



Happiness Grows from Trees

Why do people love trees?

Probably because humans have co-existed with trees on earth for ages and we have become intimately aware of how extraordinary they are.

Trees have a kindness about them. They produce oxygen that sustains life on earth and they give shade that blocks scorching sunlight.

Trees have warmth. When you touch a tree, instead of heat being drawn away from your body, you feel warmth.

And trees protect us. Harboring soft-skinned humans in their bounty, they shelter us from heat, cold, wind and rain.

Beyond all this, trees are beautiful. Anyone who has spent time in a place filled with trees knows their strength to comfort and heal body and soul.

Helping to keep the world thriving with the bounty of trees is our work.

Trees are an invaluable resource, vital and intimately connected to life.

No other work could bring such joy and happiness—
that's how we at the Sumitomo Forestry Group feel when we consider
the boundless importance of trees. Our work is not only about using trees.
It's about sustaining life on earth with trees.
We plant trees, nurture their growth, and seek new ways to expand their potential.
We strive to share the joy of living amongst the abundant
gifts of trees with everyone on earth.
Today there is growing awareness of the need for a sustainable society.
The Sumitomo Forestry Group shares this commitment.
Together, let's nurture growth that will thrive long into the future.

Happiness Grows from Trees
Sumitomo Forestry Group

Plant trees

Japan's forests occupy nearly 70% of the nation's land area. Not only do forests provide us with the natural resource of wood, they bring many blessings, such as an abundance of water, and preserve biodiversity. While planting, growing, and utilizing trees in our lives, new trees are planted. Preserving trees, a renewable resource, and this cycle of life is our special mission. We bring the joy of living close to trees to everyone. The Sumitomo Forestry Group will continue to contribute to the realization of an abundant life together with trees.







Expand tree's potential

The trees that nature produces have many remarkable powers including strength, durability, and heat insulating properties, and are used in every aspect of a living life.

We will expand the never-before-seen potential of trees and continue our everyday research activities so that this potential can be utilized for security and comfort in people's lives.

For a future of living with trees, we will continue on this path.



Share the joy of living with trees

Trees are warm and soft to the touch.

Trees are not only wonderful as construction materials; they protect us and hold us in their gentle embrace.

They are used in everything from houses to stores, educational facilities, and elderly care facilities.

Building comfortable spaces where people can experience the joy of living, we will continue to devote all of our energy to our work.





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 work to create an open and inclusive corporate culture that values diversity.

■ Environmental Responsibility

We are dedicated to effectively addressing environmental issues with the aim of achieving a sustainable society.

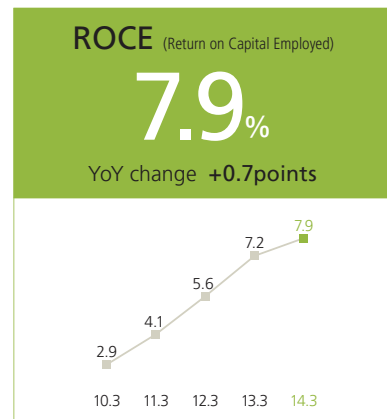
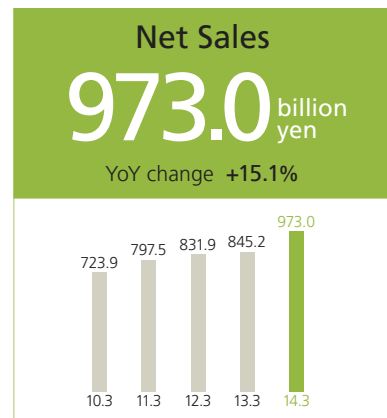
■ Putting Customers First

We are thoroughly committed to customer satisfaction through the provision of high-quality products and services.

Contents

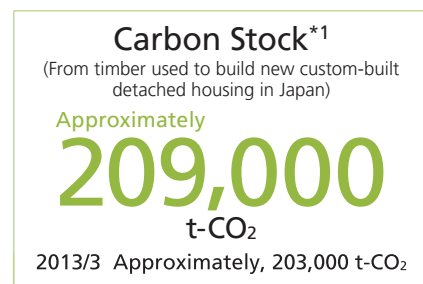
- 1 Happiness Grows from Trees
- 8 FY2013 Highlights
- 10 Message from the Chairman
- 12 Interview with the President
- 18 Special Feature : Happiness Grows from Trees
With its Focus on Trees, the Sumitomo Forestry Group Continues to Grow
- 27 Business Strategies by Segment
 - 28 At a Glance
 - 30 Timber and Building Materials Business
 - 32 Housing Business
 - 34 Overseas Business
 - 36 Other Businesses
- 37 Sustainability
- 43 Governance
- 49 Financial Section
- 85 Sumitomo Forestry Group at a Glance
- 88 Organization Chart
- 89 Investor Information

Financial



* ROCE = Operating profit / (Interest-bearing debt + Shareholders' equity)
[Operating profit = (Recurring income + Interest expenses) × (1 - Effective tax rate)]

Sustainability



External Commendations

Inclusion in Socially Responsible Investment Indexes

(As of July 2014)

DJSI
(Dow Jones Sustainability Indexes)
We have been included in this index since 2005.



