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 on sociality to tell stakeholders about social and environmental activities of TOPCON Group.

Continuing from CSR Report 2014, this report, the tenth edition, features global social contribution activities based on TOPCON WAY. With the continued expansion of our business activities globally, as it becomes increasingly important for all employees to move cooperatively in the same direction, we have revised our Code of Business Conduct with the aim of bringing clarity to our concept of values and commitment based on the idea of the TOPCON WAY (see page 12). Additionally, we made efforts to nurture Topconians by further strengthening internal communication and education. 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 (CPD),” 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 2015 is designed to serve as a CPD report.

Date of Publication
June 2015 (Previous issue: June 2014)

Guidelines Used as References
ISO26000 “Guidance on social responsibility”
Global Reporting Initiative (GRI) G4 Guidelines
ISO26000 “Guidance on social responsibility”

CSR Policy
CSR Policy is established in the CSR reports, Topcon Global Code of Conduct and CSR Policy are available on the Social and Environmental Activities (CSR) page of our website.

http://global.topcon.com/csr/


(Topcon Global Code of Conduct)


Major policies of CSR
- The Investor Relations page of our website provides information about stocks financial performance and our products.

http://global.topcon.com/invest/

- Investor Relations

TOPCON IR website has received a good reputation by multiple external evaluation institutes as below.

Special Feature: Global CSR Activities

07 Activities in Europe and America

08 Activities in Asia

CSR Management Report

01 Corporate Governance

02 Internal Control System

03 Compliance Activities

04 Strengthening Global Export Control System

05 Information Security

06 Personal Information Protection

07 Quality Improvement Activities

08 Acquisition of ISO 9001 Certification

09 Joint Activities with Procurement Partners

CSR Activity Report

10 Communication with Employees, Education for Risk Management

11 Working Hours, Leave System and Job-related Accidents

12 UNGC-related Activities

13 TOPCON GROUP Environmental Vision 2020

14 Environmental Impact

15 Efforts Related to Environmental Impact Reduction

16 "ISO 14001" audit in TOPCON Group

17 Third-Party Opinion

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 Topcon Global Code of 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/corporate/philosophy/ ("TOPCON WAY")

- This CSR Report 2015 and previous CSR reports in PDF format, as well as additional environment-related information not covered in the CSR reports, Topcon Global Code of Conduct and CSR Policy are available on the Social and Environmental Activities (CSR) page of our website.

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Message from the President

To be a global top company

Earnings for FY 2014 resulted in our highest levels ever for net sales and operating income. This performance is the result of our ongoing growth strategy beginning to take root. Group-wide, we are on a trajectory for solid growth and each company achieved increased income. To enhance new business and achieve profitable and sustainable growth founded in creativity, we have embraced the slogan “Creativity and Growth” as well aim to become a true top-ranked global 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 being outstanding growth onto the market, and utilization 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) products which meet potential, unnoticed needs of customers, and creating novel value. As one of the features for our global business expansion, we employ our worldwide perspectives to appoint the right corporate value toward FY2015 target of ROE 20%.

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.”

Based on a corporate philosophy of co-existing with society, the Topcon Group is committed to global environmental solutions, promotion of CSR activities, which includes contributing to society, the establishment of corporate governance, and compliance activities. The Topcon Group is committed to being worthy of the trust shown by our stakeholders, including our shareholders and investors. Our continuous goal is to achieve profitability and sustainable growth. In closing, we ask for your ongoing support and guidance of our stakeholders.

Satotshi 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 2014, 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.

