

Long-Term Vision for Decarbonization

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**Representative Director and President
Sumitomo Forestry Co., Ltd.**

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 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

Business Policy

01

Maximizing the value of forests and wood to realize decarbonization and a circular bioeconomy

In addition to reducing operational carbon in all areas domestically and abroad, we will pursue the CO₂ reduction effect of wood resources and contribute to the decarbonization of society through our businesses.

By highlighting the CO₂ sequestration capabilities of forests and HWP, we will revitalize the Japanese forestry industry and expand our **medium- to large-scale wooden architecture** business to dramatically elevate the value of timber resources and realize a circular bioeconomy primarily for domestic timber.

02

Advancing globalization

With our US, Australian and Asian operations as our core platform, we will expand the business areas and scale of our overseas group operations.

03

Striving for transformation and the creation of new value

With business transformation and innovation, such as the promotion of digitalization, we will rebuild the revenue base of our domestic operations.


04

Transforming our business foundation for growth

In addition to improving our ability to continually retain, nurture and engage human resources who can respond to globalization and the diversification of our businesses, we will reinforce our risk management system.

Performance target

2030 recurring income target **¥ 250 billion**



Decarbonization, challenge for the next half century

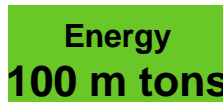
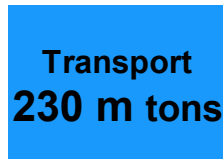
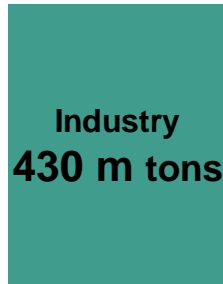
- ✓ With the Paris Agreement, the world is on the move toward decarbonization
- ✓ Japan is striving for net-zero greenhouse gas emissions by 2050
- ✓ Decarbonization has become one of the most important issues for all companies

