Company Overview

- **Corporate name**: TOPCON CORPORATION
- **Established**: September 1, 1932
- **Location of the head office**: 75-1, Hasunuma-cho, Itabashi-ku, Tokyo
- **President**: Takashi Yokokura, President
- **Capital**: 10,297 million yen (as of March 31, 2010)
- **Consolidated subsidiaries**: 13 domestic and 43 overseas companies (as of March 31, 2010)
- **Number of employees**: 4,888 (consolidated; as of March 31, 2010)

TOPCON GROUP

- **EUROPE**: 17 companies (830 employees)
- **CHINA**: 5 companies (951 employees)
- **JAPAN**: 14 companies (2,297 employees)
- **NORTH AMERICA**: 13 companies (511 employees)
- **ASIA & OCEANIA**: 8 companies (633 employees)

Financial Information

- **Consolidated Sales**
- **Operating Income, Net Income**
- **Sales by Region**

Editorial Policy

Since TOPCON GROUP published the CSR report in 2006 for the first time, we have sought to inform all our stakeholders of our CSR policy and activities. This is the fifth CSR report from the TOPCON GROUP. This year, we have put the main focus on our CSR activities and the proper level of disclosure. Our website posts additional information, including our business conduct guidelines and other policies. In order to find ways to better present information, we have referred to publicly accepted CSR reporting guidelines, talked with NPO representatives and participated in a working group of Global Compact Japan Network (GC-JN). The CSR Report 2010 contains a special feature on our products that will help address social challenges as a way of fulfilling our social responsibilities. A key requirement for participation in the UN Global Compact is annual submission of a Communication on Progress (COP) that describes a company’s efforts to implement the Ten Principles (in the areas of human rights, labor standards, the environment and anti-corruption). This CSR report also serves as our COP on the Global Compact.

- **Report Period**: This CSR report mainly covers our activities for the period from April 1, 2009 to March 31, 2010.
- **Scope of the Report**: Basically, this CSR report describes the activities and achievements of the entire TOPCON GROUP, except where specifically noted otherwise.
- **Date of Publication**: June 2010 (Previous issue: June 2009)
- **Guidelines Used as References**: Global Reporting Initiative (GRI) G3 Guidelines

Social and Environmental Activities (CSR)

- **TOPCON Code of Business Conduct**
- **Major international CSR-related charters TOPCON supports**: United Nations Global Compact

The Investor Relations page provides information about stocks and financial performance, IR website award that TOPCON has received and so on.

The Social and Environmental Activities (CSR) page contains the PDF files of this and previous CSR reports, as well as addition-
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

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.
CSR Mind

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.

● 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, navigation, and other geospatial applications, thereby improving agriculture productivity and reducing impacts on the environment.

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.)

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 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 CO₂ emissions.

Eye Care 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.

Eye Care Business Unit

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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).

<table>
<thead>
<tr>
<th>Item</th>
<th>Key Goals and Plans for FY2009</th>
<th>Key Achievements in FY2009</th>
<th>Key Goals and Plans for FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance</td>
<td>Establishment of a CSR Month (thorough implementation and disclosure on CSR INFO-LINK)</td>
<td>Set CSR Month and held seminars and various events</td>
<td>Issuing a reference leaflet on the code of business conduct and disseminating it throughout the TOPCON GROUP</td>
</tr>
<tr>
<td>Risk Management and Compliance</td>
<td>Establishment of BCP and evaluation by top management</td>
<td>Developed BCP action plan and submitted a progress report to the management</td>
<td>Reviewing the BCP and holding BCP training</td>
</tr>
<tr>
<td>Social Responsibilities</td>
<td>Providing environmentally conscious and resource-saving products, services and solutions useful for improving medical care, health care and life in general</td>
<td>Launched products that help address social challenges (global warming, aging population, depletion of resources)</td>
<td>Providing environmentally conscious and resource-saving products, services and solutions useful for improving medical care, health care and life in general (Continued)</td>
</tr>
<tr>
<td>Environmental Management System</td>
<td>Issuing group media of CSR (CSR INFO-LINK)</td>
<td>Launched the TOPCON CSR website</td>
<td>Issuing TOPCON GROUP CSR Report</td>
</tr>
<tr>
<td>Promoting Environmental Communication</td>
<td>Strengthening the number of companies to be audited</td>
<td>Increased the sales of environmentally conscious products</td>
<td>Strengthening of cooperation with administration and local residents</td>
</tr>
<tr>
<td>Responsibilities to Customers</td>
<td>Launching products in advance of market demands</td>
<td>Increased the sales of environmentally conscious products</td>
<td>Developing and releasing new products through promotion of TM-1 activities (Continued)</td>
</tr>
<tr>
<td>Responsibilities to Suppliers</td>
<td>Assisting group companies in improving quality assurance systems</td>
<td>Increased the sales of environmentally conscious products</td>
<td>Assisting group companies in improving quality assurance systems (Continued)</td>
</tr>
<tr>
<td>Responsibilities to Employees</td>
<td>Conducting evaluation of a RoHS compliance assurance system for new products and parts</td>
<td>Developed and released new products through promotion of TM-1 activities (Continued)</td>
<td>Strengthening of cooperation with administration and local residents</td>
</tr>
<tr>
<td>Responsibilities to Stakeholders and Investors</td>
<td>Providing information to stockholders and investors</td>
<td>Developing and releasing new products through promotion of TM-1 activities (Continued)</td>
<td>Providing information to stockholders and investors</td>
</tr>
<tr>
<td>Communications</td>
<td>Issuing TOPCON GROUP CSR Report</td>
<td>Developing and releasing new products through promotion of TM-1 activities (Continued)</td>
<td>Issuing TOPCON GROUP CSR Report</td>
</tr>
</tbody>
</table>

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 stakeholders.

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 lifetime 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**

- Anticipating diversifying and increasingly complex market needs and striving 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.

