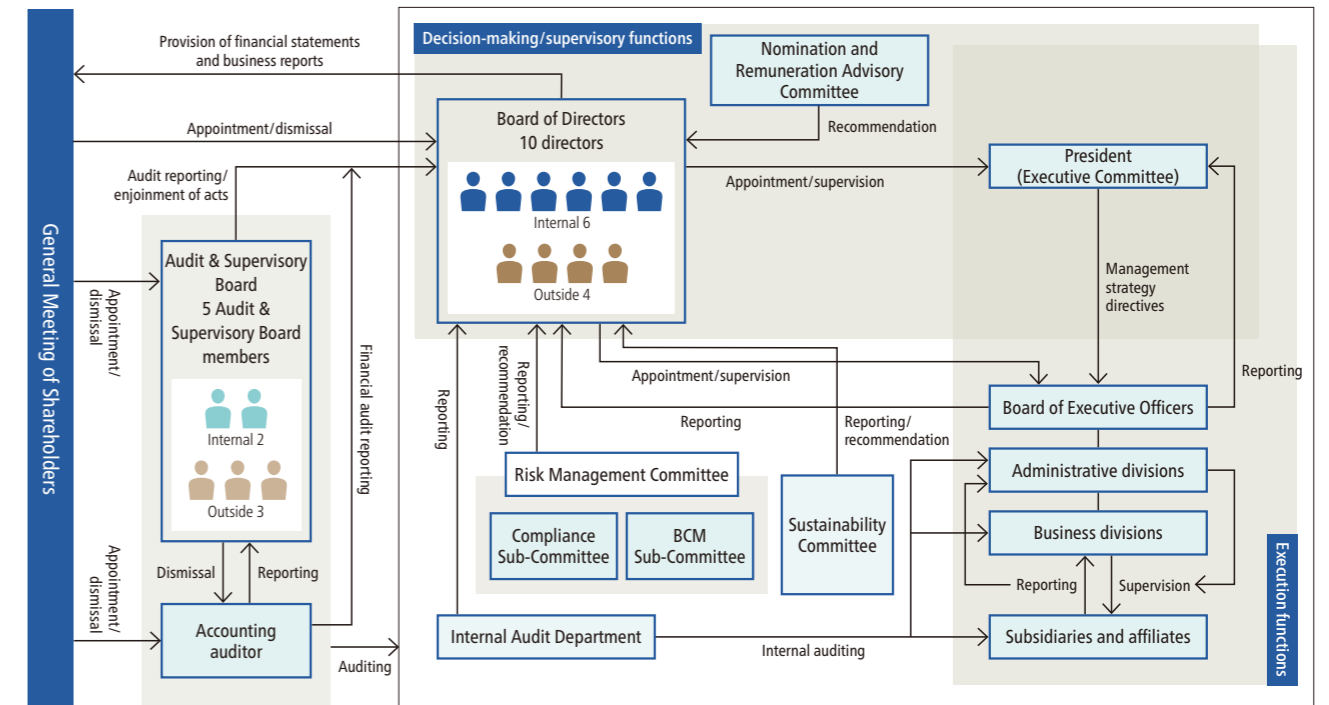
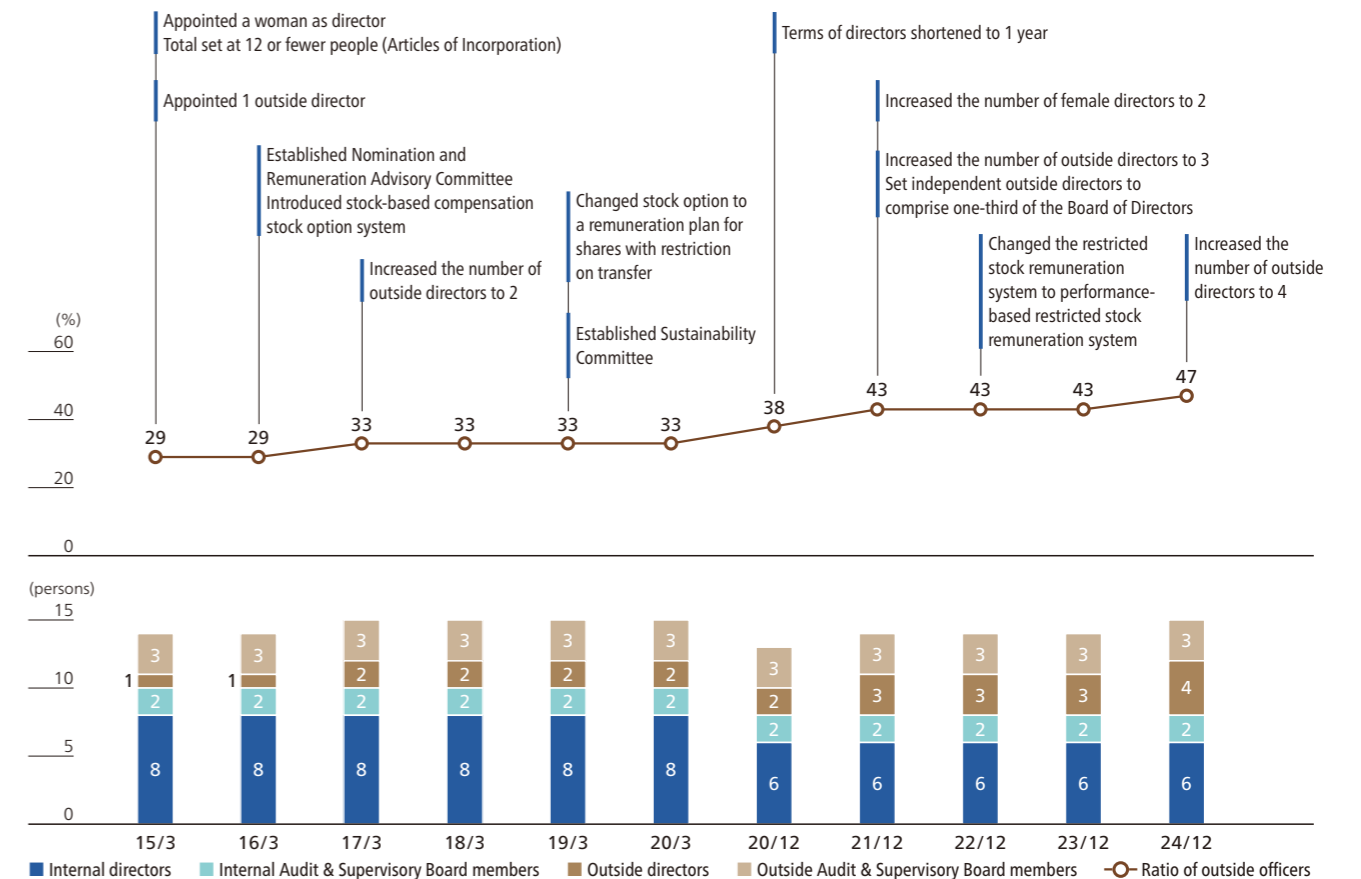




