustainable society, ACHILLES VINISTAR also provides recycled products.

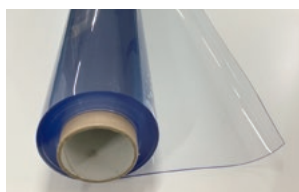
Transparent films made of polyvinyl chloride (PVC, hereafter), which ACHILLES VINISTAR sells, go through various processing before they are finished as products. After that production process, chips and segments of the material remain.

Some of these waste materials are recycled to be reborn as Osaka-certified recycled product*.

ACHILLES VINISTAR will contribute to the creation of recycling-oriented society through the sales of recycled PVC products, which is an Osaka-certified recycled product.

* See below for the detail of Osaka-certified recycled products:

Osaka certification system for recycled products
<https://www.pref-osaka-lg-jp-e.athp.transer.com/o120050/shigenjuncan/recycle-products/index.html>



Transparent film



Remained material of transparent films



Blade cover for sickles



Recycled PVC sheet, Green

Achilles Welder Co., Ltd.



Measures that Lead to Reduced Environmental Impact

Achilles Welder Co., Ltd. engages in welding processing of flexible PVC films and sheets. Our major processed products are films for plastic greenhouses for agriculture. Other than those, we also produce plastic segmentation curtains for factories and large tents including those for disasters.

Products that we provide include films for plastic greenhouses for

agriculture with good heat-retention contributing to the reduction of environmental load, biodegradable films, and segmentation curtains used for better air conditioning in factories and warehouses.

Other than these, we also develop products that reduce environmental load in collaboration with Achilles Corporation. For example, we Achilles Welder Co., Ltd. engages in the processing of Juten-Bag*, which helps to reduce the lead time and effort required for hollow filling in civil work.

Achilles Welder Co., Ltd. works to contribute to the solution of social issues, which Achilles Corporation aims for, leveraging its unique technical competence.

* Juten-Bag is a registered trademark of Achilles Corporation.



Juten-Bag

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



Tohoku Achilles Co., Ltd.



Measures for Creating Comfortable Indoor Environments

Aiming at the realization of carbon neutrality by 2050, the laws and regulations related to energy saving performance of buildings was revised. Conformance to energy saving standards will be mandatory for newly built houses from April 2025. Also, a target has been indicated, which is to realize average ZEH (Net Zero Energy House) for newly built houses by 2030.

Consumers' interest in energy saving houses is rising due to continuing high prices of energy prices caused by geopolitical risks and weak yen.

Tohoku Achilles Co., Ltd. held on-site seminar in Sendai and Kouriyama for building contractors and construction companies to introduce Excellent Housing System*, a built-in air conditioning system that realizes both comfortableness and energy saving performance, which are desired by consumers now and into the future.

We will continue our effort for spreading ZEH houses through this activity.



Tohoku district collaboration seminar hosted by Tohoku Achilles Co., Ltd., YKK AP, Inc, Japan Energy Saving Housing Co. Ltd., and S.E.R.L., Co. Ltd.

* See below for the detail of Excellent Housing System:

News release

<https://www.achilles.jp/news/newsrelease/2023/0201.html> (in Japanese)



Yamagata Achilles Aeron Co., Ltd.



Effort for Resource and Energy Saving

Yamagata Achilles Aeron Co., Ltd. promotes the 3R* initiative to reduce environmental load.

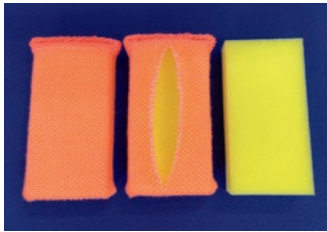
We reduce refuse by devising better ways of cutting out materials from original fabric, upgrading the packing equipment, reusing defective products, and so forth.

For example, we retrieve urethane inside defective net-covered sponges and recycle it. This task takes time and effort, but we realize the effect of reducing waste and increasing the yield rate.

We also engage in energy-saving initiatives. We have installed sensor lights in toilets and corridors to reduce unnecessary power consumption due to forgetting to turn them off.

We consider well what we can do to effectively use limited resources to achieve SDGs.

* 3R stands for Reduce (reduction of waste), Reuse (reuse of parts and other items), and Recycle (recycling of resources for reuse).



Net-covered sponges (The net of the one in the center has been cut to take out urethane inside.)

Kanto Achilles Aeron Co., Ltd.



We introduce measures undertaken by Kanto Achilles Aeron to conserve the environment.

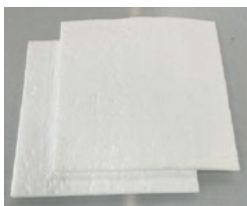
Waste Reduction (Resource Conservation)

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



Packing urethane chips (Recycling rate: approx. 10.0%)

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



Urethane cut-off sheets



Product recycled from urethane cut-off sheets (recycling rate: 3.3%)

Use of Environment-friendly Materials

We are working to reduce CO₂ emissions by using CRIIN FOAM[®], soft urethane foam made by using recycled liquefied carbon dioxide gas.

* CRIIN FOAM[®] is a registered trademark of Achilles Corporation.

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 packing



After compressed packing

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 (FY 2024 introduction results: two vehicles).

Contributions to Local Communities

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

Osaka Achilles Aeron Co., Ltd.

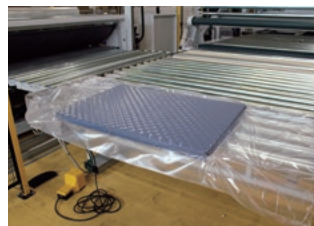


Effort for Highly-efficient Loading in Transportation

Compressed packing that Osaka Achilles Aeron Co., Ltd. has been doing from before increases the loading efficiency in transportation by compressing the volume of 10-cm mattresses by approximately 59%, which contributes to the reduction of CO₂ emissions during transportation. With compressed volume, we can now use courier services for their Internet sales, which is rapidly increasing.

Compressed packing, effective for storage in limited spaces, is appreciated in various situations such as storage of emergency stockpiles and display of commodities in stores.

In response to the rise of demand on compressed packing of products, the Company introduced the second unit of a large packing machine in June 2024 to respond to customer requirements and to contribute to the reduction of environmental load.



Compressed packing (board)



Compressed packing (role)

Kyushu Achilles Aeron Co., Ltd.



Measures that Lead to Reduced Environmental Impact

Kyushu Achilles Aeron Co., Ltd. practices zero industrial waste emissions by recycling soft urethane foam cut-offs that remains after the production of food packing materials.

Processing of soft urethane foam leaves two types cut-offs. One is the top and bottom parts of soft urethane foam blocks that are left after slicing (picture on the left). The other one is left-over chips that remains after cutting sliced foams to the size of the product (picture on the right).

