

always with you... Achilles



Achilles CSR 2020

Living with Society



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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, 2019–March 31, 2020

Publication date

Previous report: September 2019

This report: September 2020

Next report: September 2021 (planned)

*Published once a year

Referenced guidelines, regulations, and technical standards

ISO 26000 (social responsibility guidance)

ISO 14001 (environmental management system)

SDG Compass (guide for business action on the SDGs)

Editorial policy

The Achilles Group's corporate philosophy states, "Based on our commitment to putting customers first, we contribute to realizing an affluent society by creating products and providing services that satisfy and inspire our customers." As such, we position providing products and services that create feelings of 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

This report introduces the Achilles Group's CSR approach and initiatives. It is available for viewing on our website as well as in print form. Past reports can also be viewed on our website.



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

President's Message



Mamoru Ito, President and Representative Director

Mamoru Ito

I would like to express my condolences to everyone who has been affected by the COVID-19 pandemic.

COVID-19 has upturned life around the world and severely impacted economic and social activities in 2020. The foundations of civil society diligently built up by the human race have received serious blows in the COVID-19 pandemic, and we have no choice but to shift to new systems and ways of doing things.

At the Achilles Group, we have always strived to engage in robust communication activities to build mutual understanding. Meanwhile, pressing issues including global warming and environmental preservation have required a further acceleration of activities on a global scale. Now, however, countries must adapt and respond in new ways amid restrictions on travel. In addition, social problems at the local level requiring solutions have grown more complex, and the path forward to the solutions seems even farther away. The vulnerable among us are becoming more vulnerable, and this aspect of our society must change. Plastic products for preventing infections are being used and thrown away in greater numbers, and energy efficiency is declining due to needs for social distancing. While these trends may be unavoidable in the short term, they could also become new sources of future problems down the road. To overcome these problems, we must change ourselves and build a new normal.

We at the Achilles Group are looking at what products and services are best suited for this new normal and pursuing them in depth as part of our mission to make the world a better place. Through our connections to customers in a wide range of fields, we aim to make contributions to society on a new stage, with products and services that only the Achilles Group is capable of providing.

Right now, the key to fighting the invisible enemy is being able to quickly respond to needs amid the demand for new materials, products and services. We must partner with many customers to meet these needs as quickly as possible. We will always be thinking about how we can work together with customers while COVID-19 remains a concern. As a corporate group, we are striving to create comfortable environments for life's activities that are friendly to both people and the environment.

September 2020

Business Segments

Shoes Business Group

Shoes Business Division Shoes for kids, men, and women



Kids



Men



Women

Plastic Business Group

Automotive Materials Division Automotive interior materials, general-purpose PVC leather, synthetic leather, etc.



Chemical Products Division General-use, industrial-use, agricultural-use, and medical-use films, etc.



Floor and Wall Coverings Division Interior materials for construction



Rubberized Fabric and Marine Sales Department Emergency tents, inflatable boats, flexible couplings for residential drain pipes, etc.



Industrial Materials Business Group

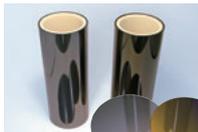
Urethane Division Soft urethane foam products and secondary processed products



Heat Insulation Materials Division Rigid urethane foam insulation products, rigid urethane foam for on-site foam blowing, polystyrene insulation materials, etc.



Industrial Materials Sales Department Anti-static products, reaction injection molding (RIM) products, etc.



Sales Development Department

Sales Development Department Infrastructure technologies such as the Tn-p construction method, and GURA-Less



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, Chuo-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 UK-based ICI for the manufacture of soft polyurethane foam.
September 1962	Listed on the First Section of the Tokyo Stock Exchange.
January 1963	Successfully manufacture our original <i>Cabron</i> synthetic leather and begin sales.
February 1964	Relocate the Head Office to Daikyo-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 Mikuriya Factory (currently the Ashikaga Factory No. 2) in Ashikaga, Tochigi Prefecture. Begin manufacture of industrial materials including automotive interior materials and rigid urethane shells.
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. 2) in Inukami District, Shiga Prefecture.
November 1973	Establish Kohkoku USA, Inc. (currently Achilles USA, Inc.) in Everett, Washington, USA.
August 1974	Construct the Bibai Factory in Bibai, Hokkaido.
November 1978	Establish the Shiga Factory No. 1 in Yasu, 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 Sommer AG of Sweden for the manufacture of flooring materials.
January 1989	Construct the Kyushu Factory in Izuka, Fukuoka Prefecture.
December 1993	Establish Kunshan Achilles Artificial Leather Co., Ltd. (currently Kunshan Achilles New Material Technology Co., Ltd.) in a joint venture in Kunshan, China, for the manufacture of PVC leather.
December 1998	Begin production of the conductive polymer material <i>ST-Poly</i> .
September 2002	Acquire ISO 14001 certification at all seven factories and six group companies in Japan. (As of April 2020: all six factories as well as four 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.
February 2004	Begin operations at the No. 2 Factory of Kunshan Achilles Artificial Leather Co., Ltd. (currently Kunshan Achilles New Material Technology Co., Ltd.)
December 2005	Open the Achilles Technical Center at Ashikaga Factory No. 1 in Ashikaga, Tochigi Prefecture.
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. All business divisions acquire ISO 9001 certification.
February 2008	Establish Achilles Advanced Technology Co., Ltd. in Taiwan to meet demand from expanding production in the semiconductor market.
April 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.
May 2019	Establish Achilles (Foshan) New Materials Co., Ltd. is established in Foshan, Guangdong Province, China.
November 2019	Establish Achilles Retail Corporation.

Company Profile

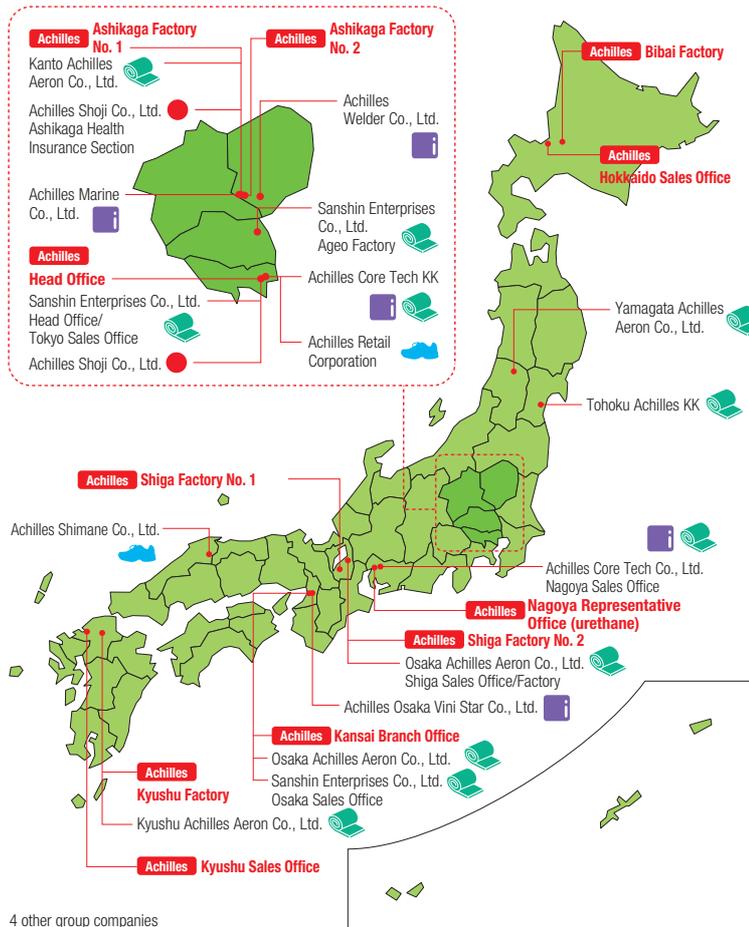
Established May 1947
 Representative Mamoru Ito, President & Representative Director
 Capital 14.64 billion yen
 No. of employees 1,675 (consolidated) *As of March 31, 2020
 Listed stock exchange First Section of the Tokyo Stock Exchange

Head Office address Shinjuku Front Tower, 2-21-1 Kita-Shinjuku, Shinjuku-ku, Tokyo 169-8885, Japan
 Offices [Sales offices] Tokyo, Osaka, Hokkaido, Aichi (urethane), Fukuoka prefectures
 [Production locations] Tochigi (2 locations), Shiga (2 locations), Hokkaido, Fukuoka prefectures
 *See the following link for the full addresses of our business locations.
<https://www.achilles.jp/english/company/>

Business Locations

Achilles Achilles Corp. locations Subsidiary business information Shoes Plastics Industrial Materials Others

Japan

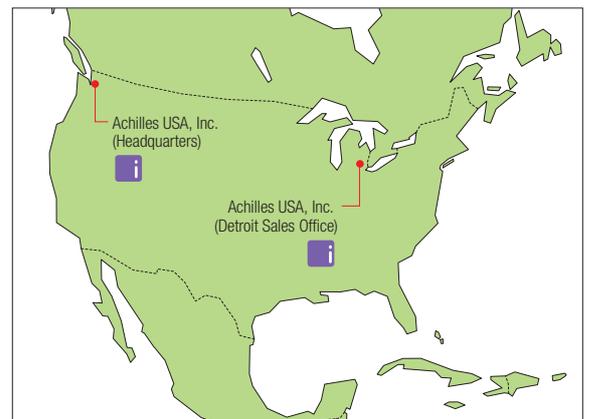


4 other group companies

Asia

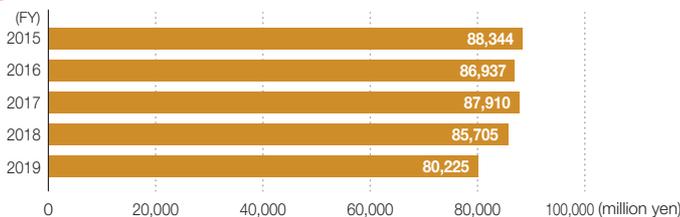


USA

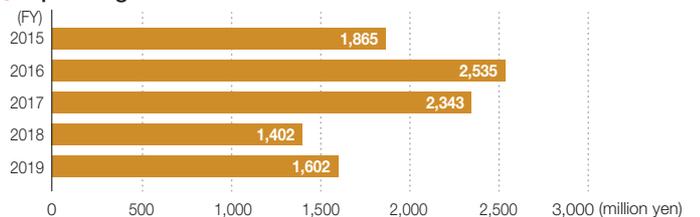


Consolidated Net Sales & Profit by Fiscal Year

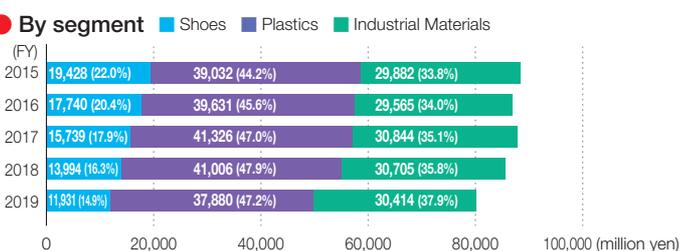
Sales



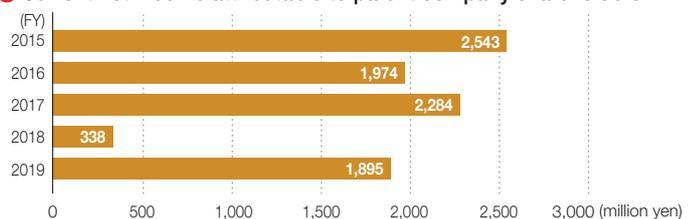
Operating income



By segment



Current net income attributable to parent company shareholders



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

“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 the Achilles Group strive to be a company that contributes to building an affluent and comfortable society. To do this, we must continue creating new value for our company, society, and the future. With the keywords of 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 and Results of Major Initiatives in FY 2019

Based on the seven core subjects of ISO 26000, we position our high-priority initiatives as our priority CSR areas. The following is a partial list of our FY 2019 initiatives.