<table>
<thead>
<tr>
<th>Items</th>
<th>Key Goals and Plans for FY2014</th>
<th>Key Achievements in FY2014</th>
<th>Comparison with GC 10 Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance</td>
<td>Disseminating the Corporate Governance Principles</td>
<td>Provided training for managers according to plan</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Holding seminars on the Corporate Governance Principles and CSR Evaluation principles</td>
<td>Provided seminars to TOPCON group companies according to plan</td>
<td>○</td>
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<tr>
<td></td>
<td>Disseminate the group governance</td>
<td>Adopted in domestic and overseas group companies as planned</td>
<td>○</td>
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<tr>
<td>Risk Compliance</td>
<td>Promote BCP in group companies</td>
<td>Reviewed BCP on the assumption that earthquake may occur before the company sites</td>
<td>○</td>
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<tr>
<td></td>
<td>Review and expand emergency stockpiles</td>
<td>Increased stockpiles of emergency supplies (food, beverage, portable toilets, blankets, etc.) and provided suitable phones</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Employment rate of persons with disabilities: 20% (complying with legal requirements)</td>
<td>Employment rate of persons with disabilities: 1.75% (short by a person)</td>
<td>○</td>
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<tr>
<td></td>
<td>Holding topic-by-topic compliance seminars</td>
<td>Held topic-by-topic compliance seminars with updated materials including training of overseas group companies as planned</td>
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</tr>
<tr>
<td>Responsibilities to Customers</td>
<td>Enhance design review to improve quality of new products</td>
<td>Conducted risk analysis and enhanced design review to shorten development times and improve quality</td>
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<td></td>
<td>Enhance risk control to improve product quality</td>
<td>Promoted awareness of prioritizing the quality through the Technology/Quality Month and other quality forums</td>
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<td></td>
<td>Enhance the internal audit system to strengthen an ability to identify the true cause</td>
<td>Internal audit carried out on the main group 13 companies</td>
<td>○</td>
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<tr>
<td></td>
<td>Promote to control customer complaints information between group companies on a global basis</td>
<td>Speeded up the feedback of quality information between group companies on a global basis</td>
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<tr>
<td></td>
<td>Promote a new guideline is communicated to and understood by suppliers</td>
<td>Through a management policy briefing, the well-known thorough new guidelines</td>
<td>○</td>
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<tr>
<td>Responsibilities to Business Partners</td>
<td>Improvement of employee satisfaction</td>
<td>Disseminated the important items related to health and safety</td>
<td>○</td>
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<tr>
<td></td>
<td>Further improve work environment</td>
<td>Conducted training in group companies around the world</td>
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<tr>
<td></td>
<td>Providing environmental consciously and resource-saving products, and products and services useful for improving medical care, health care and the like in general</td>
<td>Provided products that would help address social issues (Energy saving, Reduced environmental impact, Aging problem etc.)</td>
<td>○</td>
</tr>
<tr>
<td>Responsibilities to Local Communities</td>
<td>Make suggestions for new volunteer activities and carry out them</td>
<td>Conduct as planned</td>
<td>○</td>
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<tr>
<td></td>
<td>Provide more effective assistance to medical and academic institutes</td>
<td>Conduct as planned</td>
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<tr>
<td></td>
<td>Enforcing Environment Management System</td>
<td>Conducted the documented based audit at 6 group companies having factories facility and many employees</td>
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<tr>
<td></td>
<td>Providing environmental consciously products 93.7% of sales</td>
<td>Provided environmentally conscious products 93.7% of sales (Target achievement)</td>
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<tr>
<td></td>
<td>Management of chemical substances used in our products</td>
<td>Provided environmentally conscious products 93.7% of sales (Target achievement)</td>
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<td></td>
<td>Strengthening of cooperation with governmental authorities and local residents</td>
<td>Carried out community cooperation activities according to plan</td>
<td>○</td>
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<tr>
<td></td>
<td>Promoting Environmental Communication</td>
<td>Enhanced design review to improve product quality</td>
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<tr>
<td></td>
<td>Improvement of environmental conservation effect of the IT Construction</td>
<td>Conducted the documented based audit at 6 group companies having factories facility and many employees</td>
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<td></td>
<td>Effective use of resources</td>
<td>Provided products that would help address social issues (Energy saving, Reduced environmental impact, Aging problem etc.)</td>
<td>○</td>
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<tr>
<td></td>
<td>Use of organic solvents: 25% reduction (1,345 kg)</td>
<td>Provided products that would help address social issues (Energy saving, Reduced environmental impact, Aging problem etc.)</td>
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<tr>
<td></td>
<td>Effective use of resources</td>
<td>Conducted training in group companies around the world</td>
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<tr>
<td></td>
<td>Improvements in Web content (Winning a plurality of website evaluation organization)</td>
<td>Provided products that would help address social issues (Energy saving, Reduced environmental impact, Aging problem etc.)</td>
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<tr>
<td></td>
<td>Strengthening of cooperation with governmental authorities and local residents</td>
<td>Carried out community cooperation activities according to plan</td>
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<tr>
<td></td>
<td>Ensuring the implementation of field audit</td>
<td>Conduct as planned</td>
<td>○</td>
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<tr>
<td></td>
<td>Providing seminar to TOPCON group companies according to plan</td>
<td>Conducted the documented based audit at 6 group companies having factories facility and many employees</td>
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<td></td>
<td>Providing training for managers according to plan</td>
<td>Provided training for managers according to plan</td>
<td>○</td>
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<tr>
<td></td>
<td>Promoting benchmark activities through participation in working groups</td>
<td>Conducted training in group companies around the world</td>
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<tr>
<td></td>
<td>Issuing TOPCON GROUP CSR Report on planned</td>
<td>Published as appropriate</td>
<td>○</td>
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<tr>
<td></td>
<td>Posting corporate information on the website in a timely fashion</td>
<td>Published as appropriate</td>
<td>○</td>
</tr>
<tr>
<td></td>
<td>Promoting social contribution activities including review of partners</td>
<td>Conducted as planned</td>
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</tbody>
</table>

