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

The TOPCON Group has endeavored to convey information about corporate social responsibilities (CSR) to all our stakeholders since the group renovated conventional environmental reports into a CSR report in 2006. The current report, the eighth edition, features the group’s social contribution through its corporate activities based on the TOPCON WAY. As a participant in the UN Global Compact (GC), the TOPCON Group is required to present an annual “Communication on Progress (COP)” report, in which a company describes how it deals with the 10 Principles of the GC (in the areas of human rights, labor, the environment, and anti-corruption), as mentioned on page 17. The CSR Report 2012 is designed to serve as a COP report.

● Report Period
This CSR report mainly covers our activities for the period from April 1, 2012 to March 31, 2013.

● 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
May 2013 (Previous issue: June 2012)

● Guidelines Used as References
ISO26000 “Guidance on social responsibility”
Global Reporting Initiative (GRI) G3.1 Guidelines
Environment Reporting Guidelines 2012 from the Ministry of the Environment of Japan

We selected easy-to-read colors and character fonts for those who have problems in color recognition.

Joining Forces with Our Stakeholders

Topcon will appropriately disclose information to shareholders in a timely manner, work to build a relationship of trust with them, and continually strive to improve our corporate value.

As it is indicated in “TOPCON WAY” and Code of Business Conduct, the TOPCON Group makes every effort to cultivate a relationship of trust with our stockholders and other stakeholders by disclosing appropriate and timely information in accordance with laws and regulations stipulated by the stock exchange.

In April 2011, The Management Vision, Management Policy and Business Conduct Guidelines were integrated and rearranged into the “TOPCON WAY”, a newly-defined fundamental principle of the TOPCON Group.

http://www.topcon.co.jp/en/corporate/philosophy/ (TOPCON WAY)

This CSR Report 2013 and previous CSR reports in PDF format, as well as additional environment-related information not covered in the CSR reports, Code of Business Conduct and CSR Policy are available on the Social and Environmental Activities (SEA) page of our website.

http://global.topcon.com/csr/ (CSR)

The Investor Relations page of our website provides information about stocks and financial performances. A website award that TOPCON has received and so on.

http://global.topcon.com/invest/ (Investor Relations)

Award-Winning Websites

http://global.topcon.com/about/profile/ (Corporate Profile)
http://global.topcon.com/invest/library/finance/ (Financial Results)
http://www.topcon.co.jp/en/corporate/outline/ (Business Outline, Key Strategy)
In June 2012, the TOPCON Group reorganized its business units into three internal companies for the purpose of “accelerating business decisions by clarifying responsibilities of each internal company.” The business “Reform” project started in 2011 has achieved its goal one year earlier than we expected and we announced the completion of the project at the end of March 2013. We will, however, still continue reforms in the course of our normal operations.

Aim to be a Truly Global, Truly Excellent Company

By accelerating the Enhancement of the business, the TOPCON Group will generate profit and cash flows and endeavor to stay ahead of our competitors. We will also advance reforms in the corporate culture to achieve profitable sustainable growth on the basis of the TOPCON WAY.

In addition, we will further promote our TM-1 (Time to Market No.1) activities and follow the fundamental principle of the manufacturing industry, “focusing on monozukuri (craftsmanship),” in order to become a global and excellent company in a true sense that is backed with a global competitive edge.

Social contribution based on TOPCON WAY

With its corporate policy of harmonious coexistence with the society, the TOPCON Group is committed to conserving the global environment, promoting CSR activities, establishing corporate governance structure and reinforcing compliance activities. The TOPCON WAY, established in 2011 as a management vision shared by all the global group companies, has identified the sense of values cultivated in the TOPCON Group and its uniqueness that must be maintained. We have set it as a guideline for promoting CSR-based management.

Respecting the Global Compact policies

The TOPCON Group assented to the ten principles of the UN Global Compact in 2007 regarding human rights, the environment, labor and anti-corruption and has incorporated them into the group’s strategies, culture and day-to-day operations. In addition, we have also reflected those principles in the TOPCON WAY so that we can contribute to the sustainable growth of the international market.

We, the TOPCON Group, will endeavor to enhance its corporate value, satisfy the confidence of our stakeholders, and continue profitable sustainable growth. We will be grateful for your further support and cooperation.

Message from the President

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The role of the TOPCON CSR Committee is to review and evaluate year-by-year achievements regarding our CSR activities, and to set goals and plans for the next year. In fiscal 2012, we particularly focused on the BCP, employment of people with disabilities, and environmental auditing of group companies.

### The Targets and Achievements of CSR

#### General Overview of the CSR Activities in 2012

- **The CSR Report for fiscal 2010 actually started the reporting of targets and plans as well as the individual items of CSR activities by the TOPCON Group. The CSR Report for fiscal 2011 created the Self-Assessment column, along with a review of items from the viewpoint of TOPCON WAY. As the name suggests, this report covers major activities conducted during fiscal 2012.