All of them are recycled to core materials used for furniture or chip molds used for vehicles.



Top and bottom parts of soft urethane foam blocks that are left after slicing



Left-over chips that remain after cutting sliced foams to the size of the product

Sanshin Enterprises Co., Ltd.



Waste-reduction Initiatives

The Ageo Factory of Sanshin Enterprises Co., Ltd. is working to reduce waste generated from production.

The cost of disposing of die-cut cut-offs, which are especially generated from the production of insoles, amounts nearly to 4 million yen per year. In order to reduce this cost, we are trying out the following cost cutting measures and evaluating their effects.

- Reviewing the yield rate
- Redesigning dies
- Reviewing the shape of materials to be processed
- Replacing the molding machine (for the reduction of overflow)

As an additional measure, we are also studying the possibility of smashing and then recycling insole cut-offs generated from production.



Waste generated from the production of insoles



Replacing the molding machine

Achilles Shimane Co., Ltd.



Energy-Saving Initiatives

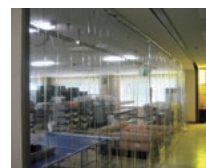
The major businesses of Achilles Shimane Co., Ltd. are the production of materials used for silicon wafer conveyance, the laminating process of shoe insoles, and the sewing of bunion supporters.

The production of materials used for silicon wafer conveyance is conducted in a clean room, so that special attention is required for garbage, dust, and insects. Thus, we cover the materials carry-in entrance by plastic curtains to prevent the entry of garbage, dust, and insects. The plastic curtains are also used for the improvement of air conditioning efficiency.

Other energy-saving efforts include replacing lights in the factory with LED bulbs.



Separation curtains at the materials carry-in entrance



Segmentation curtains in the factory



LED lighting bulbs

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's Basic Quality Assurance Policy

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



[Status of registration for ISO 9001:2015]

Registered organization	Month/Year of registration	Registration number
Achilles Corporation	April 2003	JUSE-RA-2090
ACHILLES USA, INC.	April 1998	33354

* ISO 9001 Registrations were consolidated in FY 2020 covering the Group Companies in Japan including subsidiaries.

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.



Patrolling the production process

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

- We define ways of process management and inspection method for the production line of each product individually to improve productivity and quality stability.
- In order to reduce load on the global environment, we are promoting the prevention of global warming, energy conservation, the 3R (Reduce, Reuse, Recycle) initiative, the prevention of atmosphere pollution, and so forth.
- We provide training sessions to all employees for the improvement of product quality and technological skills.
- All employees participate in the QC activities to solve problems and make improvement in production processes and product qualities.

Procurement

- Before we select items to purchase, we survey the safety and environmental conformance of materials as well as the quality assurance system of the suppliers, in collaboration with the Planning, Development, and Production departments.
- We are disseminating our initiative of Corporate Social responsibility (CSR) across our supply chains by encouraging them to observe the Achilles Group Basic Policy on Procurement. We are not complicit in any violation of laws and regulations in procurement activities.

Sales / After-sales Service

- We receive customer consultations and inquiries on the products and services at the Customer Consultation Office as well as at different sales departments. We listen carefully and respond quickly to customer voices at every contact point.



- If an unexpected major problem is anticipated, we disclose relevant information and take measures quickly, giving first priority to customer safety.
- For products of environment-friendly design, we try to make it easy for customers to compare them with other similar products in terms of environmental effects.

Planning/Development

- We design products taking into account customer requirements as well as safety and security.
- We inspect the safety of ingredients and materials of our products (to confirm that they do not include prohibited, restricted, or unhealthy substances).
- We conduct conformance tests of products for processing, construction, and usage.
- We hold a design review session for each product involving the Quality Assurance Department.

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 2023, the overall rating was 4.9 (the rating in FY 2012, the first year of evaluation, was 4.5).

In FY 2023, the Customer Consultation Office received a total of 3,655 telephone calls and e-mails, including both inquiries and comments (around 711 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 Rishsho 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: Specialist Meeting on Consumer Affairs (Approx. 500 companies participated)



Lecture in Rishsho University

ACAP

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



Strengthening Communication with Customers

We take steps to bring us closer to our customers.

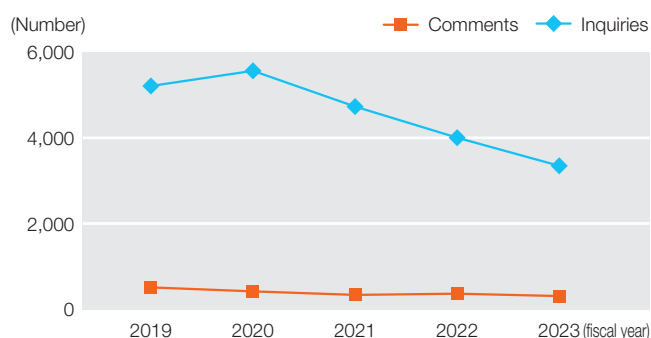
As one example, in order to be prepared for inquiries about our shoe products, we have arranged for four of our customer communication staff to obtain Shoe Fitter certification (a specialist qualification relating to shoes and feet), and we strive to handle customer consultations appropriately.

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 2023, we had 39 customers utilize the Foot Measuring and Counseling service. We offered 56 visiting lectures, with 3,153 people in attendance. The cumulative totals since this initiative was first launched in FY 2013 stood at 647 individuals making use of the Foot Measurement and Counseling Service, 330 visiting lectures, and 17,541 participants.



Lecture in an elementary school in Niiza 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, from 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

(Categories in human rights survey)

- ✓ Risk of involvement in forced labor, child labor, etc.
- ✓ Risks pertaining to labor management
- ✓ Risk of involvement in workplace safety issues
- ✓ Management systems to prevent human rights infringements

Summary of survey implementation results

We asked 242 of our major suppliers, including subcontractors, to respond to the survey, which involved asking second-tier suppliers to provide information, and we received responses from 232 companies (response rate: 95.9%). 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. We worked to reduce risks through repeated dialogs with small firms whose management resources are not adequate.

In addition to self-assessment survey, we evaluated the human rights infringement risks of the Group in consideration of industry guidelines and information reported to the complaint window, from the perspective of manifestation probability, significance, and difficulty of restoration.

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.

Overview of survey results

In the self-assessment survey, a total of 15 companies (6.5%) did not achieve the company's criteria overall. The majority of these were small firms.

