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

TOPCON Group conveys information about corporate social responsibilities (CSR) to all stakeholders since the issuance of an environment report in 2001. Since 2006, we have newly issued a CSR report including information to tell stakeholders about social and environmental activities of TOPCON Group.

Continuing from CSR Report 2013, this report, the ninth edition, features "Creating Shared Value (CSV)" and "TOPCON WAY" as a newly-established personnel system serving as a "pillar of human rights" and "TOPCONian," and clearly explain the fields on which TOPCON Group is going to place a particular emphasis.

This edition runs stories from the perspective of TOPCON WAY. As a participant in the UN Global Compact (GC) since 2007, TOPCON Group is required to present an annual report, "Communication on Progress (COP)," which describes the progress on GC ten principles (in the areas of human rights, labor, the environment and anti-corruption, as detailed on page 19).

CSR Report 2014 is designed to serve as a COP report.

Date of Publication: June 2014 (Previous issue: May 2013)

Guidelines Used as References:
ISO26000 “Guidance on social responsibility”
Global Reporting Initiative (GRI) G4 Guidelines
Environment Reporting Guidelines 2012 from the Ministry of the Environment of Japan

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, TOPCON Group makes every effort to cultivate a relationship of trust with our shareholders 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 TOPCON Group.

http://www.topcon.co.jp/en/company/philosophy/ (TOPCON WAY)
http://www.topcon.co.jp/en/corporate/outline/ (Major policies of CSR)
http://global.topcon.com/csr/index.html (CSR)
http://global.topcon.com/csr/ (Corporate Profile)
http://global.topcon.com/invest/library/finance/ (Financial Results)
http://www.topcon.co.jp/en/corporate/outline/ (Business Outline, Key Strategy)
Message from the President

To be a global top company

TOPCON Group posted increases both in sales and profits for the business year ending in March 2014 and successfully achieved all targets announced to the public.

The mid-term vision titled “a shift from business structure reform to growth strategies” has a slogan of “Creativity & Growth” with the aim of profitable and sustainable growth by producing creative ideas and of being a global top company with concerted efforts throughout the company.

We also have three pillars of business strategies including enhancement of new businesses and strengthening of core businesses, launch of disruptive, strategic products which bring outstanding growth into the market, and active use of global human resources. We are striving to further enhance corporate value toward FY2015 target of ROE 20%.

Social contribution based on TOPCON WAY

In April 2011, we defined TOPCON WAY, the most important value to create the future of TOPCON Group and declared that TOPCON Group will contribute to the human society for many years to come through pursuing the possibilities of “light,” our core technology, which covers a wide wavelength range, developing Time-to-Market No.1 (TM-1) capabilities of “light,” our core technology, which covers a wide wavelength range, developing Time-to-Market No.1 (TM-1) technologies in the areas of radio waves, infrared rays, visible light, ultraviolet rays and X rays.

As part of the efforts, we offer ICT construction systems using GNSS (GPS) in the civil engineering field, IT precision agriculture products which contribute to improving food productivity, Building Information Modeling (BIM) systems with strong basis of surveying instruments which reduce environmental loads, smart sensing of aging infrastructure which has raised a social concern in developed countries and ICT disaster prevention products. We also offer eye care products covering from prevention to treatment particularly in the fields of examination and diagnosis such as Optical Coherence Tomography (OCT) which contributes to detect and treat a variety of eye diseases at early stage and protect eye health, and ophthalmic photocogulation systems.

Development of Topconian

TOPCON Group operates business around the world with non-Japanese employees accounting for 60% of the total. It is essential for our business development to respect the fundamental human rights of employees and offer an optimum work environment.

Furthermore, it is important to clearly define an ideal state of organization desired to be achieved and develop human resources, “Topconian,” who are needed by the company in order to fulfill the management vision of “To strive for sustainable growth with having spirits of ‘Monozukuri’ and disseminating innovation to the world.” and “To place compliance at the highest priority and be a trustworthy partner for all stakeholders.”

“Development of human resources” means “development of business.” We are committed to developing “Topconian” throughout TOPCON Group toward the world to be a global top company.

