

Glossary

B

Business Development Manager/ Area Manager

This position is a Duskin employee who supports operations and management for franchisees. These managers are responsible for helping franchisees' business development as well as identifying their business challenges and giving advice.

C

Contact Center

Duskin Contact Center was renamed in 2018 from Duskin Call Center with an aim to serve as a comprehensive customer contact point. In addition to the toll-free call center (0120-100-100) function, our Contact Center operates and manages other communication channels, including emails and chats, to enhance customer satisfaction.

Customer-level sales

Customer-level sales is the total of domestic and overseas sales at company-owned and subsidiary units and the estimated sales at franchised units. It is a barometer for the amount of joyful transactions generated with our customers.

D

Daily Life Fine-Tuning Services

Direct Selling Group introduced this new concept to explain the value of our services. With a singular phrase, Fine-Tune Everyday Life, customers can understand how Duskin helps them achieve more harmony and balance in their lives by addressing their needs at home and work.

DDuet

Serving as a contact point for customers, DDuet is Duskin's membership website for those who are not covered by our direct selling channel. This website communicates our sales campaign, receives order placements and provides useful information to help make household chores easier.

Duskin Family

Duskin Family is a term for our entire group of companies united by Duskin's management philosophy and sharing a common destiny. It includes Duskin Co., Ltd., consolidated subsidiaries, affiliated companies accounted for by equity methods and franchisees (shops, offices and plants).

Duskin - origin of our company name

Duskin is a word combining DUS from the English word dust and the KIN from Japanese word meaning rag or zokin.

Duskin School

This is our comprehensive training center for all Duskin brands, supporting development of our

people with experienced instructors and wide-reaching training programs.

Dust control products

These are cleaning products treated with our adsorbent that captures dust without the use of water. This technology is applied mainly in the production of our mops and mats.

F

Four-leaf clover company badge

The design of Duskin's company badge consists of a capital D for Duskin and a four-leaf clover. The four-leaf clover, which typically symbolizes good luck, was included with the hope that our employees find the ability to live a happy life based on work, family, hobbies and faith.

Franchise system

This is the business model Duskin pioneered in Japan. When starting up, a franchisee is provided with a franchise package, including manuals, business know-how, management support and training to operate the business. This system enables all franchisees to provide the same high-quality service and be recognized as a singular unique brand.

Franchisee Council

This is a voluntary association organized based on the idea that franchisor and franchisees are partners, sharing a common destiny. The goal of this council is to help the head office and franchisees to work together, encourage one another and grow together.

Franchisor/franchisee

Duskin head office (franchisor) and its franchisees nationwide are not simply connected by a franchise agreement and consistent operational systems, but are united by the same management philosophy. Sharing a common destiny under the slogan of Sowing the Seeds of Joy, the Duskin franchise network is united and grows together.

H

Hataraki-san (employees)

At Duskin, all employees, from the president to non-management level employees, should be equally regarded and respected. They are called Hataraki-san, which means the people who make things easy for people around them.

Hygiene Master

These are specialists with expertise in sanitary management. Our specially trained Hygiene Masters provide customers with comprehensive solutions for sanitation.

M

Mister Donut College

This is a training facility established in 1971 right

after the first Mister Donut shop opened, on the site of one of Duskin's first buildings. This facility is fully equipped and staffed for trainees to acquire their licenses.

Mister Donut Founding Day

January 27, 1970, was the day when our founder Seiichi Suzuki decided to start the Mister Donut business. Accordingly, Mister Donut declared January 27 to be Mister Donut Founding Day. Each year on this day, shop crews voluntarily clean their communities. Our shops across the nation donate a part of the sales to the Duskin AINOWA Foundation to help people with disabilities achieve independent living and total participation in society.

P

Prayerful Management

This is Duskin's Management Philosophy. To live this philosophy, we pray that each one of us takes "Each day as a chance to begin our life anew to Sow the Seeds of Joy to people around us while making us spiritually ready for possible losses." This philosophy declares that Duskin places the greatest importance on humanity in this world driven by economic pragmatism where human needs tend to be less focused on.

Production and Logistics/ franchised plant

These are Duskin's plants where used and collected dust control products are washed, treated and processed. Products are also distributed from these locations. Franchised, company-owned and affiliated plants total 45 nationwide.

