



Corporate Social Responsibility Report  
TOPCON GROUP CSR Report

2008

Based on its Management Philosophy, **“TOPCON will widely contribute to the human society through corporate activities,”** TOPCON is making an effort to carry out CSR activities globally in different regions and countries. In addition to the Management Philosophy, we have already established our Management Policy and Business Conduct Guidelines to encourage our employees to observe the laws and regulations and behave in accordance with social ethics.

## Management Philosophy

TOPCON will widely contribute to the human society through corporate activities.

## Management Policy

- 1 TOPCON aims to be a leading global company.
- 2 TOPCON earns profits through fair corporate activities and returns profits to its employees, the stockholders and the society.
- 3 TOPCON strives to create an environment enabling its employees to demonstrate their independent creativity to the full.
- 4 TOPCON will devote itself to customer-orientation and provide high performance and high quality products at a fair price.
- 5 TOPCON will achieve its growth as a good corporate citizen through solidarity and cooperation with the local society.

## Business Conduct Guidelines

TOPCON will secure the profit through fair competition in order to reward the employees, the stockholders and the society and pursue to be a useful existence as a “good corporate citizen”.

For these purposes, TOPCON will establish hereby the following business conduct guidelines, and will observe all domestic and foreign laws, international rules and their fundamental principles and make sound social judgment in accordance with such guidelines.

- 1 TOPCON will recognize that coping with environmental problem is an essential corporate activity for the society of human beings to harmonize and cooperate with earth and will strive to cope with it spontaneously and actively.
- 2 TOPCON will develop and provide the Products and the services helpful to the society considering their safety and perform the quality control with full preparations.
- 3 TOPCON will set its ideals at the formation of fair, transparent and free competitive society, and will hold sound relationship with politics and administration.
- 4 TOPCON will positively confront the anti-social powers and groups that threat the public order and safety of civil society, and will have no relationship with them.
- 5 TOPCON will have communication widely with the society and disclose the correct corporate information appropriately.
- 6 TOPCON will realize the affluent life of Employees, secure the safe and worker-friendly workplace environment and respect the character and personality of each Employee.
- 7 TOPCON will respect, in its overseas business activities, the culture and customs of the country and perform the activities to contribute the development of the country.
- 8 TOPCON will take appropriate preventive measures for and cope with all risks involved in business conduct and strive to prevent the loss of management resources.
- 9 Top executives of TOPCON will recognize that the realization of the fundamentals of business conduct guidelines is the role of their own, take leadership, promulgate the guidelines to the relevant persons, establish in-house system and cultivate the sense of ethics.

## Issuing Our CSR Report

In 2001, TOPCON issued an environmental report. In 2006, it issued a CSR report with wider coverage than the environmental report. From 2007 on, the CSR reports have provided information about the entire TOPCON GROUP. For the 2008 CSR report, TOPCON reviewed the text size and page layout to improve readability so that readers will be willing to peruse the report to the end.

## Target Period and Other Data

### Target period:

From April 1, 2007 to March 31, 2008

The content is mostly about our activities in FY 2007, although there is some information taken before and after the target period.

### Scope of the target:

The target of the report is CSR activities at TOPCON CORPORATION and its group companies unless otherwise noted.

### Date of issuance:

June 2008 (the previous one was issued in August 2007)

### Guidelines used as references:

- Sustainability Reporting Guidelines 2002 (G2) and Sustainability Reporting Guidelines 2006 (G3) by Global Reporting Initiative (GRI)
- Environment Accounting Guidelines 2007 by the Ministry of the Environment

Note: The GRI is a non-profit organization committed to providing global standards in sustainability reporting guidelines. The GRI is an official collaborating center of the United Nations Environment Programme (UNEP) since 1999.

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## < About Our Website >

Please visit TOPCON CORPORATION'S website and you can download PDF files for our latest and previous reports. This report provides references to ULRs beginning with "  http://". You can visit our website to gain supplementary and detailed formation.



<http://www.topcon.co.jp/eng/csr/index.html>  
Social and Environmental Activities (CSR)



# The Mind of TOPCON CORPORATION

## Message from Top Management

**Our wishes are to become a company trusted by our stakeholders and do our part to help create a sustainable society.**

### Practicing Its Management Philosophy

Since its foundation in 1932, the TOPCON GROUP has been creating a variety of products by merging optical technology as the core with digital technology.

In recent years, we have strived to enhance our unique optical technology and moved into new business fields such as electron beam, machine control and GPS. Now, TOPCON consists of three business units: Positioning, Eye Care and Fine-Tech. We have continued and will continue to positively practice its Management Philosophy, "Contribute to the human society through corporate activities," in its daily activities.

### Creating a Better and Sustainable Global Environment Through Environmental Management

Our slogan is "hand down the Irreplaceable Global Environment to the next generation in a sound status". With this in mind, the TOPCON GROUP conducts day-to-day activities to help create a sustainable society.

In the realm of products, we focus on resource and energy savings by developing environmentally-conscious and environment-contributing products. On the manufacturing front, we do our best to reduce the total amount of wastes, as well as the amounts of CO<sub>2</sub> emissions and hazardous substances. Also, we will maintain the Zero Emission effort and promote thorough environmental management based on the Voluntary Environmental Plan 2010.

### Joining the United Nations Global Compact

In favor of the United Nations Global Compact, the TOPCON GROUP announced participation in it since we believe that the Ten Principles presented by the Global Compact should be embraced in our strategies, culture and daily works to improve its business management.

This year is the 60th anniversary of the Universal Declaration of Human Rights. In light of this, the TOPCON GROUP revised its code of business conduct and the like and had them fully understood by all employees.

### Communications with Stakeholders

In FY 2007, the amount of overseas sales accounted for 73% of business of the TOPCON GROUP, which currently has 45 overseas subsidiaries around the world. Each of the countries has its own culture, social climate, history and customs; so I repeatedly tell our employees and the group companies to respect regional characteristics. I believe that it will get more and more important to communicate with people related to the TOPCON GROUP, especially the stakeholders, as we become more globalized.

The TOPCON GROUP is ready to fulfill its responsibility and raison d'être as a corporate group and come up to your expectations.

We would like you to provide us with your support and cooperation.



**TOPCON CORPORATION**

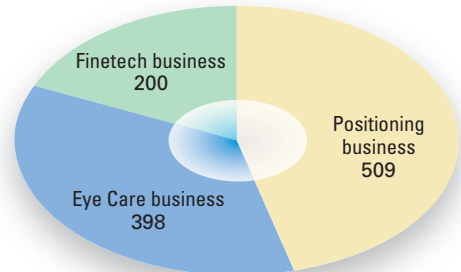
President

## Company Overview

- Corporate name : **TOPCON CORPORATION**
- Location of the head office : 75-1, Hasunuma-cho, Itabashi-ku, Tokyo (zip code: 174-8580)
- Main switchboard : 81-3-3966-3141 (number-reference guide)
- Established : September 1, 1932
- Capital : 10.297 billion yen (as of March 31, 2008)
- Representative : Takashi Yokokura, President
- Sales : Consolidated: 110.818 billion yen (Fiscal year ended March 2008)
- ROE : 14.0% (Fiscal year ended March 2008)
- Workforce : Consolidated: 5172 employees (as of March 31 2007)
- Business : Positioning business (dealing with measuring equipment)  
Eye Care business (dealing with medical equipment)  
Finetech business  
(dealing with industrial equipment and optical devices)
- Group Companies : Domestic: 15 companies  
Overseas: 45 companies  
(The number of subsidiary companies as of March 31, 2008)
- Major international CSR-related charters TOPCON supports : United Nations Global Compact  
(participated in October 2007)

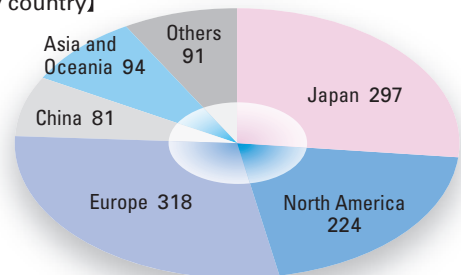
### • Breakdown of Consolidated Sales (for the term ending in March 2008)

【By business category】



(Unit: 100 million yen)

【By country】



(Unit: 100 million yen)

Note: Any value below 100 million yen is rounded off.



<http://www.topcon.co.jp/eng/corporate/index.html> (Corporate Information)

<http://www.topcon.co.jp/eng/invest/finance.html> (Financial Results)

# The Mind of TOPCON CORPORATION

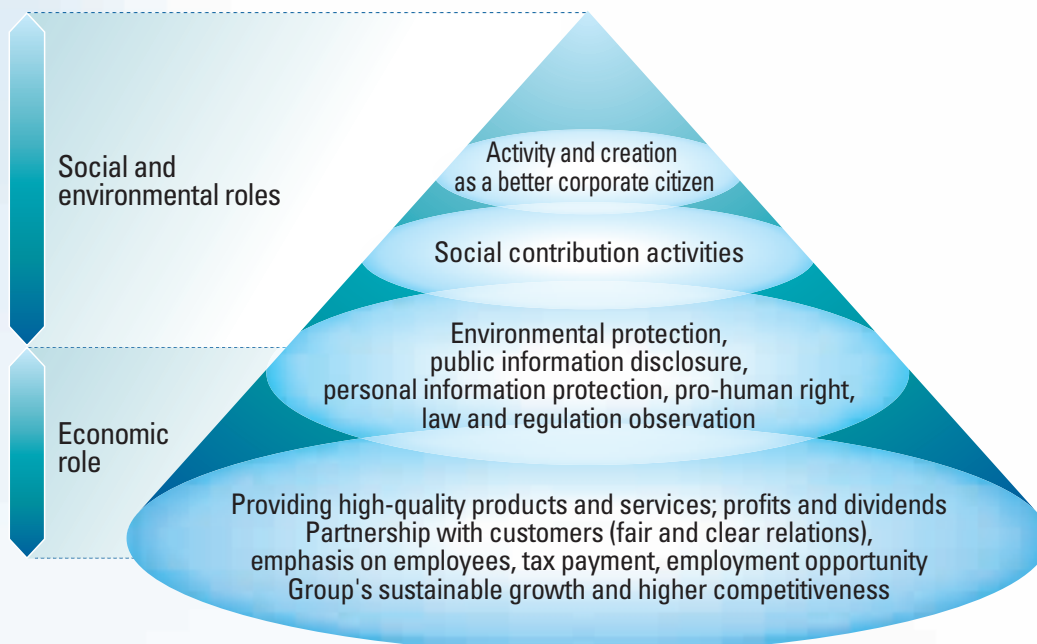
## Promotion of Global CSR Activities

The TOPCON GROUP will observe foreign and domestic laws and regulations, respect the social ethics, contribute toward protecting the environment and provide safe and high-quality products and services. At the same time, the TOPCON GROUP actively promotes communications with its stakeholders and makes a social contribution through its business activities.

