

Duskin Green Report

2004



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Greetings

Totally committed to recycling since its foundation, Duskin conscientiously promotes corporate environmental conservation of limited natural resources.

Duskin, a provider of products and services deeply necessary to day-to-day living, regards safety and reliability of the products and concern for the environment during the delivery of the services as the most important areas to demonstrate corporate social responsibility. We believe we must meet our responsibilities to improve our community, and our national and global environments. We are totally committed to embracing these challenges.

Since its founding, Duskin has been operating as a recycling-oriented business. Because it rents out cleaning cloths and other items, its business base is the rental system. Our rental products are reused many times over throughout their rental life and we make the fullest possible use of the products as they are precious resources. We, therefore, have been recognized as a pioneer in the resource-saving business by our customers, consumers and society. Through joint efforts with our franchisees and laundry plants, all our business segments have attained ISO14001 Certification. We have always strived to promote environmental protection in our business practices. We will continue in our efforts to promote a recycling-oriented society.

While placing great emphasis on dialogue with customers and consumers, we strive to be the producer of "number one" quality items and services truly desired by them by complying with legal requirements and strict self-imposed regulations. Harking back to our founding spirit as expressed in "Sow the Seeds of Joy," we continue in our endeavor to offer services and products that are truly of value to our customers, consumers and society.

伊東英幸

Hideyuki Ito
President & CEO

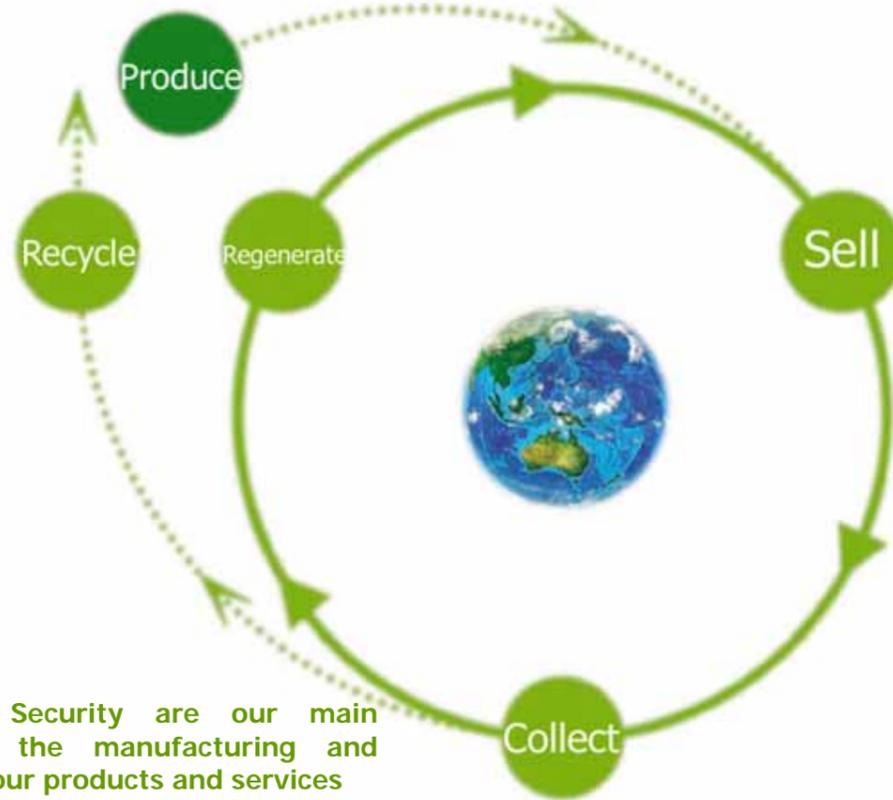




Recycling-Oriented Operations to Minimize Wasting of Limited Resources

Duskin Resource-Saving ECO System

Since its foundation, Duskin has focused on the "rental" business where goods are reused in the cycle of production, delivery, collection and reproduction. Our business operations are based on a recycling system that maximizes the utilization of limited resources and minimizes waste. Our business practice is driven by our market niche goal to help our customers create comfortable living environments and the corporate effort to conserve earth's resources. All other businesses in Duskin, not only the rental businesses, operate under the same principles.



Safety and Security are our main concerns in the manufacturing and delivering of our products and services

As a corporation, Duskin strives to ensure safety and security in all areas, as part of its quality assurance focus. We have established a control system to safeguard the proper use of chemical substances and raw materials as well as promote environmental conservation. This control system covers all levels of our operations, including production, processing and distribution of products, and delivery of services. We respond to the trust of consumers, customers and society by delivering products and services that are safe for the human body and the environment.

Cleaning Tools Rental p.6

RECYCLING: an operating emphasis at Duskin since its foundation to utilize goods to their fullest usable extent

The cleaning power of our rental mops, mats and other cleaning tools is regenerated several times until these items come to the end of their usefulness. Our plants where the products are recycled use resource- and energy-saving technologies to obtain high regenerating ratio. Water is recycled in the plants, and waste materials discharged from the regenerating process are recycled. Moreover, cleaning tools are recycled or further diverted into other uses after their serviceable lives are exhausted. These efforts have contributed greatly to resource-saving.



Food Recycling p.10

FOOD RECYCLING: Donuts past peak freshness condition and used oil are collected for recycling

In the Mister Donut business, we are working to increase the variety of donuts displayed in the showcase and to reduce food waste. Quantities of donuts produced in each shop are minutely controlled to minimize food waste. In the Kanto Area, donuts past peak freshness period in the showcase are immediately removed from the showcase. These donuts are placed in a back room, then collected at shop closing time and sent to a plant to be processed into livestock feed. Frying oil is regularly and frequently replaced. Used frying oil is recycled into soap. These unique recycling programs are implemented for efficient and maximum use of resources along the existing distribution route.



