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About This Report

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

■ Reporting period
April 1, 2017–March 31, 2018

■ Publication date
Previous report: September 2017
This report: September 2018 (Page 10 revised in August 2019)
Next report: September 2019 (planned)
*Published once a year

■ Referenced guidelines, regulations, and technical standards
ISO 26000 (social responsibility guidance)
ISO 14001 (environmental management system)

■ Editorial policy
The Achilles Group’s corporate philosophy states, “Contribute to realizing an affluent society by creating products and providing services that consider customers first and give customers true satisfaction and inspiration.” As such, we position providing products and services that create feelings of 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 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.

CSR Report Tool

Detailed report  *This publication. Describes the Achilles Group’s CSR approach and initiatives in detail.

https://www.achilles.jp/english/csr/
Since our founding, we have stated that our mission is to serve our customers in every way possible. This is the meaning behind our corporate motto of “Achilles—Supporting Your Life.” With this mission firmly in our minds, we are proud to have stayed by customers’ sides throughout the years, developing products and innovating services to meet changing needs.

Products that support your life are needed in everyday life, like shoes, urethane foam mattress products, car interior materials that create a comfortable driving experience, and wallpaper and other construction materials that create comfortable spaces. It goes without saying that the most important ingredient in continuing to create these products for many years to come is thinking from the customer’s viewpoint.

Trust in the Japanese manufacturing industry has been shaken recently, with reports of fabricated quality data and other improprieties. This leads us to wonder if our reason for existing and engaging in business activities is also being questioned.

Our corporate philosophy equates living with society with putting customers first. To continue being a company needed in society, we must without question respect human rights and comply with laws and international norms both in our home country and abroad. On this point, the actions of all of our employees are the focus of attention.

Last year marked the 70th anniversary of our founding. As we pledged to return to the roots of our founding spirit, we also began a new chapter in the history of Achilles.

These roots refer to our belief that everything we do is connected to our customers. While this belief will not change, I pledge to improve our product safety, quality, and reliability to meet market changes and customer needs in order to provide excellent products and services to customers.

September 2018
### Business Segments

#### Shoes Business Group

- **Shoes Business Division**
  - Shoes for kids, men, and women
  - ![Shoes](image1)
  - ![Shoes](image2)
  - ![Shoes](image3)

#### Plastic Business Group

- **Chemical Products Division**
  - General-use, industrial-use, and agricultural-use films, etc.
  - ![Chemicals](image4)

- **Floor and Wall Coverings Division**
  - Interior materials for construction
  - ![Floor Coverings](image5)

- **Rubberized Fabric and Marine Sales Department**
  - Emergency tents, inflatable boats, flexible couplings for residential drain pipes, etc.
  - ![Marine](image6)

- **Urethane Division**
  - Soft urethane foam products and secondary processed products
  - ![Urethane](image7)

- **Heat Insulation Materials Division**
  - Rigid urethane foam insulation products, rigid urethane foam for on-site foam blowing, polystyrene insulation materials, etc.
  - ![Heat Insulation](image8)

- **Industrial Materials Sales Department**
  - Anti-static products, reaction injection molding (RIM) products, etc.
  - ![Industrial Materials](image9)

#### Sales Development Department

- **Sales Development Department**
  - Infrastructure technologies such as the Tn-p construction method, and GURA-Less
  - ![Development](image10)

### History

- **May 1947**
  - Establish Kohkoku Chemical Industry with capital of 2 million yen. Begin manufacture and sales of rubber products, with the Head Office located in Nihonbashi, Chu-ku, Tokyo, and a factory in Ashikaga, Tochigi Prefecture.

- **April 1948**
  - Begin manufacture and sales of polyvinyl chloride (PVC) products.

- **March 1951**
  - Relocate the head office to Shintomi-cho, Chuo-ku, Tokyo.

- **June 1956**
  - Elevate the Osaka Sales Office to the Osaka Branch, aiming to expand business in the Kansai market.

- **April 1957**
  - Construct the Yamabe Factory (currently the Ashikaga Factory No. 1) in Ashikaga, Tochigi Prefecture.

- **June 1961**
  - Begin technical cooperation with UBE-based ICI for the manufacture of soft polyurethane foam.

- **September 1962**
  - Listed on the First Section of the Tokyo Stock Exchange.

- **January 1963**
  - Successfully manufacture our original Cabon synthetic leather and begin sales.

- **February 1964**
  - Relocate the Head Office to Daiyako-cho, Shinjuku-ku, Tokyo.

- **November 1965**
  - Establish Achilles K.C.I. Corporation in New York, USA. (Absorbed into Achilles USA, Inc. in 1978)

- **July 1969**
  - Construct the Mikurayama Factory (currently the Ashikaga Factory No. 2) in Ashikaga, Tochigi Prefecture.

- **February 1973**
  - Incorporate the Hong Kong representative office as a local company (currently Achilles Hong Kong Co., Ltd.).

- **October 1973**
  - Construct the Kansai Factory (currently the Shiga Factory No. 1) in Inukami District, Shiga Prefecture.

- **November 1973**
  - Begin manufacture of industrial materials including automotive interior materials and rigid urethane shells.

- **February 1978**
  - Construct the Yamabe Factory (currently the Ashikaga Factory No. 2) in Inukami District, Shiga Prefecture.

- **November 1974**
  - Acquire 100% of the shares of Sanshin Enterprises Co., Ltd. and make it a wholly owned subsidiary.

- **August 1978**
  - Construct the Bibai Factory in Bibai, Hokkaido.

- **November 1978**
  - Establish the Shiga Factory No. 1 in Yata, Shiga Prefecture.

- **February 1982**
  - Change the company name from Kohkoku Chemical Industry Co., Ltd. to Achilles Corporation.

- **June 1986**
  - Form technical tie-up with A.S. Creation Tapeten AG of Germany.

- **March 1988**
  - Launch technical cooperation with Tarkett Sommerr AG of Sweden for the manufacture of floor materials.

- **March 1991**
  - Establish Achilles (Shanghai) International Trading Co., Ltd. in Shanghai, China, for sales and import/export of Achilles products in China.

- **February 2004**
  - Begin operations at the No. 2 Factory of Kunshan Achilles Artificial Leather Co., Ltd. in a joint venture in Kunshan, China, for the manufacture of PVC leather.

- **December 1998**
  - Begin production of the conductive polymer material ST-Poly.

- **September 2002**
  - Acquire ISO 14001 certification at all seven factories and six group companies in Japan.

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

- **January 1989**
  - Construct the Tsumago Factory in Mikuni, Fukusuka Prefecture.

- **December 1993**
  - Establish Kunshan Achilles Artificial Leather Co., Ltd. in a joint venture in Kunshan, China, for the manufacture of PVC leather.

- **December 1998**
  - Begin production of the conductive polymer material ST-Poly.

- **November 2006**
  - Acquire 100% of the shares of Sanshin Enterprises Co., Ltd. and make it a wholly owned subsidiary.

- **October 2007**
  - Install the latest manufacturing facilities in Ashikaga Factory No. 1 for the production of environmentally friendly synthetic leather for automotive interiors.

- **November 2008**
  - Establish a sales office of Achilles USA, Inc. in Detroit, Michigan, USA.

- **March 2009**
  - Conclude a partnership agreement with Itochu Corporation for the Syunsoku shoes brand.

- **February 2015**
  - Relocate the Head Office to Kita-Shinjuku, Shinjuku-ku, Tokyo.
Company Profile

Established: May 1947
Representative: Mamoru Ito, President & Representative Director
Capital: 14.64 billion yen
No. of employees: 1,707 (consolidated) *As of March 31, 2018
Listed stock exchange: First Section of the Tokyo Stock Exchange

Head Office

Sales Offices: Tokyo, Osaka, Hokkaido, Aichi (urethane), Fukuoka prefectures
Production locations: Tochigi (3 locations), Shiga (2 locations), Hokkaido, Fukuoka prefectures
*See the following link for the full addresses of our business locations.
https://www.achilles.jp/english/company/

Business Locations

Japan

Asia

USA

Consolidated Net Sales & Profit by Fiscal Year

Sales

(FY)

2013
2014
2015
2016
2017

0 20,000 40,000 60,000 80,000 100,000 (million yen)

(FY)

2013
2014
2015
2016
2017

0 500 1,000 1,500 2,000 2,500 3,000 (million yen)

By segment

Shoes

Plastics

Industrial Materials

Operating income

Current net income attributable to parent company shareholders

*For other financial information and information about our major shareholders, see our securities reports.
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.

