Revisions to Organizational Structure

Sumitomo Forestry Co., Ltd. hereby announce that the Board of Directors met on February 27, 2015 and passed the following resolutions for personnel transfers and revisions to the organizational structure of Sumitomo Forestry Co., Ltd. to take effect on April 1, 2015.

I. Organizational revisions (to take effect on April 1)

1. Reorganization of Head Office departments

   (1) Establishment of the CSR Department and integration with the Environmental Management Department

      i) In light of increasingly diverse and sophisticated demands for CSR from society, Sumitomo Forestry will integrate the CSR Group of the Corporate Communications Department and the Environmental Management Department into the CSR Department, which is to be newly established, in order to further promote the Group companies’ CSR initiatives inside and outside the Group.

      ii) The CSR Department will take over the existing businesses undertaken by the Environmental Management Department and conduct the CSR activities to be transferred from the Corporate Communications Department.

2. Reorganization of the Forestry and Environment Division

   (1) Establishment of the Overseas Resources Department

      i) Sumitomo Forestry will establish the Overseas Resources Department within the Forestry and Environment Division to manage overseas forest plantation operations in a comprehensive and efficient manner and utilize the know-how from the domestic forestry business effectively.

      ii) The Overseas Resources Division will conduct the overseas commercial forest plantation business which is to be transferred from the Overseas Resources & Manufacturing Department of the Overseas Business Division. It will also undertake overseas environmental reforestation operations, consulting services for reduction of greenhouse gas emissions in and out of Japan, emissions trading-related operations and other businesses to be transferred from the Environment and Energy Department.

   (2) Name change of the Forestry & Environment Division

      i) Following the establishment of the Overseas Resources Department, the Forestry & Environment Division will be renamed the Environment and Resources Division as a
division focusing on the development and utilization of forest, timber, and other natural resources.

3. Reorganization of the Overseas Business Division

(1) Name change of the Overseas Resources & Manufacturing Department

i) Following the transfer of the overseas commercial forest plantation business to the Overseas Resources Department, the Overseas Resources & Manufacturing Department will be renamed the Overseas Manufacturing Department. The Overseas Business Division will specialize in overseas manufacturing of timber, building materials and others as well as management and development of the overseas housing-related business.

4. Reorganization of the Housing Division

(1) Abolishment of the Custom-Built Housing Section and the Renovation & Leasing Section

i) Sumitomo Forestry will abolish the Custom-Built Housing Section and the Renovation and Leasing Section, thereby turning the Housing Division into a flat structure, in order to facilitate prompt decision making and generate more effects from the Division’s integration with the former Real Estate Business Headquarters.

(2) Realignment of the Product Development Department and the Technology Department

i) The Technology and Products Development Department set up within the Technology Department will be integrated into the Product Development Department for the purpose of eliminating overlapping operations, including the development of new products, structures, and specifications, and the management of important certification criteria and intellectual property as well as clarifying where responsibilities lie. The Product Development Department will then be renamed the Technology and Products Development Department.

The Technology and Products Development Department will undertake, in addition to operations conducted by the existing Product Development Department, operations to be transferred from the Technology Department, such as the development of building techniques and technical improvement of housing materials.

ii) The DPJ Group, which manages design operations of residence design projects and other highly sophisticated properties, will be split from the Technology Department into the Architectural Design Center, which is to be newly established.

iii) By spinning off the functions of the Technology Department and the DPJ Group as shown in the above i) and ii), the Technology Department will specialize mainly in assistance and supervision of the design business conducted by branches. It will also be renamed the Design Management Department.
(3) Name change of the Interior Department

i) The Interior Products Department has been established with the aim of strengthening the activities of the interior products business for the differentiation strategy of the housing business and a higher added value. It will be renamed the Interior Design Department to clarify the aim of increasing sales from the interior products business.

(4) Integration of the Corporate Marketing Department into the Marketing Strategy Department

i) The number of orders received based on corporate information is growing. In order to unify the company’s marketing strategies, regardless of whether they are for model homes or not, and to build a more efficient marketing system, Sumitomo Forestry will integrate the Corporate Marketing Department into the Marketing Strategy Department.

(5) Abolishment of the Overseas Housing Business Supporting Department

i) Each department of the Housing Division has provided operational and technical support for the overseas housing-related business, and their assistance has been penetrated well. As a department overseeing such support, the Overseas Housing Business Supporting Department has fulfilled a certain role and therefore will be abolished.

(6) Realignment of branch structure

To promote optimization of management resources according to the business environment, Sumitomo Forestry will undertake the following branch realignment:

i) The Meguro Branch will be renamed the Setagaya Branch.

ii) The Hanshin Branch will be shut down and converted into the sales office for the Kobe Branch.

iii) The Tohoku Construction Control Center will be shut down and incorporated into the Sendai Branch as part of its functions.
5. Organization Chart (As of April 1, 2015)

[Diagram of organization chart with various departments and hierarchy changes noted in text]

- Board of Directors
- President
- Executive Committee
- Head of Executive Offices
- Secretarial Department
- Tsukuba Research Institute
- Tohoku Reconstruction Support Department
- Customer Service Department
- Corporate Planning Department
- General Administration Department
- Personnel Department
- Finance Department
- Information Systems Department
- Corporate Communications Department
- CSR Department
- Intellectual Property Department
- Internal Audit Department
- [hierarchy change]
- [newly established (integrating the Environmental Management Department and the CSR function of the Corporate Communications Department)]

- Forestry Department
- Environmental and Energy Department
- Overseas Resources Department
- Administration Department
- Human Resources Department
- Timber and Building Materials Department
- INOS Department
- Home Builder Direct Marketing Department
- International Marketing Department
- Overseas Administration Department
- Overseas Manufacturing Department
- Overseas Housing and Real Estate Department
- Administration and Planning Department
- [hierarchy change]
- Training and Education Department
- Marketing Strategy Department
- FOREST MAISON Department
- Renovation Department
- Residential Property Development Department
- MOCCA (Timber Solutions) Department
- Interior Design Department
- Technology and Product Development Department
- Design Management Department
- Construction Management Department
- Building Materials Procurement and Logistics Department
- Quality Control and Customer Information Department
- Environment and Safety Department
- Building Compliance Department
- Lifestyle Service Department

[Branches (written in the accompanying sheet)]

[Branches (written in the accompanying sheet)]

[Branches (written in the accompanying sheet)]

- [name change (specializing in the function of design promotion)]
- [same change (integrating the Product Development Department with the Technology Department’s development function and others) and hierarchy change]
- [name and hierarchy changes]