

Social Report

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Human Rights Initiatives

Basic Policy

The Sumitomo Forestry Group formulated the Sumitomo Forestry Group Human Rights Policy in July 2019, participates internationally such as in the UN Global Compact and the World Business Council for Sustainable Development (WBCSD), complies with international human rights bills (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization (ILO) Core Labour Standards, the Ten Principles of the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights. Based on these international standards, the Sumitomo Forestry Group has put forth a commitment to human rights respect and a healthy workplace in its Sumitomo Forestry Group Code of Conduct. In addition, the Code calls for the respect of the human rights of all individuals, including women, children, indigenous people, minorities and other socially vulnerable people and stipulates that there will be no discrimination whatsoever on the basis of race, ethnicity, nationality, gender, religion, ideology, disability, sexual orientation, gender identity or other. The Code also does not permit forced labor or child labor in any form.

Furthermore, the Sumitomo Forestry Group is permeating these policies and conducts proper assessments to ensure this same level of respect by business partners as well. We are also conducting human rights due diligence and respond to human rights risks in an effort to fully grasp and mitigate any risk to human rights.

- ▶ [Corporate Philosophy](#)
- ▶ [Our Values](#)
- ▶ [Sumitomo Forestry Group Code of Conduct](#)
- ▶ [Sumitomo Forestry Group Human Rights Policy](#)
- ▶ [Participation and Sponsorship of Initiatives](#)

Implementation of Due Diligence and Managing Important Risks

Through human rights due diligence, Sumitomo Forestry Group identifies factors that may have a negative impact on human rights and works to prevent or reduce them.

Internal Sustainability Survey of the Sumitomo Forestry Group

Since fiscal 2012, an Internal Sustainability Survey is conducted every year at each of the Group companies to review their sustainability initiatives including the human rights. The Sustainability Committee reports the survey results to the Board of Directors and improves the human rights situation. In fiscal 2019, based on the surveys for the major 59 Japanese and overseas Group companies (28 Japanese companies, 31 overseas companies), 42 subsidiaries implement human rights trainings, 42 have functions to handle grievance and 39 implement mitigation plans. For each supplier, we strive to prevent human right infringements through conducting surveys and face-to-face interviews.

Based on this survey, in fiscal 2019, we did not find any human rights violations as defined in the Sumitomo Code of Conduct.

Respect for Human Rights Through Sustainability Procurement

Sumitomo Forestry Group is conducting fair and responsible procurement under the Sumitomo Group Procurement Policy which obligates suppliers to protect human rights and basic rights of labor as well as preventing corruption. For procurement of high-risk imported materials, specifically, the Group conducts sustainability surveys at more than 200 suppliers in two years. The surveys aim to ensure whether rights of workers and local communities in the areas where raw materials of the supplies are procured from, have not been violated; if the risk identified, then whether adequate consideration for these rights during logging is inspected. The Group also engages in on-site inspection and interviews with any suppliers which measures to mitigate risks was deemed necessary based on the risk categories.

- ▶ [Procurement Initiatives \(Distribution Business\)](#)

Identifying and Managing Human Rights Risks

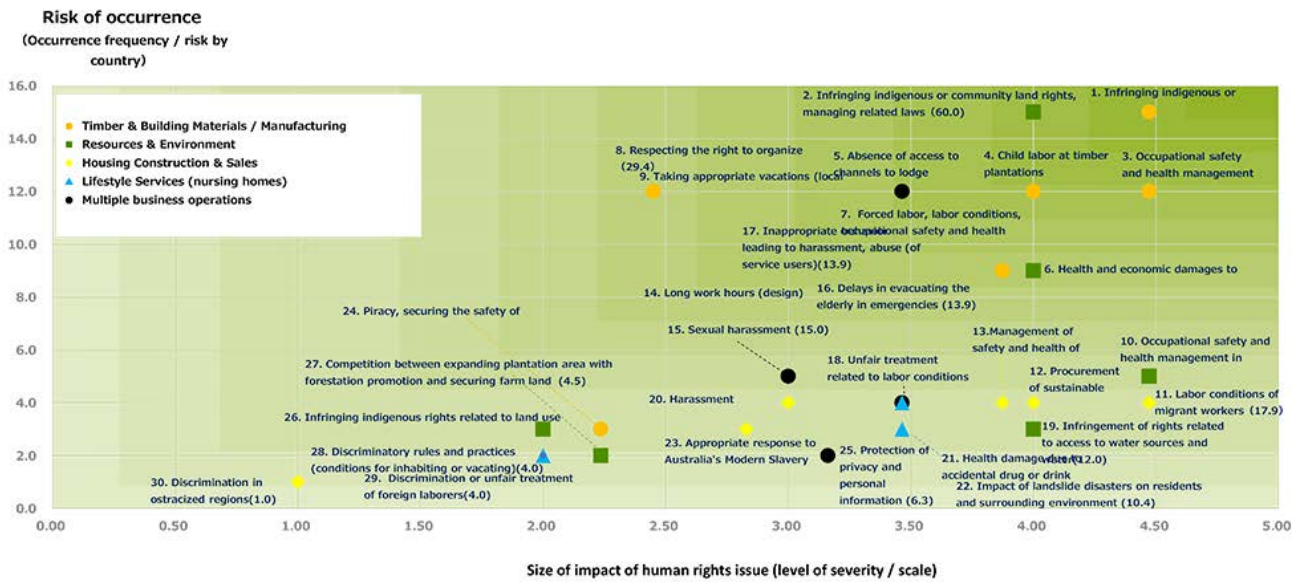
In conjunction with the formulation of its Human Rights Policy, Sumitomo Forestry Group has created a risk map to clearly identify important human rights risks affecting stakeholders in the value chain of each of its business divisions in 2019.

We identified important risks as follows: The Environment and Resources Division - “Infringing indigenous or community land rights and managing related laws” as well as “Occupational safety and health management in mountain forests (dangerous work, etc.).” The Timber & Building Materials Division - “Infringing indigenous land rights,” “Occupational safety and health management at factories (fires, dust explosions, etc.),” and “Child labor at timber plantations (including dangerous operations).” The Housing and Construction Division and the Overseas Housing and Real Estate Division - “Labor conditions of migrant workers (forced labor, etc.).”

In addition to the risk measures already put in place, we have identified more risks in fiscal 2019, of which we have verified the condition of respect for human rights of foreign technical trainees which is the particular importance and major social interest in Japan. Third-party agencies interviewed Sumitomo Forestry Group business divisions, verified materials, observed on-site operations, and interviewed technical trainees from overseas learning skills in Japan. As a result, we confirmed there were no major human rights violations.

In addition to risk measures identified by each business division, the Company is working on countermeasures and implementation plans for each stakeholder to further prevent, avoid, lessen or rectify these identified important risks in the future.

Sumitomo Forestry Group Human Rights Impact Analysis Map



Respect for Human Rights at Overseas Plantations

For timber plantations in Indonesia's West Kalimantan, the Company signed an advisory agreement with International Finance Corporation (IFC), the World Bank's group institute in 2012. Sumitomo Forestry conducted inspections of its operational properties with the IFC to examine whether plans for use of commercial land were being implemented properly considering the rights of indigenous people and protection of cultural heritage as well as livelihood of local residents, which are indicators in the High Conservation Values Forests (HCVF) that has drawn great attention in recent years.

Sumitomo Forestry Group held hearings and invited stakeholders (local residents, neighbor corporations, academics, NGOs, and government workers) to conduct forest operations with considerations toward human rights. Hearing was held in 2013 to share the content and result of a survey and hearing held in 2015 to deepen stakeholders understanding about content of the business and environmental considerations prior to harvesting the plantation forest.

In 2018, the Group built a grievance mechanism with the help of the IFC in PT. Wana Subur Lestari (WSL) and PT. Mayangkara Tanaman Industri (MTI). This mechanism provides two routes for grievances. The first allows local residents to share their opinion in writing with WSL or MTI while the second provides WSL and MTI the opportunity to conduct informal visits with local residents to gather feedback. Both of these grievance routes provide a response to local residents within seven business days with the approval of the WSL and MTI management team. In addition, the Group has begun social surveys as part of the three-year plan with the University of Indonesia around its business zones and neighboring area.

► [Grievance Desk](#)

Human Rights Training

The Sumitomo Forestry Group provides lectures about human rights in its new employee training in Japan. Sumitomo Forestry also incorporates classes about human rights in its training for new general managers. We also require all Group employees with access to the intranet to take the "Work and Human Rights" module in e-learning every year with the intention to promote respect for human rights and a workplace where no discrimination is permitted (completed with a test score of at least 80 points). In fiscal 2019, 11,956 employees of whom 5,452 and 6,504 belong to the parent company and Group companies, respectively, took the class. The effort in raising human right awareness via e-learning will be continued into the future.

Prevention of Harassment

Sumitomo Forestry makes its policy on sexual harassment, workplace bullying and maternity harassment clear, having included in its Employment Regulations, under one category of rules to be observed by employees (discipline on the job), a provision prohibiting such harassment as well as disciplinary standards. The Sumitomo Forestry Group Code of Conduct also prohibits all forms of harassment and this is communicated via the internal website and handouts. In addition, awareness within the Company is fostered by providing information with case examples and implementing regular awareness promotion notices, through human rights and ethics training and other activities. Furthermore, the Group distributes an email to every employee from the General Manager of the Personnel Department every six months to raise awareness about stopping all harassment.

Furthermore, a framework to properly handle inquiries and complaints was put in place in fiscal 2000 with the establishment of the Harassment Consultation Hotline within the Personnel Department and Compliance Hotline both inside and outside of the Company. The privacy of all those involved is protected and every effort are made to ensure that neither the complainant nor those cooperating are treated detrimentally.

► [Sumitomo Forestry Group Code of Conduct](#)
► [Preventative Measures for Mental Health Care](#)

Occupational Health and Safety Management

Basic Policy

Sumitomo Forestry has established Rules for OHS Management with an aim of fostering a workplace environment in which employees can perform their jobs in a safe and healthy manner. The rules prescribe that a general OHS manager is to be stationed at each place of business regardless of how big it is, and every year, the Company checks on the status of the officer and OHS committee meetings.

With the aim of preventing accidents at construction sites and maintaining the health of workers, each division, such as the Environment and Resources Division, Timber and Building Materials Division, and the Housing and Construction Division, has also established separate OHS management policies and manuals in view of the distinctive characteristics of their respective businesses.

The Quality Control and Worker Safety Management Department established on April 1, 2020 as an office directly under the president strives to consistently improve product and service quality and eradicate occupational accidents. This department also rolls out and strengthens quality as well as occupational health and safety management systems by providing guidance and advice to the entire Group.

Occupational Health and Safety Management System

The Quality Control and Worker Safety Management Department oversees matters related to occupational health and safety throughout the entire Sumitomo Forestry Group. This department deploys and consolidates occupational health and safety management systems while providing the necessary guidance and assistance to each Group company.

Personnel department manages non-consolidated OHS of the Sumitomo Forestry, and heads of the personnel department provide OHS instructions and support branches in establishing OHS systems. In addition, OHS committees chaired by the general manager of each business division (General Manager of Personnel Department at the head office) and composed of members such as health and safety managers, industrial physicians, and labor union members were established in each business division, and matters discussed each month are posted on the intranet for the purpose of information sharing and enlightenment.

The Sumitomo Forestry Group also conducts occupational health and safety training unique to each business and work site because a broad range of businesses related to wood are expanding globally.

Targets and Performance Concerning Occupational Injuries

In the Mid-Term Sustainability Targets as part of the Sumitomo Forestry Group 2021 Mid-Term Management Plan, Sumitomo Forestry Group sets critical targets by fiscal 2021 as “zero occupational injury and lost work time.” The Sumitomo Forestry Group aims to achieve its critical targets and defines priority sustainability measures in each division. The performance toward achieving these targets is reviewed each fiscal year.

Occupational Injuries (Non-Consolidated)*1

	FY2015	FY2016	FY2017	FY2018	FY2019
Number of occupational injuries (incidents)*2	0	3	0	2	1
Lost-time injury frequency rate*3	0.19	0.30	0.10	0.20	0.20
Work-related illness frequency rate	0	0	0	0	0

*1 No occupational injuries resulting in death occurred during the reporting years shown.

*2 The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act is disclosed.

*3 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours × 1,000,000

▶ [Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness their Skills and Individuality](#)

▶  [About symbol for Independent assurance](#)

In addition to developing occupational health and safety promotion activities in accordance with the laws and regulations in Japan and overseas where the Group is active, each Sumitomo Forestry Group company also promotes acquisition of certifications such as OHSAS* Certification. The occupational health and safety certification rate of manufacturing businesses throughout the Sumitomo Forestry Group is 37.5% (based on sales).

* Occupational Health and Safety Assessment Series (OHSAS): An international standard developed for the purpose of reducing occupational health and safety risks and clarifying where responsibilities lie.

Acquisition Status of Occupational Health and Safety Certifications at Each Group Company

Comapny	Country	Type of certification	Date acquired	Date renewed
Sumitomo Forestry Crest Co., Ltd.	Japan	ISO45001:2018	January 2020	-
PT. Rimba Partikel Indonesia (RPI)	Indonesia	OHSAS18001	March 2013	March 2019
PT. Kutai Timber Indonesia (KTI)	Indonesia	ISO45001:2018	January 2020	-
Nelson Pine Industries Ltd. (NPIL)	New Zealand	ISO45001:2018	October 2019	-
Henley Arch*	Australia	ISO45001:2018	April 2019	-

* Affiliated two companies of the Henley Group have also acquired the same certification.

- ▶ [Occupational Health and Safety on Construction Sites](#)
- ▶ [Occupational Health and Safety \(Manufacturing Business\)](#)
- ▶ [Occupational Health and Safety in the Forestry Business](#)

Work-Life Balance

Basic Policy

Sumitomo Forestry recognizes employees' diverse work styles and strives to create a workplace where they can be motivated in their jobs, and still enjoy fulfilling private lives. Reflecting these aims, the Company has worked on such initiatives as providing childcare and family care programs, promoting greater participation by women, and reducing overtime.

In fiscal 2013, the Workstyle Diversification Department was established within the Personnel Department, bringing together support desk functions relating to work styles and careers, including childcare and family care, career support, mental health and post-retirement re-employment. In developing a counseling system which is easier for employees to access, the Company supports diverse work styles.

A flextime system and a work interval system were adopted with the purpose of reducing long hours and improving productivity in fiscal 2017. The transition is not only in working hours but also from a labor system to a true count system in addition to adopting measures such as a per hour productivity assessment.

These programs aim to improve employee motivation as well as productivity by preventing harm to health from accumulated fatigue due to working long hours in addition to heightening awareness about cost versus time to realize a work-life balance.

Addressing Long Working Hours

Sumitomo Forestry sees long working hours left unaddressed as a factor causing occupational injuries and damage to the image of plants and it recognizes the lack of a workforce in the future as a grave management risk.

Since fiscal 2019, the Sumitomo Forestry Group set critical fiscal 2021 targets "reducing long work hours through work style reforms" in the Mid-Term Sustainability Targets to promote this initiative. Each division and consolidated Group company in Japan confirms the performance toward achieving these targets every fiscal year.

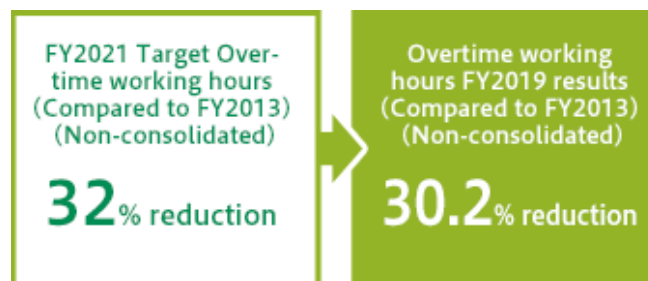
In particular, close communication with customers is indispensable in the sales and construction of custom-built detached housing, and long working hours occur as a result of this need in the Housing and Construction Division.

