



Duskin's Eco makes our environment
as pleasant as on a beautiful day.



The history of Duskin started with Home Duskin that was referred to as "magic dust cloth."



First residential product, "Home Duskin"

"Home Duskin" was synonymous with "magic dust cloth" when it was first introduced to the market in 1964, one year after the founding of Duskin. The chemically treated dust cloth greatly reduced the burden of cleaning in the home in those days when dust cloth rinsed in water was conventionally used.

And the product was rented through a new distribution system, franchising, to encourage more people to enjoy the product conveniently. This created opportunities for more people to participate in the business, and the business expanded rapidly.

Since the founding days, Duskin continues to develop various new services and products based on the question, "How can we best please our customers through our service?"



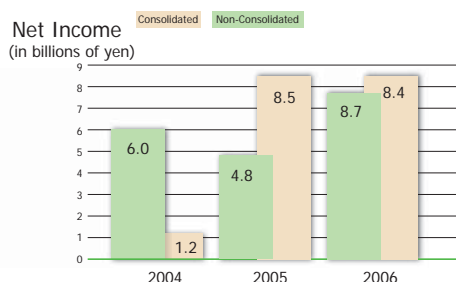
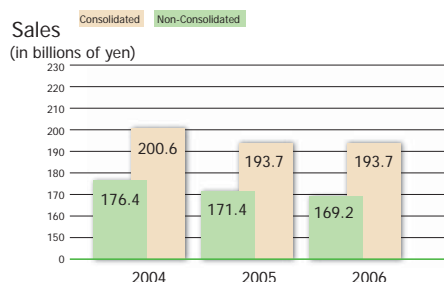
Duskin Pia, Duskin's Headquarters

Duskin Co., Ltd.

Name: Duskin Co., Ltd.
 Head Office: 1-33 Toyotsu-cho, Suita-shi, Osaka 564-0051
 President & CEO: Hideyuki Ito
 Date Established: February 4, 1963
 Capital Stocks: 11,352,940,000 yen (as of March 31, 2007)
 Consolidated sales: 193.7 billion yen (45th fiscal year)
 Customer-Level Sales: 448.6 billion yen (45th fiscal year)
 Employees: Duskin Group: 3,647, Duskin: 1,994
 (as of March 31, 2007)

Notes: Customer-Level Sales are the total of sales at company-owned and subsidiary shops and the sales at franchised shops in Japan and overseas operations. The amounts presented above do not include the Customer-Level Sales of Seed Restaurant Group, Inc. and Higa Industries. All the amounts presented here are in hundred millions; amounts less than hundred millions are dropped.

Financial Highlights



History of Duskin

- | | |
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| <p>1963 Established Duskin Co., Ltd.
Opened Suita Laundry Plant as our first plant, manufacturing dust control products.</p> <p>1964 Began selling "Home Duskin" product throughout Japan.
Started franchise recruitment.</p> <p>1966 National Franchisee Council of Duskin Franchise Chain organized.</p> <p>1969 Granted full membership in International Franchise Association (IFA), the first time for a Japanese company.</p> <p>1971 Started Mister Donut business.
Started ServiceMaster business (current one of the Care Service businesses)
Started business that rents industrial wiper cloth by reutilizing scrapped Home Duskin cloths.</p> <p>1978 Started Rent-All business.</p> <p>1981 Started uniform rental business. (current Uniform Service)</p> <p>1982 Started Health Care business. (current Duskin Healthcare Co., Ltd.)</p> <p>1988 Started Terminix business. (current one of the Care Service businesses)</p> <p>1989 Started Merry Maids business. (current one of the Care Service businesses)</p> <p>1990 Started Aga Cosmetics business. (current Health & Beauty)
Started Café Du Mode business.
Corporate Headquarters, Duskin Pia, completed in Esaka, Osaka.</p> <p>1991 Started DON business jointly with Nippon Suisan.</p> <p>1995 Started dust control product rental business in Taiwan after signing of license agreement with President Chain Store Corp.</p> | <p>1999 Started Katsu & Katsu business.
Started Catering business (current Drink Service)
Started TruGreen business (current one of the Care Service businesses)</p> <p>2000 Opened a Mister Donut shop in Shanghai, China.
Started a senior care business, Home Instead Senior Care.</p> <p>2003 Duskin Code of Conduct (Zero Edition) was published as a guideline to raise employees' compliance awareness.</p> <p>2004 Duskin Code of Conduct (First Edition) was published.
Duskin Zero Care Co., Ltd. founded to provide home health care service that is covered by the national nursing care insurance program.
Started Mister Donut business in Taiwan after founding Mister Donut Taiwan Co. jointly with President Chain Store Corp.</p> <p>2006 March
Started operation of Franchise Business Development & Investment Limited Partnership after founding Franchise Investment Limited Company jointly with Mitsui & Co., Ltd and Future Venture Capital Co., Ltd. The first investment was made in June
August
Capital tie-up with Higa Industries.
November
"Duskin Shanghai," a joint venture by Duskin, Mitsui & Co., Ltd. and Duskin Serve Taiwan Co., (a joint venture by Duskin and President Chain Corp.), was formed to start Clean Service business in China.
December
Duskin Stock was listed on the 1st section of Tokyo Stock Exchange and Osaka Securities Exchange.</p> |
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Clean Service Business Group

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Duskin

Staff Administration Units

Operation Department (Franchise Headquarters)

Clean Service



We visit customers on regular basis to rent them convenient products for maintaining comfortable environments in offices and homes.

Production & Logistics Group

Clean Service Business

Care Service



We offer various services ranging from cleaning, housekeeping, pest control services to plant care services utilizing specialized techniques to help create pleasant surroundings for our customers in offices and homes.

Rent All/Health Rent



Rental of a variety of goods required for home and businesses, rental and retail services in the area of home care equipment covered by the nursing care insurance program.

Mister Donut



1,300 Mister Donut shops throughout Japan serve fresh and tasty donuts, dim sum and drinks.

Food Service



Restaurant businesses of Katsu & Katsu and Café Du Monde that offer delectable foods.

Home Instead



Providing private senior care services beyond the nursing care insurance program to help seniors live in comfort

Uniform Service



Comprehensive uniform rental and cleaning services for various types of businesses.

Health & Beauty



Cosmetics, health food and nutritional supplement for beautiful and healthy bodies.

Drink Service



Catering service providing mineral water and coffee to meet consumer tastes and needs.

Affiliated companies

The Don
Donburi (bowl) restaurant



Duskin Healthcare
Hygiene control and sterilization at medical facilities



Consolidated sales: 193,790 million yen

Franchise Chain

The number of units are as of March 31, 2007.
Customer-Level Sales are during the period April 1, 2006 through March 31, 2007.
The number of units include the units that operate multiple brand shops.

Sales Mix
(customer-level sales)

2006
Environment
Report is
posted on
page 27

Laundry plant: 47 (within Japan)
Franchised business
Customer-Level Sales: 237,592 million yen
Units: 2,194 (within Japan), 11 (overseas)
On-site service

The article is
posted on
page 16

Franchised business
Customer-Level Sales: 42,164 million yen
Units: 1,800
On-site service

The article is
posted on
page 20

Franchised business
Customer-Level Sales: 11,165 million yen
Units: Rent-All: 126, Health Rent: 104
In-shop service

The article is
posted on
page 22

Franchised business
Customer-Level Sales: 133,306 million yen
Units: 1,294 (within Japan)
1,475 (overseas)

Franchised business
Customer-Level Sales: 2,644 million yen
Units: 44 (within Japan)
In-shop service

Franchised business
Customer-Level Sales: 1,398 million yen
Units: 122
On-site service

Franchised business
Customer-Level Sales: 3,635 million yen
Units: 175
On-site service

Franchised business
Customer-Level Sales: 2,404 million yen
Units: 351
On-site service

Franchised business
Customer-Level Sales: 925 million yen
Units: 149
On-site service

Clean Service
53.0%

Care Service
9.4%

Rent-All
2.5%

Mister Donut
29.7%

Others 5.4%
(including
overseas operation)

Duskin Zero Care

Personal care services covered by
the nursing care insurance program



Affiliated Companies

Consolidated Subsidiaries

Duskin Serve Hokkaido Co., Ltd.
Duskin Serve Tohoku Co., Ltd.
Duskin Serve Kita Kanto Co., Ltd.
Duskin Serve Tokai Hokuriku Co., Ltd.
Duskin Serve Chugoku Co., Ltd.
Duskin Serve Shikoku Co., Ltd.
Duskin Serve Kyushu Co., Ltd.
Duskin Shuttle Tokyo Co., Ltd.
Duskin Shanghai Co., Ltd.
Duskin Hong Kong Co., Ltd.
Wakura Duskin Co., Ltd.
Ono Duskin Co., Ltd.
Duskin Product Hokkaido Co., Ltd.
Duskin Product Tohoku Co., Ltd.
Duskin Product Higashi Kanto Co., Ltd.
Duskin Product Nishi Kanto Co., Ltd.
Duskin Product Tokai Co., Ltd.
Duskin Product Chu Shikoku Co., Ltd.
Duskin Product Kyushu Co., Ltd.
Don Co., Ltd.
Ever Fresh Hakodate Co., Ltd.
Shanghai Marujin & Duskin Foods Co., Ltd.
Mister Donut Korea Co., Ltd.
Duskin Healthcare Co., Ltd.
Duskin Zero Care Co., Ltd.
Duskin Kyoeki Co., Ltd.
Duskin Insurance Service Co., Ltd.
Franchise Investment Limited Company
Franchise Business Development &
Investment Limited Partnership
Equity Method Affiliated Companies
Duskin Serve Taiwan Co., Ltd.
Mister Donut Taiwan Co., Ltd.
Seed Restaurant Group, Inc.
Higa Industries

(as of March 31, 2007)

Green Report

This green report aims to communicate the actions that Duskin, a corporation that has extensive businesses, has taken as its socially responsible contributions to the protection of the environment.

Green Report of Clean Service, our mainstay business, is posted on page 27 and subsequent pages. Clean Service operates its businesses by closely working with franchisees and franchised laundry plants. Therefore, the area the report covers is extended to include the entire Clean Service activities by Duskin and its franchisees.

This report mainly explains the results of activities in 2006 by referring to the "Environmental Reporting Guidelines (Fiscal Year 2003 Version)" and "Environmental Performance Indicators for Businesses (Fiscal Year 2002 Version)" by the Ministry of Environment.

Duskin Group Customer-Level Sales: 448,607 million yen

Notes: Customer-Level Sales are the total of sales at company-owned and subsidiary shops and the estimated sales at franchised shops. The amounts presented above do not include the Customer-Level Sales of Seed Restaurant Group, Inc. and Higa Industries.

**The basis of our philosophy is "Sow the Seeds of Joy."
The word, this belief is reflected in all Duskin business activities and in the behavior of each employee.**

"Even if it is a loss for me, or a hardship for me, I must seek a life worth living. Let us be willing to sow the seeds of joy to every person we meet, in order to make this world beautiful, for from our seeds of joy beautiful blossom will bloom."
He wanted to form a company where he could practice what he believed in. All his wishes are expressed in the Management Philosophy.

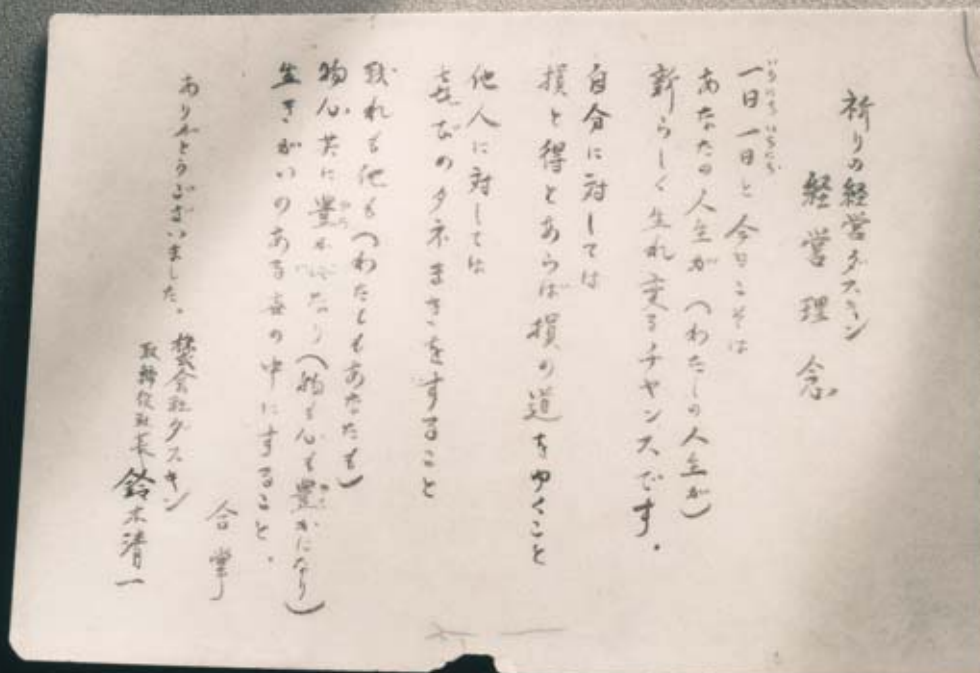
Management Philosophy

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.



We want to make Duskin a company that is appreciated by the community and look to providing ever more progressive future for our customers.



President & CEO

伊東 英章

We are fortunate to have grown together with our communities since the founding. Our service started with “cleaning” and extended into the areas of food and nursing care services. We listened to the voices of our customers: “It would be great if there were a service like....” And our efforts were put into product and service development and now various services are provided to our customers.

Duskin has been in rental business for more than forty years. Many of our businesses are based on the idea of “repetitive use” and “place value on things.” Duskin’s “ECO” is evident in our mainstay business that adopts the rental system to continue use of the products and thus appreciate the intrinsic value each item has. At the laundry plants, collected products are cleaned or recycled. In addition to this endeavor, in 2006, we have successfully recycled almost 100% of accessories used for the rental cleaning products, components of water purifiers and air purifiers.

At Mister Donut shops, porcelain dishes, cups and glasses are used. Recycling efforts are further promoted by abandoning the wasteful use of disposable tableware and recovering frying oil used at the shops.

We aim to contribute to the community by not only delivering our products but also making our customers feel comfortable. Franchisees and employees of Duskin group want to be an entity that is appreciated by the people in community.