Corporate governance system



Initiatives for Corporate Governance



Approach to corporate governance

In order to carry out its material issue "To establish a robust business structure," the Sumitomo Forestry Group seeks to ensure management transparency, sound and legal business practices as well as rapid decision-making and business execution based on its Corporate Philosophy. By further enhancing and strengthening its corporate governance through these efforts, the Company aims to continuously increase its corporate value and conduct management that lives up to the expectations of various stakeholders around the Group.

The Company has adopted the structure of a company with an Audit & Supervisory Board and has a Board of Directors comprising 10 directors, including 4 outside directors, and an Audit & Supervisory Board comprising 5 Audit & Supervisory Board members, including 3 outside Audit & Supervisory Board members. Under this organizational structure, we have introduced an executive officer system to separate decision making and

management oversight functions from operational execution functions.

Outline of the corporate governance system

Organizational structure	Company with an Audit & Supervisory Board
Number of independent officers	7
Number of Board of Directors meetings (fiscal year ended December 2023)	15 times
Adoption of the executive officer system	Yes
Nomination and Remuneration Advisory Committee	Yes
Accounting auditor	Ernst & Young ShinNihon LLC

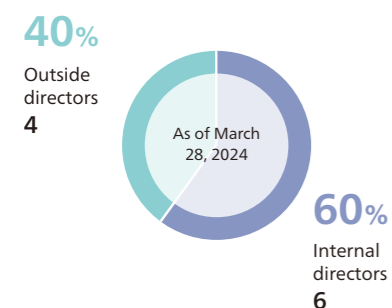
Sumitomo Forestry Basic Policy on Corporate Governance
<https://sfc.jp/english/ir/management/pdf/CorporateGovernance.pdf>



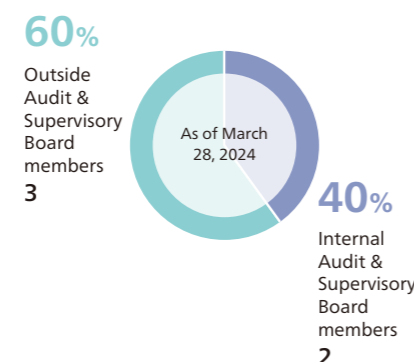
Corporate Governance

Role and structure of the Board of Directors, statutory audit system, and audit institutions

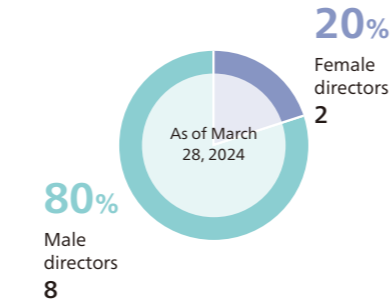
Director membership and composition



Audit & Supervisory Board membership and composition



Female director membership and composition



Board of Directors and Executive Committee

The Board of Directors is comprised of 10 directors (eight male and two female), including four outside directors (two male and two female). It usually meets once a month, making decisions on important issues, checking up on performance and other matters, and carrying out its supervisory functions based on reports from each director. Prior to Board of Directors meetings, the Executive Committee, an advisory body to the President, generally holds meetings twice a month to ensure that important issues have been sufficiently discussed in advance. Executive Committee meetings are attended by those directors who also serve as executive officers, as well as full-time Audit & Supervisory Board members. The Board of Directors met 15 times and the Executive Committee met 24 times in the fiscal year ended December 2023. Directors and Audit & Supervisory Board members strive to maintain a Board of Directors meeting attendance rate of at least 75%.

Statutory audit system

The Audit & Supervisory Board is comprised of 5 Audit & Supervisory Board members (5 male), including 3 outside Audit & Supervisory Board members (3 male). Each Audit & Supervisory Board member audits the directors' execution of duties utilizing the deep insights and diverse perspectives they have acquired from their various backgrounds.