Therefore, average overtime hours and individual overtime hours are reported to the head of each department to increase awareness about mitigating long working hours.

Additionally, a Workstyle Improvement Committee has been set up at branches to implement initiatives to address long working hours.

As to the working system and operational flow reform that are difficult to tackle at a branch level, the Long Working Hours Mitigation Committee set within the Housing and Construction Division continuously leads the long working hours mitigation campaign by making proposals for the systems improvement.

► Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness Their Skills and Individuality



Revisions to the Personnel System

In fiscal 2017, Sumitomo Forestry revised the personnel system to transition overtime work to an actual count system paying employees based on deemed number of working hours. Moreover, we are promoting a reduction in long working hours and higher productivity by adopting a flextime system, work interval system and a productivity assessment by hour.

The transition to an actual count system and the adoption of a productivity assessment primarily aims to grow the cost awareness by hour, reduce long hours as well as heighten the quality and productivity of work.

We are also striving to equalize operational working hours overall by stipulating the total working hours per month in a flextime system.

In addition, the interval system makes sure employees have 11 hours of leisure time between the end of the work day until the start of the next work day and exempts employees from working at the start of a workday or core time if it overlaps this leisure time. These systems aim to prevent overwork and further the preservation of employee health.

Mental Health Care

Practical Mental Health Care

Based on the Guidelines for Maintaining and Improving Workers' Mental Health formulated by the Ministry of Health, Labour and Welfare in August 2000, Sumitomo Forestry implements four types of care for mental health: self-care; care provided by line managers; care provided by occupational health staff within the workplace; and care using resources from outside the business.

In April 2013, the Company established the Workstyle Diversification Department within the Personnel Department. It is responsible for providing support related to childcare and family care, career support and support for mental health. In order to further enhance mental health care, the Company put effort into providing mentally ill individuals with follow-up support and help in returning to work. The Company assigned an employee, who is a qualified clinical psychologist, to the Workstyle Diversification Department, and it worked in close cooperation with an external provider of the employee assistance program (EAP)*.

In fiscal 2019, Sumitomo Forestry revised the external Employee Assistance Program (EAP) agency alliance and established a new management consultation desk to further a system to better support line care. This help desk is not only available to employees but also their families and can support in English and Chinese, which offers better care for a wider range of employees.

We adjust stratified working hours and the work load to suit the circumstances of each individual by adopting an occupational rehabilitation system to help employees return to work to create and execute rehabilitation plans so that each person can both physically and mentally get used to the work environment.

Sumitomo Forestry distributes a Mental Absentee Guidebook when employees take leave with corporate rules and other information related to how to spend that time off as well as the suspension of their work to elevate worry as much as possible during their break. We also distribute a Guidebook for Managers to supervisors as well to provide information that includes ways to handle each situation.

* A workplace mental health care service for employees



Mental Health Education for Management

Preventative Measures for Mental Health Care

As part of its prevention of mental health disorders, the Company has offered stress checks, which were made mandatory after amendments to the Industrial Safety and Health Law in December 2015, on a website to employees covered by health insurance (excluding those employees on long-term leave, such as maternity leave or convalescence leave) since fiscal 2013.

To further promote active health management in fiscal 2019, we revised the stress check from the original 57 items (occupational stress quick check sheet) to a new stress check made up of 89 items. As follow-up measures after the stress check for departments that found to have low general health and a high stress rate, internal counselors (clinical psychologist) and external EAP agencies provide one-on-one counseling as well as line care and self-care training.

Since fiscal 2009, Sumitomo Forestry also provides guidance to all of its employees twice a year through the general manager of the personnel department while fostering communication with staff on a daily basis to prevent harassment with the purpose of building a lively, comfortable and friendly workplace. In conjunction, a harassment consultation desk has also been put in place in personnel departments to support consults from employees. In addition, Work and Human Rights e-learning is required for all Group employees as training that includes education about harassment (passing the comprehension test require a score of at least 80 points).

An employee who is a certified public health nurse has been hired into the Workstyle Diversification Department to not only offer mental health care but also provide assistance such as various health consultations, enlightenment about health for new employees, and follow-up after health check-ups.

We also conduct health check-ups before appointing or returning an employee to a post for overseas appointees as well as interview individuals, gain information and provide advice about the state of their health as well as address other needs they may have.

► Human Rights Initiatives

Practical Mental Health Care Results

	FY2015	FY2016	FY2017	FY2018	FY2019
Stress Check Response Rate (%)	91.6	88.2	92.1	91.6	93.3

Encouraging Employees to Take Paid Leave

Sumitomo Forestry encourages employees to take at least 14 days of planned paid leave each year, inclusive of refresh leave and the summer holiday period. The list of results for the paid leave usage by employees at each site is published on the intranet to encourage employees to take their paid leave.

As for fiscal 2017, Sumitomo Forestry has consolidated the attendance management systems in a way that not only employees but also their supervisors can see their leave plans, and thereby, enabled employees to plan their paid leaves better. In addition, the Housing and Construction Division established planned annual leave for all departments as of fiscal 2017 (general rule of four days).

The percentage of paid leave taken in fiscal 2019 was 60.2%.

The Company has again listed “take at least 13.5 days of paid leave” in its Sustainability Budget, and will continue to further promote this initiative during fiscal 2020.

Paid Leave Usage Ratio
(FY2019)
(Non-Consolidated)

60.2%

► Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness Their Skills and Individuality

Results of Paid Leave Usage Ratio

	FY2015	FY2016	FY2017	FY2018	FY2019
Paid Leave Usage Ratio (%)	32.8	35.9	47.4	53.2	60.2

*Calculated by dividing the number of days of paid leave taken each fiscal year by the number of days of paid leave issued.



Refresh Leave and Family Friendly Day Leave

So that employees can engage energetically in their jobs with healthy body and mind, Sumitomo Forestry is developing workplace environments that allow employees to take leave as they wish. As part of those efforts, employees are encouraged to take consecutive days of “refresh leave” at a time that suits them in addition to the summer and New Year holiday periods. Each workplace is required to draw up refresh leave schedules for individual employees. The number of days available for the refresh leave program changed from “three days” to “five days” in fiscal 2019 to put in place an environment where employees can take leave more easily.

At branches of the Housing and Construction Division, which are regularly closed on Tuesdays and Wednesdays, employees often meet with customers on the weekends, which sometimes make it hard to take time off to participate in family events and other private occasions. This has been addressed with the introduction of Family Friendly Day leave, which allows employees to take either one Saturday or one Sunday off each month to spend with family or on a chosen pursuit. Branch employees are encouraged to cooperate on adjustment of job responsibilities and meeting schedules, thereby helping to create a workplace environment that makes it easy to take leave on the weekends.

Refresh Leave and Family Friendly Day Programs Performance (Non-consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Percentage of Refresh Leave Program takers (%)	46.0	42.3	38.9	32.1	43.7
Percentage of Family Friendly Day Leave takers (%)	26.0	27.0	28.3	28.7	36.8

Supporting the Workstyles of Employees Currently Raising Children

Sumitomo Forestry has put in place a number of support programs that allow employees to work while also raising children.

For example, supervisors conduct interviews with employees who plan to take childcare leave together with a person in charge of the Workstyle Diversification Department upon request. These interviews explain the programs related to childcare leave and provide advice about the work style after the employee returns to work in addition to introducing information such as examples of other employees who have found balance between raising children and work.

Moreover, employees who want to work while raising children can apply for programs such as the flextime system as well as reduced working hours so that they can have a flexible workstyle.

The 6th Next Generation Law Action Plan (for Fiscal 2015 to 2019)

Sumitomo Forestry formulates and implements action plans for supporting employees who are raising families, in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children (Next Generation Law).

Sumitomo Forestry has formulated and advanced its 6th Action Plan for fiscal 2015 to 2019 with the following targets.

1. Host seminars themed on work style reforms in order to foster a work environment which actively involves female employees who are rearing infants
2. Hold "Family Open Day" to create a pleasant work environment for all employees to execute their talent
3. Create systems for male employees who are raising children to consult with superiors about available programs to encourage male employees to participate in raising their children. The usage status of programs related to child raising are also published on our intranet.

An Iku-boss Seminar was held by inviting an outside instructor in September 2017 with the theme of renewing the way of thinking to continually improve results while realizing a work style in-line with each person's circumstances by limiting long hours according to an action plan. Approximately 120 people participated with most being general managers who work at the head office in fiscal 2016. Approximately 180 general managers from around Japan from the Housing and Construction Division as well as others participated in fiscal 2017.

In April 2019, we held lectures on work-style reforms to enhance the hourly value of each employee with the participation of roughly 200 general managers of departments and branches from throughout Japan.

Sumitomo Forestry also formulated and began work on its 7th Action Plan for fiscal 2020 to 2021 with the following three targets.

1. Encourage telework system and a work environment to enable work-style options regardless of place.
2. Put in place consultation systems to support employee career development.
3. Build environments in which every employee working in a company involved in housing and lifestyles can actively participate in the valuable experiences of raising children and household chores regardless of gender.

Family Open Day

Since July 2014, Sumitomo Forestry holds the "Family Open Day," an event for the families of employees to visit their offices. The ultimate aim of this event is to create pleasant work environment and lively atmosphere for all employees by expressing the Company's appreciation for the support provided by employees' families, assisting the families in understanding about the work at Sumitomo Forestry better, and fostering opportunities for employees to gain mutual understanding with others.

In fiscal 2019, the event was held in one branch, totaling 20 participants from 5 families. The children took part in the morning briefing, exchanged business cards, interviewed employees about their work, and made wooden crafts. Celebrating its sixth anniversary in fiscal 2019, Family Open Day was held as summer event by spearheading innovation.



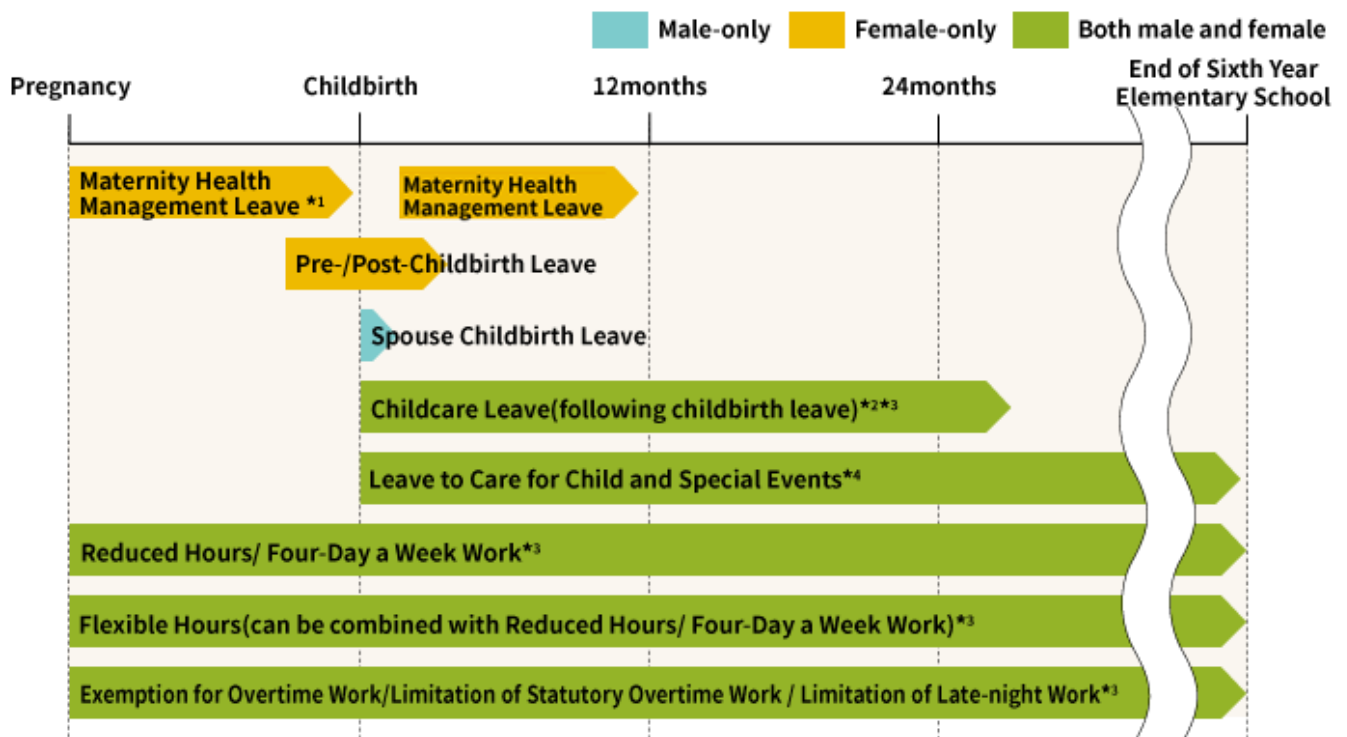
Family Open Day at the School of Professional Building Techniques

Promoting Paternal Support for Male Employees

In the process of receiving the lump-sum childcare allowance offered to male employees with newly born children, the employees are required to submit "the questionnaire for a parental support request," which is followed by an interview with a direct supervisor about the answers to the questionnaire as well as details of the request. The supervisor then adds resulting comments on the questionnaire including instructions for the subordinate and consideration that should be made by the Company, at the end of the process. This system is believed to encourage more male employees to take part in the parenting duties and raise mutual understanding between the parenting males and their colleagues.

Main Childcare Support Programs (FY2019)

Program	Description
Childcare leave	Childcare leave may be taken by employees until March 31 immediately following the child's second birthday
Shorter working hours	Until the child completes the sixth grade of elementary school, employees may use the flextime system, work shorter hours, work a four-day week and be exempt from overtime work, limit statutory overtime work, and limit late-night work.
Leave to care for child and attend special events	Employees may take the equivalent of ten days a year for their first child or 15 days a year for two or more children in 30-minute increments with full-pay to care for a sick or injured child until their children have completed the sixth grade of elementary school. Of these ten days, up to five days may be used for attending special events with their child (ten days for two or more children). Employees who have two or more children may use up to 10 days to take care of their children even if they have used five or more days for special events (however, leave that exceeds 15 days is unpaid).



*1 During pregnancy, childbirth leave, childcare leave, within one year after the childbirth

*2 Until March 31 immediately following the child's second birthday. This can be extended for up to 14 days for childcare reasons.

*3 Employees who have worked continuously for one year or more

*4 Employees who have worked for six months or more

Supporting Workstyles for Employees Caring for Family Members

Sumitomo Forestry provides support to employees who are working while also nursing family members. Family care leave was revised so that eligible employees may take up to 365 days of leave per applicable family member, and employees may also take advantage of the flextime system, work shorter hours or work a four-day week. Sumitomo Forestry has also established family illness and injury leave, enabling employees to take up to 10 days of leave each year in 30 minute increments.

Main Family Care Support Programs (FY2019)

Program	Description	Usage in FY2019
Family care leave	This system allows up to 365 cumulative days of leave per family member requiring care, and is available to employees	<ul style="list-style-type: none"> Number of family support program users: Total of 4 (Flextime System: 3; Four-Day Work Week: 1) No. of employees who took family care leave: 1
Shorter working hours	Employees may use the flextime system, work shorter hours, work four-day a week, be exempt from overtime work, limit statutory overtime work, and limit late-night overtime work.	
Family illness and injury	Regular employees may take the equivalent of ten days a year in 30-minute increments (employees may take an additional five days for two or more family members who require care). Employees may take five of the ten days of leave to take care of a sick or injured family member	

Family Care Support Program Performance (Non-consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Family care leave (Persons)	1	2	2	1	1
Number of family support program users (Persons) (Flextime System, Shorter Working Hours, Four-Day Work Week, etc.)	3	3	7	3	4

Telework Program

Sumitomo Forestry introduced the telework option in fiscal 2009 for such reasons as the time saved from commuting can be spent on work or family activities, and employees can concentrate when working in a quiet home environment.

Since fiscal 2017, this program was expanded to all employees (approval system) except new graduates who joined the company less than three-years ago or career hires who have only been with the company for less than six months with emphasis on employees who are taking care of children or a family member as well as employees who have a long commute.

