

Duskin Co., Ltd.

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To be a more

“considerate” service provider

for people

GREEN REPORT 2012



Each and every one of our staff members “Sow the Seeds of Ecological Responsibility” with our customers

Duskin's restoration efforts

A year has passed since the Great East Japan Earthquake. We pray for those affected and swift recovery of the affected areas. The earthquake last year reminded us that our existence is not as assured as we thought; we are allowed to live by the grace of Mother Nature. During the past year, all of us were forced to review our lifestyles and values, and to reflect upon the importance of ties and trust between people. Under these circumstances, we, and our franchisees, are committed, through our business activities, to continuing our recovery/reconstruction assistance to those affected.

“The most important task is to develop people.”

Looking back over the past year, we believe it was the year that reminded us, more than ever, of the importance of the ties that connect people. Duskin strives to strengthen the ties and relationship with the customers connected through our franchisees. Last year, Duskin announced its goal to provide “considerate service” to each and every customer, aiming to be regarded as the “most considerate and attentive company in the world” by customers. We believe companies exist as they are allowed to exist in society, and corporate activities should make contribution to people in society. Our corporate activities are supported by each and every one of our staff members.

We believe the quality of service depends on the “people” who provide the service, no matter how society has changed. Based on this belief, we at Duskin at all offices throughout the nation, chant, at the beginning and the end of the day: “The most important task is to develop people.” Through chanting these words, each and every staff member renews his/her determination to grow as a person whom customers trust as reliable. Looking forward to serving existing and new customers, we continue our efforts to develop ourselves to provide “considerate service” to meet the needs of each and every customer.

Uniquely Duskin contribution to energy conservation

Responding to the government's requests for cooperation on electricity conservation, Duskin set goals for its areas and businesses in consideration of their particular needs. Mister Donut included LED lighting for its standard specification for new shops from 2012.

Our new offerings for products and services that help to conserve electricity are well received among our customers. As part of our recycling-oriented business operation, we introduced a cleaning method that utilizes our rental floor mop and “Dust Cleaner.” This method, not requiring the use of a vacuum cleaner, won the favor of our customers. This set of the products makes cleaning easy: the Dust Cleaner removes dust collected by floor mops that can be picked up and used whenever needed. This cleaning method helps customers and their family members

maintain clean and healthy living environments as well as to conserve electricity. The introduction of this cleaning method is a uniquely Duskin contribution to energy conservation.

Our environmental management efforts, participated by all members, are based on our Code of Conduct

All of our initiatives are upheld by Duskin Code of Conduct. This Code was developed in 2004, with the aim of basing all our actions by viewing from other people's perspectives. Our conducts and all our activities are guided by the Management Philosophy of our founder, Seiichi Suzuki as reflected in his mantra, “Sowing the Seeds of Joy.” The philosophy is also reflected in Duskin's Environmental Policy Statement, “Sowing the Seeds of Ecological Responsibility for the Future.”

“Sowing the Seeds of Ecological Responsibility” activities, joined by our customers, have expanded. Clean Up My Town activities, started in 2006, have been held in 90 locations, with 110,000 participants. Last year, as an official sponsor, we conducted a volunteer cleaning activity during Osaka Marathon 2011. Six hundred forty-five people participated in cleaning in the starting area in Osaka Castle Park, and collected 230 kg of trash.

We continue our efforts for “Sowing the Seeds of Ecological Responsibility” and encourage more customers to join this activity. We will carefully tend these “seeds” so that they sprout and grow big.

Aiming to better serve our customers

We will mark our 50th anniversary in 2013. From fiscal 2010, we worked on our Medium-term Management Policy which was scheduled to end in Fiscal 2012. During these past two years, we experienced significant changes and challenges that were unforeseeable at the time when we established this policy, such as the Great East Japan Earthquake in March 2011, and the subsequent nuclear problems, and major changes in the overseas economy. Prices of raw materials, including crude oil and crops rose higher than expected. To respond to these challenges, we needed to reassess the issues

to be addressed and develop measures and solutions. Under these circumstances, we decided to review this Medium-term Management Policy ending in Fiscal 2012.

From Fiscal 2012 with our new Medium-term Management Policy, we will implement our reforms to better serve our customers and achieve our objectives within three years. We will strive to achieve the goal of this new policy which is to develop into a company that is empathic, familiar and easy to access. We will change and improve our systems from product development to sales channel so that all our customers truly feel: Duskin is empathic, familiar and easy to access. Guided by our Management Philosophy, we will implement our reforms and innovation, and thereby become a “brand of choice.” We look forward to your continued support and guidance.



山村 輝治
Teruji Yamamura
President & CEO

Duskin's Environmental Policy Statement

Sowing the Seeds of Ecological Responsibility for the Future

Duskin started its business by renting out cleaning tools. It has always promoted the philosophy that things should be used to their fullest extent or to the end of their useful life.

This philosophy conserves natural resources, protects mother Earth. Duskin will review its business activities and all phases of the life cycle of its products from product development to processing, delivery and recycle or disposal after the end of their useful life. With a focus on repeated use, shared use, reduction of wanton waste and disposables, Duskin continues to increase its efforts to protect the environment.

Along with the philosophy of “Sowing the Seeds of Joy,” Duskin will endeavor to enhance its ecological preservation initiatives through building upon simple and familiar actions for the future of all.



[Symbol mark for “ECO-Concerns”]

Duskin's Environmental Policy Statement

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

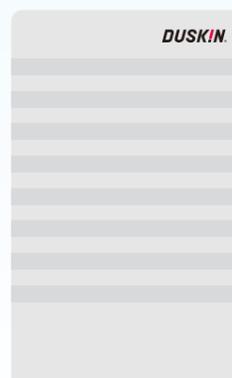
We pursue effective and efficient product distribution, delivery and sales activities. We reduce auto emission, and CO₂ emission caused by our use of vehicles. We promote and sell products and services that are more effective for environmental conservation.