Priority CSR area/activity policy	FY 2019 activity objective	Details of initiative	KPI (Key performance indicator)			FY 2019 Improvement rate*1	Implementing entity	Related page(s)
			Target	Result				
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 	Fostering a quality level that achieves true satisfaction	Focus on shoe products that support customers' safety and peace of mind at their feet, and strive to make further quality improvements.	Reduction in quality complaints (Number of complaints previous FY ÷ Number of complaints this FY)	42.0% reduction over FY 2018 result*2	Target of 42.0% reduction → 49.7% reduction	118.3%	Shoes Business Group	–
		Implement quality verification patrols for each manufacturing process, verify manufacturing quality and make quality improvement suggestions, and improve quality levels.	Process improvement rate for observations and suggestions	3% improvement YoY	75.0% previous year → 86.5%	115.3%	Quality Assurance departments	P.18
	Contributions to disaster and accident response	To prepare for buildings getting damaged in a disaster, promote products that serve to keep people safe (Funen Clear*3, etc.).	Rate of increase in disaster preparedness product shipment volume	105.0%	100.0% previous year → 73.0%	73.0%	Chemical Products Division	P.9
		Expand products used in disaster and accident response, such as emergency tents and rescue boats.	Number of developed models	4 models	3 previous year → 4 models	133.3%	Rubberized Fabric and Marine Sales Department	P.9, 10
	Safer and more comfortable product creation	Reduce usage rate of volatile solvents in foam manufacturing processes for general-purpose soft urethane foam*4.	Rate of not using volatile solvents	70.0%	59.0% previous year → 70.0%	118.6%	Urethane Division	–
	Product development utilizing open innovation	Utilizing open innovation, develop and offer products with unconventional specifications that meet customer needs (develop products that help achieve comfortable living).	Number of development specifications	1 or more specifications	0 previous year → 3 specifications	300.0%	Urethane Division	P.10
	Awareness-raising for the necessity of global warming countermeasures	Broadly promote reducing energy consumption during heating and cooling by enhancing building insulation performance, leading to CO ₂ emissions reductions.	Number of companies in talks with /year	1,000 companies	224 previous year → 800 companies	357.1%	Heat Insulation Materials Division	P.10
	Solutions to social issues and exploring solutions through business	Through seminars and other opportunities, promote how anti-static measures not only improve yield during component manufacturing, but also serve as an important factor directly connected to product lifespan.	Understanding of seminar participants	80%	Level of understanding: 60.0% previous year → 87.9% (Seminars: 14 previous year → 5 times)	146.5%	Industrial Materials Sales Department	P.10
		Using a questionnaire survey given to contractors and dealers, develop applications that use our original civil engineering methods and plastic processing technologies.	Number of development reviews	Higher than previous year	10 previous year → 14	140.0%	Sales Development Department	–
	Promoting innovation in civil engineering methods	Promote the transportation-related CO ₂ emissions reductions and shortened construction timeframes achievable with our original civil engineering methods using urethane foam and polystyrene foam.	Adoption rate (Number adopted ÷ Number offered)	Higher than previous year	38.9% previous year → 54.3%	139.6%	Sales Development Department	–
Penetration of Sokuiku (“Foot Education”)*5 through awareness-raising	Proactively offer Sokuiku (“Foot Education”) visiting lectures for elementary school children and senior citizens.	Rate of awareness-raising for Sokuiku (“Foot Education”)*6 (Number of visiting lectures × Number of attendees)	154,000	94,400 previous year → 230,076 (63 visiting lectures, 3,652 attendees)	243.7%	Customer Consultation Office	P.20	

Priority CSR area/activity policy	FY 2019 activity objective	Details of initiative	KPI (Key performance indicator)			FY 2019 Improvement rate*1	Implementing entity	Related page(s)
			Target	Result				
Environmental initiatives Initiatives to reduce environmental impacts including from CO ₂ , water, and waste, and for environmental conservation including forests and biodiversity 	Measures to address the problem of plastic waste in the oceans	Participate in activities conducted by CLOMA*7 and promote products that use biodegradable plastics.	Rate of increase of biodegradable plastic product shipment volume	105.0%	100.0% previous year → 107.0%	107.0%	Chemical Products Division	P.9
		Raise awareness for banning littering/dumping of plastic waste in river basins and coastal areas (conducted since FY 2019).	Rate of including an awareness pamphlet (boat products)	20.0%	Target of 20.0% → 6.8% (previous year 0.0%)	34.0%	Rubberized Fabric and Marine Sales Department	P.10
	Contributions to forest conservation	Strive to use paper derived from planned forest thinning as the raw material for wallpaper backing and cushioned flooring underlayment (strengthened since 2019).	Usage rate of paper derived from planned forest thinning	100.0%	100.0%	100.0%	Floor and Wall Coverings Division	—
	Effective use of resources (CO ₂ emissions reductions)	Promote products that offer durability and long life (rubber products).	Results of a product awareness questionnaire	80.0%	50.0% previous year → 60.0%	120.0%	Rubberized Fabric and Marine Sales Department	—
		Promote the product reuse (silicon wafer shipping containers) business.	Number of reused containers/year	127,400	Target of 127,400 → 118,200 (Number of new Achilles shipping containers shipped: 656.4% growth rate*8)	92.7%	Industrial Materials Sales Department	P.11
	Global warming countermeasures (greenhouse gas reductions)	Increase the usage rate of non-fluorocarbon blowing agents in foaming processes for rigid urethane foam processes and at construction sites.	Sales ratio of non-fluorocarbon foam products	50.0%	43.0% previous year → 46.0%	107.0%	Heat Insulation Materials Division	—
			100.0%	100.0% previous year → 98.0%	98.0%	Sales Development Department	—	
		Through supply of optimal insulation products for use during remodeling projects, reduce energy consumption during heating and cooling and contribute to reducing CO ₂ emissions.	Rate of increased product shipments for remodeling projects	105.0%	95.0% previous year → 111.0%	116.8%	Heat Insulation Materials Division	P.10
	Environmental pollution prevention (construction sites)	Promote the necessary work procedure standards at construction sites to prevent environmental contamination from accidents.	Understanding of work procedure standards (questionnaire results)	Higher than previous year	56.7% previous year → 58.3%	103.0%	Sales Development Department	—
	Reducing use of environmentally hazardous substances	Promote the reduced use of regulated substances, aiming for green procurement.	Types of specified poisonous or deleterious substances contained in procured goods	Less than previous year	6 previous year → 6 substances (5 environmentally hazardous substances and a conflict mineral)	100.0%	Purchasing Division	P.21
	Reducing waste and improving energy efficiency	Strive to improve rate of making environmental considerations.	Rate of making environmental considerations ((Electricity charges + Steam charges + Waste disposal fees) ÷ Production value)	3.52% or less	Target of 3.52% or less → 3.45%	102.0%	Group-wide	P.15
	Saving energy and reducing environmental risks and impacts in facilities investments associated with age-related deterioration measures and factory reorganization	Achieve 100% of environment-related facilities investment plan.	Completion rate of projects to reduce environmental load	100.0%	Target of 100.0% → 79.7%	79.7%	Group-wide	
	Air pollution prevention	Reduce emissions of environmentally hazardous substances (DMF, toluene, dichloromethane, ethyl acetate, MEK).	Emissions reduction volume	27.0% reduction over FY 2010 result	Target of 27.0% → 30.4% reduction	104.9%	Group-wide	P.16
	Reducing total CO ₂ emissions from energy use	Promote increased production efficiency, facilities replacement, energy-saving activities in offices, etc.	Energy use (per unit)	1.0% reduction over FY 2018 result	Target of 1.0% reduction → 2.8% increase	96.4%	Group-wide	P.15
	Reducing energy use during transportation (CO ₂ reductions)	Promote modal shift (using of rail and other transportation modes able to convey larger freight volumes).	Energy use during transportation (per unit)	1.0% reduction over FY 2018 result	Target of 1.0% reduction → 0.2% reduction	99.2%	Group-wide	P.14
	Reducing total volume of generated waste	Thoroughly implement the 3Rs (reduce, reuse, recycle) and effectively use resources.	Total volume of generated waste	3.0% reduction over FY 2017 result	Target of 3.0% reduction → 6.7% reduction	103.9%	Group-wide	P.15
Complete zero emissions		Final disposal rate	Maintain less than 0.1%	Target of less than 0.1% → 0.001%	100.0%	Group-wide		

Priority CSR area/activity policy	FY 2019 activity objective	Details of initiative	KPI (Key performance indicator)	Target	Result	FY 2019 Improvement rate*1	Implementing entity	Related page(s)		
Environment	Water pollution prevention	Monitor wastewater contamination.	Factory wastewater quality	Meet factory wastewater standard values for all items	Meet all items	100.0%	Group-wide	P.30		
	Collaboration with business partners Conduct activities in the entire supply chain including with business partners and promote fair business activities	Fostering fair business practices	Inspect and maintain the system for legal compliance for transactions applicable to the Subcontract Act.	Understanding of relevant staff (Average score on review test)	Average: 90 points or better (out of 100 points)	Target of 90.0 points → 94.7 points	105.2%	Purchasing Division	P.22	
Fostering compliance management including in the supply chain		Through the CSR procurement questionnaire, promote Achilles' CSR procurement policy and raise awareness for compliance management with suppliers.	Ratio of companies with standards meeting or exceeding our own	Higher than previous year	92.0% previous year → 93.0%	101.1%	Purchasing Division			
Fair business practices 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	Development of global human resources	Develop employees so that they have the qualities required of global human resources (implement 20 development processes).	Number of completed processes	20 processes (1 person)	Target of 20 → 14 processes (1 person)	Automotive Materials Division	-		
			Through training, improve employees' ability to conduct global business.	Assessment scores before and after training	125.0% YoY	100.0% previous year → 133.5%	133.5%	Group-wide	P.24	
		Expanding support programs for employees	Promote expansion of programs beyond those legally mandated relating to balancing work with childcare, family care and illness (introduce flex-time system at sales bases).	Ratio of people using new program offerings	Higher than previous year	100.0% previous year → 105.0%	105.0%	Group-wide	-	
		Promotion of work-style reforms	Improve the rate of annual paid vacation taken.	Rate of annual paid vacation taken	Higher than previous year	47.5% previous year → 54.6%	114.9%	Group-wide	P.22	
		Athlete support	Support the activities of employees who are athletes and para-athletes (raise awareness using meetings to report activities, internal newsletters, etc.).	Expand number of supporters at tournaments and events, frequency of communicating activity details	Higher than previous year	Number of communications: 8 previous year → 14 (Internal newsletter: 6 times previous year → 8 times; bulletin board displays: 2 times previous year → 5 times; activities report meetings: 0 times previous year → 1 time; 55 participants)	175.0%	Group-wide	P.23	
		Respect for human rights, preventing violations	Through the CSR procurement questionnaire, promote Achilles' CSR procurement policy and raise awareness for management that respects human rights with suppliers.	Ratio of companies with standards meeting or exceeding our own	Higher than previous year	92.4% previous year → 95.1%	102.9%	Purchasing Division	P.22	
		Safe and healthy work environments conducive to work Initiatives to create workplaces that allow people to work safely and healthily	Promotion of health and safety precautions at construction sites	Promote health and safety precautions for workers at construction sites who are performing tasks using our original construction methods, and prevent accidents from occurring.	Understanding of work procedure standards (questionnaire results, etc.)	Higher than previous year	100.0% previous year → 99.0%	Heat Insulation Materials Division, Sales Development Department	-	
			Promotion of health management	Hold health-related events (Head Office health seminars, participation in walking campaigns).	Number of participants	Higher than previous year	Walking participants 325 previous year → 378 persons (Health seminars: 1 previous year → 3 times; Participants: 24 previous year → 76 persons)	116.3%	Group-wide	P.23
			Strengthening fire prevention and disaster preparedness systems	Strengthen disaster preparedness systems, expand associated activities and hold life-saving skills courses for Head Office employees.	Ratio of employees certified in life-saving skills at the Head Office	30.0%	20.0% previous year → 28.0%	140.0%	Group-wide	P.19
			Fostering safe and secure workplace environments	Regularly hold health and safety trainings for employees at manufacturing sites, conduct worksite patrols to verify safety, and improve the health and safety of workplace environments.	Frequency rate	1.74 of previous year or less	1.74 previous year → 1.77	98.3%	Group-wide	P.19
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	Being a partner for local communities	Participate in events we organize or that are organized by local communities, hold dialogue with local communities, and strive to be a company that meets the expectations of local communities.	Number of participating events	Higher than the previous year	2 previous year → 3 events	Rubberized Fabric and Marine Sales Department	P.25		
		Activities for health and peace of mind	Develop bed products that improve sleep quality utilizing open innovation based on industry-university joint development (develop products that help achieve comfortable living).	Effects of comfortable sleep (comfort*)	Better performance than existing products	0 existing products → 1 R&D product	100.0%	Urethane Division	P.10	
	Improving communication with local communities at the global base (Taiwan)	Promote our activities in the local language on the Achilles Advanced Technology (Taiwan) website (website launched in August 2019).	Website visits	100 visits/month or more	Target of 100 → 105.6 (Total of 528 for August–December)	105.6%	Industrial Materials Sales Department	P.11		

