DUSKIN
喜びのタネをまこう

ESG Data Book 2022

Duskin Co., Ltd. Last updated: September 30, 2022

■ Terms used in this Data Book

Duskin Group: Duskin Co., Ltd. and its consolidated subsidiaries

Production and logistic facilities: facilities of the Direct Selling Group located in Japan

Franchisees: business location and shops of franchisees of the Direct Selling and Food groups

Franchised plants: franchised production and logistic facilities

Head Office and Headquarters: Head Office, Information System, Contact Center, Regional Offices

Chain business operators specified by the energy saving law:

- Head Office and Regional Offices
- Direct Selling Group: Domestic company-owned offices, company-owned production and logistic facilities (Osaka Central Plant and Yokohama Central Plant)
- Food Group: Company-owned facilities, part of affiliated companies, business location and shops of franchisees

Environment

Climate Change

Environmental philosophy and environmental policy	Available	"Environmental Philosophy" "Environmental Policy" https://www.duskin.co.jp/sus/ecology/management/ (Japanese version only)
Climate change policy Approaches to climate-related risks and opportunities	Available	Action on climate change included in the "Environmental Philosophy" and "Environmental Policy" https://www.duskin.co.jp/english/sus/environment/
Declaration of support for climate change countermeasures	Available	Endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations (TCFD Consortium membership) https://tcfd-consortium.jp/en/member_list Ministry of the Environment, Japan, "Fun to Share" declaration https://ondankataisaku.env.go.jp/funtoshare/ (Japanese version only)
Responsible person for environmental countermeasures, including climate change	Available	Chief Environmental Officer: Representative Director, President and CEO
Policy on energy use	Available	Action on climate change https://www.duskin.co.jp/english/sus/environment/
Energy reduction targets	Short-term target (end of FY2023)	Reduce energy (consumption intensity) 1% per year
	Medium-term target (end of FY2030)	Achieve a 50% renewable energy use rate
CO_2 emissions reduction targets	Short-term target (end of FY2023)	Reduce CO_2 emissions (total) 3% per year, register 3,760 brand-new certified low-emission automobiles
	Medium-term target (end of FY2030)	Reduce Scope 1 and 2 CO_2 emissions 46% by FY2030 (compared with FY2013)
Third-party assurance for CO_2 emissions and energy consumption	Available	Independent Assurance Statement https://www.duskin.co.jp/sus/library/opinion/ (Japanese version only)

			Boundary	Unit	2017	2018	2019	2020	2021
Year-on-year comparison of energy consumption intensity			Chain business operators specified by the energy saving law	%	99.0	93.6	94.3	93.7	**85.5**
Energy usage	Electricity		Duskin Group, franchisees, franchised plants	Thousand kWh	173,285	162,835	156,224	149,578	**150,387**
	City gas		Duskin Group, franchisees, franchised plants	Thousand m^3	6,179	5,751	5,751	5,733	**5,691**
	Propane gas		Duskin Group, franchisees, franchised plants	Thousand m^3	446	405	330	304	**330**
	Heavy oil		Duskin Group, franchisees, franchised plants	Thousand L	8,269	8,161	8,009	7,652	**7,581**
	Kerosene		Duskin Group, franchisees, franchised plants	Thousand L	742	663	643	685	**647**
	Total		Duskin Group, franchisees, franchised plants	Thousand GJ	2,407	2,273	2,193	2,110	**2,116**
CO_2 emission*	Scope 1		Duskin Group	t-CO_2	13,139	12,776	12,325	12,365	**11,067**
* In FY2020, we reviewed the scope and calculation method. (CO_2 emissions from franchised plants have been retroactively transferred to Scope 3.)	Scope 2		Duskin Group	t-CO_2	21,191	20,318	19,555	19,430	**16,803**
	Scope 3	(Greenhouse gas emissions from the entire supply chain)		t-CO_2	428,916	406,461	424,851	410,666	**382,502**
		Category 1	Purchased goods and services	t-CO_2	249,251	238,232	252,905	235,277	**223,954**
		Category 2	Capital goods	t-CO_2	14,215	15,093	22,930	31,426	**21,226**
		Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	t-CO_2	2,118	2,115	10,875	5,339	**4,910**
		Category 4	Upstream transport and delivery	t-CO_2	29,174	28,462	26,996	25,383	**25,112**
		Category 5	Waste generated in operations	t-CO_2	1,217	1,132	1,265	1,264	**1,283**
		Category 6	Business travel	t-CO_2	2,099	2,154	2,017	778	**794**
		Category 7	Employee commuting	t-CO_2	2,224	2,237	2,219	1,860	**3,057**
		Category 8	Leased assets (upstream)	t-CO_2	N/A				
		Category 9	Downstream transportation and delivery	t-CO_2	N/A				
		Category 10	Processing of sold products	t-CO_2	N/A				
		Category 11	Use of sold products	t-CO_2	11,058	10,264	9,600	19,785	**10,683**
		Category 12	End-of-life treatment of sold products	t-CO_2	169	135	151	158	**149**
		Category 13	Downstream leased assets	t-CO_2	19,680	18,224	15,457	15,459	**17,796**
		Category 14	Franchises (franchisees and franchised plants)	t-CO_2	97,711	88,414	80,436	73,937	**73,540**
		Category 15	Investments	t-CO_2	N/A				
			Total	t-CO_2	463,246	439,556	456,730	442,461	**410,372**

Supply Chain (Environment)

Supplier procurement policies in relation to the environment	Available	Environmental management https://www.duskin.co.jp/sus/ecology/management/ (Japanese version only)
Environmental risk assessments for primary suppliers	Available	Establish assessment standards for compliance status with laws and regulations regarding the environment and waste disposal in the "Supplier Assessment Sheet"
Initiatives to reduce environmental impact	Available	Strive to create a procurement structure with partner companies

	Boundary	Unit	2017	2018	2019	2020	2021
Primary supplier inspection rate	Duskin Co., Ltd.	%	100	100	100	100	**100**

Contamination; Resource Use

Policy on pollution, waste, and resource use	Available	Included in the "Environmental Philosophy" and "Environmental Policy" https://www.duskin.co.jp/sus/ecology/management/ (Japanese version only) Endeavors for a recycling-oriented society https://www.duskin.co.jp/sus/ecology/recycling/ (Japanese version only)
Reduction targets for pollution, waste, and resource-use	Short-term targets (end of FY2023)	Reuse 97% of mops and mats Reduce food waste 1% per year, recycle 60% of food waste Reduce plastic containers and packaging 1% per year, increase use of environmentally-conscious materials 1% per year Establish and manage fiscal year standard output values (target values) based on actual results from each production and logistics facility
	Medium-term targets (end of FY2030)	Reduce petroleum-derived one-way plastics discharge 25% (compared with FY2020) Recycle 60% of plastic containers and packaging Reduce food waste by 50% (compared with FY2000)

		Boundary	Unit	2017	2018	2019	2020	2021
NOx emission	Vehicles belonging to company-owned sales offices in Tokyo, Osaka and Aichi Prefectures		t	0.08	0.05	0.04	0.04	**0.04**
Use of chemicals	Production and logistic facilities	Duskin Group and franchised plants	t	7,140	6,967	6,509	6,001	**5,838**
Detergent	Production and logistic facilities	Duskin Group and franchised plants	t	1,756	1,712	1,699	1,605	**1,485**
Waste subject to special control	Production and logistic facilities	Duskin Group and franchised plants	t	Nil	Nil	Nil	0.99	**1.13**
Waste generated	Production and logistic facilities	Duskin Group and franchised plants	t	14,458	14,070	14,336	13,481	**13,225**
Plastic waste			t	541	495	598	688	**738**
Wastewater sludge			t	11,348	11,100	10,888	10,159	**9,678**
Factory-rejected mats and mops			t	2,569	2,475	2,850	2,634	**2,809**
Resources recycled	Production and logistic facilities	Duskin Group and franchised plants	t	1,456	1,367	1,426	1,515	**1,363**
Recyclable waste			t	339	335	350	380	**368**
Service equipment			t	540	520	572	629	**484**
Cardboard			t	577	512	504	506	**511**
Food waste generated	Food Group	Duskin Group and franchisees	t	5,600	5,187	4,906	4,305	**4,735**
Waste reduced	Food Group	Duskin Group and franchisees	t	1,433	1,728	1,793	2,373	**3,264**
Recycling rate	Food Group	Duskin Group and franchisees	%	40.3	42.6	50.6	55.0	**59.3**
Reduction rate of food loss with FY2000 as 100%	Food Group	Duskin Group and franchisees	%	24.0	29.6	33.4	41.6	**35.7**
Green purchasing ratio for office and other supplies	Head office and headquarters	Duskin Co., Ltd.	%	100	100	100	100	**100**
Copy paper consumption	Head office and headquarters	Duskin Co., Ltd.	t	58.4	52.5	57.1	56.2	**48.3**
Percentage of sales office with ISO 14001 certification	Based on number of employees	Duskin Co., Ltd.	%	65.3	70.1	75.3	74.1	**73.9**
Number of vehicles certified as low emission		Duskin Group and franchisees		350	1,423	2,637	4,163	**5,487**
Fines for violations of environment-related laws and regulations		Duskin Group, franchisees, franchised plants	Yen	0	0	0	0	**0**