## Relationship Between Stakeholders and the TOPCON GROUP



## Schematic of CSR Region

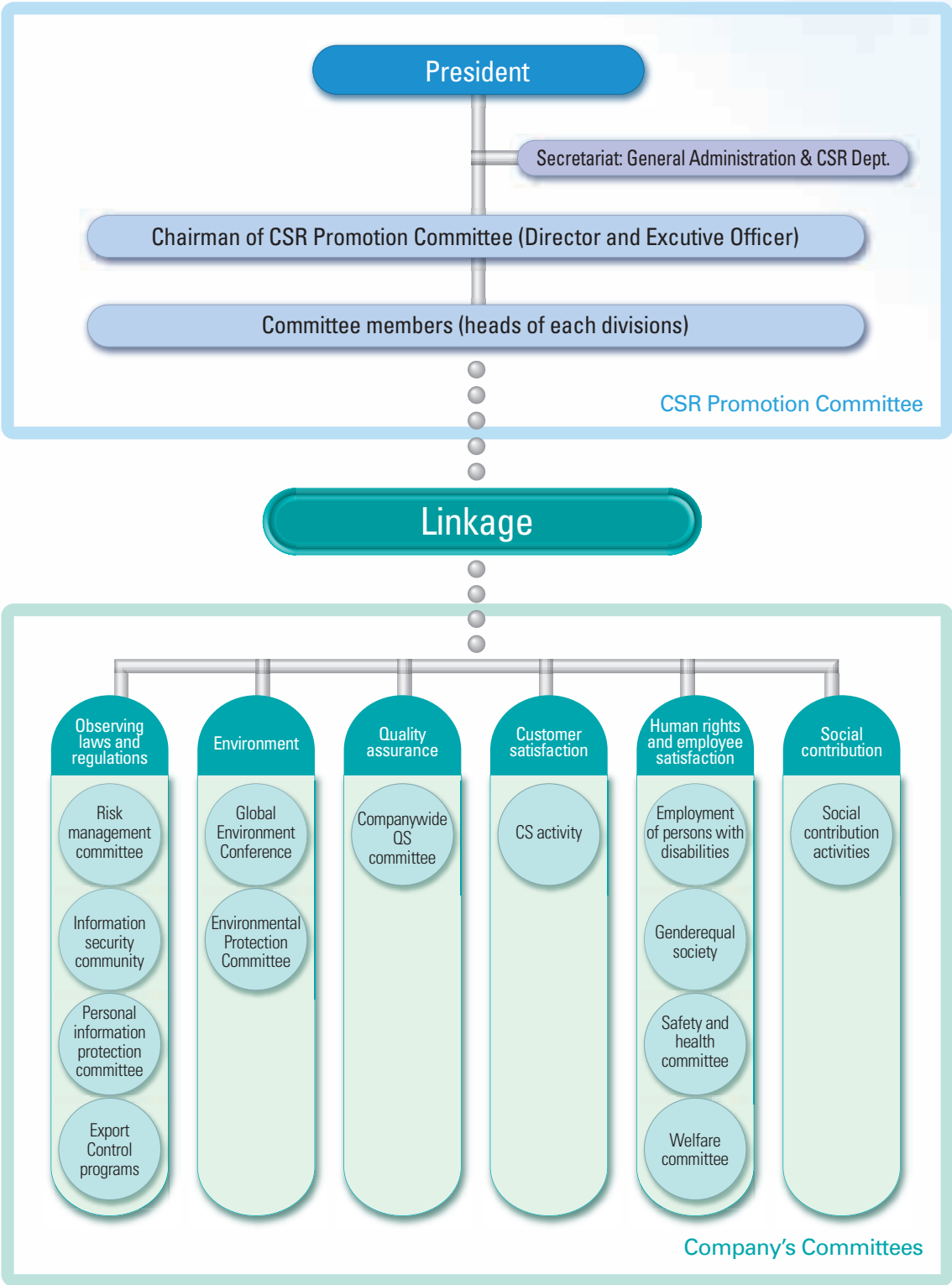


# Structure of Promoting CSR

TOPCON'S CSR activities are conducted following the policy decided by the CSR Promotion Committee. The CSR Promotion Committee is engaged in companywide activities through linkage with CSR-related divisions and other committees.

Feedback from stakeholders will be reflected to our business management.

## ■ Linkage between the CSR Promotion Committee and Other Committees



# The Mind of TOPCON CORPORATION

## Participating in the United Nations Global Compact\*

TOPCON publicly announced participation in the United Nations Global Compact and made it fully understood by its domestic and overseas group companies. Also, TOPCON reflected the United Nations Global Compact to the TOPCON business principles and standards, which are globally known by each of the TOPCON GROUP employees.

### What is the United Nations Global Compact?\*

The Global Compact was first announced by the then United Nations Secretary-General Kofi Annan in an address to The World Economic Forum held in Davos, Switzerland in January 1999 and was officially launched at the United Nations Headquarters in New York in July, 2000. The GC asks companies all around the world to embrace, support and enact the ten principals universally established in regard to human rights, labor standards, the environment and anti-corruption fields.



## The Ten Principles

### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2: Businesses should make sure they are not complicit in human rights abuses.

### Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.
- Principle 5: Businesses should uphold the effective abolition of child labour.
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



The Letter to the Secretary-General of the United Nations  
(Participation Announcement to the GC)



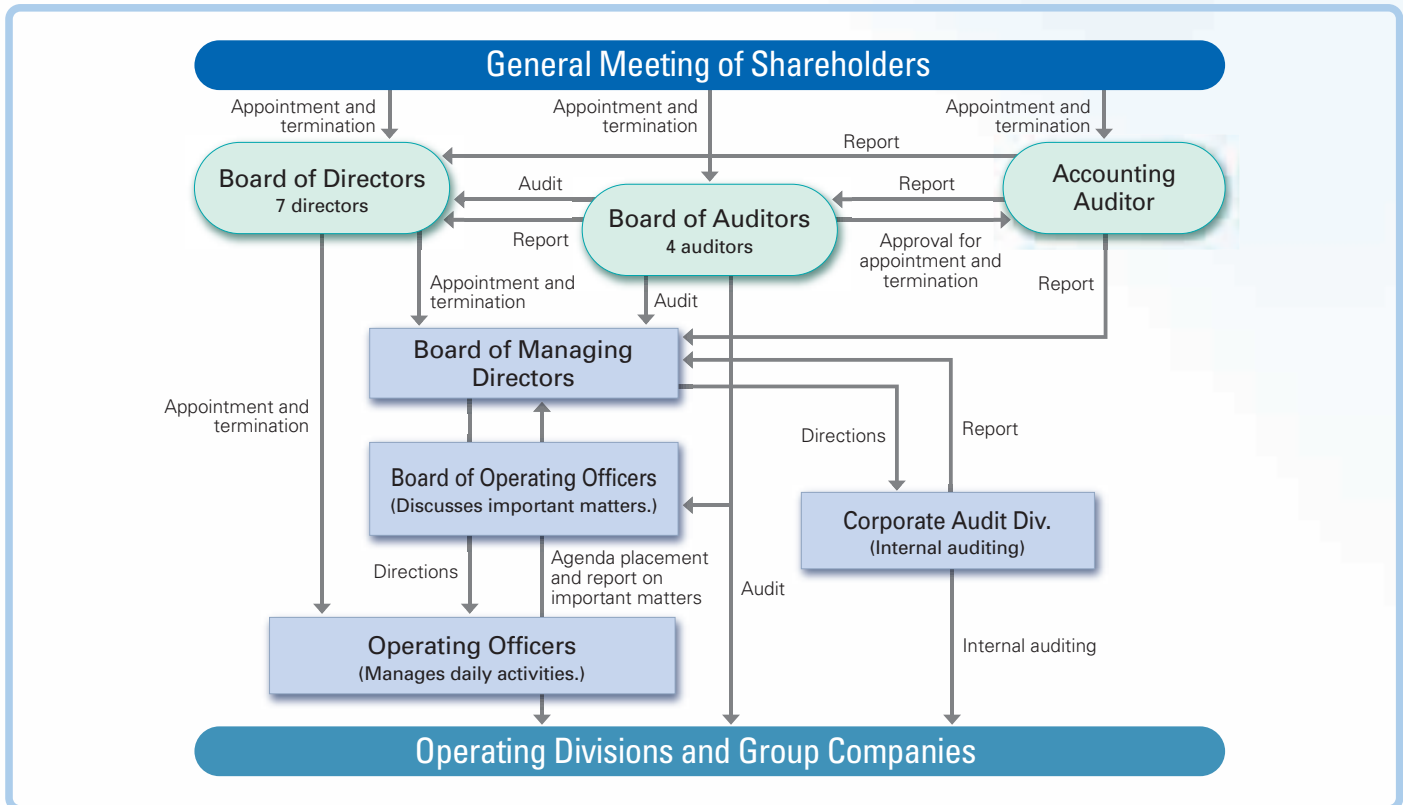
<http://www.unglobalcompact.org/> (United Nations Global Compact)



## Corporate Governance Structure

To appropriately respond to the rapidly changing management environment, the TOPCON GROUP separates the supervisory function performed by the board of directors from the operations-performing function performed by operating officers. The Corporate Audit Div. is responsible for internal auditing, and the Board of Auditors is charged with accounting and operational auditing. The TOPCON GROUP also asks certified public accountants to do accounting audit. The target is a thorough audit through mutual linkage under an efficient audit system.

### Corporate Governance Structure



### Key Duties of the Boards of Directors and Operating Officers

#### Board of Directors

Discussion and reporting on basic management policies; statutory provisions; articles of association; and important management matters

**Thorough supervision**

#### Board of Operating Officers

Business environment analysis; creation of mid-term management plans; budgetary discussion; discussion and reporting on other important management matters

**Expedient and proper business judgments**

### Meeting Frequency of the Boards of Directors and Operating Officers

	Frequency
Board of Directors	Once per month, and provisionally
Board of Operating Officers	Once per week and provisionally

### Efforts for Better Internal Control

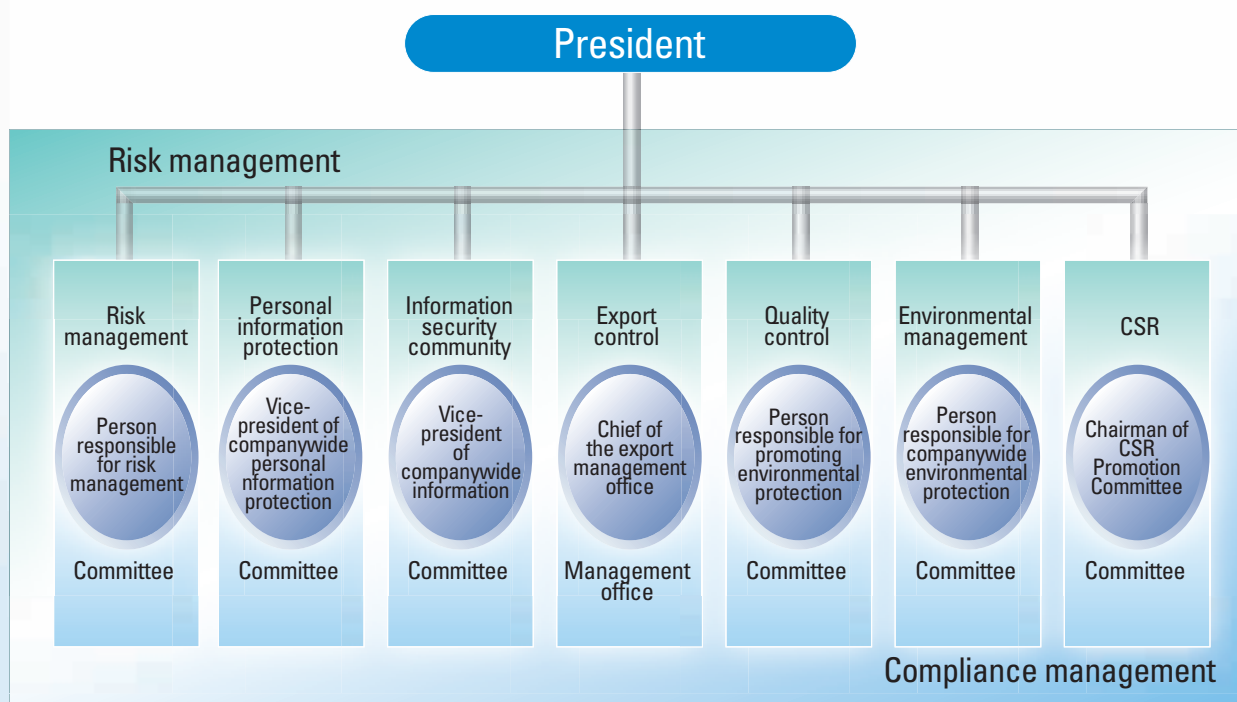
To prepare for the challenges of the Management Assessment and Audit of Internal Control Over Financial Reporting as required under the Financial Instruments and Exchange Law (So-called the Japanese SOX Act) that has become effective in April 2008, we got a J-SOX project team started in January, 2007. In line with this, we have built an internal control system that is designed to be compliant with both the Company Law and the Financial Instruments and Exchange Law. From the view point of business effectiveness and efficiency; reliability of financial reports; law compliance; and the safeguarding of assets, we will continue to seek transparency and reliability beyond law compliance to improve our corporate governance and thereby keep your trust in us.

