

# Mission TREEING 2030

~Making our planet safer and more secure for future generations~

By providing value for our planet, for people and society, and for the market economy, we at the Sumitomo Forestry Group will strive to make our planet safer and more secure for current and future generations of people and all living beings. With our long-held strengths in harnessing and expanding the value of forests and wood, we will create change for a new future.



Value for our planet



Value for people and society

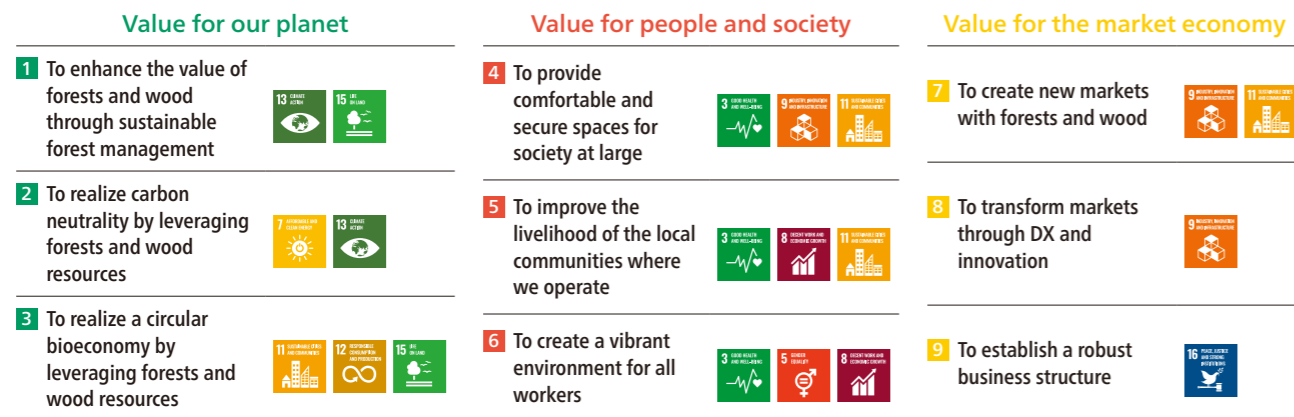


Value for the market economy

Our Long-term Vision Mission TREEING 2030 contains detailed business concepts for realizing the Sumitomo Forestry Group's vision with an eye toward achieving a decarbonized society in 2050. To elevate our commitment to achieving this vision, we have set the target year for our Long-term Vision to 2030, which is the same as the Sustainable Development Goals (SDGs). Additionally, we organized the Group's value proposition into "Value for our planet," "Value for people and society," and "Value for the market economy," and then identified Nine Material Issues

linked to each. As the first step toward creating a foundation for contributing to future growth and decarbonization, we are now implementing our Medium-term Management Plan called Mission TREEING 2030 Phase 1, covering the three-year period ending in fiscal 2024. (See page 41.) Simultaneously increasing the value associated with our "Value for our planet," "Value for people and society," and "Value for the market economy," while keeping them intact, will position us to achieve our Long-term Vision.

## Nine Material Issues and related SDGs



Nine Material Issues and Medium-term Management Plan – Sustainability Section P.52

## Business policy for achieving Mission TREEING 2030

- 1 Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy
- 2 Advancing globalization
- 3 Striving for transformation and the creation of new value
- 4 Transforming our business foundation for growth

## Financial performance target

2030 recurring income target  
**250.0 billion yen**

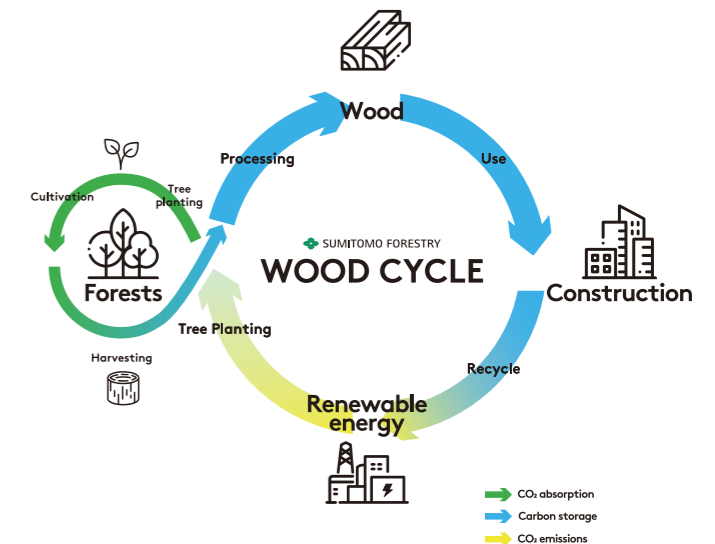
## The Sumitomo Forestry Group's Wood Solutions

