

Timber and Building Materials Business

- Increased handling of biomass fuel material and domestic timber and strengthened sales for non-residential properties
- Capturing of global demand through capital and business tie-ups with leading overseas partners like An Cuong (Vietnam)
- Product development and expansion of sales through an integrated manufacturing and sales structure

Overseas Distribution Business

Recurring income
¥0.3 billion (FY2018) → ¥1.4 billion (FY2021)

Overseas Manufacturing Business

Recurring income
¥2.2 billion (FY2018) → ¥3.8 billion (FY2021)



Overseas Housing and Real Estate Business

- Address wide-ranging customer needs, including single-family homes, townhouses, and condominiums
- Improve competitiveness through centralized purchasing of material and information sharing
- Expand business in Southeast Asia
- Promote transition from independent real estate development to joint business model with investors and pursue business efficiency while reducing risk

Development of future annual sales structure

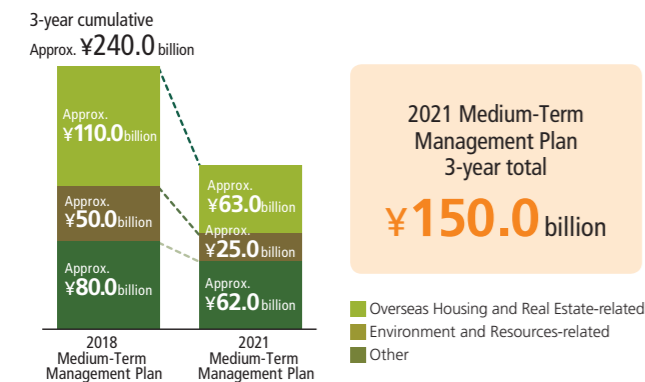
United States **10,000** units
Australia **3,000** units

Crescent Communities, LLC
Recurring income (FY2021) Approx. **¥1.5 billion**



Investment Plan

Implement based on medium- to long-term business strategy, etc. while balancing with asset efficiency and operating cash flow.



Returns to Shareholders

- Basic policy
- Provide continuous and stable dividends
 - Continue to provide an appropriate level of returns according to profit situation, considering growth investments, financial standing, etc. in a comprehensive manner

Housing and Construction Business

- Promote unique structural development, including related businesses
- Provide safe, reliable, healthy, and earth-friendly housing
- Establish market position in apartment/wooden non-residential field
- Expand Renovation business

Custom-built detached houses, spec homes, apartments

Annual sales/construction
9,000 units (FY2021)

MOCCA (Timber Solutions) business
Orders received

¥10.0 billion (FY2021)

Renovation business
Net sales

¥100.0 billion (FY2021)



Environment and Resources Business

- Increase Group presence in environment and resources field, which enjoys a high level of interest internationally
- Improve profitability of forestry business in Japan and overseas
- Expand area of managed/owned forests

Total amount of renewable energy generated

* Total in operation and planning

Approx. **180** MW (FY2018)

→ **300** MW (FY2021)



Other Businesses

- Expand elderly care services business
- Possibility for facility operation business expansion in commercial and lodging fields

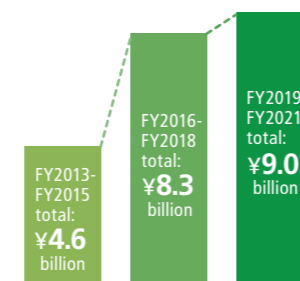
Aquagnis Taki (Mie)



Research and Development

Engage in wide-ranging research and development to further increase added value through creation of innovative uses for timber.

3-year total for R&D investments **¥9.0 billion**

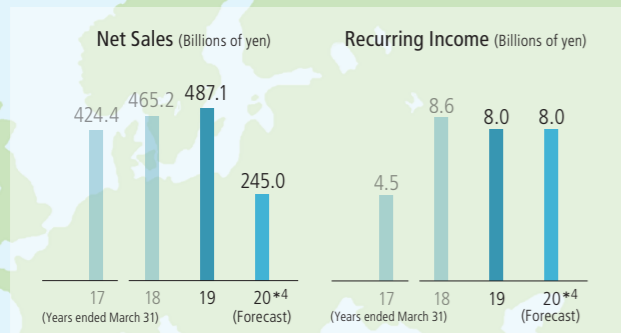


Business Outline

At a Glance

Timber and Building Materials Business*1

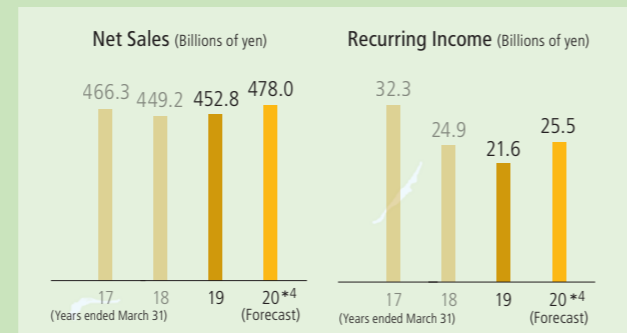
We operate a distribution business that sources high-quality timber and building materials from Japan and overseas for sale to customers, and we manufacture building materials and other products. This segment also focuses on overseas sales of Group company products.