Management Plan Theme From "Renovation and Renaissance" to "Harmonious Coexistence and Quantum Leap"

In 2004, Duskin announced "Four Commitments to Society" to enhance corporate transparency. Our objective is to fulfill our social responsibility and motivate our employees to implement what is expected by undertaking business activities from the customers' viewpoint.

Four Commitments to Society

1. To deliver safe, enjoyable and environmentally friendly products and services.
2. To maintain a socially responsible attitude, and have transparent and fair business practice.
3. To share happiness with our community and to contribute to people's livelihood and happiness.
4. To create an open corporate culture, where opinions and ideas are freely exchanged and discussed regardless of the employees' status, and to jointly work towards the goals set up through such discussion.

Mid-Term Management Plan "Renovation and Renaissance" (2004 – 2006) announced in 2004 assumed that reinforcement of corporate governance was the most critical issue. We achieved sound and transparent management by establishing compliance initiatives as bases of all actions.

We based subsequent efforts on viewing business goals and activities from the perspective of customers. We further aimed to be an active entity that delivers safe and reliable products and services to customers to make their life more convenient and comfortable. As a result of our efforts, progress has been made in corporate structural improvement and we have regained credibility in the eyes of society. However, our focus on reforms is still on-going and our goal of recovering business size is yet to be achieved.

We have selected the theme of "Harmonious Coexistence and Quantum Leap" for the new three-year (2007 - 2009) Mid-Term Management Plan. After re-examining the objective in our management philosophy, we decided we would actively pursue our mission by also keeping in mind the basis "Renovation and Renaissance" plan has created. Duskin employees and franchisees have endorsed the corporate management philosophy and moved forward to carry out the corporate mission. We are geared for growth.



Mid-Term Business Plan
for 2004 - 2006

**Renovation
and
Renaissance**

Slogan

I want to see
a happy smile
on your face!

Corporate Objectives

Harmonious Coexistence between Philosophy and Business

Duskin is committed to continuously enhancing corporate value by helping the people in the community live a rich life, materially and spiritually. This will be accomplished by growing profitability and sharing the special joy with our customers that come from our practice of "Sow the Seeds of Joy."

Mid-Term Business Plan
for 2007 - 2009

Harmonious Coexistence and Quantum Leap

Slogan

Win the gratitude of
customers in the community
by becoming the most
trusted service company
in the community.

"Harmonious Coexistence"

Our wish to become a trusted company in the community and see happy smiles on the faces of our customers is communicated in this phrase. We believe this can be accomplished by working together with our franchisees, vendors and newly allied business partners. With their support and commitment to our business policies and practice of "Sow the Seeds of Joy," we can keep our promise to our customers that our highest priority is providing excellent service to them.

"Quantum Leap"

We aim to further develop our business by adjusting ourselves to appropriately respond to the needs of our customers while fully respecting our customer's view. Our willingness to work wholeheartedly with our customers to make their desire to enjoy easy and comfortable living a reality is expressed in this phrase "Quantum Leap."



Duskin's Environmental Policy

We, at Duskin, strive to achieve the joint objective of engaging in sound business activities and environmental conservation. We provide products and services that are safe, reliable, and environmentally friendly throughout the phases from production to after-use. We seek to lessen negative impacts on the environment in the following areas:

(1) Designing, development, and selection of products and services

We look at all phases of product lifecycle, from procurement of raw materials, to the production, delivery phases to use by customers, and ultimately, collection and disposal after use. During each phase, we develop, select and provide safe and reliable products that contribute to reducing negative impacts on the environment. Through promoting recycling products and materials, we utilize the materials to their fullest.

(2) Plant operation

We devote our efforts for resource and energy-saving plant operation. While reducing the waste and emission that negatively affect our environment, we promote more effective use and recycling of waste and emission. We also work for effective plant operation that prevents from pollution accidents.

(3) Distribution, sales and promotional activities

We pursue effective and efficient product distribution, delivery and sales activities. We reduce auto emission, and CO₂ emission caused by our use of vehicles. We promote and sell products and services that are more effective for environmental conservation.

(4) Offices, facilities and equipment

We operate our offices in a more resource- and energy-saving manner. Through green purchasing, we promote the use of goods that has less adverse impact on the environment.

(5) Contribution to building community that focus on reducing negative environmental impacts

In addition to complying with laws and regulations, we actively participate in social programs for environmental preservation. We also review environmental conservation measures that our company can contribute to, and put them into practice.

Duskin Code of Conduct (2nd Edition)



In April 2007, we revised the "Duskin Code of Conduct," our guidelines that translate our Management Philosophy into daily business practices. The "Duskin Code of Conduct" provides Duskin's officers and employees with specific guidelines of "the action we should take" in 6 categories, 40 items, including the following areas:

- ◎ Actions in compliance with laws and regulations, and socially accepted ideas
- ◎ Consideration to safety and reliability for local communities
- ◎ Product and service offerings that are safe, reliable and environmentally friendly

Training sessions are provided to all employees in order to have this "Code of Conduct" firmly in place.



We regularly conduct "compliance seminars" for directors and employees to enhance awareness, and to encourage ethical business practices. From 2005, the seminars are offered to all franchisees.

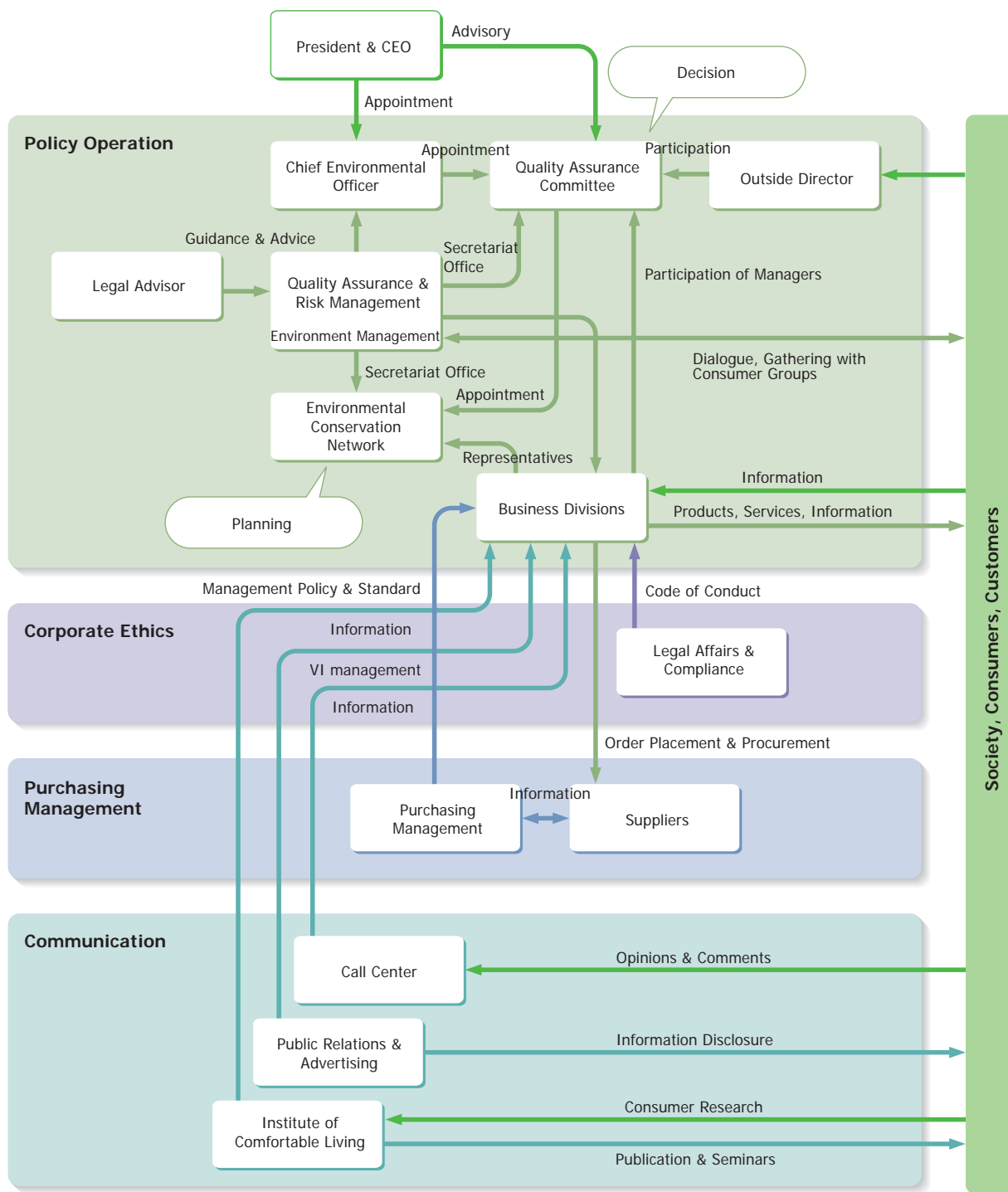
Duskin's Eco – our efforts to reduce CO₂

Duskin, since its founding, has been providing various products and services based on its unique rental system. Its rental products are reused many times throughout their rental life and we make the fullest possible use of the products as they are precious resources. This idea of "Mottainai" or too good to waste will continue to be reflected in our business practices. With the "Code of Conduct" as an employees' action guideline, and Environmental Policy as an important part of our business activities, we pursue "Duskin's Eco" to share delight in appreciating nature and in conservation of natural resources and contribute to spiritually enriched lifestyles.

We also continue to improve our work processes, and enhance our corporate governance and transparency as a corporation. Through these efforts, we aim to become a more socially responsible and trustworthy company. In 2005, the theme of our corporate-wide efforts was CO₂ reduction, one of the most immediate issues for all mankind, as scientific assessment has named CO₂ as the cause of global warming. The estimated CO₂ emission made by Duskin's businesses should be at least 230,000 tons per year. Our business units are driving environmental issues forward through various approaches that fit their

business characteristics. The laundry plants of Clean Service Business succeeded in reducing approximately 15,000 tons of CO₂ emission per year by proactive efforts to introduce and develop resource- and energy-saving technologies. One of the most important issues is to establish countermeasures for auto emission by our sales vehicles and delivery trucks, which total nearly 23,000 nationwide. Because of our business characteristics, immediate improvement cannot be achieved in this area. However, we are working on further reduction by preferentially using low-emission vehicles and fuel saving vehicles.

Environment Governance Structure



Consumer advocates participating in the management

To reflect the voices of our customers and consumers as well as to enhance fair management of the company, those who actively play important roles in consumers' organizations participate in our company's management. They are the members of various committees and attend meetings related to compliance, quality assurance and environmental preservation. They also contributed to the development of the "Duskin Code of Conduct."



Fuku Arai
Outside Corporate Auditor
(Current) Executive Advisor of Nippon Association of Consumer Specialists



Yoshiko Sakamoto
Outside Director
(till June 2007)
Former Director of The Osaka Liaison Committees of Consumers' Organization



Shoko Azami
Outside Director
(Current) Board Member, N.P.O. Consumers Kyoto

Corporate Initiatives

Duskin, among the first to adopt franchising in Japan, operates franchised businesses in various fields. In each and every business segment, Duskin, as a franchisor, focuses on improvement of products and services to respond to customers' needs and to gain their trust. Another area of focus is the enhancement of service quality and skills of franchisees' staff members who deliver products and services to the customers nationwide. Always, underlying all efforts, are our environmental policy and consideration for environmental conservation.

1 Products and services

Duskin Research and Development Center works on unique and environmentally friendly technological development and research from multidimensional perspectives.

Duskin Research and Development Center works on the development of essential technology and products related to environmental hygiene, including dust control technology initially introduced by Duskin in Japan. R & D Center's efforts also include the improvement of production and re-processing technology. R & D Center strives for improvement of product safety to both people and environment, assesses the impact any product could have on the environment during the product's life cycle from development to disposal of the products, and pursues various themes to reduce any negative impact on the environment. The Product Inspection Center conducts strict tests on the safety of new products. Duskin established a self-imposed rigorous standard for the use of chemical substances and has continued to work on improving safety of products and services to reduce negative impacts on the environment in an integrated manner.



R & D Center (5F, Osaka Central Plant)



Osaka Central Plant accommodating R & D Center and Production & Logistics Group.



The mite and pollen allergen control mop was developed at the R & D Center.

2 Plant operation

Production & Logistics Group works towards the development of innovative, resource- and energy-saving cleaning technology as well as unified management of plants nationwide.

Production & Logistics Group, supervising the laundry plants nationwide, develops product processing technology and facilities. It has unique know-how on the technology for environmental measures, including energy-saving cleaning technology for washing and drying, and wastewater treatment. It maintains numerous patents for such technology. Here, the information on operation of the plants nationwide is collected and regularly collected analytical data on wastewater is stored on an on-line basis and reviewed in an integrated fashion.



Wastewater treatment facility



Production & Logistics Group (5F, Osaka Central Plant)



Latest processing facility

Distribution and Sales Activities

Each business segment has professional training programs in place.

Duskin's business units have educational programs and facilities to help personnel to acquire professional skills and knowledge, including knowledge of environmental issues. The basis of these educational programs is the idea of "development of people is essential for service industry." Duskin's management philosophy expressed in the phrase "Sowing the Seeds of Joy" is also shared through these educational programs.



Care Service Learning Center (Suita-shi, Osaka)

This Learning Center provides training to nurture professionals for "cleaning," "pest control" and "maintenance for flowers and plants." Included in the training programs are basic knowledge on each business, operation processes, environmental issues based on ISO 14001 and shop operation.



Mister Donut College (Suita-shi, Osaka)

Thorough educational programs, including basic knowledge of food preparation and hygiene, production and quality control technology and shop management, are offered here to ensure that customers can enjoy safe, delicious and high-quality donuts. The 49-day initial training course is well known for its rigorous standard.



Clean Service Business College (Kita-ku, Osaka-shi)

Training sessions here help personnel to acquire product knowledge so that they can deliver products to customers with professional skills and personal touch. At the entrance of this facility, a sign that reads "The very best service originates here" welcomes the visitors. (to be moved in August 20, 2007)



Environmental efforts are promoted at every stage and process of business activities

Duskin promotes pro-environmental activities in all aspects and at all levels of business activities. Duskin's major four business units acquired ISO 14001 Certification at headquarters, plants and franchise locations.