Water Usages

Policy on water use and water leakage reductions Water risk factors and major impacts	Available	Conservation and effective use of water resources https://www.duskin.co.jp/sus/ecology/waterresources/ (Japanese version only)
Water use and water leakage reduction targets	Available	Establish and manage fiscal year standard output values (target values) based on actual results from each production facility
Water use reduction initiatives (Production and logistics facilities)	Available	Reuse some treatment water from the mop and mat laundry processes as laundry water
Third-party assurance for water use	Available	Independent Assurance Statement https://www.duskin.co.jp/sus/library/opinion/ (Japanese version only)

		Boundary	Unit	2017	2018	2019	2020	2021
Water intake	Production and logistic facilities	Duskin Group and franchised plants	Thousand m^3	2,207	2,223	2,217	2,145	**2,154**
Drinking water			Thousand m^3	303	305	303	309	**285**
Industrial water			Thousand m^3	402	405	403	297	**283**
Groundwater			Thousand m^3	1,502	1,514	1,511	1,539	**1,586**
Water intake intensity	2016 as the base year of 100		%	98.0	97.6	100.2	102.8	**103.6**
Wastewater	Production and logistic facilities	Duskin Group and franchised plants	Thousand m^3	2,096	2,112	2,106	2,038	**2,046**
To sewer systems			Thousand m^3	1,315	1,325	1,321	1,278	**1,284**
To rivers			Thousand m^3	781	787	785	759	**762**

Biodiversity

		Boundary	Unit	2017	2018	2019	2020	2021
Installed mats on the trails of Hakusan National Park	Direct Selling Group	Duskin Co., Ltd.	Pcs.	44	44	44	44	**44**

Social

Labor Standards

Basic policy on labor standards	Available	Employment and work environment https://www.duskin.co.jp/sus/social/data/ (Japanese version only)
Basic policy on human resource development	Available	Human resources https://www.duskin.co.jp/english/sus/human/
Policy on diversity and equal opportunity	Available	Diversity https://www.duskin.co.jp/english/sus/human/
Work-life balance policy	Available	Work-life balance https://www.duskin.co.jp/english/sus/human/

		Boundary	Unit	2017	2018	2019	2020	2021
Number of employees	Male	Duskin Group	No.	2,429	2,443	2,422	2,413	**2,355**
	Female	Duskin Group	No.	1,344	1,370	1,380	1,406	**1,423**
	Total	Duskin Group	No.	3,773	3,813	3,802	3,819	**3,778**
	Japan	Duskin Group	No.	3,488	3,530	3,530	3,555	**3,520**
	Overseas	Duskin Group	No.	285	283	272	264	**258**
	Full-time employees	Duskin Group	No.	3,124	3,124	3,128	3,175	**3,138**
	Part-time employees	Duskin Group	No.	649	689	674	644	**640**
New employees	New graduates	Duskin Group	No.	160	41	53	50	**52**
	Mid-career hires	Duskin Group	No.	169	199	264	252	**180**
Employees promoted to permanent positions		Duskin Group	No.	111	36	37	134	**44**
Employees who quit the company		Duskin Group	No.	158	257	286	195	**216**
Labor union membership	Number of members	Duskin Group	No.	3,082	3,060	3,029	3,016	**2,982**
	Membership ratio	Duskin Group	%	100	100	100	100	**100**
Employees who have taken childcare leave	Male	Duskin Group	No.	2	1	2	3	**18**
	Female	Duskin Group	No.	35	51	51	49	**38**
Employees who have taken nursing-care leave	Male	Duskin Group	No.	0	2	2	1	**0**
	Female	Duskin Group	No.	2	4	1	3	**1**
Retirees rehired		Duskin Group	No.	53	63	69	76	**71**
People with disabilities employed (reported on June 1)	Number	Duskin Group	No.	172	177	201	199	**211**
	Ratio	Duskin Group	%	2.34	2.41	2.70	2.68	**2.81**
Number of employees	Total	Duskin Co., Ltd.	No.	1,991	2,020	1,974	1,988	**2,000**
	Females	Duskin Co., Ltd.	No.	643	685	697	717	**749**
	Female employee ratio	Duskin Co., Ltd.	%	32.3	33.9	35.3	36.1	**37.5**
Employees in managerial positions	Total	Duskin Co., Ltd.	No.	375	372	371	357	**362**
	Females	Duskin Co., Ltd.	No.	24	27	30	32	**41**
	Ratio of females in managerial positions	Duskin Co., Ltd.	%	6.4	7.2	8.1	9.0	**11.3**
New employees (new graduates and mid-career hires)	Total	Full-timers of Duskin Co., Ltd.	No.	108	73	70	90	**67**
	Mid-career hires	Full-timers of Duskin Co., Ltd.	No.	69	33	26	45	**22**
	Ratio of mid-career hires	Full-timers of Duskin Co., Ltd.	%	63.9	45.2	37.1	50.0	**32.8**
	Females	Full-timers of Duskin Co., Ltd.	No.	48	34	23	29	**40**
	Ratio of females in new employees	Full-timers of Duskin Co., Ltd.	%	44.4	46.6	32.9	32.2	**59.7**
Employees who left the company for personal reasons	Total	Full-timers of Duskin Co., Ltd.	No.	58	71	87	22	**23**
	Ratio	Full-timers of Duskin Co., Ltd.	%	71.0	55.0	77.0	59.0	**70.0**
Rate of paid vacations taken		Duskin Co., Ltd.	%	56.3	69.4	73.5	69.4	**71.6**
Average age	Male	Duskin Co., Ltd.	Age	46.7	47.0	47.4	47.5	**47.5**
	Female	Duskin Co., Ltd.	Age	42.7	42.7	42.7	42.6	**43.1**
	Total	Duskin Co., Ltd.	Age	45.4	45.6	45.7	45.8	**45.9**
Average years of service	Male	Duskin Co., Ltd.	Years	18.1	18.1	18.2	17.5	**17.5**
	Female	Duskin Co., Ltd.	Years	12.4	12.0	12.1	11.7	**11.4**
	Total	Duskin Co., Ltd.	Years	16.3	16.1	16.1	15.4	**15.3**
Employee survey scores	Satisfaction	Duskin Co., Ltd.	%				92.6	**—**
	Work fulfillment	Duskin Co., Ltd.	%				77.2	**—**
Training hours per employee per year		Duskin Co., Ltd.	Hour	12.6	12.9	18.4	18.7	**23.5**
Annual working hours per employee		Duskin Co., Ltd.	Hour	1,844	1,833	1,796	1,703	**1,712**

Local Communities

Policy on local and social contributions	Available	"Policy on Local and Social Contributions"

		Boundary	Unit	2017	2018	2019	2020	2021
Community cleaning event hosting	Number of participants	Duskin Group	No.	4,236	22,295	20,385	200	**898**
	Amount of garbage collected	Duskin Group	kg	204.2	5,039	176.5	2.0	**65.0**
On-site cleaning lessons for children	Number of schools participated	Duskin Group	No.	676	716	670	—	**77**
	Number of children participated	Duskin Group	No.	55,964	61,390	54,407	—	**5,379**
Social contribution donation system as a shareholder benefit * Donations to the Duskin AINOWA Foundation and the Japanese Red Cross Society		Duskin Co., Ltd.	Yen	823,000	1,098,500	1,050,500	1,184,500	**1,241,000**

Human Rights (Including the Supply Chain)

