

Sustainable Development of Society

Expansion in the Care Service Businesses and services for seniors

The demands for outsourcing household chores and home cleaning are growing in response to societal changes. Working couples have been increasing along with the advancement of women's roles in society; the number of singles has also been rising due to aging and late marriage. These demands reflect people's needs for extra support in the home, and particularly for seniors, help with tasks requiring physical strength and safety considerations. Our Care Service Businesses* have been responding to these social issues and needs. In FY2018, its promotional effort to recruit new franchisees resulted in an increase of 82 locations to achieve a total of 2,607 in all five businesses compared to the previous year.

In the senior service sector, Health Rent and Life Care provide assisted-living and health care products, and support for seniors' independent living to help seniors lead a comfortable life. Life Care provides services that are not covered by long-term care insurance to assist seniors in living and to reduce the burden of family caregivers. In FY2018, the number of Life Care locations slightly dropped from the previous year due to the impact of rebranding, while Health Rent increased by five locations to 150.

*Consist of ServiceMaster, Merry Maids, Terminix, Total Green and Home Repair. See page 37.



ServiceMaster Professional cleaning service



Health Rent Rental and sales of home health care items

Prevention of secondhand smoke

At Food Group, Mister Donut has been working on the initiative to make shops non-smoking all day or at certain times of a day, or to limit smoking to a designated section in a shop.

Under the revised Health Promotion Law that will take effect in April 2020, further preventative measures against secondhand smoke will be required. In response, Mister Donut decided to change all the shops with an isolated smoking section or a smoking section with an air purifier into completely non-smoking shops or shops with a smoking booth where neither eating nor drinking is allowed. Mister Donut is planning to complete the change by March 2020.

Mister Donut continues to focus on providing a safe and comfortable shop environment so that customers with children can drop in at ease and employees can work in good health.



Manufacturing and renting custom-made mats to prevent special frauds

Our Prevention of Special Frauds Mats help people be protected from special frauds, a nationwide problem. Cooperating with prefectural police, we enlighten and



raise the public's awareness by proposing that our Prevention of Special Frauds Mats be placed at financial institutions. This activity has been expanding throughout Japan, and as of March 2019, a total of 13,000 custom-made mats were placed in front of automated teller machines at financial institutions and convenience stores in 40 prefectures.

Our customers have voiced their enthusiastic appreciation for this program, and in particular our efforts to achieve the goal of zero victims by printing the prefectural police names and numbers on the mats. Our CSR activity in prevention of crimes with these mats was recognized and awarded in October 2016 as an Anticrime CSR Fulfilling Enterprise by the National Crime Protection CSR Promotion Committee.

Sow the Seeds of Cleanliness Classroom



In 2012, the Sow the Seeds of Cleanliness Classrooms started with the hope to help develop children's potential through supporting school education activities. These classrooms are on-site lessons targeted at elementary school children. In a 45-minute lesson, we help children learn what dust and dirt are, explain why cleaning is necessary and teach them how to use cleaning tools such as dust cloths and brooms so that the children can apply the knowledge to cleaning at school and home. This program was held at 2,704 schools nationwide for a total of 236,155 children educated as of March 2019.

Since 2008, the seminars have been held for schoolteachers who have asked for ways to improve their students' abilities during cleaning times at school. Collaborating with the teachers, we have developed programs showing how cleaning routines at school can be improved and how to instruct children on cleaning. The seminars were held at 275 school boards for a total of 7,036 teachers as of March 2019.



Supply chain continuity planning

If a supplier in the supply chain is affected by a natural disaster and suspends product supply, it can cause customers considerable inconvenience, especially in our dust control business. To prevent this, Duskin has developed a supply chain continuity plan for the key dust control products.