+



Low emission vehicles used for environmental protection

Duskin encourages its franchisees and contracted delivery service companies to adopt low-emission vehicles for their business activities.



Duskin's company-owned Sakuragawa Branch as a model shop utilizing low-emission vehicles, uses natural gas fueled vehicles (30) for its sales activities.



The catalog of vehicles leased by Duskin shows recommended low-emission vehicles with easy-to-understand explanation.

Corporate-wide Initiatives

4

Activities at Offices

"Team Minus 6%" Campaign

Duskin takes part in the national project named "Team Minus 6%" to reduce the emission of CO₂ based on the Kyoto Protocol. Initiatives include energy saving in air-conditioning and trash separation at Head Office and all locations.



5

Social Contribution

Contribution to "Sustainable Environment Educational Support Project"

Duskin co-sponsors "Sustainable Environment Educational Support Project" to support educational efforts on the environment for children. In 2006, a book, "Ikimonogatari" that illustrates the preciousness of life's diversity, was published. 42,000 copies were donated to elementary, junior-high, high schools and schools for disabled children.



This book contains 11 stories on the life's diversity, that helps sustain the existence of human beings. Various academicians, cartoonists, and artists depict the theme from diverse viewpoints and help readers better understand the importance of bio-diversity. The contents, with full of wonder, unfold page after page. Each page is designed to arouse interest and deepen understanding to the life's diversity.

"AINOWA" Campaign, aiming for a society where everyone, including people with disabilities, can live with good social/community support in place.

The campaign was initiated with a small activity along with the idea of "May I Help You?" In 1981, the United Nation's International Year of the Disabled, Duskin founded the "Duskin AINOWA Foundation" in hope that challenged individuals can live independently and fully participate in society. The Foundation works with about 180,000 people in the Duskin group, including employees and part-timers, to promote the philosophy of co-existence with disabled people. The membership from outside the Duskin group is encouraged through the AINOWA leaflets placed at Mister Donut shops so that this campaign will be expanded further to include like-minded people within the community.



An AINOWA donation box and leaflets



A program to exchange friendship was held in the Okinawa region. A wheelchair boat which floats on the water and sea kayak riding was held. The members participated in such events as volunteers to assist the disabled.



Newly hired Duskin employees go out with the trainees from the Asian nations to experience the barrier free environment in Japan. Upon return, they discuss the problems and solutions. This experience with the disabled help raise awareness of the participants towards co-existence with the disabled and the importance of creating a community that is friendly to everyone.

Participation in and support for local events

Every year, Duskin participates in an event "Industry Fair in Suita" held by the city of Suita, where its Head Office is located. In the event held on May 12 and 13, 2007, exhibits were made to introduce Duskin's efforts for environmental conservation to children. There were also "picture drawing corner" and "message-on-environment collecting corner" under the theme of nature and environment to help children become more interested in environmental issues.



At the "message-on-environment collecting corner," messages were written not only by children but also by adults. Messages placed on the board in the exhibit booth totaled 213 in two days. Included in the messages are separation of trash and use of eco-bag for shopping. The messages showed the increased awareness on environmental issues.



"I will care for recycling. I want to keep my town and the air clean."



At the "picture drawing corner" children aged from 2 to 12 participated. The drawings totaled 358 in two days, and covered up all the available display space in the booth.

Through our cleaning service, gratitude to the community is acted on and expressed.



Duskin not only provides "various cleaning service" with different clusters of products and services, but also Duskin wants to be of service to its community through cleaning activities. Since its founding, Duskin continues to conduct periodic cleaning in the

neighborhood where its offices, plants, and franchised outlets are located. All the employees, including part-timers, participate in this daily-level cleaning activity. "Clean Up My Town," another community service by local people has also launched nationwide; civic-minded community members gather to clean their neighborhoods and community through the simple and joyful act of cleaning the streets and other common-use areas.



"Clean Up My Town" is a cleaning campaign that encourages visitors at the local event sites to participate in an enjoyable cleaning activity to pick up trash and thereby help maintain clean local



Volunteer Leave System



Volunteer Leave System at Duskin helps its employees even with few experiences to get involved in various volunteer activities, including activities for environmental conservation.

An employee participated in Mt. Fuji forestation project in 2006 in which Duskin Labor Union put out a call for participation.

Joyous experience for children "School of Cleanliness" is now opened.

By providing opportunities for children to experience the Duskin's rental system, washing and processing the mops to use them repeatedly, we want to teach the importance of environmental protection and cleaning. This is how the plant tour for elementary school children started at Yokohama Central Plant. The children are invited as the students of "School of Cleanliness" and given the opportunities to experience and study. In 2006, we also started plant tour for residents in the community.



At Duskin's plant, the used mops and mats are cleaned. At "School of Cleanliness," the washing and processing system is introduced through quizzes and the friendly character to teach the importance of cleaning and ecology.



Plant Tour Character, Kurin-kun

Informal gathering with consumer organizations

An informal gathering with consumer organizations is held to receive their reviews and recommendations to Duskin's corporate activities from 2005.



Second gathering with consumer organizations (Feb 21, 2007 at Duskin Mister Donut College)

Participated organizations include:

- Osaka Liaison Committees of Consumers' Organization
- Nippon Association of Consumer Specialists
- Japan Association of Consumer Affairs Specialists
- Nihon (Japan) Consumers News

Communication

Duskin Call Center (Toll Free 0120-100-100)

Duskin Call Center serves customers 24 hours a day, 365 days a year.



"Sowing the Seeds of Joy" Newsletter created with a wish of happiness for readers

Duskin publishes a communication newsletter created with the theme "to wish happiness for readers." Its current circulation reaches 6 million copies. This number is one of the largest in Japan for a customer communication newsletter published by a corporation. In 2006, the 450th issues were delivered. The total number of issues printed from the first issuance exceeded 1 billion copies. The "Sowing the Seeds of Joy" Newsletter can also be viewed on the website from April 2004. This newsletter is created with the messages sent from readers.



Duskin Website (<http://www.duskin.co.jp>)

Duskin's Website provides information regarding its corporate activities and environmental efforts. It also welcomes comments and feedbacks from the viewers, which are reflected in improvement of product and services.





“Maintenance to carefully keep clean with care for longer use”

We support customers to help maintain ecologically-concerned life style.

We help maintain cleanliness in homes, gardens, offices and shops including their fixtures/equipment, such as air conditioners, through the use of our professional skills and technology. Professional skills include consideration for “safety” and impact on humans and environment when providing services that involve the use of chemicals. We strive to better serve our customers by focusing on technology, safety and ecology.



ServiceMaster - Professional cleaning service - Started in 1971

- On-site service (franchised)
- Customer-Level Sales: 27,182 million yen (FY 2006)
- Number of units: 960 units (as of March 31, 2007)
- Main services: Cleaning service for homes, offices, shops, hospitals and various fixtures/equipment, Air conditioner cleaning service, Range hood cleaning service

Terminix - Pest control & prevention - Started in 1988

- On-site service (franchised)
- Customer-Level Sales: 6,600 million yen (FY 2006)
- Number of units: 317 (as of March 31, 2007)
- Main services: Control and prevention of termites, roaches, rats and mite infestation

Merry Maids - Cleaning & housekeeping service - Started in 1989

- On-site service (franchised)
- Customer-Level Sales: 6,940 million yen (FY2006)
- Number of units: 473 (as of March 31, 2007)
- Main services: Home cleaning, housekeeping (by the hour)

TruGreen - Periodic maintenance for flowers and plants - Started in 1999

- On-site service (franchised)
- Customer-Level Sales: 1,440 million yen (FY 2006)
- Number of units: 50 (as of March 31, 2007)
- Main services: Annual maintenance of plants, Maintenance of trees, shrubs, flowers and lawn, gardening

All Care Service Businesses

- ISO 14001 Certified

Certification scope: Headquarters and all units of ServiceMaster, Terminix, Merry Maids, TruGreen, Facility Management and Healthcare
 Certification granted: April 27, 2001
 Certification number: JOA-EM1552
 Certification agency: Japan Quality Assurance Organization

The services provided by our Care Service Businesses include cleaning, pest control and maintenance of flowers and plants, and these services require the use of various types of chemicals, including cleaning detergent. We pursue a high standard of safety in the choice of chemicals and their application for humans and environment.

For thorough safety concerns in the judicious use of chemicals

At the Care Service Businesses, we continue to enhance safety of chemicals used for services as our most important responsibility is environmental health. Our efforts include self-imposed strict standard before regulatory control is enforced.

- 2003: Completed the process to eliminate organic phosphorus in pest control chemicals (insecticides)
- 2004: Eliminated all 13 substances designated by Health, Labor and Welfare Ministry as possible causes of allergy. Completed the process to eliminate phosphorus in cleaning detergents.
- 2005: Introduced a service menu "ecological cleaning" that does not use any synthetic detergent.

These efforts resulted in cutting down 32 items (in 1999) to six items that contain substances subject to the Pollutant Release and Transfer Register, or approximately 60% reduction of shipping volume of the chemicals containing the cited substances.

Care Service Businesses continue to promote enhanced safety for humans and environment at Duskin.

Chemicals containing substances subject to the Pollutant Release and Transfer Register

Approx. 60% reduction



PRTR Substances
PRTR system requires businesses handling chemical substances potentially hazardous to the environment and people to estimate the amounts of chemical substances released and transferred in waste, and to report the data to their local governments. Substances subject to PRTR 354 substances (as of March 31, 2007) (Duskin Care Service is not designated as a reporting business operator in PRTR system.)

Environmental Policy

We, at Duskin Care Service Business Group, provide professional services by using environmentally-friendly equipment and materials to help customers enjoy clean and comfortable environments in their homes, offices, shops and facilities. These services help maintain safe and hygienic living environments for our customers and indirectly also contribute to the preservation of our natural resources here on planet Earth.

- ① We have environmental control systems in place at all service units nationwide, and responsibly maintain environmentally conscientious activities to reduce any negative impact on environment.
- ② We prevent pollution and work on continuous improvement by assessing the impact to the environment made by our Care Service business activities, setting goals, and reviewing them on a regular basis.
- ③ We comply with environmental laws and regulations and other requirements related to our business operation. We actively promote environmental conservation activities.
- ④ We give extra consideration to safety and any negative impact on the environment of the chemicals, materials and equipment used in providing our services. We strive for effective use of resources and reduction of waste.
- ⑤ We provide all employees of the Care Service Business Group with environmental education to raise awareness of environmental issues, and share our Environmental Policy. We also serve our local communities through volunteer cleaning service.
- ⑥ This Environmental Policy shall be announced both within and without the Company.

Time-proven wisdom for cleaning

We launched ecological cleaning without using chemical detergent.

Effective chemical detergents that remove stubborn stains could contain ingredients that could have an adverse impact on people and the environment. It may be better to avoid such strong chemical detergents for cleaning.

"Ecological cleaning" is a way of cleaning by using safe and common materials instead of synthetic detergents.

"Ecological cleaning" is recommended to those who are concerned about skin sensitivity to synthetic detergents, families with small children and those who are concerned for their pets.

This "ecological cleaning" was introduced on a test basis in 2005 and launched at the Merry Maids. It is included in daily-level cleaning for commercial customers of the ServiceMaster from 2007.

Materials used for Ecological Cleaning

- **Citric acid**
Citric acid is contained in fruits, such as lemons. It neutralizes alkaline stains such as water stains and soap scum and makes them easy to remove.
- **Baking soda (bicarbonate of soda)**
It is used for baking powder and medicine for stomach. It is used to dissolve oily stains. It is also used as a cleanser/scouring powder.
- **Oxygen bleach**
Oxygen bleach is decomposed to sodium carbonate and hydrogen peroxide when mixed with water. Sodium carbonate is used in brine water for Chinese noodles. Hydrogen peroxide works as a bleach and is quickly dissolved.
- **Sodium sesquicarbonate**
It is a crystallized substance by mixing baking soda and sodium carbonate. It is often used as a bath additive. It is used to clean oily stains and stains made by grimey hands.

- **Soft soap**
It is a cleansing agent made from natural animal/vegetable oil mixed with alkaline substance.
- **Essential oil**
It is natural scent extracted from herbs, plants and fruits. Many have antibacterial effects. It helps "finish-off" cleaning with its trace of gentle scents.



In "ecological cleaning" we use cleaning agents, such as soap, that have been conventionally used in daily cleaning routines from the past. As these items are used for food and bath agents, and quickly biodegradable, they are safe and have minimal negative impact on our environment.

Care Service Business Group

Working toward the objective of pest control and plant maintenance without heavy reliance on spraying chemicals

For our pest control and plant maintenance services, we avoid the conventional treatments that involve spraying a large amount of pesticides and agricultural chemicals. Instead, we promote the methods of applying the minimum amount of chemicals only when and where the treatment is needed through daily-level inspection of pest infestation.

Termite control and prevention: Sentricon system

TM: Dow Agroscience LLC

Shifting from liquid chemical treatment, our Terminix business adopted the Sentricon system for the termite control service. The Sentricon system is a termite colony elimination system with baits containing a minimum amount of termite growth regulator. Since the introduction of the Sentricon system in 2002, the total volume of liquid chemical sprayed was reduced in half in 2006.

Sentricon™ System

The Sentricon system is a termite prevention system developed by Dow Agroscience in the U.S. In Japan, only about 150 authorized operators are allowed to provide the service. Duskin Care Service is their largest authorized operator in Japan.

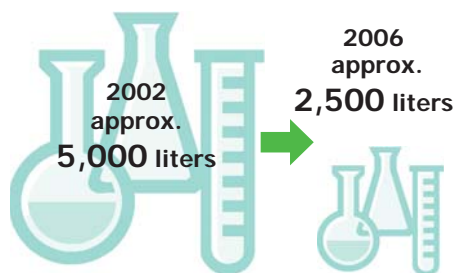
The system is designed to take advantage of termites' habit of bringing other termites in the colony to a new feeding ground. It eliminates the termite colony by having termites feed on the baits placed in the stations installed in the ground around the property.