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

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.





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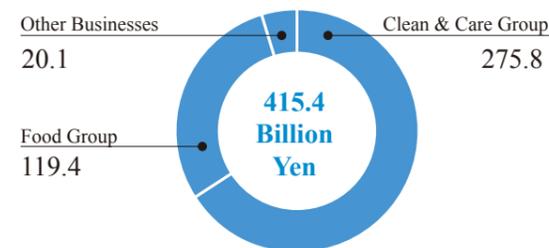
Guideline	This 12th Environmental Report contains write-ups on the special feature of each business segment and each segment's negative impact on the environment, and the specific measures to improve the situation in line with each environmental initiative.
Period covered	Period covered for this report is mainly from April 2011 through March 2012; reports before fiscal 2010 and some activities from FY 2012 are also included.
Scope	Duskin Co., Ltd. Affiliated companies and franchised units in Japan
Reference guideline	Environmental Reporting Guidelines 2012 by the Ministry of the Environment Environmental Accounting Guidelines 2005 by the Ministry of the Environment
For further inquiry	Duskin Co., Ltd. Quality Assurance & Environment Management, Quality Assurance & Risk Management Phone: 06-6821-5801 Fax: 06-6821-5703

Corporate Information

Name	Duskin Co., Ltd.
Head Office	1-33 Toyotsu-cho, Suita-shi, Osaka, 564-0051, JAPAN
President & CEO	Teruji Yamamura
Date Established	February 4, 1963
Capital Stock	11.3 billion yen (as of Mar. 31, 2012)
Customer-Level Sales*	415.4 billion yen (as of Mar. 31, 2012)
Number of Employees	2,039 (as of Mar. 31, 2012)

* Customer-Level Sales are the total of sales at company-owned and subsidiary shops and estimated sales at franchised shops.

■ Customer-Level Sales Mix in FY 2011



*Unit: 1 billion yen

Management Philosophy

Management Philosophy

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

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.

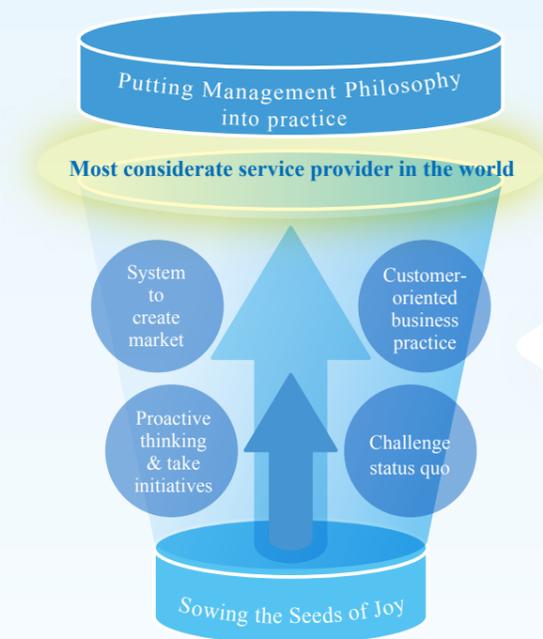
For everyone, for you and me, may we lead our lives in this world the fullest realizing our maximum spiritual and material potential.

Corporate Objective

Putting Duskin's Management Philosophy into practice, we aim to be "the most considerate service provider in the world"

We are committed to winning the trust of our customers so that they would wholeheartedly say: "Duskin is the most considerate and attentive service provider in the world!" or "Mister Donut is the most customer-friendly food service in the world!" We will implement fundamental reform in cooperation with our franchisees so that we can offer products and services that respond to, and even take a step ahead of the changes in business climate, our customers' needs.

Among these changes, there is one thing that will remain unchanged, through the years: Duskin's Management Philosophy, and conducting our business within its framework of "uniting economy and morals."



Duskin's nationwide business network

Franchise system & regular service visits which extend throughout Japan

Duskin has developed a franchise network throughout Japan to deliver high-quality products and services. At the same time, Duskin has regularly visited customers and been able to have many of them as a result of responding to their requests.

Reinforcing the community-based systems!

Duskin will reinforce the systems in each community to quickly respond to the requests of customers. We will deliver community-oriented products and services that raise customers' enjoyment and appreciation.



Production & Logistics

We have 46 Production & Logistics facilities nationwide, which are centers for purchasing materials, washing and drying rental goods collected from Duskin service units, and delivering finished products to these units.



Head Office

The Head Office supports Duskin's overall franchising activities. It develops new products, services, and systems and conducts staff education and training to support our franchise system.

DUSKIN®

CLEAN & CARE GROUP

Products and services carefully designed to meet the needs of the customers in their daily lives. "Considerate" services and products for comfort

Clean & Care Businesses

Dust Control



Rental and sales of cleaning and sanitary products

ServiceMaster



Professional cleaning service for residential and commercial customers

Merry Maids



Handy housekeeping services

Terminix



Pest control & prevention services, and hygiene management service

TruGreen



Tree, shrub and lawn care services

Drink Service



Scheduled delivery service of spring water and coffee

Uniform Service



Uniform rental & cleaning services

Health & Beauty



Sales of natural cosmetics & health food for customers' health & beauty

Home Instead



Senior care services providing daily assistance to seniors and their families

Rent-All



Total rental service ranging from baby-related products, travel products to items needed for event

Health Rent



Rental and sales of home health care equipment

Duskin Healthcare



Cleaning hospitals, advanced hygiene control at operating rooms, in-hospital sterilization, and reception and concierge services

FOOD GROUP

Increasing what Duskin can do for customers to "smile while tasting our delicious food"

Mister Donut



Serving customers with homemade donuts and a variety of menu items

Café Du Monde



Casual café specializing in cafe au lait and beignets

Stick Sweets Factory



Fashionable confectionery shop specialized in stick-type cakes

Katsu & Katsu



Restaurant specializing in deep fried pork for families

The Don



Donburi restaurant committed to the use of fresh ingredients

The icons below appear on page 11 onwards to indicate Duskin Business Groups which have engaged in different eco-initiatives.