Achilles Group Basic Approach to CSR

We at Achilles Group strive to be a company that contributes to building an affluent and comfortable society. To do this, we must continue creating new value for our company, society, and the future. With the keywords of 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.

Achilles Priority CSR Areas

Based on the seven core subjects of ISO 26000, we position our high-priority initiatives as our priority CSR areas.

1. **[Consumer issues]**
   - Provide true satisfaction and inspiration through products and services
   - Ensure product safety, implement quality improvements, and pursue manufacturing that meets the needs of society and offers inspiration

2. **[Environment]**
   - Environmental initiatives
   - Initiatives to reduce environmental impacts including from CO₂, water, and waste, and for environmental conservation including forests and biodiversity

3. **[Fair business practices]**
   - Collaboration with business partners
   - Conduct activities in the entire supply chain including with business partners and promote fair business activities

4. **[Human rights and labor practices]**
   - Respect human rights and diversity, and develop global human resources
   - Develop global human resources with consideration for human rights and using diverse human resources

5. **[Human rights and labor practices]**
   - Safe and healthy workplace environments conducive to work
   - Initiatives to create workplaces that allow people to work safely and healthily

6. **[Community involvement / development]**
   - Community engagement and social contribution activities
   - Place importance on communication with local communities and social contribution activities, and make contributions to community development

7. **[Organizational governance]**
   - Governance / Risk Management
   - Strengthen systems to enhance management transparency, implement risk countermeasures

Sustainable Development Goals (SDGs)

The SDGs are a collection of 17 goals and 169 targets adopted internationally by the United Nations in 2015 to be achieved by 2030. The logos placed under the Priority CSR Areas & Activity Policy in the chart on pp. 5-6 indicate the goals that Achilles Group is contributing to through the respective initiatives.
Global CSR Activities

USA

Initiatives at Achilles USA, Inc. (Headquarters)

Achilles USA is the production and sales base for Achilles Group plastic products in North America. Achilles USA has been conducting its own environmental conservation activities, and from 2018 is also implementing initiatives related to the Achilles Group priority CSR areas together with employees.

A CSR activity for FY 2018 is reducing in-house scrap by 10% year on year. Achilles USA intends to contribute to the SDGs through these activities.

Cambodia

Donating Shoes in Preah Vihear

The area around Preah Vihear Temple, listed as a UNESCO World Heritage Site, in northern Cambodia, is considered one of the poorest regions in all of Cambodia. The Preah Vihear Association Japan is conducting a range of activities in this region with the ultimate goal of self-sufficiency for the people who live there. As part of its activities, the association sends student volunteers to the region twice a year to provide support including educational activities, tree planting, and conducting surveys of living conditions.

We have group companies in Cambodia, and import and sell shoes manufactured there. With this connection, in 2017 we donated 60 pairs of shoes to local people through the Preah Vihear Association Japan.

For some people in the region, it was their first time to wear a pair of shoes, and they offered messages of appreciation, commenting that the shoes helped prevent foot injuries and allowed them to play soccer without hurting their feet.

China

Initiatives at Achilles (Shanghai) International Trading Co., Ltd.

In September 2017, Achilles (Shanghai) International Trading, in cooperation with the volunteer organization Friend, the Shanghai running club TARC, and Wenling Dongzhou Imp. & Exp. Co., Ltd., donated 1,391 pairs of Syunsoku shoes to students at three elementary schools (TI Hope Elementary School, Xiaozhen Hope Elementary School, New Generation Hope Elementary School) in the underprivileged region of Ganzhou, Jiangxi Province. At a presentation ceremony at TI Hope Elementary School, TARC and Achilles (Shanghai) International Trading cooperated to hold exchanges with the students including gymnastics events and a mini-relay race. Achilles (Shanghai) International Trading also holds foot measurement events at Syunsoku sales floors in department stores and other sales outlets to raise awareness for the proper way to select and wear shoes.

Taiwan

Initiatives at Achilles Advanced Technology Co., Ltd.

Achilles Advanced Technology in Taiwan is taking steps to conduct compliance education and awareness-raising among employees and implement fair and transparent business practices. It has also defined activities for each of the Achilles Group’s priority CSR areas, set related targets, and is conducting initiatives accordingly. One of its main areas of activity is reducing plastic waste by reusing shipping cases for semiconductor silicon wafers. In 2017, this activity contributed to a 300-ton reduction in waste resin.
**Initiatives to Create Shared Value with Society**

**Z1 Board, achieving the highest level of insulating performance**

We successfully developed the Z1 Board, a board-type insulation product achieving the industry’s highest level of insulating performance with thermal conductivity of 0.018 W/(m K), and launched sales in October 2017.

*1 Of the construction insulation materials sold as of March 31, 2018, excluding vacuum insulation materials and other materials whose insulating mechanism differs from general textile-type insulation materials and expanded plastic insulation materials

Tomonori Kamiyama  
Heat Insulation Materials Sales Department  
Heat Insulation Materials Division  
Achilles Corporation

**Danikon, a special urethane foam coating that repels dust mites**

We collaborated with Kincho, which has dust mite repellent technology, to manufacture and sell Danikon, a functional urethane foam that is dust mite resistant.

Danikon uses a highly safe pyrethroid-based chemical formula to repel dust mites, and can be safely used with children.

Yasutaka Tani  
Urethane Sales Department  
Urethane Division  
Achilles Corporation

**Sorbothane shoe insole products supporting health from the feet**

Sanshin Enterprises Co., Ltd. focuses on lessening shock on the feet through the development, manufacture, and sales of shoe insoles and other products that incorporate shock-absorbing materials.

*3 Sorbothane, a functional material with shock-absorbing and shock-dispersing properties manufactured and sold by Sanshin Enterprises Co., Ltd., is a registered trademark of Sanshin Enterprises Co., Ltd.  

Tadayasu Kawano  
Director, Tokyo Office  
Sanshin Enterprises Co., Ltd.

**Tn-p Construction Method, effective in maintenance and repair of older tunnels with age-related degradation**

We offer the Tn-p Construction Method, effective in maintenance and repair of older tunnels with age-related degradation, nationwide in Japan. This tunnel maintenance and repair technology (backfill injection) prevents tunnel collapse and damage from events such as earthquakes by injection filling Achilles Aeron-R (urethane foam) into voids that form behind the lining of older tunnels.

The filling device is compact, and the filling material can be transported in liquid form (in drums) prior to blowing, making it possible to transport all materials and equipment in a truck with a four-ton payload capacity. Road tunnel work can be completed with two types of construction equipment, a lift truck for workers to reach high elevations and a truck to transport the materials and equipment. It takes just one minute for the urethane foam to harden, which improves work safety from the low risk of the materials leaking out.

Osamu Nishio  
Deputy Manager, Sales Development Department  
Achilles Corporation

**Tn-p Construction Method, effective in maintenance and repair of older tunnels with age-related degradation**

*2 Dainihon Jochugiku Co., Ltd. (Head office: Osaka, Osaka Prefecture, President and Representative Director: Naohide Ueyama)

Yasutaka Tani  
Urethane Sales Department  
Urethane Division  
Achilles Corporation

**Tn-p Construction Method, effective in maintenance and repair of older tunnels with age-related degradation**

Tadamasa Kawano  
Director, Tokyo Office  
Sanshin Enterprises Co., Ltd.
Internal workshops to improve communication quality

Rapid advances in information and communications technology have greatly increased the convenience of sharing information. On the other hand, we are beginning to have fewer opportunities to engage in direct verbal communication. As a key element that fosters innovation, we are striving to improve the quality of our communication.