- **General Overview of the CSR Activities in 2012**

  In fiscal 2012, we managed well to achieve the targets. In particular, for the employment rate of people with disabilities in the Risk Compliance area, to which we had to give the failing “×” mark in the last year’s report, and the environmental auditing, to which we had to give the failing “×” mark, we put particular emphasis and re-set goals. We modified the goal from the employment rate to the number of people with disabilities actually employed, and also modified the goal for the environmental auditing to the implementation of document-based auditing. As a result, we have given both of them the passing “○” mark in the current report. This is the first time all items are evaluated as “○” since we started evaluating our activities.

  We will further reinforce our efforts so that we can give some of the items the “excellent” mark (A). For the first time, the “target is partly not met”, that is, “there is room for improvement”, and “the target is met” are shown in the Self-Assessment column. These terms were included in the “Target” column to indicate the degree of achievement. In the Self-Assessment column, targets and plans are indicated by “○”, “△”, and “×”. Note that “○” indicates that targets and plans are being achieved or will be achieved; “△” indicates that targets and plans are being achieved after some restructuring; and “×” indicates that targets and plans are not being achieved.

<table>
<thead>
<tr>
<th>Items</th>
<th>Key Goals and Plans for FY2012</th>
<th>Key Achievements in FY2012</th>
<th>Comparison with IC Ten Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Governance</strong></td>
<td>• Disseminating the Corporate Governance Principles (Continued)</td>
<td>• Published the TOPCON Group CSR Report in accordance to plan</td>
<td>Principle 2, 3, 5</td>
</tr>
<tr>
<td></td>
<td>• Holding seminars on the Corporate Governance Principles and CSR Management System</td>
<td>• Conducted the Technology/Quality innovation project to strengthen the pre-verification and life design review (Continued)</td>
<td>Principle 1, 6</td>
</tr>
<tr>
<td></td>
<td>• Disseminating the reference leaflet on TOPCON Code of Business Conduct across the TOPCON Group</td>
<td>• Conducted Technology/Quality innovation project to strengthen the pre-verification and life design review (Continued)</td>
<td>Principle 1</td>
</tr>
<tr>
<td></td>
<td>• Reviewing the BCP according to the changes in social conditions</td>
<td>• Reviewed the BCP according to the changes in social conditions (Continued)</td>
<td>Principle 1, 6</td>
</tr>
<tr>
<td><strong>Risk Compliance</strong></td>
<td>• Reviewing the BCP according to the changes in social conditions</td>
<td>• Reviewed the BCP according to the changes in social conditions (Continued)</td>
<td>Principle 1, 6</td>
</tr>
<tr>
<td></td>
<td>• Improvement of employment rate for persons with disabilities 1,8%</td>
<td>• Employment rate of persons with disabilities 2,0%</td>
<td>Principle 1, 6</td>
</tr>
<tr>
<td></td>
<td>• Revising the contents and the Risk-Compliance seminar at a SIG (Social Networking Service) guideline</td>
<td>• Revising the contents and the Risk-Compliance seminar at a SIG (Social Networking Service) guideline (Continued)</td>
<td>Principle 1, 6</td>
</tr>
<tr>
<td><strong>Responsibilities to Customers</strong></td>
<td>• Developing and releasing new products through promotion of LM/Technology</td>
<td>• Conducted Technology/Quality innovation project to strengthen the pre-verification and life design review (Continued)</td>
<td>Principle 2, 3</td>
</tr>
<tr>
<td></td>
<td>• Improving the total quality assurance system across group companies</td>
<td>• Conducted Technology/Quality innovation project to strengthen the pre-verification and life design review (Continued)</td>
<td>Principle 2, 3</td>
</tr>
<tr>
<td></td>
<td>• Promoting pre-verification capabilities in upstream stream and prevention of quality problems</td>
<td>• Conducted Technology/Quality innovation project to strengthen the pre-verification and life design review (Continued)</td>
<td>Principle 2, 3</td>
</tr>
<tr>
<td></td>
<td>• Providing prompt feedback of customer information</td>
<td>• Provided prompt feedback of customer information (Continued)</td>
<td>Principle 2, 3</td>
</tr>
<tr>
<td><strong>Responsibilities to Business Partner</strong></td>
<td>• Providing environmentally conscious and resource-saving products and products useful for improving medical care, health care and the like in general</td>
<td>• Provided environmentally conscious products 8,5% of sales (Target achievement)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Strengthening of cooperation with administration and local residents</td>
<td>• Further improvement of providing environmentally conscious products (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td><strong>Responsibilities to Employees</strong></td>
<td>• Strengthening central management</td>
<td>• Strengthening central management (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Assisting of medical and academic institutes and product donation and grant services</td>
<td>• Conducted as planned</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Improving the audited, and implementation of the audit results</td>
<td>• Conducted as planned</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td><strong>Enforcing Environmental Management Systems</strong></td>
<td>• Further improvement of implementing environmentally conscious products</td>
<td>• Conducted as planned</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Implementation of measures against global warming (Reduction in CO₂ emissions) 6,0% reduction from the previous fiscal year (to comply with Tokyo metropolitan ordinance)</td>
<td>• 31.8% reduction from FY2011 (Target achieved)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Effective use of resources (Continuing zero-emission efforts less than the previous fiscal year)</td>
<td>• Continuing zero-emission efforts (Increase in emissions 13%)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td><strong>Establishing Environmental Management Systems</strong></td>
<td>• Management of chemical substances (including Central management) (Using less chemical substances than the previous year)</td>
<td>• Management of chemical substances (including Central management) (Using less chemical substances than the previous year)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Strengthening of cooperation with administration and local residents</td>
<td>• Held local contribution activities (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td><strong>Promoting Environmental Communication</strong></td>
<td>• Providing information to stockholders and investors</td>
<td>• Providing information to stockholders and investors (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Maintaining external evaluations and increasing analyst coverage</td>
<td>• Maintaining external evaluations and increasing analyst coverage (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>• Issuing TOPCON GROUP CSR Report</td>
<td>• Issued TOPCON GROUP CSR Report in accordance to plan</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Issuing group media of CSR (IC Ten Principles) (Continued)</td>
<td>• Issued the TOPCON Group CSR Report in accordance to plan (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Participating in the GLJIS working group (CSR Report, etc.) (Continued)</td>
<td>• Participated in the GLJIS working group (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Issuing corporate information on the website in a timely fashion</td>
<td>• Issued corporate information on the website in a timely fashion (Continued)</td>
<td>Principle 1, 7, 8, 9</td>
</tr>
<tr>
<td></td>
<td>• Social contribution activities in collaboration with NGOs (Continued)</td>
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<td>Principle 1, 7, 8, 9</td>
</tr>
</tbody>
</table>