# The Mind of TOPCON CORPORATION

## Risk Compliance

TOPCON increases its profitability and soundness by appropriately understanding and controlling the influence from risks. As the first item of law and regulation observation, TOPCON has its own Business Conduct Guidelines, which should be observed by all of the officers and employees. Individually, company regulations and management schemes are also put in place in terms of monopoly prohibition, export control, regulations on insider trading, protection of personal and classified information, environmental protection, quality control, and so forth. We are addressing these issues proactively.

For risk management, TOPCON has already established basic regulations about risk management and compliance and provides the position called Chief Risk Management Officer (CRO). The result is a system capable of appropriately and individually dealing with all possible risks arising from TOPCON and its subsidiary companies on a timely basis. Its information reporting system enables early detection of problems and appropriate handling on a timely basis.



### In-house Information Reporting System, Protection of Information Providers

- 1 TOPCON will establish and appropriately operate the in-house information reporting system to ensure that the Employees etc. may report the risk-compliance information (i.e. any information regarding prohibited actions or other actions that are suspected of prohibited actions, under the Code) to the Chief Implementation Administrator or the division in charge of risk-compliance matters directly.
- 2 Employees etc. who have encountered the risk-compliance information will report such information to their superiors or will provide such information in accordance with the in-house information reporting system.
- 3 The Chief Implementation Administrators, Implementation Administrators, the division in charge of risk-compliance matters and/or the superiors who receive the risk-compliance information from the Employees etc. will respond and act immediately and appropriately.
- 4 No disadvantageous treatment will be taken against the Employees etc., who provide the risk-compliance information for good reason and in good faith, on ground of providing the risk-compliance information.

## Personal Data Protection and Information Security

TOPCON maintains the Basic Regulations about Personal Data Protection and the Basic Regulations about Information Security are put in place to fully protect personal data and classified information in the company itself and its subsidiary companies. In addition to protecting data, information itself, these efforts enable timely, appropriate handling of any risk regarding the information.

### Personal Data Protection Policy

- 1 Topcon strictly observes the Personal Data and other relevant laws and regulations.
- 2 When Topcon obtains personal data from customers, in case without any individual 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 personal data in cases like unauthorized access and disclosure to personal data or the loss, destruction, alternation, etc.
- 4 Topcon has established management system relating to personal data protection and strives to continuously improve.

## Export control

### Basic Policy

TOPCON will take no part in any transaction that may undermine the maintenance of international peace and safety. For this purpose, TOPCON will understand sufficiently the aim of the laws and regulations relevant to export control of Japan and other countries where TOPCON carries out its business activities and the "Export Administration Act" of U.S.A. and its relevant regulations, and will establish and observe the "Export Control Program" and "Export Management and Compliance Program for U.S. Products and Technologies" (hereinafter these programs are referred to as "the Control Program"), for the compliance with the said laws and regulations.

### Information Security Policy

- 1 TOPCON will recognize the property value of information, respect the information of others and endeavor to prevent the unauthorized disclosure and inappropriate use of corporate information and to protect the property right of corporate information.
- 2 TOPCON will protect the personal information appropriately in its business activities.



 <http://www.topcon.co.jp/eng/privacy/index.html>  
(Privacy Policy)

### Specific standards of conduct

- 1 Employees etc. will not make any business transaction of export and/or import of the restricted materials in violation of the export control law of Japan or of other countries where TOPCON carries out its business activities and its related laws and regulations.
- 2 Employees etc. will not export and/or re-export of the U.S. products and technologies in violation of Export Administration Act of U.S.A. and its related laws and regulations.

## Introducing Products to Reduce Environmental Burdens

TOPCON is producing environmentally-conscious products (ECPs) that consume less power and are smaller in size than the previous products. (These products are detailed on page 25.)

In addition to ECPs, TOPCON also provides what we call “environment-contributing products” —products that can indirectly contribute to a reduction in environmental burdens, as exemplified by reductions in the required manufacturing processes and/or defect rates.

### Products from the Positioning Business Unit

#### LPS-900 3D TS Machine Control System

Automated construction dramatically improves the efficiency of surveying and construction, shortens the construction period, saves energy and reduces exhaust emissions. At the heart of it is the machine control (MC) technology\*, which is making substantial progress. As the MC technology becomes more pervasive, demands are growing more rapidly for its applications under a greater variety of conditions. The LPS-900 is a 3D MC system that meets such customer needs.

The LPS-900 features a total station (TS) with integrated radio communication capabilities, which extend the MC applications to areas where visibility from above is obstructed, such as indoors and heavily-forested areas.



\*The MC system receives GPS positioning information and controls construction machinery at a high speed. The MC system is also used in large-scale agriculture.

#### IS Imaging Station

With dual digital cameras, the IS imaging station provides a totally new solution beyond the conventional automatic tracking systems. The IS imaging station provides advanced imaging, which enables feature extraction and laser scanning of a specified area that were never before possible. Thus, the IS imaging station offers a significant improvement in productivity. Furthermore, the staking points will be displayed on the screen, eliminating the need for unnecessary hubs for example, and thus helps reduce adverse impacts on the environment. The IS imaging station allows remote control via wireless LAN, making it an ideal solution in dangerous places such as disaster-stricken areas.



## X-20 Machine Control (MC) System for Precision Agriculture

The per-capita cultivated acreage is projected to reduce by 25 to 30% by 2030 due to the future growth of the world population. Also, an increase in the use of bioethanol as a carbon-neutral exploitation of energy calls for an improvement in the agricultural yield.

TOPCON has developed technologies and products targeted for “precision agriculture” by combining its machine

control and precision-positioning expertise. Precision agriculture allows farming operators to spray water, fertilizers and agrochemicals at the right places at the right times. Precision agriculture improves work productivity, reduces environmental impacts and provides control over food safety such as traceability.

### Benefits of TOPCON's Agricultural MC Systems (e.g., for Agrochemical Spreaders)

#### ● Increases work productivity

- Reduces redundant work due to automatic steering.
- Eliminates the need for proficient skills.

#### ● Environmentally-friendly

- Minimizes the use of agrochemicals.
- Optimizes the driving route (and thus reduces CO<sub>2</sub> emissions).

#### ● Enhances food safety by way of traceability control

- Allows you to record a log of chemical use.

#### ● Reduces costs

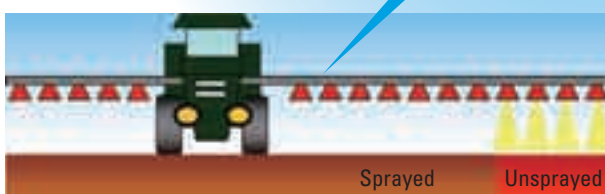
- Cuts material (agrochemical) and fuel costs.



Auto Steering Control:  
Tracing areas alongside the routes where agrochemicals were sprayed previously.



The MC system automatically closes the agrochemical valves over the previously covered areas.



## Introducing Products to Reduce Environmental Burdens

### Products from the Eye Care Business Unit

#### FS-100D/FS-1 Filter System

When you buy eyeglasses at an optician's shop, lenses are ground and polished to fit a frame of your choice. Lens edgers, or grinding machines for eyeglasses, require coolant to protect lenses from overheating due to friction and produce lens shavings during processing.

If discharged into sewers, these wastes have a bad influence on the environment. A lot of time and trouble is required for proper disposal of the wastes.

Designed to be used with a lens edger, the FS-100D/FS-1 filter both coolant and lens shavings while lenses are being processed. The filtered coolant can be safely drained into sewers without any environmental concerns.

The FS-100D/FS-1 eases the job of an optician and reduces environmental impacts.

Combination of the FS-100D and the ALE-500 lensedger



#### TRC-NW8 Non-Mydriatic Retinal Camera

The TRC-NW8 is a non-mydriatic retinal camera designed to meet a variety of ophthalmological needs, such as auto-detection of small pupil, enhanced image quality, developed usability and so on.

The layer of nerve tissue covering the back of the eyeball is called the retina. Light focused onto the retina triggers nerve impulses, which pass via the optic nerve to the brain.

In this respect, the retina is comparable to the film in a camera. The retina is the sole structure in the human body where blood vessels can be seen directly. The TRC-NW8 can capture the images of the fundus of the patient's eye, including the retina. This helps diagnosis of not only fundus diseases but also high blood pressure and diabetes.

With the increasingly aging population around the world, there is a growing demand worldwide for non-mydriatic retinal cameras for early diagnosis and treatment of eye diseases. The TRC-NW8 having autofocus and shoot functions, which allows ophthalmologists to capture a desired image at the right moment. This reduces the time spent in shooting and the number of failed shoots (which translates to resource savings). Additionally, early diagnosis leads to reductions in both medicine and medical supplies required for patient treatment, which also means a reduction in the amount of environment-affecting substances.



## Product from the Finetech Business Unit

### EBS3000 EB Scope

During semiconductor device fabrication, vertical holes called contact holes are formed on wafers at CMOS transistor device. Contact holes are important process that affect the electrical performance of semiconductor devices.

Our EBS3000 EB scope is a powerful non-destructive test system to detect the defects of contact holes using electron-beam-induced substrate current.

The EBS3000 helps increase wafer yield, which translates to reductions in the amounts of materials and wastes and to energy-savings.



## Relationship with Society

### Basic Policy

- 1 TOPCON will promote cooperation with the local society, and perform its duty as a member of the local society.
- 2 TOPCON will support Employees etc in undertaking their voluntary activities.

## Social Contribution Activities

Here is a part of TOPCON GROUP's social contribution activities around the world, utilizing its business expertise.