Installation Process and safety of the Sentricon System

The Sentricon system does not use any chemicals when termite activities are not detected. In this system, a piece of wood is placed in the stations installed in the ground around the property. When termite activity is found during a regular monitoring service, bait is placed only in the station where the termite infestation is found. Only the part of the bait carried by the termite into the colony is the chemical put out on the environment because the remaining bait is collected. The active ingredient in the termite bait specifically targets at the molting phase of termites' life cycle. Since it is not a pesticide or agricultural chemical, it has low toxicity. Only a gram is needed to eliminate a termite colony, which is about 1/1500 or 1/2000 of the amount of chemical used in conventional liquid treatment. Moreover, the possibilities for people and pets to have direct contact with the chemical is very low because the bait is placed in the specially designed station installed in the ground.



The amount of chemicals for termite control sprayed on the ground
Approx. 50% reduction



*The figures are based on a simple calculation by totaling the actual amount of several chemicals sprayed on the ground for treatment.



Place a bait (piece of wood) in the stations installed in the ground, and replace the wood with bait with active ingredient when termite activity is found during the regular monitoring service.

Station

From March 2007, the monitoring device management service is included in the service menu.



2000 Presidential Green Chemistry Challenge Award in the U.S.

The Sentricon System was awarded the 2000 Presidential Green Chemistry Challenge Award in the U.S. This award recognized that the Sentricon System reduced negative impact on the environment by making it possible to eliminate termite colonies with the absolute minimum active ingredient than that needed in conventional solutions.

*For more information on the Sentricon System, please check Dow AgroScience's website.

Roach bait system that does not rely on spraying chemicals

For the roach control service, we also promote the bait system that does not rely on spraying chemicals. Our professionals inspect roach inhabitation and reproductive states, and strategically place baits (gel type) with the minimum amount of chemicals only on the specific points.

Since this method does not involve spraying chemicals, it hardly leaves any odor or possible danger of chemical contamination of tableware and kitchen utensils. The amount of chemical used in this method is less than 1/30 of the chemicals used in liquid treatment. This method enabled us to reduce approximately 30% of chemicals in 2006 compared with 2002 when the bait system was first introduced.



To minimize the use of chemicals, our Terminix staff uses special vacuum cleaner with HEPA filter to capture roaches before placing bait stations. *HEPA filter collects 99.7% of 0.3 micron particles.

The amount of chemical used
Approx. 30% reduction



For plant maintenance service, we also promote the method that does not rely on spraying chemicals.

Our TruGreen Business provides maintenance service for gardens and lawns through annual programs to meet the needs of four seasons. We take the utmost care and look for maximum safety for people and environment in our choice of chemicals. The chemicals we use for our services clear the safety standards both in the U.S. and Japan as well as our higher self-imposed standard. We also work on the method to inject chemicals directly to the ground instead of spraying. This method helps reduce the amount of chemicals used for the service and prevents the spraying of chemicals onto other unnecessary areas.



*The chemicals used for TruGreen service are approved by the Environmental Protection Agency in the U.S.

More services that do not rely on the spraying of chemicals

Duskin Care Service promotes the shift to service methods that do not involve spraying chemicals, starting with the pest control services by Terminix. In addition to the termite control and roach control services, various services are available.

Flying insect control system

The insect control system for eating and drinking establishments utilizes light, including insect control films and fluorescent light traps.



Household pest control system

Our household pest control solutions eliminate pests around homes, including roaches, ants, pill bugs, spiders, slugs and millipedes.



Efforts to reduce containers of cleaning materials

We are shifting the metal and polyester containers of cleaning chemicals used for our ServiceMaster business to materials such as cardboards that are easier to recycle and reduce waste. Compared with 1999 when we initiated this effort, we cut down approximately 74% of the use of metal and polyester containers in 2006.

metal and polyester containers
Approx. 74% reduction



Air conditioner cleaning service contributing to energy saving

The dust and dirt caught in the air conditioners lower the efficiency of air conditioners and quickly cause them to deteriorate. Our air conditioner cleaning service helps improve effectiveness of the machines and contributes to saving energy.

Air conditioner cleaning service



Disposal of wastewater generated during servicing

We take care of the wastewater generated during our air conditioner and range hood cleaning services. At the customers' sites, we consult with our customers where to discharge the wastewater. For heavily soiled water that contains dirt and detergent, we take the wastewater back to our service unit and take appropriate steps to filter out the contaminants before discharging the wastewater down the drain.



The water used in the air conditioner service is put in the tank and brought back to our shops where it is treated and discharged.

Uniform recycling system

The uniform recycling system was introduced in October 2006.



Collected uniforms are shipped to processing plants to be recycled as building and work materials.

Recycle!

We support our customers' ecologically friendly lifestyles through the development and sale of culture soil with activated carbon.

We developed "culture soil containing activated carbon" by recycling the activated carbon used for water purifiers after their rental service life at our Clean Service.

The test marketing conducted in 2005 was well received, and we started sales of this product from April 2006. The number of 14 liter-bags delivered to our customers till March 31, 2007 totaled 6,700.

Recycled approximately 8 tons of activated carbon used for water purifiers



Water purifiers for rental by Clean Service



Used activated carbon



Culture soil with activated carbon

Japanese mustard spinach cultivation test



Grown in Duskin's culture soil



Grown in soil sold at home improvement store



We promote the idea of **“Our ecology - make full use of everything by everyone,”** which is produced from the Earth’s precious limited resources.

Rent-All offers a unique rental system which provides general needed items when a customer has a need for them.

No purchase produces no disposal.

Second hand items are also available for sale. Our role is to pass on used items from those who no longer need them to those who are in need of them thus achieving the stated goal of “make full use of everything by everyone.”

At our “Health Rent” specialty shops, nursing-care & assisted living equipment are offered for rent to satisfy the needs of our aging society.



Rent-All Business: Started in 1978/**Health Rent Business:** Started in 2004

- On-site service (franchised)
- Customer-Level Sales: 11,165 million yen (FY2006)
- Number of units: Rent-All 126
Health Rent 104 (as of the end of March 2007)
- Main products: Baby-care, travel, home, event, office, assisted living equipment covered by nursing-care insurance program.
- ISO 14001 Certification
Registration scope: Headquarters & all shops (domestic)
Certification granted: July 26, 2001
Certification number: JMAQA-E218
Certification agency: Japan Management Association

Natural resource saving with the rental system

By sharing one item with others, we can encourage natural resource saving. For instance, about 28,000 baby beds are rented annually. If we assume these 28,000 beds were bought, natural resources to make 28,000^{*1} beds would have been required. Actually, only natural resources for making 13,000^{*2} beds were used, thus conserving the natural resources for making 15,000 (about 54%) beds. We wish to reduce environmental load for our next general by initiating ecology, which we can start easily.

*1 No. of beds between April 2006 through March 2007

*2 No. of beds owned

Approximately **28,000** beds are rented annually



No. of beds needed

If purchased, 28,000 beds are required.

If rented, only 13,000 beds are required.

Reduction of cardboard for delivery

Packing cardboard for delivery of rental items has been replaced with bags which can be reused to reduce use of cardboard. Packing material for delivery of items from the distributing center to each shop was replaced with plastic box which can be used for a long time to reduce the use of packing material. Consequently, items are better protected. Furthermore, the whole process also reduces workload.



Launching a reuse system to purchase back items no longer in use.

Under this reuse service, new baby care items are sold with a special price and purchased back when they are no longer in need. This system is well received by those customers who express the wish "I want to rent but prefer new ones," or "it is troublesome to dispose of the baby care items after our child has outgrown them."

Consumers/Customers



Duskin Rent-All Stations



maintenance/repair

③ Purchased back items are reused in our rental packages or resold as second hand items.



Support for Ecological Life



Environmental Policy

Duskin Rent-All group has developed a business to create comfortable and wealthy society through rental and reuse of valued items for homes and offices. As a leader in promoting a recycle-oriented society in the 21st century, we have aggressively promoted the rental and recycling business lines. As we believe our business mission is to contribute to the continuing development of a wealthy, safe and clean society, we keep providing products and service which enable all of us to participate in the continued protection of our environment.

- ① Taking into consideration all aspects of environmental concerns, Duskin's product maintenance is grounded in the prevention of contamination of our natural resources.
- ② Strict observation of environmental related laws, regulations and convention in our business practice and continuous promotion of environmental protection initiatives.
- ③ Promoting energy saving in our business practice and making efforts to use natural resources more effectively. Accident free maintenance to assure customer safety is our highest priority issue.
- ④ Informing everyone of this policy and ensuring everyone make continuous effort to address these initiatives.
- ⑤ This environment policy shall be made known to all and sundry both within and without the Company.

Assisted living equipment are also effectively used in our rental system. (Health Rent Business)

It is important that assisted living equipment are suitable for customer body size and meet different needs of customers in their different living circumstances. Change of equipment is sometimes required to serve customers with different health condition. Our rental system can flexibly respond to these needs and changes. Items no longer in need by one customer may be needed by another customer. Health Rent* business contributes to the effective use of natural resources by renting equipment under user-friendly circumstances to those who need care and their family members.

*The rental shop specializing in assisted living equipment.





Donuts made with every intent to give enjoyment to the customers welcome everyone at “eco-friendly” shops.

We want to serve fresh and tasty donuts at eco-friendly shops. Mister Donut wishes to make its shops loved by our customers and friendly to the Earth. Since its founding, ceramic cups, nondisposable cups, are persistently used to serve our authentic coffee. We continue to make shops relaxing and eco-friendly.



Mister Donut: Started in 1971

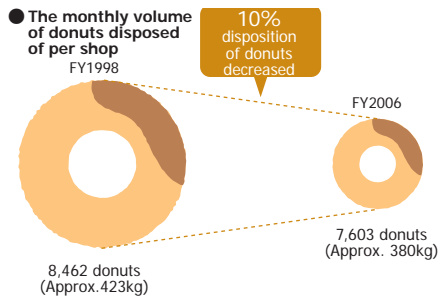
- On-site service (franchised)
- Customer-Level Sales: 133,306 million yen (FY2006)
- Number of units: 1,294 domestic
1,475 overseas (as of the end of March 2007)
- Main products: donuts, Yum Cha, coffee, soft drinks & other items
- ISO 14001 Certified
Registration scope: Headquarters & all shops in Japan
Certification granted: April 21, 2000
Certification number: JMAQA-E104
Certification agency: Japan Management Association



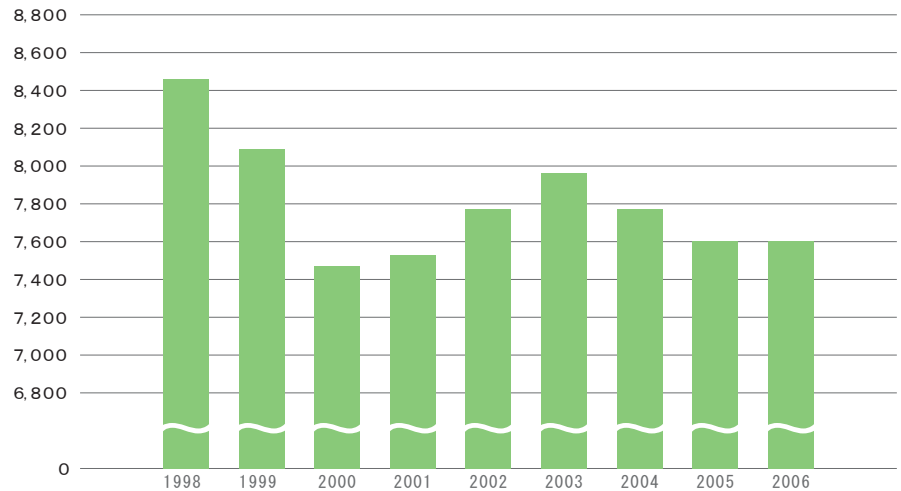
Reduction of number of donuts to dispose after shop hours and recycling

Reduction of number of donuts to dispose by thorough production control

Review of production schedule and donut disposition checklist control are our initiatives to reduce number of donuts to dispose. During year 2006, monthly average of 859 donuts (43kg) were reduced for disposition compared to that of 1998.

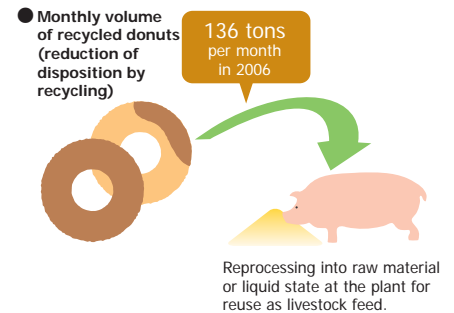


● No. of donuts disposed (monthly average per shop)



Recycling disposed donuts after shop hours

At all Mister Donut shops, a variety of items are available even just before closing. As a result, some donuts are left unsold after shop hours. We have studied to effectively reuse those leftovers as natural resources. We have developed a system where the leftovers are collected and reprocessed at the processing plant into liquid state feedstuff for reuse. This system was first introduced to the Kanto area in 2003. Currently, 365 shops have adopted the system. It is scheduled to implement this recycling system into the Kinki area in 2007.

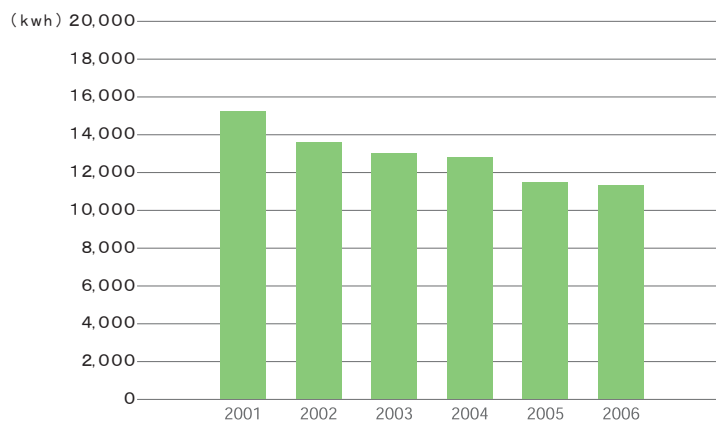


Energy saving effort at shops

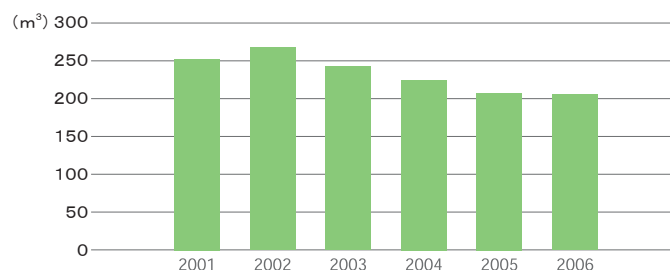
Energy saving efforts such as turning off of electricity and checking the control utility indicator was promoted at all Mister Donut shops. Compared to the monthly average of the year 2001, 3,899kwh of electricity (25.7% cut) and 47 cubic meters (18.6% cut) of water were successfully lowered per shop.

