



## Fostering CSR Management as a Corporate Culture

### Practicing a management concept

The positioning, Eye Care and Finetech businesses of the TOPCON GROUP are closely related to our daily lives as they serve the needs of social infrastructure, medical care and high-tech areas. In that respect, our businesses are of great interest to society.

I believe that practicing our management philosophy, "TOPCON will widely contribute to the human society through corporate activities.", and aiming to become a group in which employees are proud, and that enjoys the confidence of the society is the management to fulfill our social responsibility.

We have our predecessors' thought incorporated in the Management Philosophy as a starting point, to have a clear vision for the future. In any kind of business situation, we will promote CSR Management.

Especially, a viewpoint from consideration of the global environment, we have a common slogan "Hand down the Irreplaceable Global Environment to the next generation in a sound status". With this in mind, we will realize resource and energy savings by developing environmentally-conscious and environment-contributing products.

### Practicing CSR Activities in Group-global

The TOPCON GROUP is global that approximately half of the employees of the group are working outside of Japan and sales of overseas are more than 70%.

In each country and area, legislations, social norms, history and culture of its society are different and employees' senses of values are various. Therefore, in order to promote CSR management all together as a group, it is important for everyone to share the basic sense of values and in October 2008, we put Basic Policy for CSR in the statutory form.

Furthermore, as president of TOPCON CORPORATION, I will focus on cultivating human resources who share the management principles of the TOPCON GROUP and have the ability to communicate clearly with all stakeholders and work internationally, respecting cultural differences. Also important is the development of an environment in which all employees of the TOPCON GROUP keep corporate social responsibilities in perspective at work.

### Respecting the spirit of the United Nations Global Compact

The TOPCON GROUP participated in the United Nations Global Compact in October 2007.

At the same time, the TOPCON GROUP became a member of Global Compact Japan Network (GC-JN). In 2009, the TOPCON GROUP joined its CSR reporting working group, thereby supporting efforts at advancing and improving CSR reporting in Japan.

The Ten Principles of Global Compact (GC10) have been reflected to our strategies, culture and daily works to uphold the utmost of integrity in all of our business practices.

As the sense of values of the TOPCON GROUP, TOPCON reflected it to Basic Policy for CSR and the TOPCON Code of Business Conduct and laid the foundations to achieve responsible corporate activities for our stakeholders.

The TOPCON GROUP will promote CSR activities through corporate activities and is ready to fulfill its responsibility and raison d'etre as a corporate group and come up to your expectations.

I'd be grateful for your suggestions and feedback.

**TOPCON CORPORATION**  
President

*J. Yokokura*

### United Nations Global Compact

In October 2007, the TOPCON GROUP participated in the Global Compact (GC), a United Nations initiative for a framework of universal principles on human rights, labour standards, the environment and anti-corruption, and declared that it would make the GC principles as an integral part of business activities.

In light of this, the TOPCON GROUP has formulated a basic CSR policy that reflects the spirit of the GC and revised Business Conduct Guidelines.

In addition, the TOPCON GROUP has added a topic on the GC to the in-house training/coaching textbooks in order to instill its ideas into the minds of all employees.

At the GC-JN CSR reporting working group, we reviewed CSR reports from business organizations and facilitated the sharing of information about excellent reports among all members. The TOPCON GROUP was involved in selecting and nominating candidates for Notable COP to the United Nations.

#### The Ten Principles

##### ●HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

##### ●LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

##### ●ENVIRONMENT

- Principle 7 Businesses are asked to support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

##### ●ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.



WE SUPPORT

<http://www.unglobalcompact.org/>  
(United Nations Global Compact)

Based on the management concept and management policy of the TOPCON GROUP, and to promote CSR based on ten principles which the U.N. Global Compact advocates, a basic policy and organization common to the TOPCON GROUP were established.

## ●● Basic Policy for CSR ●●

- 1 TOPCON will locate CSR activities in the center of business and work on it intentionally in order to build, share and implement the sense of values and standards suitable for global enterprise.
- 2 TOPCON will, to the extent of our influence, support and implement the rules and regulations that are globally approved regarding Human Rights, Labor Standards, Environment and/or Anti-Corruption as declared in THE GLOBAL COMPACT.
- 3 TOPCON will make a social contribution voluntarily and actively through developments, production, sales and services of useful products.
- 4 TOPCON will promote an environmental management through the creation of environmentally-conscious business process and through providing with environmentally-conscious products and services.
- 5 TOPCON will strive to establish CSR activities in every officer and employee's daily work and to infiltrate and establish them within global TOPCON group companies.
- 6 TOPCON will acquire understanding and confidence of all the stakeholders of TOPCON group companies by providing with information actively.