As response to the COVID-19, Sumitomo Forestry adopted Group-wide flextime policies, introduced a shift system to reduce the number of people in offices, and provided systems for employees to work either in the office or from home. When an emergency declaration was issued, we transition to a fundamental telework systems to have all employees in the affected regions work from home.

In the future, in order to promote flexible work styles further, the Company will continue to work to expand consistent use of the program, such as by explaining the program details and recommending its use to employees on an individual basis when they appear for work style consultations.

Participation in “Telework Days”

Following fiscal 2018, Sumitomo Forestry participated in the “Telework Days” campaign promoted by the Ministry of Internal Affairs and Communications, Ministry of Health, Labour and Welfare, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, the Cabinet Secretariat, the Cabinet Office, and the Tokyo Metropolitan Government in addition to relevant associations and corporations as a special cooperative organization to promote work style innovation in fiscal 2019. 310 employees worked remotely at home or mobile for at least two days of the week from July 22 to September 6, and the participation of 162 employees throughout Japan on July 24, the focus date of the campaign. Through this campaign by providing opportunity for many employees to experience the benefits of telecommuting and working remotely first hand, Sumitomo Forestry promotes understanding and create a foundation for a telework system.

Transfer Request Application Systems (Spouse Relocation / Family Care)

In fiscal 2008, Sumitomo Forestry established a program facilitating the transfer of employees to a certain destination for reasons limited to marriage or a spouse transfer accompanied by a change of residence. The program enables employees to continue working for the Company even after marriage or their spouse being transferred.

In fiscal 2014, with the new addition of “childcare” to the reasons for application, transfers are now considered in cases where an employee wants to live with their spouse for the purpose of balancing work and parenting. Also, a new system was established whereby employees can submit a transfer request for reasons of “family care.” Transfers are now also considered in cases where the location of employment restricts the employee from balancing work with family care.

As at the end of March 2020, a total 43 employees have made use of these programs to transfer to a different location.

Fair Employment and Benefits

Basic Policy

According to internationally accepted human rights norms, we shall of course respect equal opportunity and diversity as well as respect the human rights of all individuals, including women, children, indigenous people, minorities and vulnerable people in the employment and treatment of employees as stated in the Sumitomo Forestry Group Code of Conduct. In its recruitment activities too, the Company emphasizes the ambition and volition of the applicant, and does not differentiate selection processes according to academic background or gender. At Group companies outside Japan, the employment of local staff is actively promoted, and talented personnel are employed and promoted to management positions, irrespective of race or gender.

As for the disciplinary punishment and dismissal of employees, if there has been a compliance violation, the employee will be dealt with appropriately in accordance with Employment Regulations. We have also put in place a system to prevent unfair dismissals.

Recently, talent acquisition has been recognized as one of the major management issues for management in Japan triggered mainly by low birth rate and thereby aging population. Sumitomo Forestry communicates its employment and benefit policies with potential employees during recruitment and expands supportive programs to foster diverse work styles and performance of female employees in effort of acquiring valuable, next-generation talent.

► [Sumitomo Forestry Group Code of Conduct](#)

Promotion System

The Workstyle Diversification Department, which was established as an independent organization in the Personnel Department in April 2013, with the cooperation of each department, supports the utilization of a wide range of employees from female staff to re-employed retirees and employees with disabilities as well as promotes diversity.

Promoting the Active Involvement of Female Employees

The Sumitomo Forestry Group is committed to a workplace environment where motivated employees can be actively involved irrespective of gender, age, nationality, race, religion or disability. In an endeavor to actively engage female employees in particular, the Group has sought to improve its systems relating to childcare, education and training, and at the same time, has taken a proactive stance on promoting the use of these systems.

During fiscal 2013, the Group surveyed the attitude and needs of employees with respect to: work and careers; promoting the active involvement of female employees; and childbirth and parenting. A survey was conducted to gauge the awareness of all female employees at Sumitomo Forestry to assist the Group in promoting the active involvement of female employees and in supporting the workstyles of employees currently raising children. In December 2013, the Group released the “Sumitomo Forestry Group Declaration on Empowering Women.” It was issued to the entire Group under the name of the President, and formally summarizes the significance of promoting the active involvement of female employees into three policies. The Group is actively engaged in activities under the policy described in the Declaration.

In December 2014, numerical targets for the appointment of women to managerial posts have been set in order to foster further empowerment of female employees at Sumitomo Forestry. We have publicly announced our goal of raising the ratio of female managers to at least 5% by 2020, and have worked to achieve this goal. In fiscal 2016, in accordance with The Act on Promotion of Women's Participation and Advancement in the Workplace of the Japanese Government, the Company's first phase action plan (April 1, 2016 -March 31, 2019) was implemented. In fiscal 2019, the second phase action plan (April 1, 2019 to March 31, 2022) was formulated, advocates and is advancing efforts toward the goal of raising the ratio of female managers to at least 5.5% as a new numerical target to achieve by fiscal 2021 (4.2% as of March 31, 2020).


Sumitomo Forestry has been conducting a mentoring system for the purpose of encouraging growth for the active participation of female employees as management since fiscal 2016. The mentoring system is a program where assigned mentors periodically interview mentees to support the growth of the mentee. In fiscal 2019, six female manger and manager candidate mentees where mentored by managers in positions of general manager level with the aim to further success and self-reformation.

Percentage of Female employees
in management positions
FY2021 targets
(Non-consolidated) At least

5.5%

Percentage of Female employees
in management positions
as of March 31, 2020
(Non-consolidated)

4.2%

- ▶ [Sumitomo Forestry Group Declaration on Empowering Women](#)
- ▶ [Supporting the Workstyles of Employees Currently Raising Children](#)
- ▶ [Sumitomo Forestry Co., Ltd. Second Phase Action Plan \(in Japanese\)](#) 
- ▶ [Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness Their Skills and Individuality](#)

Employment and Promotion of Women (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Percentage of Female employees including contract employees*1 (%)	19.4	20.0	20.4	21.0	21.6
Percentage of Female employees in management positions*1 (%)	2.6	2.8	3.2	3.7	4.2
Percentage of Female new graduates*2 (%)	26.8	22.8	18.0	24.8	26.9

*1 The rate of female employees and the rate of female employees in management roles is based on the number of employees as of March 31 each year.

*2 The rate of new female graduates is calculated based on the number of employees as of April 1 each year.

Employment and Promotion of Women (Subsidiary Companies in Japan)

	FY2015	FY2016	FY2017	FY2018	FY2019
Percentage of Female employees including contract employees*1 (%)	30.4	30.7	31.6	32.0	32.7
Percentage of Female employees in management positions*1 (%)	4.0	4.2	4.6	6.0	6.1
Percentage of Female new graduates*2 (%)	48.0	40.3	40.2	43.5	45.7

*1 The rate of female employees and the ratio of female employees in management roles is based on the number of employees as of March 31 each year.

*2 The rate of new female graduates is calculated based on the number of employees as of April 1 each year.

Development and Sales from a Woman's Perspective

Having started in March 2013, Women's Perspective Project which gathered diverse female employees from the headquarters, branch offices across Japan and Group companies in intention to bring homes designed from their residents' perspectives. Previously, the project provided the "Comama" spatial design proposal and also nine houses built and sold in just half a year at East Hills Seya in the Ikoma district in Nara Prefecture.

In addition, the brush-up customer service training from a woman's perspective is intermittently held for female home advisors working at model homes. This training provides insight into household concerns and inconveniences as well as discusses the dream home from a woman's perspective. The curriculum also teaches specific ways to build trust as a key stage of the sales process by especially empathizing with wives and other female customers. This training program is held once every two to three years according to the enrollment of employees yet to take the course. Up until now, 462 female employees took this training program.

Main Initiatives Aimed at Increasing the Motivation of Female Employees

Sumitomo Forestry provides various training for female employees.

In fiscal 2019, training for women salespersons was conducted for the purpose of finding their source of motivation to encourage female staff to continue to work in sales. Two female staff members—one fourth-year employee and a twelfth-year supervisor working on the sales team—presented the secret to finding the significance of working as sales team member without focusing on gender. Because many female sales staff resign due to life events, building a working environment that allows diverse work-style innovation is vital. At the same time, raising individual awareness is also important. Therefore, we are working to ensure self management that not only improves sales skills but also heightens motivation.

The Sumitomo Forestry Group on-site training for female engineers provided an informational exchange with other companies in the same industry as well as construction site tours for female on-site managers with the goal of teaching successful examples of construction engineers who are women outside Sumitomo Forestry as well as improving skills and motivation.

Main Initiatives Aimed at Increasing the Motivation of Female Employees

Eligible Persons	Description	Date	Number of Participants
Sales Staff	Female Sales Staff Training	November 2019	52
	Networking Event for Female Housing Sales Staff: Joint Program by Nine Housing Builders	November 2019	6
Production Staff	Sumitomo Forestry Group On-site Training for Female Engineers	October 2019	55
Managers and Manager Candidates	Mentoring Program	July 2019 to May 2020	6

Promoting the Employment of Persons with Disabilities

Sumitomo Forestry promotes the employment of people with disabilities, giving the highest priority to matching the individuality of each person with a disability with the workplace and business activities. The ratio of disabled employees as of end March, 2020 was 2.40%. Furthermore, to improve the retention rates for current employees, the Company provides regular face-to-face meetings as well as phone interviews and career advice as required.

Furthermore, we have been promoting employees to take the Universal Manners Test^{*1} since fiscal 2018. Sumitomo Forestry has been executing a plan for all employees to acquire the level three certification by 2022, aiming to encourage and entrench further employment of people with disabilities in addition to improving service for customers and partners who have disabilities.

^{*1} Test to build the mind and actions necessary to provide better services to a diverse range of people from the elderly and people with disabilities to parents with strollers and foreign nationals.

^{*2} The calculation is the sum of Sumitomo Forestry, subsidiary Sumirin Wood Peace Co., Ltd. as well as the affiliated Group company Sumirin Business Services Co., Ltd.



President Akira Ichikawa (at the Time)
Presenting Certifications After the First
Universal Manners Test at Sumitomo
Forestry

Ratio of Disabled Employees
As of March 31, 2020
(Non-consolidated^{*2})
2.40%

Employment of Persons with Disabilities (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Ratio of Disabled Employees (%)	2.12	2.12	2.26※1	2.32※2	2.40※2

*1 The calculation includes the subsidiary Sumirin Wood Peace for fiscal 2017.

*2 The calculation includes the subsidiary Sumirin Wood Peace as well as the affiliated Group company Sumirin Business Services for fiscal 2018 and fiscal 2019.

Promoting Proactive Employment of Persons with Disabilities -Sumirin Wood Peace Founded

For the purpose of providing employment opportunities for persons with disabilities, the Company in July 2015 founded a subsidiary in Niihama-shi, Ehime Prefecture in Japan with business lines such as shiitake mushroom farming, wooden products manufacturing, processing, and printing. In March 2017, a new office building was completed and in April the Sumirin Wood Peace obtained the certification of a special subsidiary company in accordance with the Act for Promotion of Employment of Persons with Disabilities. The Company has been promoting recruitment of people with disabilities as business has grown since its start with five people at the time of its founding. As of June 2020, Sumirin Wood Peace employs 11 people with disabilities. In the future, the Company will further this recruitment and ensure business continuity.



Exterior of new Sumirin Wood Peace Office Building

Adopting Systems to Re-employ Retirees and Provide Selective Retirement

Re-employment of Retirees

Sumitomo Forestry adopted a system for the re-employment of retirees in fiscal 2006 whereby it re-employs personnel, who retired at 60, until the end of the fiscal year that they reach the age of 65, on the condition that they have had at least 10 years of continuous service, they have specific qualifications and experience, and they wish to be re-employed.

About 80% of our employees who turn 60 request re-employment, and 100% of those employees who requested re-employment are re-employed in the first fiscal year.

In addition, the Senior Human Resource Asset Bank Center established in April 2018 extends re-employment contracts even after the end of the fiscal year when employees turn 65 who are necessary to the company and would like to keep working. 43 employees have currently registered for the program while 35 have been re-employed and are working as of April 1, 2020.

Adopting a Selective Retirement System

Sumitomo Forestry adopted a Selective Retirement System in April 2020 to extend retirement until the end of the fiscal year the employee reaches the age of 65 (March 31 of the personnel fiscal year). We have also introduced a system to move up retirement to the day before the employee's 60th birthday when requested.

An employee can continue to work through the valid term of their contract (re-employment) when selecting retirement before the age of 65 and requesting a flexible work style, such as reducing the number of work days.

► [Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness Their Skills and Individuality](#)

Return to Work Application System

Sumitomo Forestry has operated the Return to Work Application System since fiscal 2008. The aims of the system are to meet the re-employment needs of workers to secure talented personnel who resign due to unavoidable circumstances such as childcare and eldercare. Employees register their wish to return to work at the time they resign, and applicants must have had worked for at least three consecutive years before the resignation. As at the end of March 2020, the Company received 256 applications.

When the Company receives an application, it goes through a selection process based on the Company's needs and the skills of the applicant. Applicants who are successfully re-employed within three years of the resignation are able to regain the same levels of position as before.

Direct Employment of Non-permanent Employees

In recent years, regulations for dispatched employees have been strengthened to correct disparities arising out of different forms of employment. In response, Sumitomo Forestry reviewed its personnel systems to appoint competent employees, and in April 2011, changed the status of its dispatched employees to directly employed fixed-term employees, referred to as "partner employees." Sumitomo Forestry also operates a system for promoting partner employees to permanent status. It promoted 12 workers to permanent employee status in fiscal 2020.

Number of Partner Employees Promoted to a Permanent Employee

FY2016	FY2017	FY2018	FY2019	FY2020
14	19	12	14	12

* As of April 1 of each fiscal year

Furthermore, we have also implemented a system for partner employees with disabilities (challenged employees) to transition to permanent employment.

Number of Challenged Employees Promoted to a Permanent Employee

FY2016	FY2017	FY2018	FY2019	FY2020
0	1	0	2	1

* As of April 1 of each fiscal year

Human Resources Development

Basic Policy

Guided by the policy for human resources development of “autonomy” and “support,” Sumitomo Forestry aims to realize its Corporate Philosophy by developing employees with a strong sense of pride and motivation, and by creating a culture that is open and inclusive.

Promotion System

Sumitomo Forestry Business Institute, Personnel Department

The Sumitomo Forestry Business Institute within the Personnel Department of Sumitomo Forestry plans and conducts training to teach business skills in which employees can participate widely even outside of their Group company or business division. In addition, meetings for people in charge of Sumitomo Forestry Group Training are held to exchange information about human resource development.

Human Resources Development Department, Housing and Construction Division

The Human Resources Development Department conducts practical education around the axes of the customer perspective and professionalism for employees who belong to the Housing and Construction Division (sales, design, interiors, production, general affairs, and head office staff).

This department also supports training at each company by working closely with each Group company managed by the Housing and Construction Division.

Group company and each department

Training to develop professionalism in each field is conducted at each Group company and in each department.


Human Resources Development System

Under a theme of “Supporting Motivated People,” since the Sumitomo Forestry Business Institute launched in fiscal 2011, the Institute has shifted emphasis, from “training for each level,” which had previously been advocated across-the-board, to more “self-development” and “selective” training, and the content of e-learning has been expanded.

In addition to the training for each level that includes new employee training, we are conducting selective and elective group training jointly throughout the Group. Sumitomo Forestry Business Institute e-learning provides a flexible learning environment to Group employees in Japan.

