TOPCON Special CSR Activity Report

CHINA CSR Mind

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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: 12 domestic and 44 overseas companies (as of March 31, 2011)
- Number of employees: 4,727 (consolidated; as of March 31, 2011)

Business

- Positioning business
  - (Surveying equipment)
  - Eye Care business
    - (Ophthalmic & medical equipment)
  - Finetech business (industrial equipment and optical devices)
- Major international CSR-related charters TOPCON supports
  - United Nations Global Compact

History

In 2006, the TOPCON Group published a CSR report for the first time, combining an environment report that had been issued previously. Since then, the TOPCON Group has endeavored to convey its CSR activities and achievements of the entire TOPCON Group, except where specifically noted otherwise.

This CSR report mainly covers the activities and achievements of the TOPCON Group for the period from April 1, 2010 to March 31, 2011.

Editorial Policy: About the Disclosure of Our CSR-Related Information

In 2006, the TOPCON Group published a CSR report for the first time, combining an environment report that had been issued previously. Since then, the TOPCON Group has endeavored to convey its CSR activities and achievements of the entire TOPCON Group, except where specifically noted otherwise.

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Date of Publication

June 2011 (Previous issue: June 2010)

Guidelines Used as References

- ISO26000 “Guidance on social responsibility”
- Global Reporting Initiative (GRI) G3 Guidelines
- Environment Reporting Guidelines 2007 from the Ministry of the Environment of Japan

Financial Information

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

Our Code of Business Conduct states, “TOPCON will have communication with the society and disclose the correct corporate information appropriately on a timely basis.” In line with this commitment, the TOPCON website provides information as required by and in accordance with applicable laws and stock exchange regulations.

We hope that this report will serve as a clear and transparent report of the TOPCON Group’s CSR activities.

In addition, TOPCON will continually post information that may be of interest to our stakeholders in a timely and appropriate fashion.

The TOPCON website has been highly appraised by several rating agencies.

For details, please see the Investor Relations page on the website.

The Website of the TOPCON Group is highly rated by multiple website rating organizations. For details, see Joining Forces with Our Stakeholders on page 25.

Our Company Website is the starting point for both our stakeholders and the public.

In addition, TOPCON will continually post information that may be of interest to our stakeholders in a timely and appropriate fashion.

TOPCON Ukraine
First of all, I’d like to express my condolences to the people affected by the Great East Japan Earthquake and pray for them to recover a normal life as soon as possible. TOPCON is engaged in businesses that are closely related to people’s daily life, namely Positioning (social infrastructure), Eye Care (medical care) and Finetech (advanced technology). We’d like to exert our expertise to provide reconstruction assistance to the affected areas.

In April, the TOPCON Group set forth the “TOPCON WAY” as a management vision shared by all the group companies. TOPCON has a corporate identity cultivated since its establishment in 1932. Fortunately, TOPCON has enjoyed the trust and goodwill of many stakeholders and steadily expanded its businesses. However, given rapidly-changing social and business environments, we were challenged to re-think our social significance and how we can better connect to our stakeholders. Consequently, the “TOPCON WAY” re-clarifies a set of values we should keep.

The “TOPCON WAY” consists of seven principles listed on the right page.

Regarding relationships with international and local communities, the “TOPCON WAY” reflects the principles of the UN Global Compact which we have participated in since 2007. This is because we think that compliance with international standards is a key to a continual growth of sound global markets.

With the “TOPCON WAY” as guidepost, TOPCON will continue to study the possibilities of “light” with TOPCON likeness, and contribute to build a rich human society and support all life forms.

The keywords are “proactive and responsive attitudes” and “compliance.” It is my sincere desire to respond to social needs expeditiously and flexibly. I’d be grateful for your support, suggestions and feedback.

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The “TOPCON WAY” defines a set of values, decision-making criteria and overriding principles that all executives and employees of the TOPCON Group share beyond the national and corporate boundaries.

Clause 1 defines the principle of our existence; Clause 2 clarifies the prerequisite for our existence; and Clauses 3 to 7 declare our relationships with our stakeholders.

The word “light” in Clause 1 refers to a wide range of our technologies in the areas of radio waves, infrared rays, visible light, ultraviolet rays and X rays.
To fulfill our CSR obligations in accordance with the "TOPCON WAY", TOPCON Code of Business Conduct and the 10 principles of the Global Compact, the TOPCON Group shares the basic policy and the CSR organization.

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 intensify 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.

Overview of Corporate Governance, Internal control, Risk-compliance

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<thead>
<tr>
<th>Corporate Governance</th>
<th>Corporate Governance Principles</th>
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<td>Key Operations</td>
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Relationship between stakeholders and the TOPCON GROUP

Topcon studies the possibilities of “light,” creates new values toward the future, and contributes to build a rich human society.

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

Reconstruction Assistance for the Areas Affected by the Great East Japan Earthquake

The Positioning Business Unit offers various high-precision positioning and distance-measuring instruments to the world market ahead of its competitors by leveraging its state-of-the-art GPS, laser and image analysis technologies. Total stations and GPS receivers are most widely used for land surveying, civil engineering and 3D measurement. These products are collectively referred to as positioning sensors. They are combined with other kinds of sensors and control technologies to create diverse products for a broad range of applications, such as construction ICT, precision agriculture and mobile control. (The positioning sensor applications are detailed in “TOPCON Products That Contribute to the Development of Social Infrastructure” on pages 9 and 10.)

We believed that the products of the Positioning Business Unit (such as GPS surveying equipment) are indispensable for the reconstruction of the areas affected by the Great East Japan Earthquake and donated our GPS and other survey equipment.

