

Reference

For Immediate Release

Sumitomo Forestry Co., Ltd.

**Sumitomo Forestry Included in All Three ESG Indices
Selected for GPIF Passive Management*¹**

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter, Sumitomo Forestry) announced on July 7, 2017, that it has been included in the three Japanese stock indices selected by Japan's Government Pension Investment Fund (GPIF)² for the launch of its ESG investments.³ The three indices are FTSE Blossom Japan Index,⁴ MSCI Japan ESG Select Leaders Index,⁵ and MSCI Japan Empowering Women Index.⁶ Sumitomo Forestry is one of only two home builders selected in all three indices.

ESG investment is expected to attract increasing attention going forward due to a recent global expansion of related investment and the start of passive management of one trillion yen in ESG investment by GPIF, the world's largest pension fund. Sumitomo Forestry contributes to environmental conservation through its timber-based businesses and its domestic and international forestry management activities, and drives active participation of women in society. As such, selection in these indices represents recognition of its efforts in these corporate activities.

The Sumitomo Forestry Corporate Philosophy states that, "The Sumitomo Forestry Group utilizes timber as a renewable, healthy, and environmentally friendly natural resource, and contributes to a prosperous society through all types of housing-related services." Based on this philosophy the company will continue efforts through its businesses to improve its long-term value as a company and to build a sustainable and prosperous society for the future.

*1 A method of managing investments to achieve outcomes by benchmarking against indices such as TOPIX and the Nikkei Stock Average

*2 See GPIF press release dated July 3, 2017
(http://www.gpif.go.jp/en/topics/pdf/20170703_esg_selection_en.pdf)

*3 Investments that consider non-financial elements of a company – environmental, social and governance factors. The longer the investment term, the better the risk-adjusted returns are expected to be.

*4 An index developed by FTSE Russell, a global index provider, to measure the performance of Japanese companies that demonstrate strong ESG practices. It was designed to be industry neutral.

FTSE Russell evaluates companies based on the ESG themes of corporate governance, health and safety, anti-corruption, and climate change. The FTSE Blossom Japan Index is comprised of companies that meet a diverse range of criteria related to the environment, society and governance, based on their ESG evaluations. (As of June 2017, the index was made up of 151 companies.)

*5 An index based on MSCI ESG research that more than 1,000 institutional investors use globally. It is a broad index that integrates various ESG risks into a comprehensive market portfolio. Its parent index is the Top 500 companies by market capitalization of the MSCI Japan IMI index, which comprises a range of large, medium and small-cap stocks in Japan, and it comprises companies with comparatively strong ESG evaluations within their industry. (As of June 2017, the index was made up of 251 companies.)

*6 A themed index that calculates gender-diversity scores based on various information. It is comprised of companies with the better scores from each industry. Based on the belief that companies that promote participation of women in society find it easier to maintain their labor force and have better long-term business sustainability, the index was developed to help improve market returns through GDP growth by encouraging female employment. Its parent index is also the Top 500 companies by market capitalization of the MSCI Japan IMI index, and it comprises companies with the better gender-diversity scores from each industry (excluding J-REITs). (As of June 2017, the index was made up of 212 companies.)