Sumitomo Forestry Business Institute Training System, Personnel Department (FY2019)

Level/ grade	Management track				Staff track				Proposed recruits			
	Officers	General manager class	Department manager class	Section manager class	Supervisor class		Assistant Supervisor class					
Training for specific levels (across-the-board attendance)	Officers training	Training for new general managers	E2 grade aptitude training	Preparation program for general management		OJT trainer training	Training for 5th year graduates (Group)	Training for 3rd year general management	Shikoku forestry training for 3rd year graduates	Follow-up training for 1st year general management	Follow-up training for 1st year general management	Follow-up training for proposed graduate recruits
				Training for those who have changed job categories		Training for postgraduate employees joining the company		Shikoku forestry training for postgraduates and those who have changed job categories				
Selective training (nominated/ open invitation)		Next generation leader development training				External graduate studies programs		Training prior to overseas posting				
Self-development training (voluntary)		Sumitomo Forestry Business Institute courses (conducted in-house: group training delivered by Sumitomo Forestry instructors or by invited instructors)										
		External public courses (conducted outside the company: external training, open/correspondence courses at university)										
		Support for tuition fees (providing assistance for the cost of attending a preferred external course found independently)										
		Support for obtaining qualifications (providing assistance for the cost of taking examinations registering and reviewing qualifications, and for attending courses to obtain qualifications)										
		Language learning support (providing support for learning languages, such as language schools and language testing)										
Sumitomo Forestry Business Institute/ e-learning		Shared learning (work, human rights, corporate policies, legal compliance, environment, information security, etc.)										
		Business skills (logical thinking, marketing, etc.)										
		Management skills (team management, coaching, etc.)										
		Knowledge (legal, financial, accounting, labor, harassment, mental health, etc.)										
		Specific learning for each business division (Timber & Building Materials Division, Housing Division, etc.)										

*  Training courses in the color indicates that are available for employees from Group companies in Japan

Number of Employees Attending Main Training Programs (FY2019)

Training program	Number of people attending (Non-consolidated) (Persons)	Number of people attending (Group companies) (Persons)	Total
Training by specific levels (15 courses)	1,512	221	1,733
Selective training (22 courses)	150	27	177
Self-development training (79 courses)	182	0	182
e-learning (6 mandatory courses)	4,890	6,418	11,308

Hours of Training and Expenditure on Training (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Hours of training received per employee	9.3	9.4	13.1*	13.6	18.0
Expenditure on training per employee (yen)	91,000	100,000	100,000	97,000	102,000

* Calculation method was changed from fiscal 2017.

► Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness Their Skills and Individuality

Support for Obtaining Qualifications and Attending External Education

Sumitomo Forestry promotes independent efforts for capacity building and career development. For instance, the Company's Regulations for Assistance in Obtaining Qualifications and Attending External Education include provisions for assistance when an employee seeks to obtain qualifications or use an external educational institution.

With regard to obtaining qualifications needed for managing operations and qualifications recommended for capacity building, the regulations prescribe assistance limits for each qualification.

In particular, a lump-sum payment is provided to employees who pass the examination for first-class registered architects to acquire a first-class registered architect's license. 21 employees satisfied the criteria in fiscal 2019.

Initiatives in the Human Resources Development Department, Housing and Construction Division

The Human Resources Development Department engaged in training and a variety of other initiatives in accordance with the training and education policies. Among the trainees, junior employees aim to become independent (fully qualified) by the end of their third year in education that concentrates on making trainees think. OJT strengthens the coordination with trainers and incorporates methods for flipped learning as a means to strengthen OJT. The training aims to provide faster mastery of the content as a place to find more practical follow up.

Flow of Flipped Learning



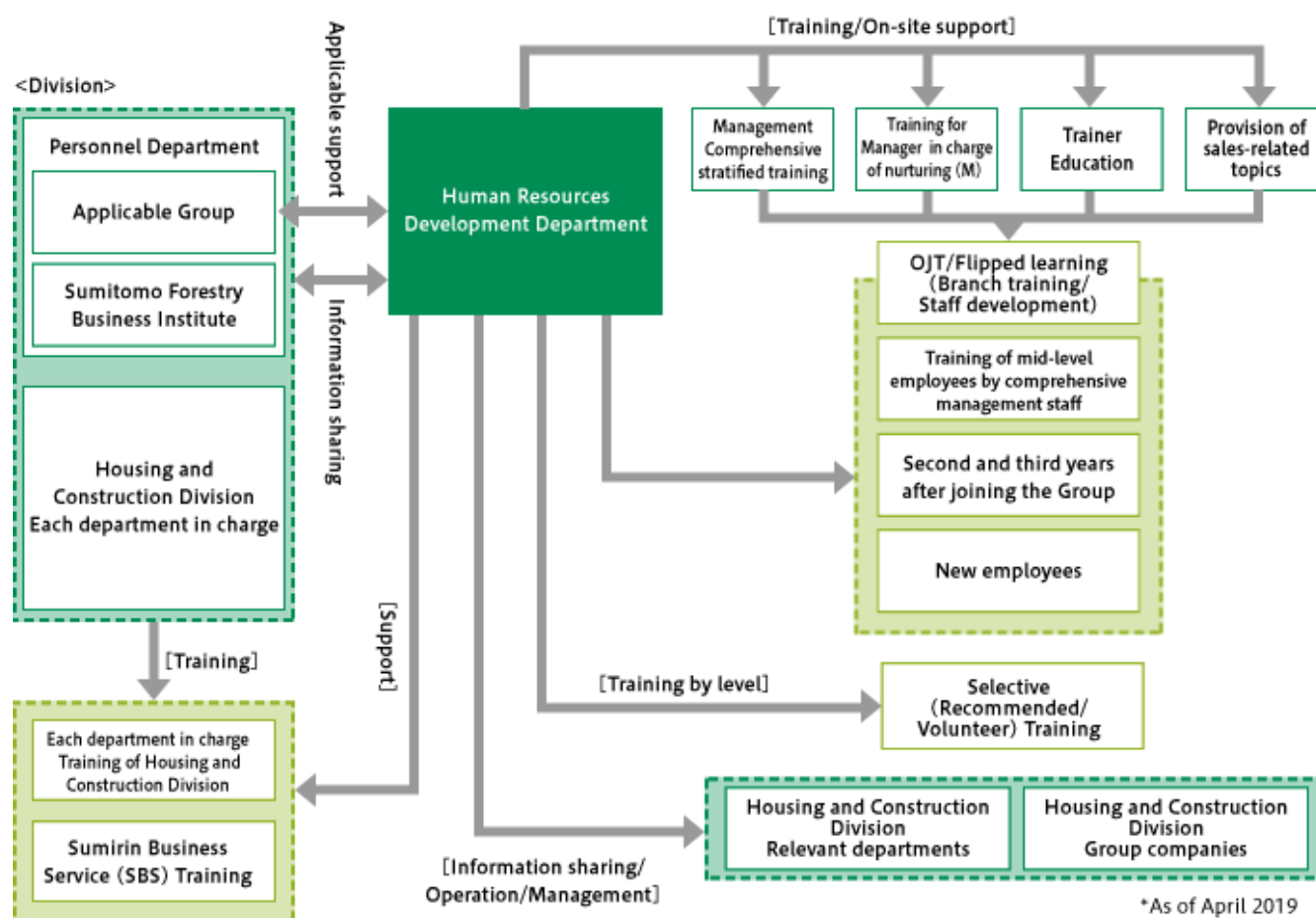
To ensure the OJT for junior and mid-level employees reaches its full potential, we are nurturing management skills, product knowledge, and human assets development capabilities of current and future managers to support and guide on efficient work styles.

Training has also begun using VR video as a new initiative. In addition to on-site training, trainees quickly learn the knowledge necessary for construction by experiencing various virtual environments without exterior influences, and deepen their understanding of operational processes through hands-on experiences as though they are training on an actual site.



Visual and Auditory Sensory Training via Video Projected to a Head-mounted Display Worn by Trainees (Image)

Training Framework of the Housing and Construction Division



Handing Down the Techniques Used in Building Wooden Houses

Sumitomo Forestry recognizes that in order to preserve the way of building houses that makes best use of the traditional Japanese wooden post-and-beam construction method, it is important to pass on these skills and techniques to the next generation of workers.

The Sumitomo Forestry School of Professional Building Techniques is an in-house educational institution certified by the governor of Chiba Prefecture, and was founded by the Company in 1988 as a corporate boarding school for vocational training. Implementation of a one-year training curriculum, the school provides training for new employees at Sumitomo Forestry Home Engineering Co., Ltd. who aspire for a job in carpentry. In terms of construction-related subjects, students study classroom-based subjects such as an introduction to building, structure, drawing, methods of construction, materials and supervision, as well as practical subjects, such as tool operation and maintenance, the traditional technique of marking timber with sumi ink and a carpenter's square, processing, safety work, model-based practical training, demonstration-based practical training and computing with the goal of acquiring a 2nd class carpenter license upon completion. On completion of their training, graduates are assigned to places all around Japan, and after a few years, they return to the school to undertake seven to ten days of training in Japanese rooms and in a preparatory course for acquiring the 1st class carpenter license as a certified specialist.

In fiscal 2019, the school welcomed 57 new enrollments, including carpenters employed at partner firms outside the Company and saw 55 graduating. In fiscal 2020, the school had another 61 new enrollments.



Practical training in construction of a house

New Students and Performance at The Sumitomo Forestry School of Professional Building Techniques

	FY2016 (29th graduating students)	FY2017 (30th graduating students)	FY2018 (31st graduating students)	FY2019 (32nd graduating students)	FY2020 (33rd graduating students)
Number of new students	63	67	69	57	61
Number of graduates	61	66	68	55	-
Students who acquired the 2nd class carpenter license	57	49	62	55	-

Communication with Employees

Basic Policy

Sumitomo Forestry strives to create an environment that facilitates free and vigorous expression as well as an exchange of opinions by employees so that they can perform their responsibilities with vigor, integrity and consideration for others. The Company wants each and every employee to grow within a corporate culture of respect for individual employees, and fair evaluation of accomplishments and efforts.

Communication in Employee Evaluation and Job Execution

Sumitomo Forestry has a policy of providing all employees feedback on their evaluation results, with the main objective of nurturing and developing human resources through employee evaluations. Meetings between individual employees and supervisors must be held once every six months, providing an opportunity to set targets and receive an explanation of evaluation results.

In fiscal 2019, the multi-faceted evaluation system (360 Degree Evaluation) was conducted for management employees in charge of organizational management. This program helps raise awareness and increase management skills to the person under evaluation and provides reference for superiors to guide and evaluate each individual to their direct supervisor by providing feedback of evaluation results.

The evaluation results are utilized for measures in future personnel systems.

Sumitomo Forestry also recognizes the continuous service of employees who have worked for 10 and 20 years to thank them for their contributions to the company over so many years. In addition, the Personnel Department conducts direct self-report hearings of all employees once a year to ascertain opinions on jobs and workplaces, transfer requests and family circumstances, among other matters.

Casual Discussion

Casual Discussions have been held on a regular basis since 2007 as a platform for discussion between the President and employees, with an aim of facilitating new ideas for the Sumitomo Forestry Group.

The Sumitomo Forestry Group held two dialogues by recruiting participants from Group companies in fiscal 2019. The initial dialogue was held for the first time in Hiroshima Prefecture. This event brought together employees working in the same region to share their ideas about how to energize their local area (territory). The second dialogue discussed stepping up to challenges, participated by employees that utilized the programs offered by the company and are now actively taking part in new fields. Both dialogues provided an exchange of ideas and sharing their actual experience. This act is an opportunity for face-to-face dialogue between management and employees, and we plan to continue organizing this discussion in fiscal 2020.



Casual Discussion

Employee Satisfaction Survey

Sumitomo Forestry conducted the ninth employee satisfaction survey between August and September 2019.

The survey asked 86 different questions in ten categories: work, work load, workplace, supervisor, evaluation/treatment/skill development, career, management and vision, customer first, compliance, and satisfaction.

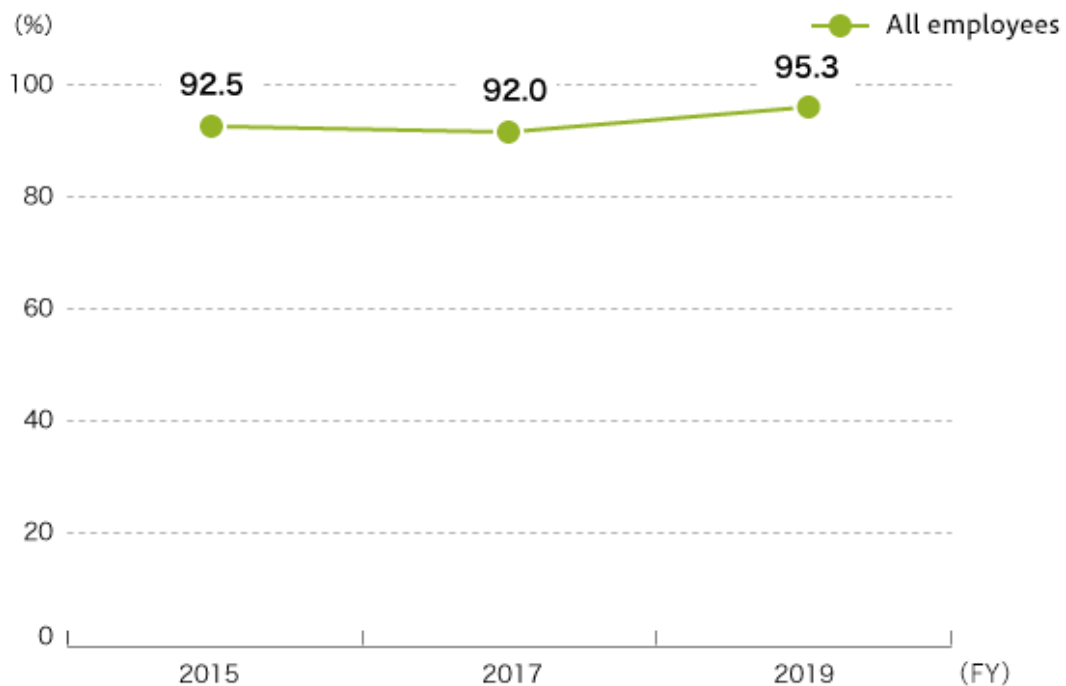
The questionnaire targeted 5,108 full-time and partner employees with a response rate of 95.3%.

As a result of the survey, 78.8% of employees answered either "absolutely" or "yes, if I have to choose" when asked whether they were satisfied working for Sumitomo Forestry. Every year, employee satisfaction improves in matters related to paid leave taken, promotion of women's active participation in the workplace and diversity, which clearly shows the effect of work-style reform initiatives. To improve the level of satisfaction even more, we discovered the importance of employees feeling more motivated than ever before about their jobs in addition to the need for more active workplace communication.

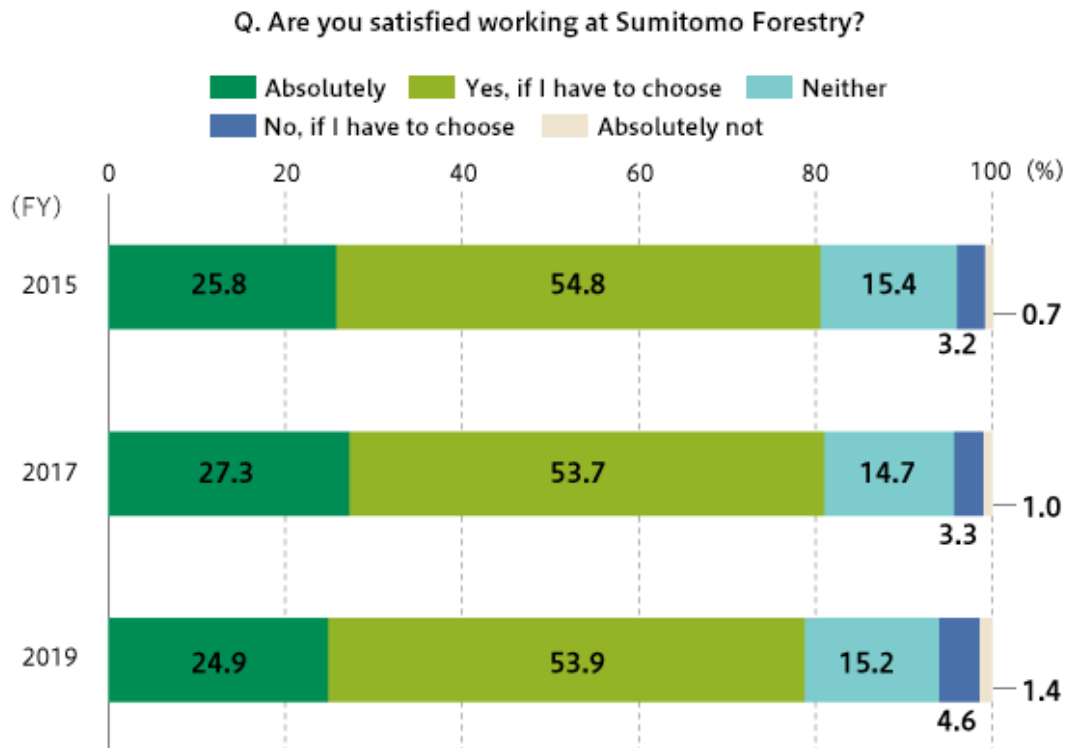
Furthermore, this survey was also jointly conducted at 24 consolidated Group companies in Japan and Sumitomo Forestry in fiscal 2019. The questionnaire targeted 11,906 full-time and fixed-term employees (including some part-time employees) with a response rate of 91.0%.

