

Achilles Report 2025

*Living
with
Society*

Corporate Philosophy

“Living with Society” = “Customer First”

“Living with Society” and “Customer First” are core values that guide us. We contribute to a sustainable society and strive to improve the well-being of all, enhancing the quality of life for future generations.

[History]

May 1947 Established Kohkoku Chemical Industry with capital of 2 million yen; began manufacture and sales of rubber products, with the Head Office located in Nihonbashi, Chuo-ku, Tokyo, and a factory in Ashikaga, Tochigi Prefecture

April 1948 Began manufacture and sales of polyvinyl chloride (PVC) products

March 1951 Relocated the Head Office to Shintomi-cho, Chuo-ku, Tokyo

June 1956 Elevated the Osaka Sales Office to the Osaka Branch (currently Constructed the Yamabe Factory (currently Ashikaga Factory No. 1) in Ashikaga City, Tochigi Prefecture

June 1961 Began technical cooperation with UK-based ICI for the manufacture of soft polyurethane foam

September 1962 Listed on the First Section of the Tokyo Stock Exchange

January 1963 Successfully manufactured our original Cabron synthetic leather and began sales

February 1964 Relocated the Head Office to Daikyocho, Shinjuku-ku, Tokyo

November 1965 Established Achilles K.C.I. Corporation in New York, USA (absorbed in 1978 by Achilles USA, Inc.)

July 1969 Constructed the Mikuriya Factory (currently Ashikaga Factory No. 2) in Ashikaga City, Tochigi Prefecture. ;began manufacture of industrial materials including automotive interior materials and rigid urethane shells

February 1973 Incorporated the Hong Kong representative office as a local company and established “Kohaku Co., Ltd.” (currently Achilles Hong Kong Co., Ltd.)

October 1973 Constructed the Kansai Factory (currently the Shiga Factory No. 2) in Inukami District, Shiga Prefecture

November 1973 Established KOHKOKU USA, INC. (currently Achilles USA, Inc.) in Everett, Washington, USA.

August 1974 Constructed the Bibai Factory in Bibai, Hokkaido

November 1978 Established the Shiga Factory No. 1 in Yasu, Shiga Prefecture

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

June 1986 Formed a technical tie-up with A.S.Creation Tapeten AG of Germany for manufacturing wall material

January 1989 Constructed the Kyushu Factory in Izuka, Fukuoka Prefecture

1940

History of Main Products



1957 Launched sales of ROKETTO Shoes



1957 Launched sales of vinyl film for agriculture applications



1967 Launched sales of Mina patterned kids' shoes

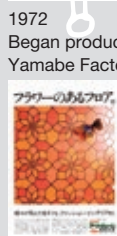


1973 Launched sales of Achilles Flarre flameproof film for partitions

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



1971 Began production of COSSACKY series using slush molding technique



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

1973 Announced first model of ARTELEUM cushion flooring



1985 Launched sales of Flashpal kids' sports shoes



1985 Launched sales of rotary screen-printed wallpaper

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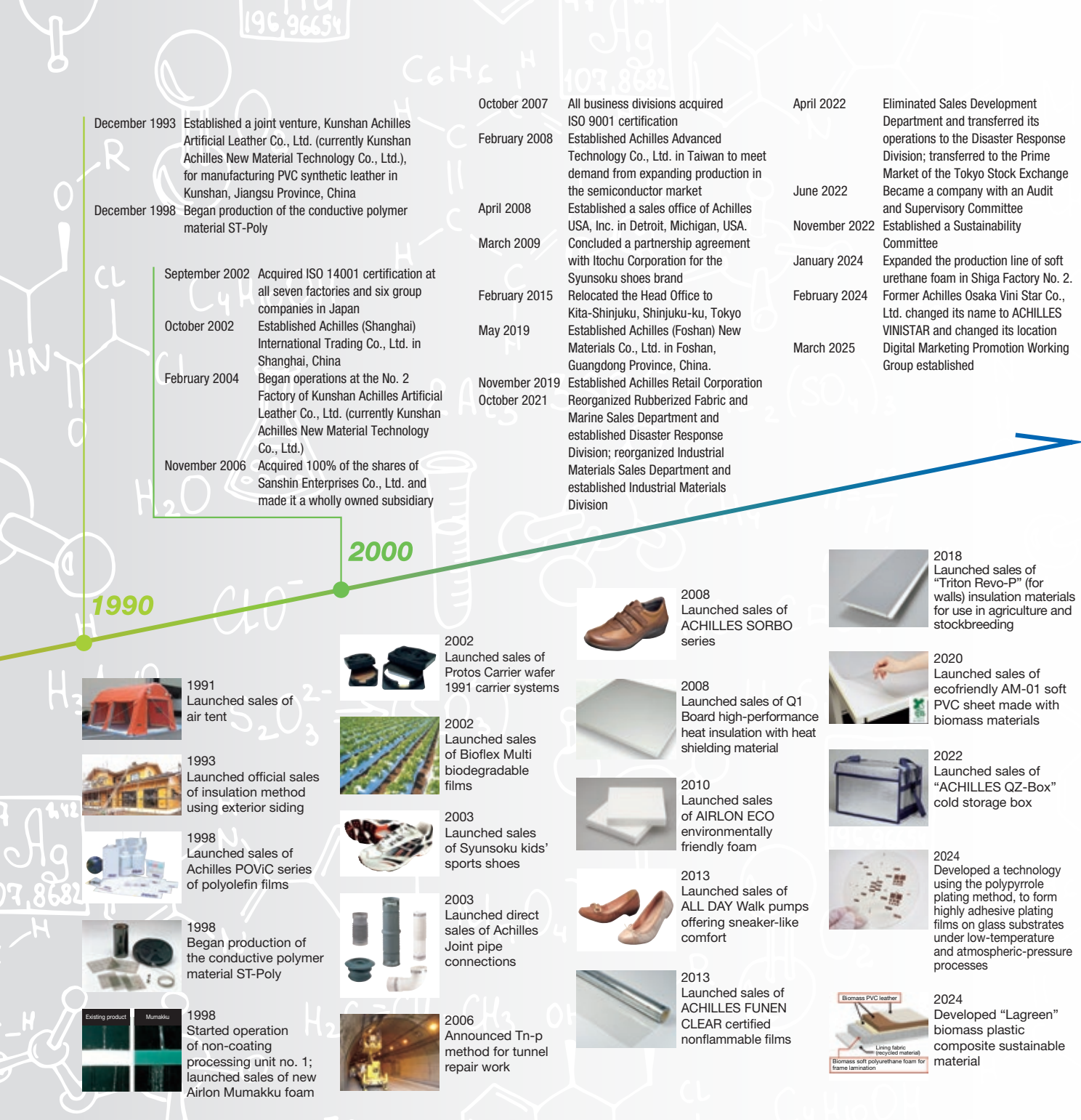
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About This Report

■ Reporting scope

Achilles Corporation and subsidiaries inside and outside Japan

Note: Noted separately when the scope is different.

■ Reporting period

April, 2024 to March, 2025

Note: Organizational restructuring carried out on June 27, 2025.

Some of the latest information after organizational restructuring is included in the report.

■ Publication date

Previous report: September 2024

This report: September 2025

Next report: September 2026 (planned),

Published once a year

■ Referenced guidelines, regulations, and technical standards

ISO 26000 (social responsibility guidance)

ISO 14001 (environmental management system)

SDG Compass (guide for business action on the SDGs)

ISSB Integrated Reporting Framework

TCFD Recommendations and GHG Protocol

■ Editorial policy

The Achilles Group's Corporate Philosophy states: "Living with Society" and "Customer First" are core values that guide us. We contribute to a sustainable society and strive to improve the well-being of all, enhancing the quality of life for future generations. As such, we position providing products and services that create feelings of peace of mind, health, comfort, and fun as a key priority for our group. We are also proactively taking steps to conserve energy and reduce global warming through activities that contribute to sustainable social development. We believe that partnering with our shareholders, customers, business partners, employees, and many other stakeholders is essential to addressing these issues. While evaluating our initiatives using ISO 26000 and other standards as a guide, we have included detailed information about our group's main CSR activities in this report, categorized under Environment, Society, and Governance (ESG), along with performance data.

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

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



Toward Achieving Medium-term Management Plan - FY25-FY27 -

In FY2024, the Achilles Group recorded net sales of 79,093 million yen (100.6% year-on-year), an operating loss of 436 million yen (up 521 million yen from the previous year), an ordinary loss of 220 million yen (down 48 million yen from the previous year), and net income of 427 million yen (up 8,638 million yen from the previous year). In response to factors such as rising and persistently high raw material prices and energy costs, as well as higher procurement costs due to the weak yen, we pursued initiatives to improve productivity, reduce expenses, revise prices, and create new value, but still recorded an operating loss of 436 million yen. The operating income on a non-consolidated basis was 554 million yen (up 1,855 million yen from the previous year).

Amid an uncertain business environment ahead, the Achilles Group is positioning "Strengthen and business foundations and promote growth" as a materiality (key management issue), and we have formulated this medium-term management plan to transform into a company that continuously generates high profits.

As indicators to restructure and strengthen earning power, we have also set the following management targets.

Quantitative Targets of the Medium-term Management Plan

	FY2024 Achievement	Increase	FY2027 Plan	FY2030 Image
Net sales	79.0 billion yen	+9.0 billion yen	88.0 billion yen	Scale of 100 billion yen
Overseas net sales	17.2 billion yen	+4.8 billion yen	22.0 billion yen	Scale of 30 billion yen
Operating income	-0.4 billion yen	+3.4 billion yen	3.0 billion yen	Scale of 5 billion yen
Operating income margin	-0.6%	+4.0%	3.4%	5.0% Level
ROE	1.1%	+3.9%	5.0% or more	7.0% or more

Overview and Management Targets of the Medium-term Management Plan

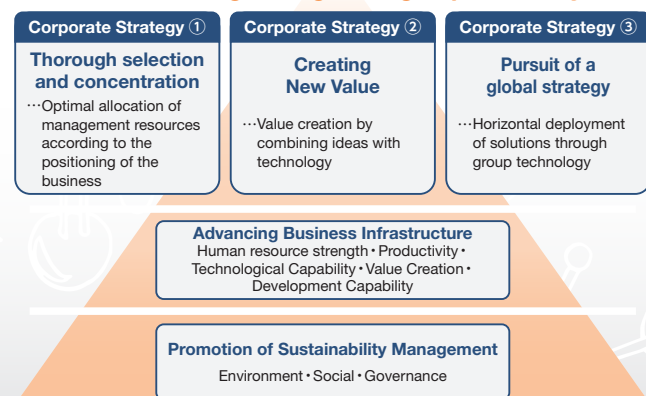
This plan prioritizes the reconstruction and strengthening of earning power through three company-wide strategies, advancement of the business foundation, and promotion of sustainability management.

The three company-wide strategies are "Thorough Selection and Concentration," "Creation of New Value" and "Promotion of Global Strategy," and by moving ahead with these, we will maximize our operating profit. Specifically, we have identified "Electronics," "Mobility," "Medical & Healthcare," "Construction & Infrastructure," and "Safety & Activity" as focus areas where we can leverage the Achilles Group's strengths, and within those, we will be identifying market segments with growth potential and profitability, and concentrating management resources to drive growth. At the same time, we will reevaluate the positioning of low-profit items and categories, and make management decisions accordingly.

Overview of the Medium-term Management Plan

Medium-term Management Plan FY25-FY27

Restructuring/strengthening of profitability



Our sales target for FY2027 is an increase of 9 billion yen over the FY2024 results, with more than half of the growth planned to be from overseas markets. While the outlook for U.S. tariff policy remains uncertain, we will be making company-wide efforts to achieve these targets.

Advancement of the Business Foundation

To execute company-wide strategies in a steady manner, we will be advancing the following initiatives.

- Enhance human resource capabilities (strengthen the human resource base and talent development, create an environment where employees feel engaged in their work, and promote human capital management)
- Improve productivity (raise productivity and business value company-wide through the active use of digital technology, etc.)
- Enhance technological capabilities (strengthen competitiveness of factories by restructuring the production system and promote production innovations)
- Improve value creation and development capabilities (develop of new products by each BU; promote R&D related to a circular society, climate change measures, and digitalization)

In addition, to more effectively conducting business activities in focus areas, including cross-divisional initiatives, we reorganized divisions to consolidate operations (see P. 19 for the structure after reorganization). Furthermore, in the Production Div., we established the "Production Solutions Division," "Innovation Technology Division" and "Office Center," independent of the command structure of the business divisions, to boost productivity at manufacturing sites through a multifaceted approach and to create a system that allows these initiatives to be implemented across the company.

Promotion of Sustainability Management

Above all, improving profitability and ensuring the premise of a going concern are the highest priorities of sustainability management for the Achilles Group, but we also position “people-centric management” as the foundation for our various activities.

We are focusing on human capital management, including the utilization of diverse talent, and are reviewing our systems to create an environment where employees are able to work with peace of mind and fully demonstrate their abilities. We have also redefined our corporate philosophy as “Living with Society” and “Customer First” are core values that guide us. We contribute to a sustainable society and strive to improve the well-being of all, enhancing the quality of life for future generations, and we believe that coexistence and co-prosperity with society are essential for the survival of the company. Therefore, as a member of society, we will not only comply with laws and regulations but also respond to various social demands, including those for which rules are still being developed, such as environmental responses.

The Achilles Group announced its agreement with the TCFD recommendations in April 2023, and began disclosing information on the risks that climate change presents to its business. Our greenhouse gas emissions reduction target assumes a 1.5°C scenario and is targeting a 50% reduction in the total of Scope 1 and Scope 2 emissions by the end of 2030 compared to FY2018. In response to human rights risks, the Achilles Group has established a human rights policy and regularly conducts surveys of its employees, while for the supply chain, we conduct an annual human rights risk assessment of our key business partners and on-site contractors—if any issues are identified, we deal with them in a prompt and appropriate manner.

Given the ongoing consideration of mandatory disclosure for listed companies in accordance with unified rules regarding the response by companies regarding sustainability issues as outlined above, we will respond accordingly in a timely manner.

Meanwhile, geopolitical risks are on the rise throughout the international community, and division is deepening due to factors such as the Trump administration's tariff policy for the U.S., which is increasing uncertainty further. The environment surrounding companies is shifting from the VUCA era—marked by rising uncertainty due to external changes—to a chaotic era (BANI*) characterized by changes in human emotions and values as well. Further diversification of needs, shortening of product life cycles, and tightening of environmental regulations are expected in the BANI era. To respond in a swift and flexible manner to these changes and achieve sustainable growth, we believe that developing and securing diverse management talent with the necessary skills will also be important for our group.

* BANI: Coined from the initials of Brittle, Anxious, Non-linear, and Incomprehensible. It is used to describe an even more disorderly, chaotic and unpredictable situation than the era of VUCA.

Ideal Vision: “Vision 2030”

The Achilles Group positions the “Medium-term Management Plan FY25–FY27” as a crucial step toward 2030, with the aim of achieving the vision below. On the global stage, creating and delivering new value unique to Achilles will hopefully bring smiles to our customers. And as that joy spreads to our employees, those smiles will grow naturally—this is the company group we are aspiring to continue being. This is a strong wish of everyone on the management team.

- Achilles Group values each employee's curiosity, diverse abilities, unique ideas, and inspiration, contributing to society through solutions that combine various technologies
- We are aiming to become a “Global Solution Provider” that delivers surprise, joy, and inspiration to the world, enriching people's lives

Refer to the following for details on Achilles Group's medium-term management plan.

<https://www.achilles.jp/ir/library/midterm-plan/>



Shiro Nikage

President and
Representative Director

Value Creation Model

Fields of corporate value creation are beginning to shift from tangible things to intangible things. Values that the Achilles Group provides, which have been born from the core competence cultivated through collaboration with partner companies, are also changing constantly and flexibly along with changes of society.

Social issues to recognize

Environment

- In terms of responding to climate change, there is a need to respond to the physical risks that accompany global warming, and also to respond to transition risks such as those accompanying restrictions on greenhouse gas emissions.
- Initiatives are needed to prevent water and air pollution.
- Initiatives are needed to prevent plastic waste from reaching oceans, including the transition to a resource-circulating economy.
- Initiatives are needed to conserve biodiversity.

Social

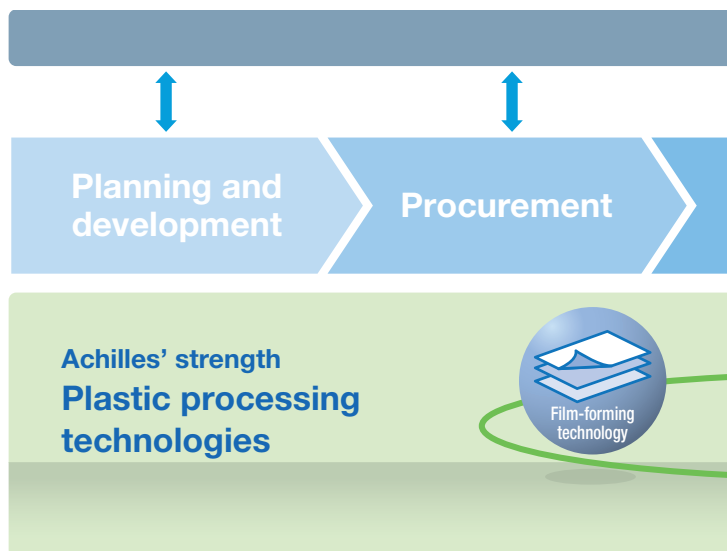
- Efforts are needed to prevent human rights violations in business activities.
- Initiatives are needed to support issues regarding smaller families and an aging population.
- Promotion of diversity and inclusion is required.
- Contribution to the local community is expected.