With a spirit of Global Compact as a basis

TOPCON Group ascertained to the purports of the UN Global Compact and, since 2007, has made positive efforts to incorporate the ten principles in the areas of “human rights,” “the environment,” “labor” and “anti-corruption” into the TOPCON WAY, group strategies, corporate culture, day-to-day operations and a basis for defining “Topconian.”

TOPCON Group will strive to achieve profitable and sustainable growth and secure the confidence of our stakeholders through improving corporate culture and structure based on the TOPCON WAY.

We would be grateful for your further support and cooperation.

Satoshi Hirano
President & CEO
The Targets and Achievements of CSR

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 2013, we were committed to strengthening group governance (visiting domestic/overseas group companies for training), establishing a green procurement guideline and reducing chemical substances used in our products.

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We excluded the target of establishing the “TOPCON WAY” as a newly defined common value by integrating and rearing the conventional Management Vision, Management Policy, and Business Conduct Guidelines.

Each category of CSR targets and achievements is color-coded and arranged according to the items of TOPCON WAY.

General Overview of the CSR Activities in FY2013

In FY2013, we achieved almost all of the targets, but some items scored △. As for the percentage of employees with disabilities, we will make efforts to achieve the statutory employment rate by use of job placement offices and employment consultation services.

We excluded the target of establishment of SNS guideline from action plans because it is under review. The figures of some items such as the amount of use of chemical substances are already reduced to the limit.

We will review targets and plans for the next fiscal year taking these factors into consideration.

General Overview of the CSR Activities in FY2013

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Creating Shared Value (CSV) activities and other social contribution activities

In order to make continuous contribution towards humanity, TOPCON Group is undergoing a shift general corporate social responsibility (CSR) to a new form of activities called “creating shared value” (CSV), which focuses more on the creation of value beneficial to both society and TOPCON Group. The Special Feature describes the CSV and general CSR activities we conducted in FY2013.

Topcon Positioning Systems, Inc.

» Contribution to society

 Participated in "Relay for Life" hosted by the American Cancer Society held on June 22, 2013 in Livermore, California. This is a charitable event to encourage people who fight back against cancer and create a society which never yields to cancer.

In addition to collecting donations from employees before and after the event, a team of TOPCON staffs hosted a booth in the event site on the day and raised 19,628 U.S. dollars, the largest amount among more than 60 teams in the Livermore area. The company has also made a variety of social contributions such as offering scholarships.

State of the event

Topcon Positioning Systems, Inc.

» Contribution to society

We made a donation to the 19th Livermore Valley Wine Auction co-hosted by Livermore Valley Winegrowers Foundation and Wente Family Foundation for Arts Education. The Auction has raised 3.6 million U.S. dollars in total since the 1st event. The money is used to provide support in education and health to improve well-being of children in need in Livermore.

Topcon S.A.R.L.

» Contribution to society

Donated 1,264 Euros to an organization which supports people with disabilities to find a job.

Topcon Medical Systems, Inc.

» Continued support to free eye exams

Continued to participate in “OneSight,” a charitable program hosted by Luxottica. TOPCON offered vision testers and dispatched employees as volunteer staffs to the Fresh Air Fund Camp Ian event which invited more than 1,700 disadvantaged children to summer camp and provided free eye exams and glasses.

State of the ophthalmic examination

Volunteer staff

Topcon Positioning Systems, Inc.

» Contribution to society

Donated 8,000 Danish Krone to “SOS BORSEYVERNE,” a body which provides support for children in need.

Topcon Denmark

» Contribution to society

We sponsored the Toys for Tots program hosted by the U.S. Marine Corps and gave toys to less fortunate children as gift.

State of the event

Surveying instruments and medical equipment offered (excerpts)

Academic support

We offered the most advanced TOPCON products for surveying and optometry courses at Dublin Institute of Technology, Ireland.

We set up “TOPCON Lab” as part of our education support programs. TOPCON Group has carried out education support programs over the years and provided support for more than 500 schools worldwide.