Continuity planning policy

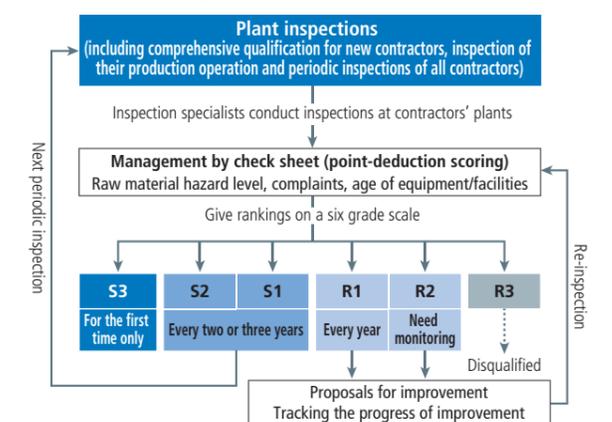
1. Purchase goods from several suppliers
2. Check if direct suppliers are implementing their continuity plans
3. Identify in advance similar products and alternatives that can serve as substitutes in an emergency
4. Secure an emergency stock

Inspections of contracted food processing plants

For the contracted food processing plants to process raw materials or products, our Quality Assurance & Risk Management team conducts several types of inspections, including comprehensive qualification for new contractors, inspection of their production operation and periodic inspections of all contractors. Our inspection specialists for food processing plants conduct extensive quality inspections, with more than 400 items on our checklist for facility management, process management, sanitary management and production management. All plants are evaluated and ranked by the results of inspections and other evaluation items. Periodic inspections are conducted regularly (one to three years) depending on the plants' rankings.

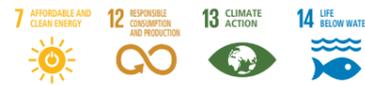
In FY2018, 10 new contractor plants including two overseas plants were inspected, and a regular inspection was performed at 30 plants.

Food processing plant inspection process



Eco-Friendliness

Contribution to SDGs

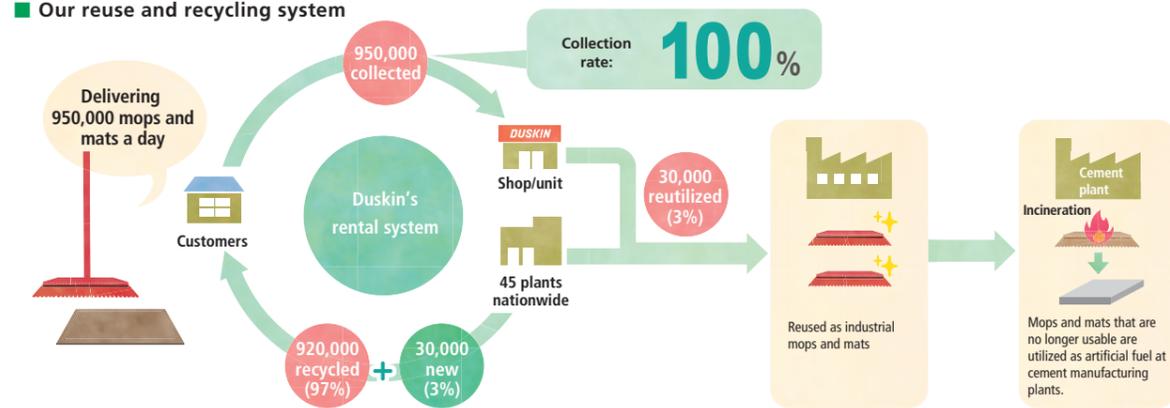


Reuse of mop and mat products at Direct Selling Group

Since our founding in 1963, Duskin has delivered rental products including mops, mats and other cleaning tools on a periodic basis. All used items are collected from customers, and 97% of the collected items are washed in the laundry plants and reused.

The remaining 3% unusable items are utilized as fuels. All products are repeatedly used until their usable life ends. Dust and dirt on mops and mats are also recycled into materials for cement.

Our reuse and recycling system



Waste reduction and recycling at Food Group

Mister Donut strives to provide a variety of donuts for customers to choose, even just before store closing time. Mister Donut therefore makes continued efforts to recycle any unsold donuts.

In the Kanto and Tokai areas, unsold donuts are reprocessed in processing plants into animal feed. In FY2019, Mister Donut plans to start recycling donuts into biogas in the Kansai area.

Mister Donut reviews production schedules and executes tight controls by using a checklist to reduce donut disposal.