Governance

- Leadership that promotes sustainable growth together with a growth strategy is required.
- Dialogue with stakeholders including timely and appropriate information disclosure is required.
- Fair business practices and risk management are required.
- Innovation that makes use of diverse personnel is required.
- Building an IT environment with enhanced resilience and promoting DX are required.

Customer First

Achilles' value chain



Achilles' business segments



Achilles' materiality → See p.9

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



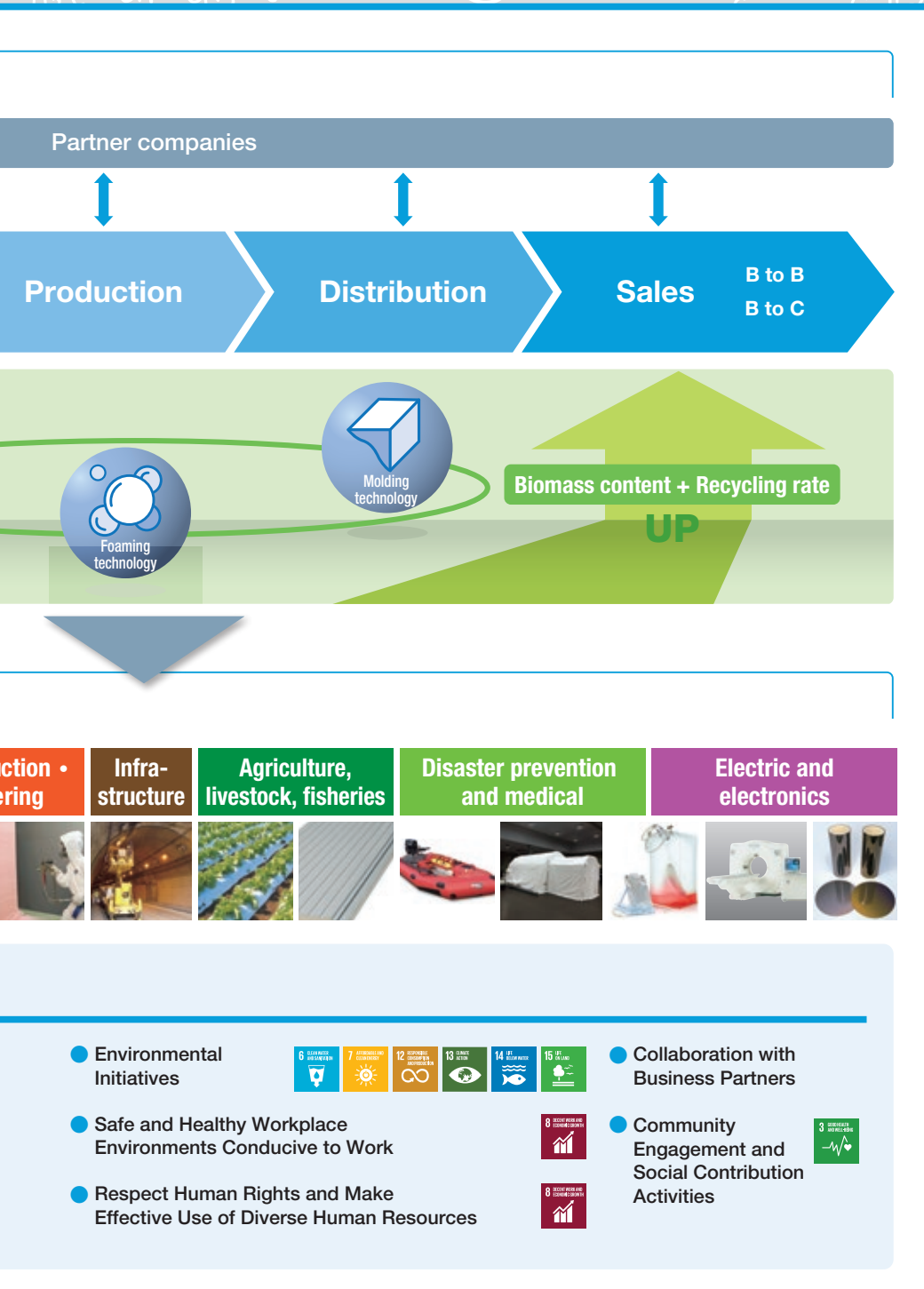
Sustainable Development Goals (SDGs)

SDGs is the acronym of Sustainable Development Goals. They are a collection of 17 goals and 169 targets adopted internationally by the United Nations in 2015 to be achieved by 2030. The logos in the image above indicate the goals that the Achilles Group is contributing to through the respective initiatives.



Society today is facing rapid changes such as changes in the tariff policies of the U.S., geopolitical risks, and actions taken for climate changes. The Achilles Group will overcome these changes through the provision of sustainable products and services, and contribute to achieving a sustainable society.

Achilles' business model



Value provided to customers

Reassurance

Health

Comfort

Fun

Energy Conservation

Living with Society

A Sustainable,
Prosperous Society

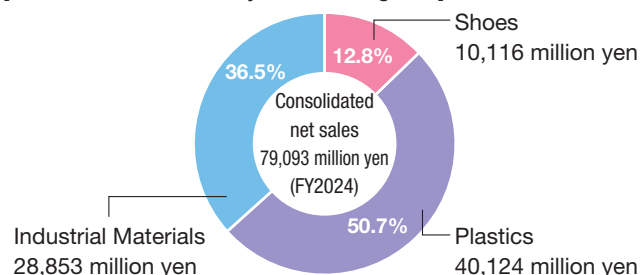


Business Segments

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

In order to strengthen solution businesses for each market issue, the company also underwent organizational restructuring at the end of June 2025, but business details for FY2024 are outlined based on the organizational divisions as of that year.

[Consolidated net sales by business segment]

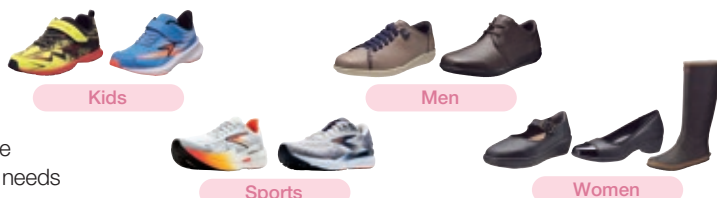


Shoes Business Group

Shoes Business Division

[Shoes for kids, sports, men, and women]

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

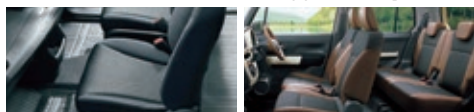


Plastic Business Group

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

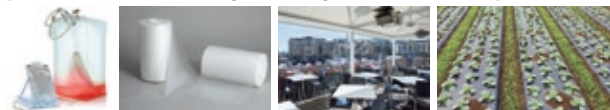
Automotive Materials Division

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



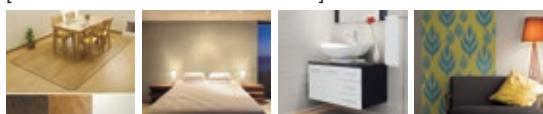
Chemical Products Division

[For medical, industrial, general, agricultural use, etc.]



Floor and Wall Coverings Division

[Interior materials for construction]



Disaster Response Division

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



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



Industrial Materials Business Group

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

Urethane Division

[Soft urethane foam products and secondary processed products]



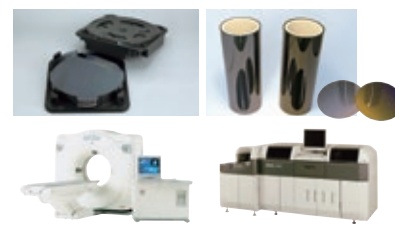
Heat Insulation Materials Division

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



Industrial Materials Division

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



Achilles Group

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

Achilles Stakeholders

Main stakeholders	The Achilles Group's main responsibilities and challenges	Main opportunities for dialog and disclosure
Customers	- Enhancing customer satisfaction - Providing products and services that can be used safely and with peace of mind - Providing appropriate information regarding product use, etc. - Responding promptly and appropriately to customers' inquiries - Implementing appropriate management of customers' personal information	- Day-to-day operations - Customer Consultation Office (handling telephone calls and e-mail inquiries) (during business hours) - Company website - Special events (including exhibitions etc.) "Sokuiku" consultation sessions "Sokuiku" consultation room (foot measurement and visiting sessions)
Shareholders and investors	- Timely and appropriate disclosure - Enhancement of corporate value - Respect for voting rights (in relation to the shareholders meeting) - Investor relations activities	- Company website - Issuing of earnings briefings (four times a year) - Issuing of supplementary explanatory materials in relation to the company's financial results (four times a year) - Issuing of semiannual reports and the annual securities reports (twice a year) - Issuing of reports to shareholders (twice a year) - Holding of the annual general meeting of shareholders (once a year) - Issuing of the "Achilles Report" CSR report (once a year)
Suppliers*	- Fair and equitable transactions - Open transaction opportunities - Requesting collaboration on, and providing support for, CSR promotion - Appropriate provision of information	- Day-to-day procurement activities - Special events (including exhibitions etc.) - Information exchange meetings - CSR procurement questionnaire surveys and human rights risk surveys
Employees	- Respect for human rights - Concern for occupational health and safety - Promoting work-life balance - Mutual trust between labor and management	- Labor-management meetings - Direct communication from senior management - Off-the-job training and e-learning - Safety dojo in manufacturing divisions - Seminars - In-house magazine
Local communities	- 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	- Implementation of factory visits - Implementation of social contribution activities (including volunteering activities) - Communication and exchange of views with local government authorities - Purchase of J-Credits (once a year) - Responding to requests for meetings, and providing information - Implementation of dialog, coordination and support through collaboration, etc. between industry, universities and government

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

Achilles' Sustainability

Basic Approach

We at the Achilles Group strive to be a company that contributes to building an affluent and comfortable society. To do this, we must continue creating new value for businesses, society, and the future. With the keywords of reassurance, health, comfort, fun, and energy conservation, we will continue to improve and evolve

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

Sustainability Management

Basic Sustainability Policy

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

of society.

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

Process for Specifying Materiality

1. Identify themes

Based on our corporate philosophy, items related to social issues are identified (ISO 26000, recent social issues, company-specific challenges, etc.)

* Materiality was reviewed in FY2021

2. Organize importance

From the perspectives of "solving social issues through business activities" and "positive and negative impacts on society caused by business activities," importance is evaluated using a matrix, categories are consolidated, and material topics are organized

3. Specif Materiality

After deliberation by Management Committee members and consideration of the evaluation by external directors, priorities are organized based on evaluations by outside experts and identified as "Achilles Materiality"

4. Review regularly

New social issues arising from changes in the external and internal environments are regularly added, and their importance is reviewed as needed

Achilles' Materiality

Based on the seven core subjects of ISO 26000, recent social challenges, and issues unique to our company, we position our most important initiatives as "Materiality."

	E	S	G
Strengthen business foundations and promote growth →p. 3 Strengthen the company's business foundations, and promote a sustainable growth strategy		●	●
Governance / Risk Management →p. 30 Build a fair, transparent governance system, and put in place a risk management system to enhance resiliency			●
Provide true satisfaction and inspiration through products and services → p. 19 Ensure product safety, implement quality improvements, and pursue manufacturing that meets the needs of society, in terms of safeguarding the environment, etc., and which offers inspiration	●	●	
Environmental initiatives → p. 13 Strive to reduce greenhouse gas emissions, including CO ₂ , and promote efforts to reduce environmental impacts, in regard to water, waste, etc. Implement initiatives for environmental conservation, including forests and biodiversity	●		
Safe and healthy workplace environments conducive to work →p. 26 Initiatives to create high-productivity workplaces that allow people to work safely and healthily		●	
Respect for human rights and effective utilization of diverse talent →p. 24 Develop global human resources with consideration for human rights and using diverse human resources		●	●
Collaboration with business partners →p. 23 Implement initiatives relating to environmental conservation and respect for human rights throughout the entire supply chain		●	
Community engagement and social contribution activities →p. 28 Place importance on communication with local communities and social contribution activities, and make contributions to community development		●	

E: Environment, S: Social, G: Governance

Disclosure Based on TCFD Recommendations

We endorsed the TCFD* recommendations in April 2023, and shall disclose information based on them. We will continue to analyze information and strive to expand the content of our information disclosure.



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

Governance

■ Board Oversight and Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

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

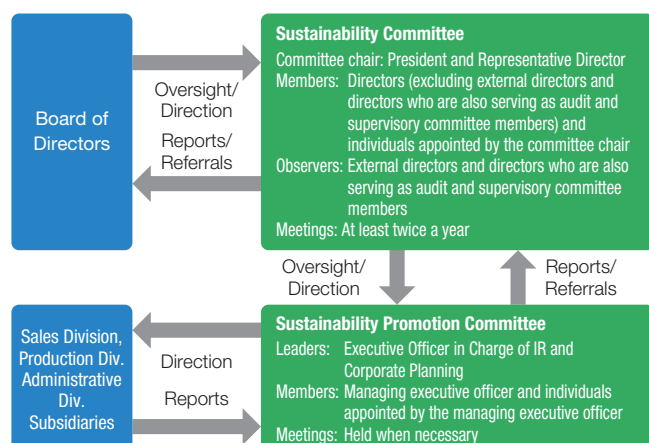
The Sustainability Committee is chaired by the Representative Director; its members consist of individuals appointed by the committee chair along with directors, excluding those who provide advice as observers (the Director and Chairman, external directors, and directors who are also serving as audit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

The Sustainability Promotion Committee is comprised of a managing executive officer and individuals appointed by the managing executive officer, and is led by the divisional managers in charge of IR and Corporate Planning.

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

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

[Sustainability Promotion System]



Risk Management

■ The Risk Identification and Assessment Process

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

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

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

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

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

Indicators and Targets

The bulk of the Achilles Group's greenhouse gas emissions derives from energy use (fuel, electricity, etc.), with part attending to product manufacturing. The total amount of GHG emissions (Scope 1 + 2) is set as an indicator; the actual emissions for FY2024 were 33,714t-CO₂.

In addition, we have newly calculated Scope 3 emissions on a consolidated basis, and the result of the calculation for FY2024 was 421,597t-CO₂.

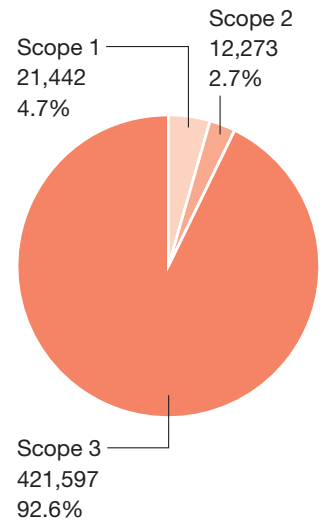
Based on the Japanese government policy "Carbon Neutral 2050," we aim to reduce our greenhouse gas emissions (total of Scope 1 and 2) by 50% by the end of FY2030 compared to 2018. In addition, we aim to reduce the total emissions of Scope 3 Category 1 and Category 12 by 20% by the end of FY2030 compared to FY2023.

In order to reduce greenhouse gas emissions, the Achilles Group is working to improve productivity through smart process activities, use of biomass materials, more efficient transportation, and switching to renewable energy sources. In reducing emissions in Scope 3 Category 1 and Category 12, we will continue to expand recycling and improve the accuracy of calculations.

[Scope 3 emissions by category (consolidated group figures)]

Scope 3 category	FY2023 result (t-CO ₂)	FY2024 Achievement (t-CO ₂)	Reason for and comment on exclusion from calculation
1 Products/Services purchased	267,378	257,509	
2 Capital goods	16,582	8,447	
3 Fuel/Energy-consuming activities not included in scope 1 or 2	11,219	7,935	
4 Transportation and delivery (upstream)	38,803	35,277	
5 Waste discharged from business activities	12,942	12,223	
6 Business trip	755	1,419	
7 Employee commutation	1,306	1,264	
8 Leased asset (upstream)	4	0	In principle, emissions from leased vehicles in the scope of calculation are included in scope 1.
9 Transportation and delivery (downstream)	7,661	8,125	
10 Machining of products sold	515	242	
11 Use of products sold	—	—	Excluded, because products of the Company do not emit greenhouse gas when used
12 Disposal of products sold	91,720	89,060	
13 Leased asset (downstream)	165	96	
14 Franchise	—	—	Excluded, because the Company does not engage in franchise businesses
15 Investment	—	—	Excluded, because investment does not account for a major part of the Company's business
Total of scope 3 emissions	449,051	421,597	
Total emissions of Categories 1 and 12	359,098	346,569	(3.5% reduction compared to 2023 [Target for 2030] 20% reduction)

(Note) Calculations were made mainly using the Ministry of the Environment's "Emission Intensity Database for Calculating Greenhouse Gas Emissions, etc. of Organizations through Supply Chains (Ver. 3.5)". The calculation of Scope 3 emissions of subsidiaries includes some estimates based on the actual results of Achilles Corporation. When calculating Scope 3 emissions of subsidiaries, some estimates are based on the results of Achilles Corporation.