6,699 Japan 1,582 / Overseas 5,117

Housing and Construction Business*2

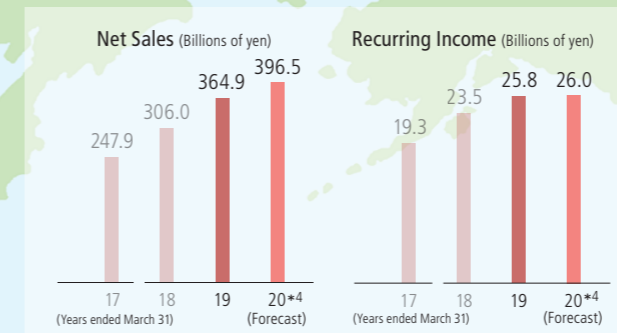
In addition to the custom-built detached housing business, we operate a wide range of housing-related businesses. These include the renovation business, apartment business, spec homes business, landscaping business, MOCCA (timber solutions) business, and stock housing business, as well as real estate brokerage and management, and renovation and resale of used houses.



8,660

Overseas Housing and Real Estate Business*1

We are developing the Overseas Housing and Real Estate Business primarily in the Pacific Rim, including the United States, Australia and Southeast Asia.



2,151 Japan 33 / Overseas 2,118

Environment and Resources Business*3

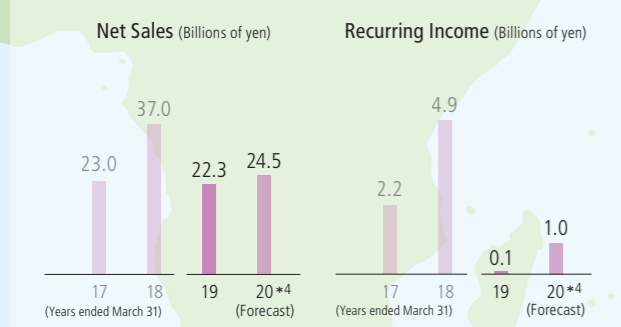
In addition to domestic forestry business and overseas forestation business in New Zealand and Southeast Asia, we conduct forest-based asset management business and power generation business in the field of renewable energy.



271*5 Japan 113 / Overseas 158

Other Businesses*3

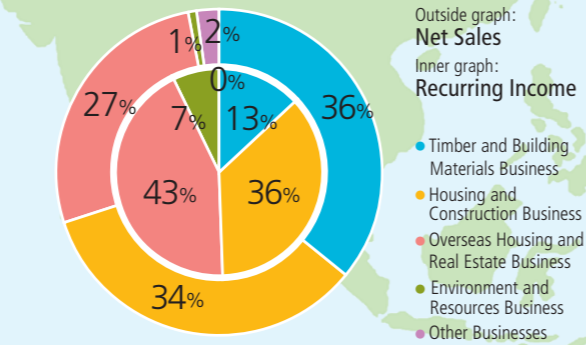
We are engaged in the private-pay elderly care facilities business and various service businesses including insurance agency business mainly for our housing business customers. We also undertake contracted civil engineering and construction work and develop information systems for each company in the Group.



1,070*5

Composition by Segment*5

(Year ended March 31, 2019)

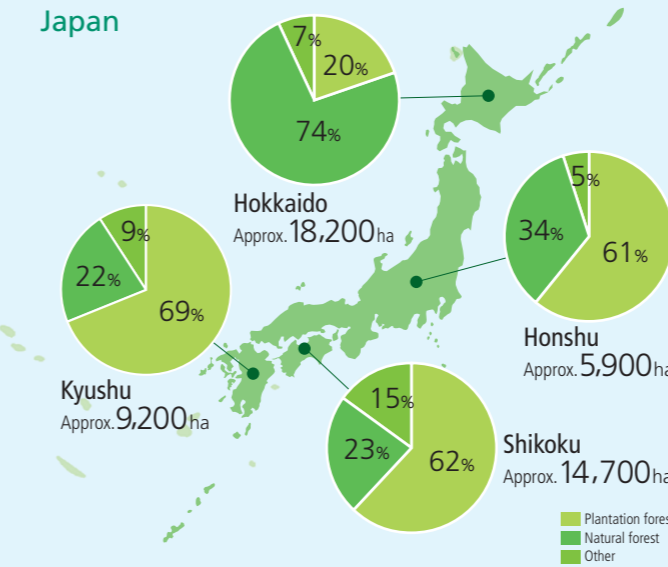


Number of Employees (As of March 31, 2019)

19,159 Japan 11,766 / Overseas 7,393 (Head Office Administrative Division, etc. 308)

Company-Managed and Owned Forests

(As of March 31, 2019)



Overseas



Sales and recurring income for each business include intersegment transactions.