In April 2011, TOPCON Group established the “TOPWAY” as a newly defined common value by integrating and reorienting 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 TOPWAY.
Global CSR Activities

Activities in Europe and America

**Topcon Positioning Systems, Inc.**

1. **Scholarship sponsorship**
   - Through the Cabot (Arkansas) Scholarship Foundation, we donate USD 1,000 annually as scholarships for students learning marketing and journalism. This non-profit organization manages over 60 privately offered scholarships. The students who are granted the scholarship donated by us in 2014 are currently going to the University of Central Arkansas.

2. **Contribution to LVWF and WFF for art education**
   - As part of the Livermore Valley Wine Auction, which celebrates its 20th year, we have made a donation to the Livermore Valley Winegrowers Foundation (LVWF) and the Wente Family Foundation (WFF). These events provide continuous assistance in incorporated areas to address the improvement in the lives of local children. Since the start of this activity, they have collected a total of over 3.6 million US dollars.

3. **Contribution to SOS Children’s villages**
   - TOPCON Group has made a donation of DKK 12,000 to the SOS Children’s villages, which is a support group for children who are unable to receive care from their parents and those who are at the risk.

4. **Contribution to an ophthalmic treatment firm**
   - TOPCON Group has made a donation of DKK 9,000 to an ophthalmic treatment firm.

**Topcon Medical Systems, Inc.**

1. **Participation in the fund-raising event for veterans support groups**
   - Digi-Star took part in the Copa-CHAIR-Bana (a fund-raising event to purchase new chairs in conference venues) to support local veterans support groups. The representatives of TOPCON and Digi-Star coordinated with other veterans support groups, Disabled Veterans Blackhawk Chapter 39, and American Legion Post 166, to donate 160 new chairs to the local support group.

2. **Participation in the eye exam event**
   - For two months from July and August 2014, we set every Tuesday as Topcon Tuesdays and took part in the charity program by Luxottica, One Sight Mission, again this year. Over 1.7 million underprivileged children were invited to a summer camp, named the Fresh Air Fund Camp, to offer free eye exams and eyeglasses. We supported the activities by offering eye exam equipment and volunteer participation by employees.

3. **Participation in the event to support the children with heart disease and their parents**
   - We took part in the Hearts of Harvest Foundation (a group that offers financial support to children with heart disease and their parents) as a sponsor. TPS employee Steve McCain and his wife have been active members of the cause, and they received support from other employees to participate in the activities.

4. **Participation in the event to support the children with heart disease and their parents**
   - We have made a donation to the Open Arms Shelter (a shelter where abused children can stay temporarily and for a mid- to long-term). This shelter is open 24 hour a day, seven days a week, and offers a place to stay until the children find a new home or foster family.

5. **Contribution of food provision and disaster relief**
   - We conducted its eighth food drive for 14 days from November 8 through 21 to offer food to support households in poverty. Additionally, in cooperation with the Center for Food Action and Emmanuel Cancer Organization, TMS offered support for households in poverty and children diagnosed with cancer and their families. During the food drive, TMS employees donated food and funds for disaster relief. All of the items and money collected were donated to local food pantries.

6. **Contribution of old computer equipment**
   - For the second time, we have made a donation of old computer equipments to the Kinder Komputer Wereld Foundation. The foundation offers repairs and check-ups of the above equipment and provides to low-income households.

**Topcon Europe B.V.**

1. **Participation in the fund-raising event for veterans support groups**
   - TOPCON Group has made a donation of DKK 12,000 to the SOS Children’s villages, which is a support group for children who are unable to receive care from their parents and those who are at the risk.

2. **Participation in the event to support the children with heart disease and their parents**
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**Topcon Denmark**

1. **Contribution of food provision and disaster relief**
   - We conducted its eighth food drive for 14 days from November 8 through 21 to offer food to support households in poverty. Additionally, in cooperation with the Center for Food Action and Emmanuel Cancer Organization, TMS offered support for households in poverty and children diagnosed with cancer and their families. During the food drive, TMS employees donated food and funds for disaster relief. All of the items and money collected were donated to local food pantries.

2. **Contribution to an ophthalmic treatment firm**
   - TOPCON Group has made a donation of DKK 9,000 to an ophthalmic treatment firm.