[Emissions by Scope FY2024 Results (Consolidated Group Figures) [Unit t-CO₂]]

Strategy

We consider climate change to be a medium- to long-term risk and perform scenario analyses to evaluate the resilience of our strategy with regard to climate-related risks and opportunities. We consider the impact of climate change scenarios (1.5°C and 4°C scenarios) forecast by the International Energy Agency (IEA) and

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

Note: Scenarios used in the scenario analysis — 1.5°C scenarios: IEA/ WEO2023 NZE (Net Zero Emissions by 2050); 4°C scenarios: IPCC/AR5 RCP8.5

Scenario	Primary factor	Change	Category	Assessment	Impact on Achilles	Countermeasures
1.5°C	Introduction of carbon pricing	Increased procurement costs	Risk	High	The introduction of carbon pricing will increase our procurement costs and squeeze profits when prices are passed on to plastic and resin raw materials	☐ Fortify alliances with suppliers to reduce GHG emissions throughout the entire supply chain ☐ Revise selling prices and develop high-value-added products
		Increased operational costs	Risk	High	The introduction of carbon pricing will increase the cost burden based on GHG emission volumes and will squeeze profits	☐ Continuously pursue energy savings ☐ Reduce carbon pricing burden by switching energy plans and purchasing certificates ☐ Reduce emissions by installing a cogeneration system at the production site (Shiga Factory No. 2) ☐ Further pursue power generation
		Increased transportation costs	Risk	Medium	- The introduction of carbon pricing will squeeze profits as the burden on logistics companies will be passed on to our transportation prices - Additional price pass-through of costs is also a concern if logistics companies introduce EVs and FCVs	☐ Give priority to logistics companies that are aligned with decarbonization ☐ Continue to pursue a modal shift ☐ Further improve transportation efficiency
	Increased stakeholder interest and concern about climate change	Reputational impact of failure to respond	Risk	High*	Failure to achieve GHG emissions reduction targets, continued high dependence on fossil fuel-derived raw materials, and inadequate information disclosure could harm the business due to a loss of reputation among stakeholders and could negatively impact employee recruitment	☐ Respond appropriately to ESG issues, which include climate change, and enhance information disclosure - Continue to expand TCFD disclosures - Disclose GHG emissions, reduction targets and reduction measures - Implement carbon footprint and Biomass mark initiatives
		Growing need for ethical products	Opportunity	Medium*	As consumers become more environmentally aware and their values shift in regard to products, responding to these needs will enhance our brand image and allow us to offer more products of greater value	☐ Develop and promote products that employ materials and manufacturing methods with low environmental impact ☐ Promote the longevity of our products ☐ Reduce packing materials, etc.

Scenario	Primary factor	Change	Category	Assessment	Impact on Achilles	Countermeasures
1.5°C	Progress in decarbonization	Decline in demand for existing plastics	Risk	High	The decline in demand for existing plastics will be a concern as decarbonization progresses and there is a loss of markets due to decarbonization becoming a condition of trade	☐ Develop new products using bioplastics and recycled materials ☐ Revise the material composition of existing products to decarbonize them ☐ Further develop the semiconductor packing material reuse business
	Shift to EVs and progress in DX	Growing need for EV-related products and semiconductor-related products	Opportunity	Medium	We can expect to harness customer demand by actively developing product lines such as vehicle interior materials for EVs and semiconductor-related materials	☐ Increase production capacity for materials used in the semiconductor field ☐ Get more orders for covering materials for EVs and strengthen our overseas production system ☐ Develop semiconductor packing materials and attract overseas demand
	ZEB/ZEH policy advancement	Growing need for high-insulation products in the residential/building sector	Opportunity	Medium	We can expect to harness customer demand by actively developing product lines that contribute to GHG emissions reductions, such as insulation materials for homes and buildings.	☐ Expand sales of insulation materials for homes and buildings ☐ Expand supply capacity to meet demand
4°C	Intensifying weather disasters	Heightened exposure to disaster in the supply chain	Risk	Medium	In the event of flood damage, primarily at coastal suppliers, the stoppage of raw material supply and the impact that would have on our production activities is a concern	☐ Sort out the disaster exposure of suppliers and firmly request countermeasures ☐ Take countermeasures for raw materials at high risk of supply interruption - Seriously pursue purchasing from multiple companies - Review inventory levels - Establish a system for sharing raw materials among our plants
		Heightened exposure to disaster at our business sites	Risk	High	Flood damage to our production sites and production stoppages are concerns if a severe, once-in-1,000-year flood (envisioned by local governments) were to occur	☐ Implement business continuity and recovery plans for exposed sites ☐ Establish a disaster-resilient production system that includes other production sites (develop a system of alternate production)
	More hot days over 30°C	Growing need for disaster mitigation and recovery measures	Opportunity	Medium	We can contribute to efforts that address social issues arising from increasingly severe disasters by proactively responding to demands such as disaster agreements with local governments, making products for disaster mitigation, and reinforcing tunnels in preparation for severe disasters	☐ Expand sales channels for disaster mitigation-related products and develop new products ☐ Promote tunnel reinforcement methods that can reduce environmental impact and costs and seek real results
		Increased cooling costs and costs to contend with high temperatures	Risk	Low	- Rising costs for cooling are a concern - Halting summer production due to the difficulty of manufacturing some products in extremely hot weather is a concern	☐ Make changes in operating hours to avoid daytime work ☐ Reinforce building insulation (improve air conditioning efficiency) ☐ Improve cooling capabilities for the entire production line (for products that are difficult to manufacture under extremely hot conditions)
		Growing demand for medical products to address heat stroke and viral infection risks	Opportunity	Medium	We can contribute to efforts that address social issues stemming from incidences of heat stroke and viral infections by establishing a supply system for materials for the medical field	☐ Reinforce production and sales systems for materials for the medical field in Japan and overseas

* The impact on our business is qualitatively evaluated.

June 27, 2025

Future Issues regarding Information Disclosure Based on TCFD Recommendations

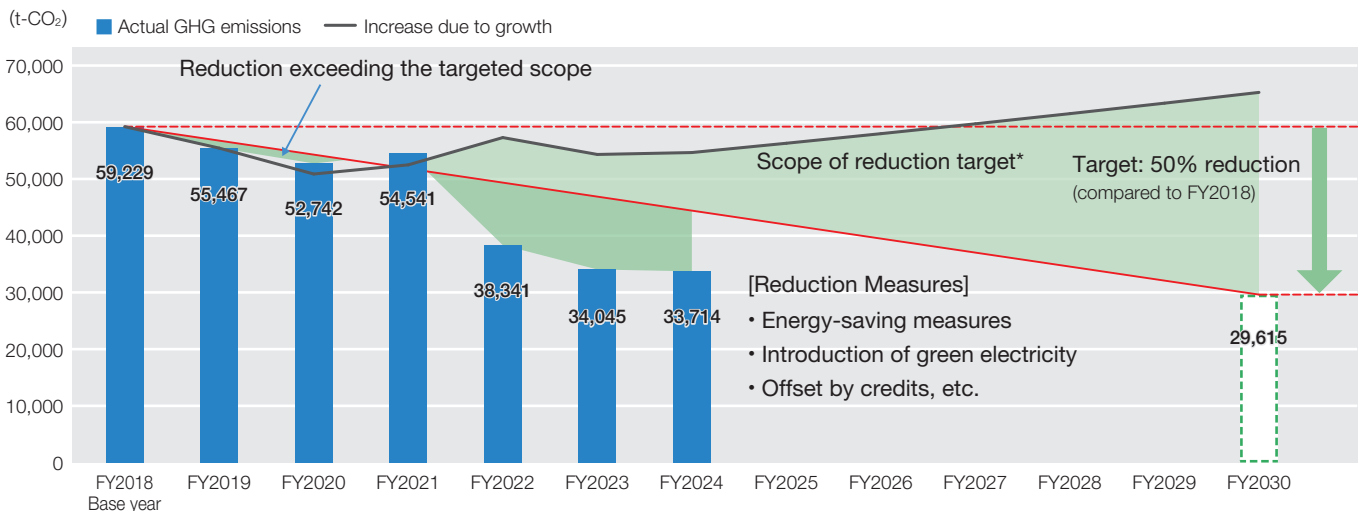
[Future Issues]

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

Risk Management	Making advances in the mitigation and management of risk
Indicators and Targets	In-depth deliberation of measures for emissions for Scopes 1, 2, and 3, and verification of reduction effects

Roadmap for GHG Emission Reduction to Achieve Carbon Neutrality

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



* The graph is a depiction as of 2025 and may change with future circumstances.

The actual GHG emissions does not include the amount reduced by the purchase of J-Credits.

Please see page 13 [Changes in greenhouse gas emissions] for the actual amount reduced by the purchase of J-Credits.

Environment

Environmental initiatives

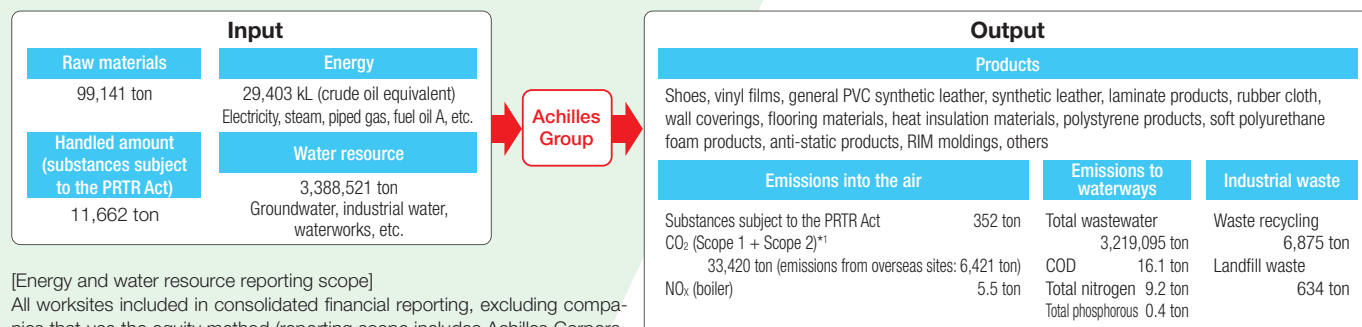
Overview of Environmental Impacts

We at the Achilles Group quantitatively identify the flow of substances and energy as part of our business activities, and strive to reduce our environmental impacts and effectively use resources in our business activities. The Achilles Group established the TCFD Subcommittee under the Sustainability Promotion Committee to

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

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

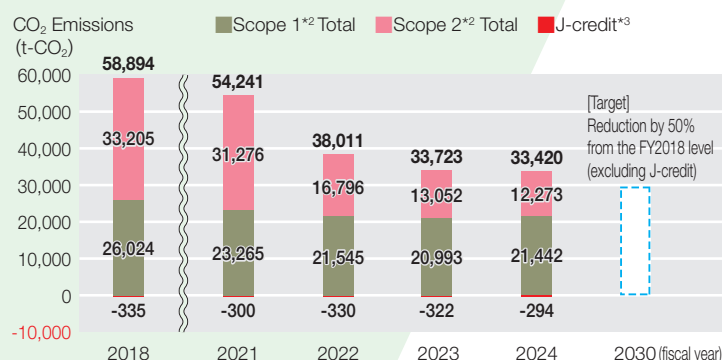
[Material balance]



[Energy and water resource reporting scope]

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

[Changes in greenhouse gas emissions]



(For reference) Results for Scope 3 are published on P. 11 on a consolidated basis.

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



*1 Please see the following website for more information about Scope and its definitions.
<https://ghgprotocol.org/>

*2 Greenhouse gas directly emitted from manufacturing facilities, heating facilities, and transportation vehicles of business sites is converted to the amount of CO₂, and it is included in scope 1. Scope 1 includes the amount of CO₂ converted from greenhouse gas emitted from urethane foam production.

Indirect CO₂ emissions due to the use of electric power are included in scope 2.

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

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

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

P.34 Achilles Group Environmental Policy

Environmental Management System

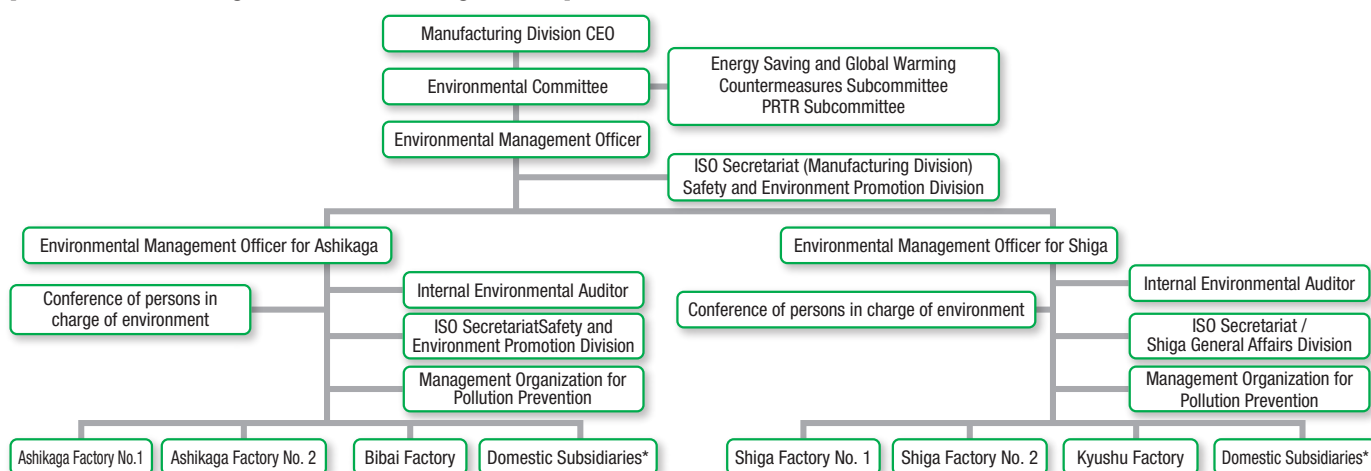
ISO 14001 Environmental Management System Initiatives

To conserve the global environment and to enhance the corporate constitution of the Achilles Group, we define our Environmental Policy and environmental targets using ISO 14001 environmental management system standards as a tool. We develop production processes and create products that lead to the reduction of environmental impacts, and continuously engage in activities to improve the environment. In FY2024, we underwent the ISO 14001:2015 renewal audit. Minor non-conformances were noted; however, these were corrected and ISO certification was renewed.

[ISO 14001: 2015 registered worksites JUSE-EG-661 (Renewed and re-registered in July 2024)]

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

[Environmental Management Promotion Organization]



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

[Scope] ISO 14001: 2015 registered worksites

[Overview of FY2024 results / Targets for FY2025 and after]

Item	Management item	FY2024 target	FY2024 Achievement	Assessment	Target for FY2025 and after	Page
Responses to climate change (mitigation and adaptation)	Total CO ₂ emissions due to energy consumption	Reduction of at least 38% at the end of FY2024 from the FY2018 level	Reduction by 51.5% from the FY2018 level	○	Reduction of the total greenhouse gas emissions by at least 40% at the end of FY2025 from the FY2018 level Reduction by at least 50% at the end of FY2030	P.15
	Per-unit energy consumption (electricity, fuel, etc.)	Reduction by 1% year-on-year	Increase by 0.3% year-on-year	×	Reduction by 1% year-on-year	P.16
	Per-unit energy consumption for transportation	Reduction by 1% year-on-year	Increase by 1.0% year-on-year	×	Reduction by 1% year-on-year	P.15
	Impact of climate change to the Company and measures taken	(1) Measures for flood caused by heavy rain (2) Thorough preventive measures for heatstroke	(1) We have concluded disaster support agreements with local governments where our business sites are located and established a framework to provide Achilles-made equipment, such as tents and life-saving boats, for use in the event of disasters. Agreement partners: 11 local governments (as of March 2025), including Ashikaga City (Tochigi), Yasu City and Toyosato Town (Shiga) (2) By promoting the use of air-conditioning equipment and replenishment of water and salt, no serious heatstroke cases occurred.	○	(1) Strengthen disaster-resistant production systems (2) Study and implement various anti-flood measures (3) Enhance building insulation and heatstroke countermeasures	—
Complete zero emissions through 3R activities	[Total volume of generated waste and other materials] (based on the promotion of 3R activities)	Reduction by 14% from the FY2018 level	Reduction by 21.8% from the FY2018 level	○	Compared to FY2018, reduction by 16% at the end of FY2025 reduction by 20% at the end of FY2030	P.16
	Achieved final waste disposal rate of less than 0.1%	Maintaining under 0.1%	Final waste disposal rate of 0.12%	○	Final waste disposal rate of less than 0.1%	P.17
Prevention of air pollution by environmentally hazardous substances	Total atmospheric releases of five substances of environmental concern	Reduction by 14% from the FY2018 level	Reduction by 47.6% from the FY2018 level	○	Reduction of atmospheric emissions of six environmentally hazardous substances by 17.5% at the end of FY2025 compared to FY2018 Reduction by 35% at the end of FY2030 * From FY2025, MIBK will be added, bringing the total to six substances	P.17
Development of environment-friendly products	Marketing and sales of environment-friendly products	Promotion of the research and development of environment-friendly products, and their marketing	Commercial launch of disposable inner lining exclusively for NP45 negative/positive pressure air tents for medical use, and ConsTent Series CST-45 for disaster prevention. Progress as planned on the development of BioTree Shelter and polyurethane foam made from plant-derived materials.	○	Promotion of the research and development of environment-friendly products, and their marketing	—

Corrective Measures for Environment-related Incidents

In FY2024, there were no complaints from others, and no other environmental troubles arose.