General Goods Rental p.12

REUSE ASSISTING SYSTEM: Use only when needed

Duskin Rent-All's reuse service is the most ideal resource recycling system where customers rent general goods only when needed. In addition to our effort to expand the variety of rental goods, we started selling "ex-rental" goods on our website, and a new pilot service to sell new goods with buy-back options. Efficient utilization of resources is promoted by these efforts in the Rent-All business, enhancing convenience for customers and maximizing the utilization of merchandise.



Cleaning of the rental products at our plants prolongs the utility life-span of the products. More products are reused as reclaimed material.



We tackle the issues of resource-saving and waste-minimization by promoting our business of renting out mats and mops. We have focused our efforts on maximizing the benefit of valuable natural resources with minimum use of energy.

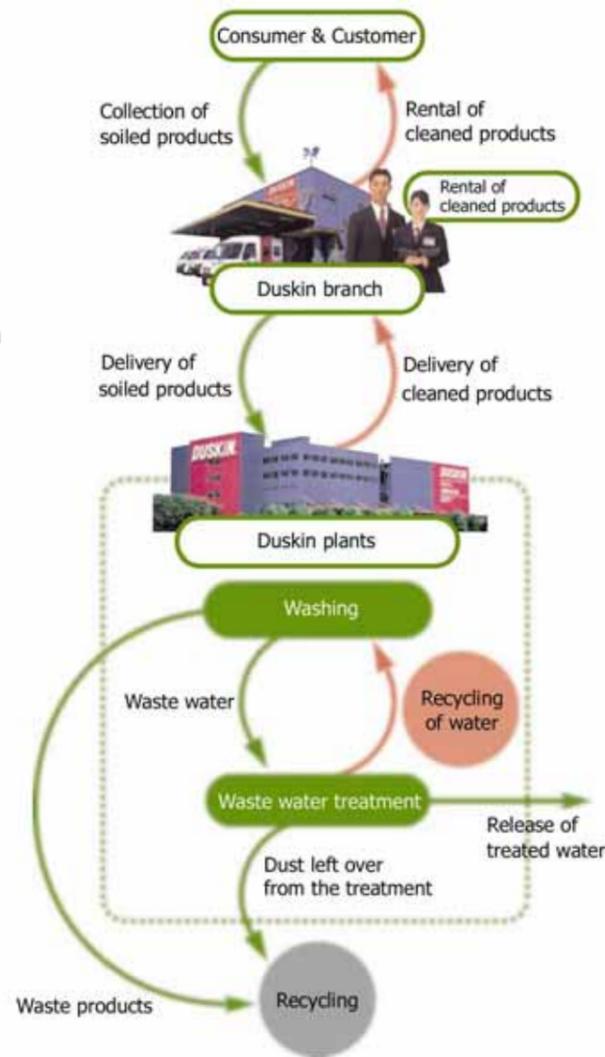
Natural resources can be more effectively utilized as rental products are collected and processed a large number of times. Duskin, the Research and Development Department taking the lead in the effort, has conducted research on how to effectively reuse our products. Research was directed at improving technical capability and equipment to make possible the development of materials and product structural designs that could withstand multiple use without sacrificing the product quality and performance.

Ninety-five percent of the products considered to be consumable ordinarily are recycled because of advanced, special repair techniques.

In this system, designed by us, our products are utilized twenty time more compared to the disposable equivalents.

Energy and resource saving and reduction of wastes in the recycling plants are also priority concerns. The result of these efforts is that more than 80% of solid wastes discharged at the plants are re-used as resources.

100% of textile products that completed their life are now re-used as resources. Accessories for dust control products and main units of water purifier are recovered for recycling resources.



Improvement of product repair and recycling technology

Some products become useless when soiled, because of color change or wear and tear after repetitive use and cannot be recycled through an ordinary cleaning process. At Duskin, these products are called "Treasure Products" because they are valuable and worthwhile when they are repaired and incorporated into renewed products. We have successfully recycled these products into different products.

In April 2004, Kumamoto Central Plant developed a totally new mat repair technology that makes the repaired spot almost unnoticeable to the naked eye (a patent application has been filed).

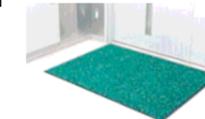


Kumamoto Central Plant won the President's Award for developing the new mat repair technology.



The save-resource program was further enhanced through the secondary utilization of products

Our dust control cloths, "New Home Duskin" are made of cotton and linen. This specially woven cloth retains softness for a long time and absorbs oil quickly. Taking advantage of this feature of this textile, life-expired products rented for 20 times are recycled into industrial wipers. With the same concept, mats are recycled into mats of different purposes. We are working on improving the technologies of secondary utilization of products that ultimately enhances the value of resources.



Basic Mats that have outlived their usefulness are recycled into mats of different functions.

Residential New Home Duskin



Industrial Wiper Cloth



Commercial New Home Duskin Mops are recycled into mops for factory use.

Our product specifications include qualities that are desirable for recycling possibilities.

Our rental products are designed so that the materials can be utilized as resource through reuse and recycling. For this purpose, the materials and structures are constantly modified and improved for ease of recycling. Residential-use water purifiers launched into the market in 2003 have inner tubes made of polypropylene to make the recycling process easier.



Water Purifier Petit II made from ideal material and with the best structure for recycling.

Efforts for Safety & Security

The Research & Development Department conducted studies on the ingredients of detergents, giving top priority to using the best chemical composition that would ensure the safety of the environment.

Safety standards applied to mops and mats are as strict as the one applied to food.

Duskin has pursued a policy that focuses on product safety. For example, in order to enhance the dust-collecting performance, adsorbent is applied to mops and mats. This adsorbent meets ingestion safety standards as imposed during food production assuming a situation when an infant accidentally licks these products. Third party research groups also conducted similar tests and verified the same test evaluation.

