

# Our Sustainability Strategy

## Duskin's Approach to Sustainability

As an enterprise that aspires to meet society's expectations with joy, the Duskin Group's sustainability policy guides Duskin in its efforts to give back to society and maintain consistent corporate growth at the same time. We believe that identifying ESG priorities through dialogues with stakeholders and taking a diverse and multifaceted approach to achieving SDGs are vital to achieving our sustainability goals. We are committed to continuously improving our sustainability efforts in a way that meets expectations and earns trust as we aspire to be a company that pursues higher corporate value and helps achieve a sustainable society.

### Sustainability Vision

**Meeting society's expectations with joy**

With attentiveness to the linkage between people, the environment and society,  
we stay receptive to expectations from society and fulfill them with joy.  
Through the supply of safe, secure and excellent products and services,  
we contribute to the sustainable development of regional societies that provide affluent living and put smiles on faces.

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### Sustainability Policy

<ol style="list-style-type: none"> <li><b>1. Sustainable growth</b> We sow the seeds of joy and continually fulfill the trust of society.</li> <li><b>2. Respect for human rights</b> We protect the human rights of every individual and respect individuality.</li> <li><b>3. Environmental conservation</b> In all of our activities, we strive for the conservation of the global environment.</li> <li><b>4. Communication and interaction</b> We care about people and aim for a better society.</li> <li><b>5. Products and services</b> We provide products and services that make customers happy.</li> </ol>	<ol style="list-style-type: none"> <li><b>6. Workplace environment improvement</b> We build and maintain workplaces where everyone can develop their individuality and capabilities in a fair environment and find joy in their work.</li> <li><b>7. Compliance</b> We take the perspectives of other people into consideration in our thoughts and actions.</li> <li><b>8. Information management</b> We manage information appropriately, with meticulous care in information handling.</li> <li><b>9. Crisis management</b> In emergencies, we prioritize the safety of life and cooperate with the community to help where we can.</li> </ol>
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## Governance

The Duskin Group recognizes that it is vital for an enterprise to contribute both to company growth and to building a sustainable society, and therefore the Group as a whole advocates CSV approach. In order to integrate a sustainability perspective into corporate management, in 2017, we established the Sustainability Committee as an advisory body to the Board of Directors and assigned the Corporate Planning Operating Officer, who is the executive in charge of sustainability, as its chairperson. The Sustainability Committee meets twice a year to deliberate on basic sustainability policy, how to respond to notable risks and opportunities, and specify indexes and targets. In addition, the committee specifies which initiatives have priority for the year, and it is responsible for studying, deliberating on, evaluating and improving unresolved issues. Moreover, the committee reports to the Board of Directors concerning its most important decisions.



## Risk management

When managing and improving Duskin's response to sustainability-related risks and opportunities, together with the Corporate Planning department, the Sustainability Committee evaluates the urgency of risks and opportunities. Based on changes in external factors and their effect on business performance, they identify where in the value chain that the company might be confronted by risk sometime in the future and investigate whether the risk has the potential to become a material issue. For risks evaluated to have the potential to greatly impact company financial performance or strategy, the committee prepares concrete measures aimed at avoiding or minimizing the risk.

## Strategies, indexes and targets

To identify risks and opportunities from the stakeholder's point of view, Duskin organizes and analyzes the external environment from political, environmental, social and technological perspectives, and Duskin recognizes what the key material issues are both for company growth and for contributing to the development of a sustainable society.

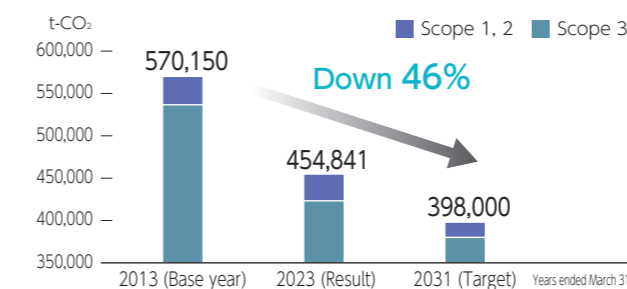
Human capital and diversity is one of these issues, and we have prepared human resource training policies and work environment improvement policies needed for transforming our business portfolio. Moreover, we have established indexes and targets for sustaining and improving these policies.

In addition, responding to climate change is a sustainability issue shared worldwide. The pace and scope of climate change is very hard to predict, so Duskin is focusing on finding solutions to relieve and adapt to climate change, making it a top priority. We also want to note that we have endorsed TCFD recommendations aimed at improving the quality of climate change-related financial information, and to conform with these recommendations we are improving our disclosure of climate change-related information as needed.

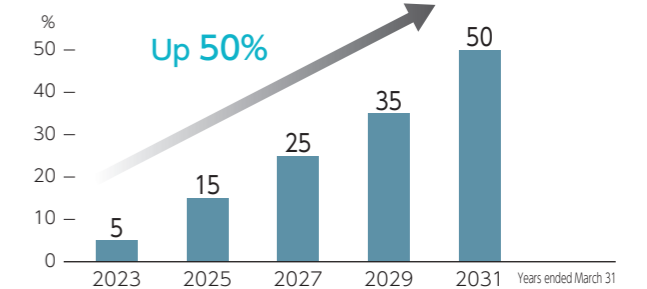
## Human resource development and work environment policies

	Human resource development policy	Work environment improvement policy
<b>Concept</b>	i. Conduct employee training that instills the corporate philosophy and makes it the foundation for employee conduct. ii. Conduct training that instills the required knowledge and skills that every employee needs to effectively fulfill their roles and responsibilities.	i. Build an environment that enables employees of diverse career and social backgrounds to achieve their full potential. ii. Strive to sustain and promote the health of employees and their families and build an environment that achieves healthy and prosperous employee development.
<b>Major personnel-related measures</b>	Company-wide training system OJT/Off-JT Personal development Skill development support (Certification acquisition incentive system, etc.)	Employee treatment system Employee welfare system New personnel management system (started fiscal year ended March 31, 2023)
<b>Indexes and targets</b>	▶ Awareness survey: career fulfillment level over 80% for all ages ▶ At least 15 hours per year of training per employee and every employee takes part in training courses	▶ Women in management positions: 13% or higher ▶ Male childcare leave: 100% ▶ Annual hours worked per employee: 1,800 hours or less

## CO2 emissions



## Renewable energy usage rate (Targets)



For more information about Duskin's climate change strategy and climate change indexes and targets, refer to this link.

