

History of the Sumitomo Forestry Group

Sustaining Forests, Sustaining Growth

The Sumitomo Forestry Group traces its origins back to the management of the forests neighboring the Besshi Copper Mine, which was opened in 1691. Over more than three centuries, the Group has expanded its scope of activities to accommodate the changing needs of the time, eventually assuming its present global business structure.

Today, our pursuit of possibilities continues with trees. Based on our Corporate Philosophy and Action Guidelines, we are determined as a corporate group to be a model for sustainable growth.

Large-Scale Reforestation Plan (1894)

Overharvesting and air pollution left the forest ravaged. To restore it to health, Teigo Iba (the manager of the Besshi Copper Mine who would later become the second Director General of Sumitomo) drafted a bold reforestation plan. In the spirit of repaying what had been reaped from the land, they planted more than one million cedar and cypress every year. Thus revived, the Besshi Copper Mine is today surrounded by rich forest.

Photo in the background: present day Mount Besshi



Besshi Copper Mine before reforestation

Foundation –

- 1691 Besshi Copper Mine opened (Foundation)**
Began using timber harvested in neighboring forestlands to run the Besshi Copper Mine, where the Sumitomo family started mining operations



Picture scroll describing the Besshi Copper Mine in Iyo Province

- 1894 Large-Scale Reforestation Plan launched by Teigo Iba (see above)**
- 1898 Forestry Department established within the Besshi Mining Plant**
- 1909 Sumitomo general headquarters established, inheriting the forestry business**
- 1919 Forestry Department established within the Sumitomo Head Office**
- 1937 Sumitomo Honsha established, inheriting the forestry business**
- 1948 Sumitomo Honsha's Forestry Department split into six companies upon the dissolution of *zaibatsu* (family-run conglomerate operating as an industrial group in Japan)**
The six companies were consolidated into Shikoku Ringyo and Toho Norin through two mergers

1955 –

- 1955 Shikoku Ringyo and Toho Norin merged to become Sumitomo Forestry Corporation**
- 1956 Started importing foreign timber**
- 1962 Started trading building materials**
- 1970 PT. Kutai Timber Indonesia (KTI) established and began manufacturing plywood in 1973**
- 1975 Started the Custom-Built Housing Business**
- 1980 Established Sumirin Home Sales (now Sumitomo Forestry Home Service Co., Ltd.) Entered real estate brokerage business**



Ship used for importing timber from the U.S.A.



Inspecting logs in Vancouver



PT. Kutai Timber Indonesia



"Honju"



"The House"

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

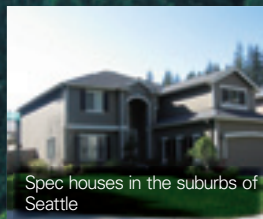
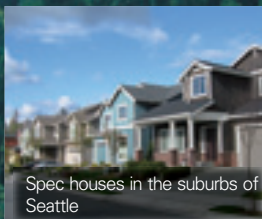
- **Sumitomo Spirit**
We conduct business that is beneficial to society based on the principles of integrity and sound management.
- **Respect for Humanity**
We work to create an open and inclusive corporate culture that values diversity.
- **Environmental Responsibility**
We are dedicated to effectively 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.

1984 –

- 1984** Nelson Pine Industries Ltd. (NPIL) established in New Zealand and began manufacturing medium-density fiberboards (MDF) in 1986



- 1991** Entered renovation business
- 1997** Started sale of two-by-four apartments
- 2002** Entered housing business in Seattle, WA, U.S.A.