TOPCON Group has accelerated its business expansion in the global. Among them, in order to fulfill the contribute to sustainable human society, it is the keynote of the spirit of TOPCON WAY, and we are vigorously the CSR activities as a responsibility for society.
Activities in Asia

Topcon Instruments (Thailand) Co., Ltd.
- Participation in a charity event held by YMCA
  We donated THB 10,000 to a YMCA charity event to support children through scholarship funding.
- Volunteer participation in the mangrove protection activities
  We took part in the support activities for the growth of mangrove forests, which is effective in solving global warming and the formation of rich ecosystems.

Topcon Sokkia India Pvt. Ltd.
- Contribution to a children support group
  We made a donation of INR 4,000 to the Kolkata Police Co-operative Society, which supports children who have lost their parents in auto accidents.
- Contribution to a homeless support group
  During the Visiswakarma Puja (Festival), we have made a donation of INR4,000 to the Public Works West Bengal, which supports homeless people through food donations.

Topcon Singapore Medical Pte. Ltd.
- Continuous participation in an eye exam event
  We continue to support wide-ranging free eye exams held by community centers and corporate groups.

Topcon Yamagata Co., Ltd. / Optonexus Co., Ltd.
- Internship
  The internship aimed to promote the development of independent-minded to select occupations themselves and a high level of vocational consciousness to nurture talents needed in society by offering the opportunity of internship. The participants of the workshop experienced the importance of working through participation.

Topcon Corporation
- Improvement of work efficiency through IT construction
  The Shirakawa Training Center held a test drive workshop to let participants experience computer-aided construction. By comparing general construction and IT construction, the workshop aimed to emphasize how IT construction enables safe construction effectively and rapidly. We can excavate topsoil in a uniform thickness and reduce an amount of excavated soil by 25% to 30% by using IT construction. It is also useful for the volume reduction of soil in decontamination work, enabling the effective separation of contaminated soil.

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.
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" by an appropriate manner and to fulfill social responsibilities to all stakeholders involved in the business of TOPCON Group.

Corporate Governance Structure

Topcon’s board of auditors consists of four members (two of which are outside corporate auditors) that examine decision making and business execution by directors. Meanwhile, the board of directors is comprised of eight members (two of which are outside director). The board meets regularly once a month and extraordinary meetings are convened if necessary. The outside director and outside corporate auditors, who are not related to the management, maintain an independent position.

In June 2014 the Company’s senior management, we implemented the Topcon Code of Business Conduct, which was one of the centerpieces to ensure compliance, in accordance with the spirit of TOPCON WAY, within the Topcon Group. In December 2014, we revised the Code as well as the name to "Topcon Global Code of Conduct," which was one of the centerpieces of the Topcon Group, the number of employees with different cultural backgrounds is increasing. The Code must therefore send a clear message about the values and commitment that we must share, wherever we are located, and whatever cultural background we have, as members of the Topcon Group.

To roll-out the revised Code within the Topcon Group, the group companies have adopted the revised Code by the resolutions of their respective board of directors. Also we have been providing the compliance training to the group companies, and have distributed the booklet of the revised Code to all Topcon Group members.

We will continue the training and other compliance activities for the group, making it possible to work together to promote compliance management by expanding the system year by year.

Corporate governance training

In June 2014 the Company’s senior management, we conducted a corporate governance training by outside instructors. Through knowledge acquisition of the Companies Act and overseas corporate governance, the separation of supervisory functions and the executive function, also the responsibility of the directors and auditors, re-recognition the operation, understanding of the action that is required in order to maintain and strengthen governance as executives we have an opportunity to achieve a thorough.

In fiscal 2014, in addition to the Topcon and its domestic group companies, the field internal auditors were conducted in 13 major group companies, including each of the holding companies overseas, with the goal of further strengthening the internal control environment and improving the effectiveness and efficiency of operations on a global scale. Additionally, along with the field internal auditors, TOPCON Group continuously implemented questionnaires for internal control self-assessment (CSA), targeting 36 group companies in Japan and overseas. In fiscal 2014, we reviewed CSA questionnaires and required respondents to provide evidence to improve the internal control environment. As a result of such continued efforts, the overall score for establishment of internal control marked 96%, two points up from the last fiscal year, 128 companies: 95%-99%, 7 companies: 90%-94%, 1 company: 85%-89%. Average of 36 companies: 96.5%

Internal Control System—Topcon Global Code of Conduct—

Basic approach to corporate governance of the Topcon Group is to “maintain healthy management,” “ensure management transparency” and “improve management efficiency” appropriately and to fulfill social responsibilities to all stakeholders involved in the business of the Topcon Group.

Not only delivering great financial results, but also operating our business with high standards of ethics and integrity and being a trustworthy partner to all stakeholders are critical for this purpose.