Legend in the Self-Assessment column of the three marks used, basically, means “the target is partly not met”, that is, “there is room for improvement”, and “△” means “the target is not met”.
Special Feature

Contribution to society through business activities based on the TOPCON WAY

The TOPCON Group creates new values toward the future, and contributes to build a rich human society as in the TOPCON WAY. We introduce some of the TOPCON Group activities so-called CSV (Creating Shared Value) that create values for both society and the TOPCON Group as special feature in the CSR Report 2013.

TOPCON WAY

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

Topcon will maintain a proactive and responsive attitude by foreseeing any changes and place the utmost priority on compliance under all circumstances, thereby continually striving to be a trustworthy partner to all stakeholders.

Topcon will do its utmost to improve quality in all stages from development and design to manufacturing, sales and service; supply products of the highest quality, and develop our customers’ businesses.

Topcon will build relationships of mutual trust and partnership with sales agents and other business partners, and mutually develop business through information sharing and close cooperation.

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, as a member of the global and local community, will respect global standards concerning human rights, the environment, labor standards, and anti-corruption measures, and contribute to building sustainable markets.

Topcon will appropriately disclose information to shareholders in a timely manner, work to build a relationship of trust with them, and continually strive to improve our corporate value.

Supporting Peruvian Home Building Project

Topcon Positioning Systems, Inc. (“TPS”) and its Peruvian dealer, Geincor, made donation of Laser equipment and funds ($10,000) for the building of five houses in Peru for the Peruvian Home Building Project. The project is an initiative of the Proyecto Peruanos organization that constructs houses for people living on extremely limited resources. University students, young professionals and professors whose goal was to instill a sense of individual responsibility and generate an awareness of those in need throughout the country, devised the program. The donation includes support and training by Topcon-trained technicians.

Providing Training for students of West Hills Community College

TPS provided 3D Machine Control systems training for students who are working on a Heavy Equipment Operation 3D-Machine Control systems are becoming an integral part of the construction business. They learned not only hands-on training but also a theoretical overview of 3DMC through the lessons. TPS has been a long supporter of the school. Approximately 30 West Hills students and instructors received this training.

Crop Spec — Increase Agricultural Productivity

Precision Agriculture using the automation and information technology improves the farm operation, increases agricultural productivity, and reduces environmental load and operating costs. Topcon’s precision agriculture product “Crop Spec” is a real-time integrated crop monitoring product, and allows the user to monitor in-field variability, and to keep data for future analysis or prescription application. The sensor of Crop Spec, which is based on Topcon’s optical technology, measures plant reflectance to determine chlorophyll content which is closely related to the nitrogen concentration in the leaf. The research using Crop Spec was evaluated as the “promotion project” at the Hokkaido Agriculture Evaluation Conference lead by the local government agency.

Continued support to One Sight

Topcon Medical Systems, Inc. ("TMS"), a group member in the United States, has continuously engaged in the "One Sight" program hosted by Luxottica Group Foundation. This is a family of charitable programs dedicated to improving vision for those in need through outreach, research, and education.

In the Summer of 2012, TMS donated equipment and employee volunteers to support the combined mission of One Sight and the Fresh Air Fund to provide free eye exams and glasses to needy children attending summer camps through the Fresh Air Fund.

Providing experience learning to irrigation School

TOPCON INSTRUMENTS (THAILAND) CO., LTD. provided the information and demonstration on new technology of TOPCON products which would support to future Thailand royal project for settlement of irrigation system.

