

April 27, 2011

Sumitomo Forestry Co., Ltd.

**Sumitomo Forestry Subsidiary,
Rimba Partikel Indonesia Acquires Indonesia's First CDM
Project Emission Credits with Wood Biomass Power**

—UN Issues Credits Equivalent to 10,982 Metric Tons of CO₂ for 2009—

P.T. Rimba Partikel Indonesia (RPI; President: Satoshi Kawanami), an Indonesian particle board manufacturer and subsidiary of Sumitomo Forestry Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; President and Representative Director: Akira Ichikawa), has earned certified emission reduction (CER) credits¹ under the Kyoto Protocol's Clean Development Mechanism (CDM).² RPI's wood biomass power generation project, the first CDM project of its kind in Indonesia, was registered with the United Nations CDM Executive Board in 2008, and completed the CER issuance step on March 1, 2011.

RPI manufactures and sells particle board in Indonesia made from sawmill residue and plantation timber. RPI was established in 1990 and is currently an equity-method subsidiary of Sumitomo Forestry, which owns 50% of the company's outstanding stocks. Aiming to increase the environmental value of its particle board and reduce CO₂ emissions arising from its business activities, RPI submitted an application to the CDM Executive Board for a project to shift its energy source from fossil fuels to renewable biomass. The application was approved and registered by the CDM Executive Board on May 23, 2008.

The recently issued CER credits are for the period from January to December 2009 and amount to 10,982 tons of CO₂. While the majority of CER credits issued by the CDM Executive Board generally come from chlorofluorocarbon and nitrogen oxide mitigation projects or clean energy projects that use hydro or wind power to reduce CO₂ emissions, the CER credits earned by RPI's project are for the use of biomass energy. RPI earned its CER credits by installing a new stand-alone wood biomass power generating facility and switching from diesel to wood biomass fuel.

Sumitomo Forestry plans to use the credits as a global warming mitigation measure within the Sumitomo Forestry Group or sell them to companies actively engaged in tackling environmental issues or fulfilling their corporate social responsibility.

1. Certified Emission Reduction (CER) credits:

Credits certified and issued by the United Nations based on the amount of emissions reduced by a CDM project in accordance with CDM rules.

2. Clean Development Mechanism (CDM):

The CDM allows industrialized countries who provide technical, financial, and other forms of assistance to implement greenhouse gas emission-reduction or sequestration projects in developing countries to earn Certified Emission Reduction (CER) credits, which they can use to meet a part of their emission reduction targets under the Kyoto Protocol.

■ Overview of CDM Project at RPI

Name: 4MW Biomass Power Plants Using Waste Wood Chips & Sawdust in Central Java Province, Indonesia

Site: RPI Plant

Summary: A project to reduce carbon dioxide emissions by shifting from diesel-fired to wood biomass-fired electricity generation to power RPI's plant. The new generating facility will primarily use discarded wood biomass generated by nearby sawmills and will contribute to CO₂ emissions reduction, waste reduction, and stimulation of the local economy.

Number of CER credits: 10,982 tons of CO₂ (from January to December 2009)

Corporate Profile of P.T. Rimba Partikel Indonesia

1. Established: June 15, 1990
2. President: Satoshi Kawanami
3. Capital: US\$ 12 million
4. Capital structure: Sumitomo Forestry 50%, Finance Planning Limited 45%, P.T. Power Energy Indonesia 5%
5. Location: Central Java, the Republic of Indonesia
6. Annual revenue: US\$ 21.713 million (for fiscal year ended December 31, 2010)
7. Production: 114,026 cubic meters (for fiscal year ended December 31, 2010)
8. Number of employees: 493 (as of the end of December 2010)
9. Business activities: Particle board manufacturing and sales

Reference:

RPI strives to operate a business that enriches the natural environment and the community, an important example of which is its contribution to CO₂ emission reductions. These efforts were recognized when the company was selected for an Award of Excellence in the 2010 CSR Leadership Contest held for companies in Central Java. RPI was one of only seven selected companies in Central Java, which demonstrates the strong reputation RPI has earned as a community-oriented, environmentally friendly business.

2010 CSR Leadership Contest Award Certificate