We had implemented the Topcon Code of Business Conduct, which was one of the centerpieces to ensure compliance, in accordance with the spirit of TOPCON WAY, within the Topcon Group. And in December 2014, we revised the Code as well as the name to “Topcon Global Code of Conduct,” which was one of the centerpieces of the Topcon Group, the number of employees with different cultural backgrounds is increasing. The Code must therefore send a clear message about the values and commit-
Compliance Activities

"TOPCON WAY" is, "The advanced and compliance top priority of values to anticipate changes, it is the presence that is trusted by all stakeholders" has been defined as the Topcon group common values that. In order to practice this spirit, the Topcon Group from fiscal 2013, but Japan and the compliance department of the US affiliates has emphasized the cyclic education of each site, the 2014 fiscal year, to reflect on education and effectiveness. Challenges identify and take advantage of the revision and improvement of subsequent educational content of internal regulations (Topcon Global Code of Conduct), by turning the cycle of the entire activity, we are promoting the activities to strengthen the overall compliance system.

In addition, Topcon as the companies that are involved in the medical equipment business, to ensure the transparency of the relationship between the people of the medical institutions and medical personnel, as efforts to contribute to the improvement of the reliability, and the "business activities in fiscal 2013 established the guidelines." For transparency of the relationship, such as medical institutions, we have published information about the funding of medical institutions at its Web site from the 2013 fiscal year’s worth of data. In-house, we carry out education about the need for and the background to ensure the transparency of corporate activities. And we have increased the awareness of cooperation of each and every employee.

Strengthening Global Export Control System

TOPCON Group, with its overseas sales ratio of higher than 70%, aims at "strengthening a global export control system." A fragile export control system may result in events which threaten the basis of existence as a corporation. In the worst case, the company would experience loss of sales and "hold by the Center of Information on Security Trade Control (CISTEC). As of the end of March 2015, 84 employees obtained the "Certificate." We are making positive efforts to improve skills of employees throughout the Group.

TOPCON will maintain a proactive and responsive attitude by foreseeing any changes and place the utmost priority on compliance under all circumstances.

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 (CISTEC). As of the end of March 2015, 84 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. Particularly in recent years, there has been a significant change in world affairs, such as Six-Party Talks concerning the 2014 Crimean crisis and Iran and weapons of mass destruction, and the breakthrough in diplomatic normalization negotiations between the US and Cuba. To efficiently practice export control in line with these changes, the information is shared and fed back internally.

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.

Information Security

1. Improvement of information security education
TOPCON Group has made changes from the conventional lecture style to education provided through e-learning courses, reducing the restraints on time and place and enabling study at the learner's pace and the level appropriate to individuals. Additionally, by implementing a completion test, it aims to improve the learning level. A total of 758 employees and 883 employees in all groups in Japan took the e-learning course.

2. Security diagnosis by an information security expert
A proper security level.

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.

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

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.

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

TOPCON has established management system relating to personal data protection and strives to continuously improve.
CSR Management Report

Quality Improvement Activities

With the quality policy of “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 continuously implements quality improvement activities so that all of our customers can use our products with peace of mind. Not only preventing the reoccurrence of rejections, we manufacture products from the customers’ perspective from upstream product development to ensure the prevention of quality issues. Additionally, by setting the behavioral guidelines based on the guiding principles of actual place, actual thing, and actual fact, Three Reals Philosophy (Sangen shugi), and the pursuit of truth, all employees take part in steady quality improvement. We held an internal event during the quality awareness month in November last year to improve technology and raise the awareness of making the quality the first priority. All employees’ quality consciousness was improved by implementing a case-study presentation, introducing the optimization of design with the help of quality engineering, and holding lectures on the theme of improving procurement quality.

Acquisition of ISO9001 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.” Since 1994 when Surveying Equipment Division acquired the certification, major bases of TOPCON Group have obtained it for 20 years. We will continue to make efforts to offer more reliable products and services as a global company.

Audit result and year of acquisition

<table>
<thead>
<tr>
<th>Year of acquisition, conforming standards</th>
<th>Headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1994(Surveying equipment business)</td>
<td>ISO9001:1994edt</td>
</tr>
<tr>
<td>Y1995(Medical equipment business)</td>
<td>ISO9001:1994edt</td>
</tr>
<tr>
<td>Y1998(Industrial equipment business)</td>
<td>ISO9001:1994edt</td>
</tr>
<tr>
<td>Y2000(Total of the entire company)</td>
<td>ISO9001:1994edt</td>
</tr>
<tr>
<td>Y2002(Company-wide1)</td>
<td>ISO9001:2000edt</td>
</tr>
<tr>
<td>Y2010(Company-wide2)</td>
<td>ISO9001:2000edt</td>
</tr>
</tbody>
</table>

Certification authorities: SGS Japan Inc.