In FY2024, measured values for water quality, air quality, and noise at all worksites were within the standard values defined in all environment-related legislation.

Awareness-raising activities

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

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

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

Global Warming Countermeasures

Greenhouse Gas Emissions Reductions

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

In FY2024, supported by the shift to green electric power, approaches to energy saving such as the introduction of a cogeneration system, and decreased production volume, the greenhouse gas emissions associated with electric power consumption (Scope 2) by our ISO 14001: 2015 registered worksites fell by 76.4% compared with FY2018. As a result, the greenhouse gas emissions (Scope 1 & 2) of our domestic ISO 14001 registered bases became 26,606t-CO₂ in FY2024, which was a 51.5% decrease from those in FY2018 (54,804t-CO₂).

For more details regarding the changes in the greenhouse gas emissions of the Achilles Group as a whole, including our ISO 14001 registered worksites, see "Changes in greenhouse gas emissions" on P.13.

[GHG Inventory*]

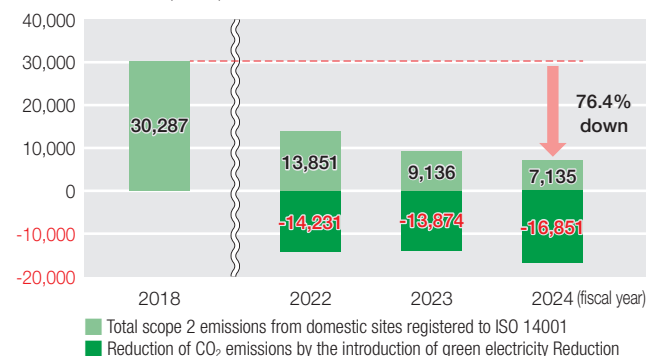
Emission Source	GHG	CO ₂	HFCs
Energy		Emission	—
Product Manufacturing		Emission	Emission

* Types and sources of GHG (greenhouse gases) emitted

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

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

Reduction of CO₂ emissions by the introduction of green electricity
Emission reduction (t-CO₂)



[Scope] ISO 14001: 2015 registered worksites

GHG emissions
(Scope 1 + 2)
51.5% Reduction
(compared to FY2018)

Environmental Conservation Activities in Logistics

Carbon dioxide emissions reduction activities and emissions results

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

In FY2024, due to the decrease in production volume, transportation ton-kilometers^{*2} decreased by 2.9% (compared to FY2023), and our CO₂ emissions^{*3} decreased by 2.3%. While both the modal shift rate and loading efficiency in transportation have improved, the per-unit energy consumption for transportation increased by 1.0%, primarily due to increased use of smaller trucks as the utilization rate of large vehicles decreased.

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



Loading cargoes in train containers



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

[Scope] ISO 14001: 2015 registered worksites

Per-unit energy consumption for transportation

1.0% Increase
(Compared to FY2023)

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.

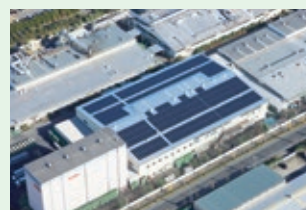
In FY2024, we generated approximately 1,577,000 kWh of electricity, with a CO₂ emissions reduction effect of approximately 681t-CO₂. This is equivalent to 1.6% of the CO₂ emissions from energy use at all Achilles Group ISO 14001-certified sites.



P.37 Solar photovoltaic power generation equipment

Reduction effect of CO₂ emissions

681t-CO₂
Significant Reduction



Ashikaga Factory No. 2, Achilles Corporation



Shiga Factory No. 2, Achilles Corporation

Energy conservation

Energy Conservation Activities

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

■ Energy consumption (crude oil equivalent)

Our energy consumption decreased by 7.5% (1.8 kl/year) in FY2024 compared with the previous fiscal year. Due to the improvement of energy efficiency through facility improvement and the introduction of a cogeneration system*, as well as decreased production, energy consumption decreased on a year-on-year basis.

* The cogeneration system that we introduced in 2023 increases energy efficiency (approximately 80% at a maximum) by generating and effectively using electricity and heat (steam and hot water) using a gas engine (fuel: city gas). The system is effective for energy conservation and has positive effect for CO₂ emissions reduction and BCP.



Cogeneration system
(Shiga Factory No. 2)

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

[Scope] ISO 14001: 2015 registered worksites

Energy Consumption
(crude oil equivalent)

7.5%
Decrease

(compared to FY2023)

■ Per-unit energy consumption

In FY2024, we undertook facilities improvements and installed energy-efficient equipment to meet our target of reducing our per-unit energy consumption compared with FY2023 consumption by 1%, but our consumption increased by 0.3% compared with FY2023, because we were unable to realize sufficiently efficient production due to the decrease in production volume.

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

■ P.37 Annual changes in per-unit energy consumption for the entire company and for each management-specified plant

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

Per-unit energy
consumption

0.3%
Increase

(compared to FY2023)

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

Decrease through the improvement of existing facilities and installing of new facilities

In FY2024, 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.

Reduction by eliminating waste

Using an ultrasonic camera, we were able to detect minute air leaks (waste) in inaccessible areas during production or drowned out by machine noise and previously overlooked by human senses, allowing swift corrective action.



Scene from worksite inspecting air leak locations using an ultrasonic camera

■ P.37 Main details of the improvement of existing facilities and installing of new facilities, and energy consumption reduction effects (crude oil equivalent value)

[Scope] ISO 14001: 2015 registered worksites

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

240kl
Reduction

(crude oil equivalent value)

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.

Waste reduction has been set as a topic at the R&D Division, and we are advancing technological development for recycling and commercialization of unnecessary materials generated during the manufacturing process.

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

Results of Activities to Reduce Waste and Other Materials*

In FY2024, we conducted activities aimed at achieving our target of a 14% reduction in generated waste compared with FY2018 (8,507 ton), and we achieved a decrease of approximately 1,854 tons (21.8%). A major factor contributing to the reduction that we did achieve was the ability to sell materials that were considered waste in 2018 as valuable materials, though the reduction of production etc. also influenced the result. Going forward, we will continue to focus on reducing waste, specifically on revising our existing recycling flow, thoroughly separating and sorting waste materials, promoting obtaining value and making products from waste materials, and reducing the amount of waste.

■ P.37 Total volume of generated waste and other materials

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

[Scope] ISO 14001: 2015 registered worksites

[Total volume of generated waste and other materials]

1,854 tons
21.8%
Reduction

(compared to FY2018)

Final Disposal Volume

In FY2024, we conducted activities with the target of successively achieving complete zero emissions (less than 0.1% final disposal rate*). As a result of our activities, we had a final disposal rate of 0.04%, and were unable to successively achieve complete zero emissions.

The reason for this was equipment failure at some of the waste receiving facilities, resulting in the need to outsource disposal to the final processing destination.

Going forward, we will spread outsourcing among several companies in anticipation of such risks.

P.37 Final disposal volume

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

[Scope] ISO 14001: 2015 registered worksites

Final disposal rate
0.12%
(FY2024 results)

Air Pollution Prevention

Atmospheric Emissions Reduction Targets for Environmentally Hazardous Substances

Preventing air pollution from environmentally hazardous substances is set as a shared action goal for the Achilles Group. We set the mid-to-long-term target of a 35% reduction in atmospheric emissions of environmentally hazardous substances by FY2030 compared with FY2018, and have worked to systematically manage and reduce atmospheric emissions based on the Japanese Industrial Safety and Health Act, PRTR¹ Act, and Air Pollution Control Act.

Reduction in Class I Designated Chemical Substances under the PRTR Act

As a result of identifying emissions of the relevant substances based on the PRTR Act revised in FY2023, in FY2024 our annual emissions of Class I Designated Chemical Substances under the PRTR Act came to 340 tons (23.3% reduction compared with FY2018), and our annual transfer volume came to 180 tons (28.0% decrease compared with FY2018). Our annual combined emissions and transfer volume was 520 tons (25.0% reduction compared with FY2018).

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

[Scope] ISO 14001: 2015 registered worksites

Emissions and transfer volumes
of chemical substances subject
to the PRTR Act
25.0%
Reduction
(compared to FY2018)

Atmospheric Emissions Reductions of VOCs

Of the VOC² 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 FY2024, as a result of efforts to achieve our target of a 14% reduction compared with FY2018, we achieved 47.6% reduction and met our target.

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

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

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

Total atmospheric releases
of five substances of
environmental concern
47.6%
Reduction
(compared to FY2018)

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

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

Initiatives for Biodiversity

Basic Approach

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

Dependence, impact, risks, and opportunities regarding natural capital

The Achilles Group evaluates its dependence and impact on natural capital in its business activities with reference to TNFD¹ recommendations.

IBAT² and Aqeduct³ and other tools are used for locations of each Achilles Group site, and it is confirmed that these do not fall in regions with high ecological or water risk.

ENCORE⁴ is also used to identify and confirm issues to be addressed regarding dependence and impact on natural capital unique to the plastics manufacturing industry. ENCORE in particular indicated that “emissions of toxic pollutants into water and soil” have an extremely high impact on natural capital.

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

For procured paper products, we are increasing the ratio of

items equivalent to FSC certification⁵.

Causes of damage on natural capital include changes in ways of using land and sea areas, climate change, usage and development of natural resources, pollution, and invasive species. The Achilles Group is analyzing risks impacting the group arising from damage on natural capital brought by these causes from the following perspectives.

[Group risks brought by damage on natural capital]

Physical risk	Transition risk	Systemic risk
- Destabilization of supply chains - Natural disaster - Infectious diseases	- Reputations - Regulations and lawsuits - Changes in consumer demands and investors' trend - Obsolescence of technology	Spread of physical/transition risks to the whole industry

*1 TNFD (Taskforce on Nature-related Financial Disclosures): An international framework for companies and financial institutions to disclose risks and opportunities related to natural capital and biodiversity from a financial perspective.

*2 IBAT ("Integrated Biodiversity Assessment Tool"): A tool for the integrated assessment of biodiversity.

*3 Aqeduct: A data platform for water risk provided by the World Resources Institute (WRI).

*4 ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): A tool that visualizes how the economy (sector, sub-sector, activity) depends on and impacts nature.

*5 FSC Certification: An international forest certification system managed by the Forest Stewardship Council. It ensures that products are made from resources sourced from properly managed forests.

Forest Conservation

■ Cedar Avenue of Nikko Ownership System

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



which aims to protect the avenue of cedars from the deterioration of the surrounding environment that has occurred in recent years.

Cedar Avenue of Nikko

■ Donations to a fund for afforestation of Lake Biwa

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

Shiga Prefecture is conducting afforestation projects to protect

the environment of this important area, and we are supporting these activities.



Tree thinning in a forest around Biwa Lake
(Picture provided by Shiga Prefecture)

Conservation of Water Resources

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

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

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

In the drills held on October 3, 2024, a total of 100 people participated including council members and local and prefectural authorities.



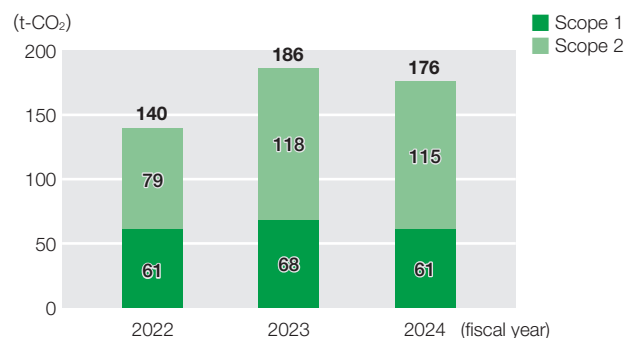
Training using oil absorbent materials for road surfaces (Shiga Prefecture)

Approaches by Sales Bases

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

In addition, to reduce CO₂ emissions by the company's gasoline vehicles, we are promoting the shift to hybrid vehicles. In FY2024, we engaged in energy-saving initiatives such as turning off lights when going on breaks, and slightly reduced Scope 2.

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



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

Use of emissions from the supply chains

<https://ghgprotocol.org/>



Provide True Satisfaction and Inspiration Through Products and Services

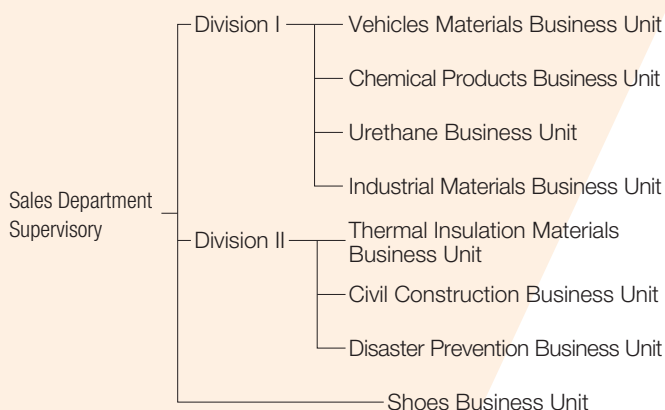
Initiatives to Create Shared Value with Society

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

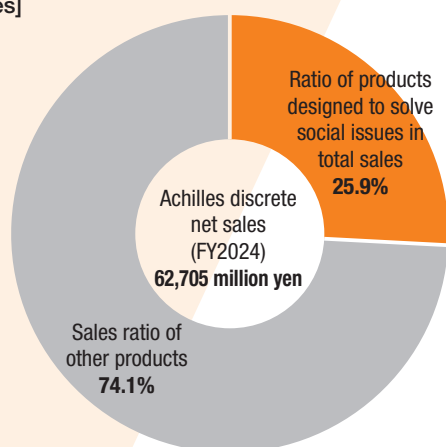
Aiming to achieve a sustainable society, we are working to expand and enhance our products designed to solve social issues.

To strengthen our response to the issues in each market, we reorganized our structure at the end of June 2025 as follows, and the organization names listed in the publication have been changed.

[New Organizational Structure]



[FY2024 ratio of products designed to solve social issues in total sales]



Divisional Initiatives

Shoes Business Division

Expanding the “ALL DAY Walk” lineup

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

We are expanding the “ALL DAY Walk” lineup to include models with insoles that better fit the soles of the feet and 1.5 cm heel pumps suitable for both sunny and rainy days.



ALL DAY Walk

<https://www.achilles-shoes.com/product/alldaywalk/>
(in Japanese)



Automotive Materials Division × Urethane Division



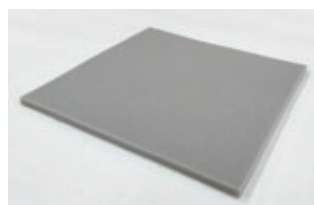
Surface materials for automobile seats using biomass raw materials

We have developed a flexible polyurethane foam using biomass raw materials that features frame laminability (thermal fusion) and flame resistance, and can be used for a wider range of applications including vehicles. Compared to general flexible polyurethane foam, this product reduces CO₂ emissions by approximately 5 kg per 1 kg of product*.

We have also developed a product with similar heat resistance and cold resistance to conventional items, using some biomass raw materials, for our core product PVC synthetic leather.

We are expanding our range of environmental-friendly products that help to reduce the use of fossil-derived raw materials and contribute to achieving carbon neutrality.

* Based on our research.



Biomass soft polyurethane foam for frame lamination



Biomass PVC synthetic leather

Chemical Products Division



Response to Ocean Plastic Pollution

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

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



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



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



Evaluation and certification by international initiatives



At Shiga Factory No. 1, we received the “Bronze Medal” in the 2025 evaluation, which recognizes the top 35% of evaluated companies, by EcoVadis (France), an international rating agency for sustainability and supply chains..

EcoVadis assesses companies’ sustainability management in four areas: “Environment,” “Labor & Human Rights,” “Ethics,” and “Sustainable Procurement,” and the results are referenced by many global companies when selecting suppliers.

In addition, our film factory (former Ashikaga Plastics Factory in Ashikaga City, Tochigi Prefecture) has obtained ISCC PLUS certification.

ISCC PLUS certification (International Sustainability and Carbon Certification) is a global certification system that recognizes the proper management of sustainable raw materials such as biomass throughout the supply chain. With this certification, we are now able to manufacture and sell ISCC PLUS-certified products in our polyolefin film product line.

Our overseas subsidiary, Achilles USA, Inc. (Washington State, USA), has also already obtained certification.