As a result of risk evaluation, we determined that following matters could have high risks:

- Care in human rights in the upstream of supply chains in Asia
- Industrial health and safety for employees of subcontractors

[Overview of Self-assessment Survey Result]

	Business partners not achieving our company's criteria	
	FY 2022	FY 2023
Risk of involvement in forced labor, child labor, etc.	0 (0.0%)	0 (0.0%)
Risks pertaining to labor management	1 company (0.4%)	2 companies (0.9%)
Risk of involvement in workplace safety issues	24 companies (10.0%)	24 companies (10.3%)
Risk pertaining to response to conflict minerals or personal information protection systems	31 companies (13.0%)	33 companies (14.2%)
Business partners falling short of our company's criteria	16 companies (6.7%)	15 companies (6.5%)

Future Initiatives

For items with high possibility of involving human right risks, we will conduct further investigation in collaboration with relevant companies. If we find human rights violations in further investigation, the Company will consider all possibilities of how to address these issues.

Remote Briefing Session on Procurement Policy

We held explanatory sessions on our procurement policy combining the remote and on-site methods. The company's policy regarding the strengthening of BCP, risks arising from labor shortage, respect for human rights, carbon neutrality, and so forth, with the goal of realizing sustainable procurement, was explained to approximately 197 participants from 182 business partners, whose support for these policies was requested.



Briefing session on procurement policy (Head office in Tokyo)

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 implements “Achilles Group’s Policy on Human Rights” to ensure that all employees enjoy fair treatment and equal opportunity.

Achilles Group’s Policy on Human Rights

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



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, 2024 (whole Group)

Male 1,344	Female 345	Total 1,689
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[Employment data] As of March 31, 2024 (Achilles Corporation only)

Average age	Male 41.6	Female 43.8	Total 42.0
Average years of service	Male 19.7	Female 21.7	Total 20.1
Average annual income	Approx. 5.70 million yen		
Difference in wages between male and female employees*	All employees	83.3%	
	Regular employees	84.1%	
	Part-time and contracted employees	86.3%	
Executive officers (including managing executive officers)	Male 30	Female 2	Total 32
Departmental managers	Male 37	Female 1	Total 38
Section managers	Male 200	Female 7	Total 207
No. of persons using the system for the re-employment of employees who have reached retirement age as of FY 2023	89		
Ratio of mid-career hires in FY 2023	25.5%		
Ratio of hires of people with disabilities in FY 2023	2.2%		

* (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 2023 benefits data] As of March 31, 2024 (Achilles Corporation only)

No. of employees using the childcare leave system	Male 20	Female 2	Total 22
Percentage of employees using the childcare leave system	Male 95.2%*1	Female 100%	
No. of employees using the nursing care leave system	1		
Average total hours worked per employee per year	1,941.9 hours		
Average no. of days of paid leave taken per year (leave utilization rate*2)	12.8 days (69.2%)		

*1 Rate of employees who used the childcare leave system or the child-birth-period childcare care system

*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 838* 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 221* members, who are employees (not including executive officers and managers) working in the company’s sales divisions.

* Members as of July 1, 2024

■ 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 2023, we invited a famous athlete as the lecturer, and held a health seminar at a hall in the Head office, with on-line participation from business locations and subsidiaries in Japan. The content of the seminar included easy stretching exercises and a lecture for gaining mental vitality. We worked to improve the health of each and every employee through exercises, including a call for participation in a walk rally.



Health Seminar (Head Office in Tokyo)



Recognized as FY 2023 Tokyo Sports Promotion Company*1



Recognized as Sports Yell Company *2, Bronze award (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 sports to improve employees’ health. The Bronze award is given to companies that have been recognized as Sports Yell Companies for consecutive five or six years. Our company has been recognized for consecutive five years.

Human Capital Management

Policies regarding Human Resource Cultivation, including Securing Diverse Human Resources, and Policies regarding Inhouse 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 2023 Achievement
Ratio of newly recruited female employees	20% or greater by March 31, 2026	18.4%
Female ratio in positions leading to future managerial careers	10% or greater by March 31, 2026	9.2%
Number of females in managerial positions	20 by March 31, 2031	8

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	Grade-specific training	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 2023]

Training field	No. of training themes	No. of participants
Training to foster managers	1	15
Global training	5	78
Grade-specific training (initial training for new employees)	19	522 (21)
Compliance training*	3	501
Specialist skill enhancement training	16	708
Distance learning	Various types	83
Health and safety training	3	110
Disaster response training	1	44

* 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



Compliance training

Safe and Healthy Workplace Environments Conducive to Work

Our Approach to Occupational Health and Safety

Achilles Group's Policy on Health and Safety

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.

[Percentage of employees who are members of Health and Safety Committees]

Business location	Health and Safety Committee members	Number of employees (%)
Tokyo Head office	12	274 (4.4)
Kansai Branch Office	6	70 (8.6)
Ashikaga Factory No. 1	19	599 (3.2)
Ashikaga Factory No. 2	17	263 (6.5)
Shiga Factory No. 1	12	87 (13.8)
Shiga Factory No. 2	12	113 (10.6)
Total	78	1,406 (5.5)



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

As of March 31, 2024

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

Occupational accidents

Health and Safety take priority over everything else. Occupational accidents can be and must be prevented. We are working at health and safety measures with the determination of eliminating occupational accidents.

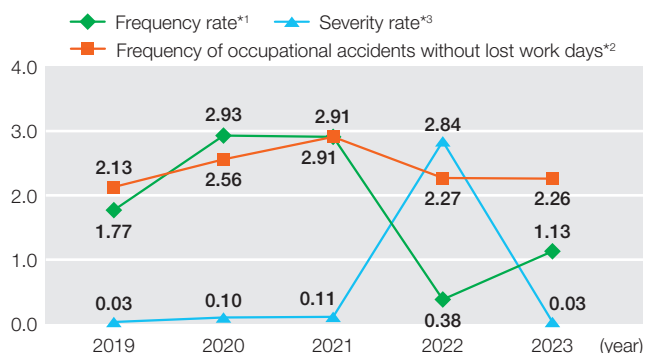
In 2023, we engaged in a wide range of health and safety activities including (1) thorough cause analysis of occupational accidents (including one serious accident) occurred in the year followed by the definition and execution of countermeasures, (2) comprehensive review of safety and health activities with the support of external specialists, and (3) review of our ways of risk assessment to improve them to a more effective system.

Occurrence of occupational accidents in 2023 improved in the severity rate and deteriorated in the frequency rate, with frequency rate of 1.13 and severity rate of 0.03 compared to 2022 results of frequency rate 0.38 and severity rate 2.84.

We will continue working to prevent occupational accidents to improve these numbers.

Note: The average frequency rate and average severity rate of manufactures (having 1,000 employees or more) in FY 2023 were 0.32 and 0.02, respectively.

[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).

In 2023, we conducted comprehensive fire prevention and disaster response drills at business locations in full scale, after four years of the COVID-19 pandemic period during which we reduced the scales of drills.



Water pouring drill using a fire hydrant (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 2024, a total of 2,249 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.