A new type shop reducing 8% of electricity is introduced at the time of shop remodeling. Gas cogeneration, thermal storage (heat reserve) air-conditioning facility, use of only electricity are being studied aiming for creation of a prototype energy saving shop.

● Annual electricity consumption (monthly average per shop)



● Annual water consumption (monthly average per shop)



Mister Donut Business Group

Recycling used oil to soap

All the oil used for donuts production (958 tons annually) is collected and recycled into industrial material such as feedstuff and rubber. Part of the collected old oil is regenerated into liquid soap.



Use of ceramic or glassware and no disposable paper

Since 1974, ceramic, glasses and cups, and metal spoons are used for eat-in service, which enables us to reduce paper cups and paper trash, symbols of disposable culture. Compared to the time when the company was using paperware, the reduction of the use of paper products have amounted to 724 tons per year.



Environmental education for shop managers (shop management license holders)

Our major component in the compulsory curriculum for shop manager training is environmental education. In addition, in the License Renewal which the license holders are required to take every two years after the license acquisition, environment education is again a major component and emphasized. Environment protection effect, cost reduction effect and observation of environmental regulations are taught. Tests are conducted to improve ability at the time of training completion. The curriculum is being reviewed on a regular basis.



Our effort to maintain the shop neighborhood environment

Through the environmental protection initiatives at the shops, we also focus on environmental sustainability.

Cleaning activities in the neighboring area of the shop

We not only clean the neighboring area but also the local communities to improve environmental condition of the local commu-



Environmental preservation check after grand opening

In addition to satisfying laws and regulations at the time of shop development, our focus is also on creating an eco-friendly shop. "Environmental preservation check" is conducted periodically or within a certain period after the shop opening to review the environmental condition after each grand opening.

Periodic check by Headquarters

Area supervisors periodically monitor and check not only shop operation but also to the environment of the neighboring area.



Environment Policy

Mister Donut offers healthy, comfortable and joyful food culture, and promotes eco-friendly shops and business practice in order to be an eco-friendly "Mister Donut" organization.

- ① Mister Donut incorporates an environment control system into the nationwide chain organization to contribute to local communities and to address the protection of the global environment.
- ② We assess the effect of the Mister Donut business practice effect on the environment to prevent contamination and to make efforts on continued improvement by setting goals and objectives in our environmental initiatives.
- ③ We duly observe environmental laws and regulations and other requirements we agreed upon in our Mister Donut business practice.
- ④ We address natural resource and energy saving, recycling and waste reduction in every aspects of our business practice.
- ⑤ This policy shall be extensively disseminated to ensure that every employee of the Mister Donut business knows about our environmental policy in order to raise their awareness towards environmental issues. A review of the status is conducted once a year for further improvement.
- ⑥ This policy shall be announced both within and without the Company.



Our initiatives in safety and reliance

Sound organization to thoroughly manage safety and reliance of our services for our customers

Product Development (Product inspection)



Traceability

With an established system to trace raw material safety even at the point of production, we inspect the materials in the wide-ranging areas including food additives, allergic component, genetic modification, and pesticide residue.

Safety Confirmation Meeting

Prior to test marketing or new product introduction, "Safety Confirmation Meeting" is held with the participation of the persons in charge of food safety management, product development and quality control departments. During the meeting, ingredients which must not exist in the products at the point of sales, the storage & distribution system, and inspection of the plants are reviewed. Inspection results are shared and how to handle the new products at the shop is discussed to ensure that we only offer "safe & reliable" products.

Raw material/ plants



Inspector (Quality Control Advisor)

At the plants, the inspector examines if the raw material and their control are hygienically handled. Before the new product test marketing, 87 points of 30 categories, and for the new product introduction, 800 points of 80 categories are inspected for evaluation.

Procurement & Distribution



Inspector (Quality Control Advisor)

The inspector periodically checks whether quality control on the raw materials in the course of distribution is thoroughly conducted.

Shop Hygiene Control



Shop Hygiene Control

At all shops nationwide, hygienic control following the procedure from the exclusively developed manual is conducted on a routine basis. Facility and equipment cleaning, adequate heating, alcohol disinfection on equipment and fixture are included. In addition to blind check, hand washing, appearance check, and daily employee health condition check is conducted more extensively to cover more employees.



Sanitary Check

In addition to instruction by supervisors, an inspector from the third-party public inspection institution visits shops once every two months without prior notice to inspect whether hygiene control is appropriately conducted. The inspector examines hygienic condition of the facility, kitchen equipment, products, shop employees. Based on the result, hygienic control is comprehensively evaluated. Ongoing instruction and advice will be given to the areas that are deemed to need further improvement.



Disclosure of the ingredient information

Product information including raw material, nutritional component, allergy effect if any, of all ingredients are disclosed on the Internet and at the shop.



<http://www.misterdonut.jp/menu/eiyou/index.html>

Selection and inspection of premium goods from the customers' perspective

From the customers' perspective, premium goods are also products offered by the shops. Safety control of these items is conducted as if they are food items. Opinions of advisory specialists for consumers' affairs are reflected in selection and development of the premium goods. During the development process, after the product specification inspection at our own inspection center, product inspection continued to be conducted at the inspection plant.



Premium goods for the year 2006

"dona" a middle part of "andoand" means donut in Latin. The remaining parts of "and" and "nand" meaning "repeatedly" in Japanese, represent our wishes for frequent visits of customers



A new type shop for the urban cities, "andonand" is open.

New initiatives in our effort towards environment and hygiene issues

On April 20, 2007, "andonand," a new type of Mister Donut shop targeting business people in their 20's, 30's and 40's, was opened in Shibuya, Tokyo.

While the existing type shops serve customers from children to the elderly for mostly take-out, "andonand" targets business people who have not frequently visited Mister Donut before for eat-in service.

The concept of this new shop is "MISDO for adults" and "donut café." To meet the needs of those customers who have high concerns for both ecology and health, it offers tasty donuts made from high quality materials at the natural relaxing setting, similar to a lounge in a resort area. We plan to promote this new concept shop in urban areas as a relaxing place for those who seek comfort.



The core items are Premium Donuts made of highest quality flour and "Sticks" made of dough mixing vegetables and black sesame seeds.



Green color is used in the dining room, natural stones and straws mixed with diatom earth are used for the wall surface to present a modern yet natural atmosphere. Soft sofas and chairs make the customers feel relaxed and comfortable.



Eco Note

The ecology policy also complies with that for the existing type shops including recycle of the used oil, waste reduction, environment protection and sustainability. In addition, non-woody paper, kenaf and recycled used papers are used for its paper packaging. Polyactic acid, an ingredient degradation material, is used for transparent cups. Materials made of cornstarch are also used to achieve eco-friendly business practice. For packaging materials, our policy is to avoid use of oil based products such as plastic item.



Coffee beans, certified by Rain Forest Alliance, which meets required standards of natural protection and concerned labor environment and cultivating methods are used for our coffee products. The producers of these certified coffee beans can be easily identified ensuring safe and reliable products to the customers.



Clean Service Business Group

Green Report 2006



Scope of Reporting

1 Scope of Business

Clean Service Business

(Renting and selling of cleaning tools such as mops and mats)

Duskin operates a multitude of diversified businesses carrying different lines of products and services within their own organizational structures and using their own distribution channels. In this regard, our data collection effort in the Clean Service Business, which is definitely our mainstream line of business in terms of sales volume and social recognition, and posted the findings accumulated from within Clean Service in this report. It should be noted here that some data contained in this report reflect those of other businesses that share some part of the organization structure and distribution channels with Clean Service.



2 Scope of Location (Site)

Franchise Headquarters, Company Operated Outlets/ Plants, Franchised Outlets, Subcontract Plants

Excluding some company operated outlets and plants, sales and plant organizations of Clean Service are operated under the franchised system. Because there is no operational difference between company owned and franchised outlets and plants, and loads on the environment are on the same level in the two systems, we report the data that have been collected from franchised outlets and plants as well. However, this report does not refer to environmental accounting because management and accounting are done independently. In addition to the plants that are in charge of recycling and processing (washing, repairing, etc.) of the products contained in this report, we operate two subsidiary plants that manufacture the products themselves. The data of these subsidiary plants are not included in this report as their operation is completely different in nature from the other 47 plants.

● Details of Sales Outlets

Number of Outlets	2,194
Breakdown	
Company Operation	26
Subsidiaries	52
Franchise Shops	2,116

● Details of Plants

Number of Plants	47
Breakdown	
Company	2
Operation	12
Subsidiaries	33

3 Scope of Period

Quantitative data are from the fiscal year of 2006 (April 2006 – End of March 2007) while qualitative data and information show the results from primarily 2006 but may include the results in some periods before and after the fiscal year.

4 Scope of Domain

This report mostly consists of information regarding the environment. However, it may include information on other domains so that the intent and purpose of our activities or attitudes can be understood.

Together with our customers, we contribute to resource saving through the rental system that promotes “continuous and repeated” use of products.

Since the foundation of Duskin, as a part of our core business activities, we have periodically delivered to our customers rental products including cleaning tools such as mops and mats through the national network of franchise chains ever. The rental system achieves repeated use of products, which means that our customers who use our products under the rental system can participate in activities to protect the environment.

We consider it is our responsibility to pursue recycling of resources and deliver products of higher value in an environmentally-friendly system.



Sales Division (Clean Service) Started in 1963

- On-site service (Franchised)
- Customer-Level Sales: ¥237,592 million
*Residential Market: 46.5%, Commercial Market: 53.5% (FY 2006)
- Number of Outlets:
2,194 outlets in Japan, 11 outlets overseas (as of the end of March 2007)
- Main Products: Residential Market: rental service of mops, mats, water purifiers, air purifiers, range hood filters, and selling of detergents, sponges, etc.

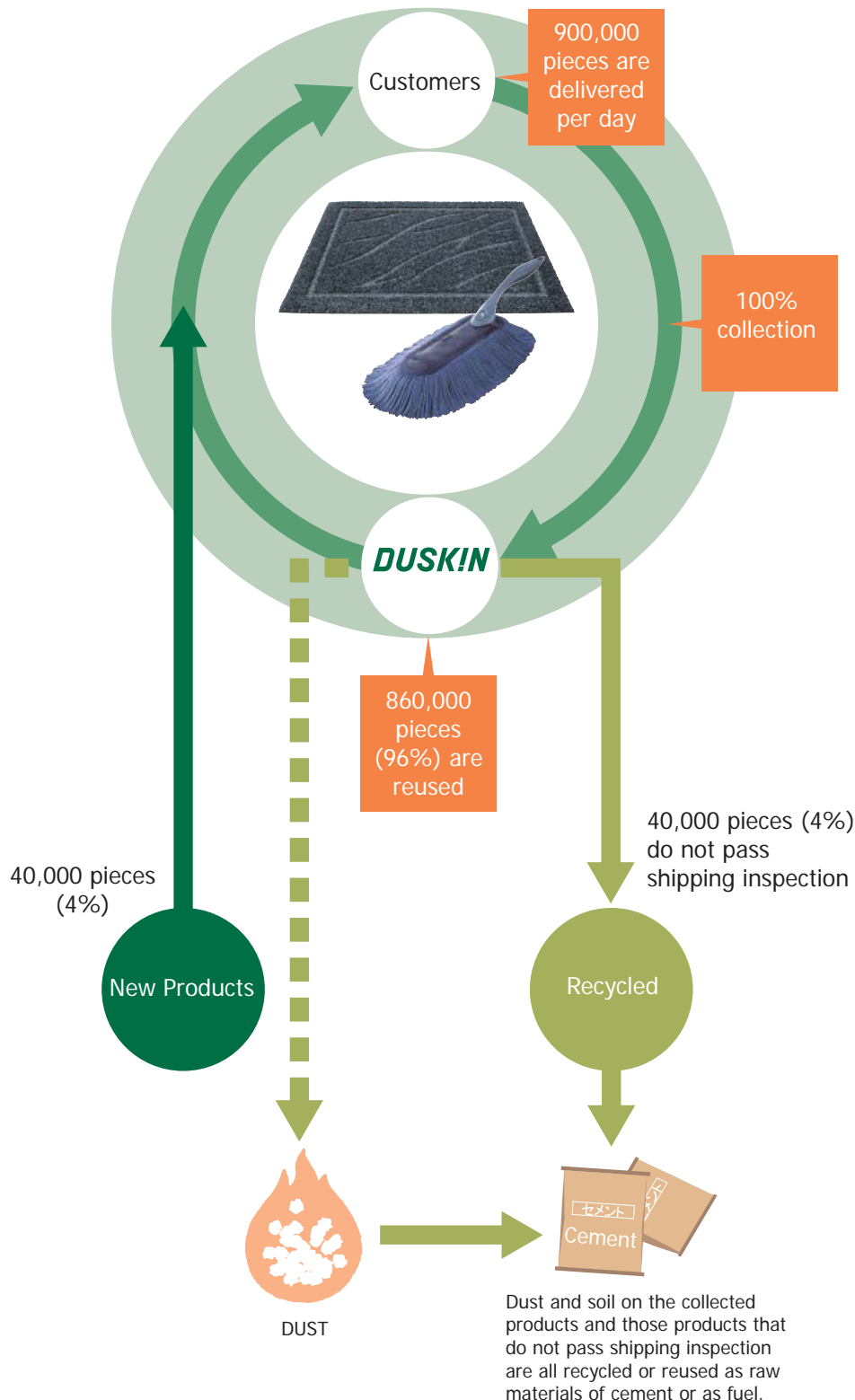
Commercial Market: rental service and selling of mops, mats, shop towels, air purifiers, deodorizing equipment, smoke separation systems, restroom items, hygiene and sanitary products for use in the kitchen.
- ISO 14001 Certified
Certification scope: head office, all franchisees, branches (in Japan)
Certification granted: March 30, 2001
Certification number: JQA-EMI1483
Certification agency: Japan Quality Assurance Organization

Plant Division (Production & Logistics Group) Started in 1963

- Laundry Business: Recycling and processing of mops, mats, etc.
- Number of Outlets:
47 plants that recycle and process products (in Japan)
1 mop head sewing plant
1 mat manufacturing plant (as of the end of March 2007)
- Principal Business:
Processing, storage, and shipping of rental products including mops, mats, towels, filters for air purifiers
- ISO 14001 Certified
Certification scope: Production & Logistics Group and 47 comprehensive plants
Certification granted: March 3, 2000
Certification number: JMAQA-E095
Certification agency: Japan Management Organization

Recycling System of Rental Products

The total number of mops and mats that we deliver to our customers throughout the country amounts to 900,000 pieces per day. If we sell them, they will never come back to us, but we collect 100% of them. 96% or 860,000 pieces of these used products are recycled in our plants to be delivered back to our customers.