- Reflecting our company's core values on mutual trust and partnership with business partners such as agents and suppliers and establishing win-win relationships through information sharing and close cooperation.

- Developing high-quality employees through a management system 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 proud to work at.

- Seeking to maintain continuous growth, enhance corporate value and disclosing appropriate information in a timely fashion for the benefit of stakeholders.

Note: The goals and plans for the FY2010 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.
Special Feature

Relationship between TOPCON Products and Society

Increase of eye diseases such as glaucoma, as well as diabetes and high blood pressure are becoming a social issue, due to the aging of the population and changes in eating habits.

An eye examination may lead to early detection and treatment of these diseases.

Here is a special feature on some products from the Eye Care Business Unit and how they relate to your health care.

When do you see an eye doctor? When you have an eye problem? As part of a regular physical check-up? There may be several reasons.

The products from TOPCON’s Eye Care Business Unit are being used for the examination, diagnosis and treatment of eye diseases, as illustrated at right.

TOPCON contributes to the early detection and treatment of diseases and thus to the overall health of the eye and the body.

Reducing the discomfort and unease of an eye examination

TOPCON has endeavored not only to achieve optimum instrument performance and user friendliness but also to mitigate the discomfort and unease patients feel at the time of an eye examination. For example, TOPCON has developed a non-mydriatic retinal camera, which can capture images with low flash levels, reducing flash glare.

Additionally, the portion that touches the face has a gentle curvature. This reduces stress on the patient and makes it easy to give assistance to those who find it difficult to keep the eyelid open.

Early Detection and Early Treatment

TOPCON has developed a 3D optical coherence tomograph (OCT) that allows 3D capturing of the portions that are posterior to the eye fundus. The 3D OCT allows early detection of lesions lying behind the eye that could not be diagnosed only from the fundus surface conditions.

The Eye Care Business Unit offers products that connect together a variety of visions including “promoting a healthy lifestyle” “providing sophisticated and efficient clinical examinations”, “offering quality eyeglasses”, etc.

Pursuing "the Quality of Vision", from just seeing to seeing with clarity

In addition to eyeglasses and contact lenses, refractive eye surgery, such as LASIK, is now popular for the correction of myopia, hyperopia and astigmatism. Also, as the population ages, more and more people are having cataract surgery. When it comes to cataract surgery, the quality of vision (QOV) is now considered equally important as recovering a non-blurred vision. TOPCON has developed a wave-front analyzer that provides a new effective way of measurement and analysis of the visual performance and helps improve the post-operative QOV.

Creating Socially Useful Products

I belong to the OCT Group of the Eye Care Manufacturing Dept., which is responsible for the assembly, calibration, final testing and packing of 3D OCT instruments.

In 2009, the demand for OCT instruments sharply increased worldwide; so we reviewed our production processes really quickly. 3D OCT is a state-of-the-art instrument that requires advanced production techniques. All the group members kept paying utmost attention to assure the highest possible quality while trying to fill orders. All of us are proud that our 3D OCT instruments are being used all over the world for the early detection of diseases.

Mr. Toga, Manager of Manufacturing Section

Glosary

- Glaucoma: a disease that leads to visual field loss and progresses to blindness. It is the primary cause of blindness in the Asian population.

- Cataract: a disease that causes the crystalline lens of the eye to become progressively opaque, resulting in blurred vision. In most cases, cataract can be surgically removed.

- Retina: a layer of tissue, which triggers nerve impulses to the brain, where a visual image is formed. It serves the same function as the film in a camera. Retinal detachment may lead to vision loss.

- Diabetic retinopathy: damage to the retina caused by complications of diabetes, which restricts blood flow to the retina, leading to decreased visual acuity and eye floaters.

- Age-related macular degeneration: a disease that affects the macula because of the damage to the retina. It results in a loss of detail or distortion of vision and blindness.

- Eye fundus: the inside surface of the eye. It is the part of the human body where blood vessels are discernible. The eye fundus gives signs of diseases of the internal organs that affect blood vessels, such as diabetes and hypertension.

- Intraocular pressure (IOP): the fluid pressure inside the eye. A high IOP can cause optic nerve damage or visual field loss.

- Mydriasis: dilation of the pupil of the eye. It causes blurred vision or glare. Stimulant eye drops were used to cause dilation of the pupil prior to fundus examination until a non-mydriatic retinal camera was invented.
Here is a report about CSR activities that TOPCON GROUP has carried out.

### Holding of events for CSR Month

Up until fiscal 2008, we had set June as the “Environment Month” and educated employees about environmental issues by holding seminars and various events. From fiscal 2009 onward, we have set June as the “CSR Month.” We have held CSR seminars, cast information about our CSR activities and held various events.

**Main Events**
- Cast a message about the CSR Month throughout the TOPCON GROUP.
- Matched business practices with the management philosophy and conduct guidelines.
- Cultivated a corporate culture that encourages open discussions.
- Emphasized work-life balance and health care.
- Held a global environment conference.
- Reported the promotion of environmental protection.
- Environmental management revue, etc.

**Education on the CSR and environment**
- Held CSR and environment educations for non-managerial employees in addition to environment educations tailored to the ISO 14001 requirements.
- Held risk-compliance educations including CSR for managerial employees.
- Published CSR Report.

### Risk-Compliance

**About Our Risk-Compliance Efforts**

The management philosophy of the TOPCON GROUP is to follow social and ethical norms, not to mention laws and regulations, and contribute widely to the betterment of life of the humankind through fair corporate activity. We are trying to heighten the awareness of the TOPCON GROUP across the board regarding compliance. To this end, we have formulated the TOPCON Code of Business Conduct that stipulate a sense of values, which, from the compliance viewpoint, all officials and employees should share. This has been adopted by not only the TOPCON headquarters but all group companies in and outside of Japan.