As assistants to the Audit & Supervisory Board members, permanent staff, who assist in the audit operations of Audit & Supervisory Board members, and auditing inspectors, who double as senior managers of major departments, are assigned with a particular focus on enhancing the function of audits from a practical perspective. Under this system, the Audit & Supervisory Board members attend important meetings such as Board of Directors and Executive Committee meetings, where they can obtain accurate

information regarding the managerial decision-making process. To enhance the effectiveness of audits, the Audit & Supervisory Board members strive to cooperate with the financial auditing company as well as the Internal Audit Department. They also receive reports regularly from the divisions responsible for risk management and compliance, accounting, and labor, and monitor and verify internal control functions.

The Audit & Supervisory Board members are also provided with opportunities to express their opinions regarding the directors' execution of operations whenever needed. In addition, the Group Audit & Supervisory Board meetings, attended by the Company's full-time Audit & Supervisory Board members and the statutory auditors of major subsidiaries, take place regularly in an effort to strengthen the monitoring functions regarding the status of execution of Group management. Furthermore, in conjunction with the monthly Audit & Supervisory Board meeting, opportunities are provided for the assigned executive officers to explain matters discussed at Executive Committee meetings so that all Audit & Supervisory Board members and outside directors can understand important matters in detail. The Audit & Supervisory Board members and representative directors also exchange opinions regularly.

This system ensures that the Audit & Supervisory Board members can provide adequate monitoring functions of the directors' execution of operations from the perspective of shareholders. The Audit & Supervisory Board met 14 times and the Group Audit & Supervisory Board met 6 times in the fiscal year ended December 2023.

Nomination and Remuneration Advisory Committee

The Board of Directors establishes a Nomination and Remuneration Advisory Committee as an advisory body from which it seeks opinions to ensure fairness and

transparency in matters including the selection of candidates for the Board of Directors and auditing posts, the selection of executive officers, the dismissal of Board members, Audit & Supervisory Board members or executive officers, evaluations of the chief executive officer and other executive officers, and remuneration for Board members

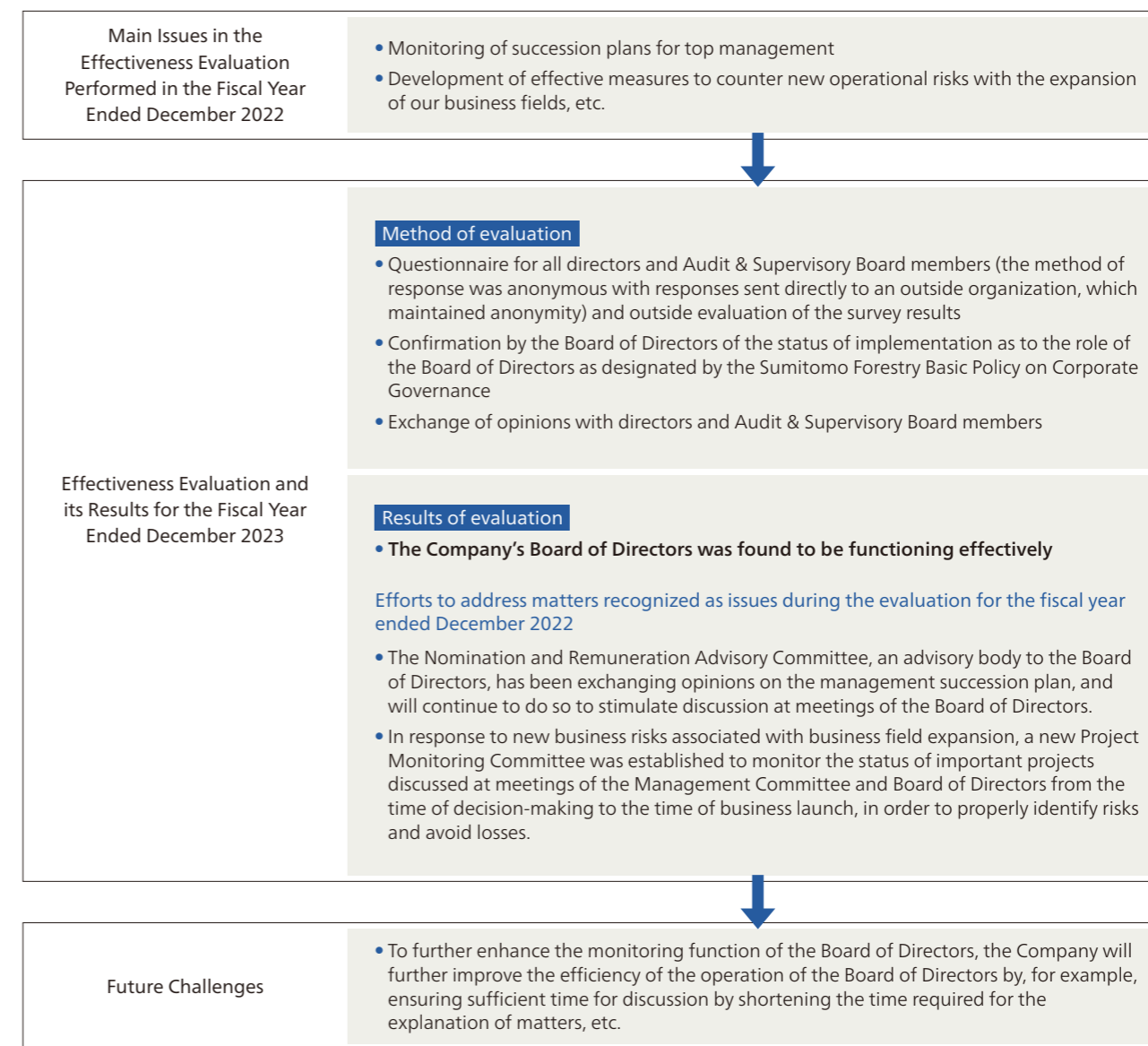
and executive officers. The Nomination and Remuneration Advisory Committee will consist of the Chairman, the President, and all outside executives (4 outside directors and 3 outside Audit & Supervisory Board members) where the majority must be outside executives, and the chairperson must be an outside director.