## ●● Relationship between stakeholders and the TOPCON GROUP ●●

Based on the basic policy for CSR, the TOPCON GROUP offers products and services that will help address social challenges. At the same time, the TOPCON GROUP attaches great importance to communications with its stakeholders and endeavors to make social contributions through its business activities.

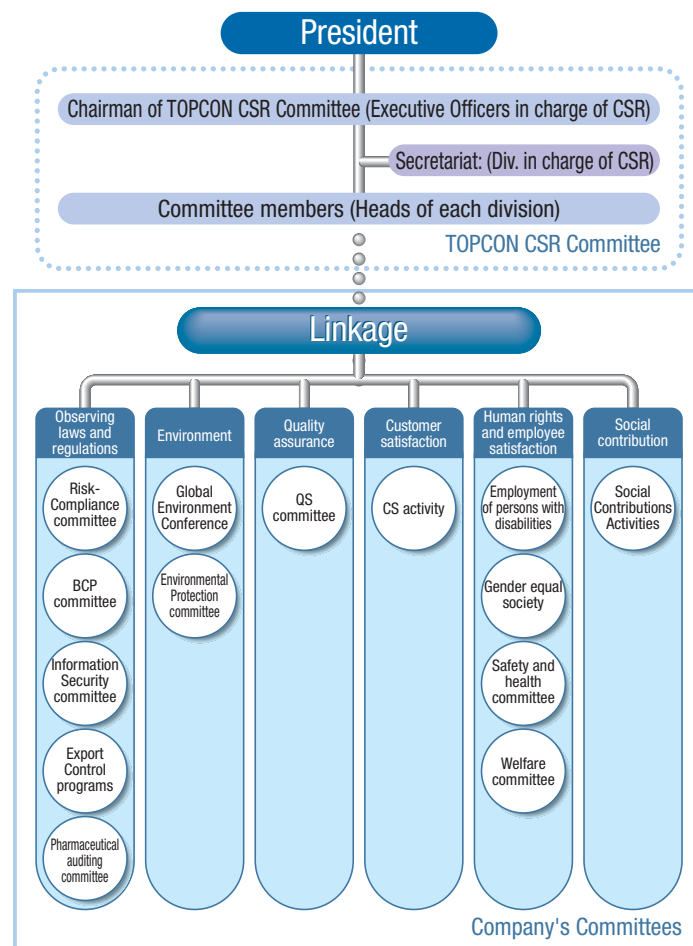


In addition to CSR reports and websites, the TOPCON GROUP utilizes various channels of communication.

- <http://global.topcon.com/about/philosophy.html>  
(Management philosophy)
- <http://global.topcon.com/csr/code.html>  
(TOPCON Code of Business Conduct)
- <http://global.topcon.com/invest/governance.html>  
(Corporate Governance)

## ●● Structure of Promoting CSR ●●

TOPCON's CSR activities are conducted following the policy decided by "TOPCON CSR Committee", and developed within global TOPCON GROUP companies through linkage with CSR-related divisions and other committees.



## Introduction of Business

The TOPCON GROUP introduces various products to the global market by leveraging its core competency in optics accumulated since its establishment. Following is an overview of the three business units of the TOPCON GROUP and their products from a CSR point of view.

### Positioning Business Unit

TOPCON's Positioning Business Unit provides precise positioning products and solutions for the global surveying, construction, agriculture, civil engineering, mapping and GIS, asset management and mobile control markets. Topcon entered the agricultural industry in 2007 and developed cutting-edge precision agriculture systems that allow automatic steering and appropriate fertilizer applications, thereby improving agriculture productivity and reducing impacts on the environment.

### System110, System150, System250 and CropSpec Help Secure Food Safety

System 110, an entry-model guidance system, makes possible the uniform application of fertilizers any time of the day or night just by operating the vehicle in accordance with the LED lightbar and LCD screen. System 150 is a mid-level model AutoSteering system that can significantly increase steering accuracy thanks to the centimeter grade RTK-GNSS receiver. The high-end System 250 has a variable rate control in addition to AutoSteering. This enables to optimize the amount of seed and fertilizer to be applied to each section. The application rate can be controlled in real-time using the CropSpec, an innovative on-the-go nutrient sensor that represents the expertise of over 70 years of Topcon's optical sensor technologies. The Topcon Precision Agriculture systems improve operational efficiencies, offering access to a database of fertilizers and pesticides that have been applied, thus contributing to food safety. Specifically, this will cutback in the use of fertilizer and fuel, as well as agrichemicals and CO<sub>2</sub> emissions to bring about an environment-friendly agriculture business.