In FY 2023, we introduced a device for experiencing slipping and falling over in order to prevent such accidents.



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 (Yamagata Prefecture)



Achilles Corporation and Yamagata Achilles Aeron Co., Ltd., a subsidiary of Achilles Corporation, signed the “Contract on providing equipment that is used at emergency evacuation areas at disaster and securing storage spaces for the equipment” with Kana-machi, Mogami-gun, Yamagata Prefecture on May 17, 2023.

This contract stipulates that, in the event of a disaster or when there is a risk of disaster in Kana-machi, Achilles Corporation will provide equipment to be used at emergency or in emergency evacuation areas, and Yamagata Achilles Aeron Co., Ltd. will provide a temporary storage area for such equipment at the time of disaster as necessary.

Upon request of Kana-machi at disaster, we will promptly provide our products to support rescue activities and restoration activities of affected areas.



Contract signing ceremony on May 17, 2023
 Left: President Yoshida, Yamagata Achilles Aeron Co., Ltd.
 Center: Mayor Sato, Kana-machi
 Right: President Hikage, 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 2023 we purchased credits equivalent to 322 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.



A contract signing ceremony was conducted at the Yamagata Prefecture Office on March 4, 2024.

Contract signing ceremony at the Yamagata Prefecture Office
 Left: Chairperson Ito, Achilles Corporation
 Right: Governor Yoshimura, Yamagata Prefecture

■ “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.

Foot measurement and counseling in the showroom in Head Office (Shinjuku-ku, Tokyo)



■ Clean Challenge [Tochigi Prefecture] [Shiga Prefecture]



Employees of Achilles Corporation’s Ashikaga and Shiga Factories clean the streets in the area near the factories.

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



■ Collaboration with a view to sustainability ACHILLES USA, INC. (Head Office) [USA]



In order to conserve energy, ACHILLES USA, INC. optimized power consumption of hot oil circulation used for heating the calendar equipment and other facilities whose power consumption accounts for approximately 10% of total power consumption. The company succeeded in reducing electric power consumption by controlling motor-driven pump, which had always been in full operation.

In order to achieve this, the company had to grasp the amount of oil flow that can be reduced while maintaining effective temperature control. Through repeated tests and calculations, the company determined that the oil circulation can be reduced by 25%, and then considered the renewal of the temperature control system. In FY 2023, the company replaced the temperature control system using an aid fund from a power generation company. The pump speed was able to be reduced by a maximum of 50% through performance check and flow optimization while maintaining effective temperature control, achieving energy saving that exceeded expectations.

In addition to flow control, the new system allows remote access and programing, enabling KPI data collection over the network. So, the company is also using the system for building a database and machine AI learning.

The company will introduce the system to other production lines with additional aid funds from the power generation company to move forward with this initiative for long-term energy saving.



Operation panel of the temperature control system before renewal



Operation panel of the temperature control system after renewal

■ Visiting senior citizens and people with disabilities
ACHILLES HONG KONG CO., LIMITED
[Hong Kong]



On September 22, 2023, 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.

The company staff created Chinese lanterns by recycling envelopes used for “Leisi”—money handed out during traditional Lunar New Year—together with the staff and care receivers of a caring company, and delivered them to 100 households. They handed out rice, gift cards, and Virusafe* together with lanterns, and felt that the households were very delighted to receive them.

Five employees of ACHILLES HONG KONG CO., LIMITED participated in this activity and they are glad to be able to contribute to the community. We will continue this activity in years ahead.

* Achilles Virusafe is an anti-virus and antibacterial soft film product.



Making lanterns from monetary gift envelopes
 Handing out a gift
 Left: a resident
 Right: an employee of Achilles Hong Kong Co., Ltd.

■ Recommending shoes that fit the customer's feet
Achilles (Shanghai) International Trading Co., Ltd.
[People's Republic of China]



Achilles (Shanghai) International Trading Co., Ltd. runs four company-owned stores that sell ACHILLES SORBO shoes in Shanghai.

ACHILLES SORBO is gaining continuous popularity in China among women who have feet problems such as bunion. Each store holds regular foot shape measuring events, in which the sales staff provide suggestions for finding shoes that fit and recommend Achilles products.

Some of the customers that use ACHILLES SORBO pleasantly say that they can now go to anywhere with ACHILLES SORBO after a long period feed pain that they suffered every time they walked.

People in China have the custom of actively recommending products and services they like to friends, family members, and relatives. Therefore, fans often revisit the store bringing many friends.

Moving forward, the company will endeavor to spread shoes that are loved by customers and help to create comfortable living in the Chinese market.



Recommending shoes that fit (Shanghai, China)

Measuring the foot shape (Shanghai, China)

■ Effort of Health Management
Achilles Advanced Technology Co., Ltd.
[Taiwan]



Aiming to create healthy and work-friendly workplaces, Achilles Advanced Technology Co., Ltd. applied for the certification of Healthy Workplace Environments and was certified as a company that engages in Healthy Workplace Initiative.

This framework aims to encourage private enterprises to actively promote tobacco cessation in workplaces to provide employees with healthy and work-friendly work environments, and to organize the workplaces to healthy and work-friendly environments and promote health enhancement activities in workplaces. The framework also has the aim of disseminating the idea of selecting a healthy work environment to elevate living standard. A company that applies for certification reports presence/absence of smokers, the status of employee health checkup, and the condition of work environment. If the reported conditions satisfy the standard, the company is certified. At the moment, there are over 3,000 companies that have acquired certification.

Achilles Advanced Technology Co., Ltd. will continue to conduct health management not only through health and hygiene management of the employees, but also by participating in health seminars and community events, in order to promote health management of each and every employee.



Certification card of Healthy Workplace Initiative

■ Energy-Saving Initiatives
Achilles (Foshan) New Materials Co., Ltd.
[People's Republic of China]



Achilles (Foshan) New Materials Co., Ltd. is a new production site, which started trial production and trial operation in 2022.

The company is working to visualize the manufacturing site with key word “Smart Factory” and is building an Internet-based system for checking how much utilities have been used by each piece of equipment. Moving forward, the company plans to analyze the data and use it for the conservation of energy.