*1 From the fiscal year ended March 31, 2019, the segment name was changed from "Overseas Business" to "Overseas Housing and Real Estate Business," and "Overseas Manufacturing Business" was reclassified as part of "Timber and Building Materials Business." Net sales and recurring income for the year ended March 31, 2017 are the results of the classification before the change.
 *2 From the fiscal year ended March 31, 2019, the segment name was changed from "Housing Business" to "Housing and Construction Business."
 *3 In the fiscal year ending March 31, 2020, the "Environment and Resources Business" was transferred from "Other Businesses." In addition, sales and ordinary income in "Other Businesses" before the fiscal year ended March 31, 2018 are the results of the classification before the change.
 *4 Figures after applying "Accounting Standard for Revenue Recognition"
 *5 Reclassified and displayed by segment from the fiscal year ending March 31, 2020

Growing Trees



Timberland in New Zealand

Environment and Resources Business

The forests planted after WWII across Japan have matured and reached the harvesting period. In order to properly utilize the functional public benefit of forests, sustainable forestry is demanded more than before, in which new trees are planted to replace harvested timber. Sumitomo Forestry owns a total of approximately 48,000 ha of forests in Japan (approximately 1/800th of the country's land area), all of which are certified by the Sustainable Green Ecosystem Council (SGEC). Sustainable forest management by the Group also includes efforts to conserve biodiversity.

Initiatives towards Sustainable Growth

Securing reliable supplies of the seedlings needed for reforestation is becoming an integral issue due to the expectation that the use of domestic timber is promoted in tandem with advancing clear-cut logging. Given the importance of systematic planting after forests have been harvested in sustainable forest management, we have set up a production system for saplings, such as Japanese cedar and

larch trees, at five facilities in Japan. Growing conditions at these sites are optimized using greenhouse technology so that we can produce seedlings throughout the year.

We are also engaged in the improvement of forestry operations by introducing high-performance machinery such as tower yarder forestry logging equipment that makes it possible to further improve safety and efficiency for work in steep mountainous areas. In cutting-edge R&D, we are developing special assistance suits to reduce physical loads for forestry workers and trialing fast-growth species for tree-planting programs.

The Domestic Forestry Business is a foundation of our business that constitutes the roots of the Sumitomo Forestry Group. Using the expertise and experience we have developed from managing the forests we own, we are working to help revitalize local economies and the domestic forestry sector along with promoting sustainable business in the future. Initiatives include efforts to develop forest-based asset management businesses for the public and private sector.

Overseas Forestation

We are developing our business to manage around 230 thousand ha of plantation forests located in Indonesia, Papua New Guinea and New Zealand, including forests certified as sustainable by the FSC® or other independent bodies. These are eco-friendly operations that pay attention to the needs of local communities and preserve biodiversity. Diminishing forest covered worldwide and further restrictions on logging of natural forests are expected to reduce the supply of natural forest timber. By supplying plantation timber from sustainable sources,

we expect the Overseas Forestation Business to generate profits over the long term.

Radiata pine, which populates our managed forests in New Zealand is a tree species that produces uniformly high-grade timber that is good for processing. Therefore, we expect strong demand for this timber to translate into steady profits in the future. We have also built an integrated group supply chain to utilize the harvested timber as a raw material for the supply of medium-density fiberboard (MDF) and laminated veneer lumber (LVL) made in our factory in New Zealand.

(FSC® license code: FSC-C113957)

(Utilizing Wood in Housing and Living)

Renewable Energy Business

In the field of renewable energy, the Sumitomo Forestry Group is focusing development particularly on the wood biomass power generation business, which uses fuel such as wood chips made from waste building materials or unused timber from forests*.

The wood biomass power generation business helps to maintain woodlands near the power plant with a procurement process for unused timber from these forests. Therefore, as this process connects to revitalization of the forestry industry, the business has high social significance and can be expected to contribute to regional economies. In addition, a stable assurance of fuel that uses the procurement sources cultivated in the Group's Timber and Building Materials Business up until now will serve as an advantage in our business management.

The scale of the entire domestic market for biomass energy (which includes wood biomass) within the renewable energy market in Japan, has been growing since the introduction of feed-in tariffs (FIT) in 2012, which establish a fixed price for the purchase of energy from renewable sources. A private-sector think tank forecasts this market will be worth ¥1 trillion by fiscal 2030.



Mombetsu Biomass Power Plant

We are trying to expand the scale of this business. By utilizing our management resources such as our knowledge, network, and other aspects, we expect our renewable energy capacity to generate a total of 300 MW (based on confirmed projects) in fiscal 2021.

* Timber from forest thinnings and timber left unused because of undesirable bending and small diameters after logging can degrade forest environments if left alone, making it harder to manage forests and plant new trees.