<https://www.duskin.co.jp/english/sus/ecology/savingenergytcfid/>



# Corporate Governance

## Initiatives to strengthen corporate governance

We are strengthening corporate governance, as we believe it to be one of the most important issues for business management. In 2017 we created a Directors Evaluation Committee and introduced an Operating Officer System in 2018. In 2019, we changed the Directors Evaluation Committee to consist of only independent Directors and to function as an advisory body to the Board of Directors. In 2022, we also increased the number of female Outside Directors by one to three. Taking into account amendments to laws and changing society, we will continue to work toward further improvements in corporate governance.

### Changes in the corporate governance structure

2003	<ul style="list-style-type: none"> <li>Quality Assurance Committee (now Sustainability Committee) established</li> <li>Compliance Promotion Committee (now Compliance Committee) established</li> </ul>
2006	<ul style="list-style-type: none"> <li>Risk Management Committee established</li> <li>Duskin stock listed on the first section of Tokyo Stock Exchange and Osaka Securities Exchange* * The cash equity markets of Tokyo Stock Exchange and Osaka Securities Exchange were integrated on July 16, 2013.</li> <li>Management Philosophy included in the Articles of Incorporation</li> <li>A basic policy for the Internal Control System established</li> </ul>
2007	<ul style="list-style-type: none"> <li>The Directors' retirement benefit program terminated</li> </ul>
2008	<ul style="list-style-type: none"> <li>The number of Outside Audit and Supervisory Board Members increased from two to three</li> </ul>
2013	<ul style="list-style-type: none"> <li>Starts participating in Electronic Voting Platform</li> </ul>
2014	<ul style="list-style-type: none"> <li>The number of Outside Directors increased from one to two</li> </ul>
2015	<ul style="list-style-type: none"> <li>Outside Directors and Audit and Supervisory Board Members Council established</li> <li>The number of Outside Directors increased from two to three</li> <li>Posting of shareholders' meeting notice on the web (earlier than distributing printed version) started</li> </ul>
2016	<ul style="list-style-type: none"> <li>Analysis and evaluation of the effectiveness of the Board of Directors started</li> </ul>
2017	<ul style="list-style-type: none"> <li>Directors Evaluation Committee established</li> <li>Directors Evaluation and Nomination System introduced</li> <li>A share-based remuneration-type stock option program established</li> </ul>
2018	<ul style="list-style-type: none"> <li>Operating Officer System introduced</li> <li>Independent Outside Directors account for at least one third of all Directors</li> <li>The number of Directors decreased from not more than 15 to not more than 12</li> </ul>
2019	<ul style="list-style-type: none"> <li>Advisory body function of the Directors Evaluation Committee switched to the Board of Directors instead of to the President</li> </ul>
2020	<ul style="list-style-type: none"> <li>Operations restructured into groups; COO and CFO designated</li> <li>Succession Plan to train and develop next-generation management launched</li> </ul>
2021	<ul style="list-style-type: none"> <li>Share-based remuneration-type stock options replaced with a restricted stock remuneration plan</li> <li>Hybrid virtual shareholders' meeting (a meeting in which online participants do not have voting rights) held</li> </ul>
2022	<ul style="list-style-type: none"> <li>Three female independent Outside Directors appointed</li> <li>Moved from the first section of the Tokyo Stock Exchange to its Prime Market</li> </ul>

## Basic policy

To meet the expectations of various stakeholders and to become a company that achieves sustainable growth while increasing its corporate value over the medium to long term, Duskin understands that strengthening of corporate governance is one of its most important management issues. In addition to establishing a management system that can respond quickly and accurately to changes in the business environment, Duskin will further bolster its structure, organization and systems to ensure sound and highly transparent management. Duskin will also place compliance at the center of all corporate activities to continuously improve its corporate value.

Details of the Corporate Governance Report are available on the following web page.

<https://www.duskin.co.jp/english/ir/governance/corporate/pdf/CorporateGovernance.pdf>



## Corporate governance structure

Duskin corporate governance uses an audit and supervisory board system. We have introduced the Operating Officer System to streamline the Board of Directors' decision-making process and strengthen its supervision of company business. To ensure the system's effectiveness, we have also set up the Directors Evaluation and Nomination System. Additionally, to ensure that the process of determining the remuneration of individual directors is objective and transparent, we have established the Directors Evaluation Committee. At the Board of Directors, Directors, who typically serve concurrently as Operating Officers, monitor and supervise the performance of other Directors. The Audit and Supervisory Board consists of independent outside Audit and Supervisory Board Members capable of objectively conducting audits and internal full-time Audit and Supervisory Board Members, who are well acquainted with our business operations and have skills needed to gather information. Under this system, the Audit and Supervisory Board Members, internal and outside, perform accurate audits. We consider this structure highly effective as it supports customer-oriented management while ensuring sound and efficient business operations. This system also enables us to swiftly and precisely respond to changes in the business environment.

Corporate governance structure (as of June 2023)