CLEAN & CARE Clean & Care Group

FOOD Food Group

P & L Production & Logistics

Environmental management

Duskin established its Environmental Philosophy and Environmental Policy in 1998, and our Production & Logistics started to apply for ISO14001 Certification in the following year. In 2008, Duskin announced its Environmental Policy Statement, and promotes unified efforts in environmental management and sustainable development in all its businesses.

Major initiatives

○: Achieved △: Achieved more than 70% ×: Achieved less than 70%

	Initiatives	2011 Goals	2011 Results	Assessment
Duskin Group	Reduction of electricity use	In all units: less than 42,808,000 kWh	In all units: 39,826,000 kWh	○
	Reduction of paper use	In all units: less than 59,112 kg	In all units: 68,670 kg	△
Clean & Care Group	Reduction of burnable and noncombustible garbage: (Dust Control Business)	Less than 36,978 kl	30,661 kl	○
	Replacement with natural gas-powered low emission vehicles: (Dust Control Business)	More than 5,900 vehicles	6,550 vehicles	○
Production & Logistics	Reduction of CO ₂ generated by fuel consumption	Reducing more than 1,162 tons of CO ₂ from the previous year	Reduced 3,027 tons of CO ₂	○
	Improvement of fuel efficiency of delivery vehicles	Average fuel consumption: More than 7.10 km/l	Average fuel consumption: 6.89 km/l	△
Food Group	Reduction of disposed donuts (Mister Donut)	More than 10% reduction from 2008	9.6% reduction	△
	Reduction of average water use at all shops (Mister Donut)	More than 2% reduction from 2008	17% reduction	○

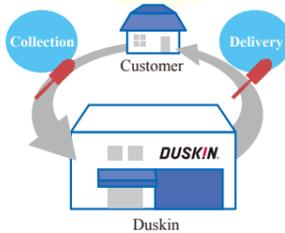
Four eco-friendly approaches

Duskin continues to treasure what it has treasured.

Rental business itself is eco-friendly. Duskin has been actively engaged in environmental conservation efforts and proposed the ways sustainable life should be. Duskin will continue its unified efforts for "Duskin's ECO" to develop environmentally friendly products and services, and to conduct various CSR activities.

1 Repeated Use

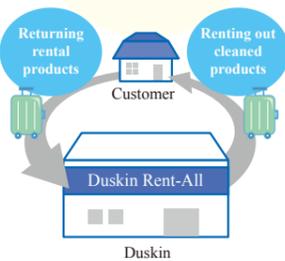
Since its founding, Duskin has engaged in recycle-oriented business activities through rental service: processing, delivering, and collecting cleaning tools for repeated use.



Soiled mops and mats are collected by sales representatives, and 96% of these products are recycled in our Production & Logistics facilities and delivered to customers across Japan.

2 Shared Use

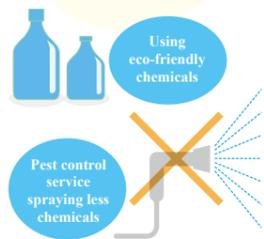
By sharing one item with others, Duskin makes effective use of limited resources.



Rent-All rents out a multitude of products, including baby-care items and nursing-care and welfare equipment. It contributes to the effective use of natural resources by "shared use."

3 Reduction

Duskin has made efforts to reduce negative impacts on people and the environment in the areas of both usage of chemicals and their application methods.



Cleaning services use safe chemicals with less impact on the environment. Pest control services decrease the amount of spraying chemicals. We actively promote application methods which are effective in small amounts.

4 No Disposal

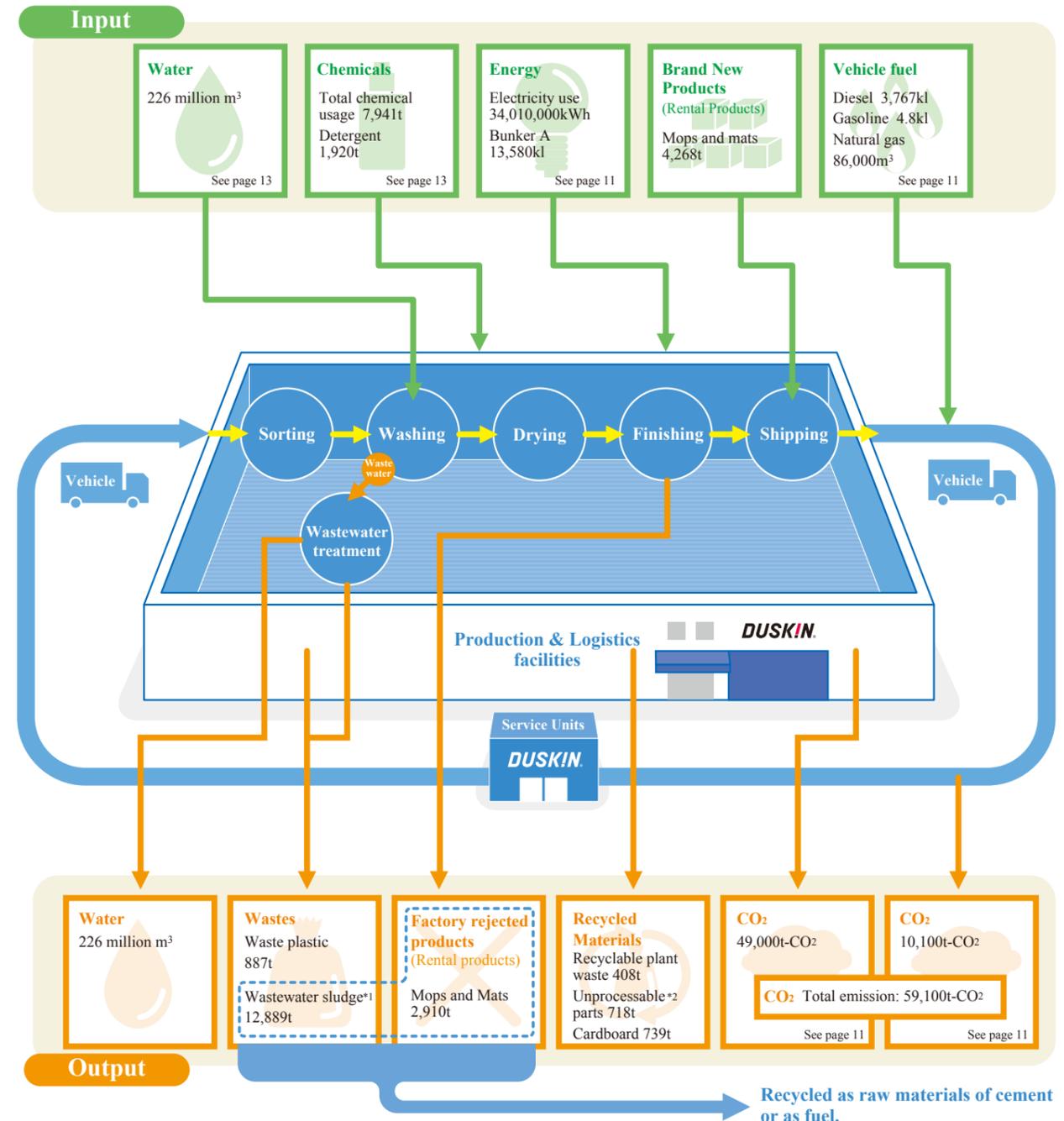
We have primarily used ceramic or glass tableware to reduce waste.