Floor and Wall Coverings Division



Stylish wallpaper selections from Europe’s popular collections that anyone can apply to their existing walls

From May 2024, we began selling “AS CREATION” on the Achilles Web Shop. “AS CREATION” is the second series of self-apply stylish wallpapers. they are imported wallpaper designs made of special non-woven (fleece) material, selected from the collections of “AS CREATION,” our long-time partner and wallpaper manufacturer in Germany. Offering trendy and elegant patterns with modern

color schemes, these high-quality stylish wallpaper designs cater to those seeking distinctive interior aesthetics or unique spaces.



“AS CREATION” (Image after replacement)



Partial replacement is also possible

Achilles Online Shop

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



Disaster Response Division x Urethane Division



Products for ensuring BCP when disasters strike

We sell products for ensuring BCP that are designed for staying at temporary offices in the event of major earthquakes and other disasters.

Our lineup includes a box of air mattresses for up to 20 people, urethane mattresses with compressible storage, and 2-way cushions that can be used in any type of scenario.

When a major earthquake occurs, the core principle is to avoid starting to moving around unnecessarily, in order to prevent confusion caused by many stranded individuals trying to return home at the same time. In light of this, companies are required to prepare measures such as allowing employees to stay at their facilities for a certain period.

We are dedicated to developing and supplying products that contribute to disaster prevention and mitigation.



Achilles emergency air mattress (contains 20 units)



Achilles compressible emergency mattress



2-way disaster prevention cushion

Products for ensuring BCP

Disaster Prevention Products Sales Section, Disaster Prevention Sales Department
 TEL.: 03-5338-9360

Urethane Division



Flexible Polyurethane Foam—Foamed by Recycled Liquefied Carbon Dioxide Gas

We market “CRIIN FOAM®,” a flexible polyurethane foam made from recycled liquefied carbon dioxide gas, such as that emitted by industry. In January 2024, we expanded the production equipment for “CRIIN FOAM®” and are working on increasing sales.



CRIIN FOAM®

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



Heat Insulation Materials Division



Thermal insulation method for exterior walls of steel frame buildings “QD Panel Steel Frame Exterior Insulation System”

We are launching nationwide the “QD Panel Steel Frame Exterior Insulation System” this year, which uses our newly developed “Achilles Semi-Non-combustible QD Panels” for the exterior walls of steel frame buildings.

The construction of steel-framed buildings has been increasing recently due to rising demand for logistics warehouses and new factories. Improving the energy efficiency of these buildings enhances the overall efficiency of civil construction, driving demand for higher thermal insulation performance.

The “QD Panel Steel Frame Exterior Insulation System” is a new insulation method for the exterior walls of steel-framed buildings using “Achilles Semi-Non-combustible QD Panels.” The combination of “Achilles Semi-Non-combustible QD Panels” and exterior steel cladding has received 30-minute fire resistance certification (acquired Certification No. PC030NE 3906, quasi-fire-resistive buildings (b)-2) and meets the technical standards for exterior walls. There are fewer thermal bridges given that it is exterior insulation, which helps to save heating and cooling energy and reduce the risk of condensation. It can accommodate various steel exterior cladding materials and enhances the aesthetic appearance of building exteriors. Gypsum board integrated with the insulation material also serves as the base for exterior cladding, enabling precise installation of steel exterior cladding, which is susceptible to the influence of the substrate.



View of “QD Panel Steel Frame External Insulation System” being installed

“Achilles Semi-Non-combustible QD Panel”

<https://www.achilles-dannetu.jp/product/jyunhunnen-qd-panel/>
(in Japanese)



Industrial Materials Division



Development of technology for forming highly adhesive plating on glass substrates

We have developed a new technology that enables highly adhesive plating to be formed on glass substrates using our unique

polypyrrole plating method.

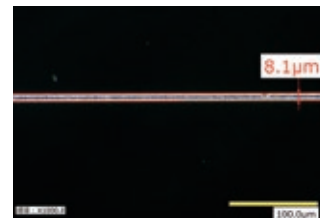
We have developed our own plating technology using conductive polymer polypyrrole, and have provided high-adhesion plating technology for various difficult-to-plate materials. We have also obtained patents related to the polypyrrole plating method, securing rights to approximately 50 cases.

Until now, forming highly adhesive plating films on glass substrates was considered difficult, but we have developed a new technology using the polypyrrole plating method to form highly adhesive plating films on glass substrates through low-temperature and atmospheric pressure processes.

As semiconductors become increasingly miniaturized and highly integrated, glass is drawing attention as a new material for semiconductor package substrates. With this newly developed technology, we will further advance research and development on the formation of fine wiring and aim to establish mass production technology, with the goal of harnessing it in the field of next-generation semiconductor manufacturing.



Appearance of glass substrate before plating (left) → after plating (right)



Cross-sectional view of glass substrate after plating. Micro wiring is formed on the glass substrate by plating

Measures by Domestic Subsidiaries

Calculation of greenhouse gas Scope 3 emissions

In FY2024, all consolidated subsidiaries of the Achilles Group worked on calculating greenhouse gas Scope 3 emissions. Domestic consolidated subsidiaries also worked on calculating Scope 3 emissions on a consolidated basis (excluding duplicate transactions between parent and subsidiary) in accordance with the GHG Protocol.*

The emissions were calculated using the formula “activity amount × emission factor,” but the following issues were identified.

Moving forward, in addition to addressing these issues, we will work on reducing Scope 3 emissions.

[Identified Issues]

- ① Only a limited number of subsidiaries are able to collect the data on the “actual amount” used for calculations, so an environment where data on the “actual amount” can be acquired needs to be established.
- ② A transition from calculation based on “logic” to calculation based on “actual results” is required.

* For information on the GHG Protocol, please refer to the link below.

Greenhouse Gas (GHG) Protocol (Ministry of the Environment)
<https://www.env.go.jp/council/06earth/y061-11/ref04.pdf>



Initiatives for Quality Assurance

Our Approach to Quality

The Achilles Group has formulated the Achilles Action Guidelines to help ensure that all employees will be thorough in safeguarding product safety and quality. In addition, in order to provide a solid basis for accurately appraising customer needs and market trends, and to ensure that we can provide products and services that satisfy our customers, nearly all of our group companies in Japan have secured ISO 9001 international quality management system certification. The Achilles Quality Manual stipulates that the divisional manager of each division establishes quality objectives in their capacity as manager responsible for quality assurance, and strives to ensure that the Achilles Group provides products and services that can be used safely and with peace of mind.



P.34 Achilles Group Basic Quality Policy

[Status of registration for ISO 9001:2015]

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

* ISO 9001 Registrations were consolidated in FY2020 covering the Group Companies in Japan including subsidiaries.

Quality Improvement Program

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

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

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



Patrolling the production process

Quality Assurance Framework

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

Production

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

Procurement

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

Sales / After-sales Service

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

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

Planning/Development

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



Working Together with Our Customers

Basic Approach

In line with Achilles' corporate philosophy—"Living with Society"—"Customer First"—our goal is to contribute to the realization of a more sustainable, prosperous society by creating products and providing services that bring our customers real satisfaction and joy. To ensure that our customers are able to use our products safely and with peace of mind, we have established a "Customer Consultation Office" to address any questions, consultations, opinions, and requests.

Utilizing customer feedback

At the "Customer Consultation Office," we share valuable opinions and requests that we received from customers daily via our toll-free number (0120-89-4192) and website inquiry form with relevant departments, and strive to improve the quality of our products and services.

For greater customer convenience, frequently asked questions are posted on our website "Achilles Shoescom."

In FY2024, we received 3,062 "inquiries" and "opinions."

Achilles Shoescom

FAQ Frequently Asked Questions

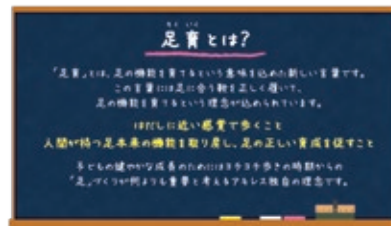
<https://www.achilles-shoes.com/faq/> (in Japanese)



Strengthening Communication with Customers

The "Customer Consultation Office" adopts an approach focused on being empathetic to customers' feelings. For example, to assist with shoe-related concerns, staff members have obtained qualifications as "shoe fitters" (foot and shoe specialists) to ensure they are able to respond on an appropriate manner.

Since 2013, the headquarters showroom (Tokyo) has been offering the "Sokuiku ("Foot Education") Consultation Office," providing the "foot measurement and counseling" service. The number of visitors in FY2024 was 64, with a cumulative total of 711.



Measurement taken at the headquarters showroom

We also run visiting lecture courses about feet and shoes at elementary schools and junior high schools. In FY2024, we offered 60 visiting lectures, with 3,219 people in attendance. The cumulative total since this initiative was first launched in 2014 stood at 390 visiting lectures, and 20,760 participants.

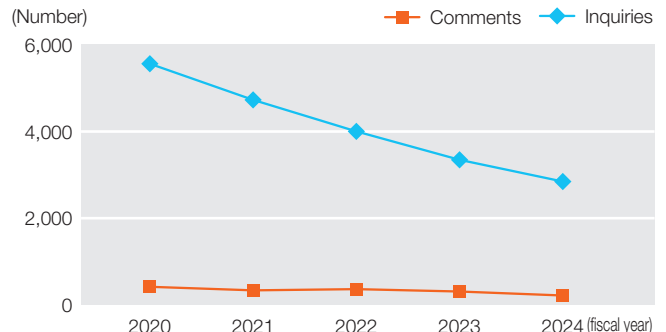


Lecture at an elementary school in Toda City, Saitama Prefecture



Lecture at an elementary school in Katsushi Ward, Tokyo

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



Collaboration with Customers

Basic Approach

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

P.33 Charter of Corporate Behavior

P.35 Achilles Group Basic Policy on Procurement

CSR Procurement

Once a year, we conduct the CSR Procurement Questionnaire with our major suppliers and verify compliance with our basic policy on procurement. In addition, from FY2021, we have conducted surveys on human rights risk. Both surveys are conducted using the self-assessment method. We engage in repeated dialog depending on survey responses, and work to reduce risk accordingly.

Survey of Human Rights Risk in the Supply Chain

(Categories in human rights survey)

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

Summary of survey implementation results

We asked 183 of our major suppliers, including subcontractors, to respond to the survey, which involved asking second-tier suppliers to provide information, and we received responses from 182 companies (response rate: 99.5%). As was the case last year, the results obtained did not indicate any problems on matters of concern to the global community, such as forced labor, child labor, coercive treatment of foreign workers, etc. We worked to reduce risks through repeated dialogs with small firms whose management resources are not adequate.

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

Overview of survey results

In the self-assessment survey, a total of 12 companies (6.6%) did not achieve the company's criteria overall. The majority of these were small firms.

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

- Care in human rights in the upstream of supply chains in Asia
- Industrial health and safety for employees of subcontractors
- With the end of domestic production of shoe products, we have engaged in negotiations for mutually agreeing to terminating contracts with related business partners.

[Overview of Self-assessment Survey Result]

	Business partners not achieving our company's criteria	
	FY2023	FY2024
Risk of involvement in forced labor, child labor, etc.	0 (0.0%)	0 (0.0%)
Risks pertaining to labor management	2 companies (0.9%)	1 company (0.5%)
Risk of involvement in workplace safety issues	24 companies (10.3%)	16 companies (8.8%)
Risk pertaining to response to conflict minerals or personal information protection systems	33 companies (14.2%)	25 companies (13.7%)
Business partners falling short of our company's criteria	15 companies (6.5%)	12 companies (6.6%)

Future Initiatives

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

Briefing Session on Procurement Policy

Just like previous years, we held explanatory sessions in FY2024 on our procurement policy combining the remote and on-site methods. The company's policy regarding strengthening of BCP, risks arising from labor shortage, respect for human rights, carbon neutrality, materials recycling, and more, with the goal of realizing sustainable procurement, was explained to approximately 201 participants from 191 business partners, whose support for these policies was requested.



Briefing session on procurement policy (Head office in Tokyo)

Respect of Human Rights and Effective Use of Diverse Human Resources

Basic Approach

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

Respect for Human Rights and Fairness

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

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

The Achilles Group implements "Achilles Group's Policy on Human Rights" to ensure that all employees enjoy fair treatment and equal opportunity.

P.33 Achilles Group's Policy on Human Rights

Employment

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

In April 2021, Achilles Corporation, including its consolidated subsidiaries in Japan, revised the age of compulsory retirement from 60 to 65, and are putting in place transitional measures to incrementally raise the age of compulsory retirement until FY2029.

[Number of employees] As of March 31, 2025 (whole Group)

Male 1,330 (79.3%)	Female 347 (20.7%)	Total 1,677 (100%)
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[Employment data] As of March 31, 2025 (Achilles Corporation only)

Average age	Male 41.9	Female 44.1	Total 42.2
Average years of service	Male 20.0	Female 21.4	Total 20.2
Average annual income	5.78 million yen		
Difference in wages between male and female employees*	All employees 83.0%		83.0%
	Regular employees 84.0%		84.0%
	Part-time and contracted employees 84.2%		84.2%
Executive officers (including managing executive officers)	Male 30	Female 2	Total 32
Departmental managers	Male 33	Female 1	Total 34
Section managers	Male 198	Female 9	Total 207
No. of persons using the system for the re-employment of employees who have reached retirement age as of FY2024			70
Ratio of mid-career hires in FY2024			21.2%
Ratio of hires of people with disabilities in FY2024			2.3%
Foreign national employees (FY2024)			1

* Percentage calculated as (Average annual wages of female employees ÷ average annual wages of male employees) (%)

Protection of Personal Information

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

Employee Welfare

Major support systems

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

[FY2024 benefits data] As of March 31, 2025 (Achilles Corporation only)

No. of employees using the childcare leave system	Male 24	Female 5	Total 29
Percentage of employees using the childcare leave system	Male 100% ^{*1}	Female 100%	
No. of employees using the nursing care leave system	0		
Average total hours worked per employee per year	1,927.7 hours		
Average no. of days of paid leave taken per year (leave utilization rate ^{*2})	12.3 days (66.0%)		

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

*2 Leave utilization rate = (Total number of days of paid leave taken by all employees ÷ Total number of days of paid leave granted to all employees) (%)

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

* Members as of July 1, 2025

■ Meetings with the labor unions

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

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

In addition, a photo contest and other mutual aid events are jointly held between labor and management.

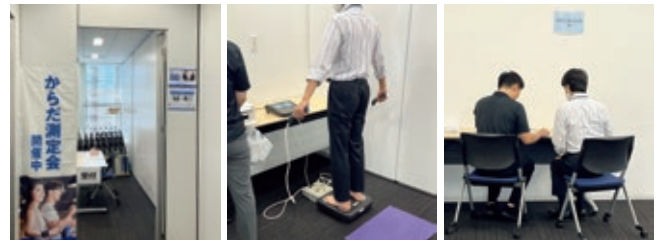
[Main labor-management meetings]

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

Health Management

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

In FY2024, we held the "Discover Your Body! 10-minute Measurement Event." In addition to checking their own muscle mass and body fat percentage, participants had the opportunity to receive appropriate exercise advice from trainers. We worked to improve the health of each and every employee through exercises, including a call for participation in a walk rally.



Measurement scene at the "Discover Your Body! 10-minute Measurement Event" (Tokyo headquarters)



Recognized as
FY2024 Tokyo
Sports Promotion
Company^{*1}



Recognized
as Sports Yell
Company^{*2},
Bronze award
(Japan Sports
Agency)

*1 Since FY2015, Tokyo Prefecture has designated companies and other entities that make outstanding efforts to promote sports activities among employees and support the sport sector as Tokyo Sports Promotion Companies.

*2 The Japan Sports Agency designates companies as Sports Yell Companies in a program that certifies companies actively promoting sports to improve employees' health. The Bronze award is given to companies that have been recognized as Sports Yell Companies for consecutive five or six years. Our company has been recognized for consecutive six years.

Human Capital Management

Policies regarding Human Resource Cultivation, including Securing Diverse Human Resources, and Policies regarding Inhouse Environmental Development

Employees are the most precious assets for the Achilles Group, and the growth of our employees is essential for the sustainable growth of the Group.

The Achilles Group set the goal of cultivating a corporate climate that enables individual employees to increase their motivation and exercise their abilities, based on the idea that diverse human resources respecting one another and melding their senses of values will lead to the creation of innovation.

One of the key elements in moving forward with “enhancing the business foundation” required for achieving the company-wide strategy is also “enhancing human resource capabilities.” In terms of “enhancing human resource capabilities,” strengthening the human resource foundation, fostering talent that contributes to achieving company-wide strategies, and creating an environment for meaningful work are crucial. Recruitment, HR systems, talent development, diversity, and various systems related to working styles underpin these efforts.

When it comes to “recruitment,” we are expanding our channels through not only new graduate hiring but also mid-career recruitment, thereby acquiring the personnel we need and also creating opportunities to incorporate diverse perspectives and experience. “HR systems” are designed with a focus on supporting individual growth, but we aim to further link them with business strategies and achieve systems that promote a sense of fulfillment for employees, such as getting a feel for their growth and contribution to performance through fair improvements to operation.