List of Wood Biomass Power Generation Plants

	Kawasaki	Mombetsu	Tomakomai	Hachinohe	Kanda
Start of operation	February 2011	December 2016	April 2017	April 2018	June 2021 (planned)
Investment ratio	34%	51%	20%	52%	41.5%
Power generation capacity (MW)	33	50	6.2	12.4	75
Fuel	Waste wood materials from construction, others (discarded pallets, pruned branches)	Unused timber from forests, others (palm kernel shells, coal)	Unused timber from forests	Unused timber from forests, other (palm kernel shells)	Imported wood pellets, others (palm kernel shells, unused timber from forests)

Linking Society to Wood



Unloading Sawn timber

Timber and Building Materials Distribution Business

Based on a global network built up over years of developing operations worldwide, the Timber and Building Materials Distribution Business sources stable supplies of high-quality timber from properly managed forests. As the No.1 share company in the domestic timber and building materials distribution markets, we provide total solutions for customer needs.

Initiatives towards Sustainable Growth

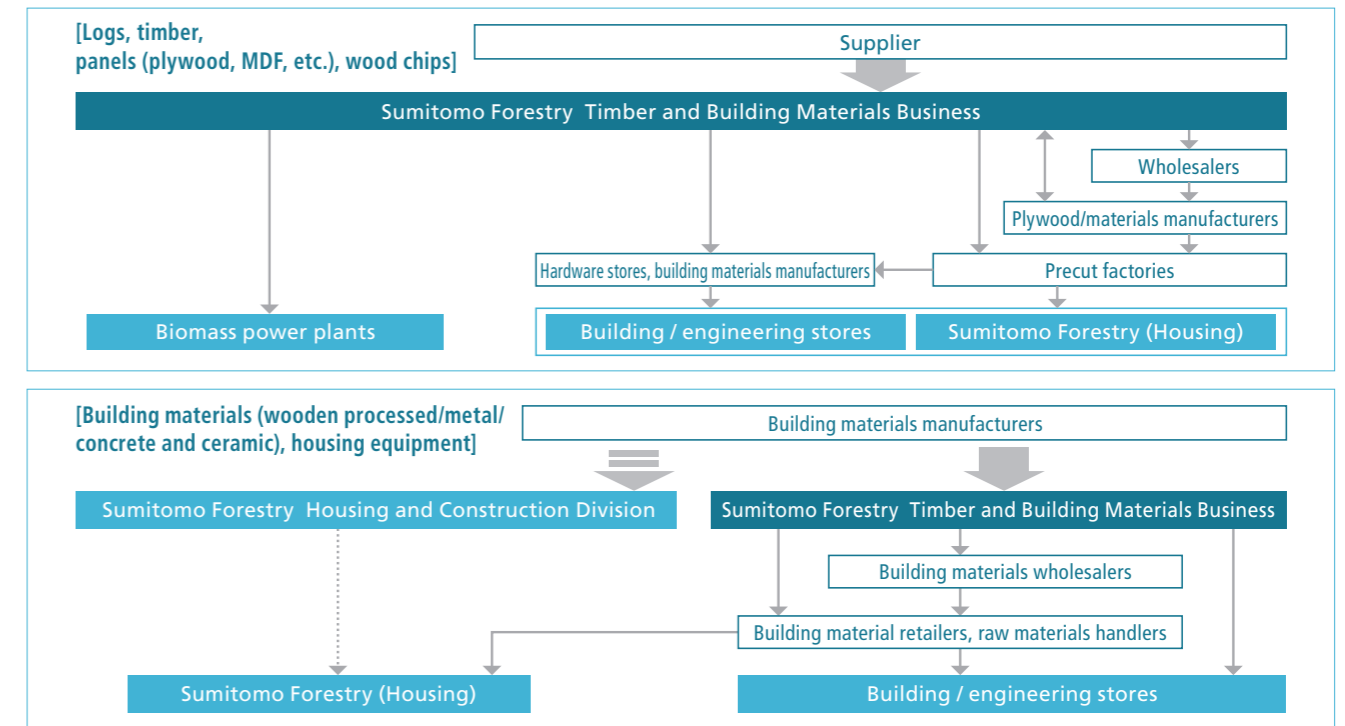
With the market for new housing construction expected to shrink, and demand increasing for materials with wooden non-residential building applications, responding to constantly changing market needs is one of our most important issues.

In the non-residential building structure field, Sumitomo Forestry has created an integrated system for selling materials and undertaking construction. We have been forwarding proposals for non-residential building structures using "Kigurumi FR," a pure laminated engineered wood with one-hour fire resistance that is used as a structural material in non-residential building applications. In recent years, as the renewable energy market in Japan has grown, we have

utilized the Group's procurement network to expand supplies of wood chips as fuel for biomass power generation plants. We also continue to increase exports of domestic timber which has matured and reached the harvesting period to promote greater use of it.