This employee satisfaction survey had been conducted every other year up until now, but Sumitomo Forestry plans to introduce it as an annual survey throughout all consolidated Group companies in Japan to understand yearly changes.

Employee Satisfaction Survey Response Rate (Sumitomo Forestry)



Employee Satisfaction Survey Trends (Sumitomo Forestry)



Relationship with Labor Unions

All of the eligible employees at Sumitomo Forestry (3,734 people) have joined the labor union as of April 1, 2020. Within the labor agreement completed between the Company and the Sumitomo Forestry Labor Union, the Company recognizes the Labor Union's right to freely engage in activities and to collective bargaining, and promises to guarantee the stable livelihoods of labor-union members, and to maintain and improve labor conditions by establishing meetings with management comprised of both labor and management members.

In fiscal 2019, joint labor-management discussions were held on 21 occasions, and following on from fiscal 2018, consideration was given to measures for reducing long working hours and innovating work styles.

Membership rate in
labor unions
(Non-consolidated)

100%

Promotion of Social Contribution Activities

Basic Policy

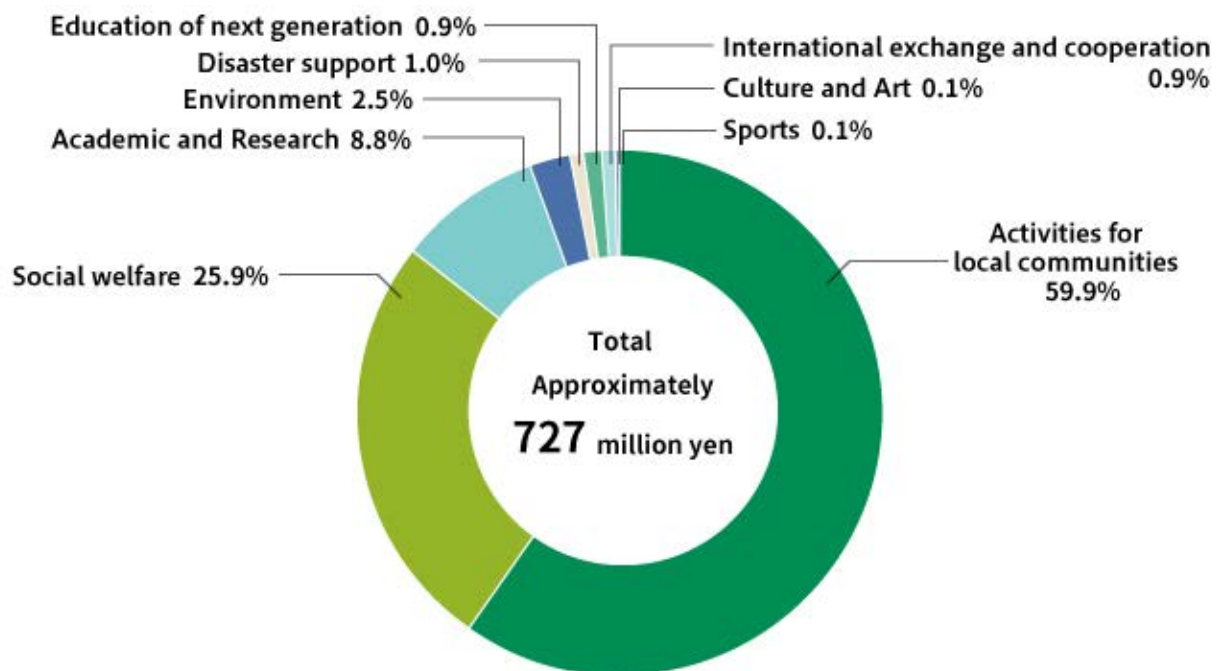
The Sumitomo Forestry Group advocates “the development and sale of reliable and safe products and services that consider the environment and society” as one of five important issues. Even in business processes, the Group makes considerations that include community development and local social welfare. Other social contribution activities are expanding globally around fields that include the environment and education of the next generation around an axis of forests and wood, which are closely related to the Group's businesses.

In addition to the emphasis on education in elementary and junior high schools, such as forest field trips and support for building monastic schools in developing countries, Sumitomo Forestry actively promotes reforestation of forests afflicted by disasters and cultivation of heritage and precious trees as well as other activities. Sumitomo Forestry also supports volunteer activities undertaken by individual employees in local communities to create a workplace environment that encourages people to contribute to their local communities.

- ▶ [Examples of Social Contribution Activities in Japan](#)
- ▶ [Examples of Overseas Community Development and Regional Contribution Activities](#)

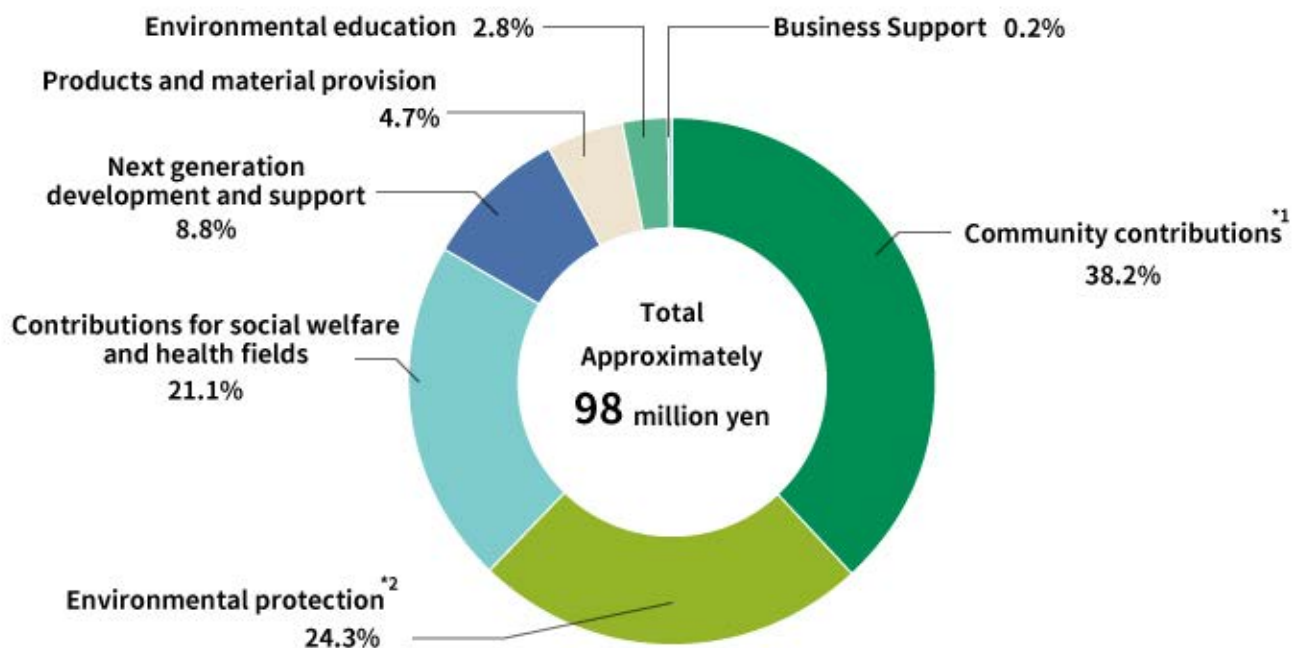
Social Contribution Donations

Breakdown of Social Contribution Donations by Category (FY2019)



Expenditure on Social Contribution Activities

Breakdown of Expenditure on Social Contribution Activities (FY2019)



*1 Mt. Fuji Manabi no Mori operation costs, etc.

*2 Costs of community cleaning activities and the Forester House operation, etc.

Volunteer Leave Program

To support its employees' volunteering activities, in May 2011 the Company established a volunteer leave program that allows employees a total of five days of leave a year for volunteer activities. One employee took volunteer leave in fiscal 2019.

Moreover, the Company provided special support for volunteer activities for the Great East Japan Earthquake, for a specific time period, it paid the travel expenses and volunteer insurance premiums of employees who wanted to help.

In addition to the five days that can be taken in the current volunteer leave program, employees can now take an additional ten days of leave (unpaid) if participating as a Tokyo 2020 Games (Olympics/Paralympics) volunteer recruited by the Tokyo Organising Committee of the Olympic and Paralympic Games. 20 employees are expected to take advantage of this additional leave. In the future, we will flexibly adapt to the changing situation around these games in ongoing support of employee volunteer activities.

Contributions to Public Policy

The Sumitomo Forestry Group coordinates and cooperates with national and local governments, the business community and others, making recommendations toward the improvement and resolution of worsening environmental and social issues.

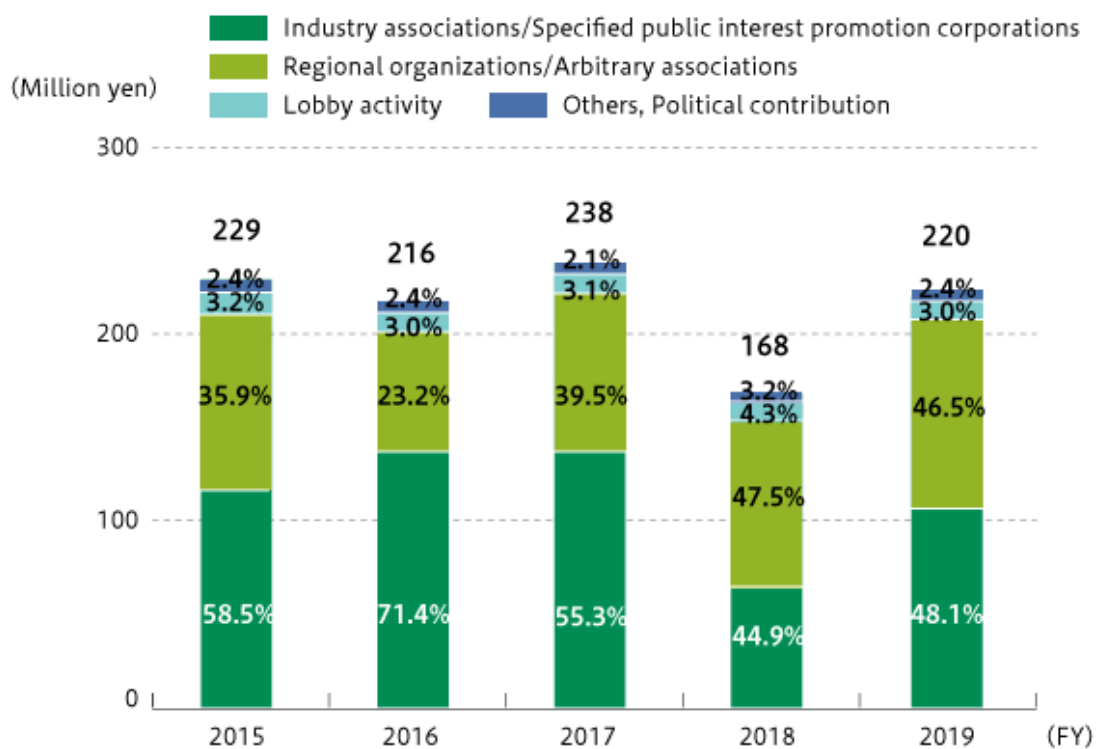
Public Service (As of April 1, 2020)

Organization	Position	Position in the Company	Name
Japan International Association for the Industry of Building and Housing	Representative Supervisory Officer & Chairperson	Chief Corporate Advisor	Ryu Yano
Organization for Landscape and Urban Green Infrastructure	Representative Supervisory Officer & Chairperson	Chief Corporate Advisor	Ryu Yano
National Conference for Promoting Forestry Revival and Regional Revitalization	Vice-chairperson	Chief Corporate Advisor	Ryu Yano
Japan Global Exchange Forum for Housing, Building and Urban Development	Supervisory Officer & Vice Chairperson	Chief Corporate Advisor	Ryu Yano
The Tokyo Chamber of Commerce and Industry	Special adviser	Chief Corporate Advisor	Ryu Yano
Yamaguchi Industrial Strategy Committee	Industrial Strategy Advisor	Chief Corporate Advisor	Ryu Yano
Kansai Philharmonic Orchestra	Trustee	Chief Corporate Advisor	Ryu Yano
32nd Local Government System Research Councils, Cabinet Office	Chairperson	Representative Director Chairperson	Akira Ichikawa
Council for the Promotion of Decentralization Reform, Cabinet Office	Assembly Member	Representative Director Chairperson	Akira Ichikawa
National Exchange Examination Board, National Personnel Authority	Board Member	Representative Director Chairperson	Akira Ichikawa
Japan Association of Corporate Executives	Vice Chairperson	Representative Director Chairperson	Akira Ichikawa
Wooden Home Builders Association of Japan	Chairperson (Representative Supervisory Officer)	Representative Director Chairperson	Akira Ichikawa
Japan Federation of Housing Organizations	Vice Chairperson (Representative Supervisory Officer)	Representative Director Chairperson	Akira Ichikawa
The Machinami Foundation	Director	Representative Director Chairperson	Akira Ichikawa
Japan-China Association for Building and Housing Industry	Supervisory Officer & Vice Chairperson	Representative Director Chairperson	Akira Ichikawa
The Building & Housing Center of Japan	Outside director	Representative Director Chairperson	Akira Ichikawa

Organization	Position	Position in the Company	Name
The Provision of Quality Housing Stock Association	Vice-chairperson	Representative Director Chairperson	Akira Ichikawa
Keidanren (Japan Business Federation)	Standing Secretary	Representative Director Chairperson	Akira Ichikawa
Keidanren Committee on Nature Conservation	Vice-chairperson	Representative Director Chairperson	Akira Ichikawa
The Tokyo Chamber of Commerce and Industry	Standing Advisor	Representative Director Chairperson	Akira Ichikawa
The Tokyo Chamber of Commerce and Industry - Japan Committee for the Japan-New Zealand Business Council	Committee chairperson	Representative Director Chairperson	Akira Ichikawa
Japan Indonesia Association, Inc.	Director	Representative Director Chairperson	Akira Ichikawa
Gifu Academy of Forest Science and Culture	Special guest professor	Representative Director Chairperson	Akira Ichikawa
Japan Association of Corporate Executives Sustainable Development Goals (SDGs) Workshop	Vice-chairperson	Representative Director President and Executive Officer	Tatsuru Satoh
Institute for Innovative Healthcare	Director	Representative Director President and Executive Officer	Tatsuru Satoh
Japan 2x4 Home Builders Association	Director	Managing Executive Officer	Ikuro Takahashi
The Building & Housing Center of Japan	Executive Delegate	Managing Executive Officer	Ikuro Takahashi
Japan Federation of Housing Organizations - Environment Committee	Committee chairperson	Advisor	Hideki Nose
Japan Federation of Housing Organizations - International Foreign Relations Committee	Committee chairperson	Advisor	Hideki Nose
Institute for Building Environment and Energy Conservation	Director	Advisor	Hideki Nose
Japan International Association for the Industry of Building and Housing	Operational Committee Chairperson	Advisor	Hideki Nose
Wooden Home Builders Association of Japan	Operational Committee Chairperson	Advisor	Ken Wada
Japan Greenery Research and Development Center	Trustee	Chief Engineer, Environment and Resources Division	Akito Kataoka
National Land Afforestation Promotion Organization	Director	Chief Engineer, Environment and Resources Division	Akito Kataoka

Organization	Position	Position in the Company	Name
The Forest Culture Association	Director	Chief Engineer, Environment and Resources Division	Akito Kataoka
Japan-Papua New Guinea Association	Director	General Manager, Overseas Resources Department	Masanobu Nishikawa

Costs Such as to Various Associations



Examples of Social Contribution Activities in Japan

Mt. Fuji Manabi no Mori Project

We are continuing the Mt. Fuji Manabi no Mori Project which began in 1998 to commemorate the 50th anniversary of the Company's establishment, setting out to restore the vitality of the rich national forest cloaking the foothills of Mt. Fuji that was extensively damaged by a typhoon. Today, this project visualizes the progress of tree growth in survey areas of planted regions and oversee natural forest recovery of Mt. Fuji Manabi no Mori.