Japan's CO₂ emissions

Emissions

2013

1.24 b tons

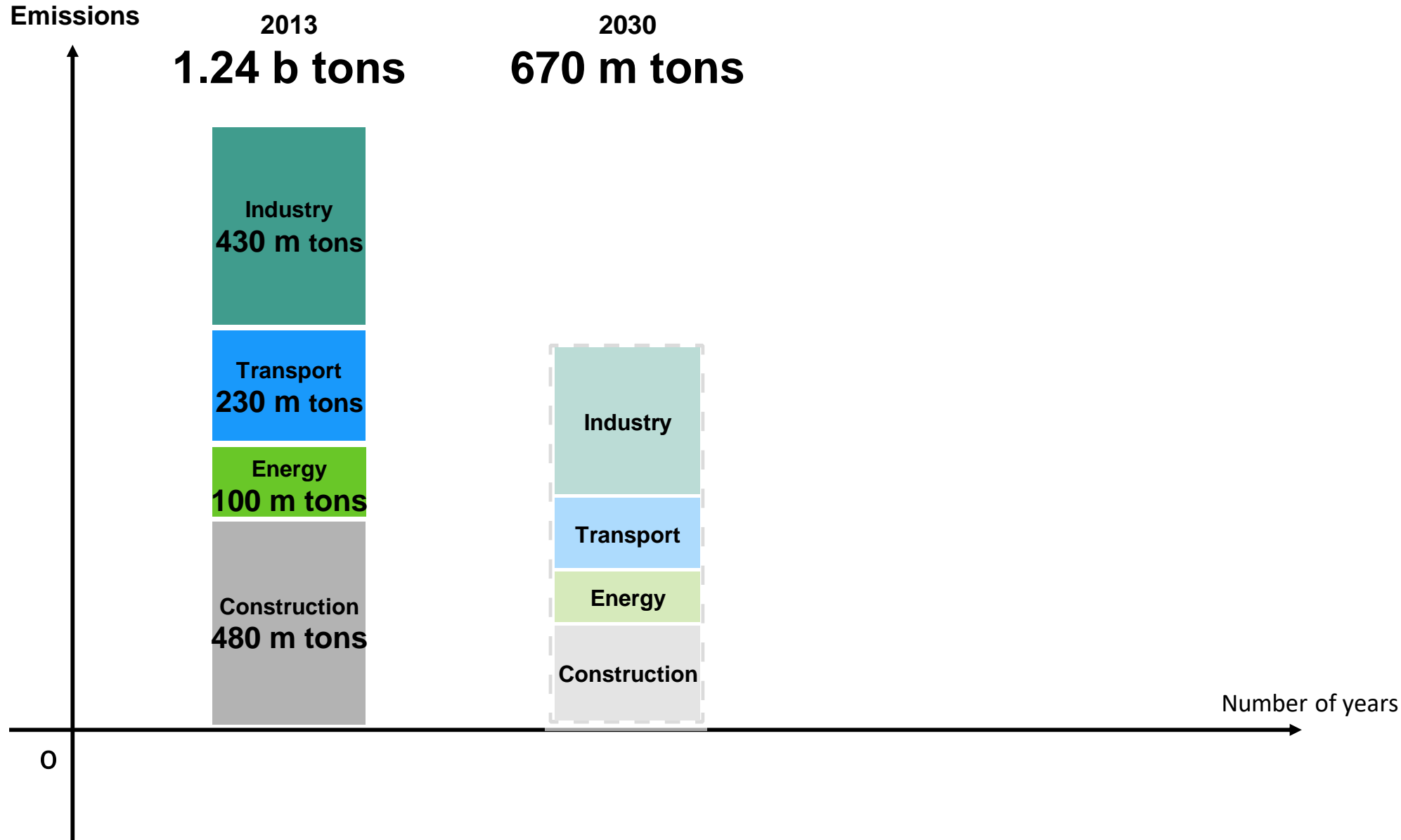


Approximately 39% of CO₂ emissions are from the construction sector (largest by sector)