### Activities in Europe and America

#### Topcon Positioning Systems, Inc. (U.S. group company)

##### ■ Cooperation for Disaster Tracking



- In order to help assess the extent of the damage caused by the massive wildfires that swept across southern California, Topcon provided ten handheld GNSS receivers, the GMS-2\*, to the California Department of Forestry and Fire Protection and Los Angeles County. The GMS-2\* was used to map and document the actual conditions at fire-damaged sites.

\*The GMS-2 is an easy-to-use field-mapping tool using GNSS (GPS/GLONASS) technology. It provides sub-meter geo-spatial positioning, combined with a digital camera and an electronic compass.



##### ■ Cooperation with the Niall Mellon Township Trust (NMTT)



- Topcon supports the NMTT's charity activities for building houses and good living environments for the disadvantaged people living in the townships of South Africa. Its employees participated in the workforce, and the company donated optical levels (instruments for establishing horizontal planes and measuring heights) and surveying instruments.

#### Topcon Medical Systems, Inc. (U.S. group company)

##### ■ Eye Care and Eyewear for the Needy Children

- Topcon has continued to provide support to the Give the Gift of Sight program by Luxottica Group, a spectacles chain store. For the eye care and eyewear charity for the needy children, Topcon sent its staff members and offered eye examination equipment.



Last year, Luxottica donated free prescription glasses to approx. 460,000 people and sunglasses to 190,000 people.



## Activities in Europe and America

### Topcon (Great Britain) Ltd. (U.K. group company)

#### ■ Donation of Non-Mydriatic Retinal Cameras

- Donated the TRC-NW100 non-mydriatic retinal cameras to the Ethiopian Eye Clinic through the charity World Vision.



### Topcon Polska Sp. z o.o. (Polish group company)

#### ■ Donations of Notebook PCs and Auto Refractometers

- Donated notebook PCs to a Polish public hospital, Wojewodzki Szpital Brodnowski Samodzielny Publiczny Zakład Opieki Zdrowotnej.
- Donated the RM-8800 auto refractometers to a Polish diabetes association, Polskie Stowarzyszenie Diabetyków Oddział Powiatowy w Ciechanowie.



## Activities in Asia

### SOKKIA TOPCON CO., LTD. (Japanese group company)

#### ■ Clean-up and Community Involvement

- Participated in the Keep-the-Sakawa-River-Clean campaign held near the Matsuda Factory.
- Cooperated with triannual recycling campaigns and provided recyclable goods (corrugated boxes, aluminum cans, used paper, etc.) to the Kids Center in Matsuda.

### OPTONEXUS Co., Ltd. (Japanese group company)

#### ■ Cooperation for a Work-Experience Program and a Town Festival

- Welcomed local junior high school students to a work-experience program.
- Exhibited the importance of eyesight at a town festival held at Takine-machi, Tamura County in Fukushima Prefecture.
- Replaced gas-powered commercial vehicles with hybrid cars as part of its contribution toward reducing CO<sub>2</sub> emissions.

### Topcon Yamagata Co., Ltd. (Japanese group company)

#### ■ Cooperation with Community Associations

- Set up a product exhibit and a hands-on experience section for optical and digital technology at the prefectural Industry & Science Hall.
- Held an evacuation drill and an automatic external defibrillator (AED) training session for the local community, and let the local people use the company's outdoor premises for a Yamagata-specialty taro-stew cookout event and a local festival.

## Social Contribution Activities

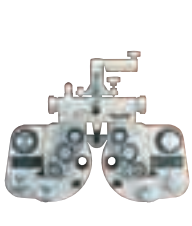


### Activities in Asia

#### TOPCON Headquarters

##### ■ Cooperation for an Eyeglass Donation Campaign

- In favor of the eyewear campaign sponsored by Fuji Megane Co. Ltd., a major optical chain store, TOPCON loaned out refractive instruments and assisted their refraction tests. Fuji Megane donated eyeglasses to war-displaced Japanese left behind in China.

Vision Testing Equipment Offered

		
VT-SE	MC-3	RM-8800
Vision Testers		Auto Refractometer

##### ■ China's Antarctic Scientific Expedition Team

- As part of the International Trans-Antarctic Scientific Expedition (ITASE), China's Antarctic scientific expedition team departed to Antarctica for altitude survey. Our total stations and GPS receivers were selected as the designated equipment by the Chinese government and played an important part for project success.



##### ■ Participating in the "Team -6%" Campaign

- TOPCON and its domestic group companies continued to participate in the Team -6% campaign. In addition to the "COOL BIZ" dress code campaign, TOPCON continually bought energy-saving equipment, turned off the office lights during the lunch hour, recycled the waste as much as possible, and so on.

##### ■ Blood Donation

- TOPCON and its domestic group companies have cooperated with blood donation campaigns since 1972. About 270 employees donated blood last year, bringing the total number of donors to 9,344.

##### ■ Work Experience Program

- TOPCON welcomed students of nearby junior high schools and gave them plant tours and on-site work experience.

##### ■ Community Festival

- TOPCON sponsored a community festival, offering its outdoor premises and beverages so that visitors could take some rest.

##### ■ Holding a Christmas Event

- TOPCON held a Christmas event for local children. "Green Power" generated by wind power and biomass was used to illuminate lights.



##### ■ Replacing Disposable Chopsticks in the Cafeteria

- As part of its contribution to the environmental preservation, the cafeteria at TOPCON now uses disposable chopsticks made of domestic thinned wood instead of imported wood.
- Furthermore, TOPCON supported reconstruction assistance for disaster-stricken areas.

## Relationships with Shareholders and Customers

### Together with Shareholders and Investors

TOPCON's Business Conduct Guidelines state as follows: TOPCON will have communication widely with society and disclose the correct corporate information appropriately. Besides disclosing information based on the related laws and regulations and the rules established by stock exchanges, the company is also making efforts to disclose any information related to its stakeholders rapidly and fairly.

Our Website won these awards:

- **Best Corporate website, sect ranking in all listed companies in Japan**  
(by Nikko Investor Relations Co., Ltd.)
- **Excellent Internet IR Award**  
(by Daiwa Investor Relations Co., Ltd.)



Mid-Term Business Plan & Financial Debriefing Session



<http://www/topcon/co/jp/eng/invest/index.html>  
(Investor Relations)

### Together with Our Customers

Based on its basic policy, TOPCON strives to assure open and fair procurement practices. Basically, green procurement is the norm. Besides, TOPCON is working to comply with the RoHS directive and other environmental regulations around the world. We also hold annual briefing meetings to get our business policy better understood by our customers. This year, approximately 90 companies were represented by 150 people in the briefing.



Business Policy Briefing

### Procurement activities

- 1 TOPCON will observe the laws and regulations related to procurement activities and procure the necessary materials (including services) at the appropriate quality, price and delivery period under a fair commercial relationship.
- 2 TOPCON will promote green procurement for the manufacture of the Products harmonized with the environment.



<http://www.topcon.co.jp/eng/material/index.html>  
(International Procurement)

## Respect of Customers

### Basic Policy

TOPCON will aim to contribute to the society through providing safe and useful Products and services that satisfy the diversified customer needs.

### Universal Design

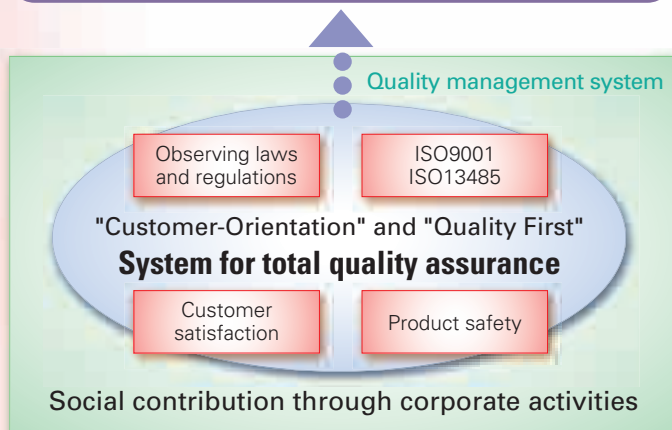
TOPCON puts an emphasis on universal design as a guiding principle for developing products. We strive to provide broad-spectrum solutions that help everyone.

## Total Quality Assurance

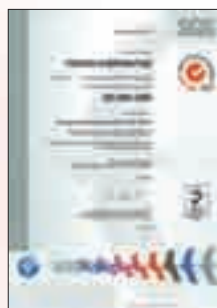
### Basic Policy

- 1 TOPCON will observe the relevant laws and regulations in accordance with TOPCON's management philosophy to contribute to the human society, devote itself to "Customer Orientation" and "Quality First" and provide safe and high quality Products and services that satisfy customers.
- 2 TOPCON will make best efforts to ensure that the Products and services have the usefulness and safety that they should provide ordinarily and are provided to customers without defect in accordance with the laws and regulations and contracts. TOPCON will also make persistent effort and pay maximum attention to prevent Product Liability (PL) accident and Contract Liability (CL) accident from arising.

### Providing high-quality, safe products and services



JAB Certificate



UKAS Certificate

Certificates that recognize compliance with ISO 9001:2000, an international standard for quality management systems

<http://www.topcon.co.jp/eng/corporate/quality.html>  
(Quality Assurance Activities)

## Human Resources

### Basic Policy

- 1 TOPCON will accept different values and respect the personality and character from the standpoint of respect of human dignity, and give Employees etc. the opportunity for self-realization and cultivate their capability to the full.
- 2 TOPCON will fully comply with the laws and regulations and respect basic human rights, and will not make any discriminatory treatment. TOPCON will never engage in child labor or forced labor
- 3 TOCPON will develop an environment where Employees etc. may perform their duties creatively and efficiently and so that Employees may achieve the "work-life balance" (ideal balance between work and home).

### Personnel System

"TOPCON will endeavor to build an environment that allows its employees to voluntarily develop their originality to the fullest." This statement is actually a philosophy among the company's management policies. Based on this philosophy, TOPCON is making constant efforts to build personnel measures for the treatment, nurturing, and utilization of its employees not dependent of their nationality, age, or sex, but in accordance with their potential capabilities, actual performances, and challenging wills.

### System of Employee Treatment

While doing away with the elements of promotion by seniority, we have built a pay-per-performance system, which determines recruitment, salary increases, and annual bonus according to the functional skills, responsible roles, and achievement of our employees. Through a personnel evaluation system based on the voluntary evaluation of our employees, we are also implementing measures that allow our employees to recognize how they are treated.

### Personnel Training and Utilization System

Our personnel training and utilization efforts include various programs. One specific example is education by hierarchy and occupational ability, targeting those from new employees to management employees. Another is an in-house staff recruitment system (covering both persons and companies), which encourages our employees to improve their career by themselves and supports them with their can-do spirit. A third is a self-return system.

## Coping with Employee Needs to "Work and Continue Working"

Our activity of coping with employee needs to "work and continue working" consists of building a variety of job support systems for employees engaged in child rearing and nursing care, as well as enhancing a reemployment system for retired employees. We are also endeavoring to achieve the goal of a legal employment rate(1.8%) for the employment of Persons with Disabilities.