Partnership with United Kingdom based COYO

TOPCON POSITIONING COMPANY (POC), one of three internal companies centering on TPS and Topcon Europe Positioning B.V., has entered into a strategic partnership with Class of Your Own organization (COYO). They have been working together since last summer to provide “best in class” teaching experiences in the area of veterinary and precise positioning for secondary students. COYO provides design, survey, engineering and construction project-based curriculum materials.
Disseminating Corporate Governance

The TOPCON Group is making efforts to observe and disseminate the concept of Corporate Governance, based on our Corporate Governance Principles (established in 2011), for the purpose of performing and supervising corporate business practices appropriately, thus staying to be a company always beneficial to the society. The following are examples of our major activities for that purpose:

Holding Seminars for Employees

We incorporate Corporate Governance principles into the employee training programs to help reinforce the consciousness of management vision and ensure compliance with rules regarding business practices.

Establishing a Company-based Organization

Last year, the TOPCON Group reorganized itself from the conventional business unit-based organization into a company-based one. The TOPCON Group now has three internal companies, “Smart Infrastructure Company,” “Positioining Company” and “Eye Care Company,” based on their business and geographical locations. In addition, we have established “a Corporate Strategy Division,” which controls 3 internal companies cross-sectionally.

We would like to aim at increasing our corporate values enduringly and raising the efficiency and transparency of management. Specifically, plans call for building and operating an internal control system on a group-wide basis so that we will be evaluated as a highly reliable company by all the stakeholders. Plans also call for disseminating the Corporate Governance principles among the entire of the TOPCON Group.

Addressing Risk-Compliance issues

From the spirit of innovation for taking changes in advance and the concept of values of top priority on compliance, the TOPCON Group takes it for granted to observe laws and regulations and also endeavors to take appropriate action in all other social and ethical standards. We have made ongoing efforts to promote awareness on compliance throughout the TOPCON Group. Last year we enhanced and updated the information listed in the Risk-Compliance Bulletin Board of the in-house database, and provided compliance training based on the Q&A form. After reviewing the curricula of programs, we also conducted two forms of training: “risk compliance training for the post of managers” and “compliance training for new employees.” The TOPCON Group’s headquarters and Japanese domestic group companies were given another type of training, “compliance training for sales people,” targeted to the post of sales working at the forefront of sales activities.

Risk-Compliance Hot-line

The TOPCON group established a Risk-Compliance hotline in 2006, to detect and correct any risk-compliance information as early as possible. The information can be defined as information regarding any action prohibited by the laws and in-house regulations, an action against the conventional wisdom, or an action implying such uncertainty.

This is a special reporting line which is independent from the regular reporting line. Any risk-compliance related information can be directly reported to the responsible department (Corporate Audit Division) by means of e-mails or phone calls.

Internal Auditing of TOPCON Group

Field auditing was conducted at TOPCON headquarters and its domestic group companies, and a total of 35 companies in and outside of Japan conduct an “internal control self-evaluation” using a checklist. In fiscal 2012, we reviewed the questions and modified the system to require evidences for answers, to improve the accuracy of answers from each group company. As a result, the overall score for the establishment of internal controls was 93.3 points up from the last fiscal year.

Those group companies requiring improvement were given a list of improvement items. They are undergoing specific guidance to improve their internal controls.

In addition, we informed each group company of the results of its evaluation for past three years as well as the points requiring improvement to encourage them to improve their internal controls as early as possible.

In the future as well, monitoring will be continued to build a better environment of internal control for the TOPCON Group.

Other Risk Countermeasures

Reviewing the Business Continuity Plan (BCP)

The TOPCON Group has set forth the Business Continuity Plan (BCP) based on the above basic policies. In the latest revision, we reviewed products to be manufactured continuously, ensured the availability of parts inventory, sorted out suppliers and expanded the emergency stockpile flood and beverage. We will further review the BCP by expanding the scope of measures considering a possible metropolitian inland earthquake and new strains of influenza for which pandemic is feared.

Conducting Various Disaster Drills

In addition to the periodical fire and disaster drills required by the Fire Defense Law, our training includes other emergency drills, including AED operation training and drills for setting up an emergency task force as well as the testing of the quake resistance of store fixtures by external specialists.
Strengthening a global export control system

The TOPCON Group, with its overseas sales ratio of higher than 70%, aims at “strengthening a global export control system.” Should any one of its group companies conduct an inappropriate export, or any of its products or advanced technologies be passed to terrorists or other undesirable customers, even through domestic sales channels, the worst case would be an accused violation of applicable export management laws. Such a situation would cause the TOPCON Group to lose all business opportunities with overseas customers, possibly affecting the group’s continued existence as a corporation. It would also strictly be accused of violating security from the viewpoint of “Maintaining international peace and safety.” To achieve the goal of “strengthening a global export control system,” the TOPCON Group is making the following efforts specifically:

1. Conducting export control audits
   To determine that export control is being carried out properly, all departments involved in export activities in the TOPCON headquarters are audited twice a year. After the audit, periodic checks are performed regarding the improvement of export control. In addition, external auditors provide follow-up support to ensure they will no longer be issues when audited in the following year. In addition, the domestic and overseas group companies are also audited on a yearly basis to maintain and strengthen their local export control systems, as well as providing appropriate training for the local staff. Cases are increasing where overseas group companies purchase products directly from affiliated manufacturing/sales companies in the US without the intervention of the headquarters. As such cases cannot be covered by conventional audits under the control of the headquarters, we started in fiscal 2012 to audit overseas group companies jointly with in-house lawyers of a US company specializing in US laws. In November 2012, persons in charge of export control from both Japan and the US carried out audits for a group company located in the UAE to reinforce its export control system. We will further promote these efforts to strengthen our global export control system.