- 2008** Started housing business in Australia
Established a joint venture with the Henley Properties Group (Henley Group)

2009 – Present

- 2009** Acquired equity stake in the Henley Group and made a full-fledged entry into the housing business in Australia

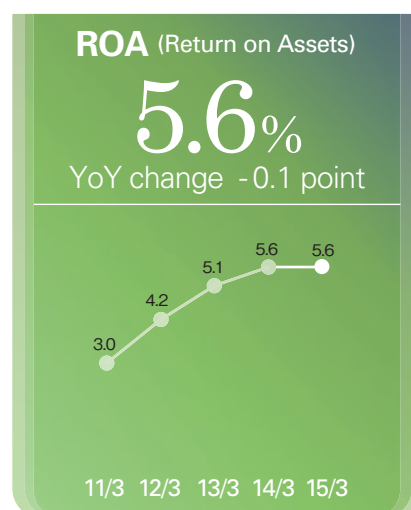
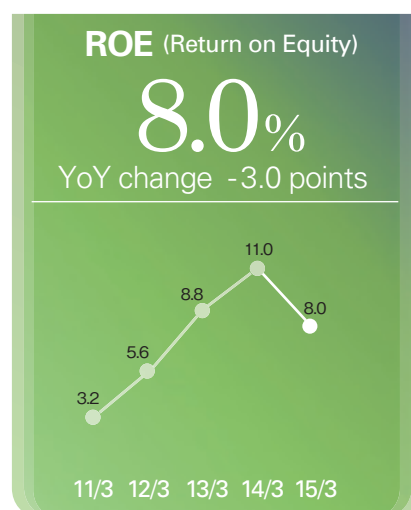
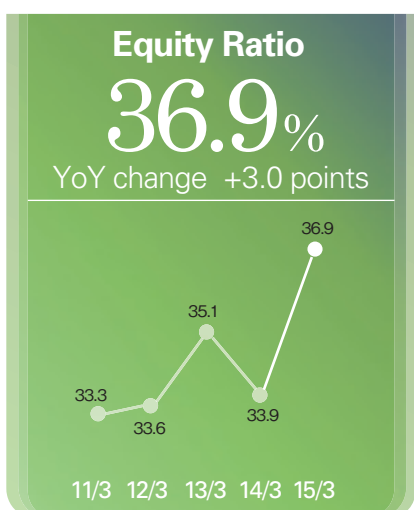
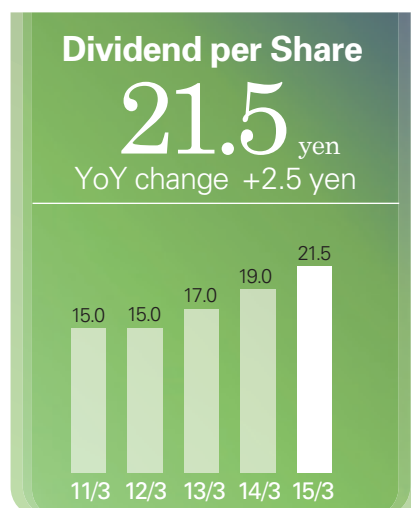
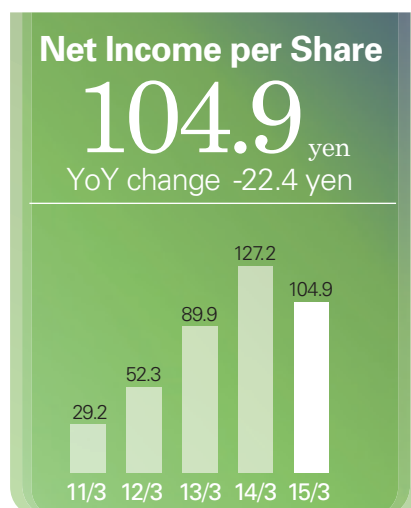
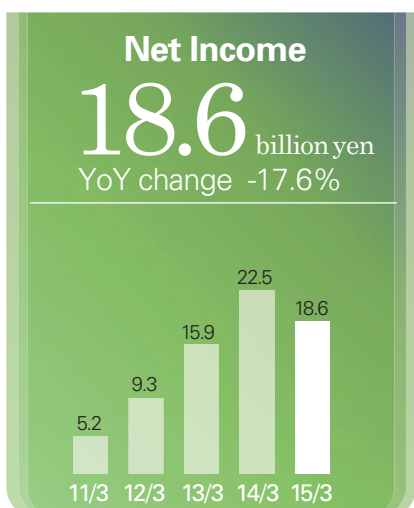
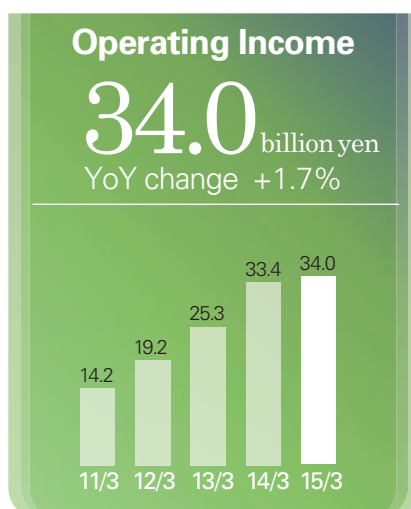
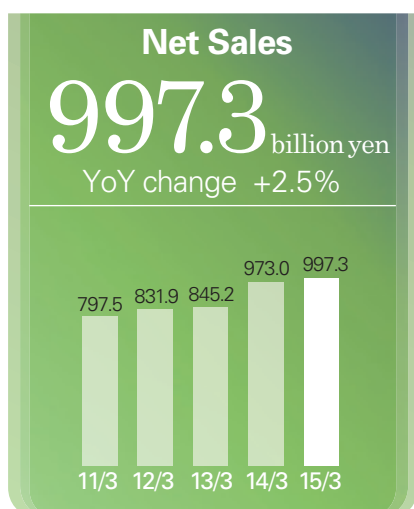