Mister Donut shops, with the exception of food courts, have used ceramic or glass tableware since 1974 to reduce as much waste as possible by not using disposable products.

Input & output of resources

The chart below indicates the major environmental impact of our business operation in 2011 by showing input and output of resources in washing, finishing, and shipping process of Duskin's rental products.



*1 Sludge: Dust and dirt separated from laundry wastewater

*2 Unprocessable parts: Includes mop handle, air purifier main unit, and water purifier main unit

Addressing energy-saving and global warming

In October 2010, Duskin was designated as a “Specified Business Chain Operator” under the revised Law Concerning the Rational Use of Energy. Through promoting energy-saving efforts across all of our franchise chains, we will continue to steadily push forward reductions in greenhouse gas emissions.



We made advances in reforms for the logistics end of our business!



Katsuhiko Nakaoka

Production & Logistics

Around the fall of 2010, we commenced a revision of delivery vehicle routes based on Duskin’s development of proprietary simulation software for controlling the operation of delivery vehicles. **This involved repeated onsite briefings and coordination all across Japan alongside regional personnel.** Our efforts began to bear fruit around the spring of 2011, and **eventually culminated in measurable cost cutbacks as well as reductions in both the transport distance and fuel consumption of our delivery vehicles by approximately 5%.** As our delivery vehicle routes have been gradually built up over time, we hadn’t attempted to significantly reexamine that area until now. Through our recent efforts, however, we sought to optimize routes in their entirety by conducting investigative analysis on the actual state of those routes once more.

Environment accounting

Delivery Route Optimization

Using simulation software, Duskin has dramatically reduced mileage and fuel consumption by optimizing the delivery routes of our trucks. Approximately 350 vehicles travel between Production & Logistics facilities and franchise units in Japan to deliver Duskin mops and mats. In 2010, Duskin emitted 10,533t-CO₂ a year; in 2011, we successfully reduced emissions to 10,060t-CO₂. The route optimization has generated an economic effect of saving 21 million yen a year in fuel purchase alone.

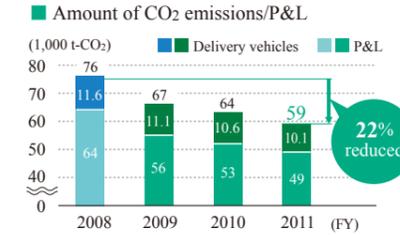
Investment (Simulation software)	7 million yen
Economic effect (Reduced fuel purchase)	21 million yen /year
Amount (Reduced fuel purchase)	473t-CO₂



P&L

CO₂ emission reduction at Production & Logistics facilities

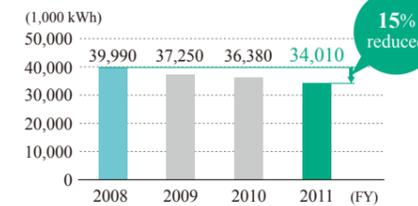
Production & Logistics reduced approximately 22% of CO₂ emissions from 2008 by continuing energy-saving initiatives, energy-saving plant operations, and eco-driving.



Reduction of electricity use at P&L

P&L’s approaches to save electricity in summer include the efficient operations and maintenance of each machine at production lines, the thorough reduction and turning off of lights and air conditioners’ temperature controls, and the enhancement of all the employees’ environmental awareness.

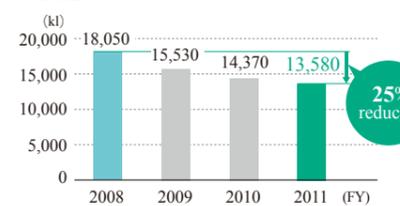
Electricity use/ P&L



Reduction in fuel consumption at P&L

Large dryers for washed mats and mops use heavy oil and other types of fuels. For efficient fuel use, Duskin has visualized wasteful fuel loss and reduced fuel consumption by approximately 25% from 2008 by retaining the heat of the pipes and tanks in plants, doing regular maintenance of plant equipment, and controlling drying temperature and time based on seasonal variations.