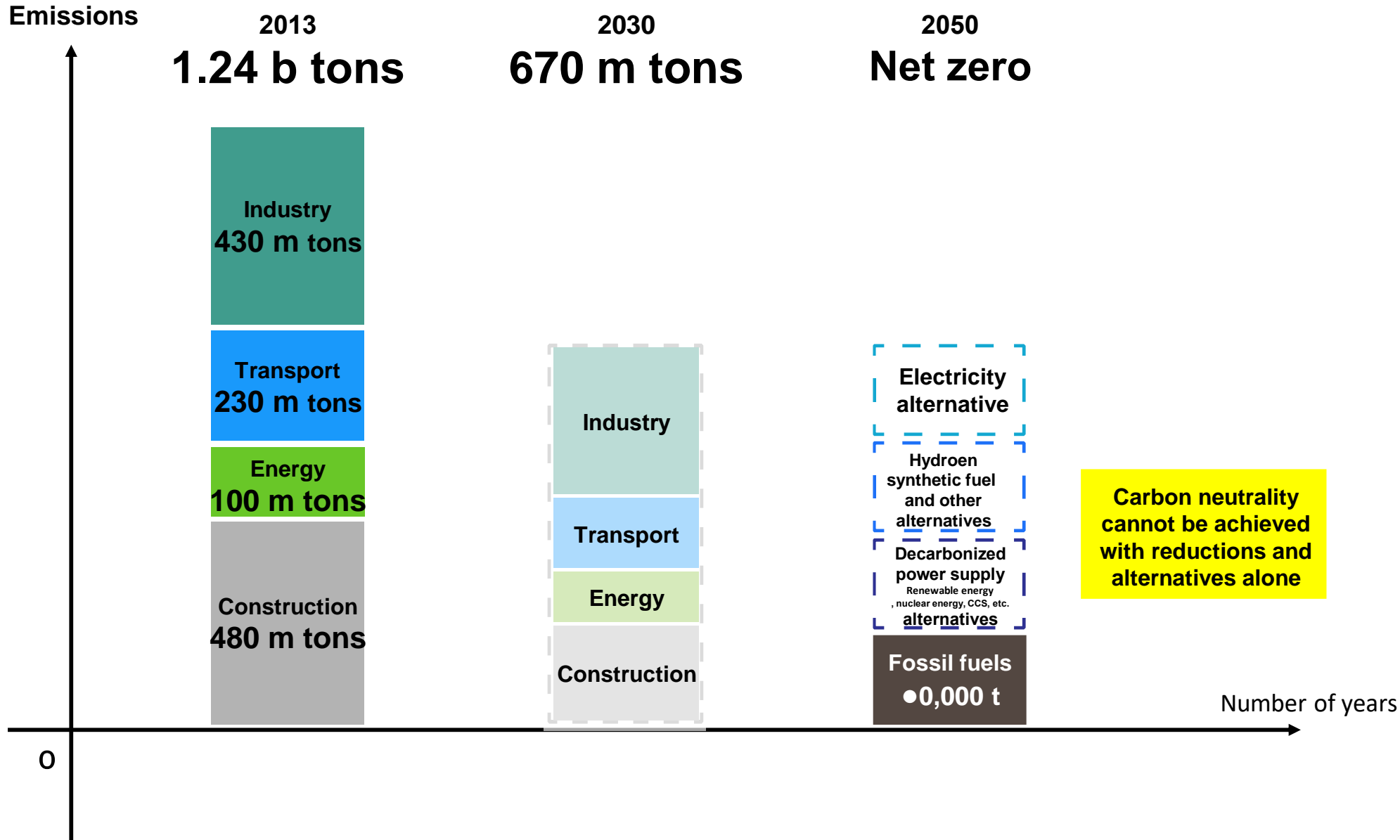
Number of years

0

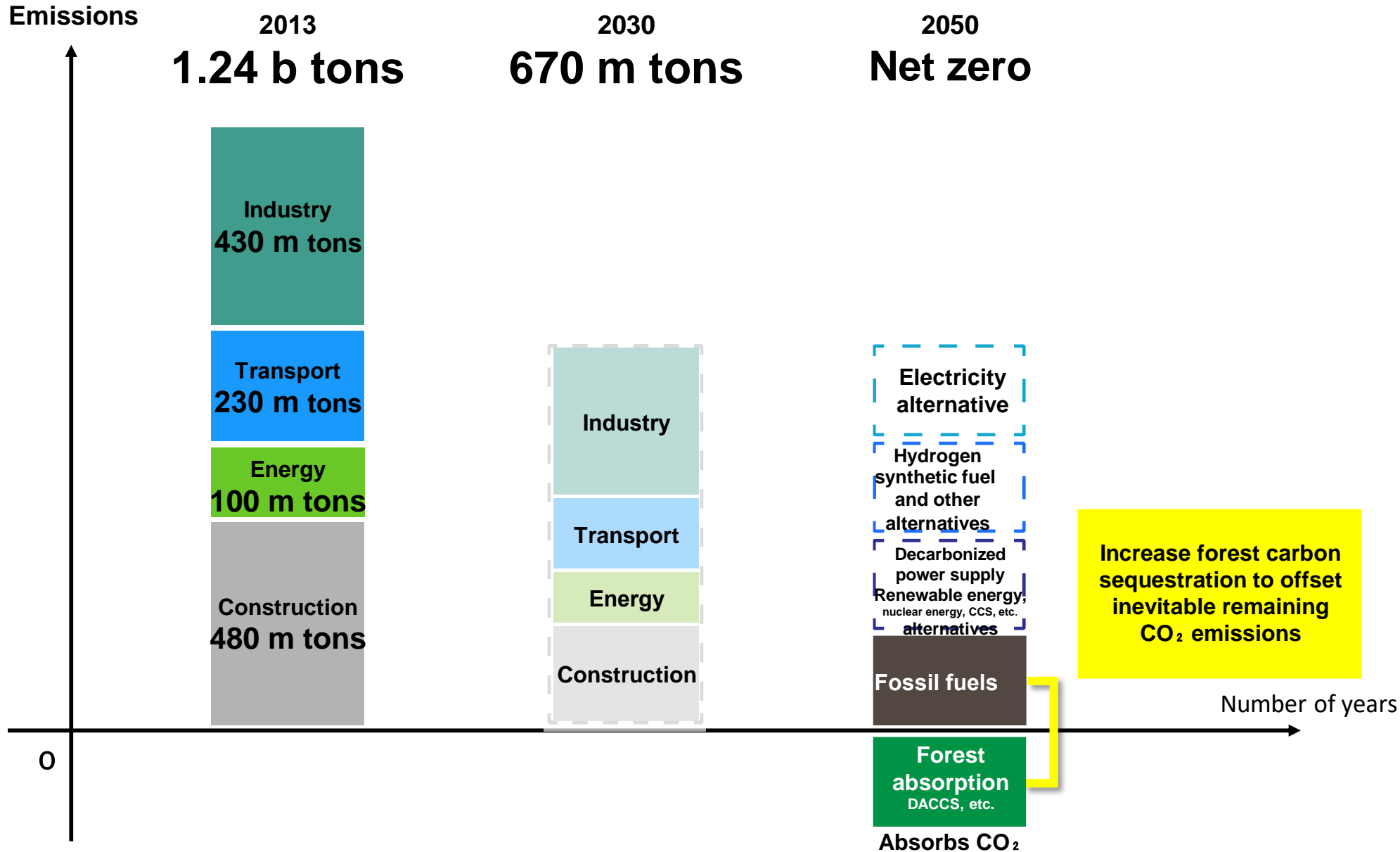
Japan's CO₂ emissions



Japan's CO₂ emissions



Japan's CO₂ emissions



Source) Ministry of Economy, Trade and Industry, based on the "Realizing Carbon Neutrality" diagram in "Green Growth Strategy for Carbon Neutrality by 2050," Global Warming Countermeasure Plan (October 22, 2021, Cabinet decision) and the target indices indicated in "Greenhouse Gas Targets/Criteria for Each Category"

