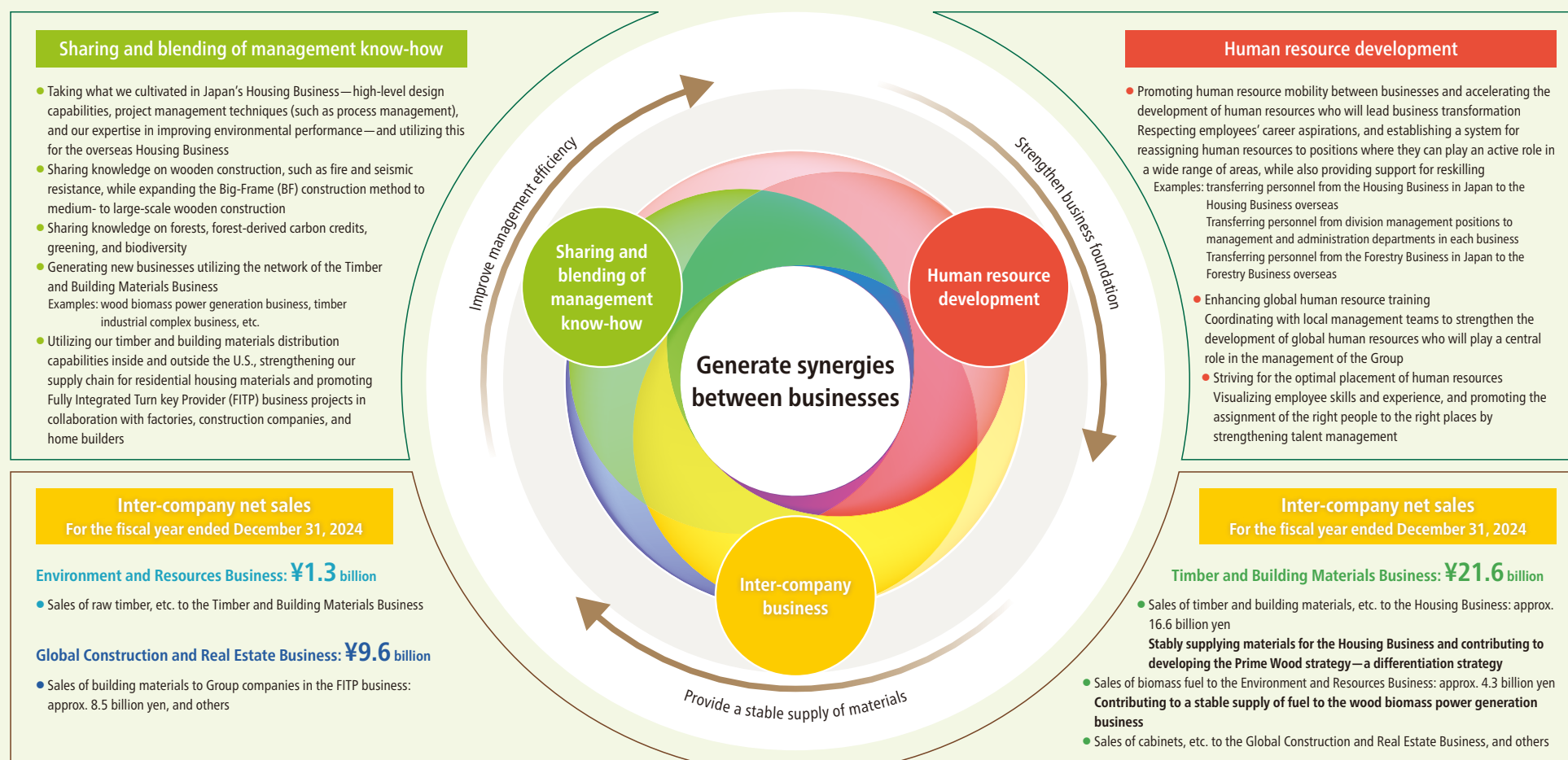




## Broadening the Wood Cycle and Achieving Further Growth through Synergies Between Businesses

In addition to making use of its unique strengths that include not only technologies and expertise related to wood but also connections with customers, a network within and outside Japan, and its cultivated housing brand strength, the Sumitomo Forestry Group seamlessly links management resources throughout the Group. We create synergies and strive for additional growth by exchanging management expertise that is not restricted to business and cultivating human resources, including those in charge of the Housing Business in Japan and abroad.





## Achieving Decarbonization and Nature Positivity by the Wood Cycle

With widespread extreme weather and an increase in major natural disasters, addressing environmental problems like global warming is a shared challenge for all of humanity. While spinning the Wood Cycle—a value chain centered on wood, which is a renewable natural resource—the Sumitomo Forestry Group is increasing CO<sub>2</sub> absorption and carbon storage capacity in the fields of forestry, timber, and construction, thereby contributing to the creation of a decarbonized society and the realization of nature positivity. In addition, by promoting wood change (the replacement of other materials with wood), we will increase the amount of wooden construction in cities and contribute to the creation of a decarbonized society through long-term carbon storage by wooden buildings. Furthermore, by making cities more like forests, we will help improve the well-being of society as a whole.

### Social issues



- Global warming
- Extreme weather events
- Biodiversity loss and ecosystem collapse
- Degradation and decline of forests
- Natural resource shortages
- Environmental pollution
- Infectious diseases

### Trends in building a sustainable society



- Establishment of PRI
- Adoption of SDGs
- Paris Agreement
- Introduction of ETS and carbon taxes
- Mandatory TCFD-compliant disclosure
- TNFD-compliant disclosure

### Focus on forests and wood



- Absorbing greenhouse gases and carbon sequestration in forests
- Reforestation (REDD+)
- Assessment of changes in carbon content of Harvested Wood Products (HWP)
- Introduction of a forestry environmental tax
- Act promoting woodification in cities
- Well-being effects from the use of wood



Illustrative diagram of the transformation of cities into forests  
Prepared by the Company's Tsukuba Research Institute