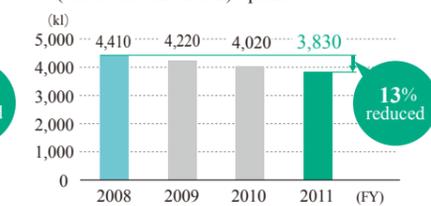
Fuel consumption (heavy oil conversion) / P&L



Reduction of fuel use by delivery vehicles

We have promoted the efficiency of delivery vehicles, based on data from a system to improve driving control. All the delivery trucks were equipped with the system in 2010. Average fuel consumption was improved and fuel use was reduced approximately 13% from 2008.

Fuel consumption by delivery vehicles (crude oil conversion) / plants



Promotion of “Green Driving”

In 2007, Duskin initiated stop idling campaign by sales vehicles used in the delivery of mops and mats. Since 2009, we extended our “Green Driving” effort by promoting our initiatives as described in “Green Driving Guide.” In addition, our eco initiatives are being promoted in the “Green Driving Newsletter,” which are issued 3 times a year.

Effect through the adoption of the Stop Idling campaign
FY2011 results (Apr. 2011 - Mar. 2012)

CO₂ 1,090t reduced



* Estimation was made that every one-minute of “stop idling” discharges 23g of CO₂



Sales vehicles

Energy saving activities & addressing global warming

FOOD

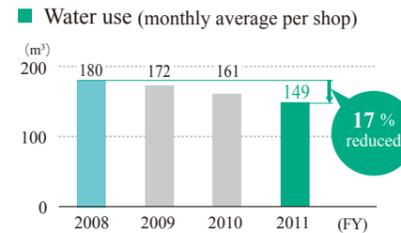
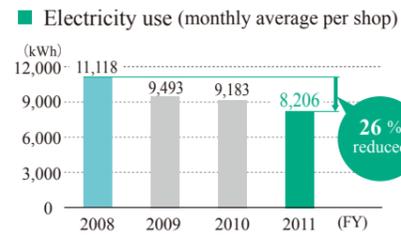
Energy saving in shops

Mister Donut shops are promoting energy saving activities by checking utility meters and turning off lights in the backyards when not needed, while considering customers' comfort. The new Mister Donut shops have been promoting the introduction of LED lighting.



Amount of CO₂ emission

Years	Scope	Total volume of CO ₂ emissions	Shop average (annual)
2009	1,314 shops	62,800t	47.8t
2010	1,357 shops	58,200t	42.9t
2011	1,380 shops	56,037t	40.6t



Energy saving in shops
Example in shops

Use of LED lighting for neon signs and in-shop lighting

LED lighting consumes less electricity and lasts about 40,000 hours, lessening luminance reduction even after long use. At Mister Donut shops, lighting is switched to LED lighting when we remodel existing shops.



Neon sign



Showcases

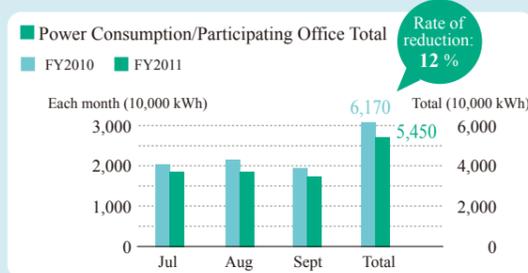
Duskin's Power-Saving Measures Last Summer

To cope with last summer's power shortages in the wake of the Great East Japan Earthquake, we at Duskin implemented efforts that went beyond initiatives targeting specific regions to involve the collective and active participation of our offices nationwide, including franchisees.

In offices under our direct selling business, we kept lighting dim and air conditioner temperature settings controlled in accordance with strict standards. Similar initiatives were also implemented for our in-shop sales business while staying mindful of customer comfort. The results spoke for themselves: a reduction in power consumption of about 12% over the three-month period starting July 2011.

Going forward, we will continue likeminded initiatives in line with the circumstances at hand while simultaneously pushing

forward with the introduction of energy-saving power equipment and other medium- to long-term measures. In the process, we will keep living up to our corporate social responsibility.



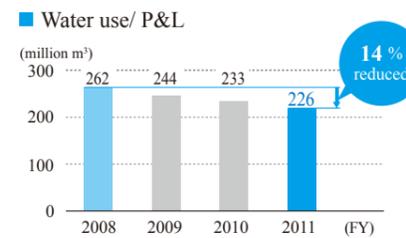
Effective use of water resources

At Duskin, our basic philosophy for conserving water resources is, "Return what we borrow from nature to its original state" which is in line with the philosophy of our founder. We continue to focus our effort on effective use of water resources and preservation of quality water.

P & L

Effective use of water resources at P&L facilities

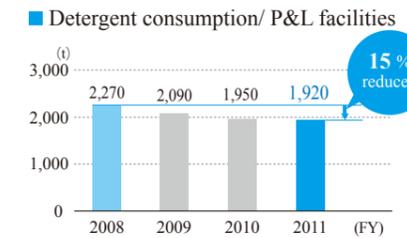
Large amounts of water are used in the laundry processes at Duskin's P&L facilities. The treated water is recycled for laundry. We used 2.26 million m³ of water in 2011 and reduced water use by approximately 14% compared to usage in 2008.



P&L

Reduction in use of detergents at P&L facilities

Detergents used at P&L facilities are essential to deliver clean mops and mats to customers. However, we must make effective use of detergents in small amounts, considering the effects on water. Duskin gives special treatment to water used for washing mops and mats. We reduce the use of detergents by using water.



CLEAN & CARE

Water resource preservation effort with our professional cleaning services

For carpet cleaning service, provided by Duskin ServiceMaster, the best cleaning plan is recommended according to the condition of the customers' carpets. Implementing "Encapsulation Cleaning" in 2010, a new carpet cleaning technology, collects and removes dirt and sand from the carpet piles by crystallizing and treating them with special chemicals. This semi-dry method produces less wastewater and shortens the drying time compared to wet methods.

From selected natural sources to your home or office: clean, safe drinking water.