### Part of Welfare Benefit Programs (FY 2007)

Program	Entitlement	Number of Applicants
Maternity Leave	6 paid weeks before and after birth	5
Child Care Leave	Up to 2 years of unpaid leave	6
Family Care Leave	Up to 1 year of unpaid leave	0
Reemployment System for the Elderly	Reemployment of workers past retirement age	22

Other welfare provisions include:

- Short-time work (For employees with children in the third grade or younger)
- Exemption from midnight work (For employees with pre-elementary-school children)
- Reemployment after child and family care (For those who retired for reasons of pregnancy, childbirth, childrearing and family care)
- Future leave (Employees can save up to 20 paid holidays for a future leave without expiration so that they can take a leave in case of a need for nursing or child care.)

Employment of Persons with Disabilities (FY 2007)	1.66% of the total workforce
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\*Headquarters-only statistics

## CSR Activities for Employees

Employees are also important stakeholders. TOPCON is conducting a variety of welfare and safety activities.



① Walking seminar; ② Softball tournament; ③ Culture exhibition;  
④ Safe-driving seminar; ⑤ Safety and health seminar; ⑥ Traffic safety campaign

## Concept of Safety and Health

### Basic Philosophy

In order to help all of its workers live safe, pleasant social lives, the TOPCON is holding safety and health seminars for supervisor-level employees, not only for manufacturing sections but also for the sales, general affairs and other non-manufacturing sections. Also, the TOPCON is driving company-wide activities like a poster contest to raise the safety awareness among all employees.

Additionally, placing mental health measures as a priority issue, we are holding seminars for all employees, tailored for each level of the corporate hierarchy. Such efforts include the prevention and early detection of mental diseases through linkage with external counseling organizations. Also, we try to give thoughtful attention to each worker; for example, for those on protracted leave for mental-health reasons, we give them a phased plan for his/her return to work in consultation with an Occupational Health Physician.

(FY 2007)

Employees accident-free hours	Consecutive hours free of accidents resulting in fatalities or absences of 1 day or longer	Approx. 9.3 million hours
Severity rate	Percentage of serious accidents	0.00%
Frequency rate per working hours	Number of dead and injured per million working hours	0.00%
Frequency rate per 1,000 worker	Number of dead and injured per 1,000 workers per annum	0.00%

Frequently-occurring work-related accidents	Tripping	Countermeasures: Held walking seminars, published observations on how accidents occurred, etc.
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◎At TOPCON, no work-related accident resulting in absences of 1 day or longer has occurred since April, 2004.

\*Headquarters-only statistics



# Environmental Report

## Basic Activities and Plans

### TOPCON GROUP'S Basic Policy for Environmental Protection

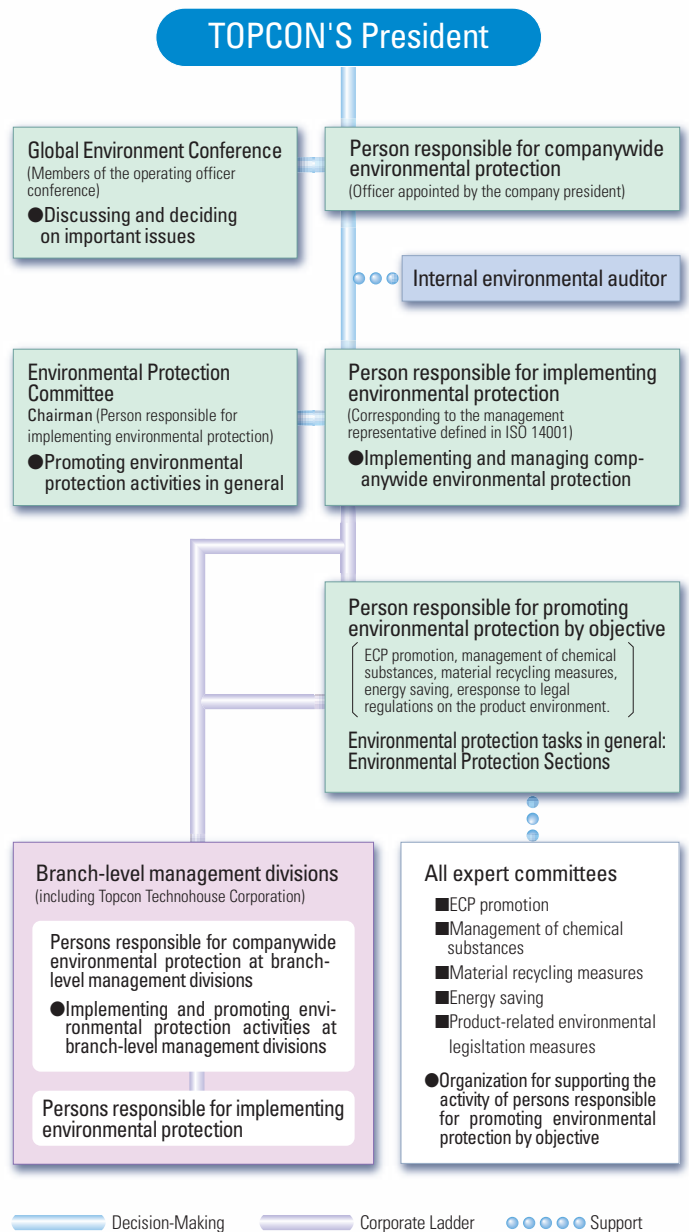
Recognizing that it is the basic responsibility of human beings at present to hand down our "One Precious Earth" to succeeding generations with its environment in sound state, the TOPCON GROUP wishes to promote environmental protection activities as far as technically and economically possible and has established its own basic policy for environmental protection as follows.



- 1 Topcon Group pursues and promotes environmental protection in accordance with its environmental policy and considers environmental protection to be one of management's primary responsibilities.
- 2 Topcon Group, as part of its environmental management, complies with its own voluntary environmental standard as well as laws and regulations related to environmental protection.
- 3 Topcon Group assesses the environmental impact of its business activities, products and services. In doing this, the Topcon Group specifies its objectives, targets to eliminate the negative impacts and to improve the positive environmental aspects, and promotes its Environmental Report.
- 4 Topcon Group has set up an organization to promote activities related to environmental protection. The activities include, development of Environmentally Conscious Products (ECPs), reduction of hazardous chemical substances, reduction of waste, and increase in energy savings.
- 5 Topcon Group contributes to society through its Environmental Report by partnering with local communities.
- 6 Topcon Group strives to enhance awareness of the environment through educational and PR activities concerning environmental protection.
- 7 Topcon operates globally, and accordingly, promotes environmental activities throughout the Topcon Group.

### Environmental Protection Structure

Environmental Protection Structure (April 2008 Record)



### ISO 14001 and JIS Q 14001 Registration

Registered organization: (Head offices of) TOPCON CORPORATION and Topcon Technohouse Corporation  
 Address: 75-1, Hasunuma-cho, Itabashi-ku, Tokyo  
 Scope of registration: The development, design, manufacture, and sales of Surveying instruments, Ophthalmic and medical instruments, Industrial instruments and Other precision optical instruments in the above organization  
 Registration number: EC97J1081  
 Registration date: September 29, 1997  
 Expiration date: September 28, 2009  
 Certification organization: Japan Audit and Certification Organization for Environment and Quality (JACO)

### State of Acquisition of ISO Certifications by TOPCON'S Affiliated Companies

The following member companies of the TOPCON GROUP have already acquired the ISO 14001 certification.

	Approval Date	Certification organization
Topcon Yamagata Co., Ltd.	2000/3/20	TUV
Topcon Optical(Dongguan) Technology Ltd.	2001/5/17	SGS
OPTONEXUS Co., Ltd. (Headquarter)	2001/12/21	JQA
Topcon Technohouse Corporation	2005/3/9	JACO
OPTONEXUS CO., LTD (Takine factory)	2006/1/20	JQA

\*Topcon Service Co., Ltd certified by Eco-Action 21 on April 26, 2005

## Targets and Achievements of Environmental Protection Activities in FY 2007

Target	Criterion of comparison	Target	Achievement	Result
Reducing the total amount of waste generation Basic unit of sales	FY 2000	A decrease of 18.1% (1.043)	A decrease of 18.8% (1.035)	Already* achieved 😊
(Total amount generated)		(595 tons)	(538 tons)	
Reducing hazardous chemical substances Reducing the amount of VOC generation	FY 2000	A decrease of 26%	A decrease of 38.4%	Already achieved 😊
Amount of second class organic solvent consumed	FY 2000	A decrease of 67%	A decrease of 70.1%	😊
Energy saving Basic unit of sales	FY 1990	A decrease of 18.1% (9.91)	A decrease of 17.9% (9.92)	Not achieved 😞
(Amount of CO <sub>2</sub> emission)		(5,649t-CO <sub>2</sub> )	(5,157t-CO <sub>2</sub> )	
Developing environmentally conscious products (ECPs) Ratio of ECPs to sales	Ratio of all products sold by volume	35%	40.5%	Already achieved 😊
Power consumption	Model produced prior to 2000	A decrease of 20%	A decrease of 47.1%	😊
Compliance with product legislation of each country	March 2008	Collected and offered information; achieved		Already achieved 😊
Controlling and auditing chemical substances contained in procurements from major supplier	50 companies	57 companies		😊
Conducting environmental audits at affiliated companies Establishment of global environmental protection system	Four environmental audits (five sites), two environmental visits (overseas)	Four environmental audits (five sites), two environmental visits (overseas)		Already achieved 😊
Education and publicity Conducting environmental education	Company-wide implementation by hierarchy			Already achieved 😊
Public relations	Issuing a CSR report			😊
Itabashi Ward Workshop of Environmental Management	Joining various events			😊

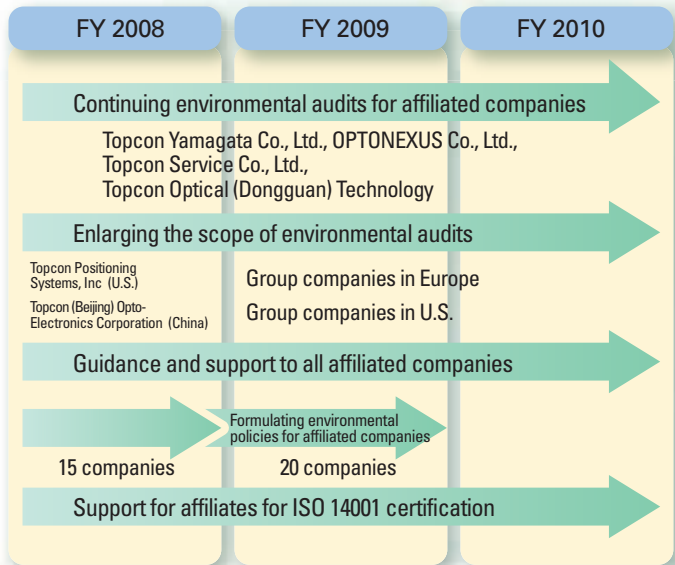
\*For more details, refer to the section "Efficient Use of Resources" on page 24.