Moreover, we have continually held training educations for those in the managerial positions who play pivotal roles in the corporate organization as follows. In fiscal 2008, we held risk-compliance educations for managers, and in fiscal 2009, we did have similar educations for senior managers and all newly appointed managers; the total participants added up to 100.

The objective of the risk-compliance educations is not only to give general knowledge about compliance to the participants but make them fully understand the policy and scheme of the TOPCON GROUP. These seminars encompass: 1) legal risks from a global standpoint, 2) considerations for decision-making and risk evaluation, 3) safety and health policy, mental care and so on.

Besides, in order to prevent law violations and legal problems, we have also strived to raise legal consciousness among non-managers as well. As part of such efforts, we periodically post risk-compliance episodes related to daily business operations on a bulletin board together with an easy-to-understand explanation.

### Drawing Up a Business Continuity Plan (BCP)

If a company is not prepared for emergencies, its business may be interrupted for a long time in the event of a worldwide flu pandemic or a big earthquake. It is important to reduce operational risk and minimize adverse impacts on customers and other stakeholders. Formerly, TOPCON had a plan for disaster damage prevention that documented guidelines for the protection of employees and their families, as well as assistance for recovery of the afflicted areas.

Additionally, from 2008 onward, the TOPCON GROUP has been working on a business continuity plan (BCP) to work out how to recover critical business functions such as product/service offerings in the event of a disaster. In 2009, we concentrated on the development of action plans for the critical business functions. These action plans were implemented when a pandemic of a new flu strain (A/H1N1) broke out.

### Internal Control Activities

TOPCON has worked on internal controls, aiming to ensure law observation, and honest and transparent management.

**Enhanced Internal Control System and Provisions for J-SOX**

TOPCON believes that it is one of the management’s significant obligations to enhance an internal control system and that it should be put to active use to achieve corporate objectives. In May 2006, the board of directors approved proposals regarding “System for assuring the appropriate-ness of business operations” ie, “internal control system policy” based on the Companies Act of Japan. It was reflected to “The report on corporate governance” submitted to the Tokyo Stock Exchange.

In light of this, TOPCON assisted its subsidiaries in maintaining and improving their productivity, compliance, risk management and so on in order to strengthen internal controls across the TOPCON GROUP. In fiscal 2008, the Financial Instruments and Exchange Law (so-called J-SOX) became effective for companies listed in Japan, which stipulates the requirements for enhanced financial auditing and an establishment of an internal control system. In response, TOPCON has set up a committee specifically designed to assess the internal controls over financial reporting objectively. Likewise, each of the group companies has set up an internal control system and undergo an assessment. In the future, we will further enhance the internal control systems, which have been reviewed independently by each group company, to ensure that they will be implemented properly. We will also aim to enhance the reliability of financial reporting of the entire TOPCON GROUP through an assessment of internal controls over financial reporting.

### In-House Information Reporting System

TOPCON GROUP has an in-house information reporting system to ensure that the employees, etc. may report risk-compliance information (ie, any information regarding prohibited actions or other actions that are suspected of prohibited actions under laws and/or TOPCON code) directly to risk management supervisor, bypassing the normal office organization. A total of four cases has been reported so far using this system (mainly about work disciplines). In fiscal 2009, there was no report. TOPCON will continually inform its employees of the presence and significance of this system so as to find potential problems early and treat them promptly.

### In-House Auditing of TOPCON GROUP

Using the checklist for Self-assessment on the internal control system, 55 companies in and outside of Japan have been audited. Internal controls were in place over 86% of purchasing, assets, information security, etc. 9% points from fiscal 2007. TOPCON will continue to provide guidance to each group company on further improving its internal controls.

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**CSR Management Report**

We have been issuing CSR INFO-LINK, an in-house newsletter, to convey the basic policy on and experiences of CSR activities to the group companies both in Japan and abroad. The objective is to share the value of CSR and activity information. In fiscal 2009, we issued CSR INFO-LINK four times.

**Contents of CSR INFO-LINK**
- Basic policy for accomplishment of CSR management (Message from president).
- Message from the chairperson of the CSR Committee prior to the CSR Month.
- Establishment of regulations for power harassment prevention.
- TOPCON GROUP and Biodiversity.

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1. Revising “TOPCON Export Control Program”

TOPCON has reviewed and combined the “TOPCON Export Control Program” and the “Export Management and Compliance Program for U.S. Products and Technologies” according to the revisions of the “Foreign Exchange and Foreign Trade Control Law” of Japan, U.S. laws and so on.

2. Conducting audits on company groups

TOPCON conducts audits on its group companies every year, as requested by the Ministry of Economy, Trade and Industry (METI) of Japan. In fiscal 2009, TOPCON audited five subsidiaries in and outside of Japan to ensure that the TOPCON Export Control System is properly implemented.

3. Training export control specialists

To improve the expertise of employees involved in export control, TOPCON recommends taking “Certification exam on export control” held by the Center of Information on Security Trade Control (CISTEC). In fiscal 2009, 11 employees passed the exam; 33 employees are now qualified.

3. Export control meetings

The Export Control Department and related sections meet regularly to share information about major international trends and export control states in the TOPCON GROUP. In fiscal 2009, we held such meetings four times.

Improving Information Security

TOPCON has enhanced the filtering of junk mail and suspicious websites, which can be a cause of unauthorized access and leakage of information. This has made it possible to remove junk mails that accounted for 90% of the received mails and restrict access to harmful websites. Consequently, TOPCON has enhanced security against computer virus and spyware infection.

Information Security Lecture

We invited an external specialist to a lecture on information security management entitled “Episodes of Information Security Breaches, and Possible Countermeasures and Supervisor’s Roles.” Approximately 75 managers in each department and section attended the lecture. After the lecture, we sent the materials and DVD discs of the lecture to all group companies in Japan.