Inside the factory of Achilles (Foshan) New Materials Co., Ltd. (Foshan City, China)

Governance

Governance/Risk management

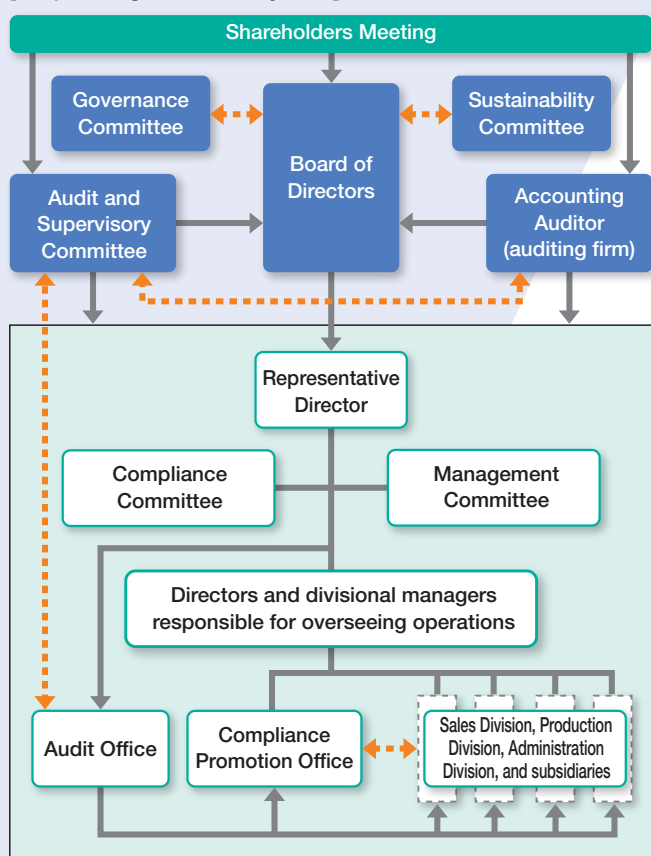
Corporate Governance

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)	3 (1)	13 (3)
Female	—	2 (2)	2 (2)
Total	10 (2)	5 (3)	15 (5)

■ 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)
Female	2 (2)
Total	5 (3)

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 the Audit and Supervisory Committee Members (external)	Total (external)
Male	4 (2)	—	4 (2)
Female	—	1 (1)	1 (1)
Total	4 (2)	1 (1)	5 (3)

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 2023 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 2022	FY 2023
Composition of the Board of Directors	3.6	3.8
Board of Directors operations	3.3	3.6
Information sharing with external officers	3.4	3.5
Completeness of deliberations in the Board of Directors	3.1	3.3
Improvement from the previous fiscal year	2.6	2.7
Overall evaluation	3.6	3.7

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

Results of the assessment of the Board of Directors' effectiveness in FY 2023

Results of the questionnaire of the Board of Directors' effectiveness in FY 2023 show that the total evaluation including member composition, operation, information sharing to external directors, and completeness of deliberations exceeded the Company standard of effectiveness. On the other hand, the evaluation result indicates that improvement was not made sufficiently for the issue recognized last year, which is insufficient deliberation on medium-to-long-term growth strategy.

In FY 2023, in the face of risks of revenue downturn due to the continuing rise of costs in raw materials, transportation, and energy, the Board of Directors deliberated measures for revenue improvement in response to the report from each division, and provided appropriate instructions and supervision. However, while the demand declined as price revision progressed in the market, measures for maintaining sales such as marketing of new products and development of new markets did not materialize results in a timely matter. As a result, we had to expect net loss (at the end of March 2024) and recorded an impairment loss and the reversal of deferred tax asset.

In FY 2024, in addition to continuing focus on revenue improvement, we will consider ways of improving the efficiency of deliberation in the Board of Directors on medium-to-long-term growth strategy and SDGs initiatives, as well as for deeper deliberation than ever on important agenda items including investment and financing.

We consider that we must foster diversity in the Board of Directors in order to generate innovation, and realize the need especially for nurturing female directors (internal) in the medium-to-long-term perspective. We also realize the need for an organization that takes a leading role in market-driven activities to develop new markets. We will deepen deliberation on these challenges in years to come.

As described above, we consider that the Board of Directors of the Company was effective in FY 2023, although there is some room for improvement.

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, 2023)

[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 table² × 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 (%)
Audit and Supervisory Committee Members	5	70	100	0

FY 2023 officer remuneration

Category	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 (16)	79 (16)	115 (—)	— (—)	10 (2)
Directors (Audit and Supervisory Committee members) (No. of External Directors)	60 (24)	60 (24)	— (—)	— (—)	5 (3)
Total (external officers)	255 (40)	140 (40)	115 (—)	— (—)	15 (5)

Note: • The total indicates the actual number of individuals paid.

• The goals for the indicators of the base fiscal year as pertains to performance-based remuneration are as follows: ordinary profit ratio: 1.8%; return on investment: 2.85%; and return on assets: 1.9%. The actual figures for each were: -0.1%, -2.6%, and -0.1%, respectively.

• Based on the policy for determining remunerations, etc. of individual Directors, which was resolved in the Board of Directors meeting held on June 29, 2022, the Board of Directors leaves the decision on the amounts of remunerations for individual Directors to the discretion of Ichiro Hikage, President and Representative Director. This authority of President and Representative Director is to determine the standard amounts of individual Directors based on the regulations pertaining to remuneration for Directors within the ranges of the amounts of remuneration resolved in the general meeting of shareholders. The reason for entrusting this authority to Representative Director is that Representative Director is considered to be the best position to evaluate the results of areas that each Director is responsible for in the light of overall performance of the Company. Also, in order for Representative Director to exercise this authority appropriately, Representative Director shall make such decisions based on the report from the Governance Committee.

Director Skill Matrix

The Director Skill Matrix is described on page 6 and page 15 of the Notice of the 104th Annual General Meeting of Shareholders

Notice of the 104th Annual General Meeting of Shareholders
https://www.achilles.jp/assets/pdf/ir/library/annual/240605_en.pdf#view=Fit



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

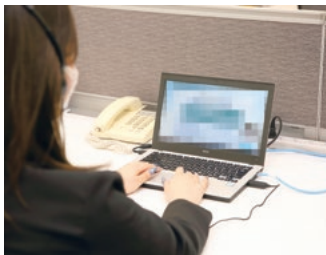
https://www.achilles.jp/assets/pdf/csr/philosophy/policy-code_en.pdf#view=Fit



Compliance Promotion Activities

The main compliance promotion activities implemented in FY 2023 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 training	Themes • Subcontract Act (compliance with revised criteria) • Preventing sexual harassment • Preventing power harassment • Whistleblower Protection Act (compliance with revised law)
Others	Other necessary adjustments to rules made in response to revision of relevant laws, etc., and making employees aware of these adjustments



Employee taking 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.