	Forests	Wood Renewable energy	Construction
Concept	<b>Accelerate the cyclical forest business</b> Form forest funds to expand forest coverage by protecting and expanding forests and peatlands around the world, especially in Asia. Contribute to carbon offsets for other companies and society.	<b>Promote wood change</b> Establish a timber industrial complex that will improve the efficiency of domestic forestry and timber production, and contribute to the increase of carbon fixation by substituting wood-derived materials.	<b>Standardize carbon neutral design</b> Contribute to the decarbonization of other companies and others through the spread of ZEH, ZEB, LCCM housing, and net-zero carbon buildings, as well as the establishment of carbon neutral designs (One Click LCA*1 x EPD*2).
Beneficiaries	New customers who are seeking the value of CO <sub>2</sub> absorption	Supply chain partners	Building owners (general consumers, companies)
Contributions	CO <sub>2</sub> absorption	CO <sub>2</sub> reduction (Scope 3 – Category 1)	CO <sub>2</sub> reduction (Scope 3 – Category 11)
2024 investments*3	Forestry fund related investments (~2024) <b>12.0 billion yen</b>	Timber industrial complexes investments (~2024) <b>20.0 billion yen</b>	Overseas non-residential wooden building investments (~2024) <b>30.0 billion yen</b>
2030 targets	Owned/managed forest area <b>500,000 ha</b>	Timber industrial complexes domestic timber usage <b>1.0 million m<sup>3</sup>/year</b>	Number of housing units supplied yearly <b>50,000 units (in Japan and overseas)</b>

\*1 A software that visualizes CO<sub>2</sub> emissions during construction. Our Company signed an exclusive agency agreement for Japan.  
\*2 An environmental labeling system based on quantitative environmental data evaluated and certified by a third party.  
\*3 Total investment from FY2022/12 to FY2024/12 in the initial plan as of February 14, 2022.

## Moving toward a decarbonized society using the Wood Cycle

One unique aspect of the Group can be found in its business activities around the Wood Cycle, the upstream to downstream value chain for the sustainable natural capital of wood resources. With our operations focused on the three pillars of accelerating the cyclical forest business in the forests area, promoting wood change in the wood area, and standardizing carbon neutral design in the construction area, we will provide unique wood solutions in Japan and abroad harnessing all of these businesses that lead to a carbon neutral society, from forestry management to procurement and manufacturing of timber and construction materials, wooden construction, and wood biomass power generation.



Value Creation Process P.34

# Contributions to Decarbonized Society

The Sumitomo Forestry Group is working toward the decarbonization of society as a whole by reducing greenhouse gas emissions from its business activities, increasing the CO<sub>2</sub> absorption volume of forests, promoting carbon storage through increased use of wood, and achieving long-term carbon storage through wooden construction.

**The Sumitomo Forestry Group's potential carbon stock**  
(As of December 2023)  
Carbon stock of owned and managed forests and currently standing wooden buildings and HWP (Harvested Wood Products)