Priority CSR area/activity policy	FY 2019 activity objective	Details of initiative	KPI (Key performance indicator)	Target	Result	FY 2019 Improvement rate*1	Implementing entity	Related page(s)	
Community involvement/development	Identifying social issues faced by local communities and proposing solutions	Through dialogue with local governments and locally based contractors, gain an understanding of issues in the local communities and propose our original construction methods to address the issues.	Number of proposals ÷ Number of visits to local governments and contractors	Higher than the previous year	48.9% previous year → 52.9%	108.2%	Sales Development Department	-	
	Governance/Risk Management	Establish BCP in the Automotive Materials Division. Complete 36 processes required for BCP establishment in stages.	Number of completed processes	24 processes (3 companies)	Target of 24 → 17 processes	70.8%	Automotive Materials Division	-	
Organizational governance	Strengthen systems to enhance management transparency, implement risk countermeasures	Improve the ratio of voting rights exercised electronically.	Rate of exercised voting rights	Higher than previous year*11	Voting right base 79.3% previous year → 81.5%	102.8%	Group-wide	P.21	
		Improving effectiveness of governance function	Result of effectiveness evaluation	4.0/5.0 or higher	3.9/5.0 previous year → 4.1/5.0	105.1%	Group-wide	P.27	
		Fostering fair business practices	Hold compliance trainings for risks, and foster an organizational culture of legal compliance.	Rate of understanding (compliance awareness questionnaire)	95.0% or higher	92.4% first time → 96.9% after education	104.9%	Group-wide	P.27
		Development of management talent	Hold trainings by company grade.	Number of training participants*12	Higher than the previous year	Participants: 670 previous year → 699 persons (Frequency: 35 previous year → 48 times)	104.3%	Group-wide	P.23

*1 Comparisons generally are with the previous year's results, but comparisons with the target are listed for initiatives that have no results for the previous year and for some environment-related initiatives. In these instances, if the target was not reached, the value is less than 100%, with the issues in the process of being improved.

*2 As there was a sharp increase in complaints and product returns in FY 2018, the target is set using the FY 2017 result as the standard.

*3 Funen Clear is a registered trademark of Achilles Corporation.

*4 General-purpose soft urethane foam refers to urethane foam with a density of 20 kg/m3 or less (Achilles standard).

*5 As the responsibility of a shoe manufacturer, we began advocating for Foot Education (Sokuiku) in 2013 and have worked to spread this concept to protect children's feet and support their healthy growth.

*6 Rate of awareness-raising = [Sokuiku ("Foot Education") consultation sessions] × [Number of people attending]
FY 2018 rate of awareness-raising = 40 × 2,360 = 94,400; FY 2019 target rate of awareness-raising = 55 × 2,800 = 154,000; FY 2019 rate of awareness-raising result = 63 × 3,652 = 230,076

*7 Acronym for Japan Clean Ocean Material Alliance, a platform established to address the problem of plastic waste in the oceans, which is an emerging issue of global concern. CLOMA was established on January 18, 2019 with the participation of 159 companies and organizations to promote the sustainable use of plastic products and the development and adoption of substitute materials, and to accelerate the pace of innovation in this area. It conducts activities toward the realization of the Sustainable Development Goals (SDGs) set forth by the United Nations.

*8 In the first half of 2019, shipments of our new shipping containers increased and exports of semiconductor products from China to the United States decreased, affecting the number of reused shipping containers.

*9 The temperature of bedding when falling sleep is deeply connected to sleep quality. When developing products to enhance body temperature regulation and improve sleep quality, we employ our original deep sleep measurement criteria instead of values measured with an electronic thermometer.

*10 BCP (business continuity planning) refers to devising plans in advance in anticipation of suffering damages, such as in a natural disaster, so that business activities can continue. In addition, regularly holding drills and exercises based on the plans increases the ability to respond when a disaster happens.

*11 The ratio of exercised voting rights is based on the results of the June 2019 and the June 2020 general meetings of shareholders.

*12 The number of participants is the total number.

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 beside the Priority CSR Areas indicate the goals

that the Achilles Group is contributing to through the respective initiatives.



Special Feature

1

Activities Related to Priority CSR Areas

At Achilles, we position initiatives with a high degree of importance as “priority CSR areas.” This section describes each business division’s activities related to our priority CSR areas.

Chemical Products Division

Response to ocean plastic pollution



In addition to properly managing waste materials to reduce ocean plastic pollution, efforts including strengthening 3Rs*1 activities for plastic products and developing and promoting adoption of substitute materials such as biodegradable plastics and paper are necessary. To this end, the Japan Clean Ocean Material Alliance (CLOMA)*2 was established as a platform to strengthen cooperation and accelerate innovation among a wide range of interested parties across industry sectors.

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



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



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

*1 Reduce (the generation of waste materials), Reuse (parts, etc.), and Recycle (materials for reuse).

*2 Established on January 18, 2019 with the participation of 159 companies and groups to promote the sustainable use of plastic products and the development and adoption of substitute materials and to accelerate innovation to resolve the problem of ocean plastic pollution, which has become a new global-scale issue. It is anticipated that CLOMA's activities will contribute toward the realization of the UN's Sustainable Development Goals (SDGs).

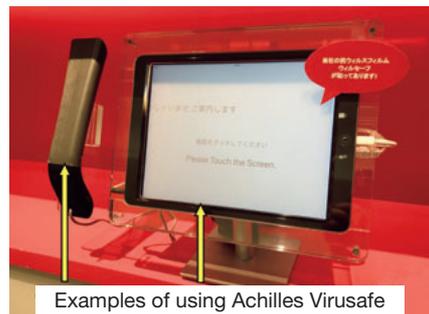
Chemical Products Division

Antiviral functional films



We are focusing on development of functional products, including those used for disaster preparedness. Achilles Virusafe is a film with the ability to reduce viruses and bacteria adhering to the surface of the film by 99.99% or more and inhibit their activity. Achilles Virusafe offers powerful antiviral properties and demonstrates efficacy immediately after the virus adheres to it. Made with materials selected with safety considerations, Achilles Virusafe also offers peace of mind during use.

Achilles Virusafe contributes to reducing the contact-based spread of infections from viruses and bacteria, and is supported by many customers as a product that helps people to lead safe and secure lives.



Examples of using Achilles Virusafe

Achilles Virusafe used on a touchscreen and a telephone receiver
<https://www.achilles.jp/product/manufacturing-facility/film/functional-flexible-film/>
(in Japanese)

Rubberized Fabric and Marine Sales Department

Tent for infectious disease management



We manufacture negative pressure tents to meet needs from the rise in infectious diseases, which has become a social issue.

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

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



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

Lifesaving boat



Large-scale water disasters are occurring every year in Japan, such as the torrential rains in western Japan of 2018 and Typhoon No. 19 (Typhoon Hagibis) of 2019. Using our roughly 60 years of experience in manufacturing rubber boats, we are developing boats adapted to the needs of water disasters.

We are continuing to develop products specialized for the needs of the usage environment, such as the ease of carrying goods and resistance to tearing, to solve various challenges in water rescue environments.

Our rescue boats have recently been introduced in various regions, and we continue to make contributions to rescue operations when water disasters occur around Japan.



Lifesaving boat

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

Products for pleasant living spaces



We are conducting a series of tests together with a university research lab on the benefits of sleep and which conditions are conducive to enhancing the quality of sleep. As conducting one experiment and analyzing the results takes a great deal of time for the purpose of investigating various sleep factors, it is a challenge to find the optimal solution of which functions to develop. We will continue this process of trial and error and development efforts to make beds offering better sleep available in the market as soon as possible.

On our website, we offer one original product that we have developed to enhance sleep quality.



Freabell ThermoPhase^{*4}
Bed Mattress Active Model
<https://www.achilles-freabell.jp/lineup/active.php>
(in Japanese)

^{*4} The mattress uses the new material ThermoPhase®, which automatically regulates the temperature near the body when going to sleep, a decisive factor in determining sleep quality, to around 33°C to support sleep. It is constructed with two layers of foam, a layer with medium responsive bounce® that has excellent pressure-distribution properties, and a layer with high responsive bounce that makes it easier to turn over during sleep. The mattress offers pleasant comfort when used by one or two people. The 210 Newton ultra-firm mattress prevents excessive sinking of the lower back to support the ideal sleep posture.

Building energy-efficiency



Improving buildings' insulation performance enhances energy efficiency by reducing energy consumption during heating and air conditioning. High-performance insulation materials can improve buildings' insulation performance and demonstrate energy-saving benefits.

In December 2019, we released the Achilles JD Panel^{*3}, a composite insulation panel with ultra-high insulation performance. The panels can be installed over existing walls and ceilings in wood homes without having to remove them, making insulation installation possible in a short amount of time. Taking advantage of its flexibility, Achilles Juten R can be installed under floors to reduce floor-level coldness without having to remove the flooring. Achilles contributes to improved living environments and healthy living for remodel projects with high-performance and highly functional insulation materials.



^{*3} With thermal conductivity of 0.018 W/(m K), panel thickness has been reduced to 29.5 mm to enable insulation during remodeling with minimal reduction in the size of the interior space.

Achilles Juten R being installed

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

Behind-the-scenes power supporting the digital society



Static electricity countermeasures are essential for the digital transformation of our daily lives, including 5G^{*5}, AI^{*6}, and autonomous driving technologies. Even the smallest static electricity issue in semiconductor production processes can result in parts damage and lower quality that impact the performance of the entire device.

The Protos Carrier adds original anti-static technology to our core plastic technologies to prevent damage from static electricity during semiconductor production processes and transportation.

We also hold seminars on static electricity countermeasures and site inspections to support digital technologies that will create more convenience in the future society.

^{*5} 5th generation communications technology standard for cellular networks.

^{*6} Artificial intelligence.



Seminar on static electricity countermeasures

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

Special Feature 2

Global CSR Activities

USA

Initiatives at Achilles USA, Inc. (Headquarters)



Achilles USA (AUSA) has completed its third year participating in the Smart Energy Management (SEM) program in partnership with the local utility provider, Snohomish PUD. This year AUSA saved another 2.7% in electricity costs compared to the model baseline. The savings are further incentivized by the PUD. Unfortunately, this year's savings are lower than the previous year's savings compared to the baseline. A "backsliding" occurred in the earlier half of last year, and this served as a wake-up call and further highlights the importance of company engagement. In response to the reduced savings (backsliding), AUSA re-evaluated its practices as well as worked with the PUD to account for the consumption of the new pelletizer equipment. There were many additional efforts that were made to reduce its electricity consumption, from re-sealing leaky doorframes to re-programming the office thermostat. However, one of the most important initiatives implemented was the updated shutdown procedures. The crews have been given new checklists that instruct to cool equipment down to lower temperatures for the weekend shutdowns, allowing more electricity savings. Another important initiative has been the Air Leak Tagging Program, in which the crews have been tagging compressed air leaks that they detect in the factory. For each leak that a crew member tags, they are entered into a quarterly drawing for a gift card. This program encourages employee engagement and responsibility while reducing the workload and energy use of compressors.



Air leak tag around a leaky pipe fitting.



The box of completed tags. Green tags were tagged by the AUSA crew members.

Hong Kong

Initiatives at Achilles Hong Kong Co., Ltd.