2. Providing export control educations
   In order to raise compliance awareness, the TOPCON Group periodically carries out export control educations for new employees, as well as those in the sales and engineering departments and those in charge of export, by gathering about 120 employees in fiscal 2012. We also provide trainings for all employees who are to work outside of Japan to raise their future leadership expected in export control procedures to be performed in the region where they will work.

3. Training export control specialists
   To improve the expertise of employees involved in export control, the TOPCON Group recommends taking “Certification exam on export control” held by the Center of Information on Security Trade Control (ESTEC). In fiscal 2012, we allowed the goal of 15 employees qualified for the above certification, although we estimated the goal to be achieved in fiscal 2013. We are now actively making efforts to further increase that number.

4. Periodically holding export control promotion meetings
   To share information about major global trends and the situation of export control within the TOPCON Group, we periodically hold export control promotion meetings for all employees within the group. In fiscal 2012, the sales and engineering departments held such meetings four times.

5. Regions requiring special control
   Export control is closely linked with international affairs, including suspected nuclear development in Iran, underground nuclear testing and missile launches in North Korea, and suspected use of chemical weapons in Syria. The TOPCON Group’s program specifies six regions as “requiring special control,” including Iran, Iraq, Cuba, Syria, North Sudan and North Korea, for which the Foreign Exchange and Foreign Trade Control Law of Japan and relevant US laws require special regulations, and strictly controls any potential export to those regions. We will further strengthen our export control system to achieve the highest quality of the system.

Quality Improvement Activities

We are conducting ongoing quality improvement activities so that our customers can use all of the TOPCON products at their ease. In addition to preventing any defects from recurring, we have been promoting a technology/quality innovation project to proactively prevent defects from occurring in upstream product development processes. We estimate the possibility of a problem that may occur when a product is being used, from the viewpoint of the customer, and manufacture the product so that any estimated problem will not occur. The “TOPCON Technology/Quality Month” in November included the holding of in-house events on quality improvement (quality innovation and seminars by invited specialists) to raise technology improvement and quality-first awareness.

Presenting Examples of Quality Innovation

We made a presentation of quality innovation examples in the product development process and the manufacture of our products. The seminars aimed at developing quality awareness among employees and raising technology improvement and quality-first awareness.

Managing Relationship Focusing on the Management of Chemical Substances

To ensure compliance with the environmental laws for products, we reviewed the criteria for evaluating partners focusing on management of chemical substances. We gave appropriate advice to partners requiring improvement in the production process, and product evaluation from the customer point of view.
Personnel System

In April 2010, we drew up the TOPCON Group’s Human Resources Development Policy, which is to be shared by all the group companies, and declared a basic policy, centering on “fostering of professionals and global human resources.” The TOPCON Group respects employees’ uniqueness, value, and spirits of creativity and innovation to encourage them to show their best performance. To this end, we have been endeavoring to establish personnel systems including career development, cultivate an unhindered corporate culture, and create a comfortable workplace environment where human rights are respected.

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.

Giving Support to Various Ways of Working

While respecting the diversity of people as to their nationalities, human race, religion, age, gender, and value, 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 recent years, we have offered various support programs diversifying lifestyles of employees. Our programs include a two-year childcare leave, a short-time work system, which is available until a child finishes the third grade at elementary school, and a child nursing leave system. Those leave systems help employees to balance the work and home life.

The TOPCON Group will continue to promote the employment of people with disabilities while本公司将努力促进残疾人就业工作.

Labor Union

TOPCON-Related Workers’ Cooperative

The workers’ cooperative was formed for the main purpose of encouraging the interchange between the labor unions (and labor unions) working for TOPCON manufacturing companies and improving the labor conditions of the entire of related labor unions. Their day-to-day operations aim to maintain the employment conditions and to maintain and enhance the life stability and the real standard of living.

Communications Between Labor Union and Company

Labor-management negotiations:

- Regularly held once a month to share information. The company reports on the business conditions, new topics, and the labor union in turn gives its opinions or suggestions.
- Labor-management negotiations: Held regularly on a monthly basis or when requested to exchange opinions on specific issues or for the labor union to make representations to the company.

Major labor-management negotiation issues in fiscal 2012:

- Annual bonus
- Annual holidays
- Introducing daylight saving time
- Revising the continued employment system for employees over 60
- Transferring employees to affiliated companies
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 smoking in workplace in 2008 and has since promoted no-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.

- Targeting those who wanted to quit smoking, in fiscal 2012, we offered smoking cessation medicine for free under the direction of an in-house doctor at the company clinic. They tried to give up smoking, and two of them succeeded in this fiscal year.
- In time with the “World No Tobacco Day” which is an annual even held by the WHO and took place on May 31, 2012, we set up a “Non-Smoking Promotion Week” to encourage employees to quit smoking.
- Other similar activities include the total smoking ban within the building (carried out in 2009) and the total ban of cigarette selling (carried out in 2010), as well as an approach of requesting smokers to keep good manners when smoking.