Hirokazu Kaneda
General Manager, Automotive Materials Sales Department
Automotive Materials Division
Achilles Corporation

Platinum Coat with improved workability during greenhouse ventilation

The stickiness of vinyl films for greenhouses is a cause of increased labor and film damage, for example when erecting greenhouses and during ventilation. Platinum Coat uses our original coating technology to prevent the substance that causes stickiness from transferring to the film’s surface. Special processing of the coating layer also significantly reduces film stickiness.

Nozomi Inoue
Manager, Shiga Factory No.1
Plastic Business Group
Achilles Corporation

Medifoam for citizen runners

We developed, manufacture, and sell the Medifoam line of running shoes designed to reduce impact and make running easier in order to support the growing number of citizen runners taking part in running with the popularity of marathon races.

Yutaka Tsubata
Vice General Manager, Shoes Sales Head Office
Shoes Business Division
Achilles Corporation

Poseidon HB-310AX adopts aluminum materials to make recycling easier

We manufacture and sell the Poseidon HB-310AX rigid inflatable boat (RIB)*5, which adopts aluminum material for the boat bottom to facilitate recycling at the time of disposal.

*5 Using rigid materials for the bottom of inflatable boats makes the boat lighter and increases durability on waves when operating the boat at high speeds.

RIBs using recyclable aluminum enjoy strong popularity, especially in the USA. We use highly durable CSM rubber in the air tubes as part of our efforts to create products with consideration for the global environment.

Yumie Ichikawa
Rubberized Fabric and Marine Sales Department
Achilles Corporation
For the Environment

Environmental conservation on both a local and a global scale is an exceedingly important mission for our group, as our business is focused on the manufacture of shoes, rubber, and plastic products that use chemical raw materials. We recognize that our business activities are intimately connected to the environment, and we are striving to reduce our environmental burden and contribute to developing a sustainable society.

Achilles Group Environmental Policy

Under a corporate philosophy that equates “Living with Society” with “Customer First,” we at Achilles Group conduct our main business activities of the manufacture and sales of shoes, rubber, and plastic products based on continuously creating products and providing services that offer true satisfaction and inspiration to customers. Addressing environmental problems is a shared challenge of humankind. Independently taking action to reduce our environmental burden is a necessary requirement of a company’s existence and activities. In addition, we aim to be a company that contributes to creating an affluent and comfortable society and earns the abiding trust of society by continuously creating new value.

1. Accurately understand the impacts of our business activities on the environment, define our environmental targets and goals, and work to achieve them.
2. Periodically review our environmental management system through means including environmental audits, conduct a cycle of ongoing improvements, and effectively prevent environmental contamination.
3. Comply with environment-related laws, regulations, ordinances, and agreements as well as company policies, regulations, and other rules.
4. Through our business activities, promote environmentally friendly product development, global warming prevention, energy conservation, and the 3R’s (Reduce, Reuse, Recycle), and strive to maintain and improve healthy environments.
5. All members recognize the impacts of our business activities on the environment, and we strive to conduct education that results in appropriate conduct as well as internal PR activities to enhance awareness for environmental conservation.

Environmental Management System

ISO 14001 Initiatives

To conserve the global environment, and to enhance the corporate constitution of the Achilles Group, we define our Environmental Policy and environmental targets using the ISO 14001 environmental management system standards as a tool. We develop production processes and create products that lead to reduced environmental impacts, and continuously conduct activities to improve the environment. In an evaluation by an external certification body in FY 2017, we received guidance on 17 minor observed incidences, with the overall evaluation that the system was being maintained. We undertook horizontal measures to address the incidences and incorporated the measures into our environmental management activities to make improvements.

Overview of FY 2017 activities results, targets for FY 2018 and beyond

<table>
<thead>
<tr>
<th>Environmental objective</th>
<th>Target</th>
<th>FY 2017 result</th>
<th>Status</th>
<th>Target for FY 2018 and beyond</th>
<th>Listed page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global warming conservation</td>
<td>Greenhouse gas (CO2) emissions</td>
<td>FY 2010 comparison, 7% reduction (10% reduction compared with FY 2010 by FY 2020)</td>
<td>5.2% reduction *FY 2010 emission factor adopted × YOY comparison of per-unit energy consumption, 1% reduction</td>
<td>×</td>
<td>P.11, P.12</td>
</tr>
<tr>
<td>Per-unit energy consumption</td>
<td>YOY comparison, 1% reduction</td>
<td>0.1% reduction</td>
<td>×</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete zero emissions through 3R activities</td>
<td>Waste emission volume *Based on promoting 3R activities</td>
<td>FY 2010 comparison, 14% reduction (20% reduction compared with FY 2010 by FY 2020)</td>
<td>29.4% increase *Main factor is increased production</td>
<td>×</td>
<td>FY 2017 comparison, 3% reduction</td>
</tr>
<tr>
<td>Final waste disposal rate</td>
<td>Achieve less than 0.1% by FY 2020</td>
<td>0.03%</td>
<td>○</td>
<td>Achieve less than 0.1% by FY 2020</td>
<td>P.12</td>
</tr>
<tr>
<td>Air pollution prevention of environmentally hazardous substances</td>
<td>Emissions of environmentally hazardous substances</td>
<td>FY 2010 comparison, 21% reduction (30% reduction compared with FY 2010 by FY 2020)</td>
<td>18.3% reduction</td>
<td>×</td>
<td>FY 2010 comparison, 24% reduction (30% reduction compared with FY 2010 by FY 2020)</td>
</tr>
<tr>
<td>Environmental considerations (waste reductions, energy conservation, etc.), environmental management improvements, and environmentally friendly product development</td>
<td>Environmental consideration rate* &quot;Energy fees + waste treatment expense ÷ Production value × 100&quot;</td>
<td>Less than the previous year’s results</td>
<td>0.003% increase YOY</td>
<td>×</td>
<td>Less than the previous year’s results</td>
</tr>
<tr>
<td>Identify environmental risks and draft countermeasures</td>
<td>Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring</td>
<td>Plan and implement facility installations, improvements, and other measures leading to reduced environmental impacts</td>
<td>○</td>
<td>Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring</td>
<td>P.12</td>
</tr>
<tr>
<td>Environmental considerations (waste reductions, energy conservation, etc.), environmental management improvements, and environmentally friendly product development</td>
<td>Launch and sell environmentally friendly products</td>
<td>Using internal targets</td>
<td>Achieve sales targets and launches of environmentally friendly products including biodegradable films and construction-use insulation materials with high insulation performance and thermal conductivity</td>
<td>○</td>
<td>Promote product development and R&amp;D with consideration for environmental impacts</td>
</tr>
</tbody>
</table>

Achilles CSR 2018
Overview of Environmental Impacts

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

Corrective Measures for Environment-related Incidents

In FY 2017, a fire occurred while moving urethane blocks inside the Shiga Factory No. 2. The fire was put out with the assistance of fire fighters from the local jurisdiction. We investigated the cause of the fire and are taking corrective measures at the location of the fire outbreak both in terms of permanent facilities and management, and are implementing similar countermeasures at other worksites.

A small oil leak occurred at the Ashikaga Factory No. 2, with some oil leaking into the irrigation canal outside the factory grounds. We treated the leak without it spreading to a wider area, and have completed corrective measures intended to achieve a permanent fix.

In FY 2017, measured values for water quality, air quality, and noise at all worksites were within the standard values defined in all environmental-related legislation.