Achilles Group’s Basic Policy on Information Security

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



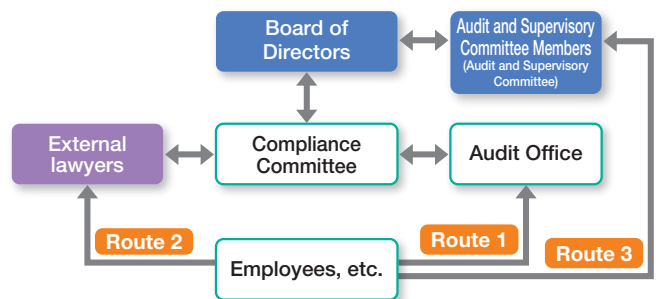
Reporting and Consultation System

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 2023]

Report from Group employee	2	Total: 2
Report from person not a Group employee	0	
Report details	Work environment: 1, Others: 1	
Outline of response	No significant problem was found.	

Data Version (Financial Information)

Consolidated Management Indices

	FY 2019	FY 2020	FY 2021**	FY 2022	FY 2023
◆ Management results					
Sales (million yen)	80,225	73,617	75,953	82,917	78,607
Operating income or loss (△) (million yen)	1,602	1,569	855	(713)	(958)
Ordinary income or loss (△) (million yen)	2,048	2,080	1,595	(117)	(171)
Current net income or loss (△) attributable to the parent company (million yen)	1,895	3,215	1,525	(1,204)	(8,210)
◆ Financial condition					
Interest-bearing debt (million yen)	5,221	5,200	5,200	11,100	14,650
Net assets (million yen)	41,353	46,386	47,728	46,206	39,549
Total assets (million yen)	72,255	76,862	80,123	86,220	82,662
◆ Cash flow					
Cash flow from operating activities (million yen)	7,549	4,509	4,707	(1,072)	1,878
Cash flow from investing activities (million yen)	(4,595)	(2,830)	(5,030)	(4,484)	(3,793)
Free cash flow (million yen)	2,954	1,679	(323)	(5,556)	(1,915)
Cash flow from financing activities (million yen)	(1,078)	(650)	(860)	4,547	1,758
◆ Management indicators					
ROA (%)	2.8	2.8	2.0	(0.1)	(0.2)
ROE (%)	4.6	7.3	3.2	(2.6)	(19.1)
◆ Per share data					
Current net income or loss (△) per share (yen)	120.33	204.72	97.12	(78.21)	(560.30)
Net assets per share (yen)	2,632.34	2,952.98	3,049.81	3,058.80	2,764.61
Price-to-earnings ratio (multiple)	14.6	7.2	13.0	— ²	— ²
Dividend per share (yen)	40	50	40	40	20
◆ Other					
Capital expenditures (million yen)	4,561	3,595	5,446	5,824	4,633
Depreciation and amortization (million yen)	3,239	3,107	3,160	3,329	3,428
Research and development expenses (million yen)	1,460	1,415	1,359	1,260	1,226
Number of employees (persons)	1,675	1,662	1,651	1,649	1,689
◆ Segment information					
Shoes business (million yen, % in square brackets)	11,931 (14.9)	10,412 (14.1)	11,497 (15.1)	11,387 (13.7)	10,420 (13.3)
Plastic business (million yen, % in square brackets)	37,880 (47.2)	34,428 (46.8)	36,499 (48.1)	42,223 (50.9)	40,047 (50.9)
Industrial materials business (million yen, % in square brackets)	30,413 (37.9)	28,776 (39.1)	27,956 (36.8)	29,306 (35.4)	28,140 (35.8)

*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 and FY 2023 is not shown because it is associated with the current net loss attributable to the parent company.

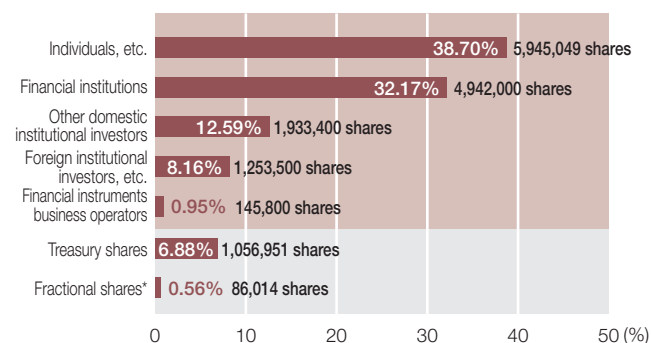
Note: Figures given in parentheses are negative values.

Shareholding Status

[Total shares, etc.] As of March 31, 2024

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)	10,944 (8,228)

[Shareholding distribution] As of March 31, 2024



* Fractional shares are shares of less than one unit (100 shares), and the fractional shares above include 51 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

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

Item (unit)	FY 2022	FY 2023	YoY comparison
Transportation ton-kilometer* ¹ (thousands)	66,602	63,946	Decrease of 4.0%
CO ₂ emissions generated (t-CO ₂)* ²	8,522	8,128	Decrease of 4.6%
Modal shift* ³ rate (%)	15.0	14.4	Decrease of 0.6 point

*1 Transportation ton-kilometers = weight of cargo [ton] x transportation distance [kilometer]

*2 CO₂ emissions (t-CO₂) = energy consumption (GJ) x emission factor (specified by the Ministry of Economy, Trade and Industry)

*3 Modal shift: Use of train/ship transportation instead of truck transportation reduces CO₂ emissions because of the large volume of transportation at a time.

[Scope] ISO 14001: 2015 registered worksites

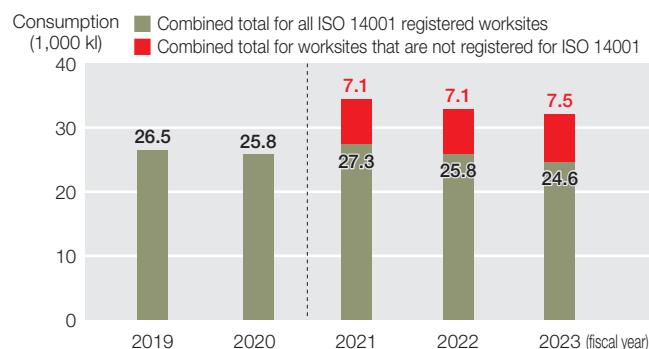
[Solar photovoltaic power generation equipment]

	Solar power generation capacity (kW)	Electric power generated (thousand kWh/year)	Reduction in CO ₂ * (t-CO ₂ /year)
Ashikaga Factory No. 2	529	622	243
Shiga Factory No. 2	1,006	1,111	407
Total	1,535	1,733	650

* The emission factor (2023) for Tokyo Electric Power Company was used for Ashikaga Factory No. 2, and the emission factor (2023) for Ennet power company was used for Shiga Factory No. 2.