Indicators and data on each of the forests, wood, and construction fields\*1

\*1 Data collection period: January to December 2023

Field	Key Initiatives	Update	Indicators and Data	Carbon Fixation
<b>Forests</b>	<ul style="list-style-type: none"> <li>Formation of forestry funds <a href="#">P.36</a></li> <li>Launch of Mangrove Conservation Project in Indonesia</li> <li>Consulting services for the proper management of tropical peatlands</li> <li>Entry into afforestation and carbon credit creation business in Australia</li> </ul>	<p>In June 2023, we established and started operating our first forest fund "Eastwood Climate Smart Forestry Fund I" in the U.S., and have acquired a total of 112,580 acres (approx. 45,600 ha) of forest assets to date. Additionally, we are considering the formation of a second fund in Japan and Southeast Asia.</p>	<p>Area of owned forests in Japan: <b>Approximately 48,000 ha</b></p> <p>Area of owned/managed forests overseas: <b>Approximately 238,000 ha</b></p> <p>Ratio of Company-owned forest area in Japan harvested annually: <b>Less than 1%</b></p> <p>Domestic and overseas reforestation rate: <b>100%</b></p> <p>Number of trees planted annually: Japan <b>0.37 million trees</b>, Overseas <b>9.22 million trees</b></p>	<p><b>Carbon fixation in forests</b></p> <p>Carbon stock of forests: <b>65,744 thousand tons*<!--3</b--></b></p> <p>Japan: <b>13,837 thousand tons</b></p> <p>Overseas: <b>51,907 thousand tons</b></p>
<b>Wood</b>	<ul style="list-style-type: none"> <li>Establishment of a timber industrial complex based on the cascade utilization of domestic timber <a href="#">P.37</a></li> <li>Global network from the procurement of timber and building materials to the manufacture and distribution of products</li> <li>Increase the amount of harvested wood products (HWP) handled and manufactured to increase the amount of carbon fixation</li> </ul>	<p>As the first step, in November 2023, Sumitomo Forestry and two other companies jointly established KowanoMori Co., Ltd in Iwaki City, Fukushima Prefecture, which manufactures sawn timber and processed wood products, mainly from domestic cedar. The company's new plant is scheduled to start operations in March 2026.</p>	<p>Sustainability procurement survey implementation rate for imported wood product suppliers*4: <b>100%</b></p> <p>Recycling rate of manufacturing site waste: Japan <b>99.6%</b>, Overseas <b>95.7%</b></p>	<p><b>Carbon fixation through wood products</b></p> <p>Cumulative wood products overseas: <b>15,117 thousand tons*6</b></p>
<b>Construction</b>	<ul style="list-style-type: none"> <li>Participation in medium- to large-scale wooden construction projects in the U.S., Australia, and the U.K.</li> <li>Reduction of operational carbon through the spread of ZEH, ZEB, LCCM housing, and net-zero carbon buildings <a href="#">P.38</a></li> <li>Became the sole distributor in Japan of the CO<sub>2</sub> emissions visualization software "One Click LCA" to support the reduction of CO<sub>2</sub> emissions by businesses</li> <li>Started a project to promote the acquisition of environmental labeling system EPD for wood and building material manufacturers.</li> </ul>	<p>In October 2023, we completed a 15-story partially reinforced concrete wooden office building in Melbourne, Australia. Wooden office buildings are scheduled to be completed in the U.S. and U.K. by the end of 2024.</p>	<p>ZEH order ratio of new, custom-built detached houses in Japan*7: <b>79.7%</b></p> <p>Ratio of new, custom-built detached houses in Japan that have acquired long-life quality housing certification*8: <b>95.9%</b></p>	<p><b>Carbon fixation through housing</b></p> <p>Cumulative houses in Japan: <b>7,726 thousand tons*9</b></p> <p>Cumulative houses overseas: <b>2,457 thousand tons*6</b></p>

Number of seedlings produced annually

Container seedlings in Japan: **Approximately 1.90 million capacity**

Seedling production overseas: **Approximately 9.89 million**

Ratio of domestic forests that are sustainably managed with consideration to biodiversity: **100%**

Forest certification acquisition rate\*2

Japan	Overseas
<b>100%</b>	<b>95.8%</b>

\*2 Forest certification acquisition rate for the operating area (planted area)

Volume of wood and wood products handled: **8,050,000 m<sup>3</sup>**

Power supply from wood biomass power generation (converted to number of households)\*5: **404,000 households**

\*4 Ratio of suppliers who completed the sustainability procurement survey among all suppliers who were subject to timber procurement due diligence by the Company's Timber Procurement Committee.

\*5 Total power supply from the six wood biomass power generation facilities in Japan. 233,000 households when converted to ownership ratio.

\*6 HWP carbon stock from overseas housing and manufacturing facilities was calculated with the cooperation of Tokyo University of Agriculture and Technology using figures for Japanese housing as reference.

\*7 Value that includes ZEH, Nearly ZEH, ZEH Oriented

\*8 Limited to private residences and those with at least the applicable floor area.

\*3 Method to calculate carbon stock of forests: Cumulative amount x Bulk density x Biomass magnification factor x (1+ratio of underground area as a ratio of above ground area) x Carbon content (utilizing the specific number of each tree species)