Eye Care Business Unit

Innovative PASCAL Retinal Photocoagulator

The Eye Care Business Unit mainly offers ophthalmic examination equipment, advanced medical equipment, diagnostic systems, and optical lens edgers. In August 2010, TOPCON set up a new firm to make a full-scale entry into the market of ophthalmic treatment systems. The PASCAL photocoagulator is designed for retinal photocoagulation procedures (a method of treating tears of the retina using a laser) using a pre-determined pattern array. As the population ages, elderly persons account for an increasingly larger percentage of diabetic patients. Diabetes leads to various health complications, of which diabetic retinopathy is the leading cause of blindness in Japanese adults. For the treatment of diabetic retinopathy, photocoagulation is one of the important therapeutic alternatives along with surgery and medications. PASCAL steers a laser beam in a pre-determined pattern array, which provides benefits such as less patient pain and shorter treatment time.
### CSR Mind

The TOPCON CSR Committee reviews year-by-year achievements regarding our CSR activities, and sets goals and plans for the next year. In 2010, TOPCON carried out a wide range of activities, including a formulation of the Corporate Governance Principles and the "TOPCON WAY", a review of the business continuity plan (BCP), health promotion for employees and so on. The CSR Report 2011 contains the results of self-assessment for our CSR activities.

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<tr>
<th>Items</th>
<th>Key Goals and Plans for FY2010</th>
<th>Key Achievements in FY2010</th>
<th>Key Goals and Plans for FY2011</th>
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**Legend:** In the "Self-Assessment" column, 100% met: Completely met, Partly not met, or there is room for improvement.
TOPCON has cultivated unique optical technologies over decades since its establishment. The Positioning Business Unit combines them with state-of-the-art GPS, laser and image analysis technologies to lead the world in various fields such as surveying, Construction ICT, precision agriculture and mobile control.

The products of the Positioning Business Unit play important roles in the building, maintenance and management of social infrastructure shown in the illustration such as roads, railways, rivers and ports that support our daily lives.

TOPCON is determined to make a multi-faceted contribution to the reconstruction of the earthquake-affected areas through infrastructure development.

Land Surveying and Civil Engineering

Contributing to the Reconstruction Using High-Accuracy and Labor-Saving Survey Technology

The huge earthquake moved the Japanese land by as much as a few meters. Thus, land surveying is of fundamental importance for the reconstruction of the affected areas. Surveying instruments have evolved tremendously thanks to the development of science and technology. Today, GPS surveying instruments are commonly used. TOPCON’s GNSS receivers* provide hybrid satellite positioning capabilities that can use both U.S. GPS and Russian GLONASS signals. Due to the incredibly high precision, the GNSS receivers are highly valued both in Japan and abroad.

As a result, the latest robotic total stations utilize a new tracking engine with an enhanced stability. They eliminate the need for an assistant staff member and allow the operator to work alone efficiently and with high accuracy.

Civil Engineering and Construction ICT

Contributing to Fast Recovery Thanks to Reduced Work Processes

Construction ICT is a technology that streamlines construction projects by utilizing IT technology to process various data. The core of Construction ICT is a machine control system that consists of a heavy construction machine coupled with a suite of sensors. It allows the operator to control the height and angle of the machine blade according to design data. Use of 3D digital data collected by surveying greatly improves construction accuracy even when a machine is running at high speed. An inertial sensor enables high-speed precision guidance and automated control. These lead to a significant reduction of a construction period.

Additionally, a combination of Construction ICT and GNSS positioning provides extremely accurate control even when a machine is moving at high speed. This makes it possible to achieve smooth civil engineering finish. Quick construction and reduced iterations help to improve the productivity, cut fuel bills and reduce CO2 emissions.

3D Measurement

Contributing to an Investigation of the Affected Areas and the Creation of Reconstruction Simulation Data

3D measurement services are expanding year by year, being driven by the needs for the maintenance and management of buildings and other structures. Laser scanners are primarily used for 3D measurement to render high-density details without contact. Applications of laser scanners include: road maintenance and repair planning; debris volume calculation; landfill volume measurement; maintenance management of large structures such as bridges and steel towers, etc. Laser scanners are well suited to investigate the quake-affected areas and create reconstruction simulation data. Also, imaging stations 15, which consist of a total station coupled with digital cameras and a simple scanner, allows surface data collection as well as point data collection.

Mobile Mapping

Useful for Simulating Urban Reconstruction

Digital mapping is now a component of information infrastructure essential for everyday life. Geographical information systems (GIS) stack various location data tailored for specific needs onto digital maps. These tools are becoming increasingly and widely used to develop and maintain national land; enhance governmental activities; improve the convenience of everyday life; create new services and so on. By driving a car mounted with TOPCON’s mobile mapping system, accurate geospatial information on roadway and roadside features can be collected. At the same time, a digital camera can be added to capture 360-degree spherical images synchronized with geographical locations. The captured images and 3D point metadata can be processed to assess, identify and extract various objects on and around roadways. TOPCON’s mobile mapping system provides 3D geospatial information efficiently and at low costs.

For the post-quake reconstruction, the mobile mapping system provides pre-disaster 3D geological location data and images and creates simulation data for fast urban planning. It will play more important role for a quick recovery.

Precision Agriculture

Environmentally Friendly Agriculture Using GPS Technology

Recently, there is a worry about a major food crisis as the per-capita crop acreage is on the decrease as a result of world population growth. As high-efficient production systems are required for agriculture, precision agriculture that combines GPS positional information and IT technology is becoming increasingly popular especially in US and Europe. TOPCON has leveraged the technologies used in control systems for construction heavy machines, which combine the core GPS technology with control technology, to develop an integrated agricultural system that can be utilized for the entire cycle of planning, planting, growing and harvesting.