## Plans for Environmental Protection Activities in FY 2008

Target	Criterion of comparison	Target
Reducing the total amount of waste generation Basic unit of sales	FY 2000	A decrease of 18.8% (1.034)
Reducing hazardous chemical substances Reducing the amount of VOC generation	FY 2000	A decrease of 38.5%
Amount of second class organic solvent consumed	FY 2000	A decrease of 71%
Energy saving Basic unit of sales	FY 1990	A decrease of 20%
(Amount of CO <sub>2</sub> emission)		(5,748t-CO <sub>2</sub> )
Developing environmentally conscious products (ECPs) Ratio of ECPs to sales	Ratio of all products sold by volume	40%
Power consumption	Comparison with previous model per function	A decrease of 20%
Compliance with product legislation of each country	Collected and offered information; achieved	
Controlling and auditing chemical substances contained in procurements from major supplier	30 companies	
Conducting environmental audits at affiliated companies Establishment of global environmental protection system	Six environmental audits (four sites of three domestic companies and three sites of three overseas companies), three environmental visits (overseas)	
Education and publicity Conducting environmental education	Companywide implementation by hierarchy	
Public relations	Issuing a CSR report	
Itabashi Ward Workshop of Environmental Management	Joining various events	

## Globalization of Environmental Protection Activities

Under the TOPCON GROUP environmental principle, the TOPCON GROUP has a global environmental protection activity plan till 2010, working together with domestic and overseas affiliated companies.



## Voluntary Environmental Plan 2010

### Voluntary Plan:

Plan for the company's commitment to voluntary activities

The TOPCON GROUP - mainly its associated companies engaged in Japanese domestic production - has formulated and begun to implement a Voluntary Plan covering the period from FY 2006 to the end of FY 2010.

The names of the companies targeting the Voluntary Plan are listed here.

- TOPCON CORPORATION
- Topcon Technohouse Corporation
- Topcon Yamagata Co., Ltd.
- OPTONEXUS Co., Ltd.,
- Topcon Service Co., Ltd.

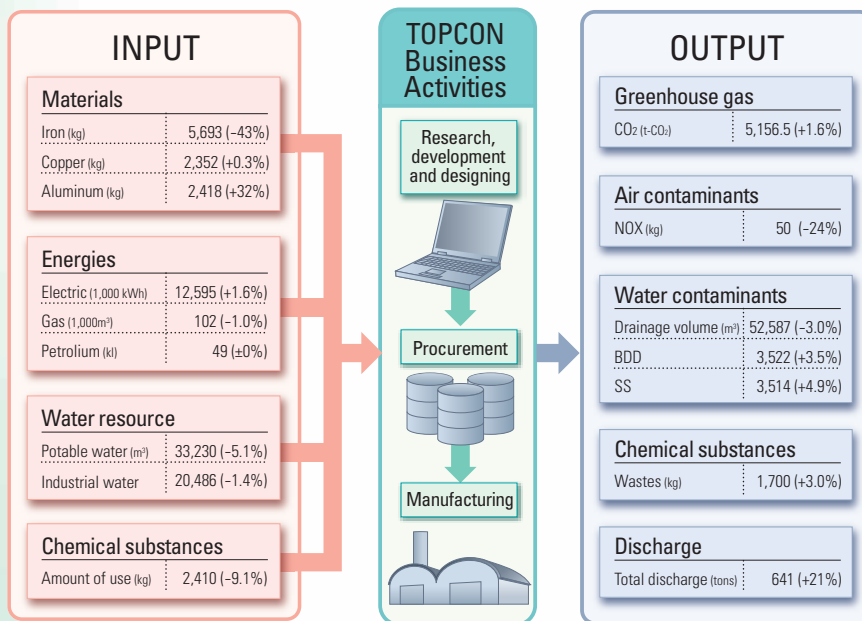
Activity item	Indicator	Criterion of comparison	Target	
Offering environmentally conscious products (ECPs)	Creating more ECPs	Ratio of ECPs sold by volume	Total number of units sold	60%
	Reducing power consumption	Ratio of reduction in power consumption per function	Previous model	20%
	Reducing hazardous substances	The 15 specified substances contained in products	Newly developed product	Total ban
Preventing greenhouse warming	Reducing the amount of CO <sub>2</sub> emission	Reducing the amount of CO <sub>2</sub> emission per basic unit of sales	FY 1990	25%
Making effective use of resources	Reducing the total amount of waste generation	Reducing the total amount of waste generation per basic unit of sales	FY 2000	20%
	Reducing the amount of waste from final treatment	Achieving the target of zero waste emission	Voluntary criterion	All sites targeted
Managing chemical substances	Reducing the amount of volatile organic compounds generated	Total amount of VOC emission	FY 2000	30%

# Environmental Report

## Reducing Environmental Burdens

### Environmental Burdens Caused by TOPCON (FY 2007 Record)

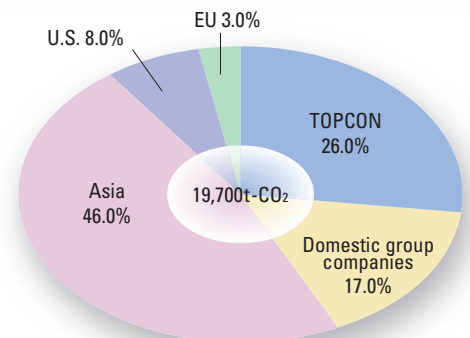
Major environmental burdens caused by TOPCON's business activities such as product development, procurement and production include energy consumption; use of water resource and chemical substances; CO<sub>2</sub> and exhaust gas emissions; drainage to sewers; and waste disposals. In this section, these environmental burdens are presented in two categories, INPUT and OUTPUT, to show the balance of energy and materials. TOPCON endeavors to manufacture good and eco-friendly products by understanding where environmental burdens occur and working out countermeasures to minimize them.



The total amount of CO<sub>2</sub> emissions due to overall energy consumption was 5,175 tons. The atmospheric emissions of chemical substances was 1,700 kg.

\*Headquarters-only statistics.

■ CO<sub>2</sub> Emissions of the TOPCON GROUP by Region



\*Statistics from January to December 2007

\*1 The above statistics are based on the data collected at the TOPCON headquarters factory. All values listed above are actual measurements.  
 \*2 Resources and materials in the INPUT category are for goods processed at the TOPCON factories.  
 \*3 Values in parentheses are year-on-year percentage changes.

### Coping with Environment Accounting

- Target of aggregate calculation: TOPCON CORPORATION
- Period of aggregate calculation: from April 1, 2007 to March 31, 2008
- Method of aggregate calculation:  
 Using the Environmental Accounting Guidelines for FY 2005 (compiled by the Ministry of the Environment) to assess the costs of environmental protection and the company's own standards to assess the effect of environmental protection.

#### Costs of Environmental Protection

(Unit: 1,000 yen)

Category	Amount of investment	Amount of expenses	Change of the amount of expenses against FY 2005
Costs in business areas	77,094	193,333	33,141
① Cost of pollution prevention	(9,600)	(34,865)	(-1,749)
② Cost of global environmental protection	(63,732)	(69,181)	(21,142)
③ Cost of resource circulation	(3,762)	(89,287)	(13,748)
Cost of upstream and downstream processes	0	101,521	-38,949
Cost of management activity	1,636	99,044	19,737
Cost of research and development	0	211,756	22,791
Cost of social activity	0	2,814	1,463
Cost of environmental injury	0	71	-2
<b>Total</b>	<b>78,730</b>	<b>608,539</b>	<b>38,181</b>

#### Effect of Environmental Protection

(Unit: 1,000 yen)

Item	Reduction in environmental burdens	Effect of investment
Effects at customers' end Effect as a reduction in environmental burdens at the application stage	421t-CO <sub>2</sub>	22,026

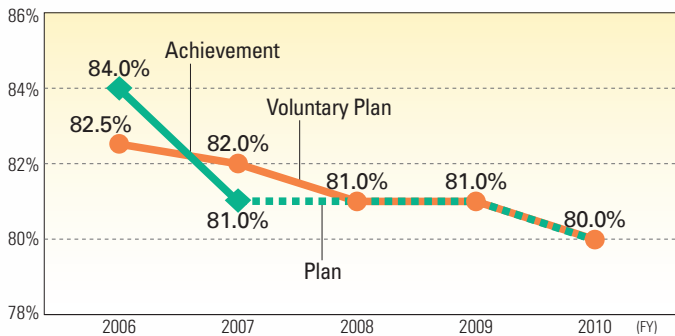
To help curb global warming, TOPCON has been replacing air conditioners and ceiling lights with energy-saving alternatives. In FY 2007, TOPCON also replaced transformers and other electrical devices, which resulted in a significant increase in environmental expenditures, including the investment in plant and equipment. Also, TOPCON completed the first phase of our efforts to cope with Product-related Environmental Legislation like the EU and China RoHS directives. As a result, the environmental spending for the upstream and downstream measures decreased greatly last year. However, there are other issues to cope with, like REACH and the tightened controls of RoHS. It is anticipated that again the environmental expenditures will increase in future. The environment preservation effects that our products will yield at customers' end were calculated, based on our own criteria. The reductions in CO<sub>2</sub> emissions and electricity costs are based on the estimated energy-savings obtained over our previous products.



■ Efficient Use of Resources

TOPCON changed its office and factory layouts throughout the company, which produced a large amount of waste and garbage. Thus we determined that it would be difficult to achieve the per-sales waste reduction target for FY 2007; so we decided to treat this waste as not directly produced by our business operations and excluded it from the waste calculation. As a result, the per-sales waste tonnage in FY 2007 was 1.035 against the target of 1.043. In FY 2008, TOPCON will promote the efficient use of resources and zero-emission activities to achieve the voluntary 2010 target.

■ Reduction of Waste Caused by Business Activities



■ Zero Emission Achievement by the TOPCON GROUP

Company Name	Achieved Time
TOPCON CORPORATION	December, 2001
OPTONEXUS Co., Ltd.	January, 2006
OPTONEXUS Co., Ltd., Takine Factory	May, 2007
Topcon Service Co., Ltd.	March, 2003
Topcon Yamagata Co., Ltd.	FY 2008 (plan)

■ Regular Rounds of Waste Stations by the Recycling Committee

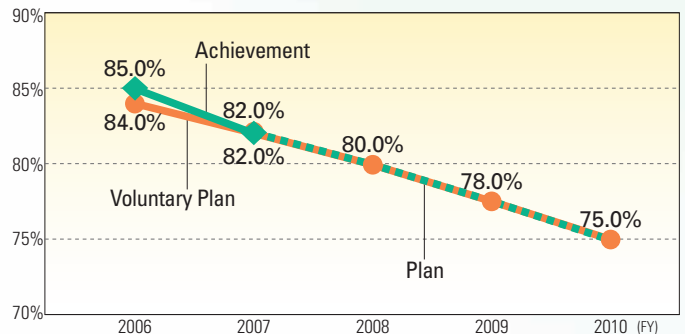


Regular Rounds of Waste Stations by the Recycling Committee

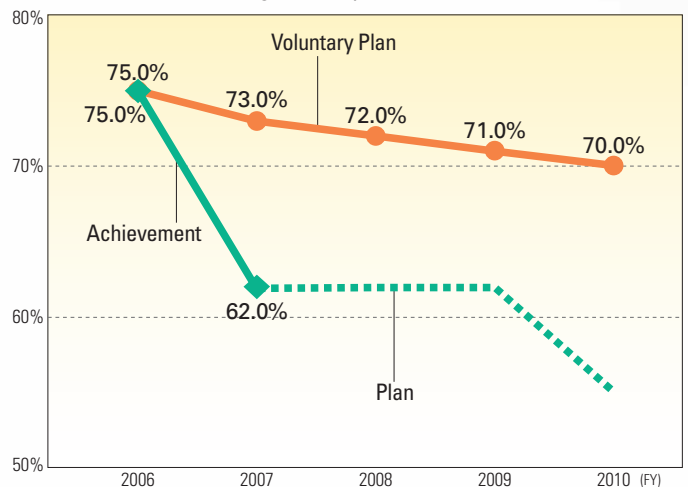
■ Prevention of Global Warming

In FY 2007, we had to revise down the per-sales energy-saving target. Even thereafter, we strived hard to save energy, but in spite of our efforts, we slightly fell short of the target of 9.91, with the result being 9.92. TOPCON will make continuous efforts to save energy and reduce CO<sub>2</sub> emissions.