Health Care

The TOPCON Group has been working on health care for all employees so that they can stay healthy, happy, and full of life, and can bring out their potential abilities at work.

- To help employees improve their health, TOPCON picks up those with high health risks after a regular physical checkup and have them have an interview with an in-house doctor 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.

- Together with Topcon Corporation’s health insurance association, we are actively carrying out the so-called specified health maintenance guidance advanced by the government. Lifestyle-related illnesses are chronic diseases that increase the risk of complications such as arterial sclerosis. The TOPCON Group has conducted the specified health maintenance guidance to help its employees improve their lifestyles.

- To prevent health problems brought on by overwork, the in-house doctor interviews the employees who have worked more overtime hours than a certain limit. If it has been determined as a result of the interview that working hours of an employee should be limited for the sake of health, the supervisor of him/her is directed to give due considerations.

- We have also been working on mental health issues, by having the in-house doctor keep close contact with outside doctors who take care of employees having mental health issue 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 staffs 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. Neither counselor’s name nor the contents are reported to us. Since employees can take expert advice from experienced counselors, this system helps them address their worry or diminish mental distress.

The number of counseling cases was increased to 31 in 2011 and 2 in 2012.

Health Promotion

- Emphasis is put on health promotion in daily life. We hold various events designed to help employees to have fun and get healthy. Examples include a “Walking Campaign,” which encourages participants to walk 10,000 steps every day for three months; a “Walking Event” (in 2012, carried out in the circular course from Tokyo Dome to Ueno Park), which lets employees bring out their family members; and a “Get Slim” challenge, which urges people with metabolic syndrome to go on a diet.

- At the cafeteria, we offer low-calorie meals every day. The point is a set of healthy menus focusing on the approach of getting healthy from eating.

- Also, we have a blood pressure gauge and a body fat scale so that not only employees but also visitors can use them freely to check their health condition.

Job Accidents

In fiscal 2012, the TOPCON headquarters encountered two accidents at the workplace.

- Falling after having blood collected during a periodical health checkup (not causing absence from work)
- Falling while walking on a frozen road (not causing absence from work)

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

<table>
<thead>
<tr>
<th>Continuous accident-free hours</th>
<th>TOPCON HQ FY 2012</th>
<th>Average of the Manufacturing Industry FY2011 / More than 100 employee</th>
<th>Average of All Industries FY2011 / More than 100 employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>FY2011</td>
<td>FY2012</td>
<td></td>
</tr>
<tr>
<td>Consecutive hours free of accidents resulting in fatalities or absences of 1 day or longer</td>
<td>Total 9,000 thousand hours</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Severity rate of absence of 1 day or longer</td>
<td>Percentage of serious accidents</td>
<td>0.00</td>
<td>0.08</td>
</tr>
<tr>
<td>Frequency rate per working hours</td>
<td>Number of dead and injured per million working hours</td>
<td>0.00</td>
<td>1.05</td>
</tr>
<tr>
<td>Frequency rate per 1,000 workers</td>
<td>Number of dead and injured per 1,000 workers per annum</td>
<td>0.00</td>
<td>2.70</td>
</tr>
</tbody>
</table>

Note: The record of continuous accident-free hours, “Total nine million hours,” is the number as of the end of December 2012. Severity rate and frequency rate: Obtained from a website of the Ministry of Health, Labor and Welfare (http://www.mhlw.go.jp/toukei/itiran/roudou/saigai/12/). Frequency rate per 1,000 workers: Obtained from the “Office safety site” of the Ministry of Health, Labor and Welfare (http://anzeninfo.mhlw.go.jp/information/n09_18_sen01.html).
UNGC-related activities

The United Nations held a session of the World Economic Forum in Davos, Switzerland in January 1999, where Kofi Annan, then Secretary General of the United Nations, proposed the concept of the Global Compact (GC). The GC was formally inaugurated in July 2000. The GC requires the participating corporations or organizations around the world to support and implement the globally established 10 Principles in the four areas: human rights, labor, the environment, and anti-corruption. Since joining the GC in October 2007, the TOPCON Group has incorporated the spirit of the 10 Principles into the TOPCON WAY and a variety of policies comprising the core of group management, such as the CSR Basic Policy.

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; and Principle 5: the abolition of discrimination in respect of employment and occupation.

- ENVIRONMENT
  Principle 6: Businesses should support and respect the protection of the environment; and
  Principle 7: make sure that they are not complicit in environmental destruction.

- ANTI-CORRUPTION
  Principle 8: Businesses should work against corruption in all its forms, including extortion and bribery.

Events on the CSR Month

Since fiscal 2006, we set the “CSR Month,” in which we hold CSR-related activities intensively and carry out awareness-raising programs targeting our employees and other people. The topic selected in fiscal 2012 was “Opportunities to deepen the awareness of CSR activities.”