Evaluation and its results on the effectiveness of the Board of Directors

The Company carries out regular self-analysis and self-evaluation of the effectiveness of the Board of Directors. We strive to enhance the effectiveness of the Board of

Directors by making continuous efforts to improve any issues identified.

Evaluation Results for 2023 and Future Issues



Executive remuneration system

The Company's remuneration for directors is designed in accordance with the following policy.

- The remuneration plan should be highly linked not only to short-term performance but also to medium- to long-term performance and improvement of corporate value;
- The plan should be linked to the value to be newly created and provided in the course of promoting the ESG integrated management;
- The plan should be designed to be linked to the shareholder value of the Company;
- The remuneration level should be such that the Company can secure and maintain the human resources necessary to achieve its Long-term Vision; and
- The plan should ensure transparency and objectivity in the remuneration determination process.

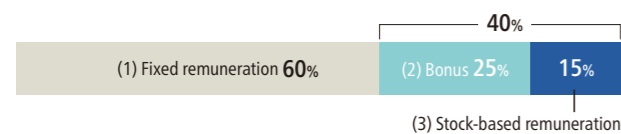
Remuneration for directors and executive officers

Remuneration for directors is composed of three types: (i) fixed remuneration commensurate with the director's responsibilities and roles, (ii) annual performance-based bonus as a short-term incentive, and (iii) performance-based restricted stock remuneration as a medium- to long-term incentive. Thus, the remuneration plan is designed to encourage management efforts from a short-term, and medium- to long-term perspective and to appropriately reward the results of such efforts.

The Company will determine the amount of fixed remuneration for each director position in accordance with their responsibilities and roles and pay fixed remuneration as monthly remuneration.

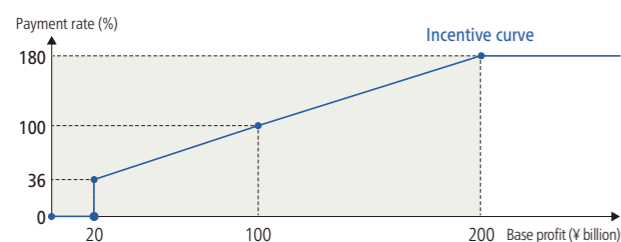
The amount of annual performance-based bonus will be judged comprehensively and determined by multiplying the standard bonus amount stipulated for each position with a

Remuneration composition ratio of directors (illustration using base profit of 100 billion yen)



Formula for calculating annual performance-based bonus

Bonus paid = Standard bonus amount by position x Payment rate*1



*1 The payout ratio range will be from 0% (lower limit) to 180% (upper limit).

payout ratio that fluctuates in proportion to the base profit for each business year (the amount obtained by deducting actuarial differences regarding employees' retirement benefit obligation and net income attributable to non-controlling interests from consolidated recurring income for the relevant fiscal year).

The performance-based restricted stock remuneration is structured to reflect the Company's performance during each period (three years) of the Medium-term Management Plan in the level of vesting in order to promote management emphasizing medium- to long-term improvement of shareholder value. The standard stock remuneration amount prescribed for each position consists of "a portion linked to the growth rate of the Company's market capitalization relative to TOPIX (two-thirds of the standard stock remuneration amount by position)," and "a portion linked to the achievement rate of the greenhouse gas emission reduction target based on SBTs (Science Based Targets) (one-third of the standard stock remuneration amount by position)," each during the relevant period.

The amount of remuneration for outside directors, consisting only of monthly remuneration as fixed remuneration, will be determined in accordance with their responsibilities and roles.

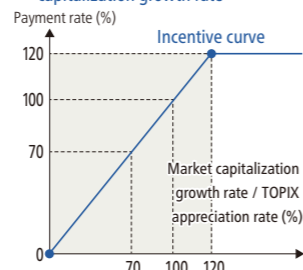
Remuneration for Audit & Supervisory Board members

Compensation for Audit & Supervisory Board members consists only of monthly compensation as basic compensation. In order to ensure objectivity and appropriateness of executive remuneration, we utilize the results of third-party surveys of domestic companies to set appropriate remuneration levels.

Formula for calculating performance-based restricted stock remuneration

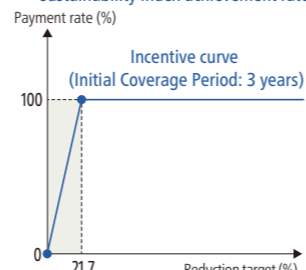
- (1) Amount equivalent to two-thirds of the standard stock compensation amount by position x payout ratio (growth rate of Company's market capitalization during the period of the Medium-term Management Plan/TOPIX growth rate during the same period)*2
- (2) Amount equivalent to one-third of the standard stock remuneration amount by position x payout ratio (percentage of achievement of Medium-term Management Plan SBT greenhouse gas emission reduction targets)*3

(1) Remuneration linked to market capitalization growth rate



*2 The payout ratio range will be from 0% (lower limit) to 120% (upper limit).

(2) Remuneration linked to the sustainability index achievement rate



*3 The payout ratio range will be from 0% (lower limit) to 100% (upper limit).

