

ESG at Topcon

The Topcon Group strives to fulfill its social responsibilities by promoting ESG activities through its core businesses, and to enhance its medium- to long-term corporate value.

The Group endorses the principles of the United Nations Global Compact (UNGC), and continues to strive to achieve profitable growth based on its spirit. We are working to expand our businesses and solve the societal challenges within the growing market of healthcare, agriculture and infrastructure. We pride ourselves in making a significant contribution to the Sustainable Development Goals (SDGs), while resolving these societal issues.

Topcon has established a basic policy for CSR that underpins all of its CSR-related activities. It also sets annual action plans based on this policy. In addition to providing products that help to address societal issues, we attach considerable importance to promoting communication with stakeholders and contributing to society through our business activities. We are also committed to global environmental solutions, CSR activities that contribute to society, optimal corporate governance structures, and compliance with all legal and regulatory requirements.



UNGC and SDGs

While sales outside of Japan account for nearly 80% of the Topcon Group's sales, the group, as a global company, is actively involved in international frameworks, such as the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs).

Since joining the UNGC in October 2007, the Topcon Group has incorporated the 10 principles^{*1} proposed by the UNGC into its core policies and systems, including both the TOPCON WAY and its basic policy for CSR. The Group conducts various activities which embody and put in practice the spirit of the UNGC, with the aim of raising awareness.

Furthermore, the Group is committed to taking actions with respect to the SDGs adopted at the UN Summit in 2015. Companies are encouraged to participate in the SDGs to work toward the 17 goals^{*2} that are applied to all countries, including developed countries, which include reducing poverty and inequality, ensuring sustainable consumption and production, and combating climate change. Topcon is working to address priority issues, with this international backdrop in mind.

Given the many overlaps that exist between the SDGs and our social contributions, particularly in our core businesses of "healthcare," "agriculture," and "infrastructure," we strive to adapt to the SDGs by resolving the respective issues through our core businesses.

^{*1} <https://www.unglobalcompact.org/what-is-gc/mission/principles>

^{*2} <https://www.mofa.go.jp/policy/oda/sdgs/index.html>



Basic Policy for CSR

- 1** Topcon will locate CSR activities in the center of business and work on it intentionally in order to build, share and implement the sense of values and standards suitable for global enterprise.
- 2** Topcon will, to the extent of our influence, support and implement the rules and regulations that are globally approved regarding Human Rights, Labor Standards, Environment and/or Anti-Corruption as declared in the Global Compact.
- 3** Topcon will make a social contribution voluntarily and actively through developments, production, sales and services of useful products.
- 4** Topcon will promote an environmental management through the creation of environmentally-conscious business process and through providing with environmentally-conscious products and services.
- 5** Topcon will strive to establish CSR activities in every officer and employee's daily work and to infiltrate and establish them within global Topcon Group companies.
- 6** Topcon will acquire understanding and confidence of all the stakeholders of Topcon Group companies by providing with information actively.

Environmental Initiatives

The Topcon Group believes that its core businesses, which is based on our Corporate Identity of “contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure,” can also contribute to the global environment. Although Topcon is not a manufacturer of construction or farming machinery, we provide IT solutions that realize improved efficiency and productivity in construction process and farm operations.

Our IT agriculture solutions contribute not only to stable production, but also to protection of the global environment by saving fuel, water, fertilizer, and pesticides through the efficient operation of farming machinery.

FY2020 Highlights

CO₂ emission reduction through automation technology

IT Construction machinery
600 thousand t-CO₂ / year

IT Agriculture
500 thousand t-CO₂ / year

Total
1.1 million t-CO₂ / year

CO₂ Emission

FY2019
3,332.0 t-CO₂ → **3,243.8** t-CO₂

Topcon Group Environmental Vision 2030

As a corporate group that provides products to global markets, the Topcon Group aims to further enhance its corporate value by solving the societal challenges within healthcare, agriculture and infrastructure to enrich human life, and at the same time, tackling the two goals of reducing environmental impact through products and responding to climate change as below.

1 Reducing Environmental Impact through Products

We promote energy and resource conservation by further reducing the environmental impact of our products. We also work with our customers to offer products, technologies and services that contribute to the prevention of global warming, the effective use of resources, and the conservation of biodiversity. Furthermore, in our manufacturing-oriented environment, we endeavor to recycle and effectively use waste products generated from our business activities, including procurement, development, manufacturing, sales and services.

2 Responding to Climate Change

The Topcon Group regards response to climate change as the most important environmental protection task, and is striving to increase the use of renewable energy power. We seek to reduce greenhouse gas emissions from our business activities in Japan by 40% by the end of fiscal 2030 compared to the fiscal 2013 level. In accordance with this policy, we strive to reduce greenhouse gas emissions and increase the use of renewable energy power at overseas sites.

Environmental Policy for Topcon and its domestic affiliated companies

We uphold the TOPCON WAY, which embodies our Corporate Identity of “contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.” We strive to reduce the environmental footprint of our business activities based on the Topcon Global Code of Conduct. Furthermore, we contribute to reductions in the environmental footprint through our products and services, with the aim of realizing a sustainable society.

