

May 18, 2012

For Immediate Release

Sumitomo Forestry Co., Ltd.
Sumitomo Forestry Timberland Management Co., Ltd.

Japan's largest mass production, protected cultivation facility for forestry seedlings!
—Launch Environment-controlled Seedling Production Facility—
Aiming to stimulate Japan's forestry industry via modernization of seedling production

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) and Sumitomo Forestry Wood Products Co., Ltd. (President and Director: Jiro Kuramitsu; Head Office: Shinjuku-ku, Tokyo) announced the opening of an environment-controlled seedling production facility comprised of two greenhouses and one work station at the Wood Products Togo Tree Breeding Center (Togo nursery), in Hyuga City, Miyazaki Prefecture.

The facility enables year-round production and shipment of seedlings and will boost seedling production substantially, while at the same time facilitating improvement in the working environment and operational efficiency, and lower production costs.

Japan's forestry business has been sluggish in recent years. It is the policy of Sumitomo Forestry Group to embark on initiatives that will revitalize the domestic forestry industry by modernizing logging techniques and seedling production, enhancing the efficiency of cultivation operations, and effectively using renewable wood resources and materials.

1. Facility features

- (1) Togo nursery takes cuttings^{*1} Japanese cedar (*Cryptomeria japonica*) to produce seedlings. Previously, annual production was approximately 70,000 seedlings per year, using an approach where seedlings were raised in the open. The new facility makes year-round production possible by controlling both temperature and humidity and can produce around 200,000 seedlings annually, tripling the previous output. At its company-owned forests, Sumitomo Forestry carried out non-clearcut harvesting practices from 1993 to 2006. To switch to full-fledged clear-cutting practices^{*2} during the harvesting period, a system to produce a large volume of low-cost quality seedlings is indispensable. The facility is slated to initially produce seedlings to be planted at a company-owned forest in Kyushu.
- (2) When raising seedlings out in the open, in general spring is the only time these seedlings can be planted. The new facility will produce container seedlings^{*3}, with soil attached to their roots, using dedicated containers. With the exception of harsh winters, planting is possible year-round. This also aims to attain the equalization of labor.
- (3) In addition to optimal temperature and humidity control, a mobile bench system is employed, allowing a single person to move more than 1,500 seedlings, which are loaded on to a dedicated bench. This will help to improve the work environment and efficiency.
- (4) Also, with year-round mass production and more efficient operations contributing to a high operating rate, it will be possible to lower the unit sales price of the rooted cuttings.
- (5) Sumitomo Forestry plans to develop a DNA database and create a scion garden^{*4} by analyzing DNA taken from around 1,000 Japanese cedar trees throughout Kyushu and, in the future systematic produce rooted cuttings that are suited to soil conditions in the areas where they are scheduled to be planted.

Going forward, the company plans to continue to pursue the development of standards for seedlings, and timing and methods for planting them suited for use in afforestation.

- *1 Cutting: A technique used for the propagation of plants by cutting a branch or stock, and planting it in the ground to sprout roots. Clone propagation of quality varieties is also possible.
- *2 Sumitomo Forestry implements the clear-cutting of small areas in consideration of the natural environment.
- *3 Container seedlings are seedlings with soil attached to their roots that are grown in special containers. This makes year-round planting possible, in contrast to bare seedlings. Moreover, by setting several seedlings into a single tray, it reduces the effort required to transport them.
- *4 Scion garden: Gardens that specialize in production of special trees that produce scion (young shoots) for the mass production of cloned quality commercial seedlings.

2. Facility highlights

Construction site address: 645-15 Yamageshin, Togo-cho, Hyuga City, Miyazaki Prefecture

Sumitomo Forestry Wood Products Co., Ltd., within Togo Tree Breeding Center

Total area of work building: 145 m²; greenhouses: 385 m² (each unit), outdoor acclimatization facility: 845 m²

Varieties to be produced: Japanese cedar (*Cryptomeria japonica*) seedlings using cutting

Sumitomo Forestry Wood Products Co., Ltd. profile

In addition to the management of four company-owned forests, Sumitomo Forestry Wood Products promotes the use of the cascade approach for forest resources in the domestic forestry industry, and implements and achieves the efficiency enhancement in the forestry industry by developing sustainable forests. Moreover, through the distribution of Japanese timber logs and wood products, the company supplies products that are used in Sumitomo Forestry Home houses and general housing.