### Eye Care Business Unit

The Eye Care Business Unit offers ophthalmic instruments and IT solutions for examination, diagnosis and treatment as well as eyeglass lens grinding equipment and other machines for opticians. (For a description of ophthalmic instruments, see "Relationship Between TOPCON Products and Society" on pages 9 to 10.)

### IMAGeNet, an Ophthalmic Support System, Helps Improve Medical Care Quality Through Integrated Information Management

IMAGeNet allows integrated management of images and clinical data captured by various ophthalmic instruments, such as fundus images, vision acuity data, intraocular pressure data and so on. A suite of software programs allows you to analyze images and perform statistical work easily, so you can make the most use of the captured data. IMAGeNet provides powerful support for accurate ophthalmic diagnosis and saves a lot of time required for diagnosis. Additionally, IMAGeNet can be linked with an electronic medical record system and enables secure sharing of data across different medical institutions via the Internet. This helps improve medical care quality.



<http://www.topcon.co.jp/en/product/index.html>  
(Products)

### Finetech Business Unit

The Finetech Business Unit mainly offers inspection equipment for semiconductor and flat-panel display (FPD) manufacturers. It also provides e-beam units, optical engines for projectors, optical devices for DVD drives, and optical instruments for aerospace applications.

### Vi-SW150 Specialized in Chip Inspection for LED Saves Energy.

Light emitting diodes (LEDs) have come into the spotlight as energy-efficient lighting apparatus because they consume less power and have longer life span than incandescent light bulbs and fluorescent lights. Advanced nations and areas such as Japan and the European Union, each government have decided to ban the production and sales of incandescent light bulbs basically by around 2012. Because of this, LED light bulbs are expected to find more widespread use as their replacements. Additionally, when it comes to Flat Panel Displays, LED liquid crystal televisions that use LEDs as backlights instead of fluorescent lights are becoming popular. The TOPCON GROUP offers inspection equipment specifically designed for manufacturing testing of LEDs to contribute to a reduction of CO<sub>2</sub> emissions.

The TOPCON CSR Committee reviews year-by-year achievements regarding our CSR activities, and sets goals and plans for the next year.

In 2009, TOPCON carried out a wide range of activities, including the formulation and implementation of a CSR Month and a business continuity plan (BCP).