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**Activities in Asia**

**Topcon Corporation Topcon Singapore Positioning Pte. Ltd.**

**Contribution to human resource development**
We donated surveying instruments - Total Stations and Auto Levels - to Yangon Technological University, Myanmar. We are contributing to developing human resources who will play a major role in infrastructure development such as reduction of traffic congestion caused by delay in road pavement works and development of water and electricity infrastructure.

*Contributions were made to major public university hospitals through the Ministry.*

**Topcon Instruments (Thailand) Co., Ltd.**

**Academic support**
We provided surveying courses using TOPCON surveying instruments for professors and students at Rajchamongkon Isan University.

**Topcon Instruments (Thailand) Co., Ltd.**

**Academic support**
We provided hands-on training using advanced GPS equipment for Khonkaen Road and Construction Center and contributed to improvement of knowledge and acquisition of skills. We also made a donation to Surin Hospital and Chonbri Hospital as a contribution to in-hospital training.

**Topcon Singapore Medical Pte. Ltd.**

**Contribution to society**
We have hosted free eye exams through Singapore National Eye Centre over the years.

**Topcon Corporation Topcon Singapore Medical Pte. Ltd.**

**Contribution to medical**
We donated eye examination equipment to Ministry of Health, Myanmar to help solve the shortage of health care workers and medical equipment. In particular, 3D OCT-1 Maestro allows for auto shoot without skills and experience and contributes to solving such problems. The equipment is planned to be installed at major public university hospitals through the Ministry.

**Topcon Optical (Dongguan) Technology Ltd.**

**Contribution to society**
We donated 10,000 RMB to a Chinese charitable foundation engaged in poverty alleviation in the country. We also made a donation of 88,672 RMB to the Persons with Disabilities Fund as support for livelihood and medical treatment.

**Topcon Corporation Topcon Yamagata Co., Ltd. Optoneux Co., Ltd.**

**Support Activities to Local Education and Academic Facilities**
We offered internship (work experience) opportunities for middle- and high-school and junior college students to help them cultivate a desirable view of career and work for the future.

**Activities that are introduced in the report are just a few. Topcon Group will continue to carry out social contribution activities through our business activities.**

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*Images and captions are only illustrative, not part of the natural text.*
Corporate Governance

Basic approach on corporate governance

TOPCON considers that a company should not only be an economic entity pursuing profit through open competition, but also be a public institute valuable for the society. In this light, corporate governance of TOPCON is a system to "maintain healthy management," "ensure management transparency," and "improve management efficiency" in an appropriate manner and to fulfill social responsibilities to all stakeholders involved in the business of TOPCON Group.

Corporate Governance Structure

TOPCON has the Board of Directors consisted of six directors (including one outside director). The members of the Board of Directors hold regular meeting once a month and extraordinary meeting as necessary. TOPCON also has executive officers who have responsibilities for execution of day-to-day businesses. Separating a supervising function of directors and the board of directors and a business execution function of executive officers allows for prompt and appropriate response to rapid changes in a business environment. TOPCON has adopted the Corporate Auditor System. The Board of Auditors is consisted of four auditors (including two outside auditors) who are responsible for auditing decision-making and execution of duties by directors respectively. Outside directors and auditors are in an independent position from the management.

Internal Control

The organization of TOPCON Group is based on three Internal Companies to provide the business efficiencies by delegation of authority and responsibility to each Internal Company. In addition, we ensure the transparency of the decision-making of the entire group through the high-quality decision making.

Last year, we improved the group-wide governance system and established "Group Governance Rules" which is aligned with the Company-based organization structure. The new Group Governance Rules clearly defined the procedure of decision-making, the approval matters and criteria, and the reporting matters.

TOPCON Group is made up of many legal entities worldwide, each of which is operating under laws in its jurisdiction. By setting up the unified governance and risk-management policy within the group organization, we pursue the efficiency and ensure the transparency of the global management, as well as compliance with the requirements on the corporate governance in each jurisdiction. The Group Governance Rules apply to the entire TOPCON Group. To ensure compliance, the companies within TOPCON Group have adopted the Governance Rules by the resolutions of their respective board of directors. Also the governance trainings are held for implementation in the group companies. During FY2013, the governance team visited more than 20 group companies in North America, Europe and Singapore for the trainings. We continue the training for FY2014, and evaluate the effectiveness of the governance system and improve it if needed, to further enhance the governance of TOPCON Group.