TOPCON’s precision agriculture systems keep track of the kinds and amounts of the sprayed chemicals. This helps to ensure the food safety. The combination of auto steering and variable spraying systems helps to save fertilizers and fuels, leading to cost reductions. This is also environmentally friendly since it reduces the amounts of agrochemicals and CO2 emissions.
CSR Management Report

Addressing Corporate Governance Issues

- **Formulation of the Corporate Governance Principles**
  - There are various views on and definitions of corporate governance.
  - The board of directors, auditors and executives discussed the way corporate governance should be exercised in TOPCON for half a year to formulate the Corporate Governance Principles. We referred to the corporate governance principles of the Tokyo Stock Exchange, the Japan Corporate Governance Forum, etc. as guiding models.
  - There are differences in views about who owns a company among Japan, the U.S. and Europe. With such differences taken into account, we have concluded that a company exists for the sake of all stakeholders, including shareholders and employees, and clarified the relationships with many stakeholders involved.
  - Additionally, we have reached a common view that governance responsibilities lie with the board of directors and auditors as trustees of shareholders.

- **Definition of Corporate Governance**
  - TOPCON's definition of “corporate governance” is a corporate system in which the board of directors and directors of the company decide on important matters stipulated in the basic management policy, laws and regulations, as well as on other matters of importance regarding management; the board of directors supervises the business practices that executives perform using management resources; and the board of directors monitors these corporate business practices. At TOPCON, “corporate governance” is viewed as a framework designed to let the company exhibit its best performance whilst keeping the corporate system and order.

- **Basic Ideas on Corporate Governance**
  - 1) The directors and auditors take responsibility for corporate-governance practices of TOPCON. All stakeholders are involved in corporate governance, including shareholders, customers, business partners and employees.
  - 2) TOPCON continuously improves its corporate governance: observes corporate ethics and acts with integrity; endorses to increase corporate value incrementally; and enhances the soundness and transparency of management.

- **Missions of the Company Organizations (OMitted)**
  - **Relationships with Stakeholders**
    - 1) in order to offer highly reliable products to help customers expand their business, TOPCON makes its utmost efforts to improve quality in all phases, ranging from design, development and production to sales and after-sales services.
    - 2) TOPCON respects mutual trust and partnerships with its business partners such as distributors and expands mutual business through information sharing and close cooperation.
    - 3) TOPCON stresses it important to communicate with its employees and respects their uniqueness, value, creativity and enterprise spirits to let them show their best performance. Employees, as members of the community, share the principles of existence and value of TOPCON to contribute to the enhancement of its corporate value.
  - 4) As a member of international and local communities, TOPCON respects global standards with regard to human rights, environment, labor and so on and contributes to the establishment of sustainable markets.
  - 5) TOPCON discloses appropriate information to shareholders in a timely fashion to foster a trusting relationship and increase corporate value. TOPCON respects the fundamental rights of shareholders and ensures the equality of treatment of all shareholders by prohibiting any undue treatment of specific shareholders.
  - **Internal Corporate Governance Controls (OMitted)**
  - **Information Disclosure (OMitted)**

Holding events for CSR Month

Since 2009, we have set June as the “Environment Month” and carried out various awareness-raising programs.

In 2010, we held a monthly event to offer an opportunity to “think about CSR management and the relationships with stakeholders.”

**Main Events**

- Communicated a message about the "CSR Month" and the event schedule the group companies by publishing CSR INFO-LINK.
- Revised the Basic Regulations on Environmental Protection.
- Added clauses on biodiversity preservation.
- Held a global environment conference.
- Held CSR and environment educations.
- Published CSR Report.

**Distribution of the Japanese version of the CSR Report** to all employees.

- **Donated old books, involving all employees.**
  - As an event of the CSR Month, TOPCON held a social action program in which all employees can participate.
  - We collected old books from employees and donated them to a nonprofit organization (NPO) called SHAPLANEER, which is working in Asia. We made a donation of 1,236 books to its “Sutemal Books-Box of second-hand book program,” which amounted to 23,528 yen in value.
  - Adopted a business-casual dress code throughout the year (to work in more comfortable attire and lift up an unhibited corporate culture).

Addressing Risk-Compliance issue

- **Formation of the Regulation on Prevention of Bribery of Domestic and Foreign Public Officials, etc.**
  - This regulation bans both management and employees from improperly offering financial or other advantage to civil servants or public offices in whichever country or region in order to maintain a fair competitive order. It is related to Principle 10, Anti-Corruption, of the UN Global Compact.

- **Formulation of the Basic Regulation on Public Relations Management**
  - This regulation obliges both management and employees to reject any demands from, and bans them from having any relationships with anti-social forces or organizations that might pose a threat to the order and safety of civil society.

- **Holding Risk-Compliance Education**
  - The TOPCON Group holds risk-compliance seminars for employees regarding TOPCON Code of Business Conduct, human rights, harassment, safety and health, environment, export control, information security and so on.
  - The TOPCON Group has held these seminars for managers since 2008 and held them for 22 new managers in 2010. We will continue to hold risk-compliance seminars for those in managerial positions.

- **Establishing a Decision-Making Scheme**
  - To further improvement of the risk management quality, we have drawn up the guidelines for descriptions in proposal forms so that appropriate information will be supplied to decision-making board meetings and in request form of approval.

- **Improving the Content of the Risk-Compliance Bulletin Board of the In-House Database**
  - We reviewed and improved the content of the Risk-Compliance Bulletin Board, which is designed as an information-sharing vehicle for the TOPCON Group. It poses information about corporate governance, risk countermeasures, CSR and so on. We have been trying to keep it up-to-date.

- **Defining of Corporate Governance**
  - TOPCON, all stakeholders are involved in corporate governance, including shareholders, customers, business partners and employees.