In overseas distribution operations, we established a sustainable business cycle in New Zealand, spanning forestation, logging and distribution, and we also export logs from the forests we own and manage in New Zealand to markets across Asia. From our administrative base in Singapore, we mainly focus on selling timber and building materials to countries in Southeast Asia. In Vietnam, which has huge growth potential, we have a business alliance with An Cuong Wood-Working JSC, Vietnam's leading manufacturing and distribution company for interior building materials. Through this business alliance, we established a consolidated system from materials procurement to housing construction and strive to expand business by developing technologies and introducing new products. We are also working toward further business expansion through initiatives that create diverse sources of earnings on the global market.

Main Commercial Logistics Flowchart



Manufacturing Business

The Group's manufacturing operations in Japan produce furniture and fixtures, staircases, and wooden interior fittings. Overseas, we produce wooden board products such as plywood, medium-density fireboard (MDF) and particleboard and various building materials such as flooring, furniture and kitchen cabinets. We supply them all over the world including Japan.

In recent years, in the international market for wooden board products, competition has intensified as major manufacturers have expanded their facilities. As a result, the development of high-value-added products that cater to user requirements and marketing is more demanding than ever before.

For this reason, the Group has integrated its overseas and domestic manufacturing operations and sales operations of timber and building materials, and organized and improved each company's production technologies and factory management methods to ensure thorough cost reductions, and enhanced product development and marketing functions. We are also working to build a robust business base by developing personnel with high-level expertise in manufacturing technology. We will continue to build enterprise value and achieve sustainable growth over the medium and long terms.



Plant of Nelson Pine Industries Ltd. (New Zealand)

➡ See Initiatives towards Sustainable Procurement on page 49 for details.

Utilizing Wood in Housing and Living



Building example of detached house

Custom-Built Detached Housing Business

In 1975, taking advantage of buoyant housing demand as people and industries flocked to urban areas, we entered the Custom-Built Detached Housing Business to supply high-quality wooden homes, by utilizing the Group's wealth of wood-related knowledge and networks. Since then, we have continued to provide high-quality housing through our high technological capabilities and excellent design proposal capabilities, and have grown this into our main business.

With our specially developed systems and technology, we pursue improved efficiency of design and construction processes, along with responding to customers' demands at various sites through meticulous construction in line with their living circumstances. Guided by a commitment to putting customers first, we will supply safe, reliable and healthy homes that are environmentally friendly. By doing so, we will establish a system that achieves annual construction of 9,000 houses, a number that combines custom-built detached homes, spec homes, and apartments, with the aim of expanding our market share.

Initiatives towards Sustainable Growth

We construct most of our houses using either the Big-Frame (BF) construction method that uses a wooden-beam Rahmen structure or the Multi-Balance (MB) construction method, an evolved iteration of the wooden post-and-beam construction. Both original approaches enable us to satisfy a variety of customer needs by allowing flexible floor plan design.

In addition, there has been a strong need for long-lasting, high-quality homes that reflect full consideration of factors such as safety, durability, and environmental impact. In this environment, we have been promoting the widespread adoption of homes specified as ZEH (net zero-energy house) that reduce the annual energy consumption of each household. We supply living environments that are resilient to natural disasters and comfortable year-round.

People are thinking about housing in many more different ways than before as a result of changes in their values and lifestyles. We have developed ideal housing for our customers by using our cultivated know-how and a wealth of ideas. In the process, we are focused on meeting a variety of customer requests, ranging from the requests of first-time home buyers who are looking for their own first house, to those of double-income households and married couples who have finished raising their children and are seeking a residence for themselves.

Moreover, in the past few years, climate change has led to more frequent and severe natural disasters. Against this backdrop, people have been showing a greater interest in the safety of housing. Using the Internet of Things (IoT) and Information and Communication Technology (ICT), we are developing a new service that seeks to provide rapid support to customers who have been caught up in natural disasters. In the future, this service could be applied to areas such as the smart city concept. By making housing with new value-added features more widely available in society, we will contribute to the reliability and safety of as many customers as possible.

Apartment Business

Residential Property Development (Spec Homes Business)

Using our in-depth knowledge of how best to use wood based on technical expertise and original construction methods, we offer designs for attractive apartments with specifications that are tailored to residents' needs. In April 2018, we established branch offices staffed with specially trained salespeople to engage in a broad range of marketing activities outside the custom-built detached housing field. In the management of the apartment business, we have been diversifying plans from the perspectives of both owners and residents, and supporting long-term stable management by strengthening our partnership with our group rental management company. Furthermore, in consulting operations for property use, we have been making broad proposals that encompass non-residential construction aside from apartments, such as childcare, healthcare, and elderly care facilities and stores. Looking ahead, we endeavor to provide strong business value in the field of asset utilization by leveraging our expertise in drawing out all the benefits of using wooden structures.