Summary 2006

Development of Environmentally-Friendly Products

We have continued to develop Eco Mark certified products such as mats that are made from regenerated fiber of plastic bottles and company uniforms and mops made from unused fiber, which had been disposed of in the past. (Refer to page 36)



Promotion of Recycling

We have enhanced our nation-wide efforts in the entire nation to collect, disassemble, and recycle products including used mop handles and air purifier main units. (Refer to page 35)



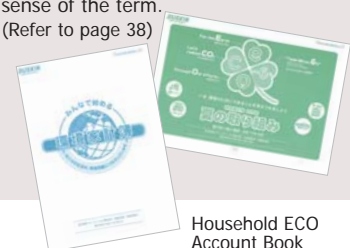
Introduction of Low-Emission Vehicles

We are promoting the introduction of low-emission commercial vehicles that deliver products and low-pollution delivery trucks. (Refer to page 34)



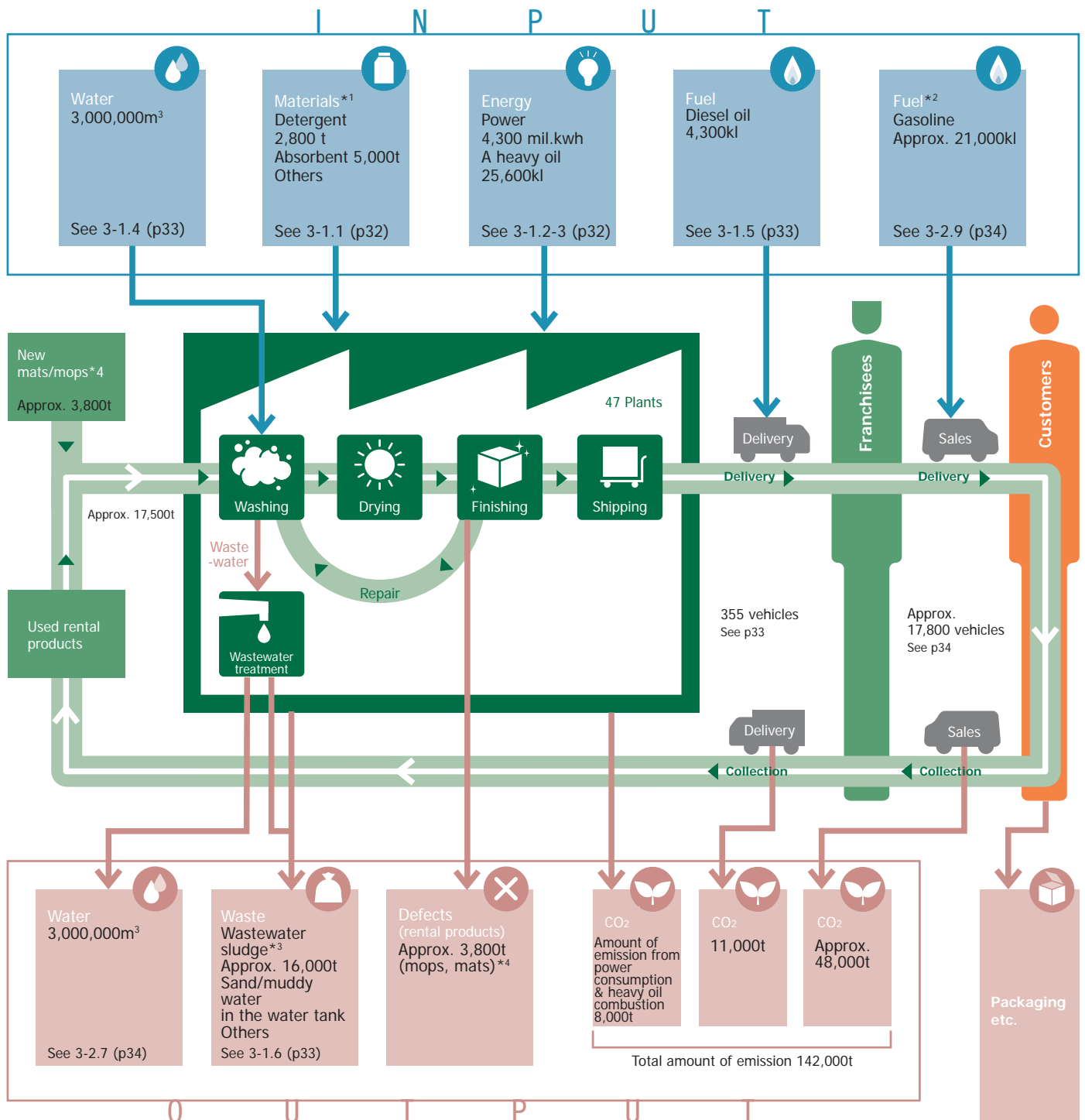
Employees Are Keeping Household ECO Account Book

Employees of Duskin contribute to reduction of carbon dioxide emission by enhancing awareness of the environment as they go about their daily routines through Household ECO Account Book. We strive to be an "environmentally-friendly corporation, Duskin" in the true sense of the term. (Refer to page 38)



1 Flow Chart (Figures for fiscal 2006)

Under our recycling system, all the used products are collected from the customers and reprocessed at our plants. The reprocessed products are to be delivered to the customers. The chart below indicates the lifecycle of our products and the environmental impact of our business operation.



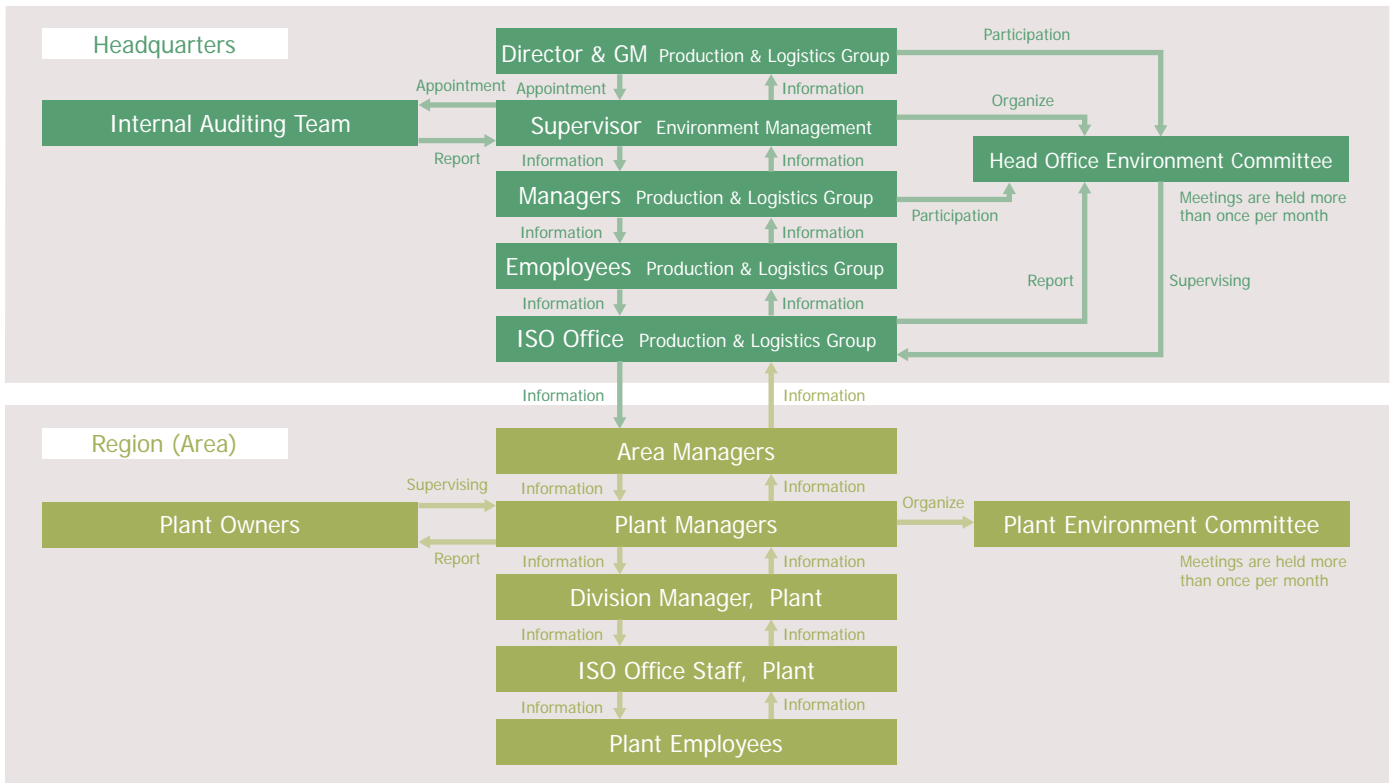
*1 The purchase amount for detergents & absorbents account for 30% of the total.

*2 Gasoline consumption is estimated from the actual volume of the past 3 years.

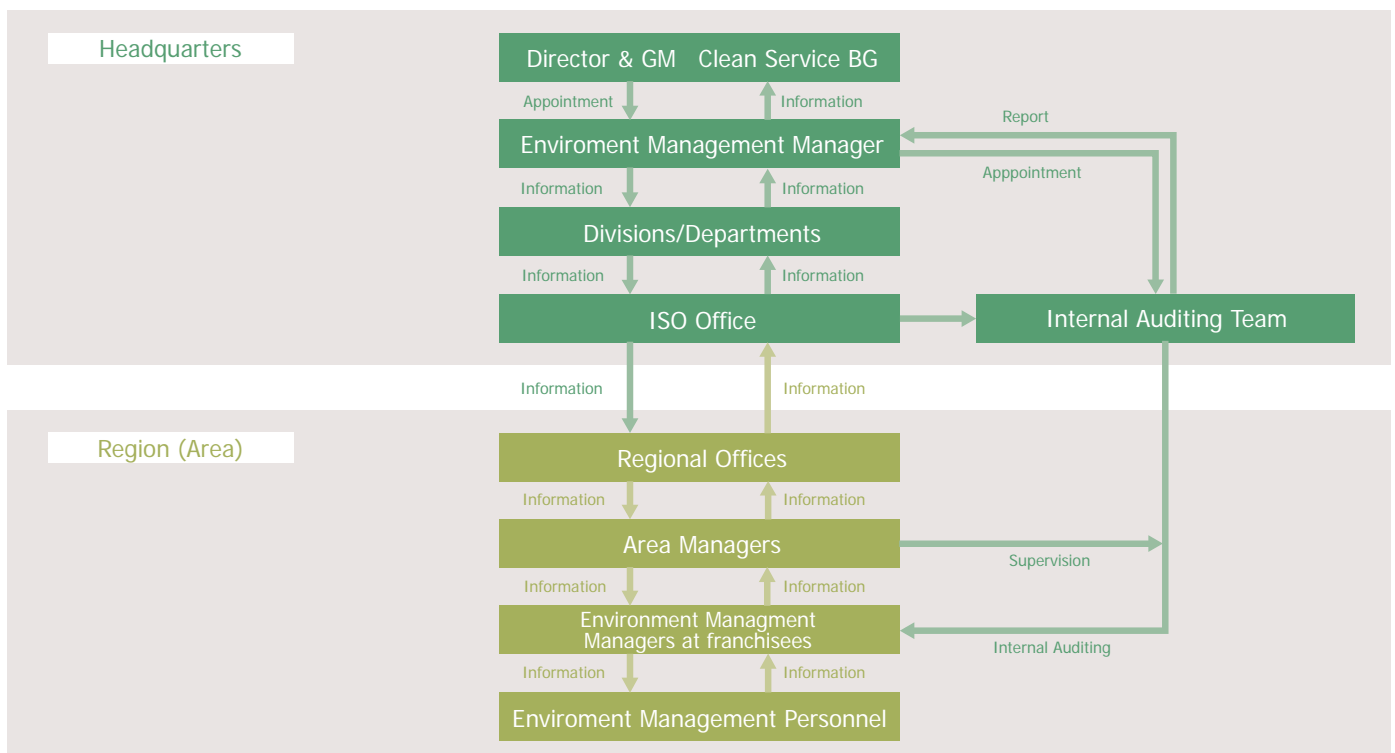
*3 Dust and dirt are separated from wastewater and compressed. *4 Sales amount for rental mops & mats accounts for 80% of the total.

2 Environmental Management Organization

■ Plant Division (Production & Logistics Group)



■ Sales Division (Clean Service Business Group)



3-1 Efforts to Reduce Environmental Impact

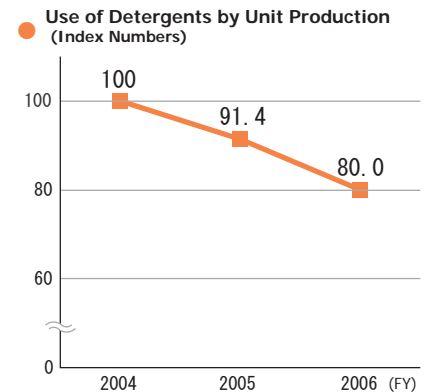
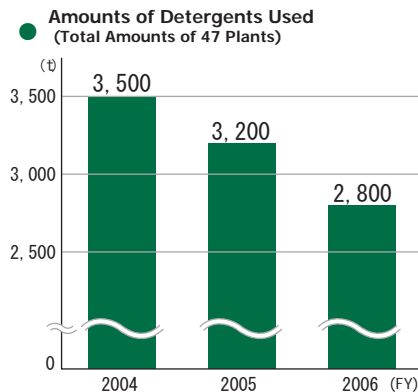
1 Reduction in the amount of detergents used in production (processing) <Plant Division>

Functional water plants have been introduced in 40 plants. By changing washing water into functional water we have been able to reduce the amount of detergents used by 20% in two years. Using less detergents means substantially reduced load in wastewater treatment, and the amount of sludge generated was cut down by 17%.