- **Basic Ideas on Corporate Governance**
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  - **Information Disclosure (OMitted)**

Grappling with the Business Continuity Plan (BCP)

The Great East Japan Earthquake that hit Japan on March 11 measured Intensity 5 Upper in Tokyo on the Japanese scale and shook the TOPCON’s headquarters building. Although a few ceiling panels fell down, the building was not damaged structurally.

We were reviewing the 2010 Business Continuity Plan (BCP), but in light of the repercussions of the earthquake on social infrastructure such as water, electricity and gas as well as supply chains, the earthquake brought some issues to light that need to be addressed.

Specifically, it is necessary to fix shelves and cabinets so that they will not fall down; establish a means of two-way communications with employees; improve preparedness for those who would have difficulty returning home; secure accommodations for the mission-critical crew; build IT network infrastructure; and review supply chains. It is also necessary to share a new revision of the BCP across the company, make careful prior preparations and break the BCP into detailed plans.

These efforts will be continued in 2011 to get a clear picture of what would happen if an inland quake hit Tokyo and what we would be able to do in practice to deal with possible situations.

Whistleblower hot-line

TOPCON established Whistleblower hotline in 2006 to collect information and take action to resolve issues regarding risk-compliance information of prohibited actions under laws and/or TOPCON Code of Business Conduct, or actions which breaks socially accepted idea, or information of suspicions of these actions.

This system allows employees, etc. to report risk-compliance information directly to Division in charge(Corporate Audit Div.), bypassing the normal office organization so that any misconduct or corruption will be found and addressed early. One case was reported in 2010 using this system. TOPCON will continually inform its employees of the presence and significance of this system so as to further improve compliance management.

Internal Auditing of TOPCON GROUP

In order to regularly monitor the internal control status of the group companies, 35 companies in and outside of Japan have been audited in 2010 using a checklist for self-assessment on the internal control system.

We reviewed the range of items on the checklist, based on the results of the previous year in order to determine more accurately whether internal controls are being conducted properly. As a result, the overall score for the establishment of internal controls was 88%, four points up from fiscal 2009.

TOPCON provided guidance to the group companies that needed an improvement on specific items to have them further address the issues of internal controls. TOPCON will continue monitoring to enhance the internal control environment across the TOPCON Group.

http://global.topcon.com/invest/strategy/governance/(CorporateGovernance)
CSR Management Report

Strengthening an Export Control System

1. Conducting export control audits
   To determine that export control is being carried out properly, the entire TOPCON Group is systematically audited every year. In fiscal 2010, we conducted internal audits of the sales, engineering and other departments and also audited 10 group companies in and outside Japan. Additionally, we rated the export control performance of all group companies on a 5-point scale to determine that they were not violating any law or regulation.

2. Holding export control educations
   In order to raise compliance awareness, TOPCON held export control educations for new employees, those in the sales and engineering departments, and those in charge of export. In fiscal 2010, TOPCON held export control educations 13 times on department-by-department and hierarchy basis for a total of approximately 200 employees.

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 2010, 12 employees passed the exam; 45 employees are now qualified. We aim to increase this number to 55 by the end of fiscal 2013.

Information Security and Personal Data Protection

4. Holding export control meetings
   The Export Control Department and the related sections met regularly to share information about major international affairs and export control status in the TOPCON Group. In fiscal 2010, sales, engineer- ing and other related sections held such meetings four times.

5. Clarifying export control procedures and assigning approval procedures based on security levels
   TOPCON is gathering information about international affairs (for example, in Iran, North Korea and Libya) to devise procedures for proper export control. We have simplified the export procedures for countries and group companies that have a reliable export control system and we are preparing to assign approval authority, based on security levels.

Quality Improvement Activities

In fiscal 2010, we started up a Technology/Quality innovation project to speed up development as well as to improve quality promoted quality-by-design initiatives, such as “a design review” and innovation for the development process.

On the occasion of the “5th Quality Month” in November, TOPCON set the “TOPCON Technology/Quality Month” to raise technology improvement and quality-first awareness and held various events such as a quality forum.

Quality Forum
   TOPCON holds quality forums twice a year. The August forum focused on preventing recurrence of problems and nipping problems in the bud, in keeping with these themes, innovation tools for the development process were introduced. Additionally, we displayed exhibit panels showing competitors’ activities for quality improvement and efforts being made at TOPCON.

Activities with Business Partners

As part of cooperation with business partners, TOPCON held a briefing session on its procurement policy for Chinese suppliers (TOPCON’s supply chain involved in machine work, plastic molding, etc.). Twenty firms came to the briefing session, in which we gave an overview of TOPCON and presented information about material and component procurement.

The participants gave positive comments like “It was not a mere cost reduction negotiation. I’d like to appreciate the proposal for making concerted efforts among TOPCON and its suppliers to reduce costs.”

Value Analysis, Cost Reduction and Process Improvement Case Study Exhibition
   TOPCON implements international procurement procedures in accordance with the principles of the UN Global Compact (regarding labor, environment and so on).

In fiscal 2010, TOPCON held a case study exhibition together with group companies in order to speed up VA*1/CD*2 and improvements of work processes for in-house processing and assembly. These have been cultivated with business partners and help to greatly save energy, reduce burdens on the environment and cut costs.

1 Value Analysis: Continuous activities systematically performed to create necessary functions at a minimum cost by studying balances between functionality and cost, such as analysis capabilities on both internal and external resources with regard to: Changes to design and material specifications Changes to manufacturing processes Changes to suppliers

TOPCON CSR REPORT 2011
CSR Activity Report

Topcon will implement two-way communication with employees and will respect diverse individualities, values, and the spirit of creation and innovation, and maximize the employees’ skills.

TOPCON Group’s Human Resources Development Policy

1. The TOPCON Group provides opportunities for capacity building and self-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.