Where we were unable to verify the safety of some components used in our manufacturing process, we eliminated those components.

We try, if possible, to use natural ingredients and biodegradable materials as the main ingredients in our detergents. We aggressively pursued eliminating components listed in PRTR from the ingredients of our products. By 2002, all the components listed in PRTR have been eliminated from residential-use products. For commercial-use products, the same objective will be achieved by 2004. Currently, we are trying to remove chlorinated resin such as vinyl chloride from product material or packaging material and this program will be completed by 2005.

PRTR = Pollutant Release and Transfer Register

We continue research to develop an ideal detergent.

Our research and development staff is developing products that assure enhanced safety. For example, the residential-use detergents we are trying to develop will use ingredients allowed for use in food preparation. Even the chemicals currently considered to be safe were developed only a couple of decades ago. It was recently discovered that some aroma chemicals that have been verified as safe, and have been in use for some time, contain ingredients that control mold, insects and odor, and are effective as disinfectants. We are conducting research to develop new products that contain this disinfectant feature. Our research & development team gives top priority to human and environmental safety in their product development efforts.



Intensified Recycling Program for Products past their useful life

Duskin recycles all its well-used textile products like mops and mats. In January 2004, we started a program of recycling mop handles and main units of air purifiers as our next step in our effort to protect our environment.

A system in which products are completely disassembled and the materials are reused as resources has just been developed in the consumer electronics industry. In the Western Kanto area, experimental verifications were conducted and it was concluded that 95% of the parts are recyclable. This verification program will be made available to cleaning plants in other parts of Japan.

Collected mop handles are disassembled and separated into reworked plastic, aluminum, iron and copper



Nonrecyclable products are used as fuel in cement plants. 100% of the materials are recycled by using the ashes in the making of cement.

Environment Report is published to describe how our Supply Group and Cleaning Plants deal with environmental issues.



Product life of mats has been prolonged

We have addressed the issue of durability enhancement along with the quality and performance improvement of rental products that are repeatedly cleaned and processed. In order to solve the longstanding problem of preventing cracks in the rubber-backing of mats, we have developed a new technology that strengthens bending durability by 100 times. We are pleased about this new technological improvement as longer product life along with the improved product quality are expected by our customers. After further verification tests, this new technology will be incorporated into our mat production system.



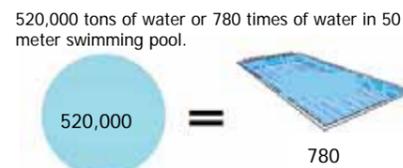
Improved rubber-backing of mats did not show any cracks after a four-week sunlight exposure test.

We promote the reuse of laundry water!

At Duskin cleaning plants, soiled mops and mats are washed, processed and shipped to customers. The water used for washing is usually treated and discharged. We have addressed the issue of developing new technology that enables us to recycle water repeatedly with a special treatment method. As a result, a new system, in which 30% of recycled water is utilized, was established. Currently, this system has been adopted at 17 plants.

We will further improve the product quality and put in an effort to make more plants use recycled water. At plants where this system is already adopted, we aim to increase the ratio of recycled water use.

The amount of recycled water used at 17 plants annually:



The average ratio of recycled water at plants is 30%.



Waste water treatment facility. Fine dust or dirt in water used for washing products are removed at the water treatment facility and the restored discharged water is so clean that fish thrive in it.

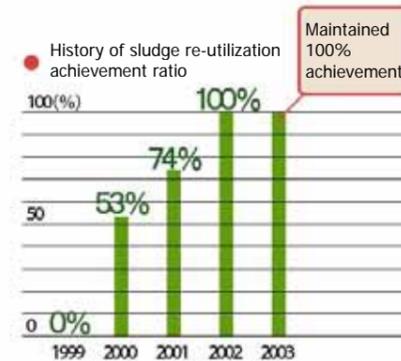


Sludge created in the process of waste water treatment



Dust collected from mops and mats are re-used as resources

Dust and dirt removed during the waste water treatment process are changed into solid sludge. The sludge discharged at the plants all over Japan amounted to 80% of the entire solid waste products. Since 1999 we have reutilized them as material for cement. In 2002, 100% of the sludge is reutilized in 47 plants. We are now addressing the issue of removing chlorine content in the sludge in order to produce better quality cement.



Water softener technology improved cleaning effectiveness

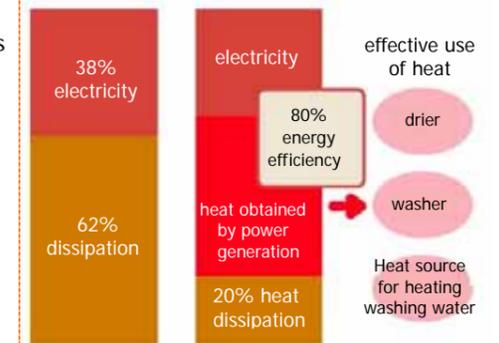
We are currently verifying a technology that enhances the cleaning effectiveness by using softened water for washing mops and mats. When this technology is successfully incorporated, the detergent required for washing will be cut in half and the amount of sludge will also be reduced. The amount of water consumption will also be reduced because the softened water makes the water treatment process simpler. Currently verification test is conducted at the Yokohama and Sendai Plants. The new technology will be introduced in all the plants when the verification test, including an assessment of the improvement it could add to the product quality, is completed.



Co-generation system has been introduced

In 2002, we have introduced gas engine-powered co-generation system and we are conducting a test of the effective use of the heat obtained by the private power generation for washing and drying items in our plants.

It has been confirmed that emission of carbonic anhydride, responsible for the global warming, can be reduced by 20% by enhancing energy efficiency.



Efforts for Safety & Security

We find ways to live in harmony with the local community and continue to address the issue of environment protection.

We set voluntary standards and lessen the burden on the environment.