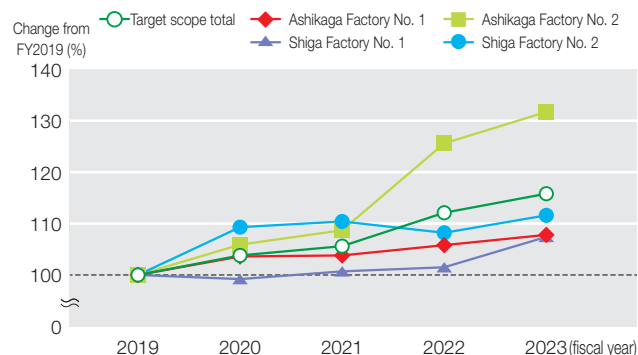
Energy Conservation

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



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

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



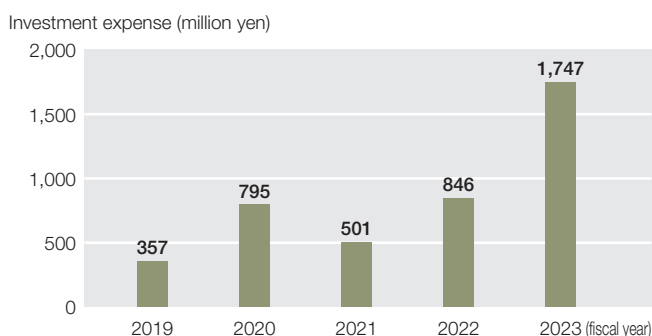
[Scope] Ashikaga Factories No.1 and 2 of Achilles Corporation, Shiga Factory No.1, Shiga Factory No.2, Bibai Factory, and Kyushu Factory

[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)
Improved thermal insulation of and prevented steam leaks from pipes, valves, etc.	105
Updated compressors, prevented air leaks	80
Updated to the top runner air conditioners	20
Installed LED lighting and Hf fluorescent lights	20
Introduction of the cogeneration system	60
Update to high-efficiency voltage transformers at transformer stations	20
Other (adopted inverter pumps and motors, etc.)	15
Total	320

[Scope] ISO 14001: 2015 registered worksites

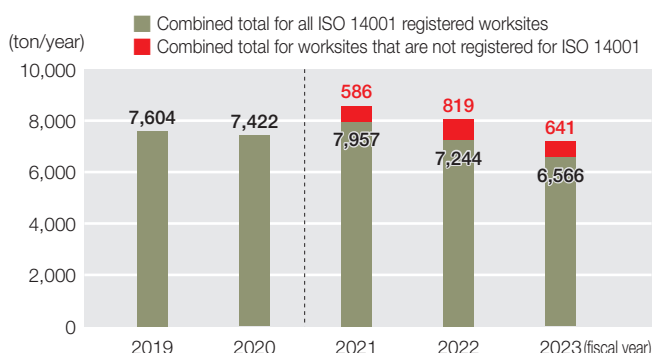
[Annual environmental facility investment expense (past five years)]



[Scope] ISO 14001: 2015 registered worksites

3R Activities and Complete Zero Emissions

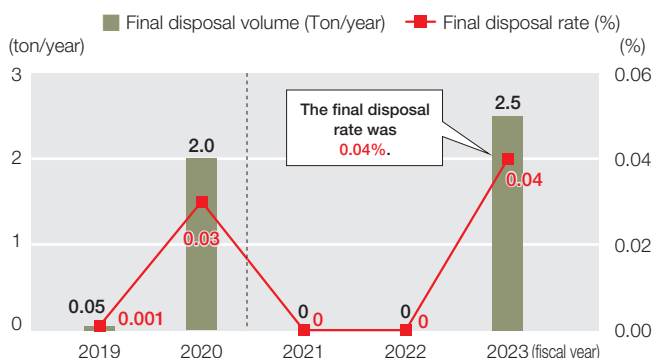
[Total volume of generated waste* and other materials]



* Generated waste and other materials: Include industrial waste and matters to be recycled

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

[Final disposal volume and final disposal rate*]

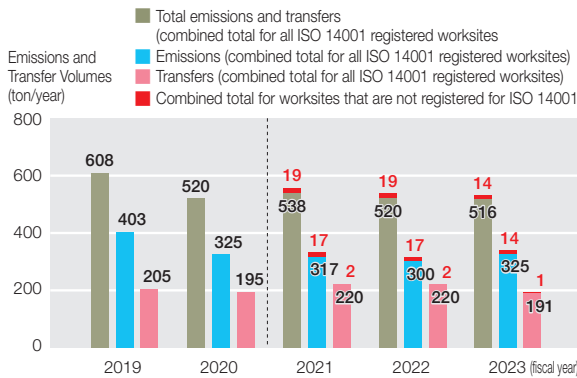


* Final disposal rate (%) = (final disposal volume / total volume) x 100

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

Air Pollution Prevention (Environmentally Hazardous Substances)

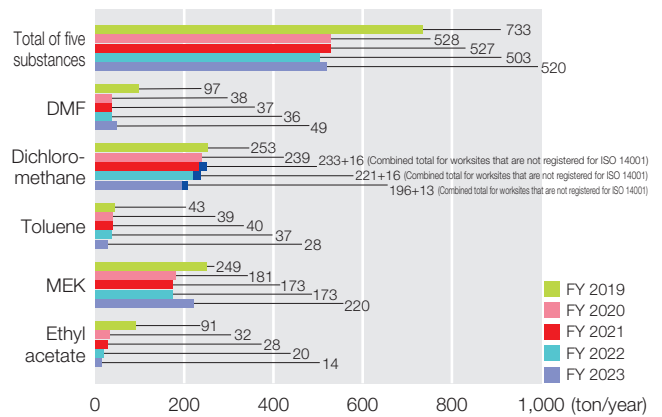
[Emissions and transfer volumes of chemical substances subject to the PRTR Act]



Note: Worksites where the volumes handled are below the specified threshold are excluded from the scope of aggregation. Results in years from FY 2023 are based on the revised PRTR Act.