Information Security Education

TOPCON holds information security education (including personal information protection) every year for the employees of group companies in Japan. In fiscal 2009, approximately 2,200 people, or almost 100% of employees, at 10 companies completed the course. Additionally, we held training courses on internal auditing of information security and personal information protection. In fiscal 2009, 11 employees of group companies were qualified as auditors.

CSR Activity Report

Environmental Burdens Caused by TOPCON (FY2009)

Environmental burdens caused by our business activities such as production management, procurement and production include energy, water and chemical use, CO2 and exhaust gas emissions, drainage to sewers; waste disposal, etc. In this section, these environmental burdens are presented in two categories: INPUT and OUTPUT, to show the balance of energy and materials. TOPCON continually endeavors to manufacture better and more environmentally friendly products by understanding where environmental burdens occur and working out countermeasures to minimize them. The total amount of CO2 emissions due to overall energy consumption was 4,018 tons. The atmospheric emission of chemicals (seven substances specified in the Tokyo Metropolitan Environmental Security Ordinance) was 1,500 kg. The overall output was reduced by 10 to 20%, compared with FY2008.
Efficient Use of Resources

Greatly affected by worldwide economic slump, TOPCON failed to meet the goal for emissions per unit of sales in fiscal 2009. Efforts at reducing total emissions, which is a regulated index, were successful, with an approximately 150-ton decrease from the fiscal 2008 level. TOPCON has set the 2010 target for total emissions per unit of sales at 1.018, 20% down from the 2000 level.

Prevention of Global Warming

Over 90% of CO2 emissions from TOPCON derive from electricity usage. Until fiscal last year, TOPCON had used the CO2 emission coefficient based on the 1990 level. Tokyo Electric Power Company (TEPCO) announced an adjusted CO2 emission coefficient for electric power for fiscal 2008. TOPCON has modified the calculation equation for CO2 emissions. TOPCON will endeavor to fulfill its voluntary plan, based on this calculation equation.

Reduction of Waste Caused by Business Activities

In fiscal 2009, TOPCON accomplished the goal for the reduction of volatile organic compound (VOC) emissions specified in its voluntary plan. TOPCON has been trying to further reduce these emissions, led mainly by the Chemical Substance Control Committee. With manufacturing expected to increase greatly in fiscal 2010, the VOC emissions will increase accordingly. Thus, TOPCON has set the fiscal 2010 target for VOC emissions at the fiscal 2008 level.

Award for Combating Global Warming

Topcon Yamagata has set up a global warming committee to promote a company-wide energy-saving campaign. As part of its efforts, Topcon Yamagata participated in the Eco Lifestyle Challenges held by Yamagata Prefecture. To reduce CO2 emissions and help curb global warming, Topcon Yamagata set eco-commutation days, encouraging its employees to pay attention to eco-driving or commuting by train or bicycle or on foot. As a result, it was awarded for environmental friendliness by Yamagata Prefecture. Topcon Yamagata will continue to make further contributions to the prevention of global warming.

Measure at global warming prevention

Here are a few examples of actions we have taken to help curb global warming.

Using LED lighting

TOPCON replaced fluorescent lights in showrooms, etc. with LED lighting, which are expected as a next-generation lighting solution. TOPCON is planning to replace straight tube fluorescent lights in offices and factories with LED lights, considering their improvement performances and price declines.

Using Green Electricity

The Christmas party held by TOPCON got 100% of power (3,000 kWh) from green electricity to inspire visitors with the importance of energy-saving.

Participation in the Challenge 25 Campaign

Following the national kick-off of the Challenge 25 Campaign as the successor of the Team Minus 6% Campaign, TOPCON has registered for it as a challenger.

Government-Industry-Academia Cooperation for Promoting Recycling of Abrasives for Eyeglass Lenses

OPTONEXUS commands a substantial share for the glass lenses for eyeglasses. The abrasives used for glass lenses contain rare substances that are in danger of depletion. Therefore, to realize the recycling of waste abrasives, OPTONEXUS has been involved in an industry-government-academia research project, including Fukushima Prefecture, since fiscal 2008.

In fiscal 2009, OPTONEXUS evaluated the recycled abrasives developed by the project. The evaluation shows that the recycled abrasives can be put to practical use for the polishing process. Use of it will make it possible to reduce waste and utilize limited resources more efficiently. OPTONEXUS will continue its evaluation and make it available to the entire industry through industry-academia-government cooperation.

TOPCON GROUP and Biodiversity

TOPCON has modified the calculation equation for CO2 emissions. TOPCON will continue its evaluation and make it available to the entire industry through industry-academia-government cooperation.

Environmental Protection Activities

ISO 14001 Renewal Audit

TOPCON underwent an ISO 14001 renewal audit from July 22 to July 24, 2009. TOPCON obtained certification renewal in September 2009 for the fourth time since it was certified to ISO 14001.

As a result of an audit, the accreditation body determined that we have maintained conformance to ISO 14001 and accepted continuation of attestation. The auditors found no non-conformance, but gave TOPCON nine minor suggestions for continual improvement concerning document management.

TOPCON GROUP Biodiversity

Environmental activities by business organizations have so far focused on compliance with environmental standards and consideration to human health. However, the activity serves as a complement to an ecosystem altogether. Although the corporate activity of TOPCON GROUP has no direct relation with overturning of animals and plants, introduction of an alien species etc., all the environmental problem has led to destruction of the habitat region of a living thing as shown in a figure. Having an international biodiversity year, TOPCON GROUP will tackle conservation of biodiversity, as an important activity next to the prevention of global warming. Though there is nothing specific to concrete activities other than the continuation of its past activities, TOPCON GROUP will embed biodiversity consciousness into our environmental activities.