In fiscal 2019, the Mt. Fuji Manabi no Mori was used for volunteer activities, environmental education programs as well as opened to NPOs and other organizations. A total of 1,554 people visited Mt. Fuji Manabi no Mori from inside and outside of the Company with a total of 29,818 people visiting the project between fiscal 1998 and 2019.

▶ [20-year History of Mt. Fuji Manabi no Mori Booklet \(in Japanese\)](#) 

Volunteer Activities in Forestry Development

Since the start of the project in 1998, up until now, a cumulative total of 28,000 volunteers have helped to plant approximately 30,000 region-specific saplings and conduct other forestry efforts.

To date, reforestation efforts of national forest damaged by typhoons were completed as the first phase by removing the hexatubes. In fiscal 2019, a tree survey began as a monitoring survey necessary to comprehensive forest management activities. As the first year of this tree survey, 189 volunteers took part in creating a database from records of 495 trees planted on approximately 1,800 m2 over four days under the guidance and cooperation of arborists and other tree experts.

The Manabi no Mori project will shift to a more suitable forest for learning by visualizing the growth of the trees that have been cultivated by the volunteers.

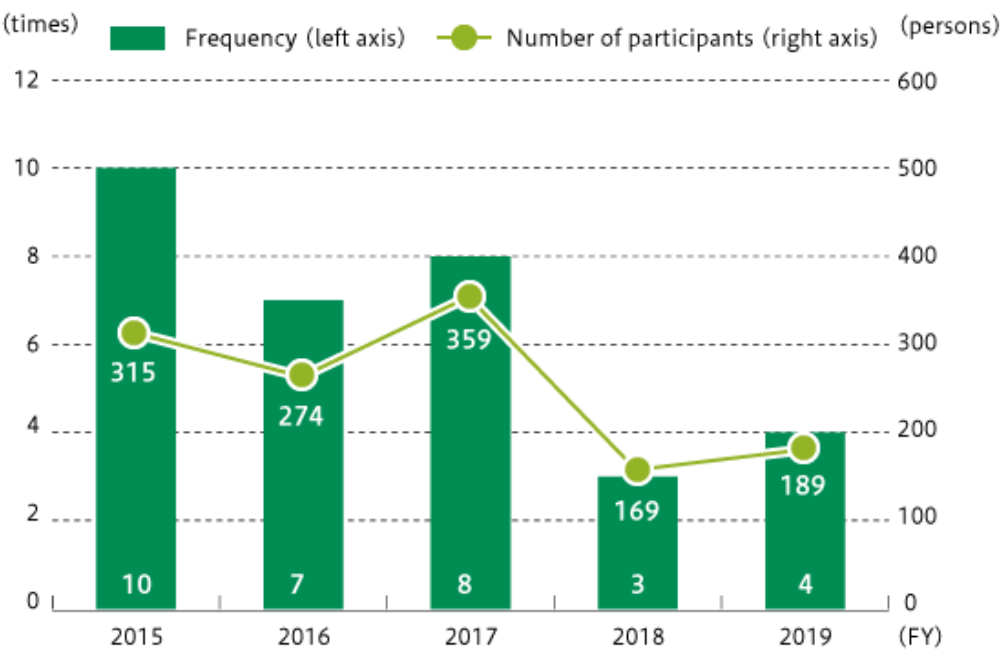


Employees Participating as Volunteers



Students of the Sumitomo Forestry School of Professional Building Techniques Participating as Volunteers

Forest Recovery Volunteer Activities Trend



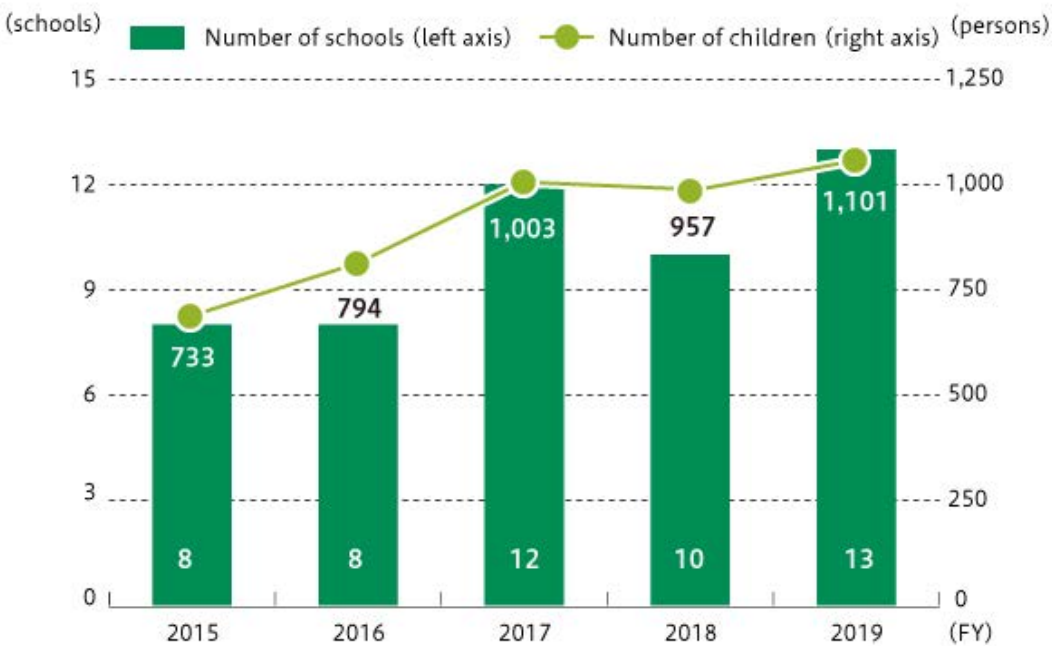
Environmental Education Program

Sumitomo Forestry has been implementing an Environmental Education Program for local elementary and junior high school students since fiscal 2006 in collaboration with the NPO Whole Earth Institute. Activities include nature observation and games incorporating the five senses. The aim of these opportunities to rediscover the natural world is for the students to learn about the importance of nature and encourage them to consider new ways in which people can coexist with nature in the future. In fiscal 2019, a total of 1,101 students and children from 13 schools were invited to the program. A cumulative total of more than 10,000 students and children have been invited as of fiscal 2019.



Environmental Education Program

Environmental Education Program Trend



Vegetation Monitoring and Wildlife Habitat Survey

We have been conducting vegetation surveys since fiscal 2000 to monitor the recovery of the natural forest under the guidance of Vegetation Management Science Laboratory, Tokyo University of Agriculture and Technology. From the same year, we have been conducting wildlife habitat surveys with the cooperation of the Minami Fuji Branch of the Wild Bird Society of Japan.

The vegetation monitoring has been able to confirm the gradual growth of beech, Japanese zelkova, and other trees that were planted as well as dogwood and amur cork trees that grew naturally after the damage caused by the typhoon. Over the last 20 years, the survey revealed that the planted trees had not only gotten larger but entire species in the forest also recovered.

The environment where the ground was bare after the removal of fallen trees gradually transformed from grasslands to forests. With this, on the wildlife habitat survey, the population of pheasants and shrikes is declining, and in their place, the population of such birds of the forest as narcissus flycatchers and varied tit is increasing with opportunities to view them becoming more frequent, indicating that the forest is steadily recovering.

In fiscal 2019, we started a three-year entomological survey with the cooperation of Tokoha University professors. This monitoring survey will identify and list over 80% of the insect species living in Manabi no Mori with a large behavioral range.

Cultivating a forest is a never-ending job and Mt. Fuji Manabi no Mori, too, is a 100-year project. To ensure that the project is still running 100 years from now, forest management and environmental activities will be continued as a way to communicate the importance of nature to as many people as possible.

Vegetation Shift in the Wind-afflicted Area



(2001)



(2008)



(2016)

► [Mt. Fuji Manabi no Mori \(in Japanese\)](#)

Cooperation with Local Communities

The Sumitomo Forestry Group conducts biodiversity conservation in surrounding areas where it engages business in and conducting and activities tied to local communities with local residents.

Forest Maintenance Activities at Gunma Manabi no Mori

In July 2012, Sumitomo Forestry and Gunma Prefecture signed a prefectural forest maintenance partnership agreement, and are working with the prefectural authorities to promote the maintenance of forest at the foot of Mt. Akagi.

Located within the jurisdiction of Maebashi City, Akagi Forest is owned by Gunma Prefecture, which promotes maintenance and conservation of its forests in cooperation with companies and organizations. Sumitomo Forestry held Gunma Manabi no Mori during fiscal 2019. With the cooperation of local forest associations, 73 employees of Sumitomo Forestry and partner building contractors as well as their families participated in the activities which included planting of Japanese cypress seedlings and thinning in May. 94 owners and their families took part in the same program in July.



Gunma Manabi no Mori

Advocating the Kanagawa Zero Plastic Waste Declaration

In February 2019, the Sumitomo Forestry sales offices in Kanagawa (Yokohama Branch, Yokohama North Branch, Kanagawa West Branch, Shonan Branch, and Tokyo South Branch of Housing and Construction Division) pledged their support for the Kanagawa No Plastic Waste Declaration. In the future, we will continue the beach cleaning activities that began in fiscal 2018 as well as providing environmental education for local communities about plastic waste.

► [Kanagawa Zero Plastic Waste Declaration](#)

Development of Technology to Pass Down Heritage and Precious Trees to the Next Generation

Sumitomo Forestry uses the most cutting-edge biotechnology in addition to conventional grafting and cutting based on the request of owners to pass down heritage and precious trees to the next generation. We are also putting our strength into breeding seedlings that provide the properties in the flowers and leaves of heritage and precious trees as a way to pass down both heritage and precious trees to the next generation. In addition, we are building a DNA database for trees to further advance a sophisticated program to identify individual varieties.

Successor Trees to the Miracle Pine Return Home: -Rikuzentakata City, Takatamatsubara Tsunami Memorial Park Tree-planting to Commemorate the Opening of the Park-

The successor trees of the Miracle Pine cloned through grafting returned to their homeland in Rikuzentakata City for the first time on September 22, 2019. The “Miracle Pine” was the sole surviving pine tree from the tsunami caused by the Great East Japan Earthquake. Sumitomo Forestry attempted to cultivate successor trees to the Miracle Pine and, in 2011, was successful in using grafts and seedlings to propagate new trees. Three of these successor trees were planted for the opening ceremony of the Takatamatsubara Tsunami Memorial Park. It is hoped that these successor trees propagated from the Miracle Pine will become a symbol of protection against disaster and remind those to come of the Great East Japan Earthquake. These successor trees, together with Rikuzentakata City that recovered strongly from the disaster, will live on to a new tomorrow.



Miracle Pine seedling planted by Princess Hisako Takamado

Sumitomo Forestry's Endeavour to Cultivate Successor Trees of the Miracle Pine

April 2011	Japan Landscape Contractors Association Iwate Division Manager Yoneuchi launches the Miracle Pine Rescue Project. Cuttings, graftings, tissue cultures and seedlings are all examined as possible methods of propagation.
December 2011	Three grafted saplings and 18 seedlings germinate
September 2012	Approximately 1,000 pine cones are harvested when the Miracle Pine is felled. Breaking down all of these pine cones, 75 seeds are collected
March 2013	Seeds collected in September of the previous year are planted.
June 2013	The 18 seedlings that germinated in 2011 all wither and die nine seedlings are successfully cultivated from the 75 seeds collected in 2012.
Present	Three grafted trees and nine seedlings are growing well.

Launch of the TOKYO Sakura Project -Preserving and Popularizing the Tokyo Sakura by Tokyo Metropolitan Government and Sumitomo Forestry-

The Tokyo Metropolitan Government and Sumitomo Forestry launched the TOKYO Sakura Project to preserve and popularize the cherry blossoms that has close ties with Tokyo. Sumitomo Forestry is passing on the genetic strains of Tokyo Sakura through species identification via the genetic information as well as the cloning techniques via tissue cultures unique to Sumitomo Forestry in accordance with the Partnership Agreement on the Natural Park Business concluded by Sumitomo Forestry and the Tokyo Metropolitan Government in April 2018.



TOKYO Sakura Project Logo

Start of the Oku Matsushima Natural Recovery Volunteer Planting Activity

Sumitomo Forestry entered into a partnership agreement on restoration property development coordination and cooperation with Higashi Matsushima City, Miyagi Prefecture in July 2012 after the Great East Japan Earthquake to make every effort toward restoration. Higashi Matsushima City aims to revitalize tourism by bringing back the wetlands in the Susaki district near the Nobiru coast devastated by the tsunami. As part of this effort, Sumitomo Forestry began trial tree planting activities in fiscal 2017. A soil investigation discovered a high concentration of acidity, which needed considerations about the tree species and techniques for planting. We then formulated a tree-planting plan taking into account third-party insight from the Tohoku Research Center of the Forestry and Forest Products Research Institute.

We could check and make sure the seedlings had been growing with support by local community, so that the Higashi Matsushima Nature Recover Volunteer Planting Activity started near Oku Matsushima “Kizuna” Solar Park along the Nobiru coast of Higashi Matsushima City In fiscal 2019.

On October 23, a total of 136 people from the local community, students from Miyanomori Elementary School in Higashi Matsushima and Sumitomo Group employees took part in planting 630 botanical plants, such as Japanese black pine and evergreen shrubs indigenous to Japan. This is a medium- to long-term plan executed together with the local community.



Students from Miyanomori Elementary School in Higashi Matsushima and employee volunteers from the Sumitomo Forestry Group

Training and Education for the Next Generation

Sponsoring Marunouchi Kids Jamboree 2019 and the Children's Tour Day in Kasumigaseki to Share the Importance of Trees and Nature with Children

Sumitomo Forestry participated in the Children's Tour Day in Kasumigaseki alongside various government agencies and ministries, such as the Ministry of Education, Culture, Sports, Science and Technology and sponsored as well as exhibited a booth at the Marunouchi Kids Jamboree held at the Tokyo International Forum in August 2019. These are hands-on events aiming to deliver opportunities for children to learn about the society around them. The Marunouchi Kids Jamboree has been held continually throughout each summer season since 2007 under a concept to deliver wonder, discovery and surprise to nurture aspiration for the future in the next generation. Sumitomo Forestry has sponsored this event for the last four consecutive years since 2016. This is the first time the Company has opened a booth in the Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism exhibition venue at the Children's Tour Day in Kasumigaseki. Both of these events provided quizzes for everyone to participate in to share the unique characteristics of wood through direct, hands-on experience. Anyone who answered the quiz was given Kikori merchandise as a present. Both parents and children alike were able to experience the fun and thrill of learning at the Kids Jamboree.

We also broadly shared information about both events in the new Yomiuri KODOMO Shimbun and distributed these newspapers to children visiting model homes and Mt. Fuji Manabi no Mori.