Duskin delivers natural mineral water to homes and offices around Japan that has been collected at three sources carefully selected among the numerous water resources nurtured amid Japan's abundant nature. To ensure that this natural mineral water is consistently sanitary and suitable for drinking, we deliver it using highly-durable dual-layered water bags that minimize their contents' exposure to the air. Our water dispensers, which incorporate both hot and cold water functions, allow you to conveniently enjoy a refreshing glass of water anytime you wish.



East Japan Natural mineral water from the Chichibu Headwaters

Rich in minerals, this water hails from the Ochigawa Valley, an area within Chichibu-Tama-Kai National Park and designated source of the Arakawa River.

Central Japan Natural mineral water from Toyama Prefecture

Delivered from Toyama Prefecture, this water originates from snow caps on the 3,000m-tall Central Alps that melt and form deep underground water veins.

West Japan Natural mineral water from Oasa

This soft water, which is collected from the Oasa part of Kita-Hiroshima after being nurtured by the broad leaf forests of the Chugoku Mountains, is both sweet and easy to drink.

Initiatives geared towards a recycling-oriented society

Duskin is the entity responsible for establishing the presence of a rental system for cleaning tools in Japan. Since then, we continue to develop our business activities based on the concepts of valuing things, repeating and sharing use, and curbing and avoiding waste.



We value safety, quality and the environment!

Takashi Maki

Plant Manager, Osaka Central Plant, Production & Logistics

Among the Duskin P&L facilities responsible for recycling rental products that are repeatedly washed and reused, the Osaka Central Plant ranks among the top in terms of size. Operation of this facility initially commenced in June 1996. In terms of mop units, our staff of 130 currently recycles approximately 5 million rental products monthly. We also accommodate around 1,000 visitors per year.

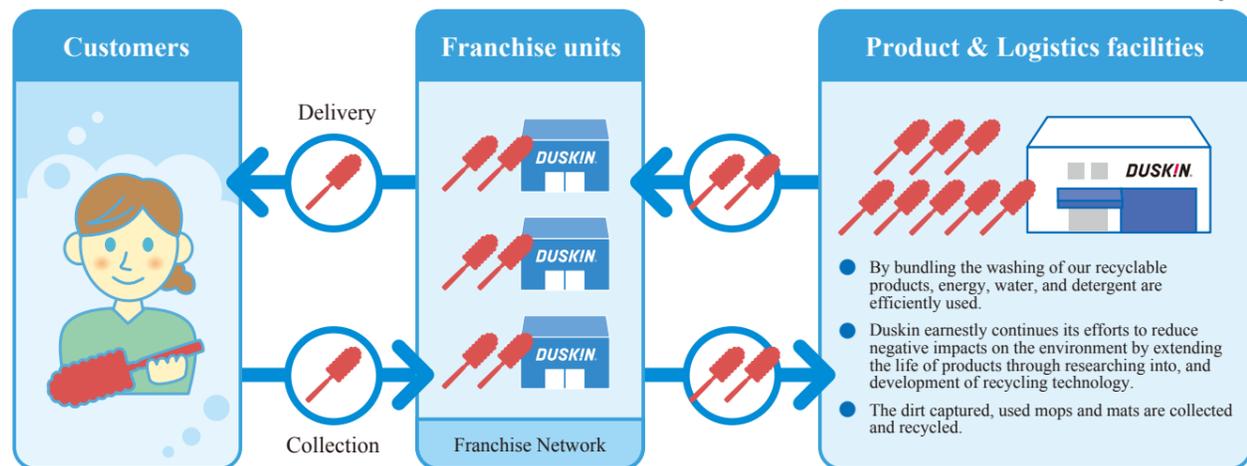
We see our presence as a P&L facility as something made possible by the permission of the local populace, and as such are ever mindful of minimizing our environmental footprint in whatever ways possible. An example is the soil water produced after laundering rental products, which we discharge into the sewer after treating it. Based on our own self-established standards, we keep the BOD value of this water below 100mg/l, which is significantly below the regulation value of 600mg/l.

*BOD (Biochemical Oxygen Demand): A water quality index indicating the amount of oxygen required by microorganisms to break down organic material present in water through oxidative decomposition.



Duskin's recycling-focused rental system business

The advantage of the "renting" system is that Duskin shall be in a position to control the entire process in the life cycle of the products. From product development to recycling disposals, Duskin promotes developing pro-environment businesses.



Mops are repeatedly used up to 20 cycles. Mats are repeatedly used up to 40 cycles.

Customers can use our rental products of the best quality through regular replacement. Compared to disposing of products, the rental system is effective and efficient for our customers just as it is for Duskin.

We're working on ways to reuse wheelchairs in Southeast Asia!



Shinji Yamaguchi

Health Rent Operation, Rent-All Division

Part of my responsibilities as a member of the Health Rent Operation is to function as the secretariat for Environment ISO. Where Rent-All is an established business with over ten years of operating history under Environment ISO, these standards are still just finding their place in Health Rent. In particular, initial training efforts for new staff currently demand attention. Last year, as a means of reusing wheelchairs rented out under Health Rent, we started donating those wheelchairs to Southeast Asia through a social welfare corporation on a trial basis. Although the wheelchairs have some years of use in them, they were very highly received by the local population due to the extremely high cost of purchasing them in that region. Going forward, we will continue to work on ways to reuse wheelchairs by laying down associated procedures and putting a system in place that enables franchise shops to donate wheelchairs as well.