Risk-compliance hot line

TOPCON established a risk-compliance hot line in 2006 and has strived to identify risks and compliance issues (known or suspected conduct prohibited by laws, regulations and company bylaws and that against conventional wisdom) at an early stage and take corrective actions against them. 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. In fiscal 2013, the Risk-Compliance Hot line involved no cases of consulting. We are making efforts throughout the year to communicate the system to employees and create corporate culture and climate where employees feel free to make a notification.

In fact, 8 domestic group companies and 14 overseas group companies each have a similar system, making it possible to work together to promote compliance management by expanding the system year by year.

Group internal audit

TOPCON and domestic group companies are subject to field internal audit. In addition, 36 group companies in and outside Japan conduct an "internal control self-assessment (CSA)" by using a checklist on a continuous basis.

In fiscal 2013, we reviewed CSA questionnaires and required respondents to provide evidence to improve accuracy of responses from group companies. As a result of such continued efforts, the overall score for establishment of internal control marked 95%, two points up from the last fiscal year.

(23 companies: 95%-99%, 10 companies: 90%-94%, 3 companies: 80%-89%, Average of 36 companies: 95%) From fiscal 2013, we tightened the criteria for requiring improvement to achieve a higher level of internal control. We require group companies which need to be improved to submit an improvement plan and encourage them to speed up the efforts for establishing internal control.

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

TOPCON WAY defines the following as the common value to be shared within TOPCON Group:

1. To 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.

As the global company, TOPCON Group is required to comply with all applicable laws and regulations worldwide, and not to tolerate noncompliant events. To ensure compliance, TOPCON Group has the Code of Business Conduct to which each member of TOPCON Group must adhere in the course of business operations. The Code of Business Conduct provides, in a wide range of issues, the comprehensive guidance on the standards of conduct for compliance with the laws and regulations as well as on the ethical behavior which the society expects from TOPCON Group. During FY2013, the compliance trainings were provided for the members of the group companies in North America, Europe and Singapore with respect to the Code of Business Conduct including the detailed policies regarding the anti-corruption, fair competition, and prevention of the insider trading which may have the high-risk in the noncompliant events.

Information Security and Personal Information Protection

TOPCON’s approach to “Ensuring the information security” and “Personal Information Protection” is as below.

1. Security diagnosis by specialists

We received security diagnosis offered by an information security firm on information systems which connect the domestic group network and the Internet as in previous years. It was revealed that our system is at a suitable security level.

2. Strengthening prevention against access to illicit websites

TOPCON Group performs filtering of illicit websites, but there is an increasing risk of access to websites on which computers may get a virus and phishing websites among the public. To address such issues, we introduced additional security functions and enhanced preventive measures against information leakage and fraud on the Internet.

Personal Information Protection

TOPCON will continue to seek to respect and protect each customer’s personal data. TOPCON will implement following Personal Data Protection Policy in its business activities.

Basic Policy

1. TOPCON strictly observes the applicable laws and regulations with respect to personal data.

2. When TOPCON obtains personal data from customers, in case without any particular explanation, TOPCON uses personal data with the aim of providing the information of the products and services of TOPCON or of its affiliated company, etc for the customer and also of showing new or useful information. TOPCON may provide and confide data to third parties with a view to analyzing or processing, feeding back, etc for our customer. The information will be handled appropriately in all these processes in accordance with the business activities and scale of TOPCON.

3. TOPCON takes rational safety measures against the risk of unauthorized access and disclosure, loss, destruction, and alternation, etc of personal data.

4. TOPCON has established management system relating to personal data protection and strives to continuously improve.

Strengthening Global Export Control System

TOPCON Group, with its overseas sales ratio of higher than 70%, aims at “strengthening a global export control system.”

As a leading company, we are highly expected to fulfill responsibilities to “maintain international peace and security.” To achieve the goal of “strengthening global export control system,” we are committed to implementing the following measures:

1. Conducting export control audits

We conduct an annual internal audit on all departments involved in export.