Human rights policy	Available	"Basic Policy Regarding Respect for Human Rights" https://www.duskin.co.jp/sus/social/data/ (Japanese version only)
Basic labor rights policy (freedom of association and collective bargaining rights)	Available	"Basic Policy Regarding Respect for Human Rights"
Policy on preventing child labor	Available	"Basic Policy Regarding Respect for Human Rights"
Policy on preventing forced labor	Available	"Basic Policy Regarding Respect for Human Rights"
Non-discrimination policy	Available	"Basic Policy Regarding Respect for Human Rights"
Sustainable procurement policy	Available	"Basic Policy on Sustainable Procurement"
Support for international norms	Available	Defer to the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights
Human rights risk assessments	Available	Conduct minimum wage checks and long work hours checks
Stakeholder engagement regarding human rights risks and impact verification	Available	Sponsor and cooperate with the Business and Human Rights Conference https://crt-japan.jp/en/2016/10/06/ report-on-2016-business-and-human-rights-conference-in-tokyo/
Participation in human rights related initiatives and collaborations	Available	Participate in the Stakeholder Engagement Program https://crt-japan.jp/portfolio/stakeholder_engagement_program/ (Japanese version only)
Claim reporting system that enables reporting on human rights violations	Available	Establish internal and external hotlines

Health and Safety

Basic policy on health and safety Health-focused management declaration	Duskin Co., Ltd.	Available	Maintain and promote employee health and safety https://www.duskin.co.jp/english/sus/human/

		Boundary	Unit	2017	2018	2019	2020	2021
Ratio of employees who receive regular health checkups		Duskin Co., Ltd.	%	100	100	100	100	**100**
Ratio of employees who receive workups		Duskin Co., Ltd.	%	35.2	48.6	48.6	56.1	**65.6**
Ratio of employees who maintain desirable weight		Duskin Co., Ltd.	%	66.6	67	67.3	65.8	**66.9**
Smoking rate		Duskin Co., Ltd.	%	26.1	28.1	23.9	25.6	**22.3**
Ratio of employees who engage in regular exercise		Duskin Co., Ltd.	%	24.6	25.3	25.5	26.0	**30.6**
Work-related accidents	Fatality	Duskin Group	Cases	0	0	1	0	**0**
At workplace		Duskin Group	Cases	194	160	179	169	**185**
	Cases that required 4 or more days of leave	Duskin Group	Cases	46	28	36	45	**36**
While commuting		Duskin Group	Cases	45	30	30	41	**36**
	Cases that required 4 or more days of leave	Duskin Group	Cases	11	12	13	12	**9**

Responsibility to Customers

Quality policy	Available	"Quality Policy"
ISO 9001 certified locations	Available	ISO 9001 acquired by Duskin Healthcare at all hospitals under contract
Research and development policy	Available	"Research and Development Policy"
Product testing policy	Available	"Product Testing Policy"
Policy on responsible advertising and marketing	Available	Included in the "Guidelines for Producing Advertising and Promotional Materials, etc."
Approaches to and initiatives for related issues	Available	Ensure compliance with regulations and standards, provide internal training
Participation in industry initiatives	Available	Endorse the objectives of and join the Japan Dust Control Association, Japan Foodservice Association, and Japan Franchise Association
Reduction in negative impacts caused by products	Available	Display allergens and calories on price cards https://www.duskin.co.jp/english/sus/safety/
Initiatives for reducing negative impacts	Available	Develop low-calorie products and low-trans-fatty acid oils https://www.duskin.co.jp/english/sus/safety/
Initiatives for people with disabilities and seniors	Available	Allow service dogs to enter shops together with people with disabilities, provide braille menus and written communication menus https://www.duskin.co.jp/sus/social/voice/ (Japanese version only)

Governance

Corporate Governance

Basic policy on corporate governance Election policies for the Board of Directors Policy on directors' remuneration Policy related to acquisition and holding of cross-shareholdings	Available	Corporate Governance https://www.duskin.co.jp/english/ir/governance/corporate/
Basic policy on business operations	Available	Internal Control System https://www.duskin.co.jp/ir/governance/internalcontrol/ (Japanese version only)
Basic capital policies	Available	Communication with Investors and Shareholders https://www.duskin.co.jp/ir/governance/shareholder/ (Japanese version only)

		Boundary	Unit	2017	2018	2019	2020	2021
Number of Directors	Internal, male	Duskin Co., Ltd.		6	6	6	6	**6**
	Internal, female	Duskin Co., Ltd.		0	0	0	0	**0**
	Internal Total	Duskin Co., Ltd.		6	6	6	6	**6**
	Outside, male	Duskin Co., Ltd.		2	2	2	2	**2**
	Outside, female	Duskin Co., Ltd.		1	1	1	1	**1**
	Outside Total	Duskin Co., Ltd.		3	3	3	3	**3**
	Total	Duskin Co., Ltd.		9	9	9	9	**9**
Ratio of Outside Directors		Duskin Co., Ltd.	%	33.3	33.3	33.3	33.3	**33.3**
Ratio of female Directors		Duskin Co., Ltd.	%	11.1	11.1	11.1	11.1	**11.1**
Number of Audit and Supervisory Board Members	Internal, male	Duskin Co., Ltd.		2	2	2	2	**2**
	Internal, female	Duskin Co., Ltd.		0	0	0	0	**0**
	Internal Total	Duskin Co., Ltd.		2	2	2	2	**2**
	Outside, male	Duskin Co., Ltd.		2	2	2	2	**2**
	Outside, female	Duskin Co., Ltd.		1	1	1	1	**1**
	Outside Total	Duskin Co., Ltd.		3	3	3	3	**3**
	Total	Duskin Co., Ltd.		5	5	5	5	**5**
Ratio of female Audit and Supervisory Board Members		Duskin Co., Ltd.	%	20.0	20.0	20.0	20.0	**20.0**
Directors' term of office		Duskin Co., Ltd.	Years	1	1	1	1	**1**
Board of Directors	Number of meetings	Duskin Co., Ltd.	Meetings	22	20	19	19	**17**
Outside Directors' attendance rate		Duskin Co., Ltd.	%	100	100	100	100	**100**
Audit and Supervisory Board	Number of meetings	Duskin Co., Ltd.	Meetings	14	13	13	14	**13**
Operating Officers' Board	Number of meetings	Duskin Co., Ltd.	Meetings	—	12	12	12	**12**
Business Strategy Meeting	Number of meetings	Duskin Co., Ltd.	Meetings	2	2	2	1	**2**
Budget Meeting	Number of meetings	Duskin Co., Ltd.	Meetings	9	9	10	10	**10**
Outside Directors and Audit and Supervisory Board Members Council	Number of meetings	Duskin Co., Ltd.	Meetings	6	8	7	7	**15**
Directors Evaluation Committee	Number of meetings	Duskin Co., Ltd.	Meetings	2	3	4	4	**4**
Sustainability Committee (CSR Committee until 2019)	Number of meetings	Duskin Co., Ltd.	Meetings	2	2	2	1	**2**
	Number of members	Duskin Co., Ltd.		9	9	9	9	**9**
Risk Management Committee	Number of meetings	Duskin Co., Ltd.	Meetings	2	2	2	2	**2**
	Number of members	Duskin Co., Ltd.		11	11	11	11	**12**
Compliance Committee	Number of meetings	Duskin Co., Ltd.	Meetings	4	4	4	2	**4**
	Number of members	Duskin Co., Ltd.		11	12	12	12	**12**
Directors' compensation (excluding Outside Directors)	Basic compensation	Duskin Co., Ltd.	Thousands of yen	240,521	213,121	170,152	157,727	**171,345**
	Share-based compensation	Duskin Co., Ltd.	Thousands of yen	9,340	10,409	25,333	28,022	**30,726**
	Bonuses	Duskin Co., Ltd.	Thousands of yen	47,200	47,000	41,200	20,800	**76,200**
	Total	Duskin Co., Ltd.	Thousands of yen	297,062	270,530	236,685	206,549	**278,272**
Audit and Supervisory Board Members' Compensation (excluding Outside Audit and Supervisory Board Members)	Basic compensation	Duskin Co., Ltd.	Thousands of yen	44,100	70,200	46,500	46,350	**46,650**
	Bonuses	Duskin Co., Ltd.	Thousands of yen	7,200	12,000	7,200	4,200	**10,200**
	Total	Duskin Co., Ltd.	Thousands of yen	51,300	82,200	53,700	50,550	**56,850**
Outside Directors' compensation	Basic compensation	Duskin Co., Ltd.	Thousands of yen	42,150	43,500	43,800	43,800	**43,800**
	Bonuses	Duskin Co., Ltd.	Thousands of yen	9,600	9,600	9,600	9,500	**9,600**
	Total	Duskin Co., Ltd.	Thousands of yen	51,750	53,100	53,400	53,300	**53,400**
Fees to accounting auditor	Audit certification duties	Duskin Co., Ltd.	Millions of yen	78	80	79	79	**81**
	Non-audit duties	Duskin Co., Ltd.	Millions of yen	0	0	0	0	**0**