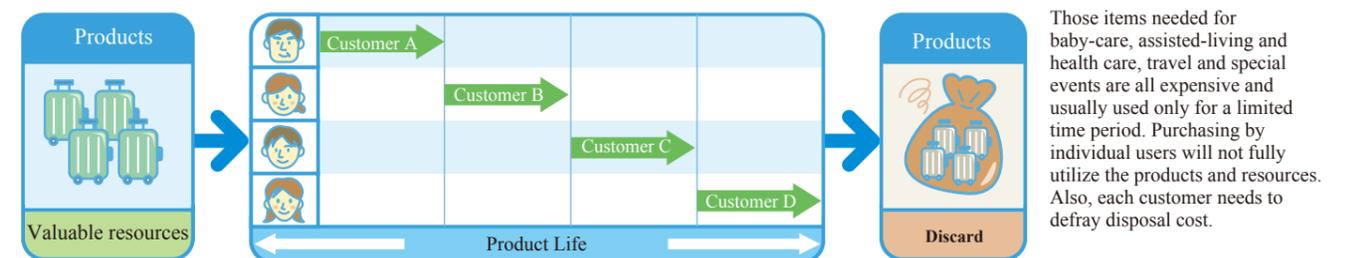


Rental system of Rent-All and Health Rent allows utilization of limited resources with utmost care.

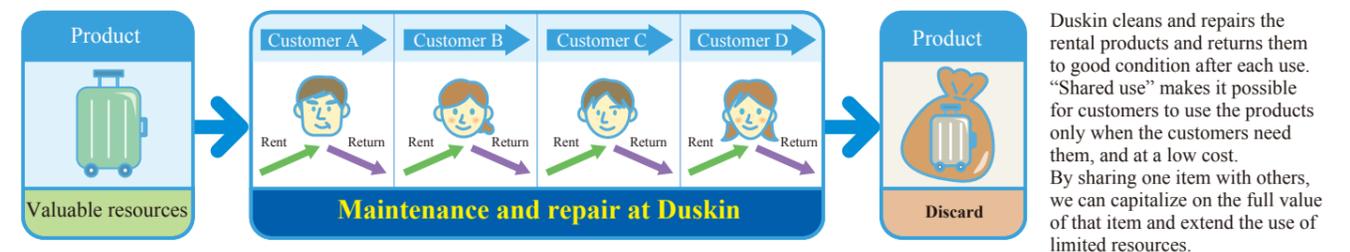
Duskin's rentals include baby products, travel items, event equipment, and healthcare essentials to improve the customers' quality of life.



If purchased:



» If shared through the Duskin rental system:



Initiatives geared towards a recycling-oriented society



We continue to promote the conversion of leftover donuts into animal feed!

Hideo Matsumoto

Safety Management, Food Group

In addition to store hygiene and survey operations concerning product quality, the Safety Management Department is charged with acting as a general office for environmental preservation efforts by Duskin. Our current environmental preservation initiatives include **reducing discarded donuts** as well as **carefully conserving electricity**.

From an environmental standpoint, it goes without saying that a complete sell-through of donuts by closing time at Mister Donut locations is the most ideal situation. However, the reality is that it is **important for each location to have a perpetual availability of donuts to accommodate customers that come right before closing time**. Because of this approach, donuts invariably remain after closing. Another component of our approach is our desire to offer our customers only donuts produced that very day to ensure the best possible taste. To address the leftover donuts that are discarded, we are working on initiatives that will enable us to **completely recycle donuts, which we have found to be ideal for conversion into animal feed**.

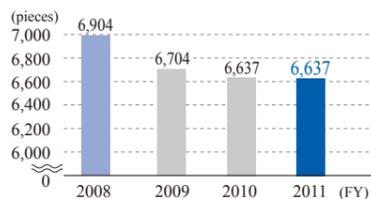


FOOD

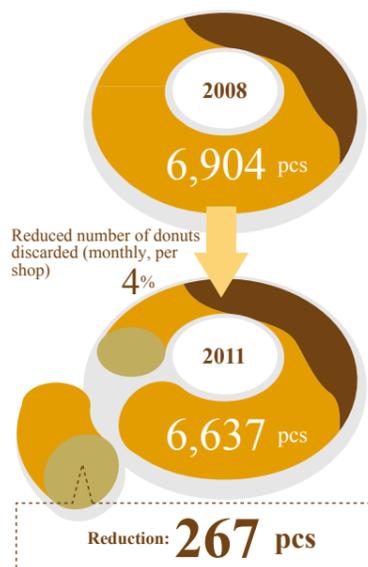
Recycling of discarded donuts

Mister Donut has reviewed production schedules and conducted management controls by using a disposal checklist to maintain the desired number of donuts to be discarded. Unsold donuts are reprocessed in processing plants into raw materials or liquid-state feed as part of our recycling efforts. This program is currently in place in a total of 490 shops (35% of the whole system), including 362 shops in the Kanto area and 128 shops in the Tokai area. Mister Donut plans to expand this program to other areas.

Discarded donuts (monthly, per shop)



Reduced number of donuts discarded (monthly, per shop)

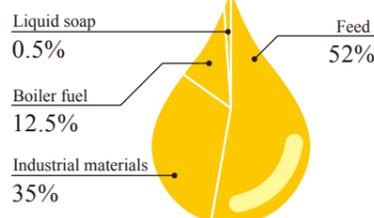


FOOD

Recycling of frying oil

Mister Donut shops efficiently control the quality of donut frying oil for maximum use. All the oil used (about 451 tons annually) is collected and recycled into feed and industrial materials. Part of the collected oil is re-processed into liquid soap that is used as detergent in our shops. It is also utilized as fuel for boilers at Duskin's laundry plants where mops and mats are washed.

Use of recycled oil



Eco-friendly products & services

Through our products and services, Duskin will continue to do its part to make everyone's daily life more comfortable while being mindful to utilize resources with maximum effectiveness.



Our capability extends to energy-saving as well!

Yuji Ohishi

Manager, Duskin Hattori-Minami

As a supervisor under Duskin's ServiceMaster Business, which provides professional cleaning services, **one of my key duties is to guide and nurture approximately 70 ServiceMaster staff members**. **Words of gratitude from our customers fuel me with a sense of satisfaction in what I do**.