Then, measures for improvement which was requested during audit are discussed with departments audited for one to three months after audit to correct nonconformities at an early stage. The next year’s audit conducts follow-up to check if such measures are carried out on a continuous basis. It also checks for missing items and inadvertent errors such as in administration procedures in the entire process.

In addition, overseas group companies are audited according to an annual plan to strengthen global export control system. Since FY2012, we have started field audit of overseas group companies jointly with in-house lawyers of a U.S. group company specializing in U.S. laws. In FY2013, export control staffs from Japan and the U.S. companies conducted joint audit on group companies located in the Netherlands, the U.S. and the UAE to reinforce the export control system.

Since FY2014, the Japan-U.S. joint audit will cover subsidiaries under the control of Positioning Company (POC) in the U.S. in addition to group companies under direct control of TOPCON to maintain and strengthen global export control.

2. Providing export control educations

To raise employees’ awareness about compliance, we provided 21 training sessions for new employees, mid-career employees and others engaged in export control in FY2013 and 155 employees in total participated in the sessions. We put some thought in training materials to make them easy to understand for employees. Furthermore, we provide mandate training for employees who will be assigned to overseas companies to raise their awareness of their leadership role in administrating export control in a region where they will work in order to “enhance a global export control system.”

3. Developing export control specialists

To improve expertise of employees engaged in export control, TOPCON Group recommends them to take a “certification exam on export control” held by the Center of Information on Security Trade Control (CIS-TEC). As of the end of March 2014, 64 employees obtained the “Certificate.” We are making positive efforts to improve skills of employees throughout the Group.

4. Periodically holding export control promotion meetings

To share information on global trends and situations of export control in TOPCON Group, we periodically hold export control promotion meetings to raise the awareness of employees within the group.

5. Regions requiring special control

TOPCON Group designates six countries including Iran, Iraq, Cuba, Syria, (Northern) Sudan and North Korea which are subject to special regulations under the Foreign Exchange and Foreign Trade Act of Japan and relevant U.S. laws as “regions requiring special control” and applies the most stringent procedures for screening for trade and administration in the TOPCON export control program.

We will further strengthen our export control system to achieve the highest quality of the system.
Quality Improvement Activities

We are conducting quality improvement activities so that our customers can use all TOPCON products with security. Not only to prevent recurrence of defects, but also to eliminate causes for quality problems, we are engaged in manufacturing from the viewpoints of customers and promote development of reliable products from upstream to downstream of product development processes. In addition to quality training provided for employees, we held an “exhibit of quality innovation” in November, the Quality Month and shared best practices in quality improvement such as in design quality and user support. This activity was held with participation of the TOPCON management and group companies and helped raise employees’ quality awareness.

Acquisition of ISO 9001 Certification

TOPCON Group has acquired ISO 9001 certification, an international standard for quality management and maintained conformity to it. We are promoting improvement in development to production, sales and after-sales support with slogans of “Customer First” and “Quality First.”

Audit result and year of acquisition

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<td>Nonconformities (Major)</td>
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<td>Certificates of Quality Assurance Activities</td>
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<td>Nonconformities (Minor)</td>
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<td></td>
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<td>Nonconformities (Minor)</td>
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<td></td>
<td></td>
<td>Opportunities for improvement</td>
<td>10</td>
<td>7</td>
<td>9</td>
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</table>

Joint Activities with Procurement Partners

TOPCON Group selects suppliers based on comprehensive assessment of product quality, pricing, delivery times, level of technology, stability of management and consideration of the environment. TOPCON Group has fair business relationship with the suppliers in accordance with the applicable laws and regulations concerning procurement.

Establishment of “Green Procurement Guideline”

Green procurement is a system to source products, components and raw materials having lower environmental impact from suppliers which promote environmental conservation activities positively. Concerted efforts throughout a supply chain are crucial to promote environmental conservation with reduction of environmental impact and risk caused by chemicals in products in mind.

Managing Relationship Focusing on the Chemical Substances Control

To comply with EU RoHS Directive and other regulations on specified chemicals, it is essential to control chemical substances used in our products. With the support of suppliers, TOPCON has conducted a survey on chemicals used in the products which we purchase from them and has made efforts to meet regulations on specified chemicals.