Risk Management and Compliance

Anti-corruption

Code of ethics	Available	Included in the "Duskin Code of Conduct Statement" and "Duskin Code of Conduct" https://www.duskin.co.jp/english/ir/governance/compliance/
Anti-corruption policy	Available	Basic Policy on Bribery
Establishment of a claims reporting system that responds to various complaints, including bribery	Available	Operation of internal and external hotlines https://www.duskin.co.jp/english/ir/governance/compliance/
Informing employees about the prohibition of corrupt acts	Available	Distributing the "Duskin Code of Conduct (handbook)" to all employees
Internal training regarding the prohibitions of corrupt acts	Available	Conduct compliance training (previously conducted on addressing antisocial forces, etc.) https://www.duskin.co.jp/english/ir/governance/compliance/

	Boundary	Unit	2017	2018	2019	2020	2021
Political contributions	Duskin Co., Ltd.	Yen	0	0	0	0	**0**
Dismissal of or disciplinary action against employees due to violations of policies on corruption	Duskin Co., Ltd.		0	0	0	0	**0**
Total amount of major fines for corruption	Duskin Co., Ltd.	Yen	0	0	0	0	**0**

Risk Management and Compliance

Basic policy on risk management	Available	Risk management https://www.duskin.co.jp/english/ir/governance/riskmanagement/
Basic policy on compliance	Available	Compliance https://www.duskin.co.jp/english/ir/governance/compliance/

		Boundary	Unit	2017	2018	2019	2020	2021
Compliance training	Number of participants	Duskin Group		6,475	6,635	6,458	6,760	**6,678**
	Participation rate	Duskin Group	%	98.9	99.8	99.7	100.0	**100.0**
Number of hotline users	Internal	Duskin Group	Cases	22	21	16	43	**62**
	External	Duskin Group	Cases	9	4	3	10	**13**
	Total	Duskin Group	Cases	31	25	19	53	**75**
Number of complaints regarding human rights violations	Power harassment	Duskin Group	Cases	1	2	1	6	**11**
	Sexual harassment	Duskin Group	Cases	1	1	0	1	**4**
	Total	Duskin Group	Cases	2	3	1	7	**15**

Environment

Climate Change/Energy Consumption/ Pollution, Waste, and Resource Consumption/ Water Use and Water Leakage Reductions/Biodiversity

As part of the Environmental Philosophy and Environmental Policy, the Duskin Group has established its approach to “Climate Change,” “Energy Consumption,” “Pollution, Waste, and Resource Consumption,” “Water Use and Water Leakage Reductions,” and “Biodiversity.”

Environmental Philosophy

Established in 1998

We, at Duskin, are grateful for the blessings of nature. Working for peace and harmony between humankind and nature, we will continue to take eco-friendly actions grounded upon the principles of our philosophy of Prayerful Management.

Environmental Policy

Established in 2021

As a company that aims for sustainability, Duskin strives to achieve the joint objective of engaging in sound business activities and environmental conservation in an effort to contribute to the development of a sustainable society.

1. Reduce waste and effectively utilize resources to help build a recycling-oriented society.
- Pursue recycling-oriented rental systems
- Reduce food loss and promote food waste recycling
- Promote the 3Rs for plastic containers and packaging and use renewables (effective use of resources)

2. Tackle climate change to help realize a decarbonized society.
- Reduce CO_2 emissions
- Expand use of renewable energy

3. Conserve water resources and biodiversity to help achieve a society in which people and nature coexist.
- Promote industrial water recycling and water quality conservation
- Promote ecosystem conservation activities
- Manage chemical substances and prevent pollution

4. Make ongoing improvements through the Environmental Management System to help build a society with a low environmental impact.
- Develop environmentally friendly products and services
- Management in compliance with the environmental consciousness and improvements required of ISO14001 standard or standards that correspond to this standard
- Develop human resources through environmental training

Action on Climate Change

The Duskin Group has established its approach to climate change in the following manner.

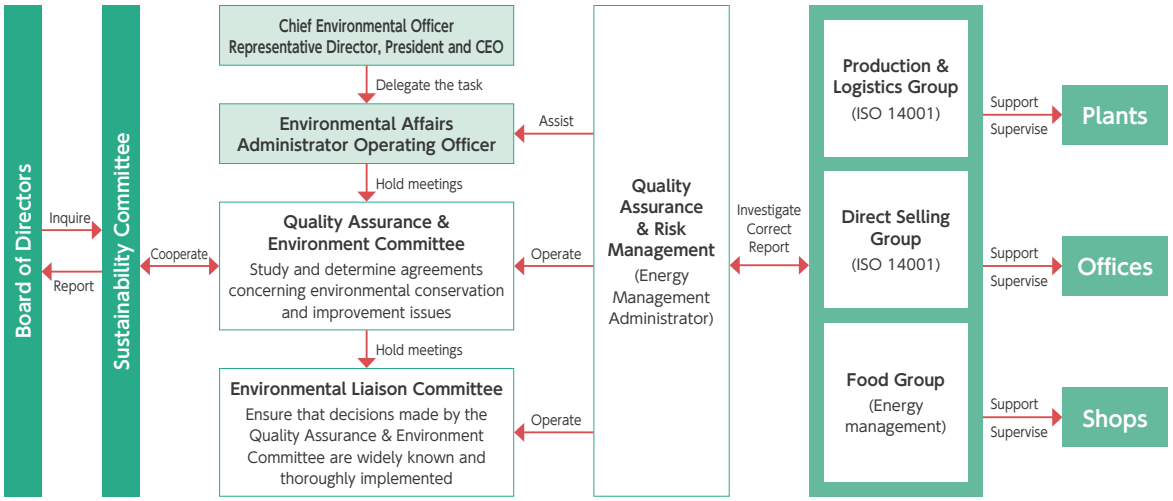
Basic approach

Duskin positions the risks and opportunities associated with climate change as critical management issues. In order to advance information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we classify and study climate-related risks as risk associated with the transition to a low-carbon economy and risk associated with the physical impacts of climate change.

Governance

We established the Sustainability Committee, which consist of the Outside Directors, the Operating Officers, and the Standing Audit and Supervisory Board Members. This committee, serving as an advisory body to the Board of Directors, studies and deliberates the basic policies and key issues associated with climate change.

We also established the Quality Assurance & Environment Committee, which studies and determines agreements concerning environmental conservation and improvement issues, and the Environmental Liaison Committee, which manages the progress of environmental policies, as sub-organizations under the Sustainability Committee. This structure helps the Board of Directors to identify and monitor actual risks and opportunities, and to enhance climate change-related governance.



Strategy

Unusual weather and other effects of climate change are becoming increasingly serious, and how to respond to climate change has become an issue of global concern. To help realize a decarbonized society, which is a target established in the Environmental Policy, we are analyzing multiple scenarios in the near-future from 2030 to 2050 concerning physical changes brought about by climate change around the world as well as socioeconomic trends. Based on these analyses, we estimate the financial impact on Duskin's business performance, investigate what kind of measures to take in response, and formulate a strategy.