Last year, we received numerous orders for air conditioner cleaning as well as for our new window film application service to address customer efforts to conserve electricity in the wake of power shortages. The latter service, which involves **the installation of window film**, was highly received by customers for its ability to **curb increases in room temperature during midsummer by approximately 5°C***. Additionally, our air conditioner cleaning services are noted for incorporating the use of dedicated air conditioner chemical agents in our specialized cleaning equipment, which work to prevent aluminum corrosion inside air conditioning units.

*When Nano805 (heat/UV shield film) is used. Comparison conducted by Sumitomo 3M Limited.



CLEAN & CARE

Rental mop

In the textile industry, the textile spinning process generates short fibers and other "unused" scraps. These fibers have been disposed of in the past. Duskin introduced Eco Non-Oil Mop made from these unused fibers.



CLEAN & CARE

Pouch-packed residential detergent refills

Pouch-packed refills are offered as daily-use cleaners for kitchens, bathrooms, and laundry. The light-weight pouch packages promote repeated use of the detergent bottles, which contributes to resource conservation. Currently, five types of products have been granted Eco Mark Certification.



CLEAN & CARE

Window film application service

From 2010, Duskin ServiceMaster started a new service, "window film application service." By installing sunlight adjustment film, a designated procurement item under the Law on Promoting Green Purchasing, more than 99%*1) of ultraviolet rays coming through the window are blocked, which helps to prevent color fading of interior decorative items and furniture. It also blocks more than 90%*2) of infrared rays coming through the window, which helps control changes in room temperature. This service conserves energy through more efficient use of air conditioners.



*1) When using a product by Sumitomo 3M Limited
*2) When Nano805 (heat/UV shield film) is used. Comparison conducted by Sumitomo 3M Limited.

What we at Duskin can do

We at Duskin wish to be service providers who contribute to our local communities and the future of our children, in line with our philosophy of “Sowing the Seeds of Joy.”



Clean Up My Town

Since its founding, Duskin has conducted cleaning activities in the neighborhoods where its offices, plants, and franchised outlets are located. “Clean Up My Town” was initiated with our hope to share this experience with people in our communities. This campaign is promoted at local event sites nationwide, where we collect and sort garbage with participants. To date, approximately 110,000 people have joined this social contribution event at approximately 90 sites. We will continue to promote this activity of cleaning our own communities.



School Education Support

Duskin supports school curriculums in the areas of cleaning, with an objective to help children learn cooperation and enhance their ability to plan effectively. Educational support curriculums and training sessions designed for teachers are provided.



The Osaka Marathon

The first Osaka Marathon was held on October 30, 2011. Out of 29,163 participants, 48 Duskin runners successfully finished the run. Duskin also participated in a volunteer cleaning activity during Osaka Marathon 2011. Six hundred and forty-five people participated cleaning the starting area in Osaka Castle Park, and collected 230 kg of trash.



Sowing the Seeds of Joy Newsletter

The newsletter, connecting Duskin and customers, has been delivered to customers since 1971. With a theme of “wishing happiness for our readers,” each issue includes heart-warming stories.



Duskin Kids Town (Website)

This website helps children to easily and enjoyably learn about the importance of cleaning and preserving our environment. The contents include a virtual plant tour, games, and reading materials.



Duskin Production & Logistics Facility Tour

We conduct plant and office tours in Duskin P&L facilities for elementary school children in grades three through six. The tour consists of an introduction of plant operation processes, including collection and reprocessing of soiled mops and mats. The purpose of the tour is to help children to learn and understand the value of the things they have and the significance of environmental conservation.



Light Down Campaign

Since 2004, Duskin has participated in the Light Down Campaign, held under the auspices of the Ministry of the Environment. In summer 2011, Duskin participated in “Light-Down Campaign 2011,” as a part of initiatives to address power supply shortages in eastern Japan during the summer. Lights at 370 Duskin facilities throughout Japan, including advertising towers, outdoor signage, and offices, were turned off.



Duskin Participated in “Eco-Products 2011”

Duskin participated in “Eco Products 2011,” one of the largest environmental expositions in Japan, held at Tokyo Big Site for three days from December 15 to 17, 2011. A total of 752 companies and organizations participated in the event. At Duskin Eco Theater, with a Japanese noodle shop setting, comedy skits were performed. Cleaning demonstrations, experiences, and quizzes were also presented. The number of visitors over the three days totaled 13,596.



Duskin Disaster Restoration Effort

Since the Great East Japan Earthquake in March 2011, Duskin has continued its unique restoration activities. Immediately after the earthquake, Duskin delivered mops, mats, and donuts to evacuee centers. On June 1, three-month supplies of Handy Mops and kitchen sponges were delivered to evacuees at over 35,000 provisional housings in Iwate, Miyagi, and Fukushima prefectures to help improve sanitary condition in their temporary living spaces. A Letter of Appreciation from the Minister of Agriculture, Forestry and Fisheries was received for our efforts to deliver foods and drinks to those in the earthquake affected areas.



Eco T-shirt Best Design Award

A tie-up contest with “Pen” Magazine, Eco T-shirt Best Design Award Contest was held, inviting design ideas from the public. In addition to the four Duskin approaches, Environmental Conservation Efforts was included in the design themes. There were 44,075 votes cast from over 2,170 applications. The award-winning T-shirts were worn by staff at various events in which Duskin sponsored or participated.



The Duskin AINOWA Foundation

It was started in 1981 as Let Us Expand Circle of Love Foundation. The Foundation launched a program which offers a means to study abroad for youths with disabilities who seek to lead contributory efforts in their communities. In 1999, the foundation started another program in which young people with disabilities from Asian-Pacific nations are invited to Japan to receive training to be leaders upon their return. In December 2010, the Foundation received the 2010 Minister of Health, Labor and Welfare commendation. The Foundation made a new start as a public interest incorporated foundation after its authorization by the government in December 2011.

For further information on the above events and our environmental initiatives, please visit Duskin's website :

For children to joyously and easily learn about environmental issues and cleaning, please visit Duskin Kids Town:

<http://www.duskin.co.jp>
<http://www.duskin.co.jp/kids>