Food waste and recycling at Food Group's shops/restaurants

	2016	2017	2018
Food waste (t)	6,502	5,600	5,187
Recycled (%)	36.3	40.3	42.6

Response to climate change and reduction of energy consumption

Duskin focuses on reduction of greenhouse gas emissions across the supply chain to achieve the long-term environmental goal of a 26% decrease from FY2013 by 2030.

At Food Group, all shops and restaurants manage energy consumption through controlling air conditioner temperature and avoiding simultaneous use of equipment. Production & Logistics facilities make efficient use of energy in our business operations by introducing energy-saving equipment and improving the efficiency of machinery operation. These activities contribute to reducing CO₂ emissions that are one of the causes of global warming.

CO₂ emission (t-CO₂)

	2013	2016	2017	2018	Compared with 2013
Scope 1*	35,603	34,484	34,324	33,473	-6.0%
Scope 2*	32,474	27,655	31,092	29,856	-8.1%
Scope 3	498,991	456,019	395,197	373,619	-25.1%
Total	567,068	518,159	460,614	436,949	-22.9%

* Duskin Group and franchised plants

Human Resource Development

Contribution to SDGs



Diversity and inclusion

Duskin believes in establishing workplaces where employees respect each other, and are respected, regardless of gender, age, nationality, career, lifestyles, or any other factor, thus empowering all employees to exert their talents to the fullest of their potential. By doing this, we are prepared to respond to the changing business environment and to diversifying customer needs, which in turn, enables us to increase our value and competitive advantage.

This policy is defined in the Duskin Code of Conduct. Duskin has also set goals to achieve on the ratios of female employees in managerial positions and of employees with disabilities by defining our KPIs (Key Performance Indicators). The goal of the ratio of employees with disabilities is higher than the legally required employment rate of people with disabilities (2.2%).



Duskin Health-Focused Management

Duskin Declaration of Health-Focused Management

Duskin values and cares about the well-being of our employees and their families and strives to help them lead lives to their fullest potential as reflected in the philosophy of Prayerful Management. As the sound development of a company depends on happy and healthy employees, we see the well-being of our employees as a key requirement for the Duskin Group to continue to Sow the Seeds of Joy in society.

We declare our commitment to health-focused management, through which we will support the health of our employees and help them improve their own health and become more informed consumers of health services and information.

Duskin Health-Focused Management For happiness of employees

Duskin will encourage and help our employees and their families to maintain and improve their well-being to lead their lives to their fullest potential as reflected in the philosophy of Prayerful Management. We hereby declare our commitment to health-focused management, through which we will support the health of our employees and the sound development of the company to Sow the Seeds of Joy in society.

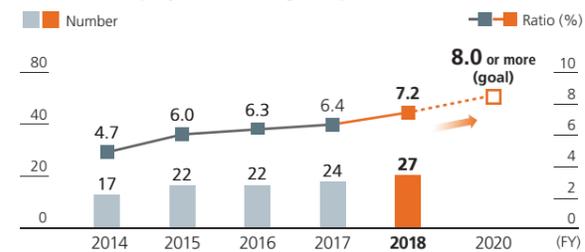
Decrease of long working hours

Duskin has been implementing a variety of measures to decrease long working hours.

Initiatives

- Report on the actual situation of long working hours to the Director in charge
- Each department facilitates reduction of long working hours
- Conduct No Overtime Work Day at least once a month
- Turn off the lights at six p.m. at Duskin's head office building
- Implement Leave the Office Early Day Campaign
- Leave an eight-hour interval before the next shift

Female employees in managerial positions (Duskin, non-consolidated)

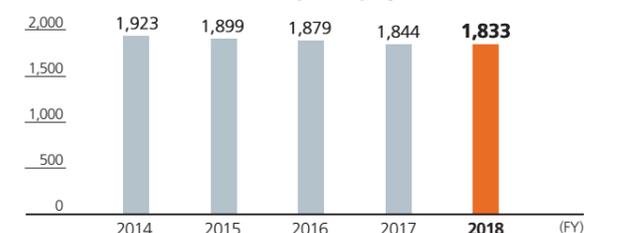


Employees with disabilities (Consolidated)



As of June 1 each year

Total annual hours worked per employee (Duskin, non-consolidated)



As of March 31 each year