Achilles Group manufacturing plants

Material balance

<table>
<thead>
<tr>
<th>Input</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>Shoes, vinyl films, general PVC leather, synthetic leathers, laminate products, rubber cloth, wall coverings, flooring materials, polystyrene foam products, anti-static products, RIM products, others</td>
</tr>
<tr>
<td>122,365 tons</td>
<td>503 tons</td>
</tr>
<tr>
<td>Energy</td>
<td>Substances subject to the PRTR Act</td>
</tr>
<tr>
<td>33,894 kl (crude oil equivalent)</td>
<td>CO₂ 3,731,570 tons</td>
</tr>
<tr>
<td></td>
<td>Electricity, steam, piped gas, fuel oil A, etc.</td>
</tr>
<tr>
<td></td>
<td>NOx (boiler) 50,054 tons</td>
</tr>
<tr>
<td></td>
<td>10.9 tons</td>
</tr>
<tr>
<td></td>
<td>Total wastewater 3,571,570 tons</td>
</tr>
<tr>
<td></td>
<td>COD 12.4 tons</td>
</tr>
<tr>
<td></td>
<td>Total nitrogen 12.7 tons</td>
</tr>
<tr>
<td></td>
<td>Total phosphorous 0.5 tons</td>
</tr>
<tr>
<td></td>
<td>Waste recycling 8,304 tons</td>
</tr>
<tr>
<td></td>
<td>Landfill waste 2.3 tons</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*A Subtracted an emissions reduction of 320 t-CO₂ from purchases of Yamagata Sun and Forest Group Credits (J-Credits) (see p. 20)

[Energy and water resource reporting scope]

Achilles Corporation – Ashikaga Factory No. 1, Ashikaga Factory No. 2, Shiga Factory No. 1, Shiga Factory No. 2, Bibai Factory, Kyushu Factory/Achilles USA, Inc./Sanshin Enterprises Co., Ltd.

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

To increase awareness of the environment, we distribute “environment cards” listing our environmental policy and other information to all employees in manufacturing divisions and make known the importance we place on environmental conservation activities.

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

Initiatives for Biodiversity

Basic approach to biodiversity

While human society receives many benefits from ecosystems, we recognize that human society also places a great burden on ecosystems and are implementing initiatives to contribute to conserving biodiversity.

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.

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.
Conservation of Water Resources

We independently conduct monthly measurements 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 Artificial Leather Company 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/Koka 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. A total of 132 people participated in a drill conducted on October 6, 2017, including council members and local and prefectural authorities.

Global Warming Countermeasures

Greenhouse Gas Emissions Reductions

Greenhouse gases emitted by Achilles Group mainly consist of carbon dioxide emissions as a result of energy consumption (fuel, electricity, etc.) and production of rigid urethane foam (CO2e of CFCs).

In FY 2017, we set the target of a 7% reduction in greenhouse gas emissions compared with FY 2010. As a result of activities to reduce our energy consumption through proactive investment in environmental facilities and switching to non-fluorocarbon varieties of rigid urethane foam, we reduced our greenhouse gas emissions by 5.2% compared with FY 2010 (approx. 87% of FY 1990), but did not achieve our target.

* Not deducting 320 t-CO2e from purchases of Yamagata Sun and Forest Group Credits (J-Credits) (see p. 23)


Carbon dioxide reduction activities and emissions results

Our FY 2017 initiatives included expanding modal shift*1 and promoting improvements in loading efficiency and the use of larger trucks. We improved our per-unit energy consumption in transportation by approximately 2.2%, but our CO2 emissions*2 increased approximately 2.4% due to increased shipping ton-kilometers*3 from increased production.

*1 Shifting freight transportation from trucks to rail and ship. Larger amounts of freight can be shipped at once, with reductions in CO2 emissions anticipated as a result
*2 CO2 emissions (t-CO2) = Energy consumption (GJ) × Emissions factor (from the Japanese Ministry of Economy Trade and Industry)
*3 Transportation ton-kilometer = Freight weight (tons) × Transportation distance (kilometers)

[Scope] ISO 14001:2015 registered worksites

Energy Creation from Solar Photovoltaic Power Generation

After installing our first solar photovoltaic power generation systems in FY 2012, we added to the systems two additional times, and now have a combined solar power generation capacity at Ashikaga and Shiga of 1,535 kW.

We generated approximately 1,795,000 kWh of electricity in FY 2017, with a CO2 emissions reduction effect of approximately 706 t-CO2. This is equivalent to approximately 1.6% of our FY 2017 CO2 emissions from energy use.

Environmental Conservation Activities in Logistics

Achilles Corporation Ashikaga Factory No. 2 (2012 installation)
Achilles Corporation Ashikaga Factory No. 2 (2014 installation)
Achilles Corporation Shiga Factory No. 2 (2012 installation)
Achilles Corporation Shiga Factory No. 2 (2014 installation)

Loading containers for rail transport

CO2 emissions in logistics

Approx. 2% increase
(FY 2016 comparison)

CO2 emissions reduction

Approx. 706 t-CO2e reduction

CO2 emissions

Approx. 5% reduction
(FY 2010 comparison)

Achilles CSR 2018
Energy Conservation

Energy Conservation Activities

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

Energy consumption (crude oil equivalent)
Although we took steps to reduce our consumption of electricity and fuel, the main types of energy we use, our energy consumption increased approximately 6.6% (1,700 kl/year) in FY 2017 compared with the previous fiscal year as a result of increased production volumes and other factors.

Per-unit energy consumption
In FY 2017, we undertook facilities improvements to increase efficiency and installed energy-efficient facilities to achieve our target of a 1% decrease in per-unit energy consumption compared with FY 2016. Due to changes in our product mix and increased small-lot production, however, our energy consumption only decreased approximately 0.12% compared with FY 2016, falling short of our target. We will continue conducting activities to conserve energy with the goal of decreasing our per-unit energy consumption by 1% year on year.

3R Activities and Complete Zero Emissions

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

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

Results of Activities to Reduce Waste and Other Materials
In FY 2017, although we set the target of a 14% reduction in generated waste compared with FY 2010 (baseline year), we did not achieve our goal as a result of our activities, and our waste increased 1,852 tons. The causes of this increase are attributable to increased production volumes and changes to our production mix. Going forward, we will focus on reducing waste, specifically on revising our existing recycling flow, thoroughly separating and sorting waste materials, promoting obtaining value and making products from waste materials, and reducing the amount of waste generated from increased production.

Final Disposal Volume
In FY 2017, we conducted activities with the target of achieving complete zero emissions (less than 0.1% final disposal rate*) by FY 2020. As a result of our activities, we had a final disposal rate of 0.03% (approx. 2.3 tons), achieving complete zero emissions again following FY 2016 (0.02% final disposal rate).

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

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

[Scope] ISO 14001:2015 registered worksites

<table>
<thead>
<tr>
<th>Final disposal rate</th>
<th>0.03%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(FY 2017 result)</td>
<td></td>
</tr>
</tbody>
</table>

For the Environment
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. As our mid-to-long term target, we have set a 30% reduction in atmospheric emissions of environmentally hazardous substances by FY 2020 compared with FY 2010. We are working to systematically manage and reduce atmospheric emissions based on the Japanese Industrial Safety and Health Act, PRTR* Act, and Air Pollution Control Act.

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

Reduction in Class I Designated Chemical Substances Under the PRTR Act

As a result of identifying emissions of the relevant substances based on the PRTR Act, in FY 2017 our emissions of Class I Designated Chemical Substances under the PRTR Act came to 488 tons/year (28.3% reduction compared with FY 2010), and our transfer volume came to 253 tons/year (37.5% increase compared with FY 2010). Our combined emissions and transfer volume was 741 tons/year (14.3% reduction).


Atmospheric Emissions Reductions of VOCs

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

In FY 2017, we reduced our atmospheric emissions of VOCs by 18.3%, but did not meet our target of a 21% reduction compared with FY 2010.

*Volatile Organic Compounds: Organic compounds that easily become vapors or gases

ISO 14001 Worksites Registered

ISO 14001: JUSE-EG-661 worksites registered in 2015

- Achilles Corp. Ashikaga Factory No. 1: Expanded certification in September 2001
- Achilles Corp. Ashikaga Factory No. 2: Acquired certification in July 2000
- Achilles Corp. Shiga Factory No. 1: Expanded certification in September 2002
- Achilles Corp. Shiga Factory No. 2: Expanded certification in September 2002
- Achilles Marine Co., Ltd.: Expanded certification in September 2001
- Achilles Welder Co., Ltd.: Expanded certification in September 2001
- Kanto Achilles Aeron Co., Ltd.: Expanded certification in September 2001
- Osaka Achilles Aeron Co., Ltd. Shiga Sales Office: Expanded certification in September 2002
- Hokkaido Achilles Aeron Co., Ltd.: Expanded certification in September 2002
Working Together with Society

The Achilles Group aims to contribute towards the creation of a happier, more prosperous society through the provision of the Group’s products and services. In addition, by engaging in dialog with a wide range of stakeholders, the Group identifies issues that need to be addressed; by striving to respond to these issues, we hope to be able to make a positive contribution towards the sustainable development of society. With this aim in mind, we have formulated the Achilles Basic Policy on Procurement, and we are endeavoring to extend our corporate social responsibility (CSR) measures—including compliance and human rights measures, etc.—to include our supply chain.