3. The TOPCON Group clearly defines desired employee characteristics (behavior traits and sense of values) and shares the recognition with all employees.

4. Each TOPCON Group company develops human resource development systems and specific plans suitable for its own business model and scale in accordance with the Human Resources Development Policy, and communicates them to all employees for implementation.

Educational System

<table>
<thead>
<tr>
<th>Name of system</th>
<th>Contents of education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contents of education</td>
<td></td>
</tr>
<tr>
<td>New employee training</td>
<td></td>
</tr>
<tr>
<td>mid-carrier training</td>
<td></td>
</tr>
<tr>
<td>low-level manager training</td>
<td></td>
</tr>
<tr>
<td>new-manager training, etc.</td>
<td></td>
</tr>
<tr>
<td>By occupational qualification</td>
<td></td>
</tr>
<tr>
<td>Specialized training in each department, such as engineer training, sales training and skill development training</td>
<td></td>
</tr>
<tr>
<td>Self-development assistance</td>
<td></td>
</tr>
<tr>
<td>Foreign languages; in-house TOEIC tests, correspondence courses; license/qualification acquisition assistance, etc.</td>
<td></td>
</tr>
<tr>
<td>Risk-Compliance education</td>
<td></td>
</tr>
<tr>
<td>TOPCON Code of Business Conduct; human rights; harassment; safety and health; environment; export control; information security, etc.</td>
<td></td>
</tr>
<tr>
<td>Dispatch to external organizations</td>
<td></td>
</tr>
<tr>
<td>Next-generation leader development; overseas trainee system, etc.</td>
<td></td>
</tr>
</tbody>
</table>

Responsibilities to Employees

While respecting the diversity of people as to their nationality, human race, religion, age, gender, value, and so on, 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. In the last five 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 2010, 1.5% of the total workforce were people with disabilities, slightly up from 1.34% in 2009. However, it still remains lower than the statutory employment rate of disabled people (1.8%). To address this issue, TOPCON has laid down the following basic policy to improve recruitment activities and employment environments, including those of the domestic group companies that have not met the statutory rate. (Companies with 56 or more regular workers are legally bound.)

Basic Policy
1. Companies with 101 or more regular workers shall meet the statutory employment rate of disabled people by the end of 2011.
2. Companies with less than 101 regular workers aim to meet the statutory employment rate of disabled people by the end of 2011.

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, 2011)
1. Number of union members: 829 (702 men and 127 women)
2. Average age: 38.1 (Men: 38.5, Women: 35.7)
3. Average length of service: 14.9 years (Men: 15.1 years, Women: 13.5 years)
Eligibility: Regular employees at or below the deputy manager level
Form: Union shop
(All employees must join the union for an agreed period.)
Superior body: None

Labor Union Activities After the Earthquake
Looking at the disaster of the Great East Japan Earthquake, the executive committee discussed what we could do to help as a labor union and union members. Consequently, we decided to call for donations independently, which were defined as the ‘money used for the relief and support of the affected people or money given for charity’. We held a fund raising event from March 22 to April 6. We asked not only union members but also company executives and employees of the group companies for donations. A total of 940 people kindly made donations of 1,729,322 yen. Wishing the money would be any of help, it was sent to the employees, including those of the group companies, who were themselves or whose up to second-degree relatives were greatly affected by the quake; to the greatly affected group companies; and to the Japan Red Cross.

Communications Between Labor Union and Company

- Labor-management gatherings:
  Regularly held once a month to share information. The company reports on the business conditions and new topics, and the labor union in turn gives its opinions or suggestions.

- Labor-management negotiations:
  Held regularly once a month or when requested to exchange opinions on specific issues or for the labor union to make representations to the company.

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>
<th>Y2010</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>
<td>13</td>
</tr>
<tr>
<td>Short-time Work</td>
<td>Till a child finished the 3rd grade at elementary school</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Nursing Leave</td>
<td>1 year</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Re-Employment System</td>
<td>Those who have retired at retirement age</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

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Measures for Smoking
Cigarette smoke, which contains numerous toxic chemicals, is a major cause of serious diseases. To help employees maintain and improve their health, the TOPCON Group drew up guidelines on workplace smoking in 2008 and has since promoted non-smoking and smoking cessation programs. TOPCON has put emphasis on these programs since they will lead to a reduction in medical expenses in the future. Here are a few activities conducted at TOPCON:

- To those who wanted to quit smoking, TOPCON offered smoking cessation medicine for free at the company clinic. They tried to give up smoking under the direction of an industrial physician. As a result, 46 people (or 4% of smokers) successfully broke free from smoking.
- When it comes to those who have no intention of quitting smoking, we exploited a number of opportunities to persuade them that smoking is a disease called nicotine addiction. Additionally, with the help of employees who had quit smoking, we created a smoking-awareness poster with their photos and comments to let all employees know the efforts and results of the smoking cessation program.
- TOPCON discontinued the sales of cigarettes at the shops in and removed cigarette vending machines from the company premises. TOPCON is also promoting efforts at improving smokers’ manners.

Changes in Smoking Rates

<table>
<thead>
<tr>
<th></th>
<th>Y2008</th>
<th>Y2009</th>
<th>Y2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>49%</td>
<td>36%</td>
<td>33%</td>
</tr>
<tr>
<td>Female</td>
<td>18%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>37%</td>
<td>32%</td>
<td>30%</td>
</tr>
</tbody>
</table>

All smoking area located outdoor

Health Care
TOPCON has been grappling with health care for all employees so that they can stay healthy, happy and full of life and bring out their potential abilities at work.

- To help improve the health of employees, TOPCON picks up those with high health risks after a regular physical checkup and have them have an interview with an industrial physician to get advice on improving their lifestyles. This interview has shown good results as it inspired some people to receive early treatment. Also, depending on the result of a checkup, employees are removed from heavy-duty jobs or have their working hours limited not to increase their health risk any further.
- TOPCON is also promoting efforts at improving smokers’ manners.