Achilles' Syunsoku shoes are a popular children's shoe brand in Hong Kong, and in line with the brand value proposition, Achilles has been implementing awareness-raising activities in Hong Kong to help people



Students of the special education facility (Haven of Hope Sunnyside School) and their families



Preparing for the foot measurement event (Haven of Hope Sunnyside School)

learn how to choose the right shoes for their body.

On April 8, 2019, Achilles Hong Kong held a student foot measurement event at Haven of Hope Sunnyside School as part of our "Sokuiku" ("Foot Education") activities. This school is one of the special education facilities run by Haven of Hope, which organizes the Balance Bike Charity Carnival that it provides sponsorship for each year. It later donated 108 pairs of Syunsoku and other shoes in sizes right for each of the students at the school, based on their fitting results.

China

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



Each year, Achilles (Shanghai) International Trading donates Syunsoku shoes to children at elementary schools in impoverished districts in China. In 2019, the fourth year of the activity, 70 pairs of Syunsoku shoes were donated to elementary schools in impoverished districts of Sichuan Province, in cooperation with the volunteer group Beijing Love Without Borders Foundation.

Achilles (Shanghai) International Trading also periodically holds foot measurement events at department stores in Shanghai to raise awareness for the proper way to select and wear shoes.



Presentation ceremony at an elementary school in an impoverished district (Sichuan Province, China)



Foot measurement event held at a Syunsoku sales outlet in a department store (Shanghai, China)

Taiwan

Initiatives at Achilles Advanced Technology Co., Ltd.



Achilles Advanced Technology, based in Hsinchu, Taiwan, is a production and sales base. One of its main areas of activity is reducing plastic waste by reusing shipping cases for semiconductor silicon wafers.

Achilles Advanced Technology collects used wafer shipping cases, and after they are thoroughly cleaned in a clean room, returns them to semiconductor users in countries around the world. By creating a reuse network that is global in scope, it has reduced the amount of plastic waste generated in FY 2019 by around 140 tons. This activity is also broadly promoted on the Achilles Advanced Technology website.



Wafer shipping cases being thoroughly cleaned in Achilles' clean room facility



Awareness-raising activity on the Achilles Advanced Technology website https://www.achilles-at.com.tw/big5/csr_02#a1 (in Chinese)



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 shoe, 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 the Achilles Group conduct our main business activities of the manufacture and sales of shoe, 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 goals, and work to achieve them.
2. Periodically revise 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, adaptation to climate change, and the 3Rs (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 FY 2019, we

underwent the first surveillance audit in relation to the transition to ISO 14001:2015. We received 37 observations, but no non-conformances were noted, and we were able to maintain our ISO certification.

 **P.29 ISO 14001: JUSE-EG-661 worksites registered in 2015**
(July 2018 renewal and registration)

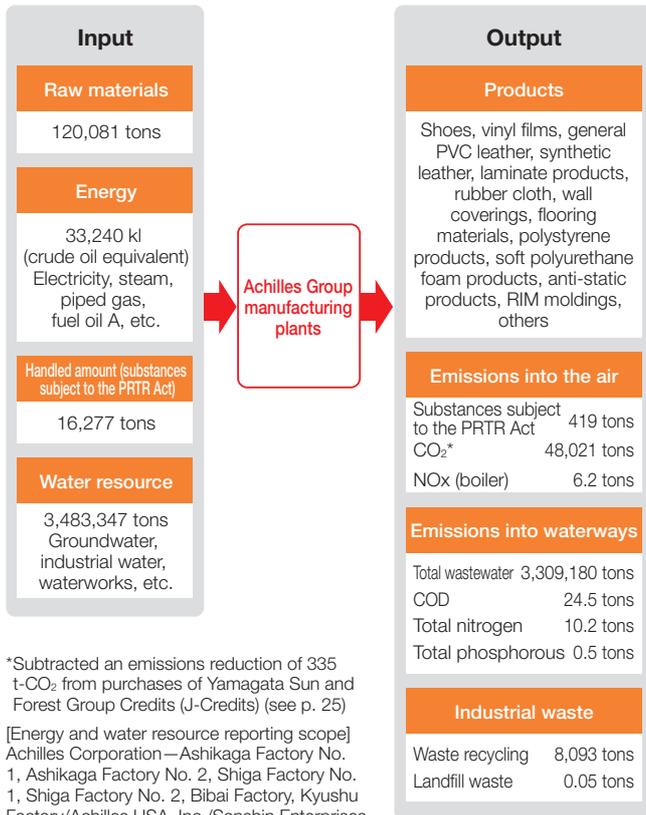
● Overview of FY 2019 activities results, targets for FY 2020 and beyond

Item	Target		FY 2019 result	Evaluation	Target for FY 2020 and beyond	Listed page
	Management item	Value				
Global warming prevention and energy conservation	Per-unit energy consumption	YoY comparison, 1% reduction	2.8% increase YoY	×	YoY comparison, 1% reduction	P.15
Complete zero emissions through 3R activities	Waste emission volume *Based on promoting 3R activities	FY 2017 comparison, 3% reduction	FY 2017 comparison, 6.7% reduction	○	FY 2017 comparison, 10% reduction	P.15
	Final waste disposal rate	Achieve less than 0.1% by FY 2020	0.001%	○	Achieve less than 0.1% by FY 2020	
Air pollution prevention of environmentally hazardous substances	Emissions of environmentally hazardous substances	FY 2010 comparison, 27% reduction (30% reduction compared with FY 2010 by FY 2020)	30.4% reduction	○	FY 2010 comparison, 30% reduction	P.16
Environmental considerations (waste reductions, energy conservation, etc.), environmental management improvements, and environmentally friendly product development	Environmental consideration rate* *(Energy fees + waste treatment expense) ÷ Production value × 100	Less than the previous fiscal year's results	2.0% reduction YoY	○	Less than the previous fiscal year's results	–
	Identify environmental risks and draft countermeasures	Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring	Plan and implement facility installations, improvements, and other measures leading to reduced environmental impacts	○	Reduced environmental risks and impacts from age-deterioration countermeasures and factory restructuring	P.29
	Launch and sell environmentally friendly products	Using internal targets	Achieve sales targets and launches of environmentally friendly products including biodegradable films and high-performance construction-use insulation materials	○	Promote product development and R&D with consideration for environmental impacts	P.9 P.10

Overview of Environmental Impacts

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

●Material balance



*Subtracted an emissions reduction of 335 t-CO₂ from purchases of Yamagata Sun and Forest Group Credits (J-Credits) (see p. 25)

[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.

Corrective Measures for Environment-related Incidents

In FY 2019, there was one incidence of an environmental accident associated with external outflow. White, water-based ink spilled in the factory, and water containing the white ink flowed out externally from a nearby drain. The water-based ink does not contain harmful substances that would impact the environment.

A report of the accident and a report of remedial actions were submitted to the authorities after the fact.

In FY 2019, measured values for water quality, air quality, and noise at all worksites were within the standard values defined in all environment-related legislation.

Awareness-raising Activities

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

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

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

Initiatives for Biodiversity

Basic approach to biodiversity

While human society receives many benefits from ecosystems, we recognize that 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.



Cedar Avenue of Nikko

Donations to a fund for afforestation of Lake Biwa

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

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



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

Conservation of Water Resources

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

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

We actively participate in drills assuming an unexpected accident that are conducted by Shiga Prefecture and the Konan/Kouka Environmental Association and designed to prevent damage from water-quality

accidents from spreading. The drills reaffirm the importance of conserving the surrounding environment including Lake Biwa. A total of 186 people participated in a drill conducted on September 26, 2019, including council members and local and prefectural authorities.



Surface oil collection drill using absorption mats (Shiga Prefecture)

Global Warming Countermeasures

Greenhouse Gas Emissions Reductions

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

In FY 2019, in addition to environmental investments such as installing energy-saving equipment, we increased our rate of use of non-fluorocarbon varieties of rigid urethane foam. Our energy consumption also fell as a result of decreased production volume, and our greenhouse gas emissions fell by approximately 5.6% compared with FY 2018.

P.29 Changes in greenhouse gas emissions

*Not deducting 335 t-CO₂e from purchases of Yamagata Sun and Forest Group Credits (J-Credits) (see p. 25)

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

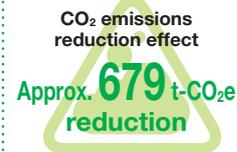


Energy Creation from Solar Photovoltaic Power Generation

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

In FY 2019, we generated approximately 1,733,000 kWh of electricity, with a CO₂ emissions reduction effect of approximately 679 t-CO₂. This is equivalent to approximately 1.6% of our group's CO₂ emissions from energy use.

P.29 Solar photovoltaic power generation equipment



Achilles Corporation Ashikaga Factory No. 2



Achilles Corporation Shiga Factory No. 2

Environmental Conservation Activities in Logistics

Carbon dioxide reduction activities and emissions results

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

In FY 2019, we improved our per-unit energy consumption in transportation by approximately 0.2%, and reduced our CO₂ emissions^{*2} by approximately 8.8%. In addition, our shipping ton-kilometers^{*3} fell approximately 8.6% as a result of decreased production.

*1 Shifting freight transportation from trucks to rail and ship. Larger amounts of freight can be shipped at once, making it possible to achieve reductions in CO₂ emissions.

*2 CO₂ emissions (t-CO₂) = Energy consumption (GJ) × Emissions factor (from the Japanese Ministry of Economy Trade and Industry)

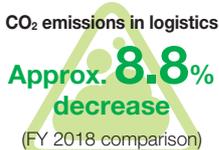
*3 Transportation ton-kilometer = Freight weight (tons) × Transportation distance (kilometers)



Loading containers for rail transport

P.29 CO₂ emissions in conjunction with transportation and modal shift rate

[Scope] ISO 14001:2015 registered worksites



Energy Conservation

Energy Conservation Activities

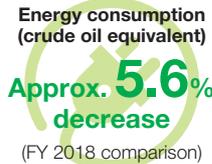
We at the Achilles Group recognize the importance of activities to conserve energy based on the Japanese Energy Conservation Act, and are taking steps companywide to conserve energy as an important part of efforts to reduce our environmental impacts.

Energy consumption (crude oil equivalent)

Our energy consumption decreased approximately 5.6% (1,600 kl/year) in FY 2019 compared with the previous fiscal year. In addition to improved energy efficiency due to facilities improvements, reduced production resulted in reduced energy consumption.

P.29 Changes in annual power consumption (crude oil equivalent)

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



Per-unit energy consumption

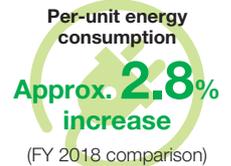
In FY 2019, we undertook facilities improvements and installed energy-efficient equipment to meet our target of reducing our per-unit energy consumption compared with FY 2018 consumption by 1%, but our consumption increased by approximately 2.8% compared with FY 2018, due to the effects of reduced production (partially attributed to increased inefficiencies from small-lot production), and we did not meet

our target.

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

P.29 Annual changes in per-unit energy consumption for the entire company and for each management-specified plant

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

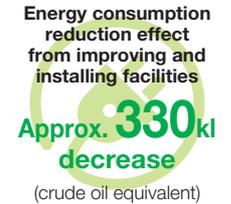


Decrease in energy consumption by improving and installing facilities

In FY 2019, we took steps to reduce our energy consumption, including replacing equipment with higher efficiency equipment, operating existing facilities more efficiently, and switching to LED lights.

P.29 Main details of facility modification and introduction and energy consumption reduction effects (crude oil equivalent value)

[Scope] ISO 14001:2015 registered worksites



3R Activities and Complete Zero Emissions

To Reduce Waste

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

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

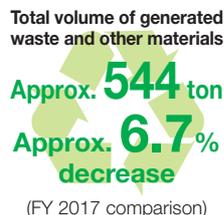
Results of Activities to Reduce Waste and Other Materials*

In FY 2019, we conducted activities to achieve our target of a 3% reduction in generated waste compared with FY 2017, and met this target with a decrease of approximately 544 tons (approx. 6.7%). A major factor contributing to this was the ability to sell materials that were formerly considered waste as valuable materials. Going forward, we will continue to focus on reducing waste, specifically on revising our existing recycling flow, thoroughly separating and sorting waste materials, promoting obtaining value and making products from waste materials, and reducing the amount of waste generated from increased production.