At Duskin cleaning plants, where Duskin dust control products are cleaned and finished, our waste water treatment system was introduced before the Water Pollution Control Law came into effect in June 1971. Since then, we adhere to the philosophy of our founder of "Return what we borrow from nature to its original state." We have positively addressed the issue of quality of discharged water at our plants by setting our own standards which are stricter than the regulatory requirements. PRTR agents contained in detergent were reduced to three agents by 2003. Research with the aim of complete PRTR agent exclusion has been conducted. We promoted the eco-friendly exhaust gas emission program at our plants and incinerators at all the plants were eliminated in 2003. Exhaust gas from the boilers are adequately monitored and controlled by our standards.

Deodorization and fire prevention measures are in place

Although we comply with the Foul Smell Control Law, we regularly inspect the facility and check that the odor not to offend our neighbors. To prevent fires the equipment has been improved and effective disaster prevention schemes have been established.

We start plant tour program to be open plants

47 plants across the country will accept plant tours upon requests. In 2004, we began making preparations to receive plant tours by elementary and

junior high school as part of their "away from the classroom" study programs. We positively promote this program in order to provide firsthand opportunity for people from the local community to see the plant facility and have them learn how we address environmental issues.



Plant tour program will start at plants in Tokyo and Osaka

Devised countermeasures to the excessive lead contamination at Aichi Plant

In September 2001, lead that exceeded the standard value was detected in the discharged water at Aichi plant and local government ordered immediate reduction of the lead value. We took this incident seriously and have committed to make sincere efforts to prevent similar negligence;

1. Reinforce operational control not to bring lead or other hazardous substances into the plant.
2. Apply self-imposed control standard, stricter than required by law, on the quality of the discharged water.

With the two guidelines above, we have established a framework to prevent the violation of the statute again. Discharged water at Aichi Plant and other plants now comply with the requirements. We will thoroughly conduct this operational control as our corporate civic responsibility.



Promoting Resource Recycling through the Leftover Donut Collection System



Since 1970 when it started operation, Mister Donut has followed the policy of the rental business of Duskin to "use things to their full extent." In operating the donut business, our shops throughout Japan have made efforts to contribute to environmental conservation. In 1993, Mister Donut started collecting used frying oil in donut production which had been discarded in the past. We now make liquid soap from the collected frying oil. This soap is used for general-purpose cleaning in our donut shops.

Mister Donuts strives to reduce the quantities of leftover donuts that must be discarded, while always displaying on the shelves a variety of fresh donuts for selection by customers. In 2001, we started development of a model recycling system in which donuts past peak freshness condition are collected from the showcase and reprocessed into livestock feed. We strive for reduction of food waste and the efficient reuse of unavoidable food-wastes.

While continuing to meet the expectation of consumers and customers by offering variety, "handmade" freshness and fun taste, we will further promote reduction and reuse of food wastes. Our effort for environment-friendly operations will continue.



Promoting Recycling of Showcase Donuts After Shop Hours

In 2003, full-scale recycling of donuts left unsold in the showcase after shop hours started at 370 shops in the Kanto Area. Approximately 133 tons of donuts (660,000 donuts) were reprocessed into livestock feed every month. Shops in other areas are making the effort to reduce the number of donuts discarded. Their production schedule and production frequency have been reviewed and the production is minutely controlled by using a "checklist." As a result, the number of discarded donuts has been reduced by 8,017 donuts per shop every month.



Continuing our Effort to Reprocess Used Oil Into Soap

1,100 tons of used oil are collected annually from Mister Donut shops throughout Japan. Part of the collected old oil is regenerated into recycled liquid soap, "Pure Soap Clean Up." This soap is used for cleaning in our donut shops. Old oil not reprocessed into soap is diverted into plasticizer for plastics and rubber, and other industrial uses.

"Pure Soap Clean Up" recycled from used oil



Efforts for Safety & Security

Consumer safety is a priority matter and we ensure the safety of our consumers in all our production processes and materials. Our consumers may use all our products, from donuts to premium goods, confident that their safety is our priority concern.

Reinforced Food Safety Control System

In order to reinforce safety and security activities in Mister Donut, the existing quality control system was drastically reformed and a new quality management system was established. Food safety managers come under the direct supervision of the General Manager, and the Quality Assurance Department was established as an independent department. The check system was strengthened to double check and triple check the quality in each stage of our operations including planning, production control in the factories, distribution and food handling at each shop.

Complete Check of Material Safety

Raw materials are checked against 10 criteria to detect any additives, or allergy-inducing or transgenic materials, or agricultural chemical residues, etc. We even examine substances that will not remain in the products at the time of "sale to customers", and check the raw materials under various conditions that are similar to the set up for actual storage and distribution processes. Only materials that are confirmed "safe" are used for our products.



Periodic inspections are conducted to confirm the quality control of raw materials. Instructions for improvement are given as needed.

Ongoing inspection of the raw material factories and distribution centers is implemented to conduct strict check of the facility conditions and layout, and to ensure that there is compliance with the personal hygiene control system. A third party public organization periodically conducts inspections to ensure that hygienic conditions are always maintained.

Safety Control System for Premium Goods

In FY2004, we also enhanced the safety control for premium goods as we do for food products. We ensure safety in all items offered to customers.

In addition to the current quality control conducted by our

Product Inspection Center, we are planning to introduce an inspection preprogram by an independent third party organization specializing in product inspection.



The POS leaflet for each product provides nutritional information and information on specific ingredients that could be allergy-inducing for some consumers. This leaflet is updated quarterly to disclose the latest data on our donut products.