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**Personnel System**

In April 2014, TOPCON renovated a personnel system to a new one which allows for prompt and flexible use of human resources and draws the best out of their abilities. The personnel system defines human resources to be required of Topconian under the concept that “development of human resources” means “development of business.” TOPCON has established human resources philosophy to make it important in human resources of the company. We will further continue to focus on development of human resources.

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**Topconian**

Who has high level of expertise to create profit
Who acts on a common value beyond national borders and cultural differences
Who places an importance on teamwork

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**Human resources to be required**

The most important common value among TOPCON Group

To strive for sustainable growth with having spirits of “Monozukuri”※1 and disseminating innovation to the world.

**Management Vision**

Achieve a true Global Top!

Profitable and sustainable growth

Aim to become a true Global Top!

Human resources philosophy

- Topcon will develop and treat Topconian with respect toward attainment of our management vision.
- Topconian is to be:
  1. Who has high level of expertise to create profit
  2. Who acts on a common value beyond national borders and cultural differences
  3. Who places an importance on teamwork

To this end, we offer employees places to work and opportunities for self-learning and development equally. We also respect the basic human rights of employees and offer an optimum work environment.

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**Management Strategy**

Enhance new business and strengthen core business
Launch disruptive strategic products
Utilize global human resources

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**Creative Growth**

※1 “Monozukuri” means manufacturing.

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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.

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**Working Hours, Leave System and Job-related Accidents**

**Total and overtime working hours of employees (TOPCON Headquarter only)**

<table>
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<tr>
<th>Year</th>
<th>Total working hours (per capita)</th>
<th>Overtime working hours (per capita)</th>
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<tbody>
<tr>
<td>FY2011</td>
<td>1,194 hours</td>
<td>201 hours</td>
</tr>
<tr>
<td>FY2012</td>
<td>1,192 hours</td>
<td>201 hours</td>
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<tr>
<td>FY2013</td>
<td>2,007 hours</td>
<td>276 hours</td>
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</tbody>
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**Number of Employees Who Applied for Various Job Support Systems (TOPCON Headquarter only)**

<table>
<thead>
<tr>
<th>Category of Leave</th>
<th>Number of Leaveholders (as of April 1, 2014)</th>
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</thead>
<tbody>
<tr>
<td>Childcare Leave</td>
<td>Till the end of the month in which a child reaches the age of 15 14 13 6 8 12</td>
</tr>
<tr>
<td>Shorttime Work</td>
<td>Till a child finished the 3rd grade at elementary school 12 10 10 10 14</td>
</tr>
<tr>
<td>Nursing Leave</td>
<td>1 year 1 0 0 0 0</td>
</tr>
<tr>
<td>Employment System</td>
<td>Those who have retired at retirement age 18 14 10 10 9</td>
</tr>
</tbody>
</table>

**Job Accidents**

In FY2013, TOPCON had two cases of job-related accidents:
- Bumped and broke a leg during work (absent from work)
- Fell while walking down an aisle (not absent from work)

The record of continuous accident-free hours,


**Labor Union**

**Topcon Group Labor Union**

- Name: Topcon Group Labor Union
- Manager: Executive Chairman, Akitomo Tazawa

**OPTONEXUS Labor Union**

- Name: OPTONEXUS Labor Union
- Manager: Executive Chairman, Kazuya Suzuki

**TOPCON YAMAGATA Labor Union**

- Name: TOPCON YAMAGATA Labor Union
- Manager: Executive Chairman, Kazuya Suzuki

**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 related labor unions.

**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.
- Major labor-management negotiations include in fiscal 2013:
  - Amount of annual bonus
  - Annual holidays
  - Reviews of retirement allowance basic
  - Reviews of a performance-based bonus system (index table and calculation)
  - Human resources development
  - Transfer to subsidiaries
  - Measures to address consumption tax hike