P.30 Total volume of generated waste and other materials

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

[Scope] ISO 14001:2015 registered worksites



Final Disposal Volume

In FY 2019, 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 approximately 0.001% (approx. 0.05 tons), achieving complete zero emissions again following FY 2018 (0.03% final disposal rate).

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

P.30 Final disposal volume and final disposal rate

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

[Scope] ISO 14001:2015 registered worksites



Air Pollution Prevention

Atmospheric Emissions Reduction Targets for Environmentally Hazardous Substances

Preventing air pollution from environmentally hazardous substances is set as a shared action goal for the Achilles Group. 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 2019 our annual emissions of Class I Designated Chemical Substances under the PRTR Act came to approximately 403 tons (approx. 40.8% reduction compared with FY 2010), and our annual transfer volume came to 205 tons (approx. 11.4% increase compared with FY 2010). Our annual combined emissions and transfer volume was 608 tons (approx. 29.7% reduction compared with FY 2010).

P.30 Emissions and transfer volumes of chemical substances subject to the PRTR Act

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

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

Approx. 29.7% reduction
(FY 2010 comparison)

Atmospheric Emissions Reductions of VOCs

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

In FY 2019, as a result of efforts to achieve our target of a 27% reduction compared with FY 2010, we achieved an approximately 30.4% reduction and met our target.

P.30 Total atmospheric releases of five substances of environmental concern

*Volatile Organic Compound: Organic compound that easily become vapors or gases
[Scope] Achilles Corporation – Ashikaga Factory No. 1, Ashikaga Factory No. 2, Shiga Factory No. 1, Shiga Factory No. 2, Bibai Factory, Kyushu Factory/Achilles Marine Co., Ltd.

Total atmospheric releases of five substances of environmental concern
Approx. 30.4% reduction
(FY 2010 comparison)



Working Together with Society

The Achilles Group aims to contribute toward 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 toward 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

Our Approach to Quality

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



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 fulfil 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]

ISO 9001: 2015 registration status

Registered organization	Year and month of registration	Registration number
Achilles Corporation Shoes Business Group	Oct. 2007	JUSE-RA-2088
Achilles Corporation Plastic Business Group	April 2003	JUSE-RA-2090
Achilles Corporation Industrial Materials Business Group	Feb. 2004	JUSE-RA-2089
Achilles USA, Inc.	April 1998	33354

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

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.
- Quality control activities are undertaken with the participation of all

members, and improvement activities to resolve process and quality problems are conducted.

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.

Quality Improvement Program

Quality Check Patrols verify that process management and inspection

methods on the production lines are being carried out appropriately. Working from an independent position, quality assurance departments verify at the production line (“genba”) that the reality (“genjitsu”) of products produced according to standardized operations is taking place while looking at the actual products (“genbutsu”), including the raw materials. In addition, information about better systems and the latest technologies obtained during Quality Check Patrols at other production lines is shared horizontally and improvement suggestions are made to support the PDCA cycle at production lines and promote quality improvements.



Quality Check Patrols

Initiatives for Occupational Health and Disaster Prevention

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 fountain-head 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, healthy 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 Corporation 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



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

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, equipment, and chemical substances, and implement improvements based on the results of these assessments, with the aim of realizing meaningful safety.

● Percentage of employees who are members of health and safety committees

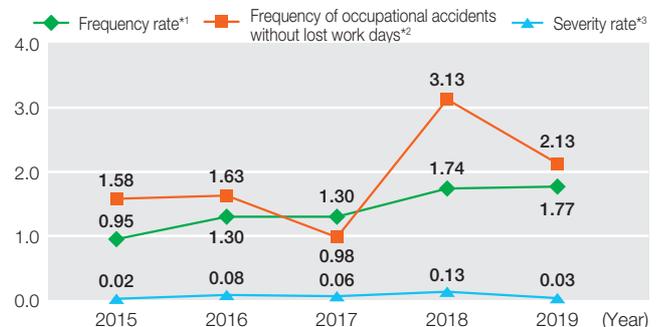
Business location	No. of Health and Safety Committee members	No. of employees	Health and safety Committee members as percentage of all employees
Tokyo Head Office	12 persons	283 persons	4.2%
Kansai Branch Office	6 persons	79 persons	7.6%
Ashikaga Factory No. 1	19 persons	570 persons	3.3%
Ashikaga Factory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

*As of March 31, 2020

Occupational accidents

The incidence of occupational accidents at the Achilles Corporation in 2019 is shown below. For manufacturing firms in Japan (including only firms with at least 1,000 employees) in 2019, the average occupational accident frequency rate was 0.26, and the average occupational accident severity rate was 0.04; the corresponding figures for the Achilles Corporation were 1.77 and 0.03 respectively.

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



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

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

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

Safety awareness promotion and education

To enhance safety awareness at the Achilles Corporation, we offer prayers for safety twice a year (at the beginning of the year and on the first day of National Occupational Safety Week) as annual events. At the beginning of the year, “safety oaths” that employees have written themselves are displayed around workplaces. Throughout the year, we hold various types of “zero accident” campaigns (during National Occupational Safety Week, the year-end/New Year period, and at the end of the business year) as well as traffic safety campaigns. In FY 2019, we held traffic safety lectures with the cooperation of the local police departments in the Ashikaga and Shiga areas to raise awareness for traffic safety.



Offering prayers for safety (Ashikaga Factory No. 1)

Health management

The Achilles Corporation 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).



Health promotion lecture (Ashikaga City)



Health promotion workshop (Ashikaga City)

Our Approach to Fire and Disaster Prevention

Achilles Group 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 could also cause serious problems for local residents, which goes against Achilles Group’s ethos of developing together with society for mutual benefit.

The Achilles Group strives to ensure, on a day-to-day basis, that it is 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

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

In FY 2019, 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, checking whether employees were safe, and the rescue and treatment of injured persons, etc.



Combined fire-fighting drill at Ashikaga Factory No. 1

CPR seminars

In FY 2019, employees took CPR seminars (mouth-to-mouth resuscitation, cardiac compression and training in the use of AED devices) at Ashikaga Factory No. 1 (27 participants) and Shiga Factory No. 2 (11 participants) provided by the local fire departments.

At the Achilles Corporation Head Office, a life-saving skills course was offered, and 37 employees received the skills certificate. Each year, employees are trained in how to perform CPR.



CPR training in the Ashikaga area



CPR training in the Shiga area



Life-saving skills course at the Tokyo Head Office

Safety dojos

In October 2019, “safety dojos” were opened at Ashikaga Factory No. 2 and Shiga Factory No. 2. The safety dojos allow employees to experience simulations of dangers based on past real-life incidents using devices to mimic the experienced safety sensations. In addition to classroom lectures, the safety dojo simulations are anticipated to enhance employees’ sensory perception of danger. We are advancing our

efforts to prevent accidents from happening, with a primary focus on employees with relatively little work experience.



Ashikaga Factory No. 2



Shiga Factory No. 2

Stockpiling of food, etc.

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

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 fulfil this role, the Achilles Corporation has established a Customer Consultation Office.

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

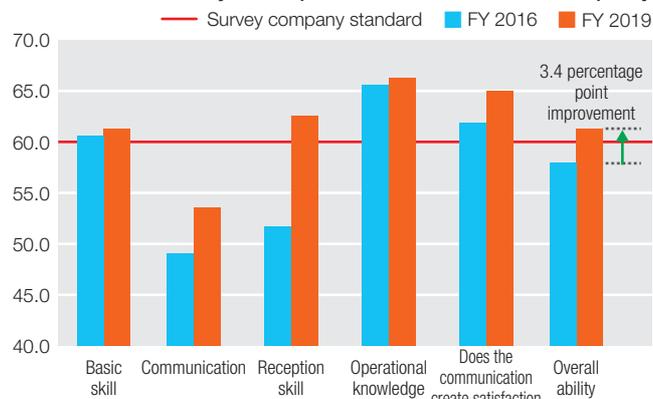
In FY 2019, the Customer Consultation Office received a total of 5,720 telephone calls and e-mails, including both inquiries and comments (around 1,000 more than the previous fiscal year). While inquiries and comments about our shoe products typically account for the majority of calls and e-mails, we also experienced a higher number of inquiries about our Plastic and Industrial Materials products, and the scope of communication provided by our Customer Consultation Office is expanding as the point of contact for general inquiries about Achilles products.

To improve the telephone communication skills of the Customer Consultation Office as a whole, we contracted a company that specializes in surveys and implements surveys at more than 100 corporate clients annually to implement a survey on our telephone-based communication quality. The survey company objectively evaluated the quality of telephone-based interactions between customers and the Customer Consultation Office. The evaluation consisted of a five-point scale covering five categories (total of 20 items), and also calculated an average score of overall ability.

The results of the survey indicated an overall ability of 61.3% for the Customer Consultation Office as a whole, higher than the industry standard of 60% (C rank). This score is also an improvement over the 57.9% recorded in the survey results from three years prior.

However, the survey results also revealed points of improvement for the department as a whole and issues with individual staff members, and we are working to further improve the quality of our customer communication while maintaining awareness of the various points needing improvement in providing daily telephone-based customer communication.

Results of the survey on telephone-based communication quality



Awareness-raising Activities Targeting University Students

The Achilles Corporation is a member of ACAP*, which addresses various consumer-related issues. As part of its involvement in ACAP's activities, Achilles Corporation staff members have given lectures at two universities (Daito Bunka University and Mejiro University) on topics including "The

Role of the Customer Consultation Office Within the Business Enterprise" and the SDGs. 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.

*ACAP: Association of Consumer Affairs Professionals (has approximately 600 corporate members) <https://www.acap.or.jp/>

Lecture at Daito Bunka University (Itabashi-ku, Tokyo)



Strengthening Communication with Customers

We are implementing measures to bring us closer to our customers and to increase the number of contact points.

To be prepared for inquiries about our shoe products in particular, 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, 2020, all four members of our Customer Consultation Office had secured Shoe Fitter certification. Possessing this specialist knowledge means that the 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 Foot Measurement and Counseling service that we provide for customers who visit our Head Office showrooms, and to the visiting lectures about feet and shoes that we give at elementary schools and junior high schools, etc. In addition, responding to the recent growth in awareness of the relationship between walking and health, we have had a steadily growing number of requests to provide visiting lectures for senior citizens.

In FY 2019, we implemented 63 visiting lectures, with a total of 3,652 people taking part. Since this project was first launched in FY 2014, we have given a total of 230 visiting lectures, with a cumulative total of 12,266 participants.



Visiting lecture on feet and shoes at Koganei Minami Junior High School in Koganei City, Tokyo Prefecture



Volunteer liaison council in Minato-ku, Nagoya City, Aichi Prefecture Lecture for senior citizens (A sign language interpreter accompanied the lecturer to serve participants with hearing impairments)

Number of comments and inquiries received by the Customer Consultation Office



Working Together with Our Shareholders

Basic Approach

The Achilles Corporation 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.

Reports/Interim Reports

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

We also hold our annual meeting of shareholders each year in June, where we engage in direct dialogue with our shareholders. After the annual meeting of shareholders concludes, we brief shareholders on new Achilles products and technologies and offer opportunities for them to give us feedback directly.



Report for shareholders

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

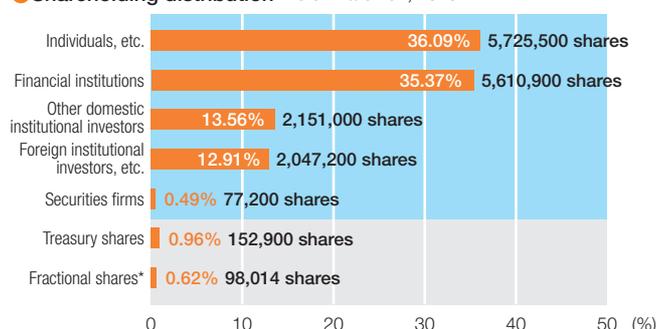
The Achilles Corporation's general meeting of shareholders was held in June 2019, and in addition to conventional methods, exercising voting rights was possible via the internet.