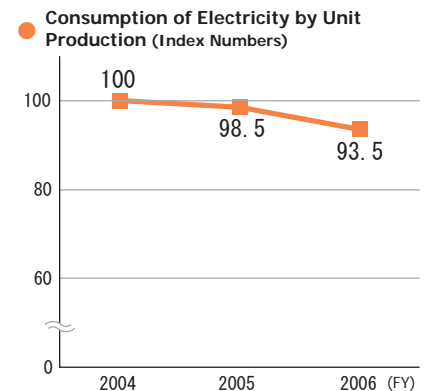
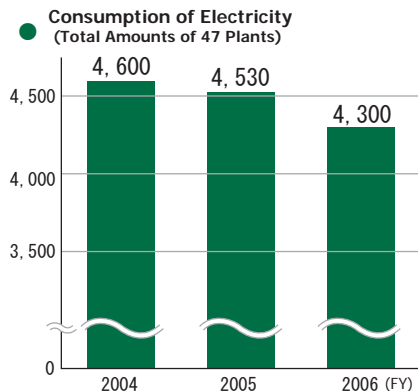
Functional Water Plant

Sludge: Hardened materials such as dust and dirt separated from laundry water by wastewater treatment.



2 Reduction in consumption of electricity in production (processing) <Plant Division>

Reduction in consumption of electricity has been achieved by such efforts as the introduction of energy saving dryers, improved awareness of the environment among plant workers, and efficient operation of facilities. We are set to develop and enhance energy saving facilities.

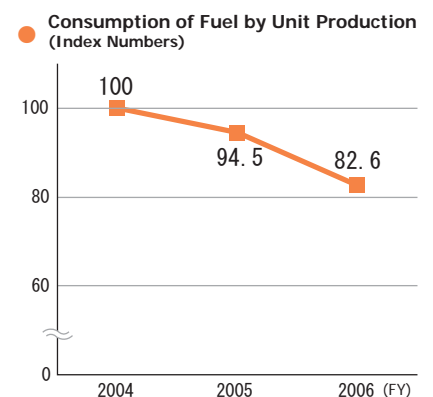
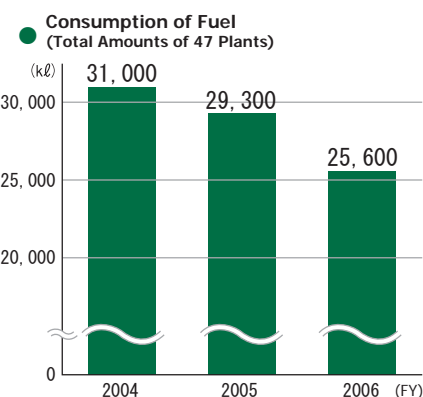


3 Reduction in consumption of fuel in production (processing) <Plant Division>

We have promoted adoption of energy saving dryers in our plants nationwide. Newly developed dryers have reduced consumption of fuel by 50%, while existing dryers that have been revamped to achieve energy saving have cut consumption by 30%. Energy-saving dryers account for as much as 38.8% of the total processing capacity. We will continue to expand the use of energy saving models in the future. We have been able to increase energy saving by 17% in the past two years.



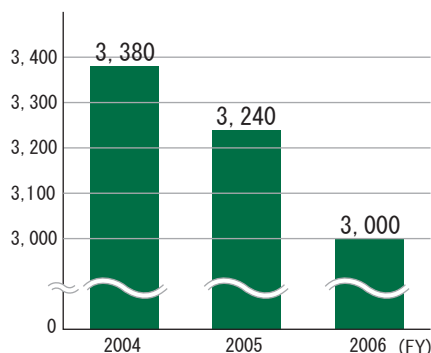
Latest Model of Energy Saving Dryer



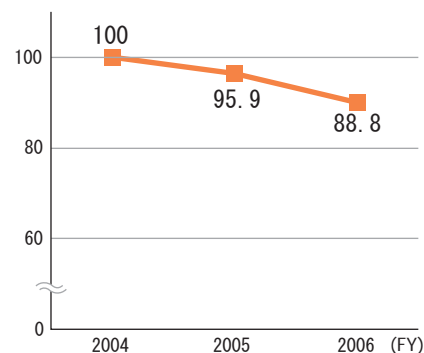
4 Reduction in consumption of water in production /processing <Plant Division>

In general, laundry water is treated and then discharged to rivers and sewage pipes. However, we treat waste water from laundering our products in a special way and use the water repeatedly. The number of plants that have adopted this recycling technology by 2006 has increased to 25 plants, contributing to a substantial reduction in consumption of water.

● Consumption of Water
(Total Amounts of 47 Plants)



● Consumption of Water by Unit Production
(Index Numbers)



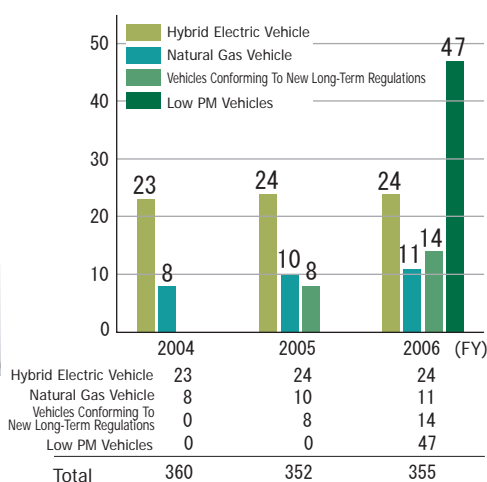
5 Reduction in consumption of fuel for delivery trucks in production /processing <Plant Division>

Low-emission vehicles have been introduced to control the emission of carbon dioxide (CO₂), nitrogen oxides (NO_x), and soot (PM). Moreover, we have been making an effort to reduce the consumption of fuel and the use of number of trucks by rearranging delivery routes and 'idling stop' practices.

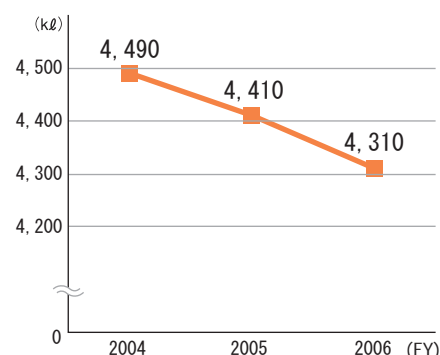


Hybrid Electric Truck

● Introduction of Low-Emission Vehicles
(nationwide)



● Consumption of Fuel for Delivery Trucks



Certification of Contracted Transport Companies

Certification of ISO14001	Maruwa Unyu Kikan Co., Ltd., Nakano Express Co., Ltd.
Certification of ISO9001	Mifune Transportation Co., Ltd., Saga Unyu Co., Ltd., Kumamoto-Kotsuunyu Co., Ltd., Maruwa Unyu Kikan Co., Ltd.
Green Management Certification	Ohshima-Soukounnyu Co.,Ltd., Uonuma Transport Co.,Ltd.

(Number of Contracted Transport Companies: 31)

6 Waste reduction in production/processing <Plant Division>

Recycling of Sludge

Dust and dirt separated from laundry wastewater of mats and mops are processed as sludge. We started our efforts to reuse sludge as fuel when making cement in 1999 and now we recycle

100% of sludge. The amount of sludge recycled was 19,000t. in 2005 and 16,000 t. in 2006. We are currently trying to reduce the amount of generated sludge itself.

3-2 Efforts to Reduce Environmental Impact

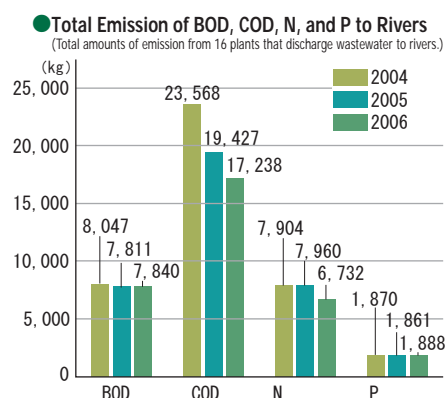
7 Reduction of wastewater pollution in production /processing <Plant Division>

Reduction of Residual Contaminants in Effluent Water from Plants

We have established and maintained our voluntary standards regarding effluent quality that is more stringent than the standards regulated by the government.

Concentration of Pollutants in Effluent Water from Plants That Discharge Wastewater to Rivers			
Average Concentration of Effluent Water in 2006 (mg/L)		Water Pollution Control Law Regulated Amounts (mg/L)	Remarks
BOD*1	9	Maximum: 160 Daily Average 120	The regulated amounts are for oceans and lakes and do not apply to river disposal.
COD*1	22	Maximum: 160 Daily Average 120	
N (Nitrogen)*2	6	Maximum: 120 Daily Average 60	
P (Phosphorous)*2	2	Maximum: 16 Daily Average 8	

Some plants are subject to regulations of local governments that are more stringent than those imposed under the Water Pollution Control Law.



*1 Both BOD and COD indicate amounts of contamination by commonly observed organic matters. Different methods of measurement are used for BOD and COD.

*2 N (Nitrogen) and P (Phosphorous): They are substances that cause eutrophication of rivers, lakes, and oceans. These substances themselves do not contaminate waters but promote a proliferation of microorganisms, which are causes of contamination.

* Amounts of COD are total figures collected from 14 plants that carry out regular measurements.

8 Utilization Performance by Recycled Use of Rental Products <Plant Division>

Mops and mats are recycled repeatedly in plants and used by our customers until they reach the end of their useful life. We contribute to conservation of resources with our customers.

Volume of New Input of Main Products		Total Volume of Shipment	
Mats	1,200,000 pcs.	Mats	58,000,000 pcs.
Mops	7,900,000 pcs.	Mops	140,000,000 pcs.
Total	9,100,000 pcs.	Total	198,000,000 pcs.

188,900,000 pieces (Total Volume of Shipment – Volume of New Input) are reused as products.

9 Reduction of Environmental Impact in Sales Activities <Sales Division>

Introduction of Low-Emission Commercial Vehicles

As we use many vehicles (approximately 17,800 vehicles throughout Japan) in our marketing and sales activities, we have been working on reduction of exhaust gas since 1997. One example of such efforts is development of a proprietary light motor automatic vehicle or keicar driven by natural gas. We are promoting the introduction of vehicles powered by natural gas according to a well-organized plan and as for all the other commercial vehicles; we encourage a switch to government-approved low-emission vehicles class 3 or higher when lease is up.



As of the end of 2006, a total of 43 natural gas vehicles are in operation. Natural gas vehicles are mainly operated in model outlets.

10 Reduction of Waste by Recycling <Sales Division/Plant Division>

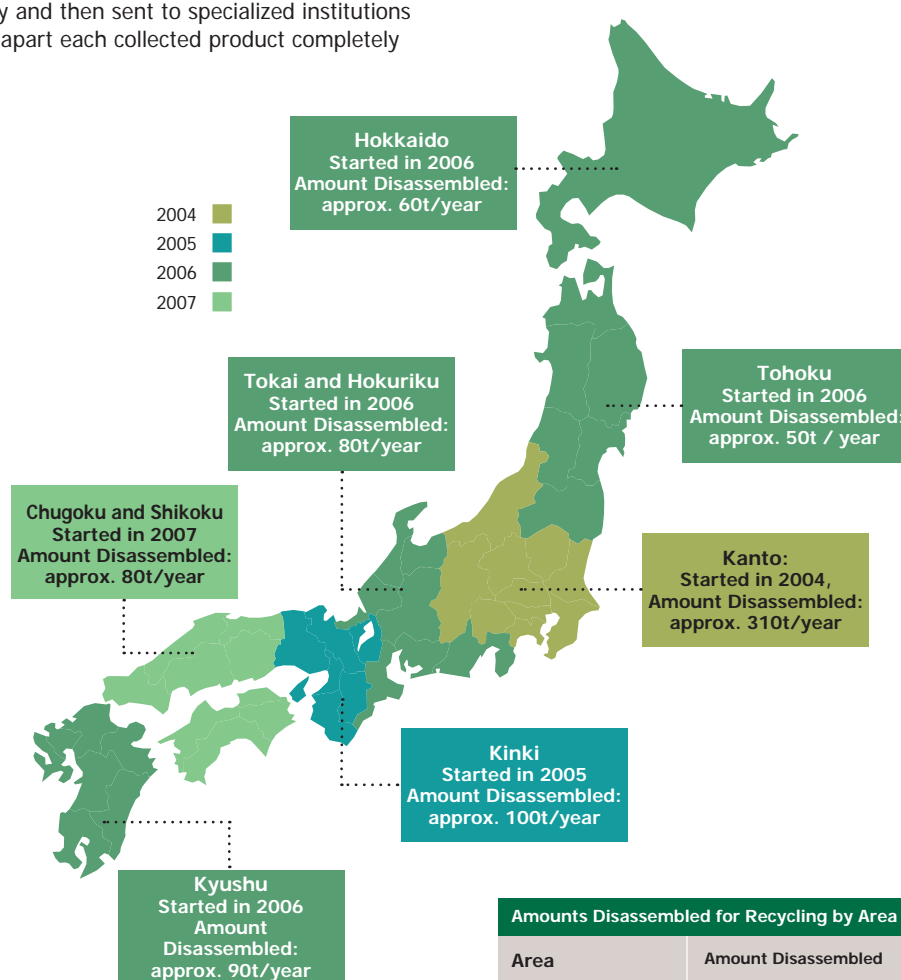
A Nationwide Program of Collection and Recycle of Mop Handles and Other Tools

We have been collecting, disassembling, and recycling mop handles, main units of air purifiers, water purifiers, towel dispensers, and other reusable items since 2004 and we have expanded this program throughout the nation. Targeted products are collected by each sales outlet charged with this responsibility and then sent to specialized institutions via washing plants. They disassemble and take apart each collected product completely into pieces and recycle almost 100% of them.