<table>
<thead>
<tr>
<th>Type of audit</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveillance</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nonconformities(Major)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nonconformities(Minor)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Opportunities for improvement</td>
<td>7</td>
<td>9</td>
<td>4</td>
</tr>
</tbody>
</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. We will work with our procurement partners to promote green procurement as well as to address issues concerning conflict minerals in consideration of future concerns such as global warming and exhaustion of natural resources.

Briefing Session on Management Policy for Suppliers

We held a briefing session on management policy on October 28, 2014 for the purpose of enhancing partnership with suppliers for co-existence and mutual benefit. With 152 participants from 100 companies (including five from 3 companies of overseas suppliers and Chinal, we had explanation on management policy by President and General Managers of Companies and on procurement policy by General Manager of General Procurement Division to deepen understanding of suppliers on management and procurement policies of TOPCON Group. TOPCON Group presented an award to two excellent suppliers. The factory and showroom visit was arranged during the corporate strategy meeting along with its presentation. Participants enjoyed the event.

Compliance

TOPCON Group, of course employees in charge of procurement, it is timely implementation of Subcontract Act education to all employees. In fiscal 2014, both to implement the education by the Subcontract Act training sessions to all administrator through September-October, it was carried out the Subcontract Act education through e-learning to the rest of all employees over the November-December, and the Subcontract Act We have to improve the well-known thorough and law-abiding consciousness.

Green Procurement

Green procurement is a system to source products, components and raw materials having lower environmental impact from suppliers which promote environmental conservation activities positively. Topcon establishes “green procurement guideline” and is promoting a match to the environment. We have completed conformity investigation conduct and CE marking sticking of a target product as correspondence of a change RoHS order (2011/65/ EU). We expand a target product and advance correspondence continuously. "Supply manufacturer’s standard catalog" is being built and preparatory au-
Communication with Employees, Education for Risk Management

Promotion of activating communications between employees and the company

TOPCON has constructed and commenced the operation of a bottom-up system, namely, “Guess! What I have” in which each employee can freely post their thoughts, problems, and questions to seek answers. The purpose is to change the company for better and collect the voices of each employee to make improvements in small steps with the goal of providing a better workplace where all employees can work with a positive attitude. Anybody who works in the group companies in Japan can post anything, even small ones, lightheartedly, and the company responds and replies with sincerity.

Improvement of company cafeteria

Company cafeteria, about 700 employees use every day, is essential facility for employees. With the aim to enhance employees’ satisfaction, we renewed our popular menu “noodles”, “curry”, and introduced “salad bar” by female employees’ requests, and carried out some events such as “free lunch”. We also promote easy-to-see and easy-to-understand menu display by TV monitor. Recently our cafeteria was opened to employees of all age groups, and it has become a place of exchange with the local community and family.

Ophthalmology examination by using 3D OCT

Our company, manufacturing and sales of the world’s most advanced ophthalmic equipment, “Ophthalmology examination by using 3D OCT” (fundus examination, intraocular pressure testing and refraction test and we conduct the examination by a doctor) is conducted for employees who are age 50 or above and wish it in ophthalmology clinic space of our showroom. It is possible for employees to grasp the health of the eye, can lead to early detection and early treatment of the disease.

Conduct of overseas security seminar

With the expansion and promotion of our business activities, there are an increasing number of employees traveling overseas. Also, in recent years, due to complicated world affairs, conflicts of interests between nations and terrorist activities occur frequently in various places around the world. In order to safely drive forward our business activities, it is extremely critical to know the security risks for each country and region in which we expand our activities, so that each employee has an awareness of safety management overseas and the individual mind of representing the company. In the view of such circumstances, an overseas security seminar by an outside expert was held to learn about where such risks exist. The seminar was useful for attendees to protect themselves in overseas for future.

Working Hours, Leave System and Job-related Accidents

Our overtime working hours has increased due to new product development and keeping time delivery, and the total working hours per person became more than 2,000 hours in consecutive years. We will consider specific efforts to reduce total working hours and to promote taking annual paid leave.

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare Leave</td>
<td>Till the end of the month in which a child reaches the age of 2</td>
<td>13</td>
<td>6</td>
<td>0</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Short-time Work</td>
<td>Till a child finished the 3rd grade at elementary school</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Nursing Leave</td>
<td>1 year</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Re-employment System</td>
<td>Those who have retired at retirement age</td>
<td>14</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

Job Accidents

There was no Job accident in fiscal year 2014.

Labor Union

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.