Initiatives for Quality Assurance

Quality Assurance Framework

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

Planning and development

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

Procurement

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

Production

- By establishing process management and inspection methods appropriate to the production line for each product, we promote efficient production and consistent quality.
- With the aim of reducing the impact on the global environment, we implement activities aimed at combating global warming, saving energy and fostering the “3Rs” (Reduce, Reuse, Recycle), as well as working to help prevent atmospheric pollution, etc.
- We implement education and guidance for all employees, with the goal of enhancing product quality and raising skill levels.
- Individual quality assurance departments are entrusted with the task of implementing design review with respect to each product.

Sales and after-sales service

- Consultations and inquiries from customers regarding our products and services are handled both by individual sales departments and by our Customer Consultation Office.
- In all cases, we listen carefully to our customers, and endeavor to respond to their needs as promptly as possible.
- In regard to products featuring environmentally-friendly design, we endeavor to ensure that customers can easily compare the environmental benefits of different products.

ISO 9001: 2015 registration status

<table>
<thead>
<tr>
<th>Registered organization</th>
<th>Year and month of registration</th>
<th>Registration number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achilles Corporation Shoes Business Group</td>
<td>Oct. 2007</td>
<td>JUSE-RA-2088</td>
</tr>
<tr>
<td>Achilles Corporation Plastic Business Group</td>
<td>April 2003</td>
<td>JUSE-RA-2090</td>
</tr>
<tr>
<td>Achilles USA, Inc.</td>
<td>April 1998</td>
<td>33354</td>
</tr>
</tbody>
</table>

Our Approach to Quality

The Achilles Group has formulated the Achilles Action Guidelines, so that all employees will be thorough-going in safeguarding product safety and quality. In addition, to provide a solid basis for accurately appraising customer needs and market trends, and to ensure that we can provide products and services that satisfy our customers, all production divisions have secured ISO 9001 international quality management system certification. The Achilles Quality Manual stipulates that the divisional manager of each division shall set quality objectives in their capacity as manager responsible for quality assurance, and shall strive to ensure that Achilles provides products and services that can be used safely and with peace of mind. The Quality Assurance Head Office submits proposals where appropriate regarding individual divisions’ product planning, development, production and sales processes, and strives to maintain and enhance the quality assurance system.

Achilles Group Basic Policy on Quality Assurance

In accordance with our corporate philosophy—“Living with Society” = “Customer First”—besides adopting the customer’s and consumer’s perspective to provide products that will ensure customer satisfaction, we have formulated the following Basic Policy in order to fulfill our corporate social responsibility by ensuring product safety and compliance with relevant laws and regulations, etc.

1. All employees will listen carefully to the voice of the market, to provide products and services with strong appeal that meet customers’ needs. [Enhancing customer satisfaction]
2. We recognize that ensuring that products can be used safely is the single most important aspect of product quality assurance, and we strive to ensure product safety in all product design, manufacturing and sales processes, etc. [Ensuring product safety]
3. We comply with product-related laws and regulations, and with standards and customer specifications that our company has agreed to. [Compliance]
4. We undertake product design, manufacturing and sales activities in such a way as to reduce the environmental footprint of these activities. [Concern for the environment]
5. To ensure that the above activities are implemented effectively and efficiently, we make adjustments to our operations where necessary and implement ongoing improvements. [Ongoing improvement]
Our Approach to Occupational Health and Safety

Achilles Group Health and Safety Policy

As is enunciated in our Safety Resolution—“Staying healthy and safe is the fountainhead of our company’s continued development, and is the foundation on which we will enhance the quality of life for tomorrow. Every day, we reaffirm our commitment to ensuring safety, building harmony between people, and generating vigor and energy for tomorrow”—we view safety and health as being the basis for our business activities, and we implement the following items to ensure the maintenance of a workplace environment in which people can work safely and easily.

1. Safety is the foundation for everything, and every member of the Achilles Group prioritizes safety before anything else.
2. To ensure safety and physical and mental health, we proactively implement health and safety activities in which all employees participate.
3. We abide by health and safety related laws and regulations and with our company’s own policies and rules, etc.
4. To enhance the overall level of health and safety, we make appropriate use of occupational health and safety management systems etc., and strive for ongoing improvement.
5. In our day-to-day activities, we maintain a safe, health workplace environment that embodies the “5S” workplace organization methodology (Sort, Set in order, Shine, Standardize and Sustain).
6. We implement the necessary education and training to ensure that all employees are aware of the importance of health and safety.

Major Health and Safety Management Activities

Health and safety

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

Occupational accidents

The incidence of occupational accidents at Achilles in FY 2017 is shown below. For manufacturing firms in Japan (including only firms with at least 1,000 employees) in FY 2017, the average occupational accident frequency rate was 0.25, and the average occupational accident severity rate was 0.01; the corresponding figures for Achilles were 1.30 and 0.06 respectively.

Health management

Achilles implements periodic health examinations, special health examinations and stress checks, and uses the results as a basis for the provision of follow-up guidance by occupational health physicians and nurses. Besides these examinations, we also arrange for occupational health physicians to provide mental health care, health consultations and guidance in relation to employees’ other physical and emotional health concerns. 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).

<table>
<thead>
<tr>
<th>Business location</th>
<th>No. of health and safety committee members (persons)</th>
<th>No. of employees (persons)</th>
<th>Health and safety committee members as percentage of all employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>12</td>
<td>301</td>
<td>4.0</td>
</tr>
<tr>
<td>Kansai Branch Office</td>
<td>6</td>
<td>80</td>
<td>7.5</td>
</tr>
<tr>
<td>Ashikaga Factory No. 1</td>
<td>19</td>
<td>564</td>
<td>3.4</td>
</tr>
<tr>
<td>Ashikaga Factory No. 2</td>
<td>16</td>
<td>267</td>
<td>6.0</td>
</tr>
<tr>
<td>Shoes Logistics Center – East Japan Logistics Section</td>
<td>7</td>
<td>59</td>
<td>11.9</td>
</tr>
<tr>
<td>Shiga Factory No. 1</td>
<td>12</td>
<td>93</td>
<td>12.9</td>
</tr>
<tr>
<td>Shiga Factory No. 2</td>
<td>14</td>
<td>119</td>
<td>11.8</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>1,483</td>
<td>5.8</td>
</tr>
</tbody>
</table>

*As of March 31, 2018

*1 Occupational accident frequency rate = No. of occupational accident deaths or injuries/Total no. of hours worked × 1,000,000
*2 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 Occupational accident severity rate = Total no. of work days lost due to occupational accidents/Total no. of hours worked × 1,000
Our Approach to Fire and Disaster Prevention

Achilles Basic Policy on Fire Prevention and Disaster Response

Fire prevention and disaster response represents a core management item for any business enterprise. If a fire or a natural disaster such as an earthquake occurs, the company’s situation can be dramatically transformed and even its very existence may be threatened. A fire or natural disaster at a manufacturing facility can also cause serious problems for local residents, which goes against Achilles’ ethos of developing together with society for mutual benefit.

Achilles strives to ensure, on a day-to-day basis, that we are properly prepared for an emergency; we take preventive measures in order to safeguard lives and property, working to prevent disasters from occurring and to ensure that, in the event that a disaster does occur, the threat to human life and to property can be kept to a minimum.

Comprehensive Fire Prevention and Disaster Response Drills

Achilles 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’ Head Office and Kansai Branch Office at least once a year).

In FY 2017, Ashikaga Factory No. 1 implemented a Comprehensive Disaster Response Drill in collaboration with the local fire department. The drill scenario assumed that an earthquake with a seismic intensity of 6 had taken place; the drill covered initial response, reporting, evacuation, and checking whether employees were safe, etc., and there was also a demonstration of fire-fighting using a fire-engine’s water hoses, and a smoke experience training activity.

