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For Immediate Release

Sumitomo Forestry Co., Ltd.

Sumitomo Forestry “Project EARTH” Environmental Initiative Three Year Extension

Sumitomo Forestry Co., Ltd. announced that it has decided upon a three year extension of its carbon offset initiative, “Project EARTH,” underway since 2009.

“Project EARTH” aims to offset the approximately 60,000 tons of CO₂ emitted through the harvest, transportation, timber manufacturing, shipping, and construction of the principal structural members used to build all custom-built and spec homes sold each year by Sumitomo Forestry. This is achieved through the establishment of plantation forest in degraded areas of the Republic of Indonesia, which Sumitomo Forestry subsequently manages and cultivates over the subsequent 10 year period.



Land targeted for industrial plantation (foot of Mount Semeru)

Initially, we started with the aim of conducting our reforestation initiative for a five-year period from 2009. However, due to the importance of preventing the reduction and degradation of forests and our strong awareness of the social significance of forest creation, the decision was taken to extend the activities for a further three years.

Moving forward, the Sumitomo Forestry Group will continue to actively promote environmental initiatives, such as this project, which leverage the Group’s strengths.

■ Details of “Project EARTH” Initiative

1) Plantation Forest Locations

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

2) Type and Effect of Plantation

Aiming to contribute to the regional natural environment and community through reforestation, we implement environmental plantation for forest regeneration, as well as industrial plantation, in which adult trees are logged for use as building materials and for furniture, in cooperation with the local residents. The environmental plantation project is conducted using indigenous trees in a part of Bromo-Tengger-Semeru National Park, East Java, which has been ravaged by a series of forest fires caused by volcanic eruptions, which has left only grassland. We also monitor the biodiversity of flora and fauna and plan to report on future changes in biodiversity as well as to guide 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 harvested for use as timber and building materials, and to construct furniture. The land is then replanted in a continuous process. This initiative contributes to regional revitalization by providing local employment opportunities as well as a stable source of income from the sale of timber.

3) Scale of Reforestation

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

4) Project Period

As we plan to manage and cultivate the plantations over the subsequent 10 year period, with this three year extension, the project will run from April 2009 to March 2026.

5) Reforestation Results

Period: April 2009–March 2014

Area: 1,464 ha (average 293 ha* annually) : Industrial plantation 1,128 ha, environmental plantation 336 ha

Number of trees: Approximately 1.4 million (CO₂ equivalent 11,000 tons; estimated value as of March 2014)

* The difference with the planned annual amount of 300 ha is due to the delay in making arrangements for the land in the first year, fiscal 2009. During fiscal 2014, we plan to make up this difference by adding 300 ha to our initial yearly plan.

About Sumitomo Forestry

Founded in 1691, Sumitomo Forestry Co., Ltd. and its Group companies have broadened business activities focused on wood. Based on its corporate philosophy—“utilize timber as a renewable, healthy and environmentally friendly natural resource, and contributes to a prosperous society through all types of housing-related services”— and with its approximately 250,000 hectares of owned and managed forest, the global network that spans more than 20 countries and expertise and technology in housing-related businesses, Sumitomo Forestry Group is developing the Forestry and Environment Business, the Timber and Building Materials Business, the Housing Business, the Overseas Business, the Lifestyle Service Business and other businesses both in Japan and abroad. Adding such businesses as wooden biomass power generation and Timber Solution, it will continue to pursue the potential of timber.

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