

We
Believe
in...

Profile

The Sumitomo Forestry Group engages in the forestry and environment business, the timber and building materials business, the housing business and the overseas business, and handles the largest volume of timber and building materials in Japan, while also holding a leading share of custom-built wooden homes.

The Group's roots lie in the management of the forest around the Sumitomo family's Besshi Copper Mine, which opened in 1691. Since our foundation, we have broadened our business activities closely associated with wood, and accumulated a high level of expertise and technology over more than 300 years.

Based on our corporate philosophy—"utilize timber as a renewable, healthy and environmentally friendly natural resource, and contribute to the realization of a prosperous society through all types of housing-related services"—we are committed to further developing comprehensive housing and wood products businesses.



Corporate Philosophy

The Sumitomo Forestry Group utilizes timber as a renewable, healthy, and environmentally friendly natural resource, and contributes to a prosperous society through all types of housing-related services.

Action Guidelines

- **Sumitomo Spirit**
We conduct business that is beneficial to society based on the principles of integrity and sound management.
- **Respect for Humanity**
We create an open and inclusive corporate culture that values diversity.
- **Symbiosis with the Environment**
We are dedicated to effectively addressing environmental issues with the aim of achieving a sustainable society.
- **Putting Customers First**
We are thoroughly committed to customer satisfaction through the provision of high-quality products and services.

Company-owned forest in Niihama,
Ehime Prefecture



Wood

Wood is a renewable, natural resource that possesses outstanding characteristics as a material as well as environmental advantages. In 2011, Japan experienced significant hardship as a result of the Great East Japan Earthquake and nuclear accident. Through wood, Sumitomo Forestry Group is taking a proactive stance on the recovery of the affected areas and future energy policy. We continue to believe in the power of wood, and through our operations we will pursue the possibilities offered by wood.




Smart



Wood

The Power of Wood in Smart Houses

Following the Great East Japan Earthquake, society was faced with a growing need to save power and secure emergency energy supplies, and attention focused on smart houses equipped with solar power systems, fuel cells, storage batteries, and the Home Energy Management System (HEMS) facilities. As well as deploying these advanced technologies, Sumitomo Forestry is promoting smart houses that reduce CO₂ and energy use over the lifecycle of the house, through the inherent environmental advantages of wooden homes and the *Ryouonbou* design concept, an energy-conservation design technology that utilizes the power of nature.

Special Feature  p.20




Hope

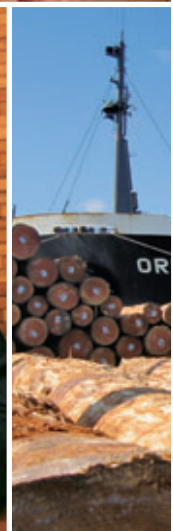
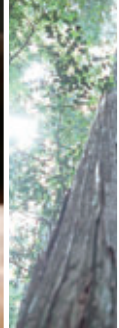


Wood

Hope from the Power of Wood

A miraculous, sole surviving pine from the well-known *Takata-Matsubara* forest in the city of Rikuzentakata, which was devastated by the 2011 tsunami. Known as the "Pine Tree of Hope," this tree became a symbol of recovery. Sumitomo Forestry successfully cultivated seedlings from the DNA of the "Pine Tree of Hope," using its regenerative and culture technologies. As well as ensuring that this tree—which is also a symbol of hope for the future—is handed down to future generations, we will continue actively working towards the recovery of the disaster-hit region by maximizing the strengths of our business.

Special Feature  p.24



People



Wood

The Sumitomo Forestry Group—Connected by Wood

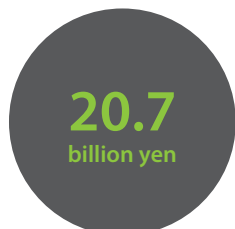
The business of the Sumitomo Forestry Group—from cultivating forests and building homes to the distribution of timber and building materials and manufacturing of building materials—is truly global, and the people engaged in these operations have a close association with wood. As well as identifying the ever-changing needs of the times in which we live, we are constantly seeking sustainable business structures, mindful of the future generation. At the same time, we are working to achieve even further growth as we contribute to society in various ways through our wood-focused operations, drawing support from the Sumitomo Spirit inherited from our predecessors, who overcame numerous hardships.

FY2011 Highlights

(Year ended March 31, 2012)

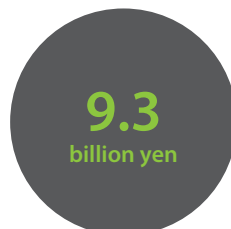
Recurring Income

FY2010 14.2 billion yen



Net Income

FY2010 5.2 billion yen



Net Sales

FY2010 797.5 billion yen



Dividend per Share

FY2010 15.0 yen



Financial



Sustainability

203,000
t-CO₂

Carbon Stock*¹
(New Detached Housing)
FY2010 197,000t-CO₂

(Company-owned
Forests in Japan)
42,868 ha
(Overseas Plantations)
Approximately
200,000 ha

**Owned and
Managed Forests*⁴**

51
%

Installation Rate*²
(Environmentally Sound Equipment
in New Detached Houses)
FY2010 34%

13,905
ha

**Overseas Plantation
Land Area*³**
FY2010 5,046 ha

*1. The volume of CO₂ in timber used in new detached houses constructed by the Group retaining CO₂ as carbon.
A *Sumitomo Forestry Home* house has a carbon stock of about 22.6t-CO₂.

*2. Installation rate of solar power system or *ENE FARM* fuel cell system in *Sumitomo Forestry Home* houses (orders received basis).

*3. Land area under plantation forestry management for each fiscal year.

*4. As of April 1, 2012.



We Believe in Wood

Contents

- | | | | |
|--|---|--|--|
| 1 We Believe in Wood | 27 Business Strategies by Segment | 37 CSR Section | 49 Financial Section |
| 10 Message from the Chairman | 28 At a Glance | 38 CSR Management | 81 Sumitomo Forestry Group at a Glance |
| 12 Message from the President | 30 Timber and Building Materials Business | 39 Environmental Report | 84 Organization Chart |
| 14 Interview with the President | 32 Housing Business | 42 Social Report | 85 Investor Information |
| 19 Special Feature: Sumitomo Forestry, Growing with Wood | 34 Overseas Business | 45 Governance | |
| | 36 Other Businesses | 48 Board of Directors and Corporate Auditors | |

Photo: The Company-owned forest located in Besshiyama in Niihama, Ehime Prefecture, birthplace of the Sumitomo Forestry Group.
"Kikorin" is the mascot of the Sumitomo Forestry Group.