- 2010** Vina Eco Board Co., Ltd. (VECO) established in Vietnam and began commercial production of particle boards (PB) in 2012
Henley USA Group established and started housing business in Seattle
- 2011** Started MOCCA (Timber Solutions) Business
Started the commercial operation of Kawasaki Biomass Power Plant
- 2013** Acquired equity stake in the Bloomfield Homes Group and started housing business in Texas, U.S.A.
Acquired additional equity stake in the Henley Group, making it a subsidiary
- 2014** Acquired equity stake in the Gehan Homes Group in Texas

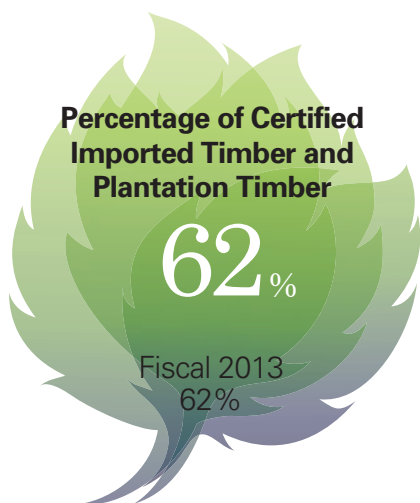
Fiscal 2014 Highlights

(Year ended March 31, 2015)

Financial



Sustainability



*1 The volume of CO₂ fixed in timber used in new custom-built detached houses constructed by the Group. A Sumitomo Forestry home has a carbon stock of about 22.6t-CO₂.

*2 As of April 1, 2015.

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External Commendations

Inclusion in Socially Responsible Investment Indexes (As of July 2015)

DJSI

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

FTSE4Good Global Index

We have been included in this index since 2004.

Morningstar SRI Index

We have been included in this index since 2008.

“Gold Class” and “Industry Leader” in RobecoSAM’s “The Sustainability Yearbook 2015” for three consecutive years

We were awarded for the third straight year the “Gold Class” commendation of “The Sustainability Yearbook 2015,” a CSR rating by RobecoSAM, which researches and analyzes companies to be listed in DJSI, in addition to being selected as one of the world’s most sustainable companies. We were also named Industry Leader for the third straight year as well as Industry Mover in the Homebuilding Industry Sector.

Top-scoring Japanese company in the CDLI of CDP 2014 for two consecutive years

We were recognized as a leading company by the Climate Disclosure Leadership Index (CDLI) CDP Japan 500, 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.



FTSE4Good