Shareholding Status

● Total shares, etc. *As of March 31, 2020

Total number of authorized shares	70,000,000 shares
Total number of outstanding shares	15,862,714 shares
Total number of shareholders	11,933

● Shareholding distribution *As of March 31, 2020



*Fractional shares are shares of less than one unit (100 shares), and the fractional shares above include 80 treasury shares.

Working Together with Our Suppliers

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

Basic Policy

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

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

*The term "conflict minerals" is used to refer to minerals the mining of and transactions in which may constitute a source of funding for armed groups, thereby contributing to conflict, and which may be closely linked to human rights violations, labor abuses, etc. The Dodd-Frank Wall Street Reform and Consumer Protection Act which was enacted in the US in July 2010 defined "conflict minerals" as including tantalum, tin, gold and tungsten mined in the Democratic Republic of the Congo or adjoining countries, as well as other minerals defined as such by the US State Department. Companies that are listed on the stock market in the US are required to report any use of conflict minerals to the US Securities and Exchange Commission (SEC).

CSR Procurement

We aim to further increase the efficacy of our CSR activities throughout

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

The questionnaire results indicate that suppliers are expanding their compliance management and CSR activities. Through promotion and education activities, we will continue to strive to improve quality throughout the entire supply chain.

(Achilles Procurement Questionnaire contents)

- ✓ Human rights and labor affairs
- ✓ Employee health and safety
- ✓ Actions for environmental conservation
- ✓ Fair business practices and ethical conduct
- ✓ Product safety and quality
- ✓ Information security
- ✓ Social contributions
- ✓ Green procurement



CSR Procurement Questionnaire

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 realize work-styles that enhance employees’ capabilities and respect employees’ diversity and their individual characters and personalities, and we will provide employees with a convenient working environment in which due attention is paid to safety and health issues.” 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 we 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 reporting 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, 2020

Male 1,352	Female 323	Total 1,675
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● Employee basic data (Achilles Corporation only)

*As of March 31, 2020

Average age	Male 40.2	Female 42.6	Total 40.6
Average years of service	Male 18.3	Female 21.1	Total 18.8
Average annual income	Approximately 5.72 million yen		

Education and Training of Procurement Staff

We held a workshop on the Subcontract Act for procurement staff and managers (total of 229 people) for the purpose of fostering fair business practices. In the Procurement Department, we gave employees a test to verify their understanding of the Subcontract Act, and confirmed that the average score exceeded the standard.

● Managerial talent (Achilles Corporation only) *As of March 31, 2020

Executive officers (including managing executive officers)	Male 24	Female 1	Total 25
Departmental managers	Male 43	Female 0	Total 43
Section managers	Male 201	Female 7	Total 208

● System for the re-employment of employees who have reached retirement age (Achilles Corporation only) *As of March 31, 2020

No. of persons using the system as of FY 2019	146
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● Ratio of mid-career hires (Achilles Corporation only) *As of March 31, 2020

Ratio of mid-career hires in FY 2019	9.3%
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Protection of Personal Information

The Achilles Group has formulated Personal Information Management Rules, the “Management of Employees’ Personal Information” section of which has also been issued as a separate document governing the safeguarding and management of employees’ personal data. Internal company systems incorporate multiple levels of security for the protection of employees’ personal information, with restrictions on which personnel can access such information.

Employee Welfare

The Achilles Corporation provides support to help employees maintain a stable lifestyle through the provision of dormitories for single employees and company housing, etc. at each manufacturing site, and through the establishment of an employee shareholding system, etc. In addition, to help employees balance their work and family responsibilities in today’s era of smaller families and an aging population, we have put in place a childcare leave and nursing care leave system, etc.



Dormitory for single employees/ Tokyo Head Office (exterior was remodeled in FY 2019)

● Childcare leave system (Achilles Corporation only)

No. of employees using the system in FY 2019	Male 0	Female 9	Total 9
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● Nursing care leave system (Achilles Corporation only)

No. of employees using the system in FY 2019	0
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● Average total hours worked per employee per year (Achilles Corporation only)

Average hours worked in FY 2019	1,955.1 hours
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● Average no. of days of paid leave taken per year (Achilles Corporation only)

Average no. of days of paid leave taken in FY 2019	10.1 days (54.6% of leave entitlement)
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Labor Unions

Labor-management relations

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

The Achilles Labor Union has a total of 866* members, who are employees (not including executive officers and managers) working in the company's manufacturing divisions. The Achilles Head Office Labor Union has a total of 237* members, who are employees (not including executive officers and managers) working in the company's sales divisions.

*Data correct as of July 1, 2020.

Meetings with the labor unions

Besides holding scheduled operational coordination meetings with the labor unions three times a year (in May, September, and November) in relation to the twice-yearly meetings regarding salaries and bonuses, the Achilles Corporation also holds labor-management meetings in regard to changes in working conditions such as changes to personnel systems and to the content of employee welfare provision, and in regard to the establishment of new systems, etc., to build consensus prior to implementation. 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

The Achilles Corporation 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 tournament and a bowling tournament 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.



Bowling tournament to welcome new employees (Tokyo Head Office)



Softball tournament to welcome new employees (Ashikaga area)



Outing to a professional baseball game (Ashikaga area)



Osaka castle walk rally (Shiga area)



Red Feather Community Chest activities (Ashikaga area)



"Hatsuratsu" Age 55 Vigorous Life Plan Seminar (Ashikaga area)

Health Management

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



Health seminar (Tokyo Head Office)



Designated a FY 2019 Tokyo Sports Promotion Company*1



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

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

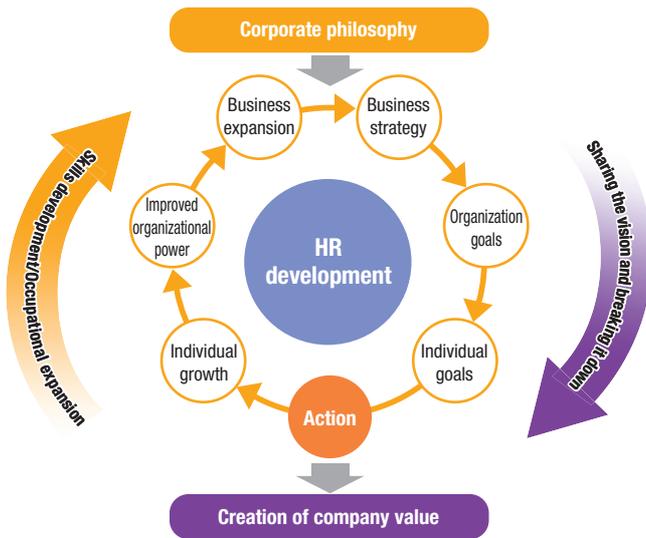
*2 The Japan Sports Agency designates companies as Sports Yell Companies in a program that certifies companies actively promoting measures to improve employees' health through sport.

Human Resource Development

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, the Achilles Corporation 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 Corporation's 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 Corporation can continue to be the kind of enterprise that society needs, in line with the Basic Policy for Human Resource Development.

On-the-job training (OJT)

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

Off-the-job training (Off-JT)

The Achilles Corporation makes use of off-the-job training to help employees acquire the skills and specialist knowhow they require to fulfil their individual roles. In particular, given the urgent need to respond to

the impact of globalization, by providing training that gives employees the opportunity to strengthen their foreign language skills and develop a more in-depth understanding of foreign cultures, we are endeavoring to cultivate a higher level of practical competence. We also proactively engage in cross-industry exchanges and strive to foster a culture of innovation.



Globalization training session in progress (Tokyo Head Office)



Cross-industry exchange and training (Tokyo Head Office)

Self-development (SD)

The Achilles Corporation 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.

Education and training system (Achilles Corporation only)

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

Main Off-JT programs in FY 2019

Training Field	No. of training themes	No. of Participants
Manager cultivation training	5	100 employees
Global training	1	19 employees
Managerial position training	5	301 employees
General training (of which, initial training for new employees)	13 (2)	306 employees (72 employees)
Compliance training*	6	1,458 employees
Specialist skill enhancement training	7	174 employees
Distance learning	4	256 employees
Health and safety training	8	527 employees
Disaster response training	1	64 employees
Cross-industry exchange training	1	15 employees

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

Working Together with Local Communities

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 the Achilles Corporation 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 Sun and Forest Group” credits [Yamagata Prefecture]

We have purchased J-Credits in Yamagata Prefecture, where Yamagata Achilles Aeron Co., Ltd. is located, every year since FY 2017. In FY 2019, we purchased credits equivalent to 335 t-CO₂, and have reduced our total CO₂ emissions by deducting these credits from the total CO₂ emissions attributed to the Achilles Group’s business activities.

In recognition of this effort, in FY 2019 we received the Tohoku Region Carbon Offset Grand Prix Tohoku Support Award in the Tohoku Region Carbon Offset Grand Prix, organized by the J-Credit Tohoku Region Promotion Council.

*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)



Tohoku Region Carbon Offset Grand Prix Awards ceremony (Sendai City, Miyagi Prefecture)



Achilles rubber boats used in security for the G20 Osaka Summit [Osaka Prefecture]

Security on the water received intensified focus at the G20 Osaka Summit, held in June 2019. Seventeen of our HB-385 high-speed rubber boats were used during the summit to support security protection for world leaders.



River security forces during the G20 Osaka Summit (Osaka City, Osaka Prefecture)

Achilles Lifestyle Store opens [Tokyo Prefecture]

With the desire to have more people know about Achilles products that support comfortable living, we opened a shop inside the Shibuya FUKURAS shopping complex in December 2019. The shop sells products made with our original technologies, including shoes, mattresses, and interior wallpaper and wall coverings. Valuable feedback received directly from customers is used to improve our customer service.



Achilles Lifestyle Store (4th floor of Shibuya FUKURAS, Shibuya-ku, Tokyo)

Ashikaga Fireworks Festival [Tochigi Prefecture]

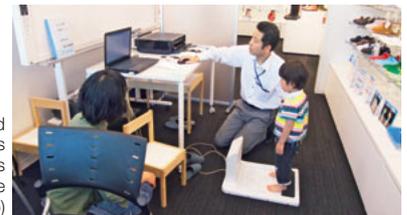
The 105th Ashikaga Fireworks Festival, organized by the Ashikaga Chamber of Commerce and Industry, was held on August 3, 2019. As a local enterprise, the Achilles Group provided sponsorship for the Festival. The historic fireworks festival began in 1903, and each year attracts around 500,000 spectators. Some 25,000 fireworks shells were launched, including a thrilling grand finale that received cheers of delight from the crowd.



The 105th Ashikaga Fireworks Festival (Photos courtesy of the Ashikaga Chamber of Commerce and Industry)

“Sokuiku” (“Foot Education”) Activities [Tokyo Prefecture]

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



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

68th Flood Fighting Drill in the Tone River Basin [Tochigi Prefecture]

On May 18, 2019, the 68th Flood Fighting Drill in the Tone River Basin was held on the left bank of the Watarase River in Ashikaga City. The event began in 1947 as a way to learn from the unprecedented flood damage caused by Typhoon Kathleen. The Ministry of Land, Infrastructure, Transport and Tourism and seven prefectures in the Kanto region (Tochigi, Gunma, Ibaraki, Saitama, Chiba, Tokyo, and Kanagawa) as well as the host city organize the event, which is held each year along a river that is part of the Tone River Basin.

Ashikaga hosted the event for the first time in 40 years, and we participated in the event as well as exhibited tents and other disaster preparedness goods.



Sandbagging demonstration to prevent building flooding (Ashikaga City, Tochigi Prefecture)



Management

Achilles Corporation's 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

Corporate Governance System

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

In addition, three external directors (one of whom is female) 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.

Furthermore, the Governance Committee (the membership of which comprises two internal directors and three external directors, and includes more than half of the company's external officers) holds regular meetings and advises the Board of Directors, with the aim of enhancing the level of independence and objectivity in relation to the Board's nomination and remuneration related functions, etc.

*The above structure is in place as of June 26, 2020.

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.

Audit & Supervisory Board, Internal Auditing and Accounting Auditor

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.