Name: TOPCON Labor Union
Representative Executive Chairman, Akihito Tazawa
Established: January 29, 1946
Form: Independent in-house union
Union member information as of April 1, 2015:
1. Number of union members: 504 (418 men and 86 women)
2. Average age: 40.8 (men: 41.1; women: 39.5)
3. Average length of service: 17.6 years
Eligibility: Regular employees at or below the deputy manager level
Form: Union shop (All employees must join the union) for the agreed period.
Superior body: None
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 learns its options or suggestions.
Labor-management negotiations:
Hold 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 negotiation issues in fiscal 2014:
1. Amount of annual bonus
2. Annual holiday (calendar)
3. Review of addition of retirement allowance base
4. Revision of the retirement plan
5. Revision of a performance-based bonus system (index table and calculation)
6. Qualification of union members’ 75th-79th treatment after institutionalization
7. Introduction of an annual leave plan acquisition system
8. Transfer to a subsidiary company and transfer
9. Human resources development
10. Benefit program

Name: TOPCON-related Workers’ Cooperative
The workers’ cooperative was formed for the main purpose of encouraging the interchange between the labor unions (TOPCON manufacturing companies and improving the labor conditions of the entire related labor unions).

<table>
<thead>
<tr>
<th>Name of Support System</th>
<th>Period / Qualification</th>
<th>TOPCON HQ FY2013</th>
<th>Average of the employees More than 100 employees</th>
<th>Average of the employees More than 100 employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous accident free hours</td>
<td>Consecutive hours free of accidents resulting in fatalities or absence of 1 day or longer</td>
<td>Total: 2,246</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>Severity rate (Incident of 11 day or longer)</td>
<td>Percentage of serious accidents</td>
<td>0</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>Frequency rate per working hours</td>
<td>Number of dead and injured per million working hours</td>
<td>0</td>
<td>1.06</td>
<td>1.66</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</td>
<td>2.90</td>
<td>2.30</td>
</tr>
</tbody>
</table>

Note: Sources:
The record of continuous accident-free hours: “Cumulative hours from the day following the occurrence of a job-related accident (absent from work) to the end of March 2014”
Frequency rate per 1,000 workers:
Per 1,000 workers by industry. “Workplace safety” website (2014) http://www.mhlw.go.jp/joho/kojou/ind08_26_st01.html
CSR Activity Report

UNG C-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. 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, 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.

We carry out a variety of activities to embody the spirit of GC and to raise employees’ awareness.

Hold a seminar on prevention of bribery at group companies as part of compliance training.

Add items on human rights in an employee handbook.

Add terms on human rights in an employment contract. Obtain understanding for human rights from employees by signing an employment contract.

The Ten Principles

● HUMAN RIGHTS
  Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.
  Principle 2 LABOUR
  Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; and the effective abolition of child labour; and make sure that they are not complicit in situation of workers.
  Principle 4 Principle 5 Principle 6
  ● ENVIRONMENT
  Principle 7 Businesses are asked to support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.
  Principle 8
  Principle 9
  ● ANTI-CORRUPTION
  Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

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

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:

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

2. Contribution by Products
   We will promote efforts to reduce energy consumption and to conserve resources as the most important environmental issue, aim to reduce the amount of CO2 emissions by all of its Japanese sites by 25% before the end of fiscal 2020, as compared with fiscal 1990. Overseas sites will endeavor to reduce the amount of CO2 emissions site by site accordingly.

3. Contribution by Products
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Environmental Impact

Environmental Impact of the TOPCON GROUP (FY2014)

TOPCON Group has precision plants in Japan and China and assembly plants in the U.S. These plants 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 solvent 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 (FY2014)

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

INPUT

<table>
<thead>
<tr>
<th>Materials</th>
<th>( \text{kg} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron</td>
<td>0</td>
</tr>
<tr>
<td>Copper</td>
<td>0</td>
</tr>
<tr>
<td>Aluminum</td>
<td>0</td>
</tr>
<tr>
<td>Electronic</td>
<td>8,192</td>
</tr>
<tr>
<td>Gas</td>
<td>11,000</td>
</tr>
<tr>
<td>Petroleum</td>
<td>16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water resource</th>
<th>( \text{m}^3 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potable water</td>
<td>21,115</td>
</tr>
<tr>
<td>Industrial waste</td>
<td>10,622</td>
</tr>
<tr>
<td>Chemical substances</td>
<td>7,352</td>
</tr>
</tbody>
</table>

OUTPUT

<table>
<thead>
<tr>
<th>TOPCON Business Activities</th>
<th>( \text{kg} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>46</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19</td>
</tr>
</tbody>
</table>

Note: Supplement to the "OUTPUT" section: Exhaust heat: Discharged to the atmosphere  Water discharge: Completely treated and then sent to sewage  Waste materials: Delivered to a recycling manufacturer (Anything that cannot be recycled underlies thermal recycling)  The zero emission plan is underway.

