

March 2, 2012

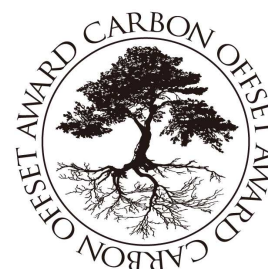
For Immediate Release

Sumitomo Forestry Co., Ltd.

**Sumitomo Forestry “Project EARTH” Environmental Initiative
Wins Encouragement Award at the First Carbon Offset Award
Reforestation Project on Degraded Land in Indonesia
Equal to Twice the Floor Area of Houses Built**

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) announces that it has been selected for an Encouragement Award at the first Carbon Offset Award (sponsored by the Ministry of the Environment) for its project on offsetting CO₂ that was emitted during constructions of detached houses with the credit from its new plantation in Indonesia.

The Carbon Offset Award was founded by the Carbon Offset Network with support from the Ministry of the Environment to award outstanding carbon offset initiatives that contribute to the realization of an environmentally friendly low-carbon society. The award aims to promote carbon offset initiatives and raise awareness of the significance of carbon offsetting in the wider society by introducing real-life examples.



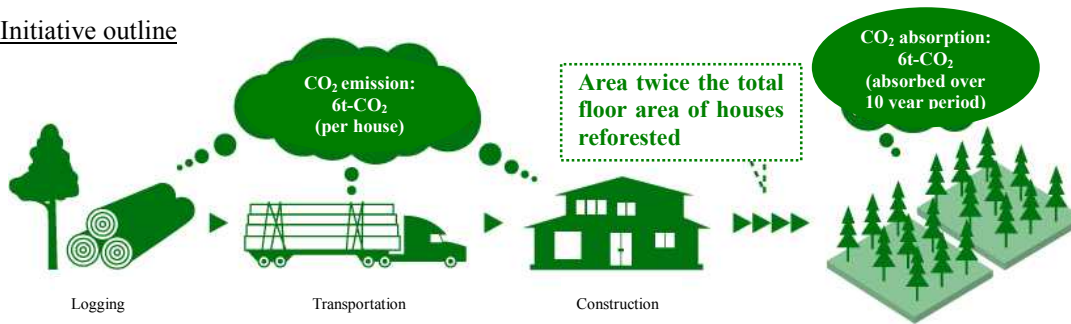
Carbon Offset Award logo

In addition to the continuity of the initiatives and their effectiveness in reducing CO₂, the criteria for judging outstanding projects also includes consideration for the effect of environmental conservation efforts other than CO₂ reduction, such as biodiversity, as well the effect initiatives had on vitalizing the local community and society, and companies' efforts to communicate information to these parties.

■ Sumitomo Forestry's Award-winning Initiative: “Kikorin and Project EARTH—Carbon Offset through Reforestation”

This reforestation and cultivation initiative aims to offset all CO₂ emitted through the logging, transportation, material manufacturing, shipping, and construction of the principal structural members used to build the almost 10,000 custom-built and spec homes constructed annually by Sumitomo Forestry, as well as contributing to the local community and biodiversity. The amount of CO₂ to be offset per house is approximately 6t-CO₂, which adds to approximately 60,000t-CO₂ to be offset per year.

Initiative outline



■ Details of Initiative

1) Plantation Forest

We selected degraded areas of Indonesia to establish the plantation forest, as the importance of protecting and restoring the country's rainforest is recognized internationally from perspectives including climate change and biodiversity, and also as the Sumitomo Forestry Group has a close relationship with the country through its companies involved in the manufacture of wooden panels such as plywood, and product processing.

2) Outline and Effect of Plantation

Aiming to contribute to the regional environment and community through reforestation, we implement environmental plantation—in which trees are not logged—as well as industrial plantation, in which adult trees are logged for use in processed wood products and subsequently replanted. The environmental plantation project is conducted in Bromo-Tengger-Semeru National Park, East Java, which has been ravaged by a series of forest fires, leaving parts of the land barren. To restore the area, we are conducting a reforestation project using indigenous trees. In addition to this, we also monitor the biodiversity of plants and animals and plan to report on changes in biodiversity as well as preservation policies. For our industrial plantation project we select degraded land outside protected land areas such as national forests and operate cooperative industrial plantations with the support of local residents. In these initiatives we plant fast-growing tree species such as Falcata (*Albizia falcataria*), which are then logged and the land replanted in a continuous process. This initiative contributes to the local community by providing employment opportunities as well as a source of income from the sale of timber.

3) Scale of Reforestation

Each year we reforest an area equal to twice the total floor area of new homes and spec homes constructed during the year. The annual area planted is approximately 300ha* (3 million m²). This equates to a total of around 300,000 indigenous trees as well as fast-growing tree species such as Falcata.

* In case of 10,000 homes constructed during year

4) Reforestation and Project Period

We are currently working to offset the construction of all homes sold in the five-year period from 2009 through our reforestation initiative. As we plan to manage and cultivate the plantations over the subsequent 10 year period, the project will run for a total of 14 years (April 2009 to March 2023), including cultivation.