CPR seminars

In FY 2017, CPR seminars (covering assisted respiration, cardiac compression and training in the use of AED devices) were given at Ashikaga Factory No. 1 and Shiga Factory No. 2 by the local fire departments.

Stockpiling of food and other emergency supplies

Achilles’ individual business locations maintain stockpiles of food and other emergency supplies for use in the event of an earthquake etc.

Working Together with Our Customers

Basic Approach

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

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

In FY 2017, the Customer Consultation Office received a total of 5,475 telephone calls and e-mail messages, including both inquiries and comments. With the aim of improving the quality of its customer communications, starting from FY 2012 the Office has been using customer questionnaire surveys to determine customers’ evaluation of the quality of customer communication, and has been implementing related improvement activities. In the questionnaire surveys, customers were asked to assign one of five possible scores to five items: (1) Use of language and attitude; (2) Friendliness; (3) Provision of information and product knowledge; (4) Promptness; (5) Overall satisfaction. In FY 2012, the average overall evaluation was 4.5; since then, scores have been checked by operative and by item on a monthly basis, and Achilles staff have worked together to identify issues and make ongoing improvements, and in FY 2017 the average overall evaluation was 4.9 for the second consecutive year.

To enhance the quality of the handling of telephone inquiries, surveys are implemented in which all relevant personnel have their telephone conversations with customers monitored; a third-party expert provides an objective analysis and evaluation of the quality of the communication. While Achilles’ evaluation score is now higher than the average for other firms in the industry, we continue to strive for further improvement in our day-to-day customer communication activities, working to address issues that have been reported in relation to individual staff members.

Changes in the evaluation of customer communication quality, based on customer surveys

![Evaluation Score Graph]

- Were the employee’s use of language and attitude appropriate?
- Did the employee communicate in a friendly manner?
- Did the employee provide the information or knowledge that you wanted?
- Did the employee respond promptly?
- Were you satisfied with the content of the employee’s response?
- Average evaluation for all items (Overall score)
Achilles Corporation is a member of ACAP*, which addresses various consumer-related issues. As part of its involvement in ACAP’s activities, Achilles staff members have given lectures at four universities (including Meiji University and Rissho University) on topics including “The Role of the Customer Consultation Office Within the Business Enterprise” and “Measures for Making Effective Use of Customer Comments to Improve Products and Services,” etc. Directed at students who will shortly become working adults, the lectures examined the nature of, and necessity for, sustainable consumption activities from the perspective of both the company employee and the consumer.

*A: Association of Consumer Affairs Professionals (has approximately 580 corporate members)
Website: http://www.acap.or.jp/

Lecture at Rissho University
(Shinagawa-ku, Tokyo)

We are implementing measures to bring us closer to our customers and to increase the number of contact points. In view of the fact that inquiries about our shoe products account for a particularly large share of all customer inquiries, we have been encouraging our customer communication staff to seek Shoe Fitter certification (a specialist qualification relating to shoes and feet); as of March 31, 2018, all four members of our Customer Consultation Office staff had already secured Shoe Fitter certification. Possessing this specialist knowledge means that these Customer Consultation Office staff members are able to do more than just respond to customers’ complaints; they are able to discuss with customers the various concerns that they have about their shoes. Having qualified Shoe Fitters responding to customers’ inquiries differentiates us from other companies in the same industry.

Our existing “Sokuiku (‘Foot Education’) Consultation Office” program has also gone from strength to strength. We have continued to receive a very positive response both to the Food Measurement and Counseling service that we provide for customers who visit our showrooms, and to the visiting lectures about feet and shoes that we give at elementary schools etc. In FY 2017, we implemented 47 visiting lectures, with a total of 2,538 people taking part. Since this project was first launched in FY 2014, we have given a total of 127 visiting lectures, with a cumulative total of 6,254 participants.

Helping children to practice putting on their shoes properly at Oyama Elementary School, Shiraoka City, Saitama Prefecture

Working Together with Our Shareholders

Basic Approach

Achilles Corporate aims to develop as a company that is constantly striving to enhance its corporate value and demonstrate its worth, while living up to the expectations of our shareholders and investors. We strive to disclose impartial, accurate information to shareholders and investors in an easy-to-understand format in accordance with the requirements of the law and in a timely manner. At the same time, through our disclosure and other investor relations (IR) activities, we engage in dialog with shareholders and investors.

Shareholding Status

<table>
<thead>
<tr>
<th>Shareholding distribution</th>
<th>As of March 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals etc.</td>
<td>35.40% 5,970,214 shares</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>35.36% 5,962,373 shares</td>
</tr>
<tr>
<td>Other domestic institutional investors</td>
<td>13.28% 2,240,108 shares</td>
</tr>
<tr>
<td>Foreign institutional investors etc.</td>
<td>15.10% 2,547,206 shares</td>
</tr>
<tr>
<td>Securities firms</td>
<td>0.86% 144,272 shares</td>
</tr>
</tbody>
</table>

*In addition to the above, the company also held 598,641 shares of treasury stock.
Basic Approach

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

Achilles Group Basic Policy on Procurement

<table>
<thead>
<tr>
<th>Basic Policy</th>
<th>8. Appropriate management of suppliers’ intellectual property, assets, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fair and transparent transactions</td>
<td>9. Responding to the conflict minerals’ issue</td>
</tr>
<tr>
<td>2. Compliance with corporate ethics and with relevant laws and regulations</td>
<td></td>
</tr>
<tr>
<td>3. Consideration for the environment and measures aimed at process safety and disaster prevention</td>
<td></td>
</tr>
<tr>
<td>4. Respect for human rights, prohibition of child labor and forced labor, and consideration for labor issues and for health and safety</td>
<td></td>
</tr>
<tr>
<td>5. Emphasis on product and service safety and on quality assurance</td>
<td></td>
</tr>
<tr>
<td>6. Maintenance and promotion of information security, covering both personal data and product information</td>
<td></td>
</tr>
<tr>
<td>7. Working together with suppliers for our mutual benefit</td>
<td></td>
</tr>
</tbody>
</table>

Policy Regarding Supplier Selection

1. Suppliers should be financially and operationally sound
2. Suppliers should be able to maintain stable supply and respond flexibly to changes in production requirements
3. Suppliers should implement measures that take account of society's requirements, including the Basic Policy items noted on the left
4. Suppliers should demonstrate an appropriate level in terms of pricing, quality, delivery, technological capabilities, and service

Working Together with Our Employees

Basic Approach

The Achilles Group views our employees as being important stakeholders. The Charter of Corporate Behavior states that “We will respect employees’ diversity and their individual characters and personalities, and we will ensure that employees have a safe, convenient, healthy working environment in which they can work easily and enjoy a non-stressful, fulfilling working life.” To realize this vision, we decide on and implement the necessary systems and activities. The underlying approach is one that emphasizes mutual harmony with employees.

Respect for Human Rights and Fairness

The Achilles Group respects the legal requirements of the employment relationship, and does not commit any violations of human rights such as unlawful labor practices, use of child labor, gender discrimination, racial discrimination, religious discrimination, etc., nor do be abet any such behavior. Under the Achilles Code of Conduct, all Achilles Group employees commit themselves to acting ethically (including respect for human rights) and to compliance with the requirements of the law.

The Achilles Group strives to ensure that all employees enjoy fair treatment and equal opportunity. Workplace bullying and sexual harassment are prohibited, and both internal and external consultation windows are available.

Employment

With the aim of maintaining stable employment and expanding employment opportunities, the Achilles Group endeavors to implement systematic employment practices, and to provide equal opportunity with respect to employment.