1. We promote the continued improvement of our environmental management system, in order to enhance the environmental performance of our business activities. To this end, we consider our environmental efforts as one of our important management tasks, and set environmental goals and targets involving all employees, including the top management.
2. We comply with applicable laws and regulations, acts, guidelines, agreements, and other accepted requirements, and apply strict management and control.
3. We strive to reduce our environmental footprint, conserve biodiversity, and prevent environmental pollution. We have set the following goals to reduce environmental risks.
 - (1) We will offer environmentally friendly products and services, with our product lifecycle in consideration.
 - (2) We will increase the level of control of chemical substances

- and the chemical substances contained in our products.
- (3) We will focus on reducing waste emissions, and strive to enhance the value of waste as a recyclable resource.
- (4) We will promote efforts to mitigate global warming, and strive to reduce greenhouse gas emissions.
4. We strive to keep our premises and neighborhood clean and beautiful, and actively participate in local community activities, in order to exist in harmony with the local community.
5. We raise the awareness of our employees through the enhancement of environmental education and PR activities, and improve environmental conservation activities, with the participation of all employees.
6. We provide systematic and active guidance and support to subsidiaries and affiliates, in order to raise the awareness of the Topcon Group as a whole.

Environmental Management System:

ISO14001-related Initiatives

The Topcon Group has acquired ISO14001 certification, which is an international standard for environmental management systems, particularly among manufacturing related companies. The Group passed the transition audit for to ISO14001:2015 in August 2018, and maintains its certification.

Green Procurement Activities

As part of the environmental protection activity process, recognizing our responsibility to maintain the health of the global environment as an irreplaceable asset for future generations, we at Topcon Corporation are engaging in environmental activities in close cooperation with our suppliers.

As one of our efforts, we are promoting the supply of products and services with 1 minimal environmental impacts. For this purpose, the concept of green procurement is essential.

We aim at procuring the parts, materials, units, products, secondary materials, etc. (hereinafter delivered items) with low environmental loads by promoting the business activities, being aware of the environmental loads and risks.

 [Green Procurement Guidelines](#)

<https://global.topcon.com/about/procurement/green/green-03/>

Topcon's Environmental Footprint Report (FY2020)

1 Mitigating Global Warming (CO₂ Emissions Reduction)

Considering global warming as a top environmental priority, we sought to reduce our emissions to 4,710.0 t-CO₂, which is equivalent to a 25% reduction in emissions below the benchmark (three-year average for FY2005 to FY2007) stipulated by an ordinance of the Tokyo Metropolitan Government. As a result, we reduced our emissions by 48.3%, to 3,243.8 t-CO₂. We are also working to reduce our CO₂ emissions at overseas business bases, in accordance with this approach.

2 Effective Use of Resources (Total Emissions Reduction)

We strive to reduce our total emissions based on a zero emission initiative, in order to make effective use of the Earth's limited resources. In FY2020, the total emissions were 242.7 tons, which exceeded the total emissions target of 230.0 tons due to a higher-than-planned disposal of waste. We will make thorough efforts to control emissions, in order to achieve our target values.

3 Management of Chemical Substances (VOC Reduction)

We are working to reduce volatile organic compounds (VOC) as part of the management of chemical substances. In FY2020, whereas our total emissions target was 3,300 kg, which represents an 82.4% reduction below our FY2000 level, we were able to reduce VOC usage to 1,556 kg (91.7% reduction).

In addition, we also switched from solvent paint to water paint to effectively reduce VOCs. The wear durability of conventional water-based paints tends to be lower than those of solvent paints. However, the developed water-based paints have wear durability equal to or better than those of solvent paints and are compatible with both environmental conservation and product durability.



Initiatives for SDGs: Contribution to CO₂ emission reduction

Topcon's automation technologies for construction and farming machinery themselves contribute to reduce environmental impact

IT Construction

By automating construction machinery, operating time reduced by approximately 30% *1



Reduction in CO₂ emission from our products (Topcon's estimation)
Global 600,000 t-CO₂/ year *2

IT Agriculture

By Auto Steering System for farming machinery, Operating time reduced by approximately 20% *3



Reduction in CO₂ emission from our products (Topcon's estimation)
Global 500,000 t-CO₂/ year *4

By leveraging the strength of vendor neutral strategy, penetrate automation technology for existing construction and farming machinery

Expecting further CO₂ reduction by spreading of the automation technologies

*1: Source - Ministry of Land, Infrastructure, Transport and Tourism i-Construction promotion consortium "Progress of i-Construction" (2019)
https://www.mlit.go.jp/tec/i-construction/pdf/03_5_kikaku_siryou6.pdf

*2: Basis of calculation
Based on the numbers with multiplying the estimated annual CO₂ emissions per unit of construction machinery and the estimated reduction rate of working hours through the use of ICT, calculating the CO₂ emissions reduction multiplying the estimated number of ICT automated construction machinery in operation worldwide and the estimated share of our company.

*3: Source: AEM "The Environmental Benefits of Precision Agriculture in the United States" (2020)

https://newsroom.aem.org/asset/977839/environmentalbenefitsofprecisionagriculture-2#_YBdQZR2Lc74Link

*4: Basis of Calculation
Based on the numbers with multiplying the estimated annual CO₂ emissions per unit of farming tractor and the estimated reduction rate of working hours through the use of Auto Steering System, calculating the CO₂ emissions reduction multiplying the estimated number of tractors with Auto Steering System in operation worldwide and the estimated share of our company.

* i-Construction is a registered trademark of Ministry of Land, Infrastructure, Transport and Tourism's National Institute for Land and Technology Policy.