Environment Audits on Group Companies

In order to enhance our environmental protection efforts, TOPCON annually conducts environmental audits on manufacturing group companies in Japan and abroad, which cause significant environmental impacts, and gives them guidance and assistance. In fiscal 2009, TOPCON visited Topcon Yamagata, SOKKA TOPCON (Headquarter and Matsudo) and Topcon Processing Systems, Inc. (for auditing, and performed documentary auditing of OPTONEXUS (Headquarter and Takane), the Topcon Europe B.V. group, Topcon Medical Systems, Inc., Topcon Optical (Dongguan) Technology Ltd. and Topcon (Beijing) Opto-Electronics Corporation. TOPCON assessed their environmental management systems as a whole, while focusing on the facilities and equipment that have significant environmental impacts and can lead to environmental accidents. Consequently, TOPCON determined that they had successfully maintained an acceptable management level. Moreover, TOPCON gave guidance on improving environmental management to the facilities that handle chemical substances.

TOPCON CSR Activity Report 2010

TOPCON GROUP CSR Activity Report 2010
Abiding by Product Regulation Under Activity of In-House Committees and the Compliant Procurement System

Committee activities
holds a meeting once a month. The committee is an interdisciplinary group with representation from various departments. Average attendees: 15 people per month.

Established as specialized subcommittee as part of the TOPCON environmental protection organization

Product Environmental Regulation Compliance Committee (global activities conducted by the TOPCON GROUP to accommodate product regulation)
1. Information gathering (2 items reported averagely per month)
2. Activities conducted to ensure compliance with laws and regulations (RoHS-related efforts by group companies: information exchanges with overseas group companies; investigation of REACH-compliant materials; RoHS audits on suppliers; self-checking by overseas suppliers; EIP-related efforts: X-ray fluorescence analysis)
3. Conducted internal audits regarding controls on chemical substances contained in products (checked if each business unit and procurement department are in full compliance with laws and regulations)
4. Ensured that overseas group companies meet the requirements of product legislation. (visited them for audits)

Compliant procurement (hazardous chemical control regime across the supply chain) (RoHS directive, REACH regulation compliant)

Tier 1 suppliers (materials, surface treatment)
Tier 2 suppliers (manufacturers)
Tier 3 suppliers (trading firms)
End users

* Replies from suppliers
* RoHS investigation promotes RoHS compliance investigation, including products beyond the scope of the RoHS directive.
* Investigates materials for products by JAMP AIS format, (40 items investigated in fiscal 2009)

* Transfers information to end users. (to meet the requirement of Article 33 of the REACH regulation) (3 items applied in fiscal 2009)

* RoHS Compliance Declaration
* CE Mark Compliance Declaration

Environmental Protection Activities

Glossary

Topcon's products, including those of the group companies in North America and China, are exported worldwide; so all our products are designed and manufactured in compliance with international regulations.

* Product environmental regulation
  (Energy efficiency, prohibition of hazardous chemical substances, etc.)
  Regulations tightened internationally.

* Product safety and environmental regulations
  Products must comply with all laws and regulations.

CE Mark = Environmental requirements were added to the conventional safety requirements.

AIS

Declaration

ErP directive took effect in August 2005. ErP-compliant products are marked as compliant. An Environment Protection Using Period mark is required on products.

Energy Star regulations for electrical and electronic products stipulated by the US Environmental Protection Agency. An EU directive that restricts the use of hazardous materials (lead, mercury, cadmium, hexavalent chromium), and has eliminated these harmful substances in the manufacture of electrical and electronic products. The RoHS directive took effect in July 2006. Use of the CE mark will be mandated.

The Chinese version of RoHS directive. Currently, items only have to be marked as compliant. An Environment Protection Using Period mark must be applied on products.

Regulations to ensure electronic equipment is compatible with energy efficiency standards for electrical and electronic products created by the US Environmental Protection Agency.

Compliance mark for electrical and electronic equipment that complies with the Machinery directive.

Regulations on electromagnetic interference of electrical and electronic equipment. Compliant products are identified by the KC mark.

Joint Article Management Promotion-consortium. JAMP is working out a mechanism that facilitates disclosure/transfer of information on chemical substances contained in products across the supply chain. JAMP is establishing a framework in Asia.

Approval format prepared by JAMP to describe substances contained in products.
Here introduces several CSR activities that the TOPCON GROUP carried out around the world.

**Assists in reducing environmental loads**
Sponsoring a seminar of a public school in the State Thueringen-Hessen for construction machine operators, Topcon Deutschland G.m.b.H. in Germany sent instructors and lent a machine control system (laser-equipped GPS measuring tool) free of charge. Prevalence of machine control systems will improve work productivity and reduce environmental loads due to resource savings.

**Assists employees in making social contributions**
Topcon Positioning Systems, Inc., a US-based subsidiary, assists its employees in making social contributions. It permits social activities during working hours. Brian Fisher, Territory Manager, participated in a school construction project in Kenya hosted by a Men On a Mission (M.O.M.) organization. M.O.M. is a social service program to contribute one’s time and work skills as a volunteer to help improve the quality of life for people around the world.

**Provides free eye exams**
Topcon Medical Systems, Inc. (TMS), a US-based subsidiary, sponsored social services hosted by “OneSight” and “Friends for Life,” renowned charity organizations in the US. TMS sent staff and lent support through the donation of eye equipment.

**Donations for an earthquake relief**
Topcon Optical (Dongguan) Technology Ltd., China, offered 30,000 yuan and raised 14,700 yuan from its employees in donations for victims of a big earthquake that hit Qinghai, China.

**TOPCON carried out various activities for local people, one of the important stakeholders. Here introduces some of them in brief.**

**Plant tour and work experience programs for college, high school and junior high school students (TOPCON, TOPCON Yamagata, OPTNEXUS)**

**Let the local community use the company premises for an emergency drill, collection of waste items, etc. (TOPCON, TOPCON Yamagata, SOKKIA TOPCON)**

**Academic assistance**
SOKKIA TOPCON lent facilities and equipment at its training center to assist university students with survey practices in fiscal 2009, SOKKIA School supported more than 100 students from three universities for a total of two weeks.