Mister Donut's efforts for safety and security are also communicated to the public via its website. www.misterdonut.co.jp





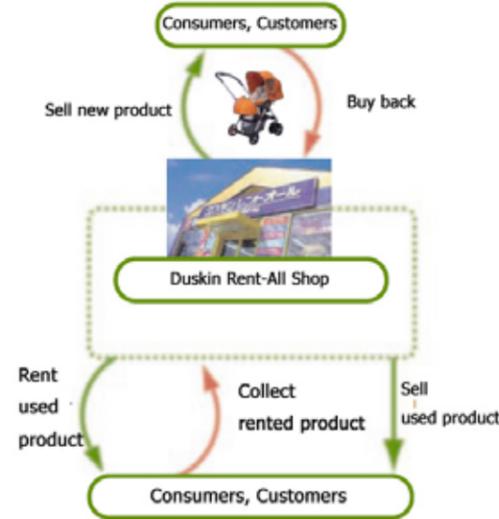
We Sell and Buy Back Baby Goods:

--New Service to Encourage Reuse

Duskin Rent-All operates rental shops of general goods and event/party goods throughout the country. Through its rental business, it offers resource-saving lifestyles to consumers. With the growing health and social needs of older people and senior citizens, we place more emphasis on rental of nursing care aids. We expand our service by offering a wider and more varied range of rental items.

In addition, "ex-rental" items are offered for sale at Rent-All shops after careful examination of their functions and safety, and a thorough maintenance check to make sure that the product works almost like new. From FY 2001, we also offered ex-rental items for sale on our website.

Rental is the most ideal way to reuse consumer products and recycle resources. To better respond to the needs of our customers and consumers, we started a new reuse service system in FY2003. New items are sold to customers at special discount prices with the option that they could be repurchased by the shop when the customers do not need them any more. Then, the repurchased goods are offered for rental or resale. We expect that this service will further encourage recycling of items that are used only for a short time, such as baby goods.



Saving Resources by Reuse System

We rent baby beds about 10,000 times a year. If all these customers had purchased new baby beds, and discarded them, it would have generated about 80 tons of bulky trash in a year.



Compared with the high cost of personal ownership and subsequent disposal by one owner, the volume of waste generated through our baby bed rental system is one-fifth the volume if individuals had purchased and later discarded their own cribs. In this case, the rental system increases the value of the product by extending its useful life by about five times.

Promoting Sale of Used Items on Duskin's Website

Duskin Rent-All's website was opened in 2001 to promote our rental service. Customers can easily make a reservation for rental of, or purchase, used items on our website. At this site, we offer "ex-rental" items for sale after thorough maintenance. The website helps us provide the information that used to be available only at each shop in the past. We thereby promote efficient reuse of resources.



Reservations for a rental product can be made on our website "KASHITE NET." Ex-rental items are also offered for sale.



Efforts for Safety & Security

We use safe chemicals for office and home cleaning, pest control and garden management, and pursue safety in all aspects of our services

Chemicals with improved safety

Our Care Service business frequently uses chemicals in cleaning, pest control and maintenance of gardens. Considering this nature of our business, we have been pursuing safety of chemicals long before other companies, shifting from more toxic chemicals to safer ones. We strictly control and limit the use of substances subject to PRTR (Pollutant Release and Transfer Register) control and other substances harmful to the human body and the environment. We voluntarily seek to discontinue the use of these substances. Use of organo-phosphoric detergents was completely discontinued in ServiceMaster and Merry Maids, our office and home cleaning services, in 2002. In 2004, we are planning to completely discontinue the use of 13 substances that may cause allergic reactions in some people.



UHS SYSTEM:

Polishing reduces chemical use

ServiceMaster, our professional cleaning service business, uses the "UHS (Ultra High Speed) System" in the regular cleaning service for hard floors. Finishing wax is applied to hard floors, and then the waxed floors are regularly polished with a high-speed burnisher to recover their luster. Because this process does not use water, polluted water discharged from the cleaning can be minimized.



In addition, the use of wax can be reduced to 35% of that in a conventional operation, which applies wax during every cleaning service (approximately 12 services a year).

Pest Control With Minimum Chemical Use

The pest control business, Terminix, focuses on preventive programs rather than the traditional services that apply a large quantity of pesticides to exterminate pests. Preventive programs help us avoid excessive



use of chemicals. In the termite control service, we actively use the Sentricon* System that lures termites with baits that contain trace quantities of termiticide. Taking advantage of the habitual

In addition to the safety of chemicals, we pursue safety and security in all other aspects of our services.

Even the safest chemicals may cause harm if they are used in excessive quantities or used in incompatible ways. At Duskin, we believe it is most important to achieve the best results with the minimum use of toxic chemicals. We take all aspects of our service into consideration, including handling of waste water and waste discharged from our services, and the storage or disposal of leftover chemicals, to improve safety in the entire production and service process.

behavior of termites, this system exterminates the entire colony. In our cockroach control service, visible cockroaches are eliminated by vacuuming. And "Bait Stations" loaded with poison baits are strategically placed. Only the minimum number of needed stations are placed to attract and kill roaches. Ninety-four percent of our cockroach extermination services was performed by this "Bait Method" during 2003.

* Trademark of Dow AgroSciences



In ServiceMaster, waste water discharged from the air-conditioner cleaning operation is disposed of by an appropriate method. When necessary, waste water is collected and brought back to our office for proper treatment. In performing pest control service, Terminix actively proposes to customers safer service programs that avoid use of pesticides as much as possible. The entire Care Service business strives to provide services that impose fewer burdens on the human body and the environment.

Safety of Chemicals is the Priority in Garden Maintenance



TrueGreen provides garden maintenance services to ensure healthy growth of trees and lawn grass, with maintenance programs designed for the four seasons in Japan. Chemical agents used in garden maintenance comply with both Japanese and U.S. safety standards, and our own original self-imposed standards, which are stricter than those required by law. In selecting chemical agents, we take the greatest care to ensure safety for the human body and the environment. The "mulching" technique to cover the soil surface with natural wood chips is used because it improves the landscaped appearance as well as fertilizes the soil and restrains the growth of weeds.