Total remuneration paid to directors and Audit & Supervisory Board members (Fiscal 2023)

Category	Total remuneration (¥ million)	Total amount by type of remuneration (¥ million)			Number of eligible officers
		Monthly remuneration	Performance-linked remuneration (bonuses)	Non-monetary remuneration (Performance-based restricted stock remuneration)	
Directors*4	489	276	144	69	6
Audit & Supervisory Board members*4	51	51	—	—	3
Outside directors	41	41	—	—	4
Outside Audit & Supervisory Board members	34	34	—	—	3

*4 Excludes outside directors and outside Audit & Supervisory Board members.

*5 The above includes one Audit & Supervisory Board member and one outside director who retired at the conclusion of the 83rd Ordinary General Meeting of Shareholders held on March 30, 2023.

*6 The amount of non-monetary remuneration is 69 million yen, which is the amount to be expensed in the current fiscal year based on the estimated amount of monetary compensation claims according to the estimated number of shares to be delivered after the three-year evaluation period.

Total consolidated remuneration per officer (for officers receiving over 100 million yen)

Director remuneration amounts for the fiscal year ended December 2023 are as follows.

Name	Total amount of consolidated remuneration (¥ million)	Officer classification	Company classification	Total amount by type of consolidated remuneration (¥ million)		
				Monthly remuneration	Bonuses	Performance-based restricted stock remuneration
Akira Ichikawa	116	Director	Sumitomo Forestry Co., Ltd.	65	34	16
Toshiro Mitsuyoshi	116	Director	Sumitomo Forestry Co., Ltd.	65	34	16

Strategically-held shares

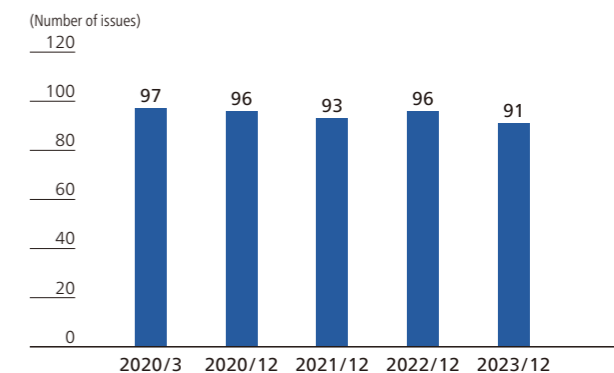
Article 5 of Sumitomo Forestry's Basic Policy on Corporate Governance states the following on cross shareholding.

- 1 The Company may acquire and hold shares in its business partners and counterparties when the Company determines that such shareholdings will contribute to mid- to long-term enhancement of the Company's corporate value from the perspective of, among others, maintenance and reinforcement of long-term and stable business relationships with those partners and counterparties as well as expansion of the Company's business as a result of such closer ties with those parties.
- 2 At meetings of the Board of Directors, the Company will regularly examine whether the holdings of the shares under the preceding paragraph (the "Strategically-held shares") lead to the improvement of its corporate value through analyzing the relationship between the profits/risks associated with such holdings and the cost of capital, and will verify the purpose and rationale of such holdings. When the Company judges that the rationale and necessity of such holdings cannot be confirmed, it will reduce the number of such Strategically-held shares.
- 3 The Company will appropriately exercise its voting rights pertaining to the Strategically-held shares in accordance with its voting criteria and based on its comprehensive judgment from the perspective of the improvement of its corporate value.

such shares lead to higher corporate value by verifying the status of transactions with the companies of the Strategically-held shares. As a result of the verification, we are reducing the number of shares that we have determined to be neither rational nor necessary to hold.

If a business partner or counterparty of the company where we hold Strategically-held shares suffers a long-term slump in business performance or seriously violates laws or causes scandal, the Company will judge how to exercise its voting rights pertaining to the Strategically-held shares by gathering information through dialogue with such counterparties.

Holdings of Strategically-held Shares*7



Total amount on balance sheet (millions of yen)

Fiscal Year	2020/3	2020/12	2021/12	2022/12	2023/12
Total amount	50,924	89,281	79,097	78,928	78,853

*7 Total for listed shares and non-listed shares.

Corporate Governance

Ensuring management transparency

Basic policy on disclosure

To increase transparency in management, we actively disclose not only the information required to be disclosed by various laws and regulations, but also other items deemed useful to shareholders and investors, actively and in a swift and fair manner.

Initiatives to encourage execution of voting rights

The Company strives for the early disclosure of its convocation notice every year in order to foster greater understanding among shareholders. For the 84th Ordinary General Meeting of Shareholders held on March 28, 2024, the Notice of Convocation was published electronically on the Company's website and TDnet on March 1, five days prior to the date of sending out the paper-based Notice of Convocation (March 6, 2024). In addition, voting rights can be exercised via electromagnetic means (e.g., via the Internet) or via the electronic voting platform for institutional investors operated by ICJ, Inc.

Disclosure of a wide range of information


At the General Meeting of Shareholders, we endeavor to provide reports and explanations that are easy to understand. Additionally, we display accounting-related

information such as summaries of accounts, fact books and financial results overviews on our website, together with a wealth of IR information in Japanese and English such as information about monthly orders in the housing business.

We also display detailed information about sustainability initiatives on the website in both English and Japanese.

Since the fiscal year ended March 2017, the Sumitomo Forestry Group has published the Integrated Report with the objective of improving the disclosure of financial information and ESG-related non-financial information about its initiatives to increase value created over the medium- to long-term. Apart from the Integrated Report, Sumitomo Forestry proactively offers information by publishing Japanese and English translations of its Notices of Convocation of the Ordinary General Meeting of Shareholders, among other documents, in print as well as on its website.

Visit our website for information about future IR activities and events organized.

 IR calendar
<https://sfc.jp/english/ir/calendar.html>



Succession plan

The Group considers the selection and dismissal of the Chief Executive Officer and succession planning as one of the most important management issues, and the Nomination

and Remuneration Advisory Committee held on August 31, 2023, exchanged views on the succession plan for the management team.