**For the smiles of children (an interview with an employee)**
I was asked to help with a Christmas party for local children for the first time in October 2006. At first, I was not sure if it would be a big gathering of children. I prepared small presents for children and took part in the party. And it turned out to be a big festive party with nearly 500 people. I gave a present to the children; so I talked face-to-face with them. I just remember their big smiles. Since 2006, I have taken part in the Christmas party every year. More than 1,200 people flocked to the party last year. I hope to continue to join the party to see children smiling.

**OneSight Mission**
TMS partnered with Luxottica to provide free eye screenings and eyeglasses to hundreds of underprivileged children from the NYC area at a summer outreach camp.

**“Friends for Life”**
TMS lent a wide range of equipment to this event, which provided free eye examinations for children with diabetes. TMS partnered with Dr. Ben Szirth, PhD, who conducted the screenings.
CSR Activity Report

The strength of the TOPCON GROUP lies in the fact that it is a unique assemblage of people with different values and individuality who are recognized regardless of gender, nationality and age. To leverage our strength, we value communications with our employees, respect their different values and individuality, and foster a spirit of creativity and innovation so that they can manifest their true abilities.

The TOPCON GROUP endeavors to share its fundamental principles with all employees, develop a corporate culture that encourages open discussions, and create a comfortable workplace in which human rights are respected so that the TOPCON GROUP will be the companies that all employees can be proudly work at.

Regulations for Power Harassment Prevention
In order to clarify the company’s fundamental policy on power harassment, the TOPCON has drawn up regulations and published their aims in CSR INFO-LINK by way of declaration to the employees. The objective is to prevent power harassment that involves any employee or other stakeholder and to create a comfortable workplace. The regulations stipulate consultation services, managers’ responsibilities and so on. Although there is no legal definition of the term “power harassment,” TOPCON’s regulations define it as use of one’s position to annoy subordinates by frequently saying offensive things to them or threatening them in a way that infringes on or undermines their human rights or human dignity and aggravates workplace atmosphere.

Working in Diverse Ways
The TOPCON GROUP has worked on establishing and maintaining a personnel system that provides fair appreciation of and treatment to employees according to their abilities and performance, regardless of their age or gender. In the last few years, we have established various employment formats to support diversifying lifestyles of employees. In addition to a two-year childcare leave, we offer several leave systems to help employees to balance work and home life or find a better work-life balance: a short-time work system that is available until a child finishes the third grade at elementary school, a child nursing leave system and so on. Additionally, we also consider it important not only to place the right people in the right jobs but also respect the eagerness and motivation of employees in order to make the best use of their creativity and professional expertise. TOPCON has been striving to create a workplace that makes employees feel proud and motivated. To this end, we have set up a free agent (FA) system, a job posting system, etc. To help people with disabilities manifest their abilities, we have defined work assignments according to the degree of disability, made wheelchair-accessible ramps, paid attention to their means of commutation and so on. In fiscal 2009, 1.34% of the total workforce were people with disabilities (1.48% in fiscal 2008).

Number of Employees Who Applied for Various Job Support Systems (TOPCON Headquarter only)

<table>
<thead>
<tr>
<th>Name of support system</th>
<th>Period / Qualification</th>
<th>Y2007</th>
<th>Y2008</th>
<th>Y2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare Leave</td>
<td>Till the end of the month in which a child reaches the age of 2</td>
<td>6</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Short-Time Work</td>
<td>Till a child has finished the 3rd grade at elementary school</td>
<td>13</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Nursing Leave</td>
<td>1 year</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Re-Employment System</td>
<td>Those who have retired at the retirement age</td>
<td>22</td>
<td>15</td>
<td>18</td>
</tr>
</tbody>
</table>

TOPCON CSR Activity Report

Responsibilities to Employees

TOPCON Group’s Human Resources Development Policy
In order to clarify the basic policy on human resource development of the TOPCON GROUP, we drew up the “TOPCON Group’s Human Resources Development Policy” in April 2010 with a view to sharing the same values with all employees. All human resource development programs will be conducted in accordance with this policy.

1. The TOPCON Group provides opportunities for capacity building and skill-realization to employees with various skills and character traits to help them exercise their qualities to the fullest, placing human resources as the most valuable assets.
2. The TOPCON Group fosters professionals and global human resources* in a planned manner.

*Global human resources: Those who are capable of direct communication with all stakeholders in carrying out their work, while sharing TOPCON Group’s management principles and accepting different cultures.

Labor Union
Name: TOPCON Labor Union
Representative: Executive Chairman, Akitomo Tazawa
Established: January 29, 1946
Form: Independent in-house union
Union member information: (as of April 1, 2010)
1. Number of union members: 869
   (757 men and 132 women)
2. Average age: 37.9 (Men: 36.3, Women: 35.0)
3. Average length of service: 14.7 years
   (Men: 15 years, Women: 12.8 years)
Eligibility: Regular employees at or below the deputy manager level
Form: Union shop (All employees must join the union for an agreed period.)
Officials: Executive chairman, deputy executive chairman, chief secretary, 4 executive members, 2 accounting auditors
Tenure: 1 year (not full-time)
Member organizations: All Japan Council of Optical Industry Workers’ Union, Council of TOPCON related worker’s union (Both are councils.)

Interview with the Labor Union Executive Chairman
“Because the company performance was greatly affected in fiscal 2009 by the so-called “once-in-century” economic calamity, the union faced a difficult situation. The union officials have worked for one year in order to maintain the living standards of union members and improve the working environment, even in this stagnant economy. Especially in fiscal 2009, the union and the employers worked together to turn business around quickly, ensure job security, and above all, improve the work-life balance. This fiscal year, we will continue to make utmost efforts as the representation of employees, or stakeholders of the company, focusing on CSR activities.