As for residential property development, the Group's spec homes operations construct approximately 300 high-quality detached houses for sale per year, based on technology and knowledge accumulated in Group businesses such as the Custom-Built Detached Housing Business and Landscaping Business. The Spec Homes business



Forest Maison apartment housing (exterior)

respects regional history, environment and culture, using harmony with nature in townscapes as a feature of the business. In considering all of these aspects of residences from location selection to space design, we aim to create towns where all who live there are happy.

Landscaping Business

The landscaping business encompasses all aspects of "greenery," from general housing to urban spaces and the creation of communities with an emphasis on biodiversity.

In residential exterior landscaping, we offer a range of services from planning and design to the installation and maintenance of exterior and outdoor greenery in order to enhance the value of the residence. In environmental landscaping, we can provide total support for the design, construction and maintenance of parks or office buildings and other urban spaces. We also offer landscaping consulting services for a variety of facilities, including factories and research centers. Amidst the focus on creating a sustainable society and environment, we are actively proposing environment and greenery certification systems that tie in to the evaluations of initiatives to greenify company-owned areas. The Group has come up with a low-cost technique for cleaning up oil-contaminated soil with little impact on the environment by utilizing the Burning Field®, *Zoysia Japonica*. This technique won a Good Design Award in 2018.

The landscaping market is projected to grow 2.0% annually



Residential exterior landscaping of a model home

until 2050*. More notably, the greening of cities is regarded as a part of the foundation of society for people to live in harmony with nature, as green infrastructure that helps mitigate the heat-island effect while also reducing and mitigating disaster risk such as heavy rainfall. Through the landscaping business, as a part of a long-term growth industry, the Group will contribute to the realization of a sustainable and prosperous society using its technologies.

* Ministry of the Environment's fiscal 2018 report on market and employment size projections for contract work in the environmental industry.

Existing Homes Business

As Japan's housing stock has risen to around 62 million homes while the number of households is roughly 53 million, the Japanese government is promoting policies to make use of established housing and ensure the "formation of housing stock of good quality." The Group's existing homes business is an eco-friendly business that facilitates the effective utilization of housing stock as a properly evaluated good-quality asset. We aim to contribute to the realization of a sustainable society through home renovation, resale of renovated properties, real estate brokerage, and management of condominiums and apartments.

In the home renovation business, we differentiate our offerings from those of other firms by using our advanced technical expertise represented by seismic-resistance and seismic-vibration damper technologies and through proposals of comfortable spaces with wood accents. In addition to owners of Sumitomo Forestry's house, we offer renovation services for homes built by other companies and for commercial facilities. Roughly half of the sales in the home renovation business are related to properties built by other companies. Moreover, we renovate around 300 traditional Japanese-style houses* each year; renovating these rare wooden structures



Sumitomo Forestry Group's original energy-absorbing dampers reduce the amount of shaking experienced by buildings during earthquakes

makes a contribution to the inheritance of Japan's culture. Based on these various initiatives, we aim to grow annual sales to ¥100.0 billion during the 2021 Medium-Term Management Plan.

* The Sumitomo Forestry Group's definition of a traditional Japanese-style house is a house built before the current Building Standards Law came into effect in 1950.

Topics Building Homes Resilient to Natural Disasters

Japan is among one of the few countries in the world that frequently experiences earthquakes. The country has also been experiencing damage from other natural disasters such as torrential downpours in recent years, making it more important for society to build homes that are more resilient to natural disasters, including seismic-resistant homes. Sumitomo Forestry's Tsukuba Research Institute and Sumitomo Forestry Home Tech Co., Ltd. are working together to develop home renovation technologies that enhance disaster prevention, including seismic reinforcement construction techniques. Leveraging these original construction techniques that we have developed, we contribute to the formation of high-quality housing stock by providing optimal techniques for reinforcing homes while fulfilling the demands of our customers.

Topics Collaboration with Marui Group

In May 2019, Sumitomo Forestry signed a business agreement with Marui Group Co., Ltd. to comprehensively collaborate in the housing business field and invest in its subsidiary AIM CREATE Co., Ltd. Utilizing the know-how which AIM CREATE Co., Ltd. has in the planning, interior design and construction of commercial facilities, we strive to further increase business results by enhancing our ability to propose ideas for the interior renovation of non-residential properties.

MOCCA (Timber Solutions) Business

Since the enforcement of the Act for Promotion of Use of Wood in Public Buildings in 2010, there is growing interest in wooden non-residential buildings, with an increase in the number of architectural cases. Overseas, many high-rise structures have been constructed using wood, and the use of wood is likely to gain further momentum in consideration of climate change and other environmental issues.

Using know-how related to wood that it has accumulated in



Nursery school (Nerima Ward, Tokyo)

Elderly Care Business

We apply Group synergies in building construction technologies, accumulated in the Housing and Construction Business, and our expertise in living spaces to provide residential environments for the elderly so they may feel secure and live healthy lives.