Number of employees (whole Group) *As of March 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,375</td>
<td>332</td>
<td>1,707</td>
</tr>
</tbody>
</table>

Employee basic data (Achilles Corporation only) *As of March 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Average age</th>
<th>Average years of service</th>
<th>Average annual income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>41.1</td>
<td>19.2</td>
<td>Approximately 5.9 million yen</td>
</tr>
<tr>
<td>Women</td>
<td>43.7</td>
<td>22.9</td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>41.5</td>
<td>19.8</td>
<td></td>
</tr>
</tbody>
</table>

Managerial talent (Achilles Corporation only) *As of June 28, 2018

<table>
<thead>
<tr>
<th></th>
<th>Executive officers (including managing executive officers)</th>
<th>Departmental managers</th>
<th>Section managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>25</td>
<td>43</td>
<td>207</td>
</tr>
<tr>
<td>Women</td>
<td>1</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>43</td>
<td>211</td>
</tr>
</tbody>
</table>
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, Achilles 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. In addition, 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.

[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)

Events organized jointly by labor and management

Achilles seeks to foster closer exchange between labor and management through the holding of special events jointly organized by labor and management that help to enhance employees’ health and fitness or strengthen communication, etc. A softball competition and bowling competition are held on a regular basis to welcome new employees, providing an opportunity for communication that can strengthen the friendly relations between employees across departments.

Human Resource Development

In order to survive in today’s fiercely competitive social environment, it is vitally important to strive to enhance individual employees’ human potential, so that the organization as a whole will continue to create new corporate value. To realize this goal, Achilles adopts a proactive approach to human resource development. While working to strengthen the performance of people (as management resources), we are also working to invigorate the organization as a whole by linking the achievements of individual employees with the achievements of the company, and endeavoring to build a working environment in which employees can work happily and maximize their capabilities. The Achilles Group will continue to implement measures aimed at cultivating the potential of individual employees and at building an organizational structure conducive to this process.

Basic Policy for Human Resource Development

1. Cultivate human talent that is capable of outlining a clear vision and demonstrating appropriate leadership to realize this vision.
2. Cultivate human talent that is capable of identifying problems that may affect the realization of the vision outlined by the organization’s leaders and taking steps to solve these problems, while increasing the value-added generated by their work.
Human Resource Development System

Achilles’ human resource development aims to cultivate leaders who possess the wide-ranging knowledge and experience needed to contribute to an ongoing enhancement of corporate value, as well as specialist expertise in multiple areas, so that Achilles can continue to be the kind of enterprise that society needs, in line with our Basic Policy for Human Resource Development.

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

Off-the-job training (Off-JT)
Achilles makes use of Off-JT to help employees acquire the skills and specialist knowhow they require to fulfill their individual roles.

Education and training system (Achilles Corporation only)

<table>
<thead>
<tr>
<th>Training Field</th>
<th>No. of Training Sessions</th>
<th>No. of Participants</th>
</tr>
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<tbody>
<tr>
<td>Manager cultivation</td>
<td>35 sessions</td>
<td>604 employees</td>
</tr>
<tr>
<td>Global training</td>
<td>22 sessions</td>
<td>532 employees</td>
</tr>
<tr>
<td>Managerial position training</td>
<td>12 sessions</td>
<td>178 employees</td>
</tr>
<tr>
<td>General training (of which, initial training for new employees)</td>
<td>40 sessions (5 sessions)</td>
<td>430 employees (125 employees)</td>
</tr>
<tr>
<td>Compliance training*</td>
<td>5 sessions</td>
<td>2,798 employees</td>
</tr>
<tr>
<td>Specialist skill enhancement training</td>
<td>24 sessions</td>
<td>243 employees</td>
</tr>
<tr>
<td>Communication training</td>
<td>1 session</td>
<td>179 employees</td>
</tr>
<tr>
<td>Health and safety training</td>
<td>10 sessions</td>
<td>254 employees</td>
</tr>
<tr>
<td>Disaster response training</td>
<td>2 sessions</td>
<td>48 employees</td>
</tr>
</tbody>
</table>

*The figures given for compliance training are for all Achilles Group personnel within 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.

Self-development (SD)
Achilles commends employees who demonstrate a willingness to strengthen their own capabilities, and has established a funding support system to help employees undertake training using distance learning. In this way, employees can upgrade their own capabilities by deciding which subjects are most important for them.

Main Off-JT programs in FY 2017

Education and training system (Achilles Corporation only)

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Measures Implemented as Part of the Local Community

The Achilles Group positions communication with local communities and social contribution activities as an important focus of its CSR efforts, and implements measures that contribute to local development. In the districts where Achilles has business locations, we provide plant visits and training opportunities for local educational institutions, as well as providing opportunities to participate in disaster preparedness drills, and we also provide sponsorship for a wide range of local events, collaborating with local organizations to help revitalize the local community.

“Yamagata Taiyo to Mori no Kai” credits [Yamagata Prefecture]
Yamagata Prefecture has secured J-Credit* scheme certification for a program whereby the greenhouse gas emission reductions realized through the installation of photovoltaic power generation equipment and wood biomass boilers at homes etc. belonging to Yamagata residents are consolidated and sold by auction to business enterprises etc. as part of an emissions trading system. The Achilles Group has a business location in Yamagata Prefecture; as part of our efforts to contribute to the local community and to reduce CO2 emissions, we participated in the FY 2017 credit auction and purchased credits equivalent to 320 t-CO2. The purchased credits have been deducted from the Achilles Group’s total CO2 emissions deriving from our business activities, as noted elsewhere in this report.

*J-Credit scheme: This is a program where reductions in CO2 emissions achieved through the adoption of renewable energy equipment etc. are certified by the government; this certification makes it possible to use these reductions in market transactions. The unit used to measure emissions reductions is t-CO2.

Contract signing ceremony at the Yamagata Prefectural Government Offices
(Yamagata City, Yamagata Prefecture)
Yamagata Prefectural Governor Mieko Yoshimura (right) with Achilles Corporation President and Representative Director Mamoru Ito (left)
(Photos courtesy of Yamagata Prefectural Government Environment and Energy Department)
Morioka Kitakami River Gum-Boat Race [Iwate Prefecture]
The 41st Morioka Kitakami River Gum-Boat Race was scheduled to be held on July 23, 2017; however, because there was no sign of the weather improving, the organizing committee’s secretariat made the decision to cancel the event on the morning of the Race.

The Morioka Kitakami River Gum-Boat Race is a large-scale event that holds a Guinness World Record for the number of boats completing the course each year and for the number of participants. As an event that contributes to the local economy while also giving participants the opportunity to experience beautiful natural scenery, the Race has been supported by Achilles and also by many other organizations and individuals.

IRF World Rafting Championship Japan [Tokushima Prefecture]
Japan’s first IRF World Rafting Championship event was held on the Yoshino River in the area around Miyoshi, Tokushima Prefecture.

A total of 71 teams from 22 countries took part, with all teams competing to demonstrate their rafting skills while using the same official event rafts, made by Achilles. Achilles developed this boat design, which was optimized for rafting through rapids, over a period of more than one year in collaboration with the Japanese national team. In addition, during the Championship, Achilles provided raft maintenance support.

There were eight sections based on age. Japanese competitors won Gold in the Men’s Masters section and Women’s Open section, and also won many other medals across the different sections. Achilles’ race model raft design won high praise from the overseas teams taking part in the Competition. We will continue to develop and improve this design with the aim of having it adopted for competitions in other parts of the world.

Ashikaga Fireworks Festival [Tochigi Prefecture]
The 103rd Ashikaga Fireworks Festival, organized by the Ashikaga Chamber of Commerce and Industry, was held on August 5, 2017. As a local enterprise, the Achilles Group provided sponsorship for the Festival. This is a historic fireworks event that was first held in 1903, and which attracts around 300,000 visitors every year. This year, a total of around 20,000 fireworks were launched, with the visitors loudly applauding the spectacular show in which the night sky was bathed in bright colors.

Clean Challenge [Tochigi Prefecture]
Achilles’ Ashikaga Factory carries out regular street-cleaning activities in the area near the Factory.
Management

Achilles’ basic policy in regard to management emphasizes putting into practice our company’s corporate philosophy—“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 well as the sustainable enhancement of corporate value, so that we can demonstrate the worth of our existence to all stakeholders, including our shareholders, and show ourselves to be a company that is responsive to shareholders’ demands. To realize this management strategy, there are several key issues that need to be addressed: making management as efficient as possible, making managerial decision-making as speedy as possible, and ensuring the fairness and transparency of management activities, as well as strengthening the check function of management. In order to enhance the fairness and transparency of management, besides striving to implement proactive, timely disclosure, we also endeavor to implement wide-ranging information disclosure, for example by using the Internet to disclose financial information, etc.