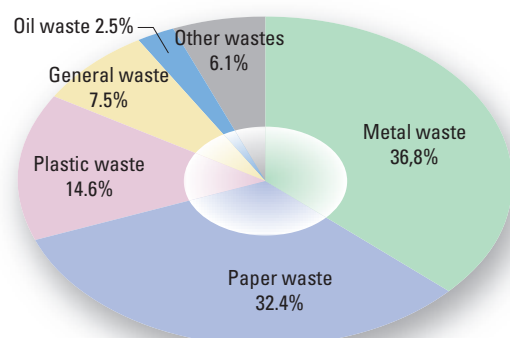
■ Reduction of CO<sub>2</sub> Emissions Due to Business Activities



■ Control of Chemical Substances (Emissions of Volatile Organic Compounds)



■ Breakdown of Wastes in FY 2007



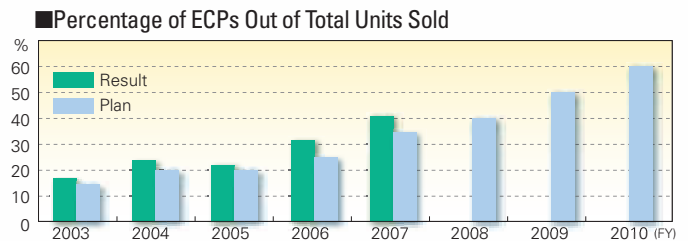
# Environmental Report

## Environmentally-Conscious Products (ECPs)

### Developing Environmentally-Conscious Products (ECPs)

To develop environmentally-friendly products, TOPCON formulated a set of voluntary environmental standards for its products. In line with this, our interest goes well beyond mere resource and energy savings; we define environment-related goals and norms for each phase of the product lifecycle and perform products' environmental assessment accordingly. Products that meet our voluntary environmental standards are certified as "environmentally-conscious products (ECPs). As of FY 2007, 31 products have been ECP-certified.

To further promote the development of ECPs, the voluntary plan of the TOPCON GROUP sets the goal to increase the percentage of ECPs to 60%, in number of units sold, by FY 2010.



## Environmentally-Conscious Products (ECPs)

### ●RL-100 1S/2S

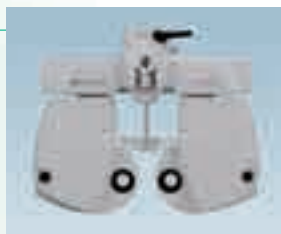
The RL-100 is a new generation of rotating slope lasers with programmable grades. The RL-100 can be used for inclined planes, let alone level planes. In conjunction with TOPCON's machine control system, the RL-100 provides higher work productivity and accuracy. The RL-100 offers a number of significant improvements over its predecessors: an extended grade range (from 10 % to 25%), a radio remote with an LCD display, a higher-contrast LCD display, IPX6-qualified dust- and water-proofness, and so on. Additionally, the RL-100 has many environmentally-friendly features; the RL-100 consumes approximately half the power of its predecessor due to intermittent operations of the laser section, reduced standby power, reduced motor supply current (thanks to a smaller motor) and so on. Also, the RL-100 is more rugged, eliminating the need for internal Styrofoam in the hard shell carry case. The reduction in the size of the carry case led to a 52% weight reduction in the amount of packing materials used.



**Energy saving effect** a 53% decrease in power consumption (as compared with previous models)

### ●CV-5000

The CV-5000 is a computerized vision tester that provides compensation values of eye refraction as well as binocular visual performance through a patient's response during eye examinations. The optical head contains several lens discs with a wide sphere range, of which combinations enable a variety of testing. The optical head was designed to realize smaller lens discs and faster lens rotation speed. The optical head of the CV-5000 is 50% smaller than that of its predecessor and thus more comfortable for patients. Furthermore, thanks to the implementation of smaller lens discs, the rotation speed of lenses has increased by 30%. Faster lens movement shortens the examination time and helps reduce power consumption. Besides, the 40% weight reduction led to a 15% reduction in the volume of packing materials used, compared to its predecessor.



**Energy saving effect** a 30% decrease in power consumption (as compared with previous models)

### ●LS-B100

The LS-B100 is a laser sensor designed as part of a machine control system and is used in conjunction with a rotating slope laser. The LS-B100 mounts on construction machines such as bulldozers and excavators. Using a laser as its reference, the LS-B100 is used for road pavement, farmland reclamation and so on. An array of TOPCON-proprietary photodiodes provides excellent linearity over the sensed wavelength spectrum and assists in stable and reliable construction work. Use of optimal materials led to an approximately 15% reduction in weight while maintaining the ruggedness. The three-color LED display allows intuitive judgment for machine operators and thus boosts work productivity. While being energy-efficient, the bright LED lamps provide good visibility even in outdoors.



**Energy saving effect** a 85% decrease in power consumption (as compared with previous models)

### ECPs launched till 2006

- RL-VH3D Rotating laser
  - ACP-8 Auto chart projector
  - WM-7 Wafer surface analyzer
  - DT-200 Digital theodolite
  - DU-2 Deodorant unit
  - WM-5000 Wafer surface analyzer
  - FS-100D Filter system
  - FC-100 Field controller
  - GPT-8200A Auto tracking pulse total station
  - RM-8800 Auto refractometer
  - KR-8800 Auto kerato-refractometer
  - CL-2800 Computerized lensmeter
  - EZ-200 EZ meter
  - RL-H3CL Rotating laser
  - GPT-7000HiPer Pulse total station
  - LS-B10 Laser sensor
  - LM-8 Lensmeter
  - SL-D2, SL-D4 and SL-D4Z Digital slit lamps
  - WM-10 Wafer surface analyzer
  - FC-200 Field controller
  - GPT-3000 Pulse total station
  - GPT-7000 and GPT-7000L Pulse total stations
  - GPT-9000A Pulse total station
  - SP-3000P Specular microscope
  - CL-200 Lensmeter
  - Vi-3200 In-tray chip inspection system
- Total of 26 products

### Five ECPs were launched in FY 2007, including those introduced on this page.

- RL-100 Rotating laser
- LS-B100 Machine mounted laser receiver
- GTS-750 Total station
- GPT-7500 Pulse total station
- CV-5000 Compu vision

## Environmentally-Conscious Products (ECPs)

Life cycle	The Voluntary Environmental Standards
Procurement of components	<ul style="list-style-type: none"> <li>●Implementation of Green procurement</li> <li>●Prohibition of hazardous substances including polychlorinated biphenyl (PCB), asbestos, chlorofluorocarbon, polybrominated biphenyl(PBB) and polybrominated biphenyl ethers(PBDE)</li> <li>●Prohibition of batteries containing mercury and nickel-cadmium batteries</li> </ul>
Manufacturing process	<ul style="list-style-type: none"> <li>●Prohibition of Ozone Disaster Substances (ODSs) such as chlorofluorocarbon, trichloroethane and hydrochlorofluorocarbons (HCFCs)</li> <li>●Understanding of the quantity of consumed lead and hexavalent chromium</li> </ul>
Product distribution	<ul style="list-style-type: none"> <li>●Prohibition of shrink packages for packing material</li> <li>●Use of recycled papers for packing cardboard</li> <li>●Prohibition of materials containing polyvinyl chloride (PVC) for buffer material and protection packages</li> </ul>
Usage by customers (product specification)	<ul style="list-style-type: none"> <li>●Promotion of energy saving functions</li> <li>●Providing information about energy saving in instruction manuals</li> <li>●Reduction of electricity consumed per product function compared with previous models</li> </ul>
Recycling of used products	<ul style="list-style-type: none"> <li>●Identifying those products which contain greater than 25g plastics in accordance with ISO10430 (JIS K6899) and ISO11469 (JIS K6999)</li> <li>●Application of over 80% of plastics to be appropriate for material recycling, including polypropylene(PP), polystyrene(PS), polyethylene(PE), polycarbonate(PC), acrylonitrilestyrene resin(AS), and acrylonitrile-butadienestyrene resin (ABS)</li> <li>●Providing users with information in instruction manual for properly discarding products</li> </ul>
Other environmental considering issues	<ul style="list-style-type: none"> <li>●Providing general information concerning environmental issues through Web pages, instruction manuals, and catalogues</li> <li>●Understanding the amount of CO<sub>2</sub> release from the view point of life cycle assessment (LCA) and providing the data through instruction manuals and catalogues</li> <li>●Providing instruction manuals which consist of greater than 70 % used paper or recycled paper, certified as eco-label</li> <li>●Assessing each new product to examine if it is improved over its previous model</li> </ul>

## Glossary of Terms

### \*MSDSplus:

Supplement to the Material Safety Data System (MSDS), or a mechanism promoted by the Japan Article Management Promotion-consortium (JAMP) to convey basic information on chemicals contained in supply-chain products. MSDSplus provides the names of applicable laws and regulations; the presence or absence of the regulated chemicals; and their names, CAS registry numbers, concentrations and so on. MSDSplus is transferred to the downstream of the supply chain. Version 2 is the latest version of MSDSplus.

### \*AIS (Article Information Sheet):

Based on the MSDSplus information, an AIS is used to report chemical substances that comprise articles and chemical compounds provided by the downstream and midstream companies in the supply chain.

### \*Information Infrastructure:

A global Internet portal site using MSDSplus and AIS being advanced by JAMP. Slated to begin service in 2009.

### \*JAMP (Japan Article Management Promotion-consortium):

An organization inaugurated in September 2006 by 17 Japanese companies to promote cross-industrial activities, based on the recognition that establishment and dissemination of specific mechanisms to facilitate disclosure/conveyance of information on chemicals contained in supply-chain products are indispensable to improve Japan's industrial competitiveness.

(As of May 8, JAMP has 242 member companies.)

## Globalization of Environmental Protection Legislation

### \*Globalization of Environmental Protection Legislation

#### Chemical substances

EU: REACH regulation

#### Hazardous chemical substances

EU: RoHS directive, new battery directive  
 China: Administrative Measure on the Control of Pollution Caused by Electronic Information Products (China RoHS)  
 U.S.: Proposition 65, etc.

#### Energy-saving

U.S.: California's efficiency regulation, etc.

#### Ecodesign

EU: EuP directive

#### Recycling

EU: WEEE directive  
 China: China WEEE, etc.

#### International treaties

POPs Treaty (bans on use of persistent hazardous pollutants)

### At the corporate level

- Promotion of global green procurement
- Promotion of product assessment
- Compliance with voluntary environmental standards

### At the supply chain level

- Unified rules for chemical substance inspection: Utilization of MSDSplus\* and AIS\*
- Construction of information infrastructure: Utilization of JAMP's Information Infrastructure

We need to address the challenges of the globalizing environmental legislation for products. To cope with these challenges, TOPCON drew up voluntary rules called the "Procedures for Management of Chemical Substances in Products" and has worked across the TOPCON GROUP on the management of chemical substances contained in its products.