Sumirin Fill Care Co., Ltd. operates 16 private-pay elderly care facilities, mainly in the Greater Tokyo area, under the themes of "the warmth of people and wood" and "elderly care services adopted for changing times." With the introduction of advanced systems that use ICT and the guidance of specialists in that field, the company is actively undertaking initiatives that use the latest technology for elderly care, such as launching the original service "Forest Life" which maintains and improves the living environment and health status of facility users.

Based in Kobe, Sumirin Care Life Co., Ltd. operates three large-scale private-pay elderly care facilities. The support services are tailored to elderly residents throughout all stages of their lives, from those who are healthy and independent to those who require advanced medical support, as well as an enriched system realized through partnerships with medical institutions and assignment of hospitable care workers. The company plans to open Japan's largest* development for elderly residents that combines living support services

various businesses, as well as its technological and design prowess in the Housing and Construction Business, the Group is concentrating its efforts on expanding the MOCCA (Timber Solutions) business which promotes the use of wood in non-residential buildings, such as retail facilities, office buildings, and public structures. In the MOCCA (Timber Solutions) business, we are also engaged in construction of a new research building for the Tsukuba Research Institute, which is positioned as a waymark for realizing the vision to "Environmentally friendly and timber-utilizing cities" in the W350 Plan that was unveiled in 2018.

Going forward, with this business, we will continue to hand down the culture of wood while seeking to reinvigorate Japan's forestry industry and contribute to the realization of a sustainable society where the economy is in harmony with the environment.



Elegano Nishinomiya exterior concept image

in 2020. The facility, Elegano Nishinomiya (Hyogo Prefecture), will contain a total of 309 units.

Japan is facing social issues associated with the advent of a super-aging society, such as preparing living environments where the elderly can live with safety, the dilution of communities, and measures for dementia. The Group will contribute to realizing a society where each person can live a healthy and robust life by getting close to users and their families, connecting to regional societies and offering advanced and high-quality services.

* According to data published in July 2019 by the Senior Housing Association on its information system for serviced accommodation for the elderly



Renovation of a traditional Japanese-style house

Utilizing Wood in Housing and Living



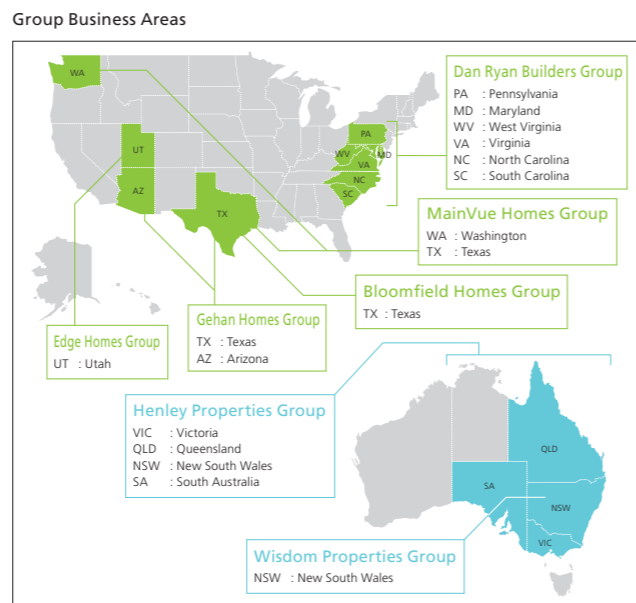
Residential area in Texas

Overseas Housing and Real Estate Business

United States / Australia

In the Group's Overseas Housing and Real Estate Business, we have steadily expanded business scale by actively proceeding with new entry into promising growth markets. The United States and Australian housing markets mainly comprise of detached houses built using wooden frames. Both countries continue to experience an increase in population and constantly expanding housing demand. Going forward, we will accelerate sales of quality housing through companies with a wealth of experience rooted in those regions as a main target for actual demand in each area.

Starting from July 2018, we have been developing our real estate development business on the southeast coast of the United States with Crescent Communities, LLC. They develop multi-family housing and commercial and mixed-use complexes primarily with investors under a joint business model. This business model allows us to raise funding efficiency while diversifying risk. By facilitating growth in the real estate development business in addition to the house and land package business, we will undertake diversification of our revenue base in the United States.



Initiatives towards Sustainable Growth

Housing is a business with strong local characteristics due to changing climates and lifestyle habits at sites. Therefore, we manage our business by using the knowledge and know-how of local partners and utilizing product value that match the regional needs of each area to the utmost extent.

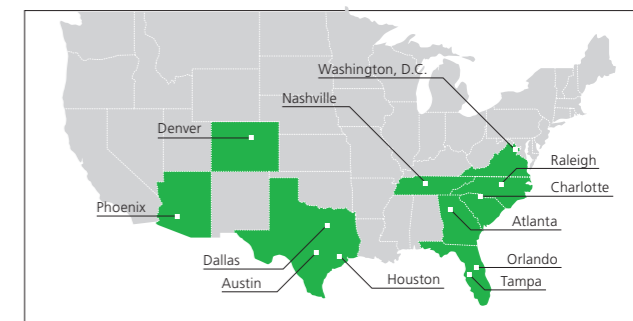
We focus on trying to create synergies that harness the Group's total capabilities. To this end, we are proceeding with initiatives that improve competitiveness by sharing information in addition to joint materials procurement. To accommodate diverse housing needs in recent years, we have also been enhancing our product lineup with offerings such as townhomes and condominiums.