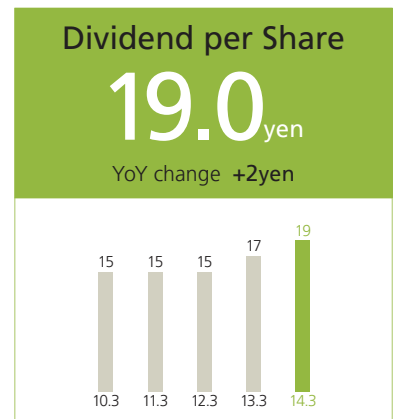
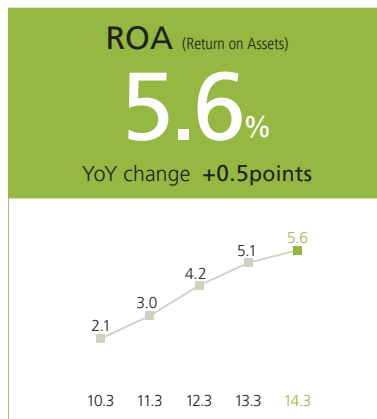
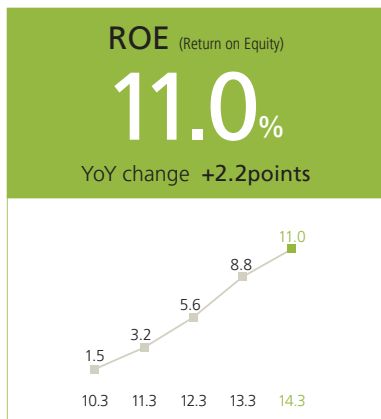
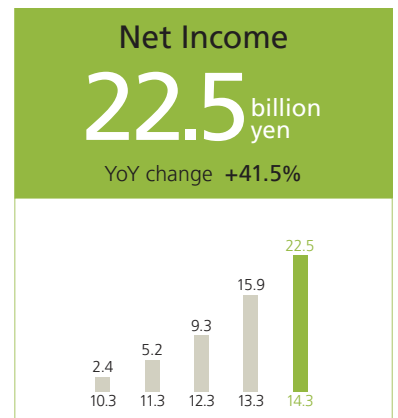
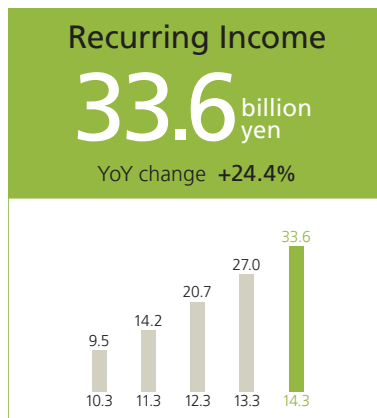
FTSE4Good Global Index
We have been included in this index since 2004.



FTSE4Good

Morningstar SRI Index
We have been included in this index since 2008.





Percentage of Certified Imported Timber and Plantation Timber

62
%

2013/3 63%

Overseas Plantation Land Area

12,136
ha

2013/3 8,412ha

Owned and Managed Forests*2
(Company-owned forests in Japan)

45,808 ha
as of March 31, 2013 43,328ha
(Overseas plantations)
Approximately
200,000 ha

*1. The volume of CO₂ in timber used in new custom-built 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. As of March 31, 2014.

"Gold Class" in the RobecoSAM's "The Sustainability Yearbook 2014"

We were awarded for the second straight year the "Gold Class" commendation in Homebuilding Industry Sector of "The Sustainability Yearbook 2014," a CSR rating by the RobecoSAM, which researches and analyzes companies to be listed in DJSI. At the same time, we were named Industry Leader with the highest score in the Homebuilding Industry Sector.



Top-scoring Japanese company in the CDLI of CDP 2013

We were recognized as a leading company by the Climate Disclosure Leadership Index (CDLI) of CDP, having received the highest score as a Japanese company for our excellent information disclosure on greenhouse gas emission calculation and target management, climate change strategy, and risk management.



Highest Rank in the DBJ's Environmental Rating

In April 2012, Sumitomo Forestry was awarded the highest rank by the Development Bank of Japan in its DBJ Environmental Ratings. The DBJ Environmental Ratings score companies' environmental management using a screening (rating) system developed by DBJ. Three-tier interest rates are assigned to the best-performing companies based on each company's environmental rating score. It is the world's first financing scheme to employ a method based specifically on companies' environmental ratings.