Main Events

- Issuing CSR Report 2012 and disclosing it on the company website
- Disseminating the TOPCON WAY (distributing printed editions to employees of TOPCON headquarters as well as domestic and overseas group companies)
- Providing a CSR and environment education program
- Carrying out the “Month for Reading the CSR Report from cover to cover”
- Traffic safety awareness-raising programs
- AED training

Philanthropy with unnecessary books

After collecting from our employees such books that are already unnecessary for themselves and are then sent to a nonprofit organization, called SHAPLANER, which is working in Asia. We achieved the goal of 1,000 books (15,127 yen).

Contribution to Itabashi Fireworks Festival

As part of regional contribution activities, we made special contribution to the “Itabashi Fireworks Festival” held by Itabashi Ward, which had the 80th anniversary last year, just like the TOPCON Group. The ward reserved for us 240 sheets for watching fireworks and we gave them to our employees, selected by public lot, who wanted to join the festival.

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 has declared its group-wide commitment to its Environmental Vision 2020, as follows.

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 35% before the end of fiscal 2020, as compared to 2000. Overseas sites will endeavor to reduce the amount of CO2 emissions site by site accordingly.

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, for the manufacture, we will commit to recycling and using effectively the waste material manufactured from our corporate activities, including development, production, and sales.

Environmental Impact of the TOPCON GROUP (FY2012)

Most of the environmental impact of the TOPCON Group, which owns processing plants in Japan and China and assembly plants in the US, comes from CO2 emissions through the use of electricity and fossil fuel, and wastes produced in manufacturing processes. The group also uses a lot of organic solvent for cleaning in manufacturing and assembly processes, as a practice characteristic of optical equipment manufacturers. Here, we report the environmental impact resulting from the business activities of the entire TOPCON Group’s business activities, including sales companies with relatively low contribution to the environmental impact.

Environmental Impact Caused by TOPCON HQ (FY2012)

Disclose the balance between energy and materials caused by our corporate activities. (TOPCON Headquarters only)

Note: The calculations involve reviews mainly concerning the scope of data collected and the method of conversion.

Example: The amount of CO2 emitted by the TOPCON headquarters and its Japanese sites has been recalculated and adjusted according to the latest emission factors for individual electric power suppliers.

Regarding the increase or decrease in the environmental impact, which also includes the above data, we will check the details in the group environmental auditing mentioned on page 19 and, if necessary, request the company concerned to implement improvement.
Efforts for Reducing the Environmental Impact

Energy-Saving Activity in China

TOPCON Group, mainly manufacturing companies and some other companies with a large number of employees have undergone fact-finding survey for the environmental impact since 2007. We make it a rule to offer guidance to any company which the survey found has a problem (for example, if it has shown a sudden increase in environmental impact).

Awareness on Energy

Topcon Europe B.V. ("TE"), a group member in Netherland is in the process of gradually replacing the light armatures. Since TE started this project, about 25% of the armatures have been replaced. TE also installed motion detectors in spaces like the garage and archive in order to save energy.

ISO 14001 Audit

In the TOPCON Group, five companies four Japanese and one Chinese whose manufacturing processes have a larger environmental impact than that of other group companies and who have acquired ISO 14001 certification are screened each year by the certification authority. In the screening carried out in fiscal 2012, no companies received a category A (major) non-compliance and all companies retained their certification. Companies that have received a category B (minor) non-compliance are implementing appropriate improvements.

Fact-Finding Survey

In the TOPCON Group, mainly manufacturing companies and some other companies with a large number of employees have undergone fact-finding survey for the environmental impact since 2007. We make it a rule to offer guidance to any company which the survey found has a problem (for example, if it has shown a sudden increase in environmental impact).

For the results of the survey, see the “TOPCON Group Environmental Impact Report” on page 18.

Environmental Auditing of Group Members

In addition to the above fact-finding survey, environmental audits are conducted to improve the group companies’ environmental conservation activities. Conventionally, we first conducted document-based audits (audits of environmental management and compliance) and then on-site auditing at each company. With improved environmental awareness of each company, we changed the method of audit, and now, we perform only document-based audits for the time being, under the authorisation of departments responsible for control. In fiscal 2012, seven group companies underwent the survey and revealed no problems regarding the level of control.

We introduce some of our regional contribution activities in TOPCON Group.

Global

Group member in United States

Topcon Positioning Systems, Inc.

Ongoing support to Open Arms

TPS continues to support Open Arms Shelter, a privately operated temporary residence for children who have been removed from their homes due to abusive parents or guardians. The TPS marketing communications staff has also created presentations and a brochure for Open Arms Shelter to use in their efforts to obtain grants and private donations. TPS is an annual sponsor of a fundraising event to help retire the construction debt of the shelter’s recent expansion.

Run for Japan

On March 10, 2013 the two-year anniversary of the Tohoku earthquake and tsunami disaster, TPS supported the Run for Japan, an event to raise funds for Japan disaster through walking or running in the San Francisco Bay Area. TPS donated to the event as both sponsor and participant. This event sends equipment and supplies to benefit children and schools in disaster areas through the Ministry of Education, Culture, Sports, Science and Technology in Japan.

Group member in China

Topcon Optical (Dongguan)Technology Ltd.