Climate change–related risks

	Category	External environmental changes	Key drivers	Impact on business	Financial impact
Transition risks	Policy, legal regulations	• Stronger GHG (greenhouse gas) emission regulations	• Higher carbon tax rates	• Higher tax costs	• Higher cost of products and services
	Technologies		• Progress in energy-saving technologies among competitors	• Delayed development of next-generation products (developed through manufacturer tie-ups)	• Lower profits
	Markets and reputation	• Higher market sensitivity to climate change	• Divestment from companies that do not reduce GHG emissions	• Higher GHG emission reduction initiative costs	• Higher capital control and adjustment costs
Physical risks	Acute	• Higher average temperatures	• Larger typhoons • Higher typhoons frequency	• Higher flooding frequency at plants, shops and offices; higher power outage frequency • Procurement and logistics channel disruptions • Increased number of employees standing by at home due to disasters	• Higher recovery costs • Lower sales until recovery
	Chronic	• Higher sea levels • New rainfall patterns			
		• Higher average temperatures	• Lower yields of farm product such as wheat and coffee	• Higher raw material costs	• Higher cost of sales

Climate change-related opportunities

	Category	External environmental changes	Key drivers	Impact on business	Financial impact
Opportunities	Resource efficiency	• More common use of next-generation automobiles	• Lower storage battery prices	• Lower total cost of vehicle maintenance	• Lower costs
	Energy sources	• More common use of renewable energy devices and technology	• Lower electricity costs	• Lower product and service costs	
	Markets	• New consumer preferences	• Greater demand for environmentally responsible products	• Greater demand for circular economy products and services	• Higher profits

Risk management

We conducted a qualitative provisional climate change risk assessment to evaluate the possibility of climate change having a significant impact on the financial performance of our businesses.

Through a careful review of the results, we have identified the key drivers that could ultimately have a major impact on the business continuity of the Duskin Corporate Group and franchisees. We will continue to employ scenario analysis to evaluate and assess the risk posed by these key drivers.

Adopted scenarios

● Transition risks

- IEA Net Zero Emissions by 2050 Scenario (NZE2050): 1.5°C scenario
- IEA Stated Policies Scenario (STEPS): 3°C scenario

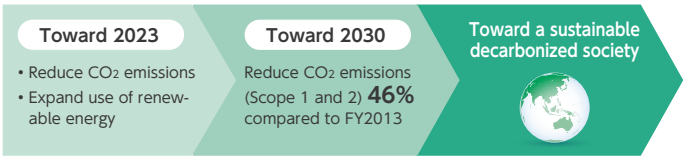
● Physical risks

- IPCC-RCP 2.6: Global average temperature rise of approximately 2°C above pre-industrial levels
- IPCC-RCP 8.5: Global average temperature rise of approximately 4.3°C above pre-industrial levels

Indicators and targets

To contribute toward achieving a decarbonized society, we have established two targets to be met by 2030: shifting 50% of the energy consumed for the Duskin Group's business activities to renewable energy by 2030 and reducing CO_2 emissions at company-owned facilities by 46% from their FY2013 level.

Also, to ensure accurate and transparent information disclosure, Scopes 1, 2, and 3 energy consumption and CO_2 emission figures have been certified as accurate by a third party.



Duskin has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). Along with analyzing the risks and opportunities posed by climate change, Duskin will properly disclose climate change-related information and contribute to building a sustainable society.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Helping to Build a Recycling-oriented Society

The Duskin Group has established its approach to building a recycling-oriented society in the following manner.

Basic approach

The cleaning utensil rental systems that Duskin has successfully popularized in Japan value things based on a "repeated use, shared use, reduction of needless waste and disposal" business approach. Duskin's rental system enables effective environmental management over the entire lifecycle of the product. Along with an effort to make effective use of limited resources, Duskin promotes an environmentally conscious business operation, from product development to reuse, recycling, and disposal after use.

Duskin's Environmental Policy Statement

Duskin started its business by renting out cleaning tools. It has always promoted the belief that things should be used to their fullest extent or to the end of their useful lives. This philosophy conserves natural resources, and protects Mother Earth. Based on this belief, Duskin will review its business activities and all phases of the life cycle of its products from product development to processing, delivery and recycling or disposal after the end of their useful lives with a focus on repeated use, shared use, reduction of needless waste and disposal, and will further promote environmental initiatives. 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 improvement of the future for all.

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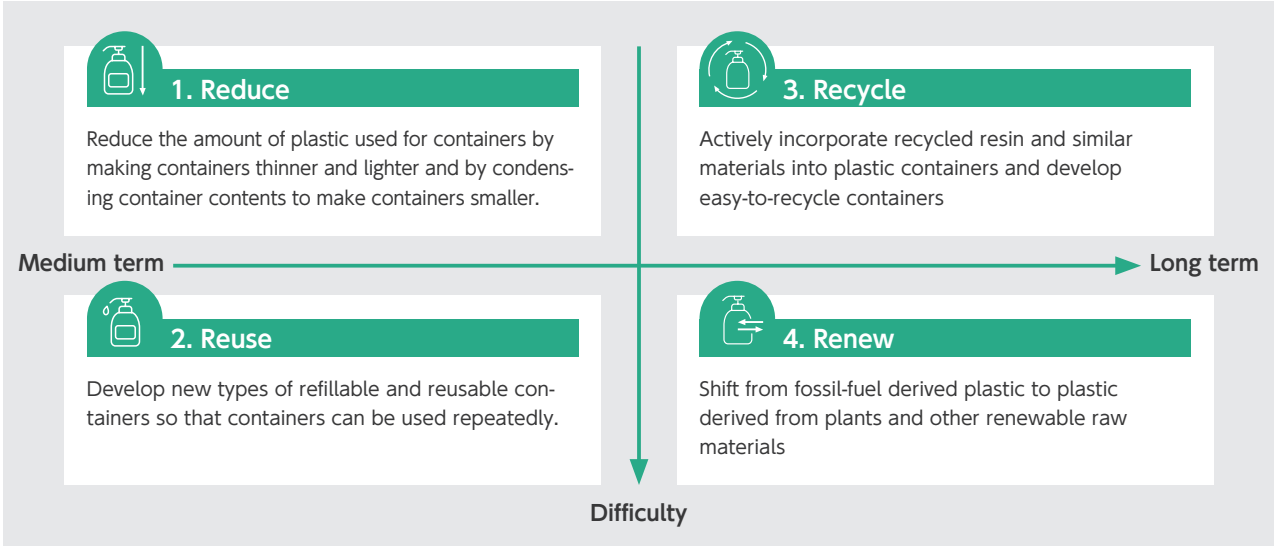
身近に、未来に、エコのタネまき。

Reducing Container and Packaging Plastic

Basic approach

As a source of ocean garbage and other pollution, plastic has a major impact on the environment and on daily life. Duskin implements the following methods for handling plastic materials. These methods contribute to achieving a sustainable society by using resources effectively and by reducing environmental burden throughout the entire lifecycle of the plastic containers and packaging that we use.



Conservation of Water Resources, and Water Risk

The Duskin Group has established its approach to water resources and water risk in the following manner.

Basic approach

As a consequence of climate change, deforestation, and population and economic growth in emerging nations and developing countries, water shortages are growing more serious on a global scale. This presents the risk of negative impacts on business continuity for companies, so reducing water use and reusing water is important.

Although Japan is not yet faced with chronic water shortages, this issue as well as other water-related problems such as water pollution are not something the Duskin Group can ignore.

Given this level of environmental awareness, Duskin has continued to pass down the concept of "Return what we borrow from nature to its original state" since our founding as our basic philosophy for conserving water resources. We therefore continue to focus our efforts on effective use of water resources and the preservation of water quality.

Water risk

The Duskin Group believes it is important to ensure all production facilities and the entire value chain have access to a sufficient amount of water resources in promoting and ensuring the continuity of its businesses.

Several potential water-related risks include physical risk, regulatory risk, and reputational risk, each of which is attracting greater attention around the world.

The Duskin Group strives to discover any potential risks at its production and logistic facilities and the Duskin Research & Development Center that may affect its businesses, as well as the impacts of these on businesses in which physical, regulatory, and reputational risks are factors, such as water shortages, water quality deterioration, wastewater quality and volume regulations, and efficient use of water. The Duskin Group conducts analyses based on the results of these efforts.

Water risk factors and major impacts

Risk factors	Major impacts
Water shortages	Decline in research and production activities in the event of water supply disruptions and restrictions
Water quality deterioration	Higher water purification costs
Flooding, storm surges, torrential rains	Inundation of equipment due to river flooding
Fully mandatory regulations regarding greater water efficiency and recycling	Higher cost of equipment installation due to fully mandatory use of recycled water
Stricter regulations for wastewater quality and volumes	Higher costs due to increased sewage fees Higher costs of equipment installation due to stricter wastewater quality regulations
Seasonal and interannual fluctuations in water supplies	Impact on stable operations due to fluctuations
Increasing water prices	Higher operational costs due to increased water prices
Local communities	Need to address land subsidence due to groundwater pumping

Supplier procurement policy on the environment

The Duskin Group has established its approach to supplier procurement in relation to the environment within the Procurement Policy, Basic Policy on Sustainable Procurement, and Green Purchasing Guidelines.