**Number of Union Members**

- TOPCON Group Labor Union: 30,874 (Men: 16,012, Women: 14,862)
- Topcon Group Labor Union: 30,874 (Men: 16,012, Women: 14,862)
- OPTONEXUS Labor Union: 1,909 (Men: 1,909, Women: 1,909)
- OPTONEXUS Labor Union: 1,909 (Men: 1,909, Women: 1,909)
- TOPCON YAMAGATA Labor Union: 2,068 (Men: 2,068, Women: 1,068)
- TOPCON YAMAGATA Labor Union: 2,068 (Men: 2,068, Women: 1,068)

**Note**

- FY2013: 18 14 10 10 9
- FY2014: 18 14 10 10 9
- FY2015: 18 14 10 10 9

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**TOPCON Group Corporate Social Responsibility Report 2014**
CSR Activity Report

UNGRC-related Activities

The United Nations held a session of the World Economic Forum in Davos, Switzerland in January 1999, when Kofi Annan, the then Secretary General of the United Nations, proposed the concept of the Global Compact (GC). The GC was formally inaugurated in July 2000.

TOPCON GROUP Environmental Vision 2020

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

Environmental Impact of the TOPCON GROUP (FY2013)

TOPCON Group has processing plants in Japan and China and assembly plants in the U.S. These have impact on the environment such as CO2 emissions from the use of electricity and fossil fuel and waste generated in manufacturing processes. In addition, as a characteristic of an optical instrument manufacturer, the plants use large quantity of organic solvents for cleaning purpose in manufacturing and assembly processes.

We report environmental impact such as CO2 emissions and the amount of energy use resulting from business activities of TOPCON Group including sales companies which have relatively small impact on the environment.

Environmental Impact Caused by TOPCON HQ (FY2013)

TOPCON HQ has the following impact on the environment:

1. CO2 Emissions
2. Energy consumptions
3. Fossil fuel consumption (crude oil conversion)
4. Waste emissions
5. Chemicals consumption

Note: The calculations involve various factors including 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 in page 21 and, if necessary, request the company concerned to implement improvement.
**Efforts for Reducing the Environmental Impact**

### Energy-saving activities in China

Topcon Optical (Dongguan) Technology Ltd. in China has made company-wide efforts to reduce energy consumption. In F.Y. 2013, the company cut electric power consumption by 697,900 kWh a year through promoting energy-saving of air conditioners, introducing a central control system and replacing air conditioners with energy saving ones. The company also held a seminar to raise employees’ awareness about environmental protection. It was awarded “Green Award for the Pearl River Delta Environmental Protection” from the Hong Kong Annual Labor Commission for such environmental and energy-saving activities and positive efforts in serving communities over the years.

### Energy-saving Activities in Europe

Topcon Europe B.V. (“TE”), a group company located in Europe owns many company ones.

**“ISO 14001” audit in TOPCON Group**

Five companies (four in Japan and one in China) which have environmental impact from manufacturing processes have adhered to ISO 14001 certification and are subject to screening by a certification authority to ensure appropriate management.

In the screening carried out in fiscal 2013, no companies received a Category A (major) non-compliance items and all retained their respective certification. They have taken appropriate measures for improvement on Category B items (minor nonconformities) and items with room for improvement (not nonconformities).

### Fact-Finding Survey

Since 2007, TOPCON has conducted a survey on environmental impact targeted at group companies around the world and provided guidance to those which are need for improvement. See page 20 for the result of the survey conducted in F.Y. 2013.

### Environmental Auditing of Group Companies

We audited the manufacturing companies in the group on the document-basis with a focus on environmental conservation activities (audits on environmental management and compliance) in addition to the survey on actual environmental impact as mentioned above. In F.Y.2013, six group companies underwent the survey and were found to have no problems in management.

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**In Response to the Third-Party Opinion**

For TOPCON Group which strives to be a global top company with a concept that development of human resources is development of business, it is of the highest priority to develop Topconian, human resources desired for the company.

We will contribute to the human society by creating new values and developing business beyond national borders and cultural difference through respecting basic human rights of employees and offering optimum work environment.

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**Third-Party Opinion**

Junkan Third-Party 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.

**Tamio Yamaguchi, Representative**

**Specified non-profit organization**

Junkan Workers Club

URL: http://junkan.com