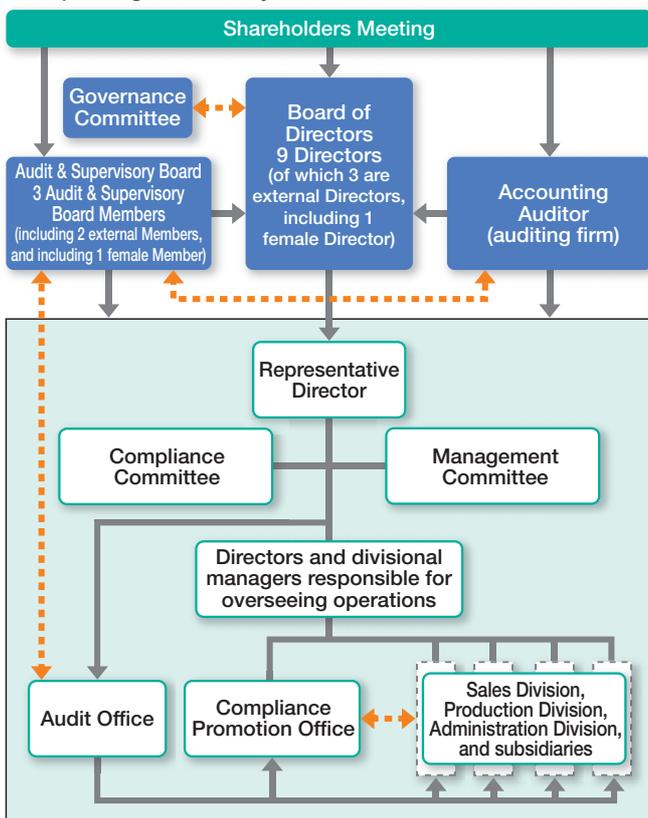
The internal Audit Office verifies compliance status both periodically and as needed. The Audit Office also strives to maintain close liaison with the Members of the Audit & Supervisory Board, collaborating with the Board Members to ensure effective implementation of auditing operations by Members.

For the Accounting Auditor (external audit), Achilles Corporation 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 Corporation has formulated an Internal Controls Basic Policy, which outlines the systems used for ensuring that Directors carry out their duties in compliance with relevant laws and regulations and with the company's Articles of Incorporation, and the system for ensuring that both Achilles Corporation and the business group formed by the Achilles Group and its subsidiaries carry out their business activities appropriately. In accordance with the Internal Controls Basic Policy, regarding the internal controls relating to the financial statements stipulated by the Financial Instruments and Exchange Act, the preparation and utilization of these internal controls by Achilles Corporation and its consolidated affiliates is assessed, and the assessment results are presented in the Internal Controls Report.

Corporate governance system



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

Once a year, we give all directors an anonymous questionnaire regarding the effectiveness of the Board of Directors. The results of the questionnaire and opinions from auditors are confirmed by external directors, who issue a statement of opinion on the effectiveness of the Board of Directors. Lastly, the effectiveness is deliberated and evaluated by the Board of Directors. The results of the FY 2019 questionnaire are shown right table. The overall evaluation surpassed the standard score of 3, and we have determined that the Board of Directors is effective.

Questionnaire regarding the effectiveness of the Board of Directors

Question	FY 2018	FY 2019
Composition of the Board of Directors	3.7	3.8
Board of Directors operations	3.8	4.0
Information sharing with external officers	4.0	4.5
Completeness of deliberations in the Board of Directors	3.5	3.7
Improvement from the previous fiscal year	3.7	3.6
Overall evaluation	3.9	4.1

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

Compliance

Basic Approach

The Achilles Group has formulated a Charter of Corporate Behavior, which embodies the fundamental principles for corporate action that realizes compliance and respects corporate ethics, and has also

formulated a Code of Conduct that specifies concrete standards in relation to the above. All Achilles Group personnel—including executive officers and contract and part-time workers—are required to understand the Charter of Corporate Behavior and to comply with the Code of Conduct.

Charter of Corporate Behavior

The Achilles Group aims to create added value that is useful to society and, through autonomous and responsible action, achieve a sustainable society. Therefore, based on conformance to the following rules both nationally and internationally, the Group will observe international rules, laws and regulations—together with the spirit in which they were created—and fulfill its social obligations in accordance with a high level of ethical values:

(Sustainable economic growth and solution of social issues)

1. Through innovation, we shall endeavor to develop and provide products and services that are safe and useful to society, and promote sustainable economic growth and solution of social issues, so as to obtain true customer satisfaction and trust.

(Fair business practice)

2. We shall compete in a fair and open manner. We shall conduct all transactions appropriately and promote responsible procurement. We shall maintain sound relationships with political and governmental entities.

(Fair information disclosure and constructive dialogue with stakeholders)

3. We shall disclose corporate information in an active, effective and fair manner, and conduct a constructive dialogue with diverse stakeholders in order to enhance corporate value.

(Respect for human rights)

4. We shall endeavor to conduct management practice that respects the human rights of all people.

(Building relationship of trust with consumers and customers)

5. We shall provide consumers and customers with appropriate information related to products and services, and communicate with them in an honest manner, so as to obtain their true satisfaction and trust.

(Workstyle reform and achievement of a fulfilling work environment)

6. We shall enhance employees' abilities, achieve a workstyle that respects their diversity, personalities and individuality, and create a safe, healthy, employee friendly environment.

(Dealing with environmental issues)

7. We recognize that environmental issues are a common challenge for all humanity, and that dealing with them is necessary for the company's existence and activities. We shall therefore strive to reduce our environmental impact on society.

(Social participation and contribution to social development)

8. As a good corporate citizen, we shall actively participate in society and contribute to its development.

(Thorough risk management)

9. In order to prepare for the activities of antisocial forces that may threaten the everyday lives of citizens or corporate activities, and for the threat posed by terrorism, cyberattacks and natural disasters, etc., we shall conduct thorough risk management implemented under an appropriate organizational system.

(The role of top management and thorough observance of the Charter)

10. The executive officers of the Achilles Group will recognize their role in achieving the spirit of the Charter, build effective governance to ensure that the Company and its group companies are fully informed, and, in addition, encourage the supply chain to act based on that spirit. In the event of any occurrence that contradicts the spirit of the Charter and causes the Company to lose the trust of society, the top management will fulfill its responsibility by taking the initiative for solving the relevant problems, finding causes and preventing them from recurring.

Compliance Promotion Activities

The main compliance promotion activities implemented in FY 2019 were as follows:

- ① Held compliance trainings:
 - Topic: Subcontract Act
 - Topic: Harassment prevention (in response to amended legislation)
 - Topic: Stamp Tax Act
 - Topic: Elimination of anti-social forces
- ② Implemented a compliance awareness survey for officers



Compliance training at Tokyo Head Office

- 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

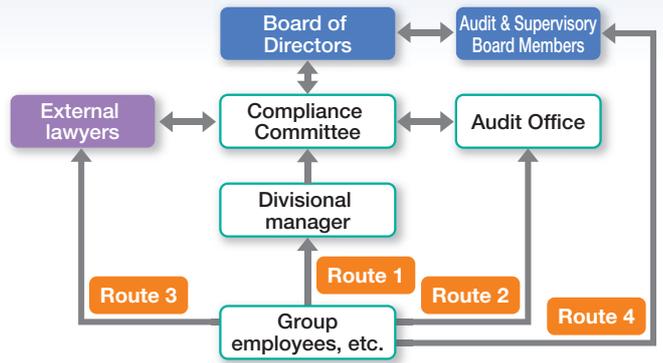
The Achilles Group has established, and utilizes, a hotline (internal reporting system) as a means for consultation and reporting in the event of improper, unlawful or unethical action by an organization or individual, or action that violates the Achilles Action Guidelines, or where it is determined that there is a danger of such action. In regard to matters relating to the Achilles Group's directors or senior managers, several reporting windows have been put in place, including a window for reporting directly to the Members of the Audit & Supervisory Board; in this

way, the Achilles Group endeavors to ensure that any unlawful behavior is discovered and remedied at an early stage, thereby minimizing the risk to the company. Furthermore, internal rules have been put in place to ensure that persons who report improper behavior do not suffer any adverse consequences.

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

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

●Hotline framework



CSR Management

CSR Basic Policy

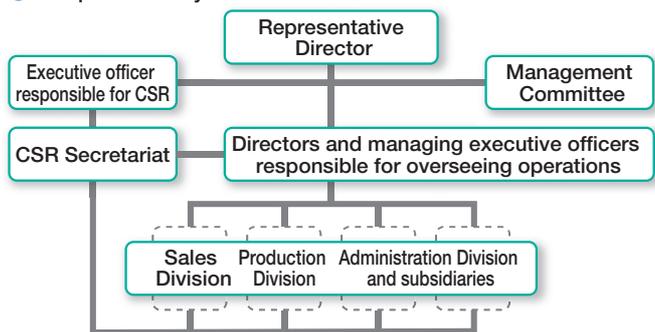
Through dialog with stakeholders as a member of society, the Achilles Group strives to expand its activities aimed at helping to solve social problems, and contributes to the sustainable development of society.

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

CSR Promotion System

Achilles Corporation 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.

●CSR promotion system framework



Achilles' Stakeholders

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

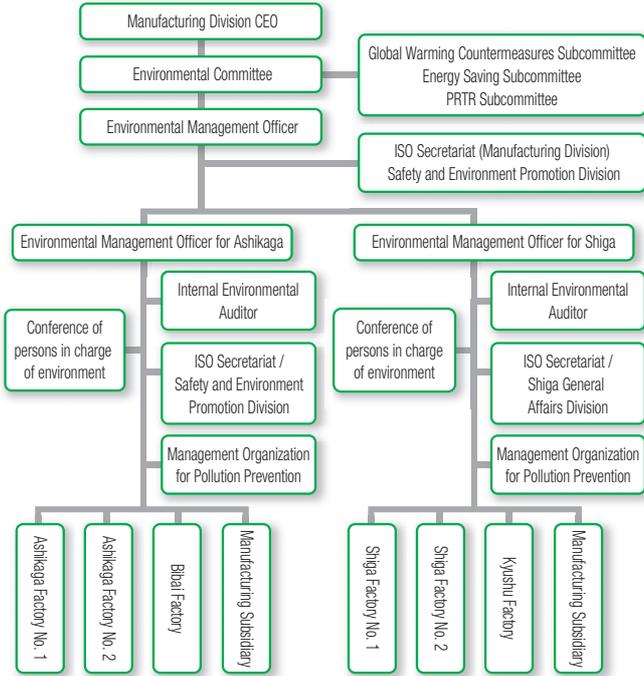
Data Version (For the Environment)

Environmental Management System

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 Corp. Bibai Factory	Expanded certification in September 2002
■ Achilles Corp. Kyushu Factory	Expanded certification in September 2002
■ Achilles Marine Co., Ltd.	Expanded certification in September 2001
■ Achilles Welder Co., Ltd.	Expanded certification in September 2001
■ Kanto Achilles Aeron Co., Ltd.	Expanded certification in September 2001
■ Osaka Achilles Aeron Co., Ltd. Shiga Sales Office	Expanded certification in September 2002

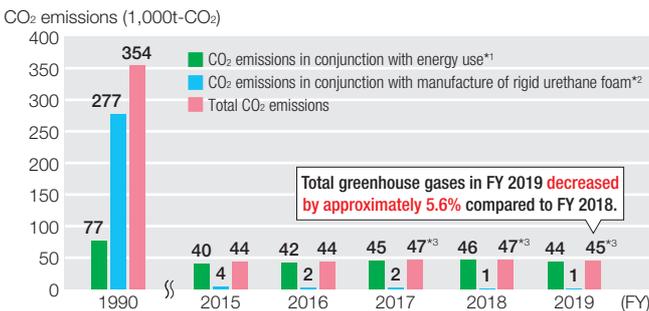
Environmental Management Promotion Organization



[Scope] ISO 14001: 2015 registered worksites

Global Warming Countermeasures

Changes in greenhouse gas emissions



*1 CO₂ emissions in conjunction with energy use is CO₂ generated in conjunction with the use of energy (fuel, electricity, etc.) relating to business activities. CO₂ emissions are calculated using the calculation method and emissions factor list pursuant to the Act on Promotion of Global Warming Countermeasures (revised act, effective April 2006). Since the 2011 Great East Japan Earthquake, the use of natural gas for thermal electric power generation has increased as a result of the shutdown of nuclear power reactors, and the emissions factors of electric power companies have increased substantially. As a result, data for FY 2010 and later is calculated using the factors for FY 2010.