R

Royalty

This is a fee paid by franchisees for the right to use the franchisor's trademarks and know-how. The royalty fee structure at Duskin is a percentage of sales.

S

Sales representatives/Concierges

Duskin's sales representatives, totaling 63,000 nationwide, deliver rental products to residential customers. With our long-term strategy, ONE DUSKIN, our sales representatives are serving as Concierges who proactively provide services tailored to our customers' needs.

Specified Commercial Transactions Act

This law is to prevent business operators' illegal, or malicious solicitation while protecting consumer rights. For direct selling business operators, it is prohibited to continue to solicit consumers once they decline the offer.

Third-Party Opinion



Megumu Murakami

Senior Manager
Center for the Strategy of Emergence
The Japan Research Institute, Limited

Profile

Graduated from Faculty of Law, Kyoto University. Joined the Japan Research Institute in 2003 after a career in banking. Ms. Murakami became a member of the Center for the Strategy of Emergence in 2010, taking on the responsibilities of researching corporations and their use of ESG factors and SDGs.

I have reviewed Duskin Corporate Report 2019 with an understanding that Duskin intends to report its financial and non-financial information including business activities and long-term strategies in an integrated manner for institutional investors as its main readers.

When reading Duskin's corporate information, many readers will be attracted to the expression of Sowing the Seeds of Joy in its management philosophy. Then, the readers will be interested in how the management philosophy is connected in making the business profitable. Pages 19 and 20 illustrate that the three non-financial factors: sustainable franchise system, framework to ensure safety and reliability, and most trusted people in the community, are the source of Duskin's value creation. Each factor is concisely explained, which I find easy to understand. Among explanations of these pages, especially notable is the thick arrow between Duskin and franchisees indicated with "agreeing with our management philosophy" and the initiatives for human development, including the one by the Founder.

If financial and non-financial values created by these activities were highlighted, following these explanations, this could be a more integrated report.

I also find that special attention is paid to the readability of this report and making it easy to understand for the investors who are also reading various other companies' reports. The sections reporting the corporate governance included the interview with an Outside Director, information on 10 important meetings such as the Board of Directors' and Budget Meetings with the number of meetings, their members, and functions. This helps readers to deepen their understanding of Duskin.

From the perspective of an "integrated" report, there is room for improvement in the statement on Duskin's activities in Asia. I recommend that Duskin describe in greater details their efforts for environmental management and labor-related issues in their business operations in Asian countries to respond to the expectations of readers who want a more complete picture of Duskin.

From the perspective of long-term strategy, the policies in five focused CSV areas on page 23 show how Duskin is strengthening the three non-financial factors, which are the source of value creation. The policies on this page describe initiatives, looking towards the future environment and social and local changes. However, the levels of initiatives and KPIs are not consistent, which could end up giving the impression that these are only superficially organized. It is advisable to clearly state how each goal within the initiatives relates to the company-wide goals as it helps readers better understand the initiatives. It would also help Duskin to develop plans for next year and future initiatives.

I hope this substantial report will be a good source of information for Duskin's stakeholders to deepen their understanding of Duskin and build good relationships with you.

In response to this third-party opinion

We would like to express our sincere appreciation to Ms. Murakami for providing valuable opinions and comments on our report on Duskin Group's activities.

For the Duskin Corporate Report 2019, we focused our efforts on helping readers better understand the whole picture of Duskin's long-term value creation, growth strategies, ESG and SDGs initiatives. Our CSV initiatives to solve social issues through our business activities are stated in our three focused areas, sustainable development of society, eco-friendliness and human resource development.

We appreciate the favorable evaluation of our policies and initiatives. With this encouragement, we will continue to further enhance our activities in our franchise network. With regard to her recommendations for areas for future improvement, we appreciate her precisely pointing out our challenges and will work on enhancing the contents with more specific initiatives and indicators to report in a more integrated manner.

We will continue our efforts to respond to the expectations and trust of our stakeholders by implementing initiatives that will lead to the further improvement of our corporate value and the realization of a sustainable society.

Hiroyuki Okubo
Operating Officer, CSR Committee Secretary