Corporate-Wide Initiatives that Contribute to Environmental Conservation

Increasingly, more products contain recycled material

For the textile part of "Hi-Standard Mat" that we introduced in 2003, we use polyester recycled from waste PET bottles. Recycled polyester is also used for the textile part of "Dust Control & Water Absorption Mat" and the unwoven part of "Range Hood Filter." We strive to develop more products using recycled paper or plastic.



"Hi-Standard Mat" containing 16% recycled polyester



Recycled polyester is used for 31% of "Dust Control & Water Absorption Mat."



"Eco Paper Towel" made from 100% waste paper including telephone directories and copy paper



"Covered Dust Box" using recycled plastic

Development of products which will reduce the environmental loads

We have been developing more products that actually help reduce, through their daily use, burdens upon the Earth's environment. Our lines of product also include items that do not add to polluting household effluent, items such as "Fukipet" and "Eco Sponge" which can remove soil without cleaning agent. In July 2004, we introduced our strainer for oil used in deep-frying named "Yukkurin", into the market. This product reduces waste oil by filtering used oil, thus making it possible to reuse the cooking oil many times.



"Fukipet" & "Eco Sponge"



Easy-to-use and highly-functional "Yukkurin" filters out "deep-frying" residue and smell.

Development/Introduction of resource-saving products

Duskin's urinal cleaners prevent dirt from accumulating as well as remove dirt to reduce the frequency of cleaning. Our urinal cleaner "Beauty Clean - Auto III", which we launched in 2004, also incorporates a water-saving function. With this double effect, this product will further contribute to resource-saving.



Reduction of carbon dioxide emission with eco-cars

We are promoting the use of eco-cars to cut down the consumption of limited oil resources and reduce emissions of carbon dioxide, nitrogen oxides, etc. Since 1998, Duskin has been using 35 natural gas cars as commercial vehicles on a trial basis. In 2000, we also introduced natural gas trucks as transport vehicles between our plants and franchise locations. Now, we use eight natural gas trucks. Our goal is to choose environmentally friendly vehicles which emit less noxious gases.



Improved delivery system for lightweight products

By improving our delivery system, we are taking another approach to the reduction of emission gases including carbon dioxide. The transportation efficiency and loading efficiency of trucks depend substantially on the load weight. Especially for mats, which are numerous and relatively heavier than other products, we have tried to lessen their weight over years. We will continue research and development with the aim of reducing the weight of current mats by 30%.



Ultra-light mat under development

Contributing to energy-saving with cleaning services

In addition to the existing air-conditioner cleaning service, ServiceMaster launched a cleaning service for the heat-exchangers of energy-consuming commercial freezers/refrigerators. Not only is the thermal efficiency improved, the cleaning also adds to energy-saving and increases the useful life of the equipment.

By the freezer/refrigerator cleaning, dust is removed from the "heat-exchanger" which is the heart of freezers/refrigerators.



After the air-conditioner cleaning, the desired temperature can be attained in a shorter time.

Reduction of power consumption by Mister Donut shops

In each Mister Donut shop, down-to-earth energy-saving efforts have been made, including diligent turning off of unnecessary lights and checking of utility meters. In 2003, the monthly average power consumption per shop was reduced by 12% compared to the monthly average in 1999.

We will continue these activities and try further to reduce power consumption through the introduction of energy-saving equipment/machinery.



Reduction of waste by using earthenware and glassware

In Mister Donut shops, since 1974, earthenware and glassware are largely used for in-store consumption, which has substantially reduced waste including paper trash. For take-out packages etc., paper is mainly used for ease of sorting for recycling and for preventing toxic gas generation during incineration of trash.



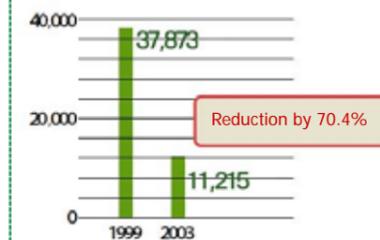
Paper waste reduced by the use of earthenware and glassware

Reduction of 80% of paper cups, etc. (725t/year)

Introduction of recyclable containers

ServiceMaster and Merry Maids have changed the containers of cleaning agents and waxes, which are thrown away after use, from plastic or metal cans to recyclable containers or crushable bottles that can reduce the volume of waste, to promote resource-saving and waste reduction. The waste was reduced by 70.4% in 2003 compared to that of 1999.

Consumption of 18-liter plastic/metal cans



Recycling of rental uniforms

Our Cleaning Service, which launders uniforms rented to commercial/healthcare facilities, has introduced a recycling system consisting of collecting off-rental uniforms and recycling discarded ones. From 2002, we have been making continued efforts to conserve energy by careful recycling of about two tons per month of discarded uniforms. Jumpers and aprons made of recyclable material are recycled as threads to be reused for other products. Shoes are returned to the manufacturer, where they are used as fuel.

Development of shops for used children's items

As children very quickly outgrow their clothing, toys and baby equipment, there is an increasing demand from practical parents for almost new, slightly used children's items, leading to the development of a healthy re-use market. Since 2000, our Recycle Mart has been developing shops that specialize in used children's items. These shops named "Once Upon a Child." Used goods, children's clothing and other items sold by the shops were purchased based on a computerized assessment system.



Toner recycling service launched

From 2004, as a new recycling service, we started a recycling service for toner cartridges that are consumable supplies for laser printers for PC's. We plan to develop this service nationwide by the end of 2004. This service involves collecting used toner cartridges returned when new cartridges were rented, recovering them to almost the same quality as genuine parts and delivering the recovered toner cartridges the next day, if the order was placed before 3:00 p.m. The end-of-life cartridges are disassembled and sorted by parts. Drums and metal parts are recycled as raw materials, and other parts are used as fuel.