- TOPCON is taking active steps to encourage its employees to seek special health maintenance guidance (regarding metabolic syndrome) being promoted by the government.
- Lifestyle-related illnesses are chronic diseases that increase the risk of complications such as arterial sclerosis. Since 2010, TOPCON has conducted the so-called special health maintenance guidance in earnest to help its employees improve their lifestyles. To prevent health problems brought on by overwork, those who have worked more overtime hours than a certain limit are forced to have an interview with an industrial physician. If it has been determined as a result of the interview that working hours should be limited for the sake of health, work supervisors are directed to give due considerations.

- When it comes to the employees with mental health issues, the company asks the industrial physician to keep close contact with their doctors to share information. To prevent new mental cases, new managers are trained to recognize the signs of mental issues in early stages.
- Not only in-house health staff provide mental health care; there is also a system that allows employees to have mental counseling sessions at external organizations free of charge up to five times. Company is not concerned about a counselee’s name nor the contents. Since employees can take expert advice from experienced counselors, this system helps them lesson their worry or mental distress. Counseling cases: Y2009: 19 cases; Y2010: 20 cases

Changes in Smoking Rates

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All smoking area located outdoor

Number of Work-Related Accidents, Severity Rates, Frequency Rate Per Working Hours and Main Cases

<table>
<thead>
<tr>
<th></th>
<th>TOPCON HQ</th>
<th>Average of the Manufacturing Industry FY2008 More than 1,000 employee</th>
<th>Average of All Industries FY2008 More than 1,000 employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous accident- free hours</td>
<td>Total 5,400 thousand hours</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Severity rate (Absence of 1 day or longer)</td>
<td>Percentage of serious accidents</td>
<td>0.00%</td>
<td>0.09%</td>
</tr>
<tr>
<td>Frequency rate per working hours (Absence of 1 day or longer)</td>
<td>Number of serious accidents</td>
<td>0.00%</td>
<td>0.98%</td>
</tr>
<tr>
<td>Frequency rate per 1,000 workers (Absence of 4 day or longer)</td>
<td>Number of dead and injured per million working hours</td>
<td>0.00%</td>
<td>1.61%</td>
</tr>
<tr>
<td>Four Accidents Not Accompanied by Lost Work Time</td>
<td>Number of dead and injured per 1,000 workers per annum</td>
<td>0.00%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Four Accidents Not Accompanied by Lost Work Time
In 2010, there were four accidents that were not accompanied by lost work time.
- Injured the eyes due to leakage from a corroded pipe of a chloride cylinder.
- Fell down from a stepladder and bruised the hip while trying to replace a ceiling light.
- Got dizzy on staircases, fell down and bruised the head, elbows and knees.
- Injured the eyes due to glue.
**CSR Activity Report**

**UNGC-related activities**

**What is the Global Compact of the United Nations?**

In January 1999, the United Nations held a session of the World Economic Forum in Davos, Switzerland, when Kofi Annan, Secretary General of the United Nations, proposed the concept of the Global Compact (GC). In July 2000, the GC was formally inaugurated. The GC requires the participating companies from around the world to support and implement the ten globally established principles spanning four fields, namely human rights, labor, the environment and anti-corruption.

**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 collective bargaining; and
  - Principle 4: the elimination of all forms of forced and compulsory labour; and
  - 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; and
  - 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.

**Participating in the GC**

"In October 2007, the TOPCON Group joined the GC and declared that it will incorporate the GC into its corporate activities. At the same time, the TOPCON Group established basic CSR guidelines that reflect the spirit of the GC. And we featured the contents of the GC in our employee education textbook, getting the GC across in the group." In addition, TOPCON has joined GC-JN, the local network in Japan, and is now engaged in three major activities: researching CSR reports, getting the GC across the internal organization, and taking countermeasures against global warming.

**Activities of the GC-JN subcommittee**

**CSR report WG**

The subcommittee interprets the topics to be introduced into the activity report requested by the GC, and the Communication on Progress (COP). The subcommittee verifies the contents of the CSR reports produced by individual member organizations, and shows the action plans of the good samples. These activities make it possible to share with members any new findings on the GC and encourage the members to conduct active discussions, thereby helping them to increase their awareness of CSR. The outcome is expected to be reflected in the CSR report.

**In-house GC awareness-raising WG**

http://www.unglobalcompact.org/(UN Global Compact)

**TOPCON GROUP Environmental Vision 2020**

To fulfill its social responsibility as a corporate group that offers products to the global market, the TOPCON Group has established its position concerning this important environmental issue and is announcing its Environmental Vision 2020, as follows.

1. **Preventing global warming**

   The TOPCON Group, which regards global warming as the most important environmental issue, aims to reduce the amount of CO2 emitted by all of its Japanese sites by 25% before the end of fiscal 2020, as compared with fiscal 1990. Overseas sites will endeavor to reduce the amount of CO2 emissions site by site accordingly.

2. **Contribution by Products**

   We will promote efforts to reduce energy consumption and to conserve resources to reduce the environmental impact through the product lifecycle much more. We will work with our customers to offer products, technologies, and services that help prevent global warming, that make effective use of natural resources, and that conserve biodiversity. Also, in manufacturing, we will commit to recycling and using effectively the waste material produced from our corporate activities, including development, production and sales.

**Environmental Burden Carried by TOPCON (FY2010)**

The TOPCON Group will disclose the balance between energy and materials caused by our corporate activities.