Category	Item	Key Goals and Plans for FY2009	Key Achievements in FY2009	Key Goals and Plans for FY2010
Management Report	<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>Establishment of a CSR Month (thorough implementation and raising company-wide awareness)</li> <li>Implementation of corporate governance &amp; CSR seminars (for senior managers and new managers)</li> </ul>	<ul style="list-style-type: none"> <li>Set CSR Month and held seminars and various events</li> <li>Held seminars for senior managers and new managers</li> </ul>	<ul style="list-style-type: none"> <li>Issuing a reference leaflet on the code of business conduct and disseminating it throughout the TOPCON GROUP</li> <li>Continuing upon reviews</li> </ul>
	<b>Risk Management and Compliance</b>	<ul style="list-style-type: none"> <li>Establishment of BCP and evaluation by top management</li> <li>Implementation of Risk-Compliance seminars (for senior managers and managers)</li> <li>Implementation of Topic-by-topic compliance seminars</li> </ul>	<ul style="list-style-type: none"> <li>Drew up BCP action plan and submitted a progress report to the management</li> <li>Held seminars for all managers and senior managers</li> <li>Held seminars for all qualified</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing the BCP and holding BCP training</li> <li>Holding risk-compliance seminars (for senior managers and managers) (Continued)</li> <li>Holding Topic-by-topic compliance seminars (continued)</li> </ul>
Activity Report	<b>Social Responsibilities</b>	<ul style="list-style-type: none"> <li>Providing environmentally conscious and resource-saving products, and products and services useful for improving medical care, health care and life in general</li> <li>International volunteer assistance for developing countries</li> <li>Assisting of medical and academic institutes (product donation and sponsor seminars)</li> </ul>	<ul style="list-style-type: none"> <li>Launched products that help address social challenges (global warming, aging population, depleting resources)</li> <li>Assisted in eye exams (sent staff and lent equipment)</li> <li>Carried out both plan</li> </ul>	<ul style="list-style-type: none"> <li>Providing environmentally conscious and resource-saving products, and products and services useful for improving medical care, health care and life in general. (Continued)</li> <li>International volunteer assistance (Continued)</li> <li>Assisting of medical and academic institutes (product donation and sponsor seminars). (Continued)</li> </ul>
	<b>Enforcing Environment Management System</b>	<ul style="list-style-type: none"> <li>Increasing the number of companies to be audited</li> <li>Environmental auditing: 8 group companies</li> </ul>	<ul style="list-style-type: none"> <li>Increased the number of companies audited</li> <li>Performed environmental audits on 8 group companies</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the number of companies to be audited.</li> <li>Environmental auditing: 10 group companies</li> </ul>
	<b>Providing Environmentally Conscious Products and Services</b>	<ul style="list-style-type: none"> <li>Providing environmentally conscious products</li> <li>Rate of ECP sales: Over 50% of sales</li> </ul>	<ul style="list-style-type: none"> <li>Increased the sales of environmentally conscious product</li> <li>57% of sales</li> </ul>	<ul style="list-style-type: none"> <li>Providing environmentally conscious products.</li> <li>Over 60% of sales</li> </ul>
	<b>Establishing Environmentally Conscious Business Processes</b>	<ul style="list-style-type: none"> <li>Implementation of measures against global warming. (Reduction in CO<sub>2</sub> emissions)</li> <li>Total emissions relative to 1990 (per unit of sales): 11% reduction (10.76)</li> <li>Effective use of resources</li> <li>Total waste volume relative to 2000 (per unit of sales): 19.4% reduction (1.026)</li> <li>Management of chemical substance</li> <li>Use of organic solvents: 72% reduction (3,335 kg)</li> </ul>	<ul style="list-style-type: none"> <li>Implemented measures against global warming (Reduction in CO<sub>2</sub> emissions)</li> <li>Total emissions relative to 1990 (per unit of sales): 13.7% reduction (10.43)</li> <li>Effective use of resources</li> <li>Total waste volume relative to 2000 (per unit of sales): 18.3% reduction (1.040)</li> <li>Management of chemical substance</li> <li>Use of organic solvents: 78% reduction (2,612 kg)</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of measures against global warming. (Reduction in CO<sub>2</sub> emissions)</li> <li>Total emissions relative to 1990 (per unit of sales): 25% reduction (less than 9.06)</li> <li>Effective use of resources</li> <li>Total waste volume relative to 2000 (per unit of sales): 20% reduction (less than 1.018)</li> <li>Management of chemical substance</li> <li>Use of organic solvents: 72.5% reduction (less than 3,275 kg)</li> </ul>
	<b>Promoting Environmental Communication</b>	<ul style="list-style-type: none"> <li>Strengthening of cooperation with administration and local residents</li> </ul>	<ul style="list-style-type: none"> <li>Assisted in the development of local environmental seminar programs</li> <li>Planned and joined the operating committee for a local environmental event</li> <li>Held "TOPCON Green Christmas" and cooperated in local disaster prevention programs</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of cooperation with administration and local residents</li> </ul>
	<b>Responsibilities to Customers</b>	<ul style="list-style-type: none"> <li>Launching products in advance of market demands</li> <li>Assisting group companies in improving quality assurance systems</li> <li>Implementation of market quality-emphasized measure and quality elaboration strengthening measure for the improvement in quality of design</li> <li>Making customer information visible for promotion of upper-stream loading</li> </ul>	<ul style="list-style-type: none"> <li>Developed and released new products through promotion of TM-1 activities*</li> <li>Made rules on a total quality assurance system across group companies</li> <li>Utilized tools and methodologies in upper-stream</li> <li>Made a scheme for speeding up customer information analysis</li> </ul>	<ul style="list-style-type: none"> <li>Developing and releasing new products through promotion of TM-1 activities (Continued)</li> <li>Improving the total quality assurance system across group companies</li> <li>Improving pre-verification capabilities in upper-stream and prevention of quality problems</li> <li>Promoting prompt feedback of customer information</li> </ul>
	<b>Responsibilities to Suppliers</b>	<ul style="list-style-type: none"> <li>Effective use of a RoHS compliance assurance system for new products and parts</li> </ul>	<ul style="list-style-type: none"> <li>Extended RoHS compliance investigation to those products outside the scope of RoHS directives</li> </ul>	<ul style="list-style-type: none"> <li>Extending applications of the RoHS compliance assurance system to overseas suppliers</li> </ul>
	<b>Responsibilities to Employees</b>	<ul style="list-style-type: none"> <li>Implementation of preventive measures (restricts working hours) based on medical checkup results</li> <li>Implementation of no-smoking programs (smoking cessation support)</li> <li>Implementation of management training programs on safety assurance obligations</li> </ul>	<ul style="list-style-type: none"> <li>Fed back medical exam results and advice from industrial physicians to workplaces</li> <li>Held no-smoking seminars and restricted smoking areas. (Indoor places are now completely smoke-free)</li> <li>Held seminars for all managers</li> <li>Drew up rules for power harassment prevention</li> </ul>	<ul style="list-style-type: none"> <li>Improving physical and mental checkup items and implementation of preventive measures (restricts working hours) based on their results</li> <li>Implementation of no-smoking programs (smoking cessation support).</li> <li>Implementation of management training programs on safety assurance obligations</li> <li>Drawing up a Basic Policy on Human Resource Development.</li> </ul>
<b>Responsibilities to Stockholders and Investors</b>	<ul style="list-style-type: none"> <li>Providing information to stockholders and investors</li> <li>Improving the corporate websites and corporate brochures, and holding IR meetings</li> </ul>	<ul style="list-style-type: none"> <li>Disclosed IR information</li> <li>Updated the IR page on the website, revised a corporate brochure and held IR meetings</li> </ul>	<ul style="list-style-type: none"> <li>Providing information to stockholders and investors</li> <li>Maintaining external evaluations and increasing analyst coverage</li> </ul>	
<b>Communications</b>	<ul style="list-style-type: none"> <li>Issuing TOPCON GROUP CSR Report</li> <li>Issuing group media of CSR (CSR INFO-LINK)</li> <li>Participating in Global Compact Japan Network (GC-JN) working group</li> <li>Posting corporate information on the website in a timely fashion</li> </ul>	<ul style="list-style-type: none"> <li>Issued TOPCON GROUP CSR report in June</li> <li>Issued group media for CSR (CSR INFO-LINK) four times</li> <li>Participated in the GC-JN working group (CSR Report)</li> <li>Added information about the environment and local events for local contribution</li> <li>Communications with nonprofit organizations</li> </ul>	<ul style="list-style-type: none"> <li>Issuing TOPCON GROUP CSR Report (Continued)</li> <li>Issuing group media of CSR (CSR INFO-LINK) (Continued)</li> <li>Participating in the GC-JN working group (CSR Report, etc.)</li> <li>Posting corporate information on the website in a timely fashion</li> <li>Social contributing activities in collaboration with NPOs</li> </ul>	