Kids Jamboree Event



Yomiuri KODOMO Shimbun

Conducting Corporate Research Seminars for Ministry of Education, Culture, Sports, Science and Technology-Designated Ehime Prefectural Matsuyama Higashi High School

Students of Matsuyama Higashi High School visit Niihama, Ehime, where the Sumitomo Forestry Group was founded, to take part in a seminar every year, as part of reforms of education curriculum as well as research and development projects (human resource development of future leaders through the development, practice, and systemization of high-quality curriculum) that help nurture leaders in high schools launched by the Ministry of Education, Culture, Sports, Science and technology since 2014.

FY2014 to FY2018	Super Global High School Program
Since FY2019	Program to Promote Education Innovation at High Schools in Cooperation with Local Communities

The seminar held in July 2019 was made up of two sections; a lecture to introduce the businesses of the Sumitomo Forestry Group as well as a discussion about the experiences of employees working abroad among other things in Niihama Office as well as field work at the Forester House in Kyubesshi. These students learned about the corporate spirit passed down through the close to 325-year history of Sumitomo Forestry as well as the contributions to current business expansion overseas.

In fiscal 2014 and fiscal 2015, students visited the Djakarta office to experience the Sumitomo Forestry business expansion in Indonesia.

Sumitomo Forestry sponsors and cooperates with the Ministry of Education, Culture, Sports, Science and Technology in reforms of education curriculum as well as research and development programs that help nurture leaders in high school through this series of activities.



Forester House

Other

Donation of 8,000 Dust Masks to the Ministry of Health, Labour and Welfare to Support Medical Sites

Sumitomo Forestry responded to the lack of medical masks that can prevent the spread of infection through droplets, including viruses, on medical sites with the spread of the COVID-19 infection by donating 8,000 dust masks with the same performance as medical masks stockpiled for an emergency to the Ministry of Health, Labour and Welfare after a request from the Keidanren.

In the future, we will continue to use all of our strength as a corporate group to cease the spread of this infection and recover both social and economic activities.

Examples of Overseas Community Development and Regional Contribution Activities

Contributing to Communities Where Sumitomo Forestry Operates

The Sumitomo Forestry Group aims to contribute to sustainable local development through its operations. When starting new businesses or expanding its overseas business sites, the Group's policy is to consider the environment, revitalize local economies and promote employment and thereby operate in harmony with local communities.

Activities Which Contribute to Local Communities in Indonesia

Support for Children Through the KTI Educational Foundation

PT. Kutai Timber Indonesia (KTI) founded the KTI Educational Foundation in 2000 to commemorate its 30th anniversary with the purpose of improving the livelihood of people in Indonesia through education as well as engaging in social activities. This foundation primarily provides educational support to impoverished children as well as school supplies to public schools in Probolinggo in the East Java province where a Sumitomo Forestry Group plant is located. In fiscal 2019, the foundation provided school supplies to orphans, English learning assistance to students living near the plant and other such support as well as IDR 45,480,800 (approx. 350,000 yen) in financial support.



Providing uniforms to children at the orphanage

Community Development Through Project EARTH Initiatives

Sumitomo Forestry has also been involved in Project Earth since 2009 to offset CO₂ (approximately 60,000 tons) emitted from the harvesting of wood used for primary building materials of Sumitomo Forestry Home houses, and emitted from transport, fabrication, and construction by planting in Indonesia. This project combines "environmental reforestation" for the purpose of recovering the ecosystem of degraded forests in national parks and community-oriented "industrial tree plantations" that unify sustainable comprehensive forest management and community contributions.

Environmental Reforestation to Combat the Harsh Natural Environment and Forest Fires

In Bromo Tengger Semeru National Park located in East Java, Indonesia, Sumitomo Forestry planted about 1.1 million trees, including supplementary planting, over roughly 700 hectares of plantation forest between fiscal 2009 to fiscal 2016. Mount Bromo erupted in 2010 at this national park damaging the plantation forest due to volcanic ash and gas. At the end of a severe dry season in November 2014, a large fire broke out and burned almost all of the roughly 400 hectares of forest planted up to 2013. We replanted the forest, constructed a fire belt that was six meters in width and 20 km in total length, prepared water and equipment for fire-fighting, and introduced around the clock dry season patrols. However, in October 2019, a large number of forest fires broke out in the national park and once again damaged approximately 470 hectares of plantation forest.

Sumitomo Forestry continued to manage the plantation forest even after 2017 upon completion of the reforestation until transferring the environmental reforestation responsibilities to the national park in March 2020 after completing the agreed upon project with them. In the future, the national park plans to restore the ecosystem by maintaining and managing the plantation forest.

Community-oriented Industrial Tree Plantation Side-by-Side the Local People Who Wish to Plant Trees

Starting in the Lumajang Regency located at the foot of Mount Semeru in East Java, Indonesia, Sumitomo Forestry worked with the local people to cultivate about 3,800 hectares of community oriented industrial tree plantation between fiscal 2010 and 2017. The harvest and sell of the grown trees that were planted will stimulate the local economy. Pt. Kutai Timber Indonesia (KTI), a Sumitomo Forestry Group company, took charge of the local activities promising to purchase future logs to give the local people confidence in their planting efforts. Sumitomo Forestry not only engaged in planting activity, but also provided local lifestyle infrastructure, building routes necessary for reforestation, and made donations such as academic supplies to kindergartens and elementary schools in addition to setting up public restrooms in villages.

After completing the planting efforts in fiscal 2017, the cultivation and reforestation efforts transferred to KTI and participating citizens. Thereafter, the local people involved have been planting trees they themselves cultivated and harvested in addition to seedlings provided for free from KTI. KTI provided the local people with 920,000 seedlings in fiscal 2018 and 680,000 seedlings in fiscal 2019.

66,891 houses were delivered during this project period with a roughly 400,000-ton CO₂ fixation target. As of ten years since these planting efforts, the cumulative total estimated CO₂ fixation was 430,000 tons*. This is expected to reach our carbon dioxide fixation target of 6 tons per household.

Sumitomo Forestry strives to support the local people who want to plant more trees together with KTI in Indonesia.

*Excludes CO₂ fixation for environmental reforestation deemed to have a high risk of fires and other disasters.

Community-oriented Industrial Tree Plantation Area and Estimated CO₂ Fixation

FY	Number of Relevant Households	Target CO ₂ Fixation	Plantation Area (ha)	Estimated CO ₂ Fixation
2009	3,014	18,084	0	0
2010	8,435	50,610	740	68,734
2011	9,253	55,518	588	63,115
2012	9,407	56,442	702	58,419
2013	9,781	58,686	505	62,854
2014	9,350	56,100	482	61,645
2015	8,759	52,554	408	62,161
2016	8,892	53,352	406	55,273
Total	66,891	401,346	3,831	432,202

* The estimated CO₂ fixation value is calculated by a prescribed method from the estimated timber volume of plantation forest ten years after planting.

► [Reforestation Activities Contributing to the Society](#)

► [News Release: KTI Reforestation Cooperative Newly Acquires the FSC Forest Certification \(in Japanese\)](#)



Water Maintenance and Management to Prevent Fires



Fire Prevention Response Team



Harvesting and Transport of Timber

Community Contributions Through Social Forestry

As a manufacturer and seller of plywood and processed wood products, PT. Kutai Timber Indonesia (KTI) contributes to the local economy and community greening through “social forestry” by distributing seedlings to local residents for free to plant on the lands they own and promising to purchase timber when the trees are mature at its market value.

► Promoting Sustainable Timber Procurement



Donated Seedlings



Distribution of Free Seedlings and Buy Back Guarantee of Logs

Respect for Local Tradition and Culture at Overseas Plantations

The plantation forest operations in Indonesia communicate with the local residents and associations to gain a deep understanding of the local traditions and culture and conduct safety festivals together with the local people when starting operations in accordance with those traditions. Sumitomo Forestry also engages in efforts to respect the traditions and cultures of local communities, such as capital support for traditional events held by local residents.



Village meeting

Technical Development for Sustainable Peatland Use

Sumitomo Forestry strives to develop forestry technologies together with the region through large-scale plantation operations in West Kalimantan, Indonesia.

► Plantation Forest Operations in West Kalimantan, Indonesia (Industrial Tree Plantation)

Building Infrastructure and Providing Basic Educational and Medical Support in Neighboring Business Regions

PT. Mayangkara Tanaman Industri (MTI), a large-scale plantation forest business operator in Indonesia, views sustainable development of local communities as a vital managerial challenge, and thereby, undertaking community services that meet the needs of local residents in the areas through education, medicine and hygiene, infrastructure development, agriculture, and livelihood enhancement.

Up until now, a water purifying plant was setup in villages in business regions to supply safe water for daily life to residents. In addition, Sumitomo Forestry works to provide basic educational support by building local elementary schools and deploying teachers where facilities and instructors are lacking in addition to medical support which includes free examinations for neighboring residents.

In fiscal 2018, adoption of flood disaster prevention in neighboring communities began with the water level management technology developed through the Sumitomo Forestry business. Infrastructure that is easy to maintenance and able to effectively adjust water levels is offered to neighboring communities.



Support for stationary at elementary schools in operating areas



Educational Environment at the Elementary School



Ladakh Water Level Management Infrastructure

Building Social Infrastructure in Papua New Guinea

Open Bay Timber Ltd. (OBT) in Papua New Guinea has been operating a plantation forest since 1984 and it contributes greatly to the economic development of the region. In April 2007, OBT became a Group company of Sumitomo Forestry to further healthy expansion and effective use of reforestation timber resources.

OBT also operates its own clinics and super markets for their employees and local residents to use because the preparation of social infrastructure is insufficient in Papua New Guinea. In neighboring villages, OBT nurses periodically visit neighboring villages to perform infant health checkups and provide advice to the sick as well as conduct educational activities. Furthermore, a dedicated clinic vehicle was arranged to transport patients to larger hospitals.

OBT employs full-time health workers day and night at the Open Bay Clinic to provide general medical care, support childbirth and pharmaceutical needs, accept patients into the hospital, and transfer patients with serious medical concerns to major hospitals by land and sea.

The patients receiving care are not only employees and their families but also many people who travel from far away for treatment.

This clinic is the most advanced medical clinic within a 60 km radius and greatly contributes to the local community in a country where medical facilities are lacking, such as providing space for visiting Doctors Without Borders and the WHO program to eradicate elephantiasis.



Full View of Open Bay Clinic



Four-wheel drive vehicle to transport patients available at the clinic

A large-scale charity medical event was also held in fiscal 2018 at the Open Bay Clinic built and operated by OBT to offer local citizens a place to be examined properly for those that cannot visit major town to receive such examinations with the cooperation of the health department of the province. The medical staff of over 40 professionals brought together from around the world examined for diagnosis for approximately 500 people over the three days of this event.



Diagnosing and Treating Adults and Children Alike

Social Contribution Through the Housing Business in the United States and Australia

The Sumitomo Forestry Group engages in social contribution activities through the housing business in the United States and Australia.

In the United States, MainVue Homes set up MainVue Day in 2015 as a day each year for employees to participate in volunteer activities at least once. This program both works as an ongoing philanthropic activity and also an opportunity to reflect on a corporate philosophy that focuses on giving back to society.

MainVue Homes employees took advantage of MainVue Day in 2019 to participate in a volunteer effort held by the Low Income Housing Institute (LIHI)—a non-profit offering housing assistance to low-income and homeless people in Washington—to build a group of small homes. There are approximately 40,000 homeless people living in Washington, of which 7,000 are estimated to live with children. LIHI builds small homes equipped with electricity and heat for families living under these harsh conditions. With the hope of providing at least a little more comfort in the lives of these impoverished people, MainVue Home employees pitched in wherever they could from painting both the inside and outside of homes and building front porches to cleaning the housing exteriors.



MainVue Homes Employees Taking Part in the Construction Work



Crescent Communities, another company in the United States, worked with the project held by Habitat for Humanity—an international non-profit organization providing housing assistance in over 70 countries worldwide— to build and provide homes at an accessible price to help families who cannot afford a home. The Company worked with 14 other multifamily developers active in Charlotte, North Carolina to fund and build a home in the northern area of the city in 2019. Employees from Crescent Communities took part in the construction and completed the home in July. The house was delivered without fail to a family who jumped in to help with the construction with passion for their own home.

Rather than simple economic assistance for families struggling to buy a home, this project is an effort for families who still want a scheduled mortgage to get involved for a designated amount of time in the construction. The project includes courses on asset formation and home maintenance and management as an initiative that goes beyond providing a home to support the independence of home buyers.

In 2019, Sumitomo Forestry Group companies DRB, Edge Homes, and Mark III Properties also donated to Habitat for Humanity and took part in housing support activities.



Employees from Crescent Communities taking part in the construction work

Henley Properties builds and sells detached homes in Australia. The Company held the Good Friday Charity Auction in April 2019 whereby the money raised from the sales of a spec home, built with cooperation of a housing lot developer, materials supplier and other business partners, is donated. Many business partners took part in these activities from the provision of land to design, estimation, material manufacturing, procurement, and labor management in order to build this two-story home in Clyde North located in south east Melbourne. Henley Properties donated the entire 761,000 Australian dollars (approx. 54 million yen) earned from the charity auction this year to a children's hospital. Since these efforts began in 1993, more than 15.4 million Australian dollars (1,093.4 million yen) in total donations have been provided through the auction to be used for the medical costs of children suffering from intractable diseases.



Charity auction

Regional Contribution Activities in New Zealand

Tasman Pine Forests Ltd. (TPF) in New Zealand engages in local contribution activities to bring health, safety and biodiversity to the local community.

Supporting the Activities to Protect the Kea Indigenous to New Zealand

Sumitomo Forestry donated to the Kea Conservation Trust, an organization that protects the kea (large parrot species) indigenous to New Zealand. Kea is the only parrot in the world to live in mountainous areas, and it is considered one of the smartest species of bird on the planet. This species of parrot is protected as an endangered species and adored by the people of New Zealand. These birds are seen from time to time in the TPF forests. We report any sightings to the relevant agencies and ensure their protection. This donation will be used to train kea protection officers.



Kea (Large Parrot Species)

► [New Zealand Nature Conversation Agency Homepage](#)

Contributions to Local Disaster Prevention and Rescue Efforts

TPF donated a fire engine and fire-fighting equipment to Fire and Emergency New Zealand (FENZ), the fire-fighting organization of New Zealand. The Rural Fire Network, an organization under FENZ, handles the management operations of fire-fighting equipment and engages in local forest fire prevention and fire-fighting activities. Cooperating with FENZ, local municipalities, and forestry companies nearby, TPF is contributing to uniform fire prevention and fire-fighting efforts in the region from raising awareness in the local community to strengthening patrols.

Every year since fiscal 2017, TPF has been donating activity capital as a sponsor to the Nelson Marlborough Rescue Helicopter Trust. This trust is deploying rescue helicopters roughly 500 times a year for natural disasters that occur in the region and for leisure accidents. The TPF logo is posted on the Marlborough Rescue helicopter.



Fire engine donated by TPF



Pilot and paramedics with the Nelson Marlborough Rescue Helicopter Trust Helicopter

Support for the Next Generation in the United States Through Joint Efforts with Local Residents

The Canyon Creek, which manufactures and sells wooden cabinets in the United States, continually makes contributions to the region from providing offcuts of timber produced in manufacturing products to local charity organizations which donate toys to make donations of wooden toys and puzzles to child protection facilities and children's hospitals.



Trains and Other Donated Wooden Toys



Local Charity Organization Members Making Toys

Construction of Monastic Schools in Myanmar

Sumitomo Forestry is involved in the Myanmar Monastic School Support Team and the secretariat, bodies established to support the construction of monastic school-style community schools in Myanmar. Activities which began in 2014 have completed six monastic-style schools as of January 2020 thanks to the donations of companies and individuals who see the benefit. Many of these schools were old and leaked during the monsoon season before they were rebuilt but have now transformed into two-story schoolhouses built from steel and concrete. At the completion of a school, the donor companies held an opening ceremony with participants from advocating companies and an opportunity to engage with the local children.