There are risks involved in the investment into real estate for sale that are necessary for the business's sustainable development, such as a decline in land prices. At the Sumitomo Forestry Group, we perform regular checks on the monetary limits for investment on real estate for sale and the status of earnings that are tailored to the situation at each company. We are creating risk controls and minimizing risks by setting up management systems, such as strengthening auditing functions by having the executive officer who is responsible for North American operations stationed in Texas and ensuring that asset purchases above a certain value require the approval of the parent company's Board of Directors.



Crescent Communities development

Crescent Communities Business Areas



Southeast Asia

The Group is engaged in joint development of condominiums for sale and the detached spec home business with local companies in Hong Kong, Vietnam, Indonesia, and Thailand. Business is being developed in all four of these markets based on actual demand alongside the regions' medium- to long-term economic growth. Continuing on from the United States and Australia, the Group is expanding its business fields into Southeast Asia, with a view to strengthening the earning base of the Overseas Housing and Real Estate Business.

In the Southeast Asia region, the Group demonstrates long-standing strength by utilizing our design expertise and knowledge of creating attractive interiors that are rich with the essence of wood. Housing demand is strong due to the rapid development of infrastructure, growing populations, and increasing income levels, thus we will use this opportunity for business. Along with striving to stabilize our business foundations, we also aim to contribute to the development of the living environment in Southeast Asia.



Luxury condominium development (Thailand)

Seeking New Ways to Expand the Potential of Trees

Topics W350 Plan

The W350 Plan is the Research Technology Development Concept for constructing a 350-meter-tall wooden high-rise building by 2041, which will mark the 350th year since the Company's founding. We strive to bring about innovation that encourages a sustainable cycle for timber utilization and forestry management, and realize a vision for "Environmentally friendly and timber-utilizing cities" where people, trees and diverse plant and animal life can coexist with the planet.

The Tsukuba Research Institute is constructing a new research building that implements the underlying technologies needed to realize the W350 Plan. It is scheduled for completion in 2019. Along with verifying and demonstrating new technologies, it is designed to incorporate innovations that enable a diverse range of workstyles everywhere. Designs that will help to improve intellectual productivity will also be examined.

Image provided by Sumitomo Forestry / Nikken Sekkei Ltd.



Sustainability

Research and Development (R&D)

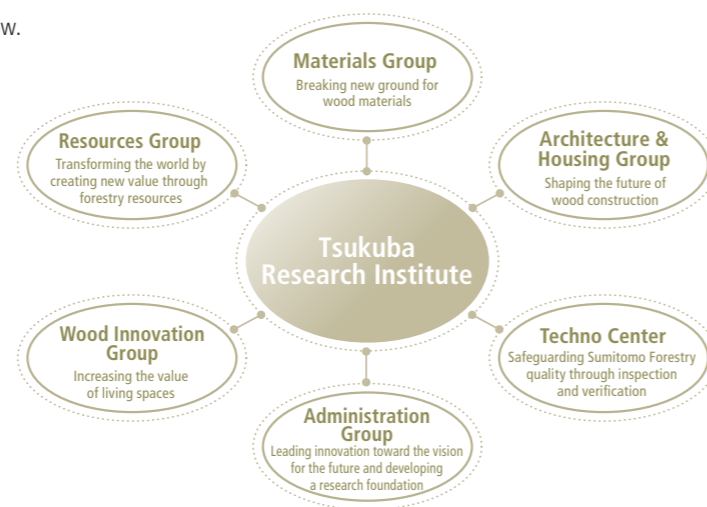
In order to enhance the potential of trees and their added value, it will be absolutely essential to continuously develop technologies. The Tsukuba Research Institute will serve as the driving force behind this effort. Ever since it was established in 1991, the Tsukuba Research Institute has supported the foundations of the Sumitomo Forestry Group. At present, it conducts two main types of R&D activities: (1) Corporate R&D, which seeks to create future technologies over the long term; and (2) Business-related R&D, which aims to boost earnings over the short and medium terms. The Tsukuba Research Institute is pushing ahead with these R&D activities through the six groups below.

The potential of trees is expected to provide important

solutions to a host of issues we face. These issues range from global environment to urban environment, living environment, and the mental and physical wellbeing of every individual. The Tsukuba Research Institute has produced various research achievements. The Group, through its business activities, will return the benefits derived from these R&D achievements to individuals and society as a whole. By doing so, the Group will contribute to the realization of a sustainable and prosperous society.



Exterior of the new research building



For more details on non-financial items, please refer to sustainability report: (<http://sfc.jp/english/information/society/index.html>)