Purchasing Policy

Purchasing and Logistics Management Rules (Article 4)

7. Strive to better promote prioritized purchasing of goods with a low environmental impact (green procurement) and to build a resource recycling-oriented society in cooperation with suppliers.

Green Purchasing Guidelines

3. Basic approach to green purchasing

Fully consider necessity and the environment in addition to quality and price to ensure products with the lowest possible environmental impact are purchased.

Items to consider at the time of purchase (consideration of the entire product life cycle)

(1) Use and emissions of toxic substances (exhaust gas, heavy metals, freon, etc.) have been reduced
(2) Products realize resource and energy savings
(3) Products use wood and other renewable resources in a responsible manner
(4) Products can be used long-term
(5) Products are reused and recycled
(6) Products are made from renewable materials
(7) Products are easy to treat and dispose of in an appropriate manner

Basic Policy on Sustainable Procurement

4. Consideration of the global environment

Duskin engages in procurement activities that consider conservation of the global environment in line with the Duskin Environmental Policy.

Social

Employment and Work Environment/ Human Resource Development/Work-Life Balance/ Diversity (Diversification and Equal Opportunity)/ Labor Safety and Health/Health Support and Promotion

The Duskin Group has established its approach to "Employment and Work Environment," "Human Resource Development," "Work-Life Balance," "Diversity (diversification and equal opportunity)," "Labor Safety and Health," and "Health Support and Promotion."

Employment and Work Environment Basic Policy

To keep our company innovative, it is important that our employees work with vitality and motivation. Duskin aggressively promotes highly skilled and ambitious talent and creates an environment where they can fully manifest their ability and experience.

This policy is defined in the Duskin Code of Conduct.

Human Resource Development Basic Policy

At Duskin, "people" are at the core of all services and products. We nurture our people to support each other and strive for personal growth; they not only develop knowledge and skills, but also compassionate hearts.

Moreover, Duskin offers various types of education and training to develop personnel to fully understand the philosophy of Prayerful Management and reflect it in their daily business practices. We conduct level-specific training for employees, including new hires, to teach the knowledge and skills required to effectively perform their duties; we also focus on training Area Managers, who support our franchise owners and energize the franchise network. In addition, we encourage employees to develop themselves through attaining publicly recognized qualifications and taking correspondence courses.

Work-Life Balance Basic Policy

Duskin strives to provide a workplace environment that maintains employee work-life balance and enables employees to realize the full potential of their individual abilities, thereby boosting their motivation and providing a sense of accomplishment and satisfaction. Along with establishing employment environments that seek to balance work with child-rearing for this purpose, we also formulate and implement action plans as part of our efforts to set down various working conditions.

This policy is defined in the Duskin Code of Conduct.

Diversity Basic Policy

We believe that employees of various career and social backgrounds (sex, age, nationality, and lifestyle) who respect one another and who use their abilities to the fullest are the most effective in response to a constantly changing business environment and ever more diverse customer needs. We also believe that employee diversity creates new value and excellence. Along with formalizing this philosophy in the Duskin Code of Conduct, we have established hiring diversity targets for the rate of female employees in managerial positions, employees from abroad and employees with disabilities.

Labor Safety and Health Basic Policy

We strive to maintain and improve safe, healthy workplace environments, and conduct employee training on safety as necessary for the purpose of ensuring that employees are able to use their abilities to the fullest and to achieve zero work-related accidents.

Moreover, in order to prevent work-related accidents, we have prepared manuals based on the Guidelines on Occupational Safety and Health Management Systems, published by the Ministry of Health, Labour and Welfare and also focus our efforts on taking swift action in the rare event of a work-related accident and on preparing proposals to prevent recurrence of such.

Health Support and Promotion Basic Policy

We encourage and help our employees and their families to maintain and improve their well-being to lead their lives to their fullest potential as reflected in the philosophy of Prayerful Management. We have declared our commitment to health-focused management, through which we will support the health of our employees and the sound development of the company to sow the seeds of joy in society.

In order to achieve this objective, we have established the following five priority initiative themes, and engage in these through a tripartite structure composed of our business locations (company), health insurance society, and labor union (employee representative). Based on this declaration, we work on Health and Productivity Management by promoting health through a PDCA cycle while further developing each employee's health literacy.

Duskin Health-Focused Management Declaration

For Happiness of Employees

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

Human Rights Policy/Basic Labor Rights Policy/ Policy on Preventing Child Labor/ Policy on Preventing Forced Labor/Non-discrimination Policy

The Duskin Group has established its approach to human rights within the Duskin Code of Conduct and the Basic Policy Regarding Respect for Human Rights.

Duskin Code of Conduct

Code of Conduct 6: Duskin and us (our employees)

1. **Respect human rights**
   We pay due respect to one another, so that each one of us can develop our individuality and abilities through work. We protect the human rights of employees as guaranteed by the Constitution of Japan, Labor Standards Act, and other laws and ordinances. What is more, we endeavor to create an open corporate culture that lets each one of us adequately reflect our opinions in our work.
2. **Evaluate and treat our employees with fairness**
   As employees, we shall be evaluated and treated with fairness at workplaces, and our diverse ways of thinking and values shall be respected. We shall not be subject to any discrimination in evaluations, promotions or other treatment with respect of gender, age, nationality, human rights, belief, religion, or physical disability.
3. **Eliminate the propensity to divide roles by gender according to preconceived ideas**
   We proactively promote participation by female employees in decision making at work, and strive to eliminate the propensity to divide roles by gender according to preconceived ideas. At the same time, we set specific targets and accordingly drive improvements in our work environment and systems to help female employees to fully demonstrate their abilities.

11. **Eliminate harassment**
    We take the utmost care not to sexually harass others (sexual harassment) or harass someone positioned under us by abusing our power over the person (power harassment).

Basic Policy Regarding Respect for Human Rights

The Duskin Code of Conduct, which indicates our shared values, raises “Respect human rights” as the first item under “Duskin and us.” This item clearly articulates that the spirit of respecting human rights will underlie every corporate activity. We have therefore established a human rights policy to advance these human rights initiatives and to supplement the Duskin Code of Conduct.

1. **Support for international norms**
   We support and respect international norms regarding human rights, including the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenants on Human Rights) and the International Labor Organization’s (ILO’s) Declaration on Fundamental Principles and Rights at Work. Moreover, we engage in business activities based on the United Nations’ Guiding Principles on Business and Human Rights, and comply with the related laws and ordinances in the countries and regions where we do business.
2. **Respect for basic labor rights**
   We respect the basic labor rights of freedom of association, the right of workers to organize, and collective bargaining rights, among others.
3. **Prevention of forced labor and child labor**
   We do not accept any form of forced labor or child labor in the supply chain.
4. **Elimination of discrimination**
   We will eliminate discrimination based on race, nationality, physical appearance, language, gender, age, sexual orientation, religion, political belief, disability, medical history, and social standing, among others.
5. **Rewarding workplace environments**
   We strive to create rewarding workplace environments by complying with minimum wage standards, reducing long working hours, and eliminating harassment, as well as by considering the safety of employees along with their physical and mental health.
6. **Human rights training and educational initiatives**
   We engage in educational activities to deepen a proper understanding and awareness of human rights, and promote initiatives that integrate these activities into our corporate culture.
7. **Human rights due diligence**
   We identify and prevent any negative impacts on human rights that arise from our business activities, and will implement a series of procedures to mitigate and avoid such negative impacts.

Sustainable Procurement Policy

The Duskin Group has established its approach to sustainable procurement within the Duskin Code of Conduct and the Basic Policy on Sustainable Procurement.