Legal regulations differ country by country. Thus, in the future, we will need to cooperate across the supply chain in order to deliver compliant products.

As a member of the Japan Article Management Promotion-consortium (JAMP)\*, TOPCON will fulfill its responsibility to meet the global requirements for the environmental legislation for products.

# Environmental Report

## Environmental Audits and Environmental Education

### ISO 14001 Surveillance

In FY 2007, an ISO 14001 Surveillance was conducted over two days in August.



### Environmental Education

Environmental Educations were conducted by hierarchy and occupational qualification.

#### Environmental Education for New Employees



### Environmental Audits of Affiliated Companies



#### Emergency Drill



#### Key Environmental Audits

(FY 2007)

Audit	Description
ISO 14001 surveillance	Reviews on ISO compliance and validity by an external certification body
Internal environmental audit	Internal audit on compliance and validity regarding environmental protection
Environmental audits of and visits to affiliated companies	Regular auditing for affiliated companies with relatively high environmental impacts
Audit and control of chemical substances contained in procured goods	Supervisory visits to suppliers with high environmental impacts
On-site inspections of industrial waste disposal plants	Verification of proper industrial waste disposal

#### Education for Middle-Level Employees



### On-Site Inspection of Industrial Waste Disposal Plants

TOPCON visits the industrial waste disposal plants regularly to verify that industrial wastes are properly treated and disposed of. In FY 2007, we visited six disposers.



#### Key Seminars on the Environment Held in FY 2007 and the Numbers of Attendants

Seminar	Target	Description	Attendants
General	All employees	Raises awareness for the environment and improves the levels of environmental protection activities	1,081
Middle-Level	Department and section managers	Environment management, ISO 14001, trend in environmental legislation, etc.	271
Significance	Significant machine operators	Operation, control, environmental impacts and emergency measures for specific facilities	75
New Employees	New Employees	Global environmental problems, domestic and overseas legislation, ISO 14001, environment policy, etc	43
Others	By occupational qualification	Usage of the Industrial Waste Control form, latest trend on environmental legislation related to products	75
Internal Auditors	Internal Auditors	ISO 14001, ISO surveillance results, trend in environmental legislation	14
<b>Total</b>			<b>1,559</b>

## Environmental Protection Activities

### Background of Environmental Protection Activities

1989	Establishes the environmental pollution management group. Establishes the basic regulations about pollution control.
1992	Totally abolishes chlorofluorocarbons (CFCs) as ozonedepleting substances. Receives the award for excellent managers for pollution prevention from Itabashi Ward.
1993	Renames the environmental management group to inaugurate the global environment conference. Inaugurates the environmental management committee and establishes the basic regulations about environmental management. Draws up the Voluntary Plan.
1995	Receives the bureau manager award from the Kanto Regional Bureau of International Trade and Industry (for energy saving in air conditioners). Formulates a manual for internal environmental audits.
1996	Establishes the basic regulations about environmental protection.
1997	Acquires the ISO 14001 certification from the Japan Audit and Certification Organization for Environment and Quality (JACO).
1998	Receives the director-general award from the Natural Resources and Energy Agency (for energy saving in air conditioners). Receives the award for excellent managers for pollution prevention from Itabashi Ward.
1999	Receives the Itabashi Ward Environment Protection Award. Conducts product assessment under the theme of total development.
2000	Removes the incinerators.
2001	Draws up the New Voluntary Plan (with the target for 2005) Formulates the voluntary environmental standards regarding environmentally conscious products. Achieves the target of zero emission and issues the first edition of Environmental Report. Completes the replacement of dichloromethane and conducts green procurement.
2002	Establishes the TOPCON GROUP'S Basic Policy for Environmental Protection.
2003	Fully revises the basic regulations about environmental protection and announces environment accounting for the first time. Starts using lead-free solder.
2004	Establishes the method of indirect consequence assessment for jobs. Joins forces with Topcon Technohouse Corporation to integrate environmental protection activities. Acquires a greater scope of the ISO 14001 certification from the Japan Audit and Certification Organization for Environment and Quality (JACO).
2005	Completes migration to the ISO 14001:2004 version. Implements measures against legal regulations on the product environment and RoHS-targeted products.
2006	Receives the Itabashi Ward Environment Protection Award in the Environment Protection Managers category. Completes implementing measures against RoHS-targeted products. Draws up the TOPCON Group Voluntary Plan (with the target for 2010)
2007	Receives the Environmental Protection Award from Itabashi Ward for the industrial construction waste control.

### Environmental Protection Award of Itabashi Ward

TOPCON received the Environmental Protection Award (for industrial construction waste control) from Itabashi Ward. The awarding ceremony was held in June 2007.

TOPCON received Itabashi's first Environmental Protection Award, and in 2006, the chief of our environmental protection activity received an award again. Thus this is the third time for TOPCON to receive an award from Itabashi Ward.

In the awarding ceremony, a certificate of commendation and a commemorative item (a shield trophy) were presented to TOPCON by the chief of Itabashi Ward.

TOPCON's daily efforts for environmental protection including the achievement of zero emissions as well as being the first company in Itabashi Ward to acquire the ISO 14001 certificate were highly praised. We believe that our company-wide environmental protection activities led us to the award. TOPCON will take this opportunity to further strive to widen the scope of its environmental protection activities.



### Other Environmental Information (as of March 31, 2008)

Name of district defined by the City Planning Law	: Light-industrial district (place of business) : Light-industrial district (adjoining land)
Lot area	: 23,499m <sup>2</sup>
Regulations on specified plants	: None (Tokyo Metropolitan Ordinance on Environmental Preservation)
Water drainage	: Sewage
Lead office and division names	: Global Production & Environment Div. Environmental Protection Dept.
Persons responsible for environmental protection	: 6 full-time employees

\*Information contained in the Environmental Report is about TOPCON unless otherwise noted.

## Third-Party Opinion

- Your eagerness to try to meet readers' expectations is demonstrated everywhere in this report.



### Tamio Yamaguchi

representative  
Junkangata Shakai Kenkyukai  
(specified non-profit organization)

#### Junkangata Shakai Kenkyukai:

This is a civic group whose main purpose is to (1) discuss, from a global point of view, the ideal figure of a circulation-based society, which is to have harmony with the natural ecosystem that should be handed down to our next generations, and (2) research, support, and implement any efforts to form a circulation-based society by local citizens, businesses, and public administrations.

URL: <http://www.nord-ise.com/junkan/>

A third-party opinion on the corporate social responsibility (CSR) report becomes worthwhile when it is open to the public and reviewed internally for the purpose of improving its quality. I had the honor of writing a third-party opinion on your CSR report for the first time last year, and in that opinion, I gave my appraisal of your 2007 report and expressed greater expectations for the 2008 report.

Reviewing your 2008 report, I saw tangible evidence of your efforts to meet my and stakeholders' expectations. The 2008 report runs a special feature on products designed to reduce environmental burdens. Additionally, the 2008 report presents quantitative statistics for the first time, including the number of employees who used corporate welfare provisions; the percentage of the disabled among the workforce; statistical information on work-related accidents; green accounting figures in the environmental report; the amounts of region-by-region CO<sub>2</sub> emissions; a breakdown list of environmental emissions; a reduction of the volatile organic compound (VOC) emissions and the percentages of the certified environmentally-conscious products (ECPs) out of the total sales, etc. However, the 2008 report does not still contain sufficient quantitative information. By putting a greater variety of such information under public scrutiny, your report will be definitely more appreciated and attractive.

Almost equal amounts of space are devoted to the descriptions of each of the featured products. For the next report, I would like to suggest that you focus on specific topics and introduce products from multifaceted perspectives, like including your motivation for developing certain products, bitter anecdotes behind development, voices of users and so on. In so doing, it is befitting for CSR reports to link these stories with social challenges in detail, as you described a precision-agriculture machine in this CSR report in the context of environmental protection and food crisis.

The most notable thing in 2007 was the public announcement in October about your participation in the United Nations Global Compact. Even though there are numerous global companies in Japan, only 62 Japanese companies have joined the Global Compact as of May, 2008. You are certainly a global company with group's foreign sales accounting for 73% of business; so it is highly admired as a timely resolution in keeping with your social commitment. I understand that the inclusion of the Basic Policy on the Respect for the Humankind is one of the reflections of TOPCON GROUP's attitudes to culture. Unfortunately, you did not state why you decided to participate in the Global Compact or how you are determined to fulfill your commitment. From the next year on, I will look forward to a report about how your changes reflect the spirit of the ten principles of the Global Compact.

At the beginning of this report, it says that the 2008 CSR report was designed "so that readers will be willing to read the report to the end." When compared to the 2007 report, this wish is manifested here and there in the 2008 report. One example is a glossary of technical terms. It is inevitable to use some technical terms in documents like this. However, readers

are often overwhelmed by the overabundance of jargon encountered in CSR reports. The glossary helps readers understand the articles better and acquire CSR and environment literacy. Although the environmental report in this book has a glossary, it would be better to add such glossaries across the whole book for the convenience of readers.

Lastly, let me add two more things. First, I hope you will extend the coverage of reporting. Although you do have an understanding of your CO<sub>2</sub> emissions around the globe, other statistical figures are limited to the headquarters. I would like you to grasp the global situations and include your overall contributions in the next report. The second point is further improvement in the sociality report. I admit that the GRI guidelines and Global Compact are important, but at the same time there are social issues specific to and inherent in Japan. I really hope that you will review how you relate to such social issues and report what you can do and what you did to solve them.

## In Response to Third-Party Opinion

The same as the last year, we asked Mr. Yamaguchi to write a third-party opinion on our CSR report. Since he knew our social and environmental performance for the last year, I awaited somewhat anxiously his scorecard over the past year. The result of Mr. Yamaguchi's review was beyond our expectations, but at the same time, he pointed out how we should continue to challenge for the future. It gave us positive energy to move ahead with conviction.

When writing the 2008 report, we tried to avoid ambiguous descriptions, present quantitative statistics as much as possible and improve the statements on labor. We just groped in the dark the first time, asked for a third-party opinion the second time, and this is our third report. I believe that we have been able to make steady progress each year.

Last October, TOPCON announced participation in the United Nations Global Compact. This reflects our recognition that, as a global company, it is important to express our intentions to do our part to help build a sustainable economy, let alone to create a corporate culture that is truly supportive of CSR, risk management and compliance. To share our thoughts on joining the Global Compact, a thorough discussion was made among the Board of Operating Officers which is responsible for our day-to-day business activities and the Board of Directors that is charged with the conduct and management of the company's affairs. Even though no participants are legally bound or obligated to do anything, we will embrace, support and enact, within our sphere of influence, the ten principles of the Global Compact. In keeping with our commitment, TOPCON created a new division called the General Affairs and CSR Department as of June 27, which oversees all environmental matters. Its mission is to take on the leadership role to promote company-wide CSR activities effectively and uninterruptedly.

Mr. Yamaguchi gave us a lot of valuable hints, from social and global viewpoints, as to our CSR policy and reporting. As the concept of CSR has gradually gained ground, the TOPCON GROUP will further promote CSR during our daily operations and report their outcomes in an easy-to-understand fashion. I'd appreciate it if you'd give us your feedback and suggestions.



Corporate Social Responsibility Report  
TOPCON GROUP CSR Report  
**2008**