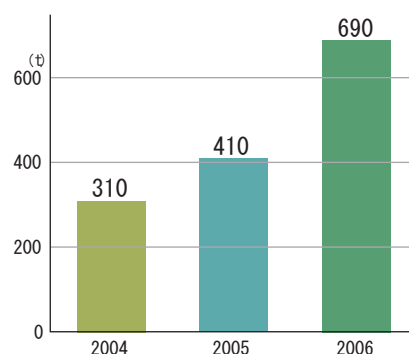
● Products that are collected and recycled:



Specialized institutions disassemble and take apart each collected product by hand and one at a time.



● Amounts Disassembled for Recycling



Amounts Disassembled for Recycling by Area	
Area	Amount Disassembled
Hokkaido	Approx. 60t/year
Tohoku	Approx. 50t/year
Kanto	Approx. 310t/year
Tokai/Hokuriku	Approx. 80t/year
Kinki	Approx. 100t/year
Chugoku/Shikoku*	Approx. 80t/year
Kyushu	Approx. 90t/year
Total	Approx. 770t/year

* Program started in Chugoku and Shikoku areas in 2007. The total amount excluding Chugoku and Shikoku areas is approximately 690t per year.

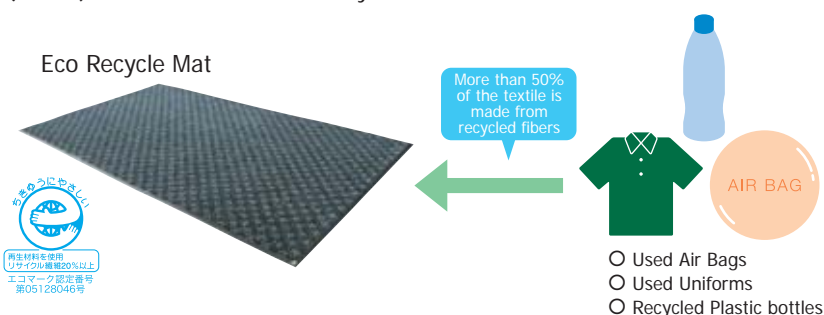
4 Eco-Friendly Products Support Your Lifestyle

Environmentally Aware Product Design

Products Made From Recycled Materials

● Rental Mats

We have distributed products made from recycled PET bottle fiber, which include some of our rental mats for commercial use. In April 2004 we launched "Eco Recycle Mat", which is made with several different types of recycled fibers such as used air bags, used uniforms, and PET bottles. More than 50% of its pile materials (textile) are made from these recycled fibers.



Products That Make Use of Unused Fibers

● Rental Mops

We introduced "Non-Oil Mop Eco" in 2005 and "Mop Eco for Commercial Use" in 2006, both of which make use of unused short fibers that were generated in a textile spinning process. These products are Eco Mark certified as they utilize unused fibers in more than 10% of the fibers.



Products That Take Advantage of Precious Resources

Used products are rubbish if thrown away but they can be useful resources if we make use of them. We recycle used toner cartridges and activated carbon filters for water purifiers.

● Toner Cartridge Recycle System

Under a strict quality control system we recycle toner cartridges and we also reuse discarded parts as resources. A recycled toner cartridge costs about a half of a new cartridge contributing to substantial cost reduction.



● Duskin Activated Carbon Deodorizer Pack

This eco-friendly product is made of recycled activated carbon once used in a water purifier. It controls smells of cigarettes, toilets, pets, etc. and even adsorbs moisture.



Products That Don't Have a Negative Impact on the Environment

Products other than rental mops and mats including those products that do not contaminate domestic effluent or those that save resources are also environmentally friendly. By using these products, all can help to reduce negative effects of pollution and wastes on the environment.

● Deep Frying Oil Filter

The oil filter embedded with activated carbon removes residues, odor, and even turbidity in used deep frying oil. It can reduce the amount of waste oil because you can use the same oil repeatedly.



● Detergents

Our detergents use highly biodegradable surface active agents. Main raw materials are based on natural ingredients carefully selected from safe elements.



● Sponges / Dishcloths

These products slightly moistened with water remove the stains in heavily-soiled areas by gentle rubbing or wiping.



5 Environmental Conservation Efforts

1 Measures Against Accidents and Emergencies <Plant Division>

A total of two accidents that had some environmental effect outside of the premises of our plants occurred during the year 2006. One accident was caused by heavy oil spill and the other accident involved washing water discharged off the premises. While the amount of the spill and effluent was small, we reported the accidents to government agencies, established measures against emergencies, and prepared precautionary procedures. We took measures to prevent recurrence of such accidents at plants across the country.

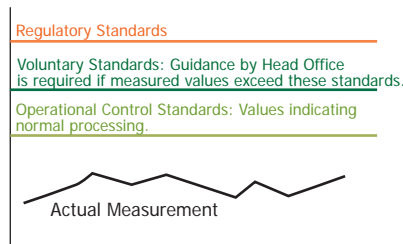
2 Compliance with Environmental Laws and Monitoring/Measuring <Plant Division>

In order to ensure regulatory compliance in our operation at plants, we carry out research on revisions in regulations and new legislation twice a year and report the results to each plant. The plants throughout the country investigate local ordinances on their part so that they can adhere to environmental laws. Data concerning plant activities and conformity to rules and regulations are collected through periodical reports, the intranet, and the internet to be stored in the database in our head office.

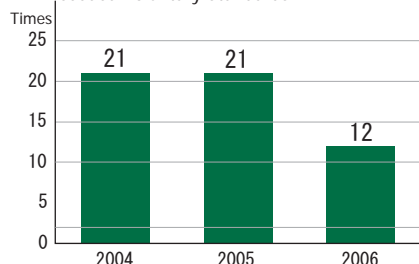
Voluntary Control Standards Established for Water Effluent Quality

The most important item to be monitored for washing and recycling plants of Duskin is regular analysis and measurement of residual contaminants in wastewater effluent. For these regular analyses and measurements, we have established voluntary control standards that are more stringent than the ones regulated by the government. We have also set operational control standards based on characteristic items in our effort to control trends in effluent water quality and to secure stable operation.

● Control Standards Model



● Number of Cases Where Measurements Exceeded Voluntary Standards



*Cumulative Number of Measurement: 6,500 times per year at 47 plants.

Assessment of Soil Contamination and Countermeasures

Voluntary assessment of soil contamination was conducted at Kumamoto Central Plant and Aichi Central Plant where tetrachloroethylene, a dry-cleaning solvent was used in the past to wash shop towels.

● Results of Assessment Conducted at Duskin Kumamoto Central Plant (Kumamoto Pref.)

The results of drilling survey confirmed that all object substances complied with elution standards of soil at all depth. The results of groundwater investigation also verified that all object substances complied with environmental quality standards for groundwater.

● Results of Assessment Conducted at Duskin Aichi Central Plant (Aichi Pref.)

The results of soil gas survey, drilling survey, and groundwater investigation, which were conducted in February through November 2006, detected volatile organic compounds (tetrachloroethylene, trichloroethylene, cis-1,2-dichloroethylene) in some soil or groundwater on the premises that exceeded the acceptable levels of elution standards of soil or environmental quality standards for groundwater.

■ Cause of Contamination

This plant used to store temporarily waste materials including tetrachloroethylene temporarily before they were carried out of the facility. It is presumed that some of the waste materials spilled during storage or when they were carried out of the facility and sank into the ground.

■ Measures Taken

*November 28, 2006: Information disclosed by Aichi Prefecture.

Posted on the website of Duskin

*December 9, 2006: A meeting was held to explain the situation to local residents.

- We installed a barrier well in a groundwater downstream area at the border of the premises to pump up groundwater and prevent proliferation.
- As measures for recovering the source of contamination, we dug and removed contaminated soil and filled in with uncontaminated new soil. Then we installed a pumping well to decontaminate groundwater. Along with the barrier well at the border of the premises this pumping well decontaminates groundwater. We have continued monitoring the situation.
- The groundwater pumped up from the site is aerated at a special plant to isolate volatile organic compounds, and then we control the levels of contamination to make them lower than standard levels before draining off-site. Aeration air is purified with activated carbon filters.
- Our decontamination by pumping up and continued monitoring will be completed after we have maintained and conformed to environmental quality standards for groundwater for two years.

Preventive Measures Against Fire at Plants

We have had several small fires at our plants, where we wash and dry a total of 200 million pieces of mops and mats per year. Dryers have been improved many times, and we have completed introduction of an automatic fire extinguishing system on 56 shop towel dryers at 43 plants. As a result, we had only one case of burnt felt on a dryer in 2005 and one case of a burnt motor in a washing machine in 2006.

3 Internal Check (Surveillance) <Plant Division>

An area manager or a supervisor in charge of an area visits plants regularly and checks the state of control. In addition to these routine visits, we do a comprehensive internal environmental audit annually to check the progress of activities for improvement or appropriateness of control. From 2003 through 2005 we implemented surveillance of wastewater treatment at all plants and indicated areas to be corrected. In 2006 we spent the entire year assessing the situation and completed needed improvements.



ISO Surveillance



Inspection of Wastewater Treatment Facility

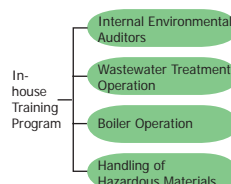
Measures Against Asbestos

We, at Duskin, do not manufacture asbestos or use it as a raw material. However, when Asbestos Disorder Regulation was put into effect on July 1, 2005, we carried out internal auditing of structures at our plants (buildings, offices, warehouses at plants) that were built before 1980 and checked whether or not spraying materials were used. Those structures that used spraying materials were further investigated by specialists. Their thorough investigation revealed that there were spraying materials containing asbestos at three plants. We have removed and sealed up the materials at these plants. We will take appropriate and immediate actions whenever we see a risk of exposure to the materials containing asbestos.

4 Education and Development

Professional Training on Pollution Prevention <Plant Division>

We had a study session for internal environmental auditors. The objective of the session is to put ISO14001 into practice at all plants. There are currently 268 qualified internal environmental auditors in the Production & Logistics Group. Employees who are involved in crucial operations in terms of environmental protection are required to complete a training program.



Training for Internal Environmental Auditors
A two-day course by instructors from specialized agencies. Internal auditors and plant general managers are required to attend the course.

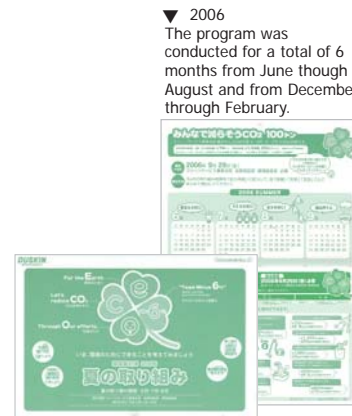
People who offer environmentally friendly products are environmentally conscientious at heart, too. <Sales Division>

We would like to deliver eco-friendly products and services to our customers. To achieve this goal "we must raise awareness of the environment and make efforts to reduce carbon dioxide emission." Employees in the sales division and their family members started to keep Household Eco-Account Book.

Household Eco-Account Book record domestic utility costs and amounts of utilities used every month then calculate levels of carbon dioxide emission, so you get to know how much and what type of energy you are consuming. The household account book makes it easier to set a goal for our efforts. According to the results of reduction efforts, we were able to reduce carbon dioxide emission by about 76t in 2005 and 60t in the following year. In 2007, about 700 employees in the head office and all sales representatives in company-owned branches across the nation are participating in this program.



▲ 2005
The program was conducted for 6 months from April through September.



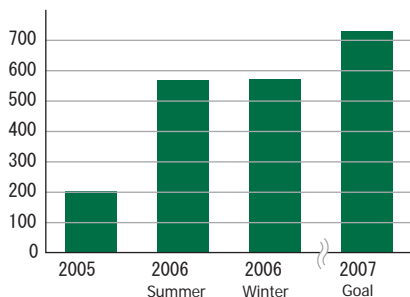
▼ 2006
The program was conducted for a total of 6 months from June through August and from December through February.

6 Environmental Communications

Participants Have Been Increasing in Number

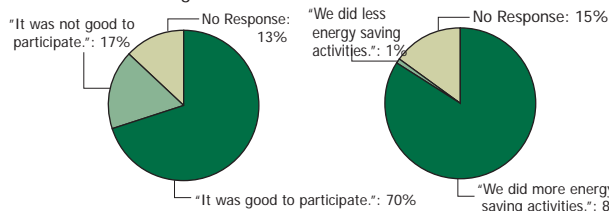
The number of participants in the program to keep Household Eco Account Book almost tripled in one year from 201 in 2005 to 571 in 2006. The increasing number of participants shows that our employees are more environmentally aware than before. It is estimated that more than 700 people are taking part in this program in 2007, and we are sure that the scale of this program will expand as more family members of our participating employees join us.

● Number of Participants



Impressions of the Program

● Impressions of the Program



○ "We talked about the environment with our children." ○ "Now we know what our goal of reduction is like." ○ "We made it a rule to pull an unused electric plug out of the wall."

We will continue to promote active participation in the program to keep Household Eco Account Book.

Just a little bit of awareness of the environment among our employees begins to make a little change in people around them including their family members. If these little changes are made repeatedly, a great deal of positive effects on environmental protection efforts can be expected. We hope the Earth will be the Earth as we know today when our children get older and we also hope more and more people think the way we do. As we would like our customers to feel that "people who offer environmentally friendly products are environmentally conscientious at heart, too," we will continue to have an environmentally friendly way of life and promote our effort to keep Household Eco Account Book.



Keeping Household Eco-Account Book with a child (in the home of an employee)

1 Record of Plant Tour <Plant Division>

At our plants throughout the nation we welcome requests for plant tours. A cumulative number of 9,600 people visited our plants in 2006. In addition to ordinary plant tours, we invite elementary school students to visit our plants on field trips. (Refer to page15)

● Number of Visitors to Plants in 2006

General Public	3,300
School Staff and Students	2,200
Duskin Sales Representatives	4,100
Total	9,600



2 Response to Requests and Opinions of Consumers and Citizens

We listen to requests, comments, complaints about noise or odors from our plants, and other comments about the environment from people living in the neighborhood of our plants. We know these opinions represent the views of the local community so we explain to our neighbors the field surveys, assessments, and measures taken for improvements. Furthermore, we make an effort to confirm effects of improvements after measures are taken. Some of our plants are situated next to residential neighborhoods. We received four comments including those about odors coming from wastewater treatment plants in 2006. We are seeking improvements on each of these cases.



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