Executive officials of the union
## Measures for smoking

TOPCON has taken tangible and intangible smoking measures. As far as tangible measures are concerned, TOPCON has created a smoke-free environment by designating smoking areas outdoors and on the roof and enforcing a total ban on indoor smoking from April 2009 on. The group companies in Japan has taken similar measures to protect nonsmokers from passive smoking. When it comes to intangible measures, TOPCON has conducted various anti-smoking campaigns, such as handing out leaflets that describe the ill effects of smoking during physical check-ups; lecturing new employees on the risk of smoking during training seminars; and holding smoking cessation classes for those who want to quit smoking but still have the inclination to smoke.

## Health Care

TOPCON holds a number of programs designed to improve and safeguard the health of employees so that they can go about their work cheerfully and efficiently and bring out their potential abilities. TOPCON is concentrating on health education programs, which are held after regular physical check-ups. For example, those who have a serious health risk may be removed from heavy-duty jobs, having their working hours limited or encouraged to take advice from industrial physicians or health nurses according to their conditions. Information about the physical conditions of employees is managed in a centralized fashion and utilized to give them appropriate advice. Moreover, we have talked with the cafeteria companies to offer well-balanced healthy meals at worksite cafeterias, placed blood pressure gauges where anyone can use them, and held stretching and taping seminars led by sports club members. All these activities were intended to heighten awareness about health.

## Measures toward occupational accident

TOPCON GROUP Safety and Health Policy states that it strives to eliminate occupational accidents and injuries and minimize potential risks. In fiscal 2009, we have modified the format of the Accident Report Form so that we can ensure thorough investigation and take corrective action to prevent similar accidents. Additionally, we have set up a safety/health database, and accident reports will be disclosed in it, in the event of an accident so that all employees can share the information about how it occurred and how a recurrence can be prevented. The Safety and Health Committee and industrial physicians patrol workplaces to identify potential safety risks early and make them remedy the situations.

## Description of the Safety/Health Database

TOPCON has created the Safety/Health Database that is accessible via the in-house network. The database provides information about our safety and health activities, which can be viewed by all employees in headquarters as well as group companies in Japan. To realize a safe and comfortable workplace and maintain and improve physical and mental health, it is important for all people to be conscious of safety and health. Therefore, the database not only provides the minutes of committee meetings that are required by laws to be available to all employees, but also offers our policy and guidelines, related laws, news and topics on safety and health, and so on. In fiscal 2009, one accident occurred that did not lead to absence. (*) The man who met the accident suffered a third-degree burn from an overflowing hot-melt adhesive while he was doing an adhesive application work using a hot-melt dispenser. In fiscal 2008, there was an accident that led to absence in which an employee tripped on a difference in level on the floor. Although there was no such accident in fiscal 2009, we will continue to eliminate differences in floor heights. The following table shows the continuous accident-free hours, severity rate, frequency rate per working hours, etc. in fiscal 2009.

* Statistics of the TOPCON headquarters only

<table>
<thead>
<tr>
<th>Continuous accident-free hours</th>
<th>TOPCON</th>
<th>Average of the Manufacturing Industry FY2008/ More than 1,000 employees</th>
<th>Average of All Industries FY2008/ More than 1,000 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severity rate (Absence of 1 day or longer)</td>
<td>0.00%</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Frequency rate per working hours (Absence of 1 day or longer)</td>
<td>0.00%</td>
<td>0.26%</td>
<td>0.55%</td>
</tr>
<tr>
<td>Frequency rate per 1,000 workers (Absence of 4 days or longer)</td>
<td>0.00%</td>
<td>3.00%</td>
<td>2.30%</td>
</tr>
</tbody>
</table>

## Responsibilities to Employees

1. TOPCON GROUP policy and guidelines
   1) TOPCON GROUP Safety and Health Policy
   2) Other guidelines
2. Policy and plans for safety and health activities
   1) Policy for safety and health activities
   2) Annual plans for safety and health activities
3. Information from the Central Safety and Health Committee to all employees
   1) Minutes (Required by the Industrial Safety and Health Act of Japan to be made available to all employees)
   2) In-house safety and health events
   3) Educational materials on safety and health
4. Accident prevention activities
   1) Near-accidents
   2) Accident-free hours
5. Health care and health promotion
   1) Mental health
   2) Health promotion
6. Laws and regulations related to safety and health
   1) In-house regulations
   2) Related laws
   3) News and topics on safety and health
7. Announcements from industrial physicians

## Percentage of serious accidents

<table>
<thead>
<tr>
<th>Number of dead and injured per working hours</th>
<th>FY2008</th>
<th>FY2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency rate</td>
<td>2.30%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Severity rate</td>
<td>0.55%</td>
<td>0.26%</td>
</tr>
<tr>
<td>Continuous accident-free hours</td>
<td>Total 3,020 thousand hours</td>
<td></td>
</tr>
</tbody>
</table>

## Stretching and taping seminar

TOPCON is concentrating on health education programs, which are held after regular physical check-ups. For example, those who have a serious health risk may be removed from heavy-duty jobs, having their working hours limited or encouraged to take advice from industrial physicians or health nurses according to their conditions. Information about the physical conditions of employees is managed in a centralized fashion and utilized to give them appropriate advice. Moreover, we have talked with the cafeteria companies to offer well-balanced healthy meals at worksite cafeterias, placed blood pressure gauges where anyone can use them, and held stretching and taping seminars led by sports club members. All these activities were intended to heighten awareness about health.

## Measures for smoking

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Responsibilities to Customers and Suppliers

At TOPCON, every November is Quality Month. It is a good opportunity to raise the “Quality First” awareness, and a number of programs are planned with a view to further enhancing our product quality.

In fiscal 2009, we held several new events under the theme “Quest for Fundamental Quality – What’s Your Definition of Quality?” such as a quality forum for engineering departments, a poster exhibition showing benchmarks of quality improvements made by advanced enterprises, and an expert lecture.