**Environmental Impact of the TOPCON GROUP**

"Most of the environmental impact of the TOPCON Group, which owns processing plants in Japan and China, comes from CO2 emissions through the use of electricity and fossil fuels and the waste material from the production process. Because of its nature of optical instruments, much amount of organic solvents are used in machining and assembling process for washing." The following data shows the environmental impact of the emissions of the TOPCON Group’s corporate activities. These figures include sales, assembly, and the activities of subsidiaries whose activities have low environmental impact.
CSR Activity Report

Reducing the Environmental Impact

The TOPCON Group is promoting activities to conserve the environment based on the “TOPCON WAY” and TOPCON Code of Business Conduct. "Major factories of TOPCON Group have acquired ISO14001 certificate and are tackling the energy saving and reduction of wastes and chemical materials. On this page, we are introducing some activities of environmental protection which they are tackling."

Prevention of global warming

Energy Conservation in China

In October 2010, Topcon Optical (Dongguan) Technology Ltd., which is a member of the TOPCON Group based in Guangdong Province, China, initiated company-wide activities acting in accordance with laws to promote clean production, the Chinese version of the energy conservation law. To understand the management and consumption of energy, it is striving to identify problems concerning energy use and exploring opportunities to reduce energy consumption, thereby improving economic effectiveness.

To promote the principle of saving energy, reducing consumables and reducing waste to all employees, the Chinese company prepared a training handbook and issued it to each employee. It also has installed bulletin boards carrying the “clean production” slogan throughout its factories.

Making Efficient Use of Resources

Topcon Medical Systems, Inc.

In April 2010, Topcon Medical Systems, Inc., a member company based in the United States, relocated its offices to Oakand, New Jersey. This building incorporates the latest facilities and is expected to provide innovative solutions for the ophthalmic medical equipment sector and serve as a green office that is designed to minimize environmental impact. Examples include the use of recycled resources, low-voltage illumination and human-sensitive sensors, as well as large fans in warehouse space to conserve energy.

Biodiversity Conservation

The private-sector partnership for biodiversity

The corporate activities of the TOPCON Group have no direct connection with the overuse of animals and plants or the introduction of exotic species. However, we recognize that all environmental problems will lead to the destruction of native habitats. On June 1, 2010, we revised the environmental policy for TOPCON headquarters and TOPCON TECHNOHOUSE headquarters. As key areas in conducting environmental activities, we gave top priority to consciousness to protect biodiversity as well as reducing environmental impact.

In November 2010, we were admitted as a partner in promoting the declaration on biodiversity by the Japan Economic Federation, and we also joined the private-sector partnership for biodiversity.

ISO14001 Audit

In the TOPCON Group, five companies (four Japanese and one Chinese) whose production processes have a large environmental impact and who have acquired ISO14001 certification are screened each year by the certification authority.

<table>
<thead>
<tr>
<th>Company</th>
<th>Approval Date</th>
<th>Certification organization</th>
<th>Latest audit date</th>
<th>Type of audit</th>
<th>Category &quot;A&quot; (major)</th>
<th>Category &quot;B&quot; (minor)</th>
<th>Opportunity for improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOPCON and TOPCON TECHNOHOUSE</td>
<td>1997/9/29</td>
<td>JACO</td>
<td>2010/08/19--20</td>
<td>Surveillance</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>TOPCON YAMAGATA</td>
<td>2000/3/20</td>
<td>TUV</td>
<td>2010/07/21--23</td>
<td>Surveillance</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Topcon Optical(Dongguan) Technology Ltd.(China)</td>
<td>2001/5/17</td>
<td>SGS</td>
<td>2010/05/10--11</td>
<td>Renewal</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>OPTONEXUS HQ</td>
<td>2001/5/17</td>
<td>JQA</td>
<td>2010/10/19--22</td>
<td>Renewal</td>
<td>0</td>
<td>0</td>
<td>13</td>
</tr>
</tbody>
</table>

To improve its environmental activities, the TOPCON Group conducts environmental auditing at regular intervals. The audits are conducted either on-site or based on documentation, depending on the situation. In fiscal 2010, on-site audits were conducted at four domestic companies and one overseas company. Documentation-based audits were conducted at three domestic companies and three overseas companies.

Environmental Auditing of Group Members

Responding to the EU REACH Regulations

Promoting Research into Hazardous Chemical Substances through Supply Chains

The REACH regulations, which is EU regulations concerning the management of chemical substances, has a list of hazardous chemical substances, such as carcinogens and substances that are likely to cause reproductive toxicity. Information on the content of these substances in products must be disclosed, subject to a user request. Researching hazardous chemical substances included in products requires following the supply chain from the manufacturers of components to the upstream manufacturers of materials. To address this requirement, we verify that products are free of hazardous substances by promoting research into these substances in the plastic raw materials in cooperation with the manufacturers of plastic molds in the upstream supply chain, mainly in relation to plastic parts such as housings and casings.

We also promote research using AUS (a research information sheet concerning the inclusion of chemical substances) provided by the Joint Article Management Promotion consortium (JAMP), of which we are a member.

http://global.topcon.com/csr/add_ecp.html (Additional Information to CSR Report)
CSR Activity Report

The following is part of the TOPCON Group’s activities to contribute global and local communities through its corporate activities.

Providing Support to Facilities for Victims of Child Abuse

Topcon Positioning Systems, Inc., a member of the TOPCON Group in the United States, provides a range of support, including financial support, to Open Arms Shelter, temporary residence for children who have been removed from their homes due to abusive parents or guardians. Mike Tibbit, advertising manager, also made every effort through television appearances to have these activities widely accepted through news coverage.

Ongoing Cooperation with the Special Olympics

For many years, the TOPCON Group has cooperated with the Special Olympics, targeting athletes with intellectual disabilities. To help these athletes display their full potential, the Group provided personnel, medical checkups, and equipment such as Optometry equipment and spectacles.