Moving forward, the Myanmar Monastic School Support Team will continue to provide support with a goal of building one school per year.

► [Myanmar Monastic School Support Team Video \(in Japanese\)](#)



School before rebuilding



Monastic School After Rebuilding and Attendees at the Ceremony

Construction of Monastic Schools by Myanmar Monastic School Support Team, in Number

Monastic School	Completion	Construction Region	Number of Students	Sponsors
Wutt Kyway Taw Pyay Monastery School	October 2014	Mingaladon Township, Yangon City	Approx. 260	18 companies, 4 individuals
Pyin Nyar Theingi Nun School	November 2015	Mingaladon Township, Yangon City	Approx. 130	18 companies, 4 individuals

Monastic School	Completion	Construction Region	Number of Students	Sponsors
Myittar Young Chi Nun School	November 2016	South Dagon Township, Yangon City	Approx. 140	19 companies, 5 individuals
Shuepi Paremiin Monastery Elementary and Middle School	March 2018	Aung Myay Tharzan Township, Mandalay	Approx. 520	20 companies, 6 individuals
Aung Mingalar Monastery Elementary and Middle School	January 2019	Pyigyidagun Township, Mandalay	305	19 companies, 6 individuals
Aung Myae Yadanar Monastery Elementary and Middle School	January 2020	Pyigyidagun Township, Mandalay	338	15 companies

Support and Cooperation in Nepal Manaslu Forest Restoration Project with Planting Technologies

The certified non-profit Peak Aid led by alpinist Ken Noguchi launched the Nepal Manaslu Forest Restoration Project to revitalize the degraded forests in Sama, Nepal located at an altitude of 3,600 meters where he had been an active alpinist. Sumitomo Forestry has been providing support to the trial reforestation activities since 2015. In the first year, we investigated the soil of the land planned for garden vegetation, created a field of rice seedlings, selected plant and tree species and collected seeds as well as made other preparations to cultivate seedlings. In the second year, we conducted surveys of the soil and compost that can be collected on-site and furthered seedling preparations. In the third year, we planted the seedlings and drafted a plan for surveys to assess the percentage that take root.

Although there were delays in the process due to the impact of natural disasters and other factors, plant the cultivated seedlings in 2018, the fourth year of the trial activities, and confirmed those seedlings were able to take root without any problems in 2019. Despite the fact that a tremendous undertaking was anticipated in both time and effort for reforestation at high altitudes where the environment is harsh and vegetation growth is slow, the project was successful thanks to the cooperation of local project members centered around experienced people who have been involved with planting efforts for over 30 years on the Himalayan route.

In the future, Peak Aid plans to continue this effort with the aim of planting 100,000 trees in the Himalayas. Sumitomo Forestry will offer technical advice from Japan while continuing to closely watch these planting activities.



Approx. Two-Year Old Seedlings Ready for Planting

Quality Management

Basic Policy

Sumitomo Forestry and its Group companies in Japan and overseas have acquired the ISO 9001 quality management system certification and constantly enhance the quality of products and services provided to customers.

The Quality Control and Worker Safety Management Department established in April 2020 as an office directly under the president strives to consistently improve product and service quality and eradicate occupational accidents. This department also rolls out and strengthens quality as well as occupational health and safety management systems by providing guidance and advice to the entire Group.

- ▶ [Product Safety and Quality Control](#)
- ▶ [Basic Concept of Product Safety and Quality Control in MOCCA \(Timber Solutions\) Business](#)

Quality Management System

The Quality Control and Worker Safety Management Department oversees matters related to improving the quality of products and services throughout the entire Sumitomo Forestry Group. This department prepares and deploys quality management systems while providing the necessary guidance and assistance to each Group company.

The quality certification acquisition rate of manufacturing businesses throughout the Sumitomo Forestry Group is 77.7% (based on sales).

Acquisition Status of Quality Management System Certifications (ISO 9001) at Each Group Company

Group companies	Country	Type of certification	Date acquired	Date renewed
Construction Market Development Department, Housing and Construction Division, Sumitomo Forestry Co., Ltd.	Japan	ISO9001:2015	September 2015	August 2018
Sumitomo Forestry Crest Co., Ltd.	Japan	ISO9001:2015	March 1999	November 2019
Environmental Greenification Division, Sumitomo Forestry Landscaping Co., Ltd.	Japan	ISO9001:2015	September 2002	September 2018
The Agro-Products Division, Sumitomo Forestry Landscaping Co., Ltd.	Japan	ISO9001:2015	December 2019	—
Sumitomo Forestry Home Engineering Co., Ltd.	Japan	ISO9001:2015	March 2006	March 2020
Sumitomo Forestry Home Tech Co., Ltd.	Japan	ISO9001:2015	March 2017	—
Nelson Pine Industries Ltd. (NPIL)	New Zealand	ISO9001:2015	July 1993	October 2019
PT. Kutai Timber Indonesia (KTI)	Indonesia	ISO9001:2015	September 1997	September 2019
PT. Rimba Partikel Indonesia (RPI)	Indonesia	ISO9001:2015	June 2003	March 2019

Group companies	Country	Type of certification	Date acquired	Date renewed
PT. AST Indonesia (ASTI)	Indonesia	ISO9001:2015	October 2002	October 2017
Vina Eco Board Co., Ltd. (VECO)	Vietnam	ISO9001:2015	March 2014	March 2020
Canyon Creek (CCC)	United States	ISO9001:2015	August 2003	March 2019

Acquisition Status of Product Certifications at Each Group Company

Group companies	Country	Type of certification	Date of certification renewal
Nelson Pine Industries Ltd. (NPIL)	New Zealand	JIS certification (MDF)	March 2003
		JAS (LVL)	May 2008
		JIS certification: 2014 (MDF)	October 2015
		CARB certification (MDF)* EPA certification (MDF)	October 2008 August 2017
PT. Kutai Timber Indonesia (KTI)	Indonesia	JAS (Plywood, LVL, laminated engineered wood)	July 2002
		Q-Mark (Door blanks)	August 2016
		CARB certification (PB) EPA certification (PB)	May 2017 December 2018
		CARB certification (Plywood) EPA certification (Plywood)	December 2018 December 2018
		CE Marking (Plywood)	February 2018
PT. Rimba Partikel Indonesia (RPI)	Indonesia	JIS certification: 2014 (PB)	January 2019
		CARB certification (PB) EPA certification (PB)	February 2018 November 2018
PT. Sinar Rimba Pasifik	Indonesia	JAS (Flooring/laminated engineered wood)	March 2012
Vina Eco Board Co., Ltd. (VECO)	Vietnam	CARB certification (PB) EPA certification (PB)	July 2017 August 2017
		JIS certification: 2014 (PB)	December 2018

* The standards in regulations related to the air pollution stipulated by the California Air Resources Board are stricter than federal regulations

Social Data

Basic Employee Data

Number of Employees

(Unit: Persons)	FY2015	FY2016	FY2017	FY2018	FY2019
Non-Consolidated	4,417	4,485	4,693	4,824	4,914
Consolidated	17,001	17,802	18,195	19,159	19,332

Breakdown of Number of Employee (Non-Consolidated)

(Unit: Persons)	FY2015	FY2016	FY2017	FY2018	FY2019
Management level	1,995	2,030	2,117	2,164	2,193
Non-management level	2,292	2,303	2,398	2,458	2,480
Fixed-term employees	98	92	97	119	152
Hosted from other companies	32	60	81	83	89
Total	4,417	4,485	4,693	4,824	4,914

Breakdown of Number of Employee (Subsidiary Companies in Japan)

(Unit: Persons)	FY2015	FY2016	FY2017	FY2018	FY2019
Management level	1,509	1,803	1,546	1,460	1,725
Non-management level	3,383	3,361	4,043	4,440	4,400
Fixed-term employees	688	799	825	818	788
Hosted from other companies	330	263	231	218	196
Total	5,910	6,226	6,645	6,936	7,109

Breakdown of Number of Employee by Age (Non-Consolidated)

(Unit: Persons)	FY2015	FY2016	FY2017	FY2018	FY2019
under 30	693	690	769	860	887
30-50	2,959	2,817	2,799	2,875	2,599
Older than 50	765	978	1,125	1,089	1,428

Number of Newly Hired Graduates* (Non-Consolidated)

(Unit: Persons)		FY2015	FY2016	FY2017	FY2018	FY2019
Housing sales	Male	73	80	100	90	59
	Female	17	21	13	17	15
Housing engineering	Male	22	27	37	40	28
	Female	13	7	9	12	9
General management	Male	17	22	22	28	35
	Female	5	6	6	11	7
Clerical	Male	0	0	0	0	0
	Female	6	4	7	12	14
Total	Male	112	129	159	158	122
	Female	41	38	35	52	45
	Total	153	167	194	210	167

* Calculated based on the number of new graduate recruits as of April 1 of each fiscal year.

Employment

Average Annual Pay (Non-Consolidated)

FY2015	FY2016	FY2017	FY2018	FY2019
8,483,875 yen	8,518,404 yen	8,635,865 yen	8,593,312 yen	8,587,314 yen

Average Length of Service* (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Male	15 years and 3 months	15 years and 8 months	15 years and 9 months	15 years and 11 months	16 years and 3 months
Female	11 years and 1 month	11 years and 1 month	11 years and 2 months	11 years and 4 months	11 years and 6 months

* Calculated at the end of the fiscal year (as of March 31 every year)

Separation Rate*¹ (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Voluntary separation rate (%)	2.4	2.6	2.1	2.3	2.3
Separation rate* ² (%)	3.9	3.1	3.0	2.7	2.5

*1 Calculated by dividing the number of people who left during the year by the number of employees at the beginning of the year, including employees seconded to partner companies but excluding executive officers, hosted from other companies and exchange employees.

*2 The calculation includes voluntary separations and excludes hiatuses and the end of terms.

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Diversity

Employment and Promotion of Women (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Percentage of Female employees including contract employees* ¹ (%)	19.4	20.0	20.4	21.0	21.6
Percentage of Female employees in management positions* ¹ (%)	2.6	2.8	3.2	3.7	4.2
Percentage of Female new graduates* ² (%)	26.8	22.8	18.0	24.8	26.9

*1 The ratio of female employees and the ratio of female employees in management roles is based on the number of employees as of March 31 each year.

*2 The ratio of new female graduates is calculated based on the number of employees as of April 1 each year.

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Employment and Promotion of Women (Subsidiary Companies in Japan)

	FY2015	FY2016	FY2017	FY2018	FY2019
Percentage of Female employees including contract employees* ¹ (%)	30.4	30.7	31.6	32.0	32.7
Percentage of Female employees in management positions* ¹ (%)	4.0	4.2	4.6	6.0	6.1
Percentage of Female new graduates* ² (%)	48.0	40.3	40.2	43.5	45.7

*1 The ratio of female employees and the ratio of female employees in management roles is based on the number of employees as of March 31 each year.

*2 The ratio of new female graduates is calculated based on the number of employees as of April 1 each year.

Employment and Promotion of Women (Subsidiary Companies Overseas)

	FY2015	FY2016	FY2017	FY2018	FY2019
Percentage of Female employees including contract employees* (%)	29.4	30.6	30.6	32.0	30.2
Percentage of Female employees in management positions* (%)	14.1	16.1	14.5	16.0	17.1

* The ratio of female employees and the ratio of female employees in management roles is based on the number of employees as of December 31 each year.

Employment of Persons with Disabilities (Non-Consolidated)

	FY2015	FY2016	FY2017* ¹	FY2018* ²	FY2019
Ratio of Disabled Employees (%)	2.12	2.12	2.26	2.32	2.40

*1 The calculation includes the subsidiary Sumirin Wood Peace Co., Ltd. for fiscal 2017.

*2 The calculation includes the subsidiary Sumirin Wood Peace Co., Ltd. as well as the affiliated Group company Sumirin Business Services Co., Ltd. for fiscal 2018.

Employment of Persons with Disabilities* (Subsidiary Companies in Japan)

	FY2015	FY2016	FY2017	FY2018	FY2019
Ratio of Disabled Employees (%)	1.45	1.45	1.75	1.76	1.77

* As of June each fiscal year

Rate of Local Employment in Group Companies Outside Japan*

	FY2015	FY2016	FY2017	FY2018	FY2019
Rate of Local Employment in Group Companies Outside Japan (%)	99.2	99.6	99.8	99.1	99.1

* Calculated by dividing the number of employees hired locally by consolidated subsidiaries and working for the company at the end of the year by the total number of employees at the end of the year

Training and Education

Hours of Training and Expenditure on Training (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Hours of training received per employee	9.3	9.4	13.1*	13.6	18.0
Expenditure on training per employee (yen)	91,000	100,000	100,000	97,000	102,000

* Calculation method was changed from fiscal 2017

Work-Life Balance

Work-Life Balance Program Usage (Non-Consolidated)

		FY2015	FY2016	FY2017	FY2018	FY2019
Number of childcare leave users (Persons)	Male	13	13	19	38	43
	Female	40	43	41	43	42
Percentage of childcare leave users*1 (%)	Male	7.8	8.5	11.6	24.1	31.3
	Female	105.0	95.7	120.6	97.7	100.0
Percentage of returnees after childcare leave*2 (%)		96.4	96.2	93.6	96.2	98.7
Number of reduced hours program users*3 (persons)		32	40	53	61	58
Number of telework program users*4 (persons)		19	19	25	49	63

*1 The number of childcare leavers starting in the respective fiscal year divided by the number of employees who had a baby in respective fiscal year

*2 The number of returnees for the fiscal year divided by returnees for the fiscal year plus employees who resigned for childcare leave but have not returned to work

*3 Available for reasons such as childcare and family care; combined figures of employees on programs of the reduced working hours and the four-day work per week


*4 Available for any reasons other than childcare or family care

Work-Life Balance Program Usage (Subsidiary Companies in Japan)

		FY2015	FY2016	FY2017	FY2018	FY2019
Number of childcare leave users (Persons)	Male	1	3	3	6	8
	Female	68	110	92	73	83
Percentage of childcare leave users* (%)	Male	0.6	5.0	3.0	4.3	6.2
	Female	115.3	102.8	85.2	104.3	115.3

* The number of childcare leavers starting in the respective fiscal year divided by the number of employees who had a baby in respective fiscal year

Paid Leave Usage Ratio (Non-Consolidated)

	FY2015	FY2016	FY2017	FY2018	FY2019
Average paid leaves taken (day)	6.3	6.9	9.0	10.1	11.5
Paid Leave Usage Ratio* (%) 	32.8	35.9	47.4	53.2	60.2

* Paid leave entitlements are issued each year in January, therefore the table shows figures as of December 31 of the respective year. Calculated by dividing the number of days of paid leave taken by the number of days of paid leave issued.

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Paid Leave Usage Ratio (Subsidiary Companies in Japan)

	FY2015	FY2016	FY2017	FY2018	FY2019
Average paid leaves taken (day)	7.1	7.3	7.6	8.7	10.6
Paid Leave Usage Ratio* (%)	39.7	40.0	43.9	50.5	63.0

* Paid leave entitlements are issued each year in January, therefore the table shows figures as of December 31 of the respective year.
Calculated by dividing the number of days of paid leave taken by the number of days of paid leave issued.

Occupational Health and Safety

Occupational Injuries (Non-Consolidated)*1

	FY2015	FY2016	FY2017	FY2018	FY2019
Number of occupational injuries (incidents)*2	0	3	0	2	1
Lost-time injury frequency rate*3	0.19	0.30	0.10	0.20	0.20
Work-related illness frequency rate	0	0	0	0	0

*1 "0" work-related accidents resulting in death occurred during the reporting years shown.

*2 The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act is disclosed.

*3 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours × 1,000,000

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Relationship with Labor Unions

Labor Union Membership (Non-Consolidated)*

	FY2015	FY2016	FY2017	FY2018	FY2019
Labor union membership rate (%)	100	100	100	100	100

* As of April 1, 2020, the number of eligible employees is 3,734. The scope of eligibility for labor union membership is stipulated in the labor agreement.