*2 CO₂ emissions in conjunction with manufacture of rigid urethane foam refers to chlorofluorocarbons (CFCs) that leak into the atmosphere during manufacture of original solutions and foaming converted into CO₂. The global warming factors (CO₂ conversion factors) for CFCs are independently calculated based on data from the IPCC 4th report.

*3 Not deducting 335t-CO₂ from purchases of Yamagata Sun and Forest Group Credits (J-Credits) (see p. 25)

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

CO₂ emissions in conjunction with transportation and modal shift rate

Item (unit)	FY 2018	FY 2019	YoY comparison
Transportation ton-kilometer*1 (thousands)	84,534	77,231	91.4%
CO ₂ emissions generated (t-CO ₂)*2	10,727	9,786	91.2%
Modal shift rate*3	18.9%	19.6%	Increase 0.7 points

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

*2 CO₂ emissions (t-CO₂) =Energy consumption (GJ) × Emissions factor (from METI)

*3 Modal shift: Shifting freight transportation from trucks to rail and ship. Larger amounts of freight can be shipped at once, making it possible to achieve reductions in CO₂ emissions.

[Scope] ISO 14001: 2015 registered worksites

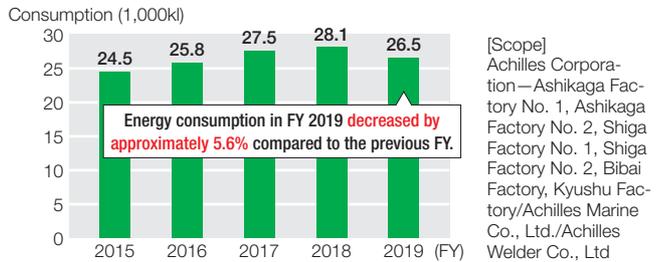
Solar photovoltaic power generation equipment

	Solar power generation capacity (kW)	Electric power generated (thousand kWh/year)	Reduction in CO ₂ * (t-CO ₂ /year)
Ashikaga Factory No. 2	529	618	200.4
Shiga Factory No. 2	1,006	1,115	478.2
Total	1,535	1,733	678.6

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

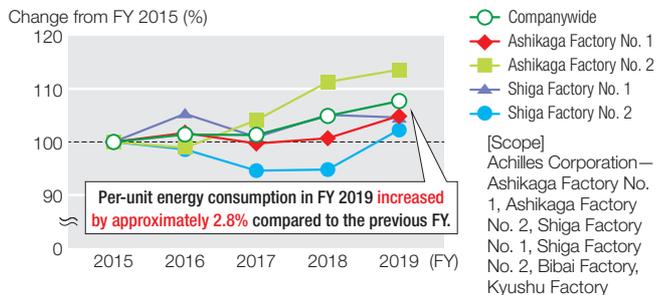
Energy Conservation

Changes in annual power consumption (crude oil equivalent)



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

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



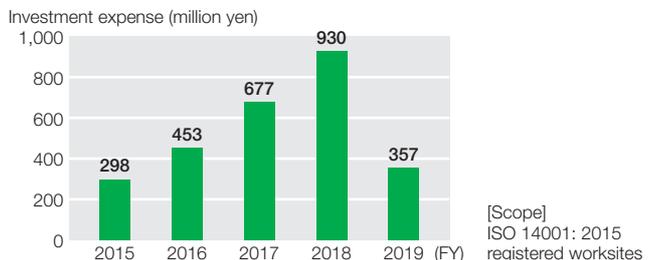
[Scope] Achilles Corporation—Ashikaga Factory No. 1, Ashikaga Factory No. 2, Shiga Factory No. 1, Shiga Factory No. 2, Bibai Factory, Kyushu Factory

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

Details	Reduction Effects (kl/year)
Improved thermal insulation of and prevented steam leaks from pipes, valves, etc.	100
Updated compressors, prevented air leaks	70
Energy savings from new kneading machine	60
Installed LED lighting and Hf fluorescent lights	40
Updated to the top runner standard air conditioners	30
Updated to high-efficiency voltage transformers at transformer stations	10
Other (adopted inverter pumps and motors, etc.)	20
Total	330

[Scope] ISO 14001: 2015 registered worksites

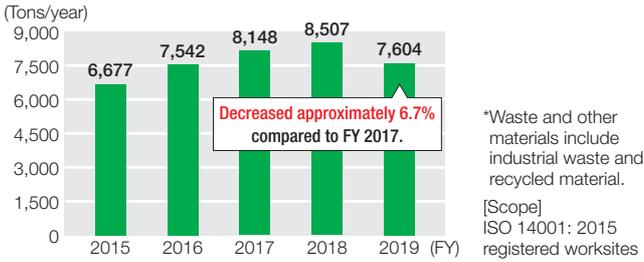
Annual environmental facility investment expense (past five years)



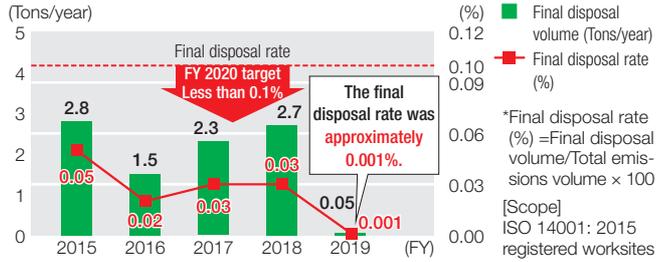
[Scope] ISO 14001: 2015 registered worksites

3R Activities and Complete Zero Emissions

● Total volume of generated waste and other materials*

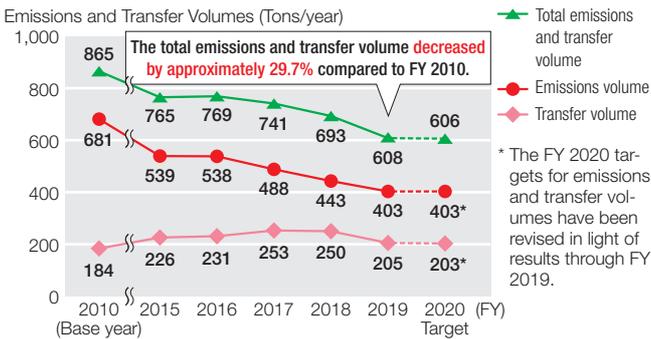


● Final disposal volume and final disposal rate*

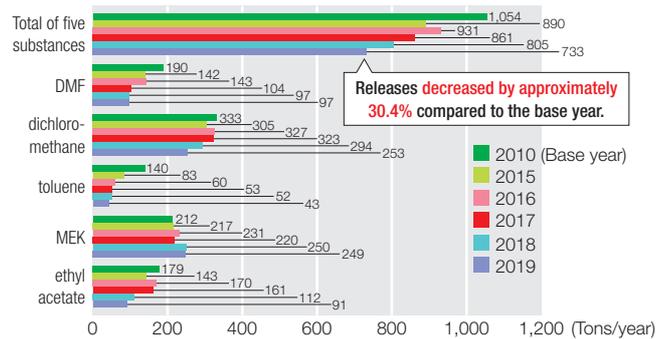


Air Pollution Prevention (Environmentally Hazardous Substances)

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



● Total atmospheric releases of five substances of environmental concern



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

Data by Business Site (April 1, 2019–March 31, 2020)

● PRTR data

Names of Class I Designated Chemical Substances subject to the PRTR Act	Ashikaga Factory No. 1			Ashikaga Factory No. 2			Bibai Factory			Achilles Marine Co., Ltd.		
	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Antimony and its compounds	0.00	0.00	3.40	0.00	0.00	0.05	—	—	—	—	—	—
Xylene	0.11	0.00	0.00	2.30	0.00	0.12	—	—	—	—	—	—
Dichloromethane (methylene chloride)	140.00	0.00	4.20	2.10	0.00	0.13	9.60	0.00	0.58	—	—	—
N, N-dimethylformamide (DMF)	97.00	0.30	1.80	—	—	—	—	—	—	—	—	—
m-tolylene diisocyanate	0.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	—	—	—
Toluene	36.00	0.00	1.90	5.40	0.00	0.28	—	—	—	1.90	0.00	0.00
Bis phthalate (2-ethylhexyl)	0.72	0.00	7.80	0.11	0.00	96.00	—	—	—	—	—	—
Methylenebis (4,1-phenylene) =diisocyanate	0.00	0.00	1.60	0.00	0.00	0.38	0.00	0.00	0.38	—	—	—

Names of Class I Designated Chemical Substances subject to the PRTR Act	Shiga Factory No. 1			Shiga Factory No. 2			Kyushu Factory		
	Emissions volume		Transfer volume	Emissions volume		Transfer volume	Emissions volume		Transfer volume
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Xylene	0.01	0.00	0.00	—	—	—	—	—	—
Dichloromethane (methylene chloride)	—	—	—	110.00	0.00	4.90	—	—	—
Toluene diisocyanate	—	—	—	0.08	0.00	0.00	—	—	—
toluene	0.02	0.00	0.00	0.00	0.00	0.00	—	—	—
Bis phthalate (2-ethylhexyl)	0.59	0.00	71.00	—	—	—	—	—	—
Poly (oxyethylene) nonylphenyl ether	—	—	—	0.00	0.00	0.04	—	—	—
Methylenebis (4,1-phenylene) =diisocyanate	—	—	—	0.00	0.00	0.00	0.00	0.00	0.00
Triphenyl phosphate	0.00	0.00	0.00	0.00	0.00	0.03	—	—	—

Substances subject to the PRTR Act: Of the Class Designate Chemical Substances of which 1 ton or more was handled in FY 2018, only those with high-ranking emissions or transfer volumes are listed (unit: tons/year)
Substances indicated with a minus sign are not subject to reports (volume handled was less than 1 ton/year).

● Water quality

Measurement item	Unit	Base value	Ashikaga Factory			Shiga Factory			Base value	Shiga Factory No. 2
			Ashikaga Factory No. 1	Ashikaga Factory No. 2 Site 1*	Ashikaga Factory No. 2 Site 2*	Shiga Factory No. 1 Site 1*	Shiga Factory No. 1 Site 2*			
Hydrogen ion concentration (pH)	pH	5.8–8.6	7.1	7.2	7.2	7.4	7.7	6.0–8.5	7.8	
Biochemical oxygen demand (BOD)	mg/ℓ	25 or less	1.5	2.3	1.7	1.4	2.3	30 or less	1.0	
Suspended solids (SS)	mg/ℓ	50 or less	1.5	9.8	2.0	3.7	1.2	70 or less	1.8	
Normal hexane extractable content	mg/ℓ	5 or less	<0.5	<0.5	<0.5	5 or less	<0.5	5 or less	<0.5	
Nitrogen content (T-N)	mg/ℓ	120 or less	3.2	3.6	3.2	12 or less	0.4	12 or less	2.8	
Phosphorous content (T-P)	mg/ℓ	16 or less	<0.1	0.1	0.1	1.2 or less	<0.05	0.9	1.2 or less	

*Measurements were taken at two sites at the Ashikaga Factory No. 2 and two sites at the Shiga Factory No. 1

*The base value is determined according to regulations at each business site.

● The air

Measurement item	Unit	Base value	Ashikaga Factory No. 1	Base value	Shiga Factory No. 1
SOx (boilers)	k value restriction	7	—	17.5	—
NOx (boilers)	ppm	150	28	150	32

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

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Inquiries

[Compliance Promotion Office]

Shinjuku Front Tower, 2-21-1 Kita-Shinjuku, Shinjuku-ku, Tokyo 169-8885, Japan

Tel: +81-3-5338-8234 Fax: +81-3-5338-8250

[Safety & Environment Promotion Office]

668 Kariyado-cho, Ashikaga, Tochigi 326-8511, Japan

Tel: +81-284-73-9148 Fax: +81-284-73-9854