Structure

Enhancement of Environment Management

Corporate-wide efforts involving franchisees and laundry plants throughout the country were made to establish an environment management program based on the international standard ISO14001.

Maintenance/Upholding of ISO14001 Certification

Duskin has incorporated an environmental management system, which complies with ISO14001 Standard, in its business activities and has been promoting more effective use of resources geared toward greater environmental conservation. In each business segment, the head office has teamed up with franchisees to perform and continue environmentally friendly activities.

Environmental audits

Internal audits, covering also the franchisees, are regularly conducted to maintain the effectiveness of Duskin's adopted environmental management program. In Duskin's plants, external experts in critical fields, such as waste water treatment, are invited for extraordinary audits to prevent accidental pollution.

Compliance with environment-related statutes

We have established and maintain self-imposed standards that are more strict than existing environmental regulations for plant effluents, etc. In the area of chemical substances, we are voluntarily reducing or eliminating substances regulated under the PRTR law during the manufacture of our products and chemicals needed for our services but also from the detergents and other cleaning agents used in our plants. To comply with the Food Recycling Law, the full-fledged enforcement of which is scheduled for 2006, Mister Donut has intensified their measures, including the processing into feed of donuts and food products remaining unsold at closing time. We also plan to hold various study sessions, inviting experts as lecturers, because environment laws require understanding or extended knowledge of air pollution, water pollution, waste management, hygiene/safety, and chemical substances.



February 5, 2004
A study session on waste management was given by an external lecturer.

February - March, 2004
Audits on our waste water treatment



Clean Service Group

Head office and all franchisees/branches
Certification granted on March 30, 2001
Reg. No.: JQA-BM1483
Certification body: Japan Quality Assurance Organization



Production & Logistics Group

Production & Logistics Group and all comprehensive plants
Certification granted on March 3, 2000
Reg. No.: JMAQA-B095
Certification body: Japan Management Association



Mister Donut Group

Head office and all shops
Certification granted on April 21, 2000
Reg. No.: JMAQA-E104
Certification body: Japan Management Association



Care Service Group

Head offices and all locations of ServiceMaster, Terminix, Merry Maids, TruGreen, Facility Management, Healthcare and HomeInstead
Certification granted on April 27, 2001
Reg. No.: JQA-EMI1552
Certification body: Japan Quality Assurance Organization



Rent-All Group

Head office and all locations
Certification granted on July 26, 2001
Reg. No.: JMAQA-E218
Certification body: Japan Management Association

Status of reduction of designated substances under the PRTR laws

No. of products containing designated	2002	2003	2004 (planned)
Clean Service Group	4	2*	Completely eliminated for household cleaning agents
Plants	3	3	1
Care Service Group	41	12	5

Quality Assurance Organization

To supply products/services that can be used "safely" and "with confidence," we are reinforcing our quality assurance organization so that as a corporation we will produce and supply the high quality items demanded by our customers and society.

Organization that better respond to the customers' voice

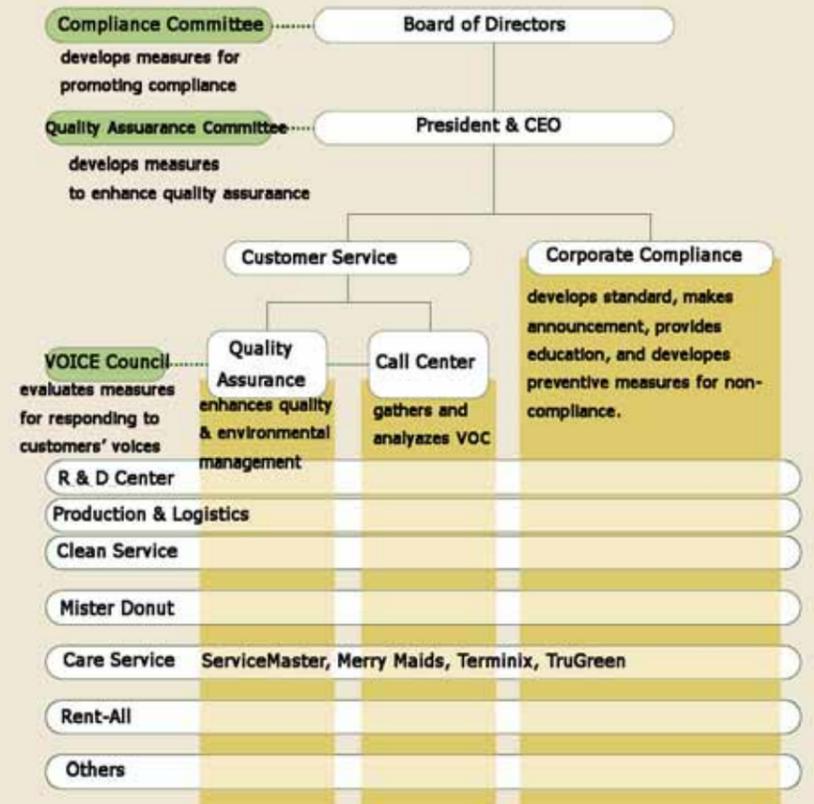
To ensure that our quality assurance reflects the voice of consumers/customers, we have established the Quality Assurance Department and Duskin Call Center in the Customer Service Group. Calls from customers to the Duskin Call Center, operating 24 hours a day everyday, are quickly transferred to the Quality Assurance Department and relevant divisions in order for action that improve our working system to be taken immediately.

The Quality Assurance Department carefully checks products from their design to their manufacturing, sale and disposal for both their quality and environmental friendliness aspects to ensure "safety and confidence." If any possibility of serious damage to customers' health or property is found or anticipated, this department is given the authority to direct the immediate suspension of product manufacture, shipping, or distribution, and to direct product recall, disclosing relevant information to the public for taking this line of consumer-protection action.