Duskin Code of Conduct

Code of Conduct 4: With respect to our suppliers

1. **Comply with laws and ordinances when conducting business transactions**
   We fully understand the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and other relevant laws and ordinances and maintain fairness in all transactions in order to retain our relationships of trust with suppliers.
2. **Request compliance from suppliers**
   We require our suppliers to strictly observe all relevant laws and ordinances and enact stringent safety management to ensure that we only deliver safe and reliable products and services to consumers and our customers.
3. **Enter contract-stipulated relationships on an equal footing**
   We only conclude fair contracts with suppliers after fully negotiating the conditions of business with them on free and equal footing.
4. **Apply impartial standards and proper procedures**
   We only make final decisions on selecting suppliers and continuing business relationships by applying impartial standards for price, quality and delivery time, and through proper procedures. We shall never establish or maintain any relationships with any companies, organizations or individuals who engage in anti-social behavior or activities.
5. **Maintain proper relationships with suppliers**
   We build up relationships of trust with suppliers only through honest communication with them in the context of business. We, and our family members, will never accept, offer or demand any entertainment, wining and dining, or gifts that exceed the bounds of social commonsense to or from suppliers.
6. **Respect international rules and adhere to local laws and ordinances**
   In doing business overseas, we not only strictly observe international rules and local laws and ordinances, we also pay due respect to local cultures and customs in order to carry out business activities based on mutual trust. At the same time, our management seeks, through engaging in international business activities, to contribute to greater social richness of those countries and regions, in addition to pursuing our corporate profitability.

Basic Policy on Sustainable Procurement

Along with adhering to the Duskin Code of Conduct (compliance), together with our suppliers we engage in procurement activities that fulfill the social responsibilities of human rights, labor, and global environmental conservation in order to contribute to the achievement of a sustainable society.

1. **Compliance with laws and ordinances, and respect for international norms**
   We comply with the laws and ordinances of each country and region, and engage in fair and equitable procurement activities that respect international codes of conduct.
2. **Consideration of human rights, labor, and health and safety**
   In accordance with the Basic Policy Regarding Respect for Human Rights (respect for basic labor rights, prevention of forced labor and child labor, elimination of discrimination, comfortable workplace environments, human rights training and educational initiatives), we engage in procurement activities that consider working environments, health and safety.
3. **Securing of quality and safety**
   In accordance with our Quality Policy, we engage in procurement activities that aim to secure a high level of quality, safety and reliability based upon the optimal standards for quality, cost and supply.
4. **Consideration of the global environment**
   Duskin engages in procurement activities that consider conservation of the global environment in line with the Duskin Environmental Policy (reduction of waste, effective use of resources, action on climate change, including CO_2 emissions reductions, conservation of water resources and biodiversity, and ongoing improvements through the Environmental Management System).
5. **Observation of information security**
   We engage in procurement activities that strictly control confidential information and personal information.

Quality Policy

The Duskin Group has established its approach to quality in the following manner.

Duskin Code of Conduct

Code of Conduct 1: With respect to consumers and our customers

1. **Provide products and services that are safe, reliable and environmentally friendly**
   We place the highest priority on safety throughout all processes involving our products and services (research, development, purchasing, manufacturing, distribution, use by customers and disposal). This is why we have established and maintain a robust quality assurance system and endeavor to continually reduce our environmental impact, all with a strong sense of responsibility. At the same time, we strive to always hold accurate information about the conditions of our suppliers who are our partners to accordingly cooperate with them in their quality assurance and safety control activities, and respond appropriately to changes in conditions. This is to ensure that products and services we deliver to consumers and our customers are safe and high in quality.
6. **Respect the opinions of consumers and our customers**
   We strive to accurately understand the complaints, opinions and requests of consumers and our customers and respond swiftly and sincerely to them. To this end, we endeavor to enhance our customer contact points and communication system, while at the same time developing and improving products and services by making the most of the consumer/customer feedback.
8. **Disclose information promptly and accurately and serve consumers and our customers with integrity**
   Whenever a defect is detected in one of our products or services, we will respond swiftly according to the judgment of the top management. If there is concern that the problem will inconvenience consumers and our customers, we will disclose the facts to them promptly and accurately, and serve them with integrity.

Quality Policy

Duskin delivers safe, enjoyable and environmentally friendly products and services.

1. We place the highest priority on safety throughout all processes involving our products and services (research, development, purchasing, manufacturing, distribution, use by customers and disposal).
2. We reduce the negative impacts on the environment when producing our products and providing our services.
3. We listen attentively to our customers and consumers, and reflect their voices in our products and services.
4. We comply with all laws, regulations and in-house rules, to adhere to our commitment to conduct quality assurance activities.

Research & Development Policy

The Duskin Group has established its approach to research and development in the following manner.

Research & Development Policy

We take a consumer-first approach to research and development in the field of cleaning and hygiene. Our customer-first R&D approach is reflected in the following five pledges aimed at providing communities with healthy and comfortable lifestyles.

1. We determine priorities for research and development by identifying social trends and needs in residential markets and analyzing customer issues and concerns.
2. We conduct research and technological development in terms of novelty, inventiveness and originality.
3. We develop products that can ensure safety and reliability for society, people and nature.
4. We create products with resource-saving raw materials that contribute to environmental conservation.
5. We continuously improve products after launch to provide consumers with optimal functionality that satisfies their expectations.

Policy on Responsible Advertising and Marketing

The Duskin Group has established its approach to responsible advertising and marketing within the Duskin Code of Conduct and the Guidelines for Producing Advertising and Promotional Materials, etc.

Duskin Code of Conduct

Code of Conduct 1: With respect to consumers and our customers

3. **Label and provide adequate explanation**
   We are constantly deepening our knowledge about our work, including the content and handling of our products and services. Through doing so, we provide accurate, easy-to-understand labeling and detailed, suitable explanations to prevent misunderstanding on the part of consumers and our customers.

Guidelines for Producing Advertising and Promotional Materials, etc.

1. **Purpose of guideline formulation**
   When providing products and services to consumers, advertising, promotional materials and other display items are used to communicate information that allows consumers to make a judgement for selecting among these. For the purpose of ensuring that errors within these display items, etc., do not harm the interests of our customers, we formulate basic policies for producing advertising and promotional materials, etc., as a set of guidelines based on the Quality Management Rules.
5. **Basic Policy on Producing Advertising and Promotional Materials**
   The business division that produces the advertising and promotional materials, etc., takes responsibility for producing and confirming each item, while the corporate office divisions double-check each item before finalizing the content. Expressions and wording regarding products and services as well as supporting documents require approval before being used. Promotional events and other campaigns use contents for which legal confirmation has been obtained in advance.

Policy on Local and Social Contributions

The Duskin Group has established its approach to local and social contributions in the following manner.

Duskin Code of Conduct

Code of Conduct 2: With respect to society

4. **Contribute to society**
   We strive to ensure that our corporate activities are in harmony with both local communities and society as a whole, and proactively participate in corporate social responsibility (CSR) projects.

Policy on Local and Social Contributions

Social contribution activities must be conducted in a sustained manner given that transient initiatives, conversely, hold the potential to harm the trust of society. We therefore engage in social contribution activities based on the concept of “good for three sides (namely the buyer, seller, and the public).”

1. **Activity scope**
   We have defined “coexistence with communities,” “fostering of future generations,” and “environmental conservation” as the priority areas within our activity scope, and practice social contribution activities throughout the Duskin Group, including our franchisees.
2. **Relationship with our core business**
   We prioritize those initiatives that are sustainable and that benefit our core business.
3. **Practice through cooperation and collaboration**
   We value connections between people and partnerships with local communities.

Governance

Basic Approach to Corporate Governance

The Duskin Group positions the strengthening of corporate governance as one of its highest priorities in order to respond to the expectations of various stakeholders, increase corporate value over the medium to long term, and achieve sustainable growth. The Group is further bolstering its structure, organization and systems to establish a management framework that can swiftly and precisely respond to changes in the business environment and also to ensure sound and transparent management. The Group places compliance at the center of all of its activities to continuously improve its corporate value.

Corporate Governance Report (disclosed on the Tokyo Stock Exchange) (Japanese version only)
https://www.duskin.co.jp/ir/governance/corporate/pdf/governance.pdf

Basic Policy for the Internal Control System

The Duskin Corporate Group places Unifying Business and Morals at the heart of its business management. The Group has formulated the Code of Conduct Statement to serve as a compass for the realization of its Management Philosophy as well as the Code of Conduct that serves as concrete standards of conduct for its business operations.

1. Basic policy on business operations

Duskin and its subsidiaries (hereinafter, the "Duskin Corporate Group") places Unifying Business and Morals at the heart of its business management. The Group has formulated the following Code of Conduct Statement to serve as a compass for the realization of its Management Philosophy as well as the Code of Conduct that serves as concrete standards of conduct for its business operations.

Code of Conduct Statement
Aiming to be a "trustworthy and reliable company"

1. We always think of customers in everything we do.
2. We observe the law in all that we do.
3. We are ethical in all our actions.
4. We take our pride in everything we do.