[Poster Exhibition]

In addition to examples of quality improvement achieved by the three business units and the component manufacturing department, posters showed the quality improvement techniques used by electronics manufacturers, automakers and so on and the benchmarks of their quality activities.

[Quality Forum]

The first session was an open discussion focused on improving design quality. The participants discussed quality issues facing the Positioning, Eye Care and Finetech Business Units and possible solutions.

[Expert Lecture]

An outside expert was invited to hold a lecture entitled “Front-End Quality Control” in order to raise quality awareness among the officers in charge of the management of the company and each business unit, as well as employees in the managerial positions. The objective was to inspire positive actions for quality.

We will continually take measures to improve product quality and thus customer satisfaction.

The TOPCON GROUP maintains a comprehensive and objective assessment of suppliers, considering quality, pricing, delivery reliability, technical levels, management stability, environmental soundness and so on.

When it comes to international procurement, Chinese suppliers have recently increased presence as their international competitiveness has increased. However, being overseas suppliers, they did not have a high degree of recognition or visibility within TOPCON. To address this issue, we held a joint Chinese supplier exhibition for the first time to promote procurement of Chinese parts and materials. The exhibition hall was divided into three zones: machine tooling, electric assembly and optical forming. People from 22 companies offered explanations; and exhibit panels provided information about each exhibitor (location, number of employees, production capacity, etc.) and its selling points. Items employed in TOPCON’s products and their actual applications were also introduced. Nearly 300 people, especially designers and engineers, of TOPCON visited the exhibition. We heard lots of positive remarks from both visitors and exhibitors like “It was nice to know Chinese suppliers well. The exhibition was productive.” from visitors and “I was able to create relationships that would lead to business with TOPCON.” from suppliers.

We are arranging for the date and program of the next exhibition as we received requests from most of the visitors and exhibitors for the next exhibition.

TOPCON CSR Committee
Hiromasa Miyawaki, Chairman

In Response to the Third-Party Opinion

On the TOPCON GROUP CSR report, Mr. Yamaguchi made an essential comments and suggestions each time from the viewpoint of a third party.

Mr. Yamaguchi made an essential comments and suggestions each time from the viewpoint of a third party.

Generally, Corporate Social Responsibility (CSR) reports are evaluated based on how well they cover the range of entities that should be included in the report. At the same time, I think it is important to determine whether a CSR report has been improved year by year to meet the needs of society. It is necessary, however, to keep perusing CSR reports from the same organization for several years to be able to make such a decision. In practice, this viewpoint is not considered as part of the criteria for commendations of CSR reports.

Fortunately, I’ve read and appraised your CSR reports since 2002 and take note of representatives every year; I know your CSR reports have become better and better. In the meantime, you have made great efforts to improve your CSR report and reflected our dialogues to your editorial policy. I highly appreciate gradual improvements you have made in both report content and quality. The 2010 report is no exception.

Above all, the good points about the 2010 CSR report include: 1) using a website in tandem with the print version of the CSR report; 2) descriptions taking social issues into consideration; and 3) a comment of the chairman of the year your CSR committee.

Regarding point 1, the descriptions of corporate policies, guidelines and schemes took up much space previously. To devote limited space to activity reports, these topics have been moved to the website. The cornerstone of the CSR report should be descriptions of CSR activities that an organization has carried out over the report period; thus I think use of the website was a wise decision. The 2010 CSR report still does have some things left to be desired. I’d like to recommend that the principle of the plan-do-check-act (PDCA) cycle be applied to the next CSR report to describe the results of activities; issues that have emerged; and action plans for the next year to solve these issues.

Tamio Yamaguchi, Representative
Specified non-profit organization
Junkan Workers Club

Junkan Workers Club: This is a civic group whose main purpose is to (1) discuss from a global point of view, the ideal figure of a circulation-based society, which is to have harmony with the natural ecosystem that should be handed down to our next generations, and (2) research, support, and implement any efforts to form a circulation-based society by local citizens, businesses, and public administrations.

URL: http://www.nord-i.se/junkan/

Point 2 is a significant viewpoint today as corporate social responsibility is being redefined as a commitment to addressing social issues through core businesses. This is reflected to the Special Feature and the explanation of your three business units in a manner that does not smack of advertisement and belittles a CSR report.

Point 3 is an obvious expectation, but in reality, not many CSR reports contain a comment of the CSR committee representative. I found the comment on page 8 of much use to understand the whole CSR report. My suggestion here is to focus on a summation of your activities, however.

There are many other points that require improvements. The first and foremost is a description that is appropriate to a global company whose overseas sales account for 73% and overseas employees make up 53% of the total workforce. Although, from 2009 on, your CSR report has contained information related to overseas CSR activities such as CSR pervasiveness, use of chemical substances, compliance with product legislation and the human resource development policy, I am of the opinion that its coverage is not still sufficient.

To elevate your CSR report to a new level, it is essential to establish a system for collecting global information and set both domestic and international goals. I suggest considering the environment, labor accidents and personnel issues at first. Also, issues concerning working environments and conditions are emerging at overseas factories. To avoid or resolve such issues, Japanese companies, one after another, have been investigating the working environments at their overseas facilities. I have so far seen descriptions of such investigations in CSR reports from sports equipment and game console manufacturers, but I’d like to note that other business organizations will be expected to address such issues in the future.

Tamio Yamaguchi, Representative
Specified non-profit organization
Junkan Workers Club

In Response to the Third-Party Opinion

On the TOPCON GROUP CSR report, Mr. Yamaguchi made an essential comments and suggestions each time from the viewpoint of a third party.

The third-party opinion is like a report card with an account of how well or badly we have engaged in stakeholder dialogues and helps us review our performance of CSR management. Fortunately, the comments of Mr. Yamaguchi were much the same as my recognition of the issues TOPCON is facing. I interpret his comments as milestones along a road that will lead to an elevated level of CSR management. I will take them as an encouragement for us to proceed with confidence.