For “talent development,” while OJT-based training forms the foundation, we also conduct grade-specific training to raise necessary skills and abilities, alongside initiatives to develop global and DX (digital transformation) human resources who are able to contribute to achieving company-wide strategies.

We are also working on mechanisms to accommodate diverse working styles and creating safe and comfortable workplaces, thereby promoting productivity and creating environments where everyone is able to continue working in a healthy manner with peace of mind.

Under the view that “the melding of diverse values and experiences leads to innovation,” we are aiming to become a collective of people creating “new value” by providing equal opportunities for skills development and promoting a workplace where diverse talent is able to excel, regardless of gender or employment type, under a system that appoints talented people based on their abilities.

[Indicator and target]

Indicator	Target	FY2024 Achievement
Ratio of newly recruited female employees	20% or greater by March 31, 2026	32.0%
Female ratio in positions leading to future managerial careers	10% or greater by March 31, 2026	11.9%
Number of females in managerial positions	20 by March 31, 2031	10

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

[Education and training system (Achilles Corporation)]

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

[Main Off-JT programs in FY2024]

Training field	No. of training themes	No. of participants
Training to foster managers	1	15
Global training	5	31
Grade-specific training (initial training for new employees)	16	266 (33)
Compliance training*	10	621
Specialist skill enhancement training	16	4,113
Distance learning	Various types	67
Health and safety training	5	204
Disaster response training	1	23

* The figures given for compliance training are for all employees at Achilles Corporation and its consolidated subsidiaries in Japan. Other data is for Achilles Corporation personnel only. The figures given for the number of participants are the sum total of participants in all sessions.



Scene from grade-specific training



Compliance training

Training hours per domestic employee	9 hours/person
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P.34 Basic Policy on Human Resource Development

Safe and Healthy Workplace Environments Conducive to Work

Our Approach to Occupational Health and Safety

P.34 Achilles Group's Policy on 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 an effective health and safety system, with the provision of health and safety education for employees, and the cultivation of personnel holding the various qualifications required by law for health and safety purposes, etc. We also implement various types of risk assessment, and implement improvements based on the results of these assessments, with the aim of realizing meaningful safety.

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

Business location	Number of Health and Safety Committee members	Number of employees (*%)
Tokyo Head office	12	263 (4.6)
Kansai Branch Office	6	65 (9.2)
Ashikaga Factory No. 1	19	563 (3.4)
Ashikaga Factory No. 2	16	254 (6.3)
Shiga Factory No. 1	12	84 (14.3)
Shiga Factory No. 2	12	108 (11.1)
Total	77	1,337 (5.8)

As of March 31, 2025

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



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

Occupational accidents

Health and Safety take priority over everything else. Occupational accidents can be and must be prevented. We are committed to preventing workplace accidents, and are working on activities with the aim of preventing them before they occur.

In 2024, we focused on the following key initiatives.

1. Prevent major disasters resulting in four or more days off work

Reduce risks identified with risk assessments, manage residual risks, and apply case studies of past disaster countermeasure across the Group.

2. Strengthen the system aimed at zero risks beyond zero disasters

Continuing from last year, further refine company-wide health and safety activities with support from external experts.

3. Create a comfortable workplace

To prevent exposure to chemical substances, we conduct chemical risk assessments using CREATE-SIMPLE*.

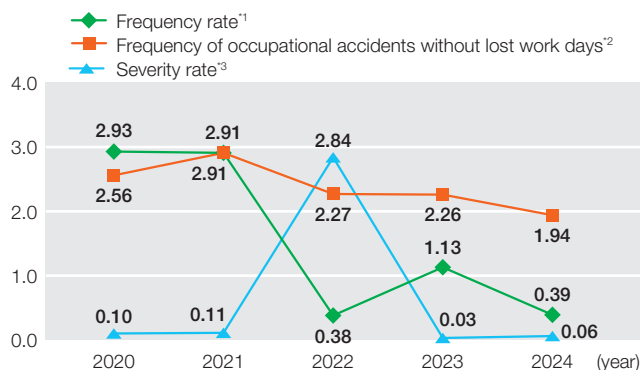
The occurrence of occupational accidents in 2024 dropped in frequency rate due to intensive promotion activities, with frequency rate of 0.39 and severity rate of 0.06 compared to 2023 results of frequency rate 1.13 and severity rate 0.03.

The frequency rate has slightly increased, so we will continue advancing efforts to prevent occupational accidents and strive to reduce these numbers.

* CREATE-SIMPLE: A tool developed by the Ministry of Health, Labour and Welfare, designed for workplaces that handle chemical substances to simply conduct chemical risk assessments.

Note: The average frequency rate and average severity rate of manufactures (having 1,000 employees or more) in FY2024 were 0.33 and 0.04, respectively.

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



*1 Indicator denoting the frequency of occupational accidents (with lost work days) involving injury or death

Occupational accident frequency rate = No. of occupational accident deaths or injuries / Total no. of hours worked × 1,000,000

*2 Indicator denoting the frequency of occupational accidents (without lost work days) involving injury

Frequency of occupational accidents without lost work days = No. of occupational accidents without lost work days / Total no. of hours worked × 1,000,000

*3 Indicator denoting the frequency of occupational accidents (all types)

Occupational accident severity rate = Total no. of work days lost due to occupational accidents / Total no. of hours worked × 1,000

Safety awareness promotion and education

To enhance safety awareness at the Achilles Corporation, we offer prayers for safety twice a year. We also implement special health and safety week activities, timed to coincide with related national activities,



Offering prayers for safety
(Ashikaga Factory No. 1)

and we hold a “zero accidents” campaign during the year-end / New Year period, along with traffic safety campaigns. At the beginning of the year, “safety oaths” that employees have written themselves are displayed around workplaces.

Health management

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

Our Approach to Fire and Disaster Prevention

P.35 Achilles Group Basic Policy on Fire Prevention and Disaster Response

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 FY2024, we conducted comprehensive workplace fire drills assuming an outbreak of fire at business sites, as well as comprehensive disaster response drills assuming an earthquake with a seismic intensity of upper 6.



Fire extinguisher training using training equipment (Ashikaga Second Plant)

Safety dojos

In October 2019, “safety dojos” were opened at Ashikaga Factory No. 2 and Shiga Factory No. 2, and by the end of March 2025, a total of 2,390 employees and partner company employees had undergone training there. The safety dojos use special equipment to allow employees to experience simulations of dangers based on past real-life incidents, and these simulations can be expected to enhance employees' sensory perception of danger. In particular, we anticipate that the safety dojos will facilitate accident prevention among employees who have relatively little work experience.



Ashikaga Factory No. 2



Shiga Factory No. 2

Stockpiling of food, etc.

The Achilles Corporation's individual business locations maintain stockpiles of food, water, etc. for use in the event of an earthquake or other natural disaster, with basic bedding equipment added in FY2024.

Community engagement and social contribution activities

Measures Implemented as Part of the Local Community

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

■ Signing of disaster support agreements [Hokkaido]

On June 17, 2024, we entered into an “Agreement on the Supply of Products to be Used at Evacuation Centers, etc. in the Event of Disasters” with Bibai City in Hokkaido.

This agreement stipulates that our company will supply materials and equipment to be used at evacuation sites or evacuation centers in the event of a disaster or possible disaster in Bibai City, and this year marks our 13th such agreement. In the event of a disaster and upon request from Bibai City, we will swiftly supply our products to support the relief efforts for affected persons and recovery of disaster sites.



Contract signing ceremony on June 17, 2024
Left: Mayor Sakurai of Bibai City
Right: Achilles Director Yokoyama

■ Sponsorship Agreement with Local Sports Team [Tochigi Prefecture]

Our company has entered into a sponsorship agreement with “Reve’s Tochigi,” a community-based men’s volleyball team established in December 2021 that is based in Ashikaga City, Tochigi Prefecture. Reve’s Tochigi holds exciting matches at FUKAI SQUARE GARDEN Ashikaga (Ashikaga Citizens’ Gymnasium) as their home venue.



Reve's Tochigi in action at the Utsunomiya Tournament

■ “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 FY2017. In FY2024, we purchased credits equivalent to 294 t-CO₂, and by deducting these credits from the total CO₂ emissions attributed to the Achilles Group’s business activities, we worked to reduce our total CO₂ emissions.

A contract signing ceremony was conducted at the Yamagata Prefecture Office on February 20, 2025.

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



■ “Sokuiku” (“Foot Education”) activities (Tokyo)

From 13:00 to 17:00 in the afternoon on Tuesdays, Wednesdays, Thursdays and Fridays, the Foot Measurement and Counseling service is offered at Achilles Corporation’s Tokyo Head Office showroom (reservations required). Achilles Corporation can also arrange to provide visiting sessions at elementary schools and junior high schools, etc. (book on the Achilles website), showing students



how to choose shoes that are right for their feet, the right way to put shoes on, etc.

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

■ Clean Challenge [Tochigi Prefecture] [Shiga Prefecture] [Fukuoka Prefecture]

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

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



■ Governance, Risk, and Compliance (GRC) Program Initiatives

ACHILLES USA, INC. (Head Office) [USA]

Achilles USA, Inc. is working on a Governance, Risk, and Compliance (GRC) program to centrally manage sustainability challenges and quality control risks.

The GRC program efficiently identifies and mitigates risks, helping to maintain control in areas of non-statutory compliance, and is also useful for recording performance against internal and external standards.

Achilles USA, Inc. recognizes the importance of this program and focuses on the following points:

- “Standardization of training processes and resources”
- “Raising employee awareness regarding safety and environmental considerations”
- “Development of internal control standards, including those responding to regulatory agencies and supplier codes of conduct”

Instead of simply seeking to avoid penalties, we are also aiming to develop a responsible and continuously improving organizational culture, measure performance, and achieve compliance management. Through this, we hope to enhance our social reputation, mitigate risks, and solidify our position as a leader among responsible manufacturers.



■ Visits to Facilities Supporting People with Disabilities

ACHILLES HONG KONG CO., LIMITED

[Hong Kong]



On September 13, 2024, as part of the activities organized through the Caring Company initiative—a program that implements social action projects by enterprises located in Hong Kong, and which Achilles Hong Kong Co., Ltd. participates in—Achilles Hong Kong personnel visited the Mental Health Association of Hong Kong. This facility supports the employment of people with mild mental disorders with aim of facilitating social reintegration, and offers various vocational training and hands-on practical sessions.

This year we outlined the sales work for our shoe products, which served as a valuable opportunity for participants to learn more about Achilles footwear products and the concept of shoes in general. Participants also enjoyed retort pouch soup provided by a food manufacturer that cooperates with our Caring Company activities.

Four employees of ACHILLES HONG KONG CO., LIMITED participated this year, and we are pleased to have made a contribution to the community. We will continue this activity in years ahead.



Mental Health Association of Hong Kong staff and event participants



Explanation of Achilles products

■ Foot Health Issues Workshop

Achilles (Shanghai) International Trading Co., Ltd.

[People's Republic of China]



Rapid aging has led to various issues in China, such as maintaining the health of the elderly. In light of this, the Chinese government has established community centers in residential districts, working to promote the physical and mental health of local senior citizens.

Achilles (Shanghai) International Trading Co., Ltd. is conducting workshops at these community centers on problems related to the feet of the elderly under the topic, "A journey of a thousand miles begins with a single step."

To date, we have held six events, with a total of about 150 senior participants.

At these lectures, we offer foot measurements and provide advice and improvement measures to address issues related to feet. We also plan games (such as a towel-pulling contest using toes) for participants to enjoy.

Through these activities, we hope to raise seniors' awareness of foot health, and by introducing Achilles products such as the highly shock-absorbent "ACHILLES SORBO" shoes and "SORBOTHANE" insoles, help turn walking into fun, thereby encouraging more elderly people to engage in moderate exercise.

Lecture held at the Shanghai Community Center



■ Promoting work-life balance

Achilles Advanced Technology Co., Ltd.

[Taiwan]



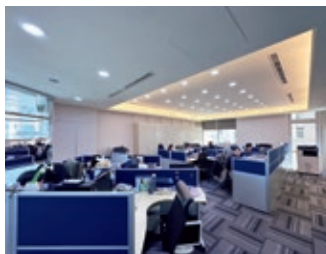
With the increase in diverse working styles and varying needs, Achilles Advanced Technology Co., Ltd. introduced an hourly paid leave system to create a workplace environment where everyone is able to work with peace of mind.

The timing and duration of leave required for childcare, nursing care, medical visits, unexpected personal matters, or refreshments vary from person to person, and employees are able to take leave according to their particular circumstances.

All employees are already making use of this system, and with frequency averaging about six times per person per year, we consider that the system contributes to a more comfortable working environment.

In contrast, making the hourly paid leave system available also has the drawback of introducing complications related to labor management and payroll calculations, so we are conducting trial operations of a smartphone-based attendance management system app to create a framework for more efficient and accurate operations.

Achilles Advanced Technology Co., Ltd. will continue to actively promote the creation of safe and comfortable working environments.



Office view of Achilles Advanced Technology Co., Ltd.

■ Environmental initiatives

Achilles (Foshan) New Materials Co., Ltd.

[People's Republic of China]



Achilles (Foshan) New Materials Co., Ltd. produces PVC synthetic leather for interior and upholstery use in vehicles. In response to China's strict environmental regulations, we are aiming to create a factory where employees are able to work with peace of mind, and are working on solvent-free adhesives and water-based surface treatment agents.

We have also introduced flue gas treatment equipment, and discharge exhaust gases generated during production into the atmosphere only after rendering them harmless through thermal and catalytic processing, while conducting fixed-point monitoring.



Flue gas treatment equipment at Achilles (Foshan) New Materials Co., Ltd.

Governance

Governance/Risk management

Corporate Governance

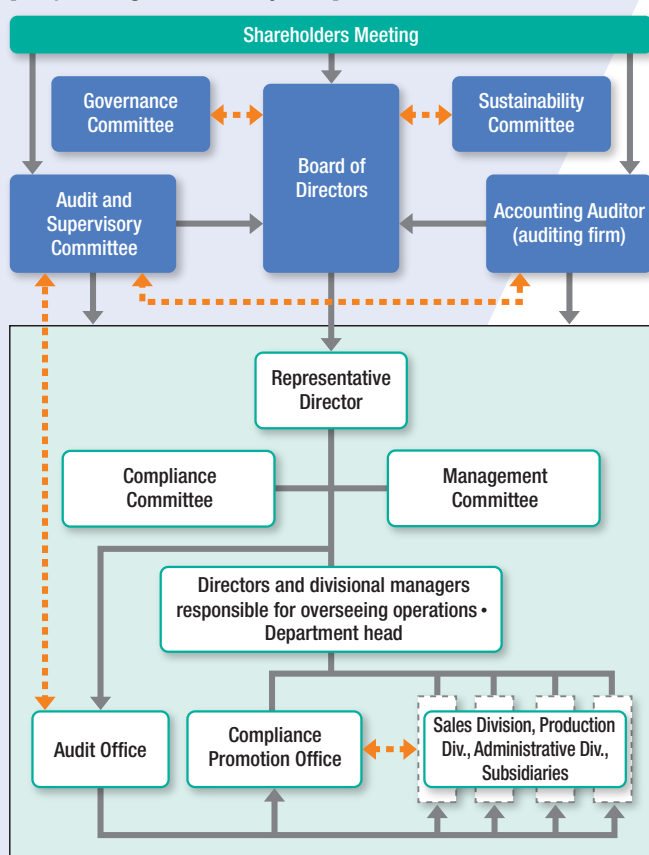
Corporate Governance System

Achilles Corporation is now a company with an Audit and Supervisory Committee. The Board of Directors monitors the implementation status of business operations. In regard to implementation, the Company aims to ensure efficient management by delegating authority to the Directors and divisional managers with responsibility for individual departments.

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

Note: Governance systems such as the Board of Directors listed reflect those in effect after June 27, 2025.

[Corporate governance system]



■ Board of Directors

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

[The knowledge and expertise desired in company Directors]

To secure a competitive advantage that will boost corporate value, a company must have knowledge backed by real-world experience in the fields of production, sales, technology, and market information (including information about competitors), along with sound business judgment. Also of growing importance are management skills at international business locations and experience

in business practice compliance that includes financial accounting, an outlook based on experience outside of the company, and other forms of diversity, plus recently, business judgment from the perspective of ESG.

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

[Board of Directors]

	Directors (external)	Directors who are the Audit and Supervisory Committee Members (external)	Total (external)
Male	7 (1)	3 (1)	10 (2)
Female	—	2 (2)	2 (2)
Total	7 (1)	5 (3)	12 (4)

■ Management Committee

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

■ Audit & Supervisory Board, Internal Auditing and Accounting Auditor

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

[Audit and Supervisory Committee]

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

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

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

■ Governance Committee

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

[Governance Committee]

	Directors (external)	Directors who are the Audit and Supervisory Committee Members (external)	Total (external)
Male	3 (1)	1 (1)	4 (2)
Female	—	2 (2)	2 (2)
Total	3 (1)	3 (3)	6 (4)

Internal controls system

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

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

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

Once a year, we give all directors an anonymous questionnaire regarding the effectiveness of the Board of Directors. The results of the questionnaire are reviewed by external directors, who issue a statement of opinion on the effectiveness of the Board of Directors. Lastly, the effectiveness is deliberated and evaluated by the Board of Directors. The results of the FY2024 questionnaire are shown in the table below. The overall evaluation surpassed the standard score of 3, and we have determined that the Board of Directors is effective.

