

**Agreement Concluded with Gifu Prefecture on
the Supply of Seedlings**
Groundwork for production of container seedlings through partnership
between prefecture and private sector

On March 25, 2015, Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Head Office: Chiyoda-ku, Tokyo) signed a “Business Agreement Concerning the Gifu Prefecture Project for the Development of Seedling Supply System” with Gifu Prefecture (Governor: Hajime Furuta).

Amid calls nationwide for increased log production, there is currently a severe shortfall of seedlings for reforestation. Sumitomo Forestry has conducted independent research and development on technologies for producing container seedlings, and utilizing these technologies, it will contribute to the sustainability of forest resources and to the active production of resources.

Even on a national scale, it is unusual for government and the private sector to conclude an agreement and engage in the active production of seedlings, but it is Sumitomo Forestry’s intention to assist in revitalizing the domestic forestry industry by leveraging the technologies it has researched and developed.

Background and purpose of agreement

Gifu Prefecture has been promoting “Living Forest Development,” an initiative for the effective utilization of rich forest resources. Part of this initiative underpinning the active use of forest resources is the production of seedlings for the purpose of reforestation, and with respect to this, for the purpose of introducing technologies held by the private sector for the production of container seedlings, Gifu Prefecture publicly called for proposals designed to entice private-sector enterprises to produce seedlings on prefectural land. On March 16, 2015, Sumitomo Forestry was selected.

On being selected, Sumitomo Forestry, entered an agreement with Gifu Prefecture for the production of seedlings, and as a concrete action, in April 2015, it will borrow some of the land belonging to the Gero Forest Tree Breeding Center, and will proceed to produce seedlings in cooperation and collaboration with the Prefecture.

Areas of cooperation

- Matters related to the production of container seedlings in Gifu Prefecture
 - Human resources development and dissemination of production technologies
 - Distribution of container seedlings within Gifu Prefecture
 - Supply in relation to seeds and scions
 - Research and development of technologies relating to breeding and cultivating
- Development of systems for the production of container seedlings at the land belonging to the Gero Forest Tree Breeding Center

Future direction

In April 2015, Gifu Prefecture will begin a preliminary survey and site preparation on land

Happiness Grows from Trees

belonging to the Gero Forest Tree Breeding Center, in the area where Sumitomo Forestry will develop container seedlings. Once site preparations are concluded, Sumitomo Forestry will commence installation work for the breeding facilities, and will start the annual production of about 50,000 seedlings before the end of fiscal 2015. After three years, production will reach approximately 200,000 trees, including local varieties, low-pollen varieties, young plants raised from seeds and young plants grown from cuttings. Facilities will continue to be gradually expanded, with an ultimate aim of a system producing 1 million trees.

Since its founding in 1691, Sumitomo Forestry has engaged in an extensive range of wood-related and home-related businesses, including forestry management, manufacturing and distribution of timber and building materials, housing construction and renovation. It began by managing forests around the Besshi Copper Mine after it opened in Ehime Prefecture. Ever since then, it has upheld the sustainable forestry management of planting and nurturing trees, using the wood and planting again. Passionate about trees as being one of only a few renewable resources that exist on the planet, Sumitomo Forestry strives to support the creation of a sustainable society built on the eternal cycle of planting trees and producing timber. Through creating new businesses that draw on its unique technological development capabilities, Sumitomo Forestry will continue to contribute to realization of a prosperous society, and to strive for the revitalization of local business.



Image of completed first-stage development
(Togo Tree Breeding Center, Hyuga Forestry Office)