Corporate Governance System

Achilles’ 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.

In addition, two external directors exercise a management oversight function by attending meetings of the Board of Directors while maintaining an objective, neutral perspective, and two external auditors (one of whom is female) also attend Board meetings, where they check on the appropriateness and legality of the Board’s decision-making from an external perspective, thereby ensuring that the management oversight function operates effectively.

*The system outlined above came into effect following a decision made at the General Meeting of Shareholders held on June 28, 2018 to appoint one additional external director and reduce the number of Audit and Supervisory Board members by one.

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; the Board also supervises operational implementation status.

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.

The Audit & Supervisory Board, internal auditing and accounting audit

The Audit & Supervisory Board has 3 Members, including 2 external Members. Each Member follows the auditing policy and division of responsibility laid down by the Board, supervising 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. The internal Audit Office verifies compliance status both periodically and as needed. The Audit Office also strives to maintain close liaison with the Members of the Audit & Supervisory Board, collaborating with the Board Members to ensure effective implementation of auditing operations by Members.

For the accounting audit (external audit), Achilles has appointed Deloitte Touche Tohmatsu LLC to implement auditing. An audit report meeting is held at which the Members of the Audit & Supervisory Board receive 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.

Internal controls system

Achilles 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 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.
**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 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.

**Charter of Corporate Behavior**

The Achilles Group aims to be a highly trusted enterprise that contributes to the building of a prosperous, harmonious society through the ongoing creation of new value. In accordance with the principles outlined below, the Achilles Group will fulfill its corporate social responsibility by continuing to respect human rights and comply with both the letter and the spirit of relevant laws and regulations and international rules, both within and outside Japan, aiming at the creation of a sustainable society and maintaining high ethical standards.

1. We will strive to keep our finger on the pulse of market and customer needs, providing customers with real satisfaction and winning their trust through the development and provision of products and services that embody superior safety, quality and reliability.
2. We will engage in fair, transparent, free competition and appropriate transactions, and we will maintain a healthy, normal relationship with government and administrative bodies.
3. We will engage in communication with our stakeholders and with society as a whole, disclosing corporate information proactively and fairly. Besides implementing appropriate safeguarding and management of our own information, intellectual property and assets, we will also implement appropriate safeguarding and management of the personal data, customer information and other types of information that are entrusted to us.
4. We will respect employees’ diversity and their individual characters and personalities, and we will ensure that employees have a safe, convenient, healthy working environment in which they can work easily and enjoy a non-stressful, fulfilling working life.
5. Recognizing that the need to take measures to address environmental issues is a matter of shared concern for all of humanity, we will position environmental matters as being vitally important for the company’s continued existence and its activities, and we will proactively implement activities aimed at reducing our environmental footprint.
6. We will fulfill our responsibilities as a good corporate citizen within the local community, implementing social contribution activities and striving to help create a prosperous, happy society.
7. We will remain resolutely opposed to anti-social forces and groups that threaten the order and safety of civil society, and will have no relations whatsoever with such forces and groups.
8. We will respond to the globalization of business activities by respecting the laws of all countries and regions and respecting international rules, including those relating to human rights. In carrying out our business activities, we will give due consideration to local cultures and traditions, and to the concerns of our stakeholders.

The Achilles Group's executive officers recognize their responsibility to embody the spirit of this Charter in their own actions, and to ensure through implementation of the Charter by setting a good example. They will listen carefully to the views of both internal and external stakeholders, and will put in place and utilize effective internal systems.

In the event of there being any violation of this Charter, senior management will clarify, both internally and externally, their stance in regard to resolving the issue, and will determine the reasons for the problems, strive to prevent reoccurrence, and implement appropriate corrective measures.

**Compliance Promotion Activities**

The main compliance promotion activities implemented in FY 2017 were as follows:

1. Implementation of compliance training:
   - Topic: “Contracts (Maintenance of Confidentiality, Intellectual Property, Contract Scope and Management, etc.)”
   - Topic: “The Antimonopoly Act (Cartels etc.)”
   - Topic: “Enhancing Communication Quality”
2. Implementation of risk surveys based on employee questionnaires.
3. Other necessary adjustments to rules made in response to revision of relevant laws etc., and making employees aware of these adjustments.

**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 contact windows have been put in place, including a window for reporting directly to the Members of the Audit & Supervisory Board; in this way, Achilles 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. Besides the hotline, Achilles also implements internal questionnaire surveys on an occasional basis, and four other contact windows have been established throughout Japan to provide consultation for employees.

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

**Hotline framework**

- **Board of Directors**
  - **Members of the Audit & Supervisory Board**
- **Compliance Committee**
  - **Divisional manager**
  - **Audit Office**
  - **External lawyers**
  - **Group employees**
  - **Route 1**
  - **Route 2**
  - **Route 3**
  - **Route 4**
CSR Basic Policy

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

 CSR Promotion System

Achilles positions the realization of our corporate philosophy — Living with Society = Customer First — as our CSR strategy; the executive officer responsible for CSR provides support so that the directors and managing executive officers responsible for operational matters can play a leading role in implementing activities that contribute to the realization of this corporate philosophy. The Compliance Promotion Office and the Safety and Environment Promotion Department function as the CSR Secretariat, providing support for CSR activities and compiling related reports.

Achilles’ Stakeholders

<table>
<thead>
<tr>
<th>Main Stakeholders</th>
<th>The Achilles Group’s Main Responsibilities and Challenges</th>
<th>Main Opportunities for Dialog and Disclosure</th>
</tr>
</thead>
</table>
| Customers         | • 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  
                | • Day-to-day operations (on an ongoing basis)  
                • Customer Consultation Office (handling telephone calls and e-mail inquiries)  
                • Company website (on an ongoing basis)  
                • Special events (including exhibitions etc.) (on an occasional basis)  
                • “Sokuiku” consultation sessions  
                • “Sokuiku” consultation room (foot measurement and visiting sessions)  
                | The “Sokuiku” consultation room in the Head Office showroom (Shinjuku-ku, Tokyo)  
                | Achilles’ website  
| Shareholders and Investors | • Timely and appropriate disclosure  
                          • Issuing of earnings briefings (four times a year)  
                          • Issuing of quarterly reports (four times a year) and the annual report  
                          • Issuing of reports to shareholders (twice a year)  
                          • Holding of the annual general meeting of shareholders (once a year)  
                          • Issuing of the “Achilles CSR” CSR report (once a year)  
| Suppliers | • Fair and equitable transactions  
                • Requesting collaboration on, and providing support for, CSR promotion  
                | • Day-to-day procurement activities (on an ongoing basis)  
                • Information exchange meetings (on an occasional basis)  
                • CSR procurement questionnaire surveys  
                | A scene from the “Achilles THE NEXT” event (Shinjuku-ku, Tokyo)  
                | “Achilles CSR” report  
| Employees | • Respect for human rights  
                • Concern for occupational health and safety  
                • Promoting work-life balance  
                • Mutual trust between labor and management  
                | • Labor-management meetings (on an occasional basis)  
                • Direct communication from senior management  
                • Off-the-job training (on an occasional basis)  
                • Seminars (on an occasional basis)  
                • Internal newsletter  
                | Achilles’ internal newspaper  
| Local communities | • Respect for local cultures and local 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  
                        | • Implementation of factory visits (on an occasional basis)  
                        • Implementation of social contribution activities (including volunteering activities) (on an occasional basis)  
                        • Communication and exchange of views with local government authorities (on an occasional basis)  
                        • Responding to requests for meetings, and providing information (on an occasional basis)  
                        • Implementation of dialog, coordination and support through collaboration etc. between industry, universities and government (on an occasional basis)  
                        | CO₂ emissions reduction carbon credit agreement signing ceremony (Tottori Prefectural Government Office)  

In line with this policy, the Achilles Group carries out its business activities while positioning seven issues as the Achilles Key CSR Themes.