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

[Total atmospheric releases of five substances of environmental concern]



Data by Business Site (April 2023–March 2024)

[PRTR data]

Class I Designated Chemical Substances under the PRTR Act Subject to the PRTR Act	Ashikaga Factory No. 1			Ashikaga Factory No. 2			Bibai Factory		
	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Ethylbenzene	0.31	0.00	0.01	2.40	0.00	0.00	—	—	—
Xylene	0.34	0.00	0.01	1.80	0.00	0.09	—	—	—
Dichloromethane (methylene chloride)	110.00	0.00	4.70	1.90	0.00	0.09	—	—	—
N, N-dimethylformamide (DMF)	49.00	0.30	5.10	—	—	—	—	—	—
m-tolylene diisocyanate	0.08	0.00	0.00	0.00	0.00	0.00	—	—	—
Toluene	22.00	0.00	2.10	5.70	0.00	0.21	—	—	—
Bis phthalate (2-ethylhexyl)	0.45	0.00	19.00	0.05	0.00	39.00	—	—	—
Methylenebis (4,1-phenylene) =diisocyanate	0.00	0.00	1.60	0.00	0.00	0.09	0.00	0.00	0.47
Tetrahydrofuran	1.50	0.00	0.21	—	—	—	—	—	—
Methyl isobutyl ketone	5.60	0.00	0.70	—	—	—	—	—	—

Class I Designated Chemical Substances under the PRTR Act Subject to the PRTR Act	Shiga Factory No. 1			Shiga Factory No. 2			Kyushu Factory			Sanshin Enterprises			Achilles USA		
	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes
	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	—	—	—	—	—	—	—	—	—	—	—	—
Dichloromethane (methylene chloride)	—	—	—	84.00	0.00	3.90	—	—	—	13.00	0.00	1.30	—	—	—
m-tolylene diisocyanate	—	—	—	0.08	0.00	0.00	—	—	—	—	—	—	—	—	—
Toluene	0.15	0.00	0.00	0.00	0.00	0.00	—	—	—	—	—	—	—	—	—
Phenol	0.00	0.00	0.00	—	—	—	—	—	—	—	—	—	—	—	—
Bis phthalate (2-ethylhexyl)	0.41	0.00	95.00	—	—	—	—	—	—	—	—	—	1.00	0.00	0.13
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	0.01	—	—	—	—	—	—	—	—	—
Methyl isobutyl ketone	30.00	0.00	0.00	—	—	—	—	—	—	—	—	—	—	—	—

Note: Chemical substances subject to the PRTR Act: only those Class I Designated Chemical Substances for which the annual amount handled in FY 2023 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	Ashikaga Factory No.2, Site 1*	Ashikaga Factory No.2, Site 2*	Base value	Shiga Factory No.1, Site 1*	Shiga Factory No.1, Site 2*	Base value	Shiga Factory No. 2
Hydrogen ion concentration (pH)	pH	5.8~8.6	7.2	7.4	7.4	6.0~8.5	6.9	7.5	6.0~8.5	7.9
Biochemical oxygen demand (BOD)	mg/ℓ	25 or less	2.5	5.5	2.7	25 or less	1.7	2.4	30 or less	1.0
Suspended solids (SS)	mg/ℓ	50 or less	1.0	6.2	1.2	25 or less	3.0	1.7	70 or less	1.8
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	3.0	2.8	3.1	12 or less	0.3	0.3	12 or less	2.7
Phosphorous content (T-P)	mg/ℓ	16 or less	0.1	0.2	0.1	1.2 or less	0.1	0.7	1.2 or less	0.1

* Ashikaga Factory No.2 and Shiga Factory No.1 conducted measurements at two locations.

* 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	40	150	34

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

Company Profile

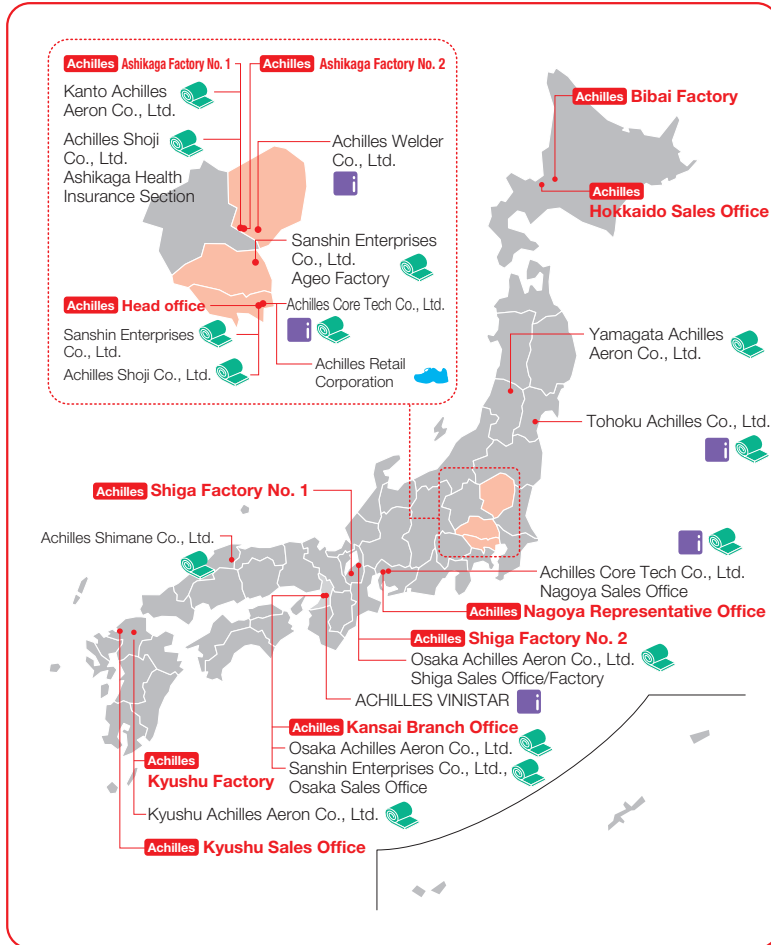
Foundation May 1947
Representative Ichiro Hikage, President and Representative Director
Capital 14.64 billion yen
Number of employees 1,689 (consolidated) as of end of March 2024
Listing stock exchange Tokyo Stock Exchange (Prime Market)

Head office location Shinjuku Front Tower, Kita-shinjuku 2-21-1, Shinjuku-ku, Tokyo 169-8885, Japan
[Sales offices] Tokyo, Osaka, Hokkaido, Aichi (Urethane), Fukuoka
[Manufacturing sites] Tochigi (2 locations), Shiga (2 locations), Hokkaido, Fukuoka
 Note: For specific location of each business location, use the QR code on the right or URL below.
<https://www.achilles.jp/english/company/>



Business Locations

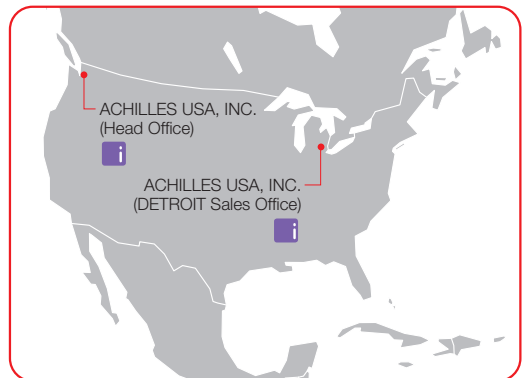
Japan



Asia



North America



Achilles Achilles Corp. locations

Subsidiary business information

- Shoes Business Group
- Plastic Business Group
- Industrial Materials Business Group

Note: 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), and ANL Group Limited (Hong Kong)

Achilles Report 2024

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