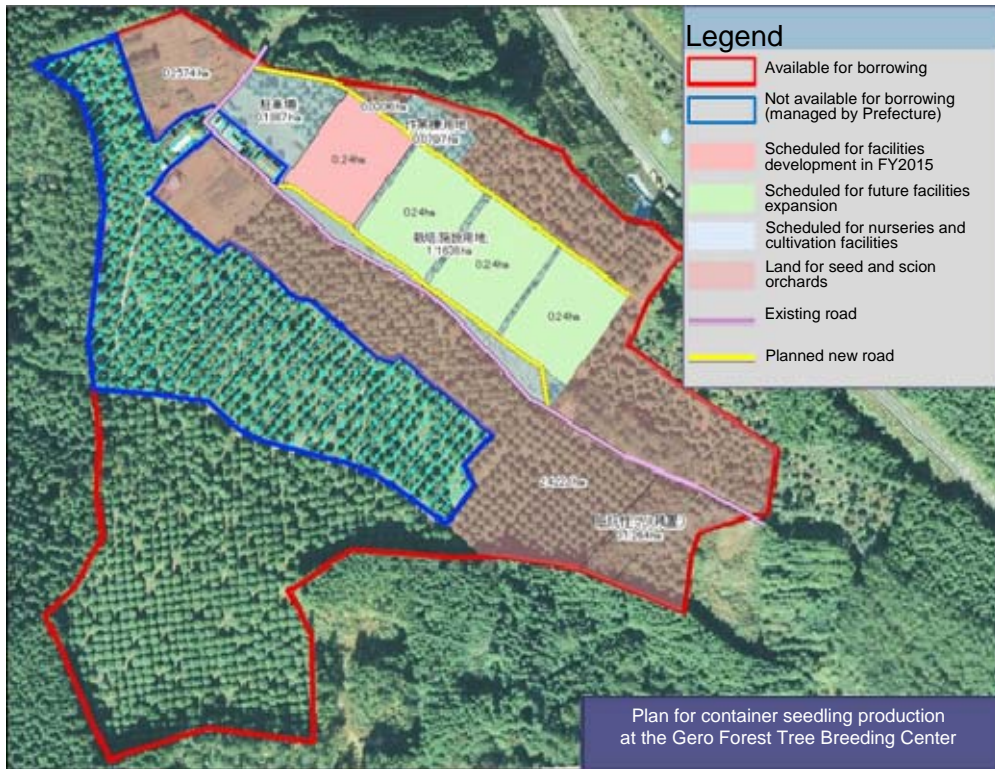
Container seedlings to be produced
(plants raised from seeds and from cuttings, local varieties,
low-pollen varieties)



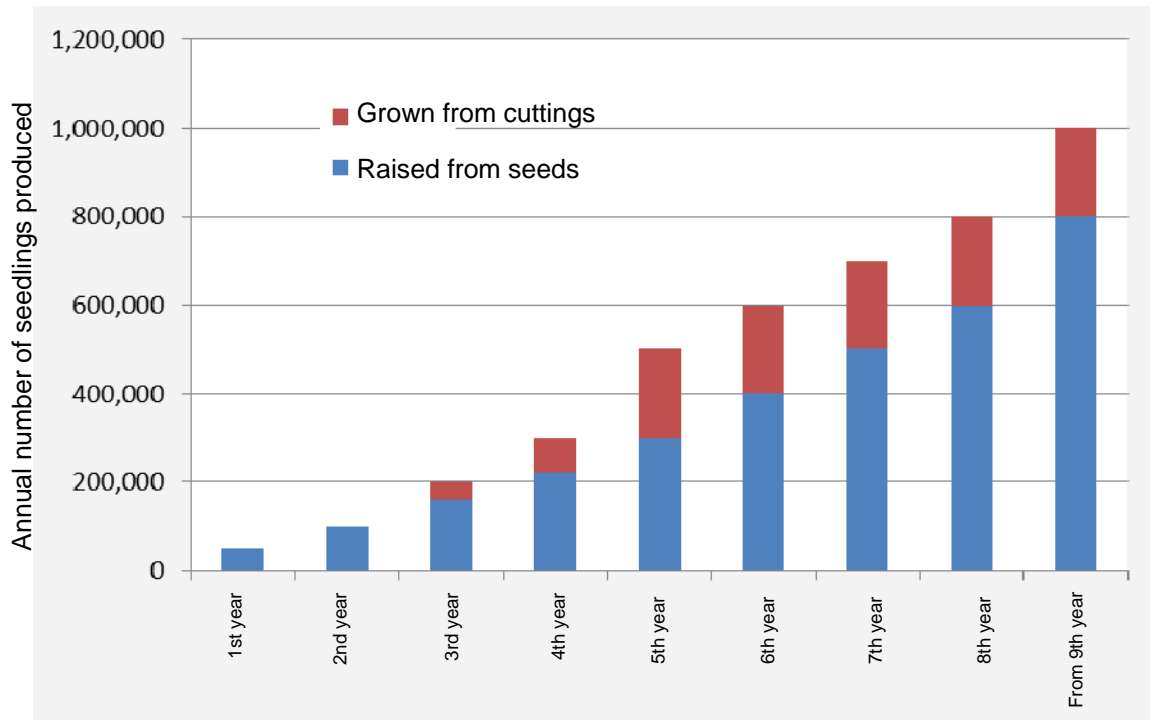
Guidance by Sumitomo Forestry's seedlings specialist



Creation of local jobs



Plan for container seedling production at the land belonging to the Gero Forest Tree Breeding Center



Planned production of container seedlings