[Questionnaire regarding the effectiveness of the Board of Directors]

Question	FY2023	FY2024
Composition of the Board of Directors	3.8	3.6
Board of Directors operations	3.6	3.4
Information provision to external directors	3.5	3.4
Completeness of deliberations in the Board of Directors	3.3	3.3
Improvement from the previous fiscal year	2.7	3.0
Overall evaluation	3.7	3.5

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

[Results of the assessment of the Board of Directors' effectiveness in FY2024]

Results of the questionnaire of the Board of Directors' effectiveness in FY2024 show that the total evaluation including member composition, operation, information sharing to external directors, and completeness of deliberations exceeded the Company standard of effectiveness. In terms of agenda items, there was a vibrant discussion focused on measure for business improvement, such as price revisions and essential strategies for achieving profitability in FY2025. In addition, external directors focused on deliberations related to cash flow-oriented expenditure management and business strategies for the Shoes business and overseas subsidiaries, not only fulfilling supervisory responsibilities but also consistently supporting the strong leadership and decision-making of management.

In tandem with more active deliberations, the need to secure sufficient time for discussion was also recognized again through preparations such as advance explanations of key issues and materials that further set out discussion points.

In FY2025, we will focus on rebuilding and strengthening earning power by steadily implementing measures from the new medium-term management plan, while enhancing discussions on important matters at the Board of Directors, such as medium- and long-term growth strategies and investment and financing projects. And from the perspective of advancing solution-based businesses, there is a need to cultivate diversity on the Board of Directors, and we will promote diversity over the medium- to long-term through initiatives such as fostering female (internal) directors and encouraging management participation by employees of foreign nationalities.

While there is still room for improvement, the Board of Directors of the Company in FY2024 was determined to have been effective based on the above.

Outline of Officer Remuneration

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

Basic Policy Outline (June 27, 2024 and thereafter)

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

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

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

^{*1} Percentages are approximate.

^{*2} Performance indicators used to determine performance-based remuneration are as follows: the ordinary profit ratio from the perspective of short-term profitability, and the Return on Equity (ROE) and Return on Assets (ROA) from the perspective of improving corporate profits in the medium- to long-term. Performance-based remuneration is determined in accordance with regulations pertaining to compensation for Directors. The base pay is calculated taking the standard pay (which in turn is based on factors such as degree of responsibility, comparison to other companies, the company's performance, employee pay levels, etc.) and exempting the fixed remuneration from this figure. A goal table is devised with indicators used in calculations, specifically averages for the past five fiscal years. On top of this, criteria such as degree of achievement of the various goals of the past fiscal year (as well as management skills) are factored in and weighted in accordance with benchmarks determined ahead of time. Also, it is subject to review by the Governance Committee at the time of establishment.

^{*3} Pre-set

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

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

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

FY2024 officer remuneration

Category	Total remuneration (million yen)	Total remuneration by type (million yen)			Number of officers applicable
		Fixed remuneration	Performance-based remuneration	Non-monetary compensation, etc.	
Directors (excludes Audit and Supervisory Committee members) (No. of External Directors)	177 (16)	77 (16)	100 (—)	— (—)	12 (2)
Directors (Audit and Supervisory Committee members) (No. of External Directors)	60 (23)	60 (23)	— (—)	— (—)	6 (4)
Total (No. of External Directors)	237 (39)	137 (39)	100 (—)	— (—)	18 (6)

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

• The goals for the indicators of the base fiscal year as pertains to performance-based remuneration are as follows: ordinary profit ratio: 1.6%; return on investment: 3.4%; and return on assets: 1.6%. The actual figures for each were: -0.2%, -19.1%, and -0.2%, respectively.

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

Director Skill Matrix

The Director Skill Matrix (excluding Audit and Supervisory Committee Members) is outlined on page 6 and page 6 of the Notice of the 105th Annual General Meeting of Shareholders. The Director Skill Matrix (excluding Audit and Supervisory Committee Members) is outlined on page 15 and page 15 of the Notice of the 104th Annual General Meeting of Shareholders.

[Notice of the 105th Annual General Meeting of Shareholders]
https://www.achilles.jp/assets/pdf/ir/library/annual/250605_en.pdf#view=Fit



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



Compliance

Basic Approach

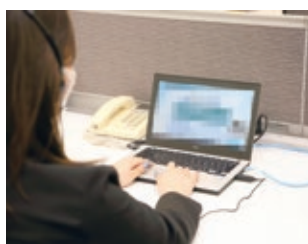
The Achilles Group has formulated a Charter of Corporate Behavior, which embodies the fundamental principles for corporate action that realizes compliance and respects corporate ethics, and has also formulated a Code of Conduct that specifies concrete standards in relation to the above. All Achilles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

P.33 Charter of Corporate Behavior

Compliance Promotion Activities

The main compliance promotion activities implemented in FY2024 are as follows. We strive to improve the effectiveness of training by using both e-learning and group formats.

Major compliance training	Themes • Security export control • Prevention of harassment • Prevention of bribery and corruption • Compliance training for new employees
Others	Other necessary adjustments to rules made in response to revision of relevant laws, etc., and making employees aware of these adjustments



Employee taking online compliance training (Tokyo Head Office)

Information Security

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

As of FY2021, an increased number of suspicious e-mails has become the norm, prompting the company to revise its strategies to address information security risk.

Number of incidents in FY2024	0
-------------------------------	---

There were no information security accidents or network troubles in FY2024.

[Information security-related training conducted in FY2024]

- Training on "Importance of Information and Precautions When Using Computers" (for new employees)
- "Information Systems Department Operations and Relation to Each Section Manager and Their Duties" (for candidates for section manager)
- Suspicious email response training (held twice)

P.35 Achilles Group Basic Policy on Information Security

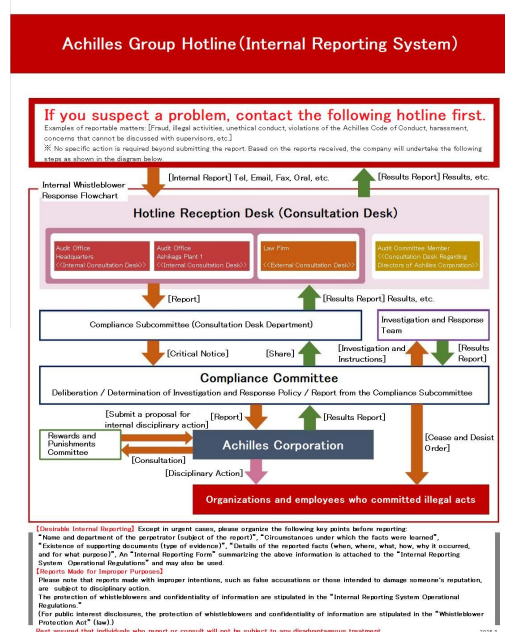
Reporting and Consultation System

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

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

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

[Flowchart for handling reports]



[Hotline calls received in FY2024]

Report from Group employee	2	Total: 3
Report from person not a Group employee	1	
Report details	Human relations: 1 case; Labor relations: 1 case; Others: 1 case	
Outline of response	No significant problem was found.	

Policy documents

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.

Date of enactment April 1, 2003 / Revision date April 1, 2019

Basic Sustainability Policy

It is listed on page 9.

Achilles Group Human Rights Policy

The Achilles Group (Achilles Corporation and its subsidiaries) aims to realize its corporate philosophy of "Living with Society"= "Customer First" and has established in its group's action guidelines to act with high ethical standards and a sense of responsibility in order to earn the trust and empathy of society. And under the slogan "For a Society Full of Smiles," we are working to solve various social issues, aiming to realize an affluent society where human rights are respected and people can live with smiles on their faces.

As a member of society, the Achilles Group understands the importance of respect for human rights and has established the "Achilles Group Human Rights Policy" (hereinafter referred to as the "Policy") in order to respect human rights in all its activities.

1. Basic Approach

The Achilles Group respects human rights as expressed in the International Bill of Human Rights and the core labor standards of the International Labor Organization (ILO), and is committed to the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Tripartite Declaration of Principles for Multinational Enterprises and Social Policy (Multinational Enterprise Declaration). We have formulated this policy based on the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Tripartite Declaration of Principles for Multinational Enterprises and Social Policy where there is a conflict between internationally recognized human rights and national laws and regulations, we will seek ways to maximize respect for international human rights principles.

2. Scope of Application

The Achilles Group applies this policy to all directors and employees of the Achilles Group. The Achilles Group also expects its business partners and other related parties involved in the products and services of the Achilles Group to understand and agree with this Policy.

3. Responsibility to Respect Human Rights

The Achilles Group shall fulfill its responsibility to respect human rights by striving to ensure that its business activities do not infringe on the human rights of those who are directly or indirectly affected by its business activities, and by taking appropriate measures to correct any negative impact on human rights that may be caused by its business activities.

4. Human Rights Due Diligence and Remedies

The Achilles Group shall establish and continuously implement a human rights due diligence mechanism. Through human rights due diligence, the Achilles Group shall identify the negative impacts of its business activities on human rights and strive to prevent and mitigate human rights violations. If the Achilles Group recognizes that its business activities have directly or indirectly caused, or have the potential to cause, negative human rights impacts, the Achilles Group will work to remedy such impacts through appropriate procedures.

5. Dialogue and Consultation

The Achilles Group will engage in sincere dialogue and consultation with internal and external stakeholders in the process of identifying negative human rights impacts and in efforts to prevent, mitigate, and remedy them.

6. Materiality

The Achilles Group promotes initiatives to prevent and mitigate negative impacts on human rights in its business activities, with the following as priority issues;
Harassment, Discrimination, Occupational health and safety, Forced labor, Child labor.

7. Education

The Achilles Group will educate its employees on this policy in order to prevent any negative impact on human rights in all aspects of its business activities.

8. Disclosure of Information

The Achilles Group will regularly report its efforts to respect human rights through the Achilles Group website and other means.

This policy was approved at the Board of Directors meeting of Achilles Corporation on August 28, 2024.

Date of enactment August 28, 2024

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.

Date of enactment April 1, 2016

Achilles Group Environmental Policy

Achilles Group considers "Living with Society" and "Customer First" to be equally important values, and its corporate philosophy is to contribute to the realization of a sustainable society and enhance the overall happiness of society.

Addressing environmental issues is a common challenge for all of humanity, and as an essential requirement for the existence and activities of companies, we will strive to reduce our environmental impact while continuing to create new value. We aim to be a company that enriches people's lives by providing the world with surprise, joy, and inspiration.

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, we will promote measures to address climate change (mitigation and adaptation), the 3Rs (reduce, reuse, recycle), reduction in the use of environmentally hazardous substances, and the development of environmentally friendly products, and strive to maintain and improve a healthy environment.
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.

Enacted December 1, 2000 / Revised July 1, 2025

Achilles Group Health and Safety Policy

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

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

Date of enactment: December 16, 2002 /

Date of revision: July 1, 2025

Achilles Group Basic Policy on Quality Assurance

In promoting business activities based on our corporate philosophy of "Harmony with Society" = "Customer First", 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. To ensure the safety and security of our customers, we manage risks for the products and services we provide throughout the entire process from planning to after-sales service, and enhance safety along with quality. **[Ensuring 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 plan, design, manufacture, and sell products that factor in the reduction of environmental impacts. **[Consideration 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]**

Date of enactment: June 1, 2007 / Date of revision: July 1, 2025

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

We do not use minerals (tantalum, tin, tungsten, gold) in our products that could be a source of funding for armed groups in the Democratic Republic of Congo (DRC), neighboring countries, conflict areas, or high-risk areas. When we procure materials that may contain these minerals, we will conduct an investigation in advance to confirm that they have not been procured from parties related to armed forces. If any of the materials we procure are found to contain these minerals, we will take appropriate measures such as immediately suspending the procurement after discussing the matter with our suppliers. However, we will use minerals that have been legally traded and are not used as a source of funding for armed forces in the region.

* Minerals of which mining or trade are closely related to funding armed groups, fueling conflict, or issues such as human rights abuses and labor problems. Under the "Dodd-Frank Wall Street Reform and Consumer Protection Act" enacted in the United States in July 2010, minerals sourced in the Democratic Republic of the Congo and neighboring countries—tantalum, tin, gold, tungsten, and any other minerals determined by the State Department—were designated as conflict minerals. Additionally, U.S. public companies are required to report to the U.S. Securities and Exchange Commission (SEC) if they use conflict minerals.

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

Date of enactment January 5, 2015 / Date of revision: May 1, 2025

Basic Policy on Information Security

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

1. Provide products and services that are safe and secure

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

2. Managerial responsibility

The Group strives to continuously improve organizational information security led by management.

3. Compliance with laws and contractual obligations

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

4. Establishment of an internal system

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

5. Education and training

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

6. Response to policy violations and incidents

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

7. Ongoing measures

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

Date of enactment August 9, 2022

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

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

Date of enactment: January 1, 2010 /
Date of revision: December 19, 2024

Data Version (Financial Information)

Consolidated Management Indices

	FY2020	FY2021 ^{*1}	FY2022	FY2023	FY2024
◆ Management results					
Sales (million yen)	73,617	75,953	82,917	78,607	79,093
Operating income or loss (△) (million yen)	1,569	855	(713)	(958)	(436)
Ordinary income or loss (△) (million yen)	2,080	1,595	(117)	(171)	(220)
Current net income or loss (△) attributable to the parent company (million yen)	3,215	1,525	(1,204)	(8,210)	427
◆ Financial condition					
Interest-bearing debt (million yen)	5,200	5,200	11,100	14,650	14,650
Net assets (million yen)	46,386	47,728	46,206	39,549	39,336
Total assets (million yen)	76,862	80,123	86,220	82,662	79,504
◆ Cash flow					
Cash flow from operating activities (million yen)	4,509	4,707	(1,072)	1,878	2,686
Cash flow from investing activities (million yen)	(2,830)	(5,030)	(4,484)	(3,793)	(1,918)
Free cash flow (million yen)	1,679	(323)	(5,556)	(1,915)	768
Cash flow from financing activities (million yen)	(650)	(860)	4,547	1,758	(1,246)
◆ Management indicators					
ROA (%)	2.8	2.0	(0.1)	(0.2)	(0.3)
ROE (%)	7.3	3.2	(2.6)	(19.1)	1.1
◆ Per share data					
Current net income or loss (△) per share (yen)	204.72	97.12	(78.21)	(560.30)	30.67
Net assets per share (yen)	2,952.98	3,049.81	3,058.80	2,764.61	2,878.18
Price-to-earnings ratio (multiple)	7.2	13.0	— ^{*2}	— ^{*2}	46.1
Dividend per share (yen)	50	40	40	20	20
◆ Other					
Capital expenditures (million yen)	3,595	5,446	5,824	4,633	2,354
Depreciation and amortization (million yen)	3,107	3,160	3,329	3,428	2,898
Research and development expenses (million yen)	1,415	1,359	1,260	1,226	1,132
Number of employees (persons)	1,662	1,651	1,649	1,689	1,677
◆ Segment information					
Shoes business (million yen, % in square brackets)	10,412 (14.1)	11,497 (15.1)	11,387 (13.7)	10,420 (13.3)	10,116 (12.8)
Plastic business (million yen, % in square brackets)	34,428 (46.8)	36,499 (48.1)	42,223 (50.9)	40,047 (50.9)	40,124 (50.7)
Industrial materials business (million yen, % in square brackets)	28,776 (39.1)	27,956 (36.8)	29,306 (35.4)	28,140 (35.8)	28,853 (36.5)

*1 The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related accounting standards have been applied from FY2021 onward. The consolidated management indices for FY2021 are the indices after the application of these accounting standards, so a simple comparison cannot be made to the indices from FY2020 and earlier. For details of the impact of the application of the Accounting Standard for Revenue Recognition, etc., please refer to the Company's securities report.

*2 Price-to-earnings ratio for FY2022 and FY2023 is not shown because it is associated with the current net loss attributable to the parent company.

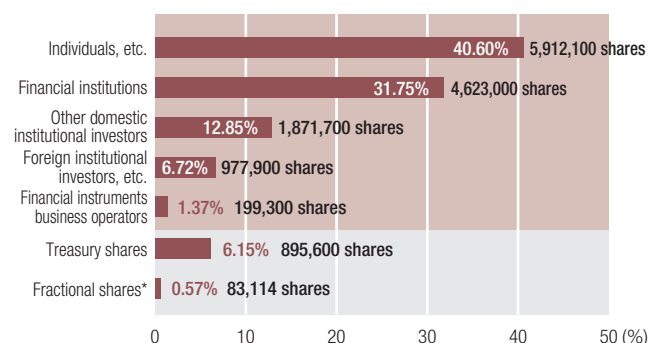
Note: Figures given in parentheses are negative values.

Shareholding Status

[Total shares, etc.] As of March 31, 2025

Total number of authorized shares	70,000,000 shares
Total number of outstanding shares	14,562,714 shares
Total number of shareholders (those with voting rights)	10,264 (7,592)

[Shareholding distribution] As of March 31, 2025



* Fractional shares are shares of less than one unit (100 shares).