2. Systems to ensure that the activities of the Board of Directors and employees of the Duskin Corporate Group conform to laws, ordinances and the Group's Articles of Incorporation

3. Systems for the storage and management of information regarding the execution of duties by the Board of Directors of the Duskin Corporate Group

4. Regulations and systems relating to managing the risk of loss of the Duskin Corporate Group

5. Systems to ensure the efficiency of the Board of Directors of the Duskin Corporate Group in the execution of their duties

6. Systems to ensure the appropriateness of the business operations of the Duskin Corporate Group

7. Systems to ensure the reliability of financial reports

8. Matters related to ensuring the independence of staff assisting Audit and Supervisory Board Members and the effectiveness of instructions given to these staff members

9. Systems for reporting to Audit and Supervisory Board Members from the Board of Directors, Audit and Supervisory Board Members, employees of the Duskin Corporate Group or other relevant individuals

10. Systems to ensure the audits by Audit and Supervisory Board Members are conducted effectively

Basic Capital Policies

Aiming to achieve sustainable growth and medium- and long-term improvement of corporate value, Duskin promotes the three basic policies of “improving capital efficiency”, “maintaining a solid financial base” and “ensuring shareholder returns” in a balanced manner.

Improving capital efficiency

By preferentially allocating internal reserves to growth investments and thus establishing new business bases, we seek to improve our capital efficiency.

Before making investment decisions, we carefully examine the efficiency and recovery potential of each investment case.

Maintaining a solid financial base

By improving the power of our existing businesses in generating steady cash flows, we will enable continuous growth investments. At the same time, we will maintain the solid financial base we have established in the past, by always placing priority on financial soundness.

In the event of an unexpected need, we will procure funds in financial and capital markets by selecting a possible method that has favorable conditions for Duskin.

Ensuring shareholder returns

We have set out our basic dividend policy of distributing a portion of the profit based on our performance. This dividend policy is based on our deliberations of balancing investments in sustainable growth and higher corporate value while securing financial soundness against potential risks. The annual dividend payout is based on a consolidated dividend payout ratio of 60% or a dividend on equity (DOE) of 2.5%, whichever amount is higher. Under this policy, we will continue to consistently pay stable cash dividends. Moreover, we will flexibly purchase treasury shares in a manner that reflects the market environment and cash flows, with the aim of increasing shareholder value and ROE.

Policy on Cross-shareholdings

Policy on cross-shareholdings

The policy with regard to cross-shareholdings is for the company to hold a suitable number of shares only when there is a fair reason for owning these shares. Investments in stocks for which there is no fair reason for ownership are reduced or eliminated following appropriate dialogue with the companies concerned.

Verification regarding retention of cross-shareholdings

Every year, the Duskin Board of Directors determines if the ownership of each cross-shareholding is proper or not. Decisions are based on the need for each cross-shareholding regarding business activities, such as business alliances, maintaining and strengthening business relationships, Duskin’s cost of capital, share price movements and other factors.

Execution of voting rights

When executing voting rights, we closely examine the details of the matter at hand and judge whether the matter contributes to stronger corporate governance and greater shareholder value for the companies concerned before executing our voting rights in an appropriate manner. For matters that prompt questions from the perspective of shareholder value, we hold dialogues with the companies concerned as necessary before executing our voting rights.

Disclosure Policy

Basic Policy on Information Disclosure

In aims of being a trusted and responsible company, Duskin established the Duskin Code of Conduct as a guideline for employees to take responsible action toward society. This Code of Conduct outlines the ideal image to be followed by the company and employees and declares Duskin's commitment to this ideal.

Against this backdrop, Duskin will strive to actively disclose information in a timely and fair manner in order to enhance the transparency of management, promote an understanding of the company among shareholders, investors, and all other stakeholders, and acquire accurate evaluations.

Risk Management

The Duskin Corporate Group employs a proactive approach to risk management. The Group assesses possible risks and devises countermeasures so as to minimize or avoid damages that could occur in the event a risk should materialize.

Risk Countermeasures

Duskin has formulated Basic Rules on Risk Management. These rules designate the risk management department and person in charge of risk management. At our subsidiaries, we name risk management supervisors for each company in accordance with its size, types of business activities, and other characteristics. We conduct risk management in a consolidated, comprehensive manner.

Duskin has a Risk Management Committee, as an advisory body for the Board of Directors. It discusses and reports on Duskin's risk management annual plans, the causes of the risks that have occurred and the measures to be taken to counter them, the response to natural disasters and the business continuity plan (BCP). In the event of an incident that may have a major impact on Duskin Group, a response office will be established.

Compliance

At Duskin, "compliance" means we are committed to "complying with what is expected to meet others' wishes." Everyone at the Duskin Group upholds the Duskin Code of Conduct in all daily business activities to gain the trust of society and consumers.

Basic Policy and Framework

At Duskin, "compliance" means we are committed to "complying with what is expected to meet others' wishes." Accordingly, we formulated the Duskin Code of Conduct that reflects the numerous opinions we received during discussions with all officers and employees (including part-timers).

Following the Code of Conduct is synonymous with practicing our philosophy of Prayerful Management in our business activities. Sowing the Seeds of Joy within people's hearts, we are committed to being a responsible company to gain more trust from consumers and society, as expressed in the Code of Conduct.

The third edition of Duskin Code of Conduct

What is "compliance"?/Code of Conduct Statement P.1-P.2
The Four Self-check Questions/Hotline Contact Information P.3-P.4
Code of Conduct 1: With respect to consumers and our customers P.5-P.8
Code of Conduct 2: With respect to society P.9-P.10
Code of Conduct 3: With respect to our shareholders and investors P.11-P.12
Code of Conduct 4: With respect to our suppliers P.13-P.14
Code of Conduct 5: With respect to members of the Duskin Group and franchisees P.15-P.16
Code of Conduct 6: Duskin and us P.17-P.20



Anti-corruption Policy

The Duskin Group has set forth “act in accordance with the law and social commonsense”, “cope with anti-social forces” and “maintain sound relationships with the government” in the Duskin Code of Conduct, and strives to promote prohibition against bribery, including bribery related to public officers. In order to supplement the Duskin Code of Conduct, Duskin has also established the Basic Policy on Bribery. Compliance training and other initiatives are held to help raise ethical awareness among employees.

Duskin Code of Conduct

Code of Conduct 2: With respect to society

5. **Cope with anti-social forces**
   We will never give in to unreasonable pressure or financial or other demands placed on us by anti-social forces or organizations. At the same time, we will never have any relationships that could be misunderstood by society as an immoral exchange.
6. **Maintain sound relationships with the government**
   Our relationships with government agencies and employees shall always comply with relevant laws, ordinances and government rules. We never offer cash or other gifts to them, nor entertain them.

Code of Conduct 4: With respect to our suppliers

5. **Maintain proper relationships with suppliers**
   We only make final decisions on selecting suppliers and continuing business relationships by applying impartial standards for price, quality, and delivery time, and through proper procedures.

Code of Conduct 6: Duskin and us

6. **Make judgments and take action based on laws, ordinances and rules**
   We always make judgements and take action based on laws, ordinances, company rules and other relevant regulations. We will even refuse to obey work orders that do not comply with such laws and regulations. Furthermore, if a superior or colleague tries to force us to commit any wrongdoing, or if we notice any wrongdoing that cannot be resolved within our workplace, we will report it to the in-house consultant or hotline. We pay due respect to the copyrights, patents, knowhow and other property owned by other people and companies, and take utmost care not to violate them. In using social media, we act in an appropriate manner as Duskin employees in accordance with guidelines.

Basic Policy on Bribery

1. **Prohibition of bribery**
   We do not give, offer or promise bribes to any person, neither directly nor indirectly, and do not accept bribes in any form.
2. **Bribery prevention structure and risk management**
   We strive to fairly and equitably operate divisions responsible for compliance and an internal reporting hotline. We also conduct training sessions for officers and employees as well as operate monitoring systems through internal auditing. Moreover, we evaluate the effectiveness of the bribery prevention structure on an ongoing basis and make improvements as necessary.
3. **Payment record archives**
   Under an appropriate internal control system, we keep accurate records of account books based on facts. Payment records shall be archived in an appropriate manner.
4. **Discipline**
   In the event that an officer or employee has been discovered to have violated this policy, we will take strict disciplinary action based on our employment regulations and so forth.