Officer training


The Company has established a training system for directors, Audit & Supervisory Board members, and executive officers to enable them to properly fulfill their roles and responsibilities, and provides them with ongoing

information and training opportunities upon and after their appointment. The Board of Directors also confirms, in a timely manner, that such information and training opportunities are being provided appropriately.

Corporate Governance Code compliance status

The Company complies with all Principles of the Corporate Governance Code issued by Tokyo Stock Exchange, Inc., and includes this information in its Corporate Governance Report.

Please see our website to view the Corporate Governance Report.

 Corporate Governance Report
https://sfc.jp/english/sustainability/governance/pdf/Corporate_Governance_Report_2023.pdf



Tax governance

Basic approach

All executives and employees of the Sumitomo Forestry Group comply with laws, regulations, social norms, and internal rules, and act with the highest ethical standards. The Sumitomo Forestry Group Code of Conduct, which sets forth the basic approach to be taken when conducting business, clearly states that fair accounting and tax treatment based on accurate records shall be conducted. The Code of Conduct is distributed to each and every employee of Group companies in Japan and overseas. In tax practice, we have established guidelines and strive to maintain and improve tax compliance through employee training and other measures. In addition, the Sumitomo Forestry Group has identified "To establish a robust business structure" as one of its Nine Material Issues, and is working to link its business strategy, including taxation, with its sustainability strategy.

Tax governance system

Taxation is part of the Group's financial function and is the responsibility of the officer in charge, who is the Chief Financial Officer. Sumitomo Forestry's Corporate Planning Department manages operations related to taxation and assigns employees in charge of taxation with specialized knowledge. The department monitors the status of tax payments and tax audits in Japan and overseas in a timely manner, takes appropriate action, and promptly reports such information and Group tax issues to the director in charge. In addition, the Risk Management Committee, which oversees the entire Group, manages and monitors risks related to compliance and corporate ethics, including taxation, as priority material risks.

Risk Management and Compliance

Material Issues and Related SDGs Results Ratings in the table below
Achieved: ● Not achieved but improved from previous year: ▲ Not achieved and declined compared to previous year: ✕

Indicators for Evaluation (numerical targets)	Managing Department	FY2023 Targets	FY2023 Results	FY2023 Value	FY2024 Targets
New introduction of business process control (internal control)	Global Construction and Real Estate Division	Continuation	Implementation	●	Continuation
Strengthening information security level of overseas affiliated companies*	IT Solutions Department	50%	45%	▲	100%
Implementation of external evaluation of effectiveness of the Board of Directors	General Administration Department	Examination	Continuation	●	Completion
Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	Sustainability Department	Examine the impact on the Group as a whole through re-implementation in two divisions including the Timber and Building Materials Division and the Housing Division	Examine the impact on the Group as a whole through re-implementation in two divisions including the Timber and Building Materials Division and the Housing Division	●	Consider Group measures to be reflected in business unit strategies in the next medium-term management plan

* Sumitomo Forestry Group's unique security base level achievement rate

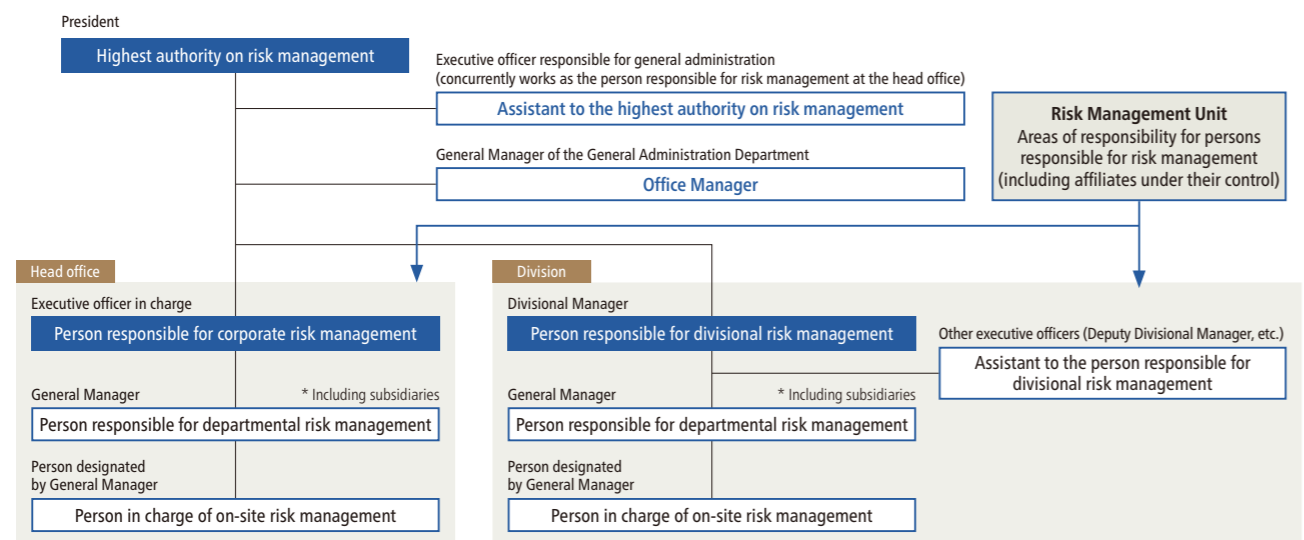
Risk management

Risk management system

To strengthen the risk management system for the entire Group, the Company has laid down the Risk Management Basic Regulations. The President and CEO has been appointed as the highest authority on risk management for the Sumitomo Forestry Group. Each executive officer in charge of a head office department or business division is appointed to the position responsible for risk management in the area of their own responsibility, and general managers are appointed as risk management promoters.