Participation of consumer representatives as outside directors

To ensure that the consumer/customer voice is reflected in the management of the company, and to run the company with transparency and fairness, Duskin management invites an external director and an external auditor representing the consumers to sit on the Board. The outside director and auditor attend the "VOICE Council", which is intended to ensure quick response to the consumer/customer voice, and "Quality Assurance Committee", which provides occasions for discussing the corporate policy on customer satisfaction. Thus, we have established an organization that enables the management team to always assess efforts and progress from the consumers'/customers' viewpoint.

Quality Assurance Organization



Implementation of a high compliance system

The Corporate Compliance Department was established to ensure that there is compliance with statutes and regulations in all aspects of Duskin's business practice. This Department also sees to it that corporate ethics and guidelines, rooted in moral principles and customer-first philosophy, are clearly defined and disseminated throughout the corporation. The "Compliance Committee" composed of directors and a corporate lawyer, has been also newly established and, in April 2004, has developed the "Duskin Code of Conduct (1st edition)". Through study sessions, the Compliance Committee is trying to change the mindset of everyone connected with the company and renovate the corporate culture.



Duskin Code of Conduct

Social Action Program

As one of our corporate activities, we offer a voluntary cleaning service to the local community

Since its founding, Duskin continues to engage in community service by conducting cleaning in the local areas, based on the management philosophy of "Sowing the seeds of joy" and "Service to others." All the employees including part-timers participate in this cleaning activity on a regular basis as part of our service and contribution to the local communities. Subscribing to the civic purpose of this activity, Duskin franchise owners of all business lines also participate in this activity.

We have participated in the nation-wide annual cleaning campaign, involving Duskin people in local communities throughout Japan.



We engender students' concern with their environment by conducting cleaning classes at schools

Duskin participates in the "Industrial Cooperation Class Project" that enables business organizations to participate in education as joint efforts between educational establishments and industrial firms. Duskin has prepared a unique curriculum so that students can learn the significance of cleaning while understanding how Duskin undertakes corporate activities and addresses environmental issues. In October 2003, we delivered comprehensive classes in collaboration with schoolteachers at two elementary schools in Osaka.

In the classes, we taught elementary students that daily cleaning could create clean and comfortable living. We emphasized the importance of being environmentally friendly and also enhanced their interest in their environment.

The Institute of Comfortable Living compiled the class outline and published a summarized curriculum. This is posted on its Website to make good use of in class time at the elementary schools.



Summarized downloadable curriculum "My University of Cleaning" posted on the Website of The Institute of Comfortable Living

History of our environmental protection efforts

Feb. 1963	Duskin Co., Ltd. was founded. The system for the rental of dust control products was introduced via its franchise chain.
Feb. 1971	The first waste water treatment equipment was installed at Hiratsuka Plant.
Dec. 1973	Installation of waste water treatment equipment at 40 laundry plants was completed.
Jun. 1974	We developed and introduced a highly effective biodegradable waste water treatment system that applies microbe immobilization technology.
Jun. 1990	We developed the "Sludge Incinerator" and the "Carbonized Gas Incinerator" to treat waste at our own facilities.
Jul. 1993	Mister Donut started to produce soap from recycled frying oil.
Nov. 1994	Mister Donut was awarded the Commendation for providing ecologically friendly food service from the Minister of Agriculture, Forestry and Fisheries.
Apr. 1998	We introduced 20 rental service vehicles powered by natural gas.
Nov. 1998	Participated in the "Clean Up the World" campaign in which 122 nations in the world took part.
Feb. 1999	Osaka Central Plant obtained ISO 14001 Certification.
Mar. 2000	30 Comprehensive Plants and the Supply Group obtained ISO 14001 Certification.
Apr. 2000	Mister Donut FC Headquarters and all the shops obtained ISO 14001 Certification.
Mar. 2001	Direct Selling Service FC Headquarters and all the shops obtained ISO 14001 Certification.
Apr. 2001	Care Service FC Headquarters and all the shops obtained ISO 14001 Certification.
Jul. 2001	Rent-All FC Headquarters and all the shops obtained ISO 14001 Certification.
Mar. 2003	47 Comprehensive Plants obtained ISO 14001 Certification.
Dec. 2003	Mifune Unyu, our forwarding agency, was awarded the Kumamoto Clean Award.
Mar. 2004	Comprehensive plants in the nation discontinued the use of Incinerators.



Duskin booth was opened at the Asia Trading Center Green Eco Plaza in June 2000. Duskin promotes its concerns and efforts in environment.



Duskin's environment activities are posted on our Website. The continued activity and the direction of product development of each business group are introduced in this homepage. www.duskin.co.jp

Corporate Information

Name:	Duskin Co., Ltd.
Home Office:	1-33 Toyotsu-cho, Suita-shi, Osaka 564-0051
President & CEO:	Hideyuki Ito
Established:	Feb. 4, 1963
Capital Stocks:	11,352 million Yen (as of March 31, 2004)
Sales:	200,300 million Yen (42nd fiscal year)
Customer-Level Sales:	448,400 million Yen (42nd fiscal year)
Number of employees:	1,756 (as of March 31, 2004)
Number of outlets:	(as of March 31, 2004)
Aino-Mise Related Business:	2,242
Supply Group:	47
Mister Donut Business:	1,319
Care Service Businesses:	
ServiceMaster:	934
Terminix:	321
Merry Maids:	318
TruGreen:	40
Rent-All Business Group:	140
Others:	733



Management Philosophy

Day after day, beginning with today,
both you and I have a chance
to begin our lives a new.

Whether our lot today be profit or loss,
be spiritually ready for loss.

As a planter would, let us sow the seeds of joy
to every person we meet each day.

For everyone, for you and me,
may we lead our lives in this world to the fullest,
realizing our maximum spiritual
and material potential.