Academic assistance

Every year, SOKKIA TOPCON Co., Ltd. provides equipment and materials required by training facilities as curricular support for university surveying courses. In fiscal 2010, the Wills Eye Institute, a renowned ophthalmic specialist hospital in the United States, sent four teams of six volunteer employees to the OneSight Mission organized by Luxottica. The two-week camp provided free ophthalmic exams and spectacles to underprivileged children.

Providing Warm Clothing to Low Income Areas

Topcon Optical (Dongguan) Technology Ltd., a member of the TOPCON Group in China, responded to a call by the government to engage in charitable work. In November 2010, the company called on its employees to offer winter clothing and bedding. The collected proceeds were donated to low income areas.

Ophthalmic Treatment for Earthquake-Affected Areas

Jim Bashant, Corporate Sales director in Topcon Medical Systems, Inc., a member of the TOPCON Group in the United States, joined the mission of 20 volunteer doctors visiting Haiti’s capital, Port-au-Prince, which was damaged by earthquakes in January 2010. Of the nearly 1000 people who gathered to receive medical treatment, 400 required ophthalmologic exams. Their treatment activities gave these people a ray of hope.

Collaborating with Ophthalmologic Examination

This year, Topcon Medical Systems, Inc., a member of the TOPCON Group in the United States, sent four teams of six volunteer employees to the OneSight Mission organized by Luxottica. The two-week camp provided free ophthalmic exams and spectacles to underprivileged children.

Participating in Community Events (Employee Interviews)

At TOPCON, we often heard that events for local children are organized every year during the Christmas season. After seeing illuminated decorations in the lead-up to Christmas, we became interested in how they were accepted by the locals. We responded immediately when we heard that volunteers were needed for the current program. On the day of the event, we participated in the program starting with site management. We were responsible for photography during the event. We saw the many smiling faces of the children and other locals and we believe that the community was very happy with the event.

Acknowledgment

TOPCON Green Christmas 2010

Image from KTHV feature story, a CBS network affiliate located in Little Rock, Arkansas.

Mobile eye screening centers “Wills on Wheel”

OneSight Mission’s volunteers

Members of the volunteers

Relief Supplies Collected

Receipt of supplies

3D OCT-2000

Provision of Ophthalmologic Examinations and spectacles to underprivileged children.

TOPCON CSR REPORT 2011

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Hoping for an Early Recovery from Disaster

Support for the Affected Areas
Following the devastation of the earthquake and tsunami in eastern Japan on March 11, 2011, we provided the following support. We thought that GPS and other types of survey equipment produced and marketed by our group would help in the reconstruction of the affected areas.

- Donating GPS and other types of survey equipment (implemented through government organizations)
- Relief funds
- Providing survey equipment (free other than the cost of parts)
- Free loan of equipment
- Provision of free software
- Provision of emergency supplies (from the company’s stock), including emergency food supplies, drinking water and heating oil
- Repairs to equipment (free other than the cost of parts)
- Free loan of equipment
- Provision of free software
- Provision of emergency supplies (from the company’s stock), including emergency food supplies, drinking water and heating oil

The TOPCON Group is ready to help customers and business partners recover from the devastation as soon as possible.

Supporting Customers and Business Partners
We have been supporting the devastated customers at business places and medical organizations, as well as the business partners at agencies, because of the earthquakes and tsunami waves.

Our support includes the following main areas:
- Repairs to equipment (free other than the cost of parts)
- Free loan of equipment
- Provision of free software
- Provision of emergency supplies (from the company’s stock), including emergency food supplies, drinking water and heating oil
- Repairs to equipment (free other than the cost of parts)
- Free loan of equipment
- Provision of free software
- Provision of emergency supplies (from the company’s stock), including emergency food supplies, drinking water and heating oil

Along with creating this system, the current report also includes self-evaluation in each category.

I also agree with the general overview regarding this self-assessment item when it says, “There is still some margin for flexibility when it comes to ensuring the objectivity and validity of assessment.” However, I believe that making a self-assessment with some margin for flexibility will enhance the PDCA circle for CSR and that the descriptions in the report will change from the present PD-only stance to the PDCA-circle stance, creating significant opportunities for cultivating CSR. In the future, I would like you to set up international standards as well as key Performance Indicators (KPIs) in each category.

In this sense, this report clearly identifies the departure to the ‘next journey.’ In the fiscal 2011 report, your stakeholders are watching the reports relating to great earth-quake in eastern Japan and the handling ISO 26000. Writing about the earthquake begins with the message from your top official and is followed by articles such as the special topic, BCP and support for the reconstruction efforts. Indeed, this information is essential. However, I would like to have found an article that emerged dealing with problems in the face of the earthquake. An example would be the supply chain, the location of production sites, measures related to energy, and the relationships with communities. As the report was due out in May, you may have had insufficient time to verify the material. In this sense, I am looking forward to reading your contribution in the next issue of the report.

Regarding ISO 26000, you have signed a memorandum of understanding (MOU) for cooperation with the participating 52 member companies. Reference is also made to the GRI and ISO. I have high hopes that by referencing this international standard, you will verify your own CSR and report the result of your verification.

Award-Winning Websites

How Relief Supplies Are Being Transported

In Response to the Third-Party Opinion

I believe that squarely addressing the demands of a society that is continuously evolving and changing will be important in enabling the Topcon Group community to grow sustainably. The CSR Report for fiscal 2011 is one achievement along the way. Therefore, the opinion of Mr. Yamaguchi as a third party is a proposal on behalf of the needs of society. I understand this proposal expresses the viewpoint required in the future. Although different degrees of interest in the issues to be addressed, we would like to deal with them face to face and arrive at solutions together with our stakeholders.

TOPCON CSR Committee
Hironobu Miyawaki, Chairman