The Risk Management Basic Regulations comprehensively cover risks related to environmental, social and governance. The Risk Management Committee is chaired by the President and CEO and consists of all other executive officers in charge of the Corporate Planning, Personnel, Legal, IT Solutions, and Sustainability Departments, as well as the divisional managers and divisional manager in charge of administration. The Committee meets quarterly to select priority risks for management after analyzing and evaluating the risks identified by each division and monitors

Risk management structure of the Sumitomo Forestry Group



progress in addressing material risks of particularly high importance.

The Compliance Subcommittee and the Business Continuity Management (BCM) Subcommittee have been established under this committee to enhance the effectiveness of responses to compliance risks and business interruption risks, which are positioned as Groupwide risks. A system is in place where these activities are reported to the Board of Directors, and management reviews are conducted by senior management to ensure that they are reflected in the execution of business operations. In the fiscal year ended December 31, 2023, the Risk Management Committee met four times, the Compliance Subcommittee twice, and the BCM Subcommittee twice, and reported to the Board of Directors four times.

With regard to addressing risks and emerging risks in environmental, social, and governance aspects as described in the Sumitomo Forestry Group Code of Ethics, we are developing specific activities to enhance the effectiveness of our actions. For example, with regard to climate change, the Group assesses risks and opportunities that could have a significant financial impact at the corporate and divisional levels in light of international trends and the business conditions of each division.

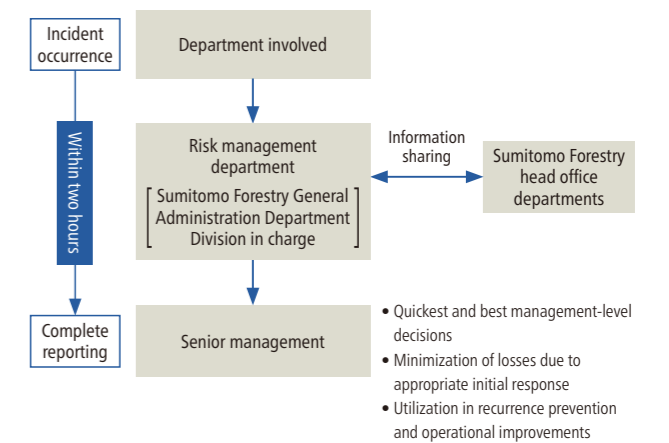
Risk management training

In order to raise the risk sensitivity of Sumitomo Forestry Group executives and employees and make it part of the Group's culture, we conduct training on risk management and compliance when employees join the Company, as well as an annual e-learning program for all Group executives and employees. Compliance and risk management are included in personnel evaluation items for all employees, and the outcomes of risk management training are verified. In addition, training on the Companies Act of the Japanese government, corporate governance, and other related matters is regularly conducted for Sumitomo Forestry's officers, including outside directors and outside Audit & Supervisory Board members.

Rapidly identifying and responding to risks

The Sumitomo Forestry Group operates a "Two-hour Rule" system designed to quickly and accurately communicate information to management in the event of an emergency situation that may have a grave impact on Company management. In addition to the regular reporting line, it utilizes communication via the division responsible for risk management. Through this system, management can take the best decision speedily, ensuring an initial response which avoids loss and controls the situation. Moreover, it serves a role in collecting and accumulating reported cases and assists in improved business practice and prevention of recurrence. Furthermore, the structure is organized so that, by sharing information with the public relations departments, important situations are disclosed to stakeholders properly and in a timely manner.

"Two-hour rule" and utilization of risk information



Visit our website for further details about risk management.
<https://sfc.jp/english/sustainability/governance/risk.html>



Business continuity management

Business Continuity Management System
The Sumitomo Forestry Group has established BCM Subcommittee in order to respond to business interruption risks, such as natural disasters and the spread of infectious diseases, which are extremely difficult to prevent through corporate efforts and may have a significant impact on functions of the head office. We disseminate and strengthen the Business Continuity Management System (BCM system) and formulate, review, and improve the Business Continuity Plan (BCP), and conduct training based

on the plan. In the fiscal year ended December 31, 2023, the committee met twice to inspect the status of the business continuity system at each Group company and to explain the future development and direction of the system based on the inspection results.

Initiatives for continuity of critical operations

The Sumitomo Forestry Group established the BCM Regulations in October 2019 and has formulated a Business Continuity Plan (BCP) based on the assumption of a crisis

Risk Management and Compliance

event that may cause suspension of the head office functions and a crisis event that may cause damage to the residential safety of a large number of homes, etc. Specific important operations, such as employee safety confirmation and payment, are specified in this BCP. In addition to building a system that enables the continuation of important operations at the two bases in Tokyo and Osaka, and working to minimize the impact, such as preparing IT equipment for emergencies, we also take measures such as remote backup of various systems and data necessary for the execution of operations in an emergency.

At each disaster site, even in a situation where the chain of command with the head office is disconnected, it is necessary for the responsible person to make flexible decisions and respond quickly to the initial response. Therefore, we conduct Simulated Initial Response Training to enhance response capabilities. Training was implemented online for a total of 53 operational managers of different sites in the fiscal year ended December 31,

2022. In October 2023, we also conducted Disaster Response Headquarters Training to confirm the effectiveness of the Disaster Response Headquarters to be set up in the event of a crisis event as a control tower and the roles of each organization through simulated training.