Support to the Poverty Areas and the Persons with Disabilities Fund

TOPCON OPTICAL (DONG GUAN) TECHNOLOGY LTD. donated RMB 50,000 to the poverty areas and RMB 95,737 to the persons with disabilities fund.

Group member in Singapore

Topcon Singapore Medical Pte. Ltd.

Support to the Charitable Event

TOPCON SINGAPORE MEDICAL PTE. LTD. donated SGD 5,000 to WORLD WITHOUT EYE DISEASES OR BLINDNESS which supports patients with eye disorder.

Group member in Thailand

Topcon Instruments (Thailand) Co., Ltd.

Lecture at Thai Optometric Association

TOPCON INSTRUMENTS (THAILAND) CO., LTD. gave lectures to students who study optometry at Thai Optometric Association. The students could deepen their knowledge and gaining real experience which would benefit them for their future career.

Group member in United States

Topcon Medical Systems Inc.

Thanksgiving Food Drive

In November 2012, TMS held its 6th Annual Food Drive. Employees donated non-perishable food items which were supplied to the Center for Food Action and the Emmanuel Cancer Foundation.

Group member in China

Topcon Optical (Dongguan)Technology Ltd.

Support to the Poverty Areas and the Persons with Disabilities Fund

TOPCON OPTICAL (DONG GUAN) TECHNOLOGY LTD. donated RMB 50,000 to the poverty areas and RMB 95,737 to the persons with disabilities fund.
Support Activities to Local Education and Academic Facilities

We accepted students of junior high and high schools making workplace and internship studies as part of regional education support and academic assistance.

Other Local Contribution Activities

To respond to the request from community associations, we offered our premises for temporary uses for collecting “resource” garbage and allowing the break for festivals.

Supporting the Reconstruction of the Areas Affected by the Great East Japan Earthquake

Once every month, we offer “reconstruction-supporting menus” at the cafeteria for the purpose of supporting the areas affected by the earthquake. Part of their sales will be donated for reconstruction activities through the Japan Red Cross.

In addition, we offered voluntary lectures and donations to universities and various academic conferences.

TOPCON, as a member of the global and local community, will respect global standards concerning human rights, the environment, labor standards, and anti-corruption measures, and contribute to building sustainable markets.

In 2011, the European Commission launched its new Communication on CSR for the period 2011-2014 and re-defined CSR as “the responsibility of enterprises for their impacts on society,” in the same year, Professor Michael E. Porter at Harvard University proposed the concept of Creating Shared Value (CSV). Some consider CSV as an expansion of CSR, but I think that CSR as defined by the European Commission and CSV are complementary to each other and the CSR report needs to report both of those aspects.

The TOPCON Group’s previous CSR reports contained descriptions regarding “the responsibility of enterprises for their impacts on society” based on the ten GC principles and the TOPCON WAY. They, however, failed to clearly identify requirements from the viewpoint of CSV. In the current report, the Special Feature introduces six examples of CSV-related activities for the first time to meet the expectations of readers. While it includes many examples, possibly because a balance among companies is considered, I think that focusing on fewer cases and drilling down into details would be more appealing.

Taking “precision agriculture” as an example, its social value is immeasurable as we are now faced with food shortage problems due to rapid population growth, global warming and insufficient workforce and it will also serve as a driver for improving corporate values, so that it would require more detailed description in addition to the URL of the use case.

The CSR activities and reports need to be gradually improved in response to changes in the society. The 2013 edition shows several such changes, not only those related to CSV. For CSR activities, it shows that PDCA cycles have started to function in an appropriate manner.

For CSR reports, I have been impressed by the disclosure of total and overtime working hours, backgrounds for maintaining and strengthening export control systems, and description about human rights. In particular, for human rights, global enterprises are required to actively address the issues with the global trend of respecting human rights in response to the publication of BO26000 and the adoption of “Guiding Principles on Business and Human Rights” by United Nations.

The current report only contains extraction from the code of conduct but I hope that the next edition will contain the description of due diligence processes regarding human rights.

In the exchange of opinions with the persons in charge of the CSR report, they reported that the number of accesses to the website is increasing and that accesses to the English site are more than those to the Japanese site and increasing at a higher rate. Those results have not surprised me because of highly global natures of such elements as product characteristics, sales by region, and employee distribution. The Message from Top Management also refers to commitment to becoming a globally excellent company in a true sense.

Taking all of the above into consideration, it will be a great challenge for TOPCON to achieve the disclosure of corporate information suitable for a truly global company. Regarding corporate reports, the International Integrated Reporting Council (IIRC) states that the required information will be more extensive than that provided by the current corporate report model and they have been preparing a framework for integrated reports. At the end of 2013, they will publish “International Integrated Reporting Framework version 1.0.” Many global enterprises have already started to make preparations for complying with that framework.

In addition to the CSR report, the TOPCON Group also issues annual reports including ESG information. I expect that TOPCON will create a road map for corporate information disclosure for the next three to five years including the amount and quality of information, disclosure media and systems, and implement the road map steadily.

In Response to the Third-Party Opinion

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-ise.com/junkan/

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