1. Using natural resources and raw materials as in-house processed goods
2. Expanding the target of chemical substances to cover all materials; mainly through atmospheric emissions

Contribution by Products

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Preventing global warming

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

Note: The calculations involve reviews mainly concerning the scope of data collected and the method of conversion. Examples: The amount of CO2 emitted by TOPCON headquarters and its Japanese sites has been reviewed according to the latest information for the air and the latest emission factors for solid and liquid power supplies. Regarding the increase or decrease in the environmental impact, which also includes the above data, we will check the details in the group environmental audit mentioned on page 21 and, if necessary, request the company concerned to implement improvement.
We audit 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 FY2014, six group companies underwent the survey and were found to have no problems in management.

Environmental Auditing of Group Companies

Since ISO 26000 was issued in 2010, many domestic and international rules that influence the course of corporate information disclosure have been developed, such as the requirements for non-financial reporting by the EU. Global Reporting Initiative (GRI) G4 Guidelines (G4), Integrated Reporting Framework by International Integrated Reporting Council (IIRC), and the Corporate Governance Code. Under such circumstances, corporations who want to become global leaders must consider market trends and expectations to make a quantum improvement in CSR reports, instead of the conventional continuous improvement. However, this report has almost the same composition as the previous year, and I was slightly disappointed at first. Despite this, through the annual meeting to exchange opinions, I started to develop greater expectations after learning of the Group’s efforts in strengthening the editorial structure, integrated practical operations of CSR and IR, integration of technologies and manufacturing organizations by companies, revision of the Code of Business Conduct based on globalization, construction of the bottom-up system using “Guess? What I have?” (many requests were posted), and other approaches that are coming into operation, along with employees’ challenging statements in the creation of future reports.

In fiscal year 2014, TOPCON GROUP has achieved record-high sales and profits, in addition to 14.8% of ROE, which has been the recent focus of attention. While the reason behind the business achievements is due to the changes in the economic and social environment, the accomplishments stem largely from the worldwide spread of TOPCON WAY and the business model of creating new value by developing Time-to-Market No.1 (TTM1) products, achieving our position in markets previously considered unattainable, and meeting the unnoticed needs of customers. To that end, I would like to suggest that the CSR report provides information in accordance with the seven pillars of TOPCON WAY, highlighting the conventional method of reporting corporate observation, management, and activities, and states the value creation process based on the business model. This report offers 12 pages and summarizes information in a compact format. While each guideline leads to a simplified report, and this directionally accords with the report, the guidelines simultaneously highlight the selection of materiality and importance. For example, G4 states that the organization must provide aspects that reflect the significant impact given to the economy, environment, and society, or those with a substantial impact on the evaluation and decision-making of the stakeholders. This report also details in the space allowed product characteristics and the strengthening of the global export control system, which is one of the important criteria for global expansion, and it deserves to be highly regarded in the future. I expect to see all of the entries after selecting and stating the materiality from two axes indicated in G4.

This report runs a special feature on the global social contribution activities as responsibilities to be fulfilled for enriching the society. The axis of this report is the same as last year’s feature, Creating Shared Value (CSV) activities and other social contribution activities. There are two things I would like to point out.

For one, the positioning of the special feature, in my opinion, should cover topics that are most appealing to readers within the report, and the editorial policy should state why the topic was selected. I believe such an explanation will increase the appeal to readers. Most of TOPCON’s products contribute to solutions to social challenges and create social values and corporate value. Because of this, it is fully understandable that the report covers similar special features two years in a row, such as the CSV and the responsibilities to be fulfilled for enriching society as the Group offers wide-ranging product lines. However, the dissonance between the title and descriptions is significant. The advocate of CSV, Michael Porter, indicates the directionalities of CSV to be (1) the provision of products and services that resolve social challenges, (2) the simultaneous pursuit of enhanced competition among value chains and social contribution, and (3) the simultaneous pursuit of enhanced competition framework within the region of business expansion and social contribution. Again, I would like the report to include the concepts of CSV and social responsibilities after careful examination and consideration.

Second, CSV is not a developed form of CSR. It is one of the aspects of CSR but I reaffirm that it cannot serve as a replacement. The shared awareness of CSR as a responsibility with social and environmental impacts imposed by corporations. It is also important to verify and evaluate the social value created by CSV and the responsibilities to fulfill for enriching society. If the report includes a statement of verification and evaluation, the persuasiveness of the report will inevitably increase.

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://junkankan.com/