Strengthening supply chain business continuity plan

In readiness for potential disruption of its Housing Business supply chain following a disaster, Sumitomo Forestry shares the specifications and processes for property construction along with site progress status information with business partners including component makers and building contractors. By enabling advanced procurement of materials and production, the Company is striving to reduce the risk of a disruption to operations.

Visit our website for further details about Business Continuity Management.
<https://sfc.jp/english/sustainability/governance/bcp.html>



Compliance

Compliance promotion system

Sumitomo Forestry established the Compliance Subcommittee as a subordinate organization under the Risk Management Committee, chaired by the general manager of the General Administration Department and comprised of the persons responsible for risk management, including those from the responsible departments at each Group company. As a cross-cutting organization across the Group, the subcommittee promotes responses to compliance risk. It has established the Group's standard risk management system and tools to ensure compliance with the Construction Business Act of Japan and other laws throughout the Group, for efficient response to compliance risk.

In the fiscal year ended December 31, 2023, the committee met twice to continuously improve the compliance system. These efforts are intended to improve the bottom-up approaches of compliance staff throughout the Group, and provide an opportunity to share an awareness of what constitutes a crisis.

These activities are reported to the Board of Directors once a quarter, and a system is in place to reflect them in business execution. In addition, monthly reports are made to Audit & Supervisory Board members and internal audit divisions, and particularly important Groupwide initiatives and risk information are shared with the Audit & Supervisory Board members of each subsidiary through the meetings of Audit & Supervisory Board members held for

Example of compliance violation

In March 2024, we received an administrative action for revocation of the Minister of Agriculture, Forestry and Fisheries certification due to failure to follow the procedures for modification of the forest management plan in accordance with the Forest Act. In December 2023, a former employee of the Environment and Resources Division prepared a ministerial certificate for a partial change to the said plan on their own accord, and it was discovered that some operations were being carried out without having actually received certification. The cancellation of certification was due to noncompliance with the items stipulated in the request for certification and the fact that we were engaging in operations that were not in accordance with the contents of the plan. After the situation was discovered, the operations not included in the scope of certification were suspended. We analyzed the causes of the incident and formulated measures to prevent recurrence. We then submitted a new request for certification and obtained the certification for a new forest management plan at the end of May 2024.

We will work to prevent recurrence by improving our business processes as well as by fostering compliance awareness through periodic training on the Forest Act, other related laws and regulations, and related systems, and developing the relevant manuals and infrastructure.

the Group, thereby establishing a system to promote compliance through approaches from both inside and outside the business execution line.

Whistleblowing mechanism (Compliance Hotline)

The Sumitomo Forestry Group is committed to creating a workplace environment equipped with a self-corrective function for catching any misconduct concealed in day-to-day operations at an early stage. The Group established the Compliance Hotline (advice desks) in 2002 to allow for the reporting of compliance violations. Furthermore, in October

2019, we put in place a whistleblowing mechanism shared with our main overseas Group companies as our Group expands businesses around the world. An external multilingual operator is used for this reporting system to receive reports in English, Chinese, Indonesian, Vietnamese, and Thai.

Visit our website for further details about compliance.
<https://sfc.jp/english/sustainability/governance/compliance.html>



Internal control system at overseas subsidiaries

In our Global Construction and Real Estate Business, expatriate employees are dispatched to participate in business operations as directors. All of our major U.S. and Australian subsidiaries have created rules concerning official authority to clarify decision-making processes, and expatriates monitor that business operations are conducted in accordance with business operating agreements and these rules. With regard to business process control related to the internal control and reporting system, we are promoting initiatives to identify problems through the visualization of daily operations by preparing business memos. Going forward, we will gradually increase the number of subsidiaries that have introduced business process controls under the internal control and reporting system and improve and strengthen our management system. In addition, we have introduced a whistleblowing mechanism at operating companies in the U.S. and Australia, as well as at Dalian Sumirin Information Technology Service Co., Ltd. (Dalian ITS) in China.

Managing Real Estate Investment Risks

In addition to management based on the Real Estate Investment Risk Management Regulations, we monitor the real estate holdings of each business segment so that we can respond flexibly to market conditions.

Governance and risk management in the U.S.

Rules concerning official authority to clarify decision-making processes	Operational process control through introduction of internal control (I-SOX)
Strengthening of internal audits using expatriate employees from the Internal Audit Department assigned to the U.S.	Introduction of internal whistleblowing mechanism
Strengthening of local personnel system including one full-time director	Management and monitoring following the Real Estate Investment Risk Management Regulations
Thorough efforts to prevent bribery	Acceleration of database creation and visualization for performance management indicators, etc.

Voice of the Chairman of an Overseas Group Company



Don Dykstra
 Chairman
 Bloomfield Homes

Sharing our values with the Sumitomo Forestry Group and fulfilling our responsibilities to local communities

Bloomfield Homes is celebrating its 20th Birthday in 2024 and will also celebrate over 15,000 homes delivered. Our ten-year partnership with Sumitomo Forestry has continued the emphasis on responsibility to our buyers, local communities and the environment. Working together, we have built miles of nature trails and over one thousand acres of parks and open spaces benefiting our homeowners and cities, and encouraging people to enjoy the blue sky, trees and fresh air. We love to see families experiencing nature together: exercising, enjoying the flora and fauna, and being re-energized by the fresh air.

We are excited about the path ahead and have put in place the foundation to support future growth with talented and committed team members. We find personal fulfilment in the development of land, construction of high-quality homes, and the ongoing care of our homeowners and the communities in which they will live for many years. We share the values of all Sumitomo Forestry businesses and look forward to working together to continuously improve.