Reports/Interim Reports

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

Report for shareholders



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

The Achilles Corporation's annual general meeting of shareholders was held in June 2022, having introduced the exercise of voting rights via the internet and the issuance of a convocation notice in English. It has also issued a statement of accounts in English since FY2023.

Data Version (Environmental Footprint Data)

Global Warming Countermeasures

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

Item (unit)	FY2023	FY2024	YoY comparison
Transportation ton-kilometer ¹ (thousands)	63,946	62,063	Decrease of 2.9%
CO ₂ emissions generated (t-CO ₂) ²	8,128	7,944	Decrease of 2.3%
Modal shift ³ rate (%)	14.4	16.9	Increase of 2.5 points

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

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

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

[Scope] ISO 14001: 2015 registered worksites

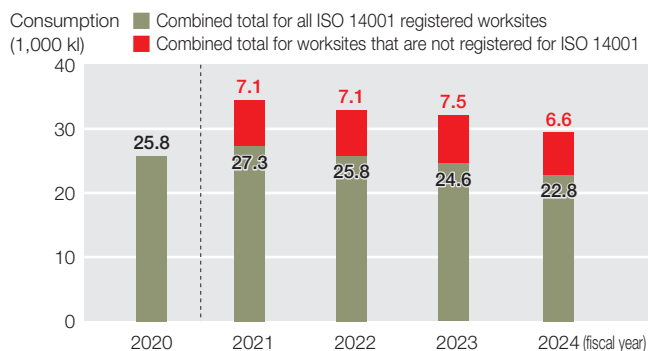
[Solar photovoltaic power generation equipment]

	Solar power generation capacity (kW)	Electric power generated (thousand kWh/year)	Reduction in CO ₂ * (t-CO ₂ /year)
Ashikaga Factory No. 2	529	579	250
Shiga Factory No. 2	1,006	998	431
Total	1,535	1,577	681

* The emission factor (2024) for Tokyo Electric Power Company was used for Ashikaga Factory No. 2, and the emission factor (2023) for Ennet power company was used for Shiga Factory No. 2.

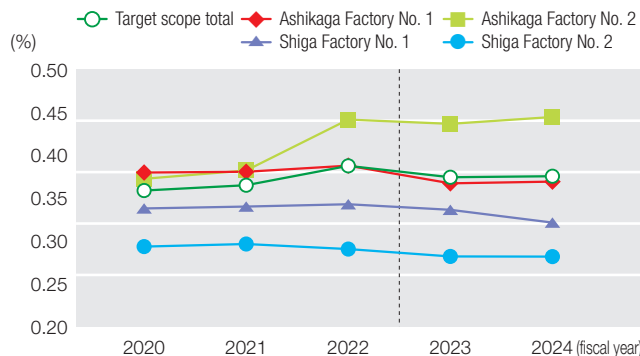
Energy Conservation

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



[Scope] From FY2021, all worksites are included in consolidated financial reporting, excluding companies that use the equity method. (Reporting scope includes Achilles Corporation and subsidiaries inside and outside Japan.)

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



Note: Per-unit energy consumption is managed by dividing annual energy use by production volume. The "primary conversion coefficient for electricity" was been updated with the Revised Energy Conservation Act of FY2023, and from FY2023 results onward, the revised coefficient is used to compare with FY2024 results.

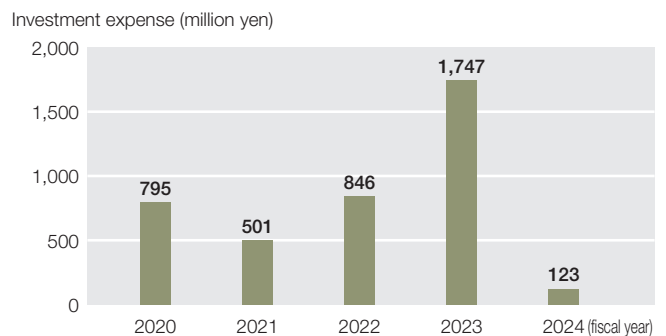
[Scope] Ashikaga Factories No.1 and 2 of Achilles Corporation, Shiga Factory No.1, Shiga Factory No.2, Bibai Factory, and Kyushu Factory

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

Details	Reduction effects (kl)
Improved thermal insulation of and prevented steam leaks from pipes, valves, etc.	160
Updated compressors, prevented air leaks	35
Updated to the top runner air conditioners	5
Installed LED lighting and Hf fluorescent lights	5
Update to high-efficiency voltage transformers at transformer stations	5
Other (adopted inverter pumps and motors, etc.)	30
Total	240

[Scope] ISO 14001: 2015 registered worksites

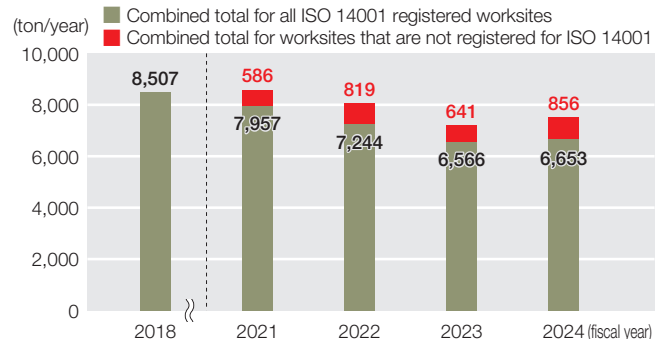
[Annual environmental facility investment expense (past five years)]



[Scope] ISO 14001: 2015 registered worksites

3R Activities and Complete Zero Emissions

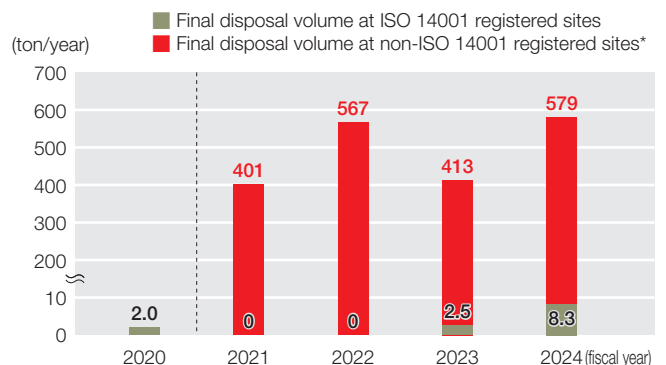
[Total volume of generated waste* and other materials]



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

[Scope] From FY2021, all worksites are included in consolidated financial reporting, excluding companies that use the equity method. (Reporting scope includes Achilles Corporation and subsidiaries inside and outside Japan.)

[Final disposal volume]

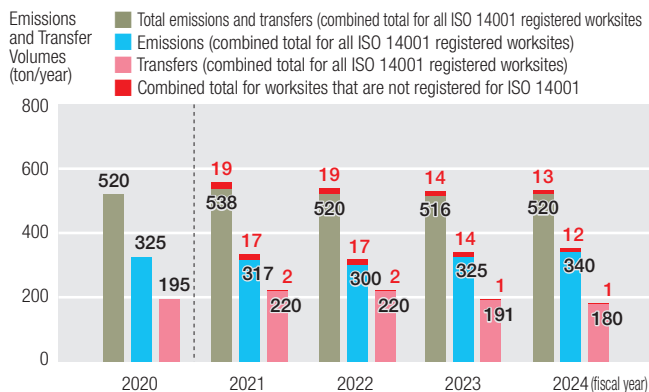


* The main final disposal volume at non-ISO 14001 registered sites comes from U.S. subsidiaries, where conditions for thermal recycling are limited.

[Scope] From FY2021, all worksites are included in consolidated financial reporting, excluding companies that use the equity method. (Reporting scope includes Achilles Corporation and subsidiaries inside and outside Japan.)

Air Pollution Prevention (Environmentally Hazardous Substances)

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

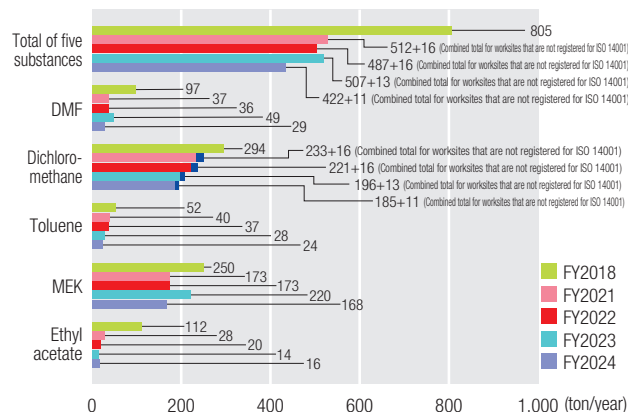


Note: Worksites where the volumes handled are below the specified threshold are excluded from the scope of aggregation.

Results in years from FY2023 are based on the revised PRTR Act.

[Scope] From FY2021, all worksites are included in consolidated financial reporting, excluding companies that use the equity method (the scope includes Achilles Corporation and subsidiaries inside and outside Japan).

[Total atmospheric releases of five substances of environmental concern]



Data by Business Site (April 2024–March 2025)

[PRTR data]

PRTR Law-designated Class I Specified Chemical Substances	Ashikaga Factory No. 1			Ashikaga Factory No. 2			Bibai Factory		
	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Ethylbenzene	0.40	0.00	0.01	2.60	0.00	0.00	—	—	—
Xylene	0.44	0.00	0.01	1.90	0.00	0.10	—	—	—
Dichloromethane (methylene chloride)	110.00	0.00	3.80	3.50	0.00	0.13	0.11	0.00	0.00
N, N-dimethylformamide (DMF)	29.00	0.32	4.20	0.01	0.00	0.01	—	—	—
m-tolylene diisocyanate	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10
Toluene	18.00	0.00	0.79	5.70	0.00	0.22	—	—	—
Bis phthalate (2-ethylhexyl)	0.42	0.00	16.00	0.04	0.00	33.00	—	—	—
Methylenebis (4,1-phenylene) =diisocyanate	0.00	0.00	0.73	0.00	0.00	0.05	0.00	0.00	0.34
Tetrahydrofuran	0.99	0.00	0.09	—	—	—	—	—	—
Methyl isobutyl ketone	5.80	0.00	0.51	0.50	0.00	0.00	—	—	—

PRTR Law-designated Class I Specified Chemical Substances	Shiga Factory No. 1			Shiga Factory No. 2			Kyushu Factory			Sanshin Enterprises			Achilles USA		
	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes	Emissions volume		Transfer volumes
	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste	The air	Waterways	Waste
Xylene	0.01	0.00	0.00	0.08	0.00	0.00	—	—	—	—	—	—	—	—	—
Dichloromethane (methylene chloride)	—	—	—	76.00	0.00	3.50	0.12	0.00	0.00	—	—	—	—	—	—
m-tolylene diisocyanate	—	—	—	0.08	0.00	0.00	—	—	—	11.00	0.00	1.00	—	—	—
Toluene	0.10	0.00	0.00	0.00	0.00	0.00	—	—	—	—	—	—	—	—	—
Phenol	0.00	0.00	0.00	—	—	—	—	—	—	—	—	—	—	—	—
Bis phthalate (2-ethylhexyl)	0.42	0.00	104.00	0.00	0.00	0.00	0.00	0.00	0.02	—	—	—	1.00	0.00	0.15
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	0.01	—	—	—	—	—	—	—	—	—
Methyl isobutyl ketone	75.00	0.00	0.00	0.00	0.00	0.00	—	—	—	—	—	—	—	—	—

Note: Chemical substances subject to the PRTR Act: only those Class I Designated Chemical Substances for which the annual amount handled in FY2024 exceeded 1 ton and where the amount of emissions and/or transfers was substantial are listed (unit: tons/year). A dash (—) indicates that the substance in question was excluded from reporting (due to the amount handled being less than 1 ton per year).

[Water quality]

Measurement item	Unit	Base value	Ashikaga Factory No.1	Ashikaga Factory No.2, Site 1*	Ashikaga Factory No.2, Site 2*	Base value	Shiga Factory No.1, Site 1*	Shiga Factory No.1, Site 2*	Base value	Shiga Factory No. 2
Hydrogen ion concentration (pH)	pH	5.8~8.6	7.4	7.5	7.5	6.0~8.5	7.5	7.7	6.0~8.5	7.7
Biochemical oxygen demand (BOD)	mg/ℓ	25 or less	2.3	6.2	2.6	25 or less	1.2	1.8	30 or less	1.1
Suspended solids (SS)	mg/ℓ	50 or less	1.1	12.5	1.3	25 or less	2.4	1.5	70 or less	1.9
Normal hexane extractable content	mg/ℓ	5 or less	Under 0.5	Under 0.5	Under 0.5	5 or less	Under 0.5	Under 0.5	5 or less	Under 0.5
Nitrogen content (T-N)	mg/ℓ	120 or less	3.0	3.2	3.2	12 or less	0.3	0.4	12 or less	2.5
Phosphorous content (T-P)	mg/ℓ	16 or less	Under 0.1	Under 0.1	Under 0.1	1.2 or less	0.1	0.5	1.2 or less	0.1

* Ashikaga Factory No.2 and Shiga Factory No.1 conducted measurements at two locations. * The base value is determined according to regulations at each business site.

[The air]

Measurement item	Unit	Base value	Ashikaga Factory No.1	Base value	Shiga Factory No. 1
SOx (boilers)	k value restriction	7	—	17.5	—
NOx (boilers)	ppm	150	32	150	31

City gas is used, so there are no SOx emissions.

Company Profile

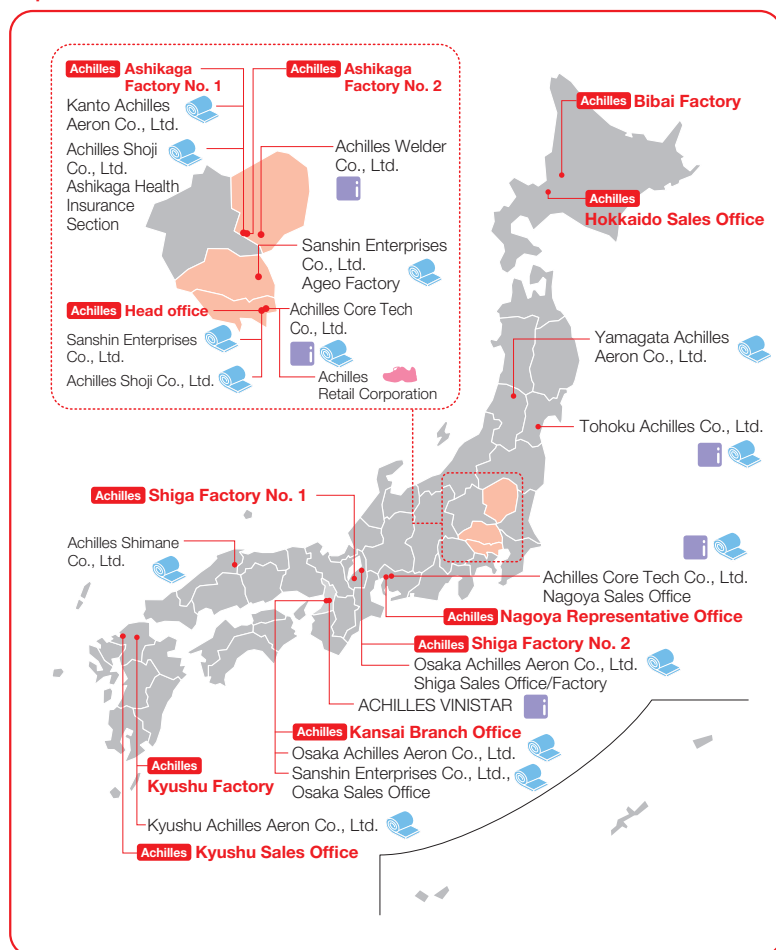
Foundation May 1947
Representative Ichiro Hikage, President and Representative Director
Capital 14.64 billion yen
Number of employees 1,677 (consolidated) as of end of March 2025
Listing stock exchange Tokyo Stock Exchange (Prime Market)

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



Business Locations

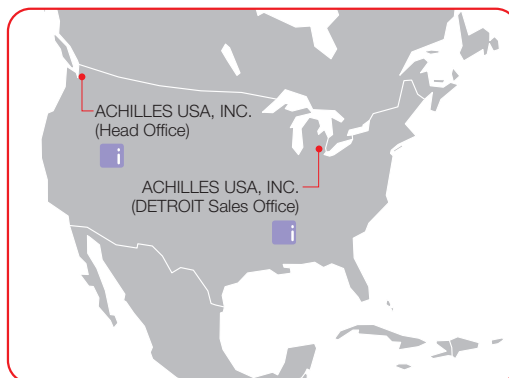
Japan



Asia



North America



Achilles Achilles Corp. locations

Subsidiary business information

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

Note: In addition to the above, there are also the following four associated companies:

Toukai Kakou Corporation, Koa Kogyo Co., Ltd., Kunshan Achilles New Material Technology Co., Ltd. (Jiangsu, China), and ANL Group Limited (Hong Kong)

Achilles Report 2025

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