Note: The goals and plans for the FY2009 may be different from those stated in the 2008 CSR report for greater details.

\* TM-1 (Time to Market No.1) is a project designed to put world-leading products ahead of the competitors.

## The measure and target of CSR (extract)

### Comments from the Chairman of the CSR Committee

The summary table shown at left gives a snapshot of the CSR activities we carried out in 2009 and their results.

While we successfully met the goals for many action plans, we faced challenges in executing some tasks. The 2010 plans will be built on these successes and failures.

The summary is broadly divided into "management report" such as risk-compliance and "activity reports" as per stakeholder. Let me add a few words on each category.

The management report mainly focuses on the tasks intended to disseminate the importance of compliance, a fundamental principle and prerequisite for TOPCON's existence.

The utmost goals of these tasks are to make managers and employees acquire professional knowledge required to place the highest priority on compliance and to let them develop a keen mind and good business sense so as to be able to grasp the changes needed. These abilities are of absolute value for business operation and decision-making.

The activity report deals with the pressing issues the humankind is facing, such as global warming, depleting resources, aging society and so on. It describes contributions made by TOPCON in two aspects: offering socially useful products and reducing environmental impacts for the entire life cycle of a product.

The summary also contains goals and plans for the sake of each stakeholder. The universal principles for CSR are as follows.

Universal CSR Principles	
Customers	Anticipating diversifying and increasingly complex market needs and strives to improve quality at each stage: design, production, maintenance, etc. The objective is to offer highly reliable products to contribute to the growth and prosperity of customers.
Business Partners	Placing high value on mutual trust and partnership with business partners such as agents and suppliers and establishing win-win relationships through information sharing and close cooperation.
Employees	Respecting individuality and different values, fosters a spirit of creativity and innovation so that employees can manifest their true abilities. Developing a corporate culture that encourages open discussions, creating a comfortable workplace in which human rights are respected so that TOPCON will be a company that all employees can be proudly work at.
International and Local Communities	As a corporate citizen, respecting global standards regarding human rights, the environment, labor standards and anti-corruption, and contributing to the creation of a sustainable global market. Remaining a company that deserves trust and respect through creation of new jobs, proper tax payment, beneficial social works and environmental protection activities.
Stockholders and Investors	Seeking to maintain continuous growth, enhances corporate value and disclosing appropriate information in a timely fashion in order to strengthen good relationships with stockholders and investors.