To realize carbon neutrality by 2050

**We must devise ways
to increase carbon
sequestration of forests**

The world and Japan face different issues associated with increasing CO₂ forest absorption

World issue: Deforestation



Forest conservation, afforestation

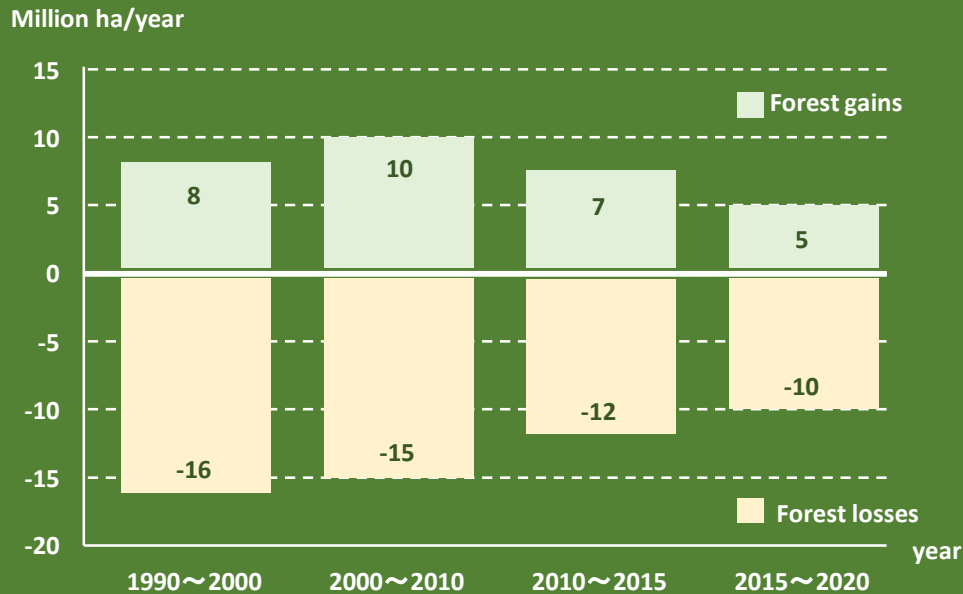
Japan issue: Aging forests
(plantation forests)



Forest harvesting, reforestation



The world's forest areas are decreasing



Source) FAO Global Forest Resources Assessment 2020

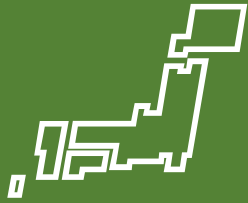
Deforestation is progressing



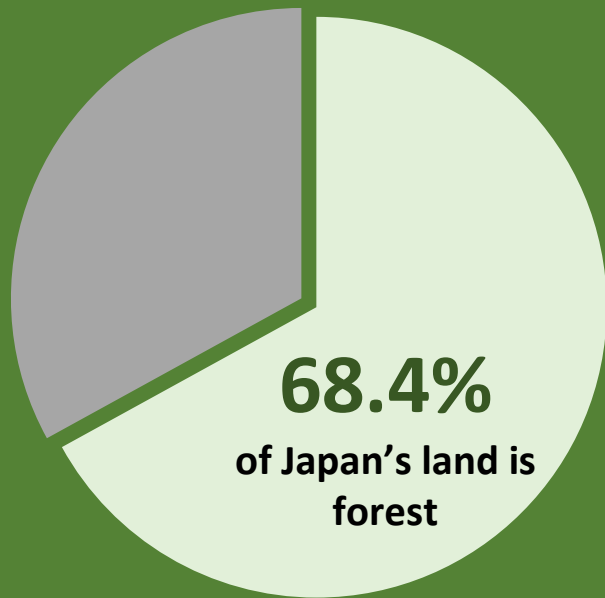
worldwide and CO₂ emissions are greater than CO₂ absorption



Important to stop deforestation and conserve and expand forests



Japan's forest areas



About 70 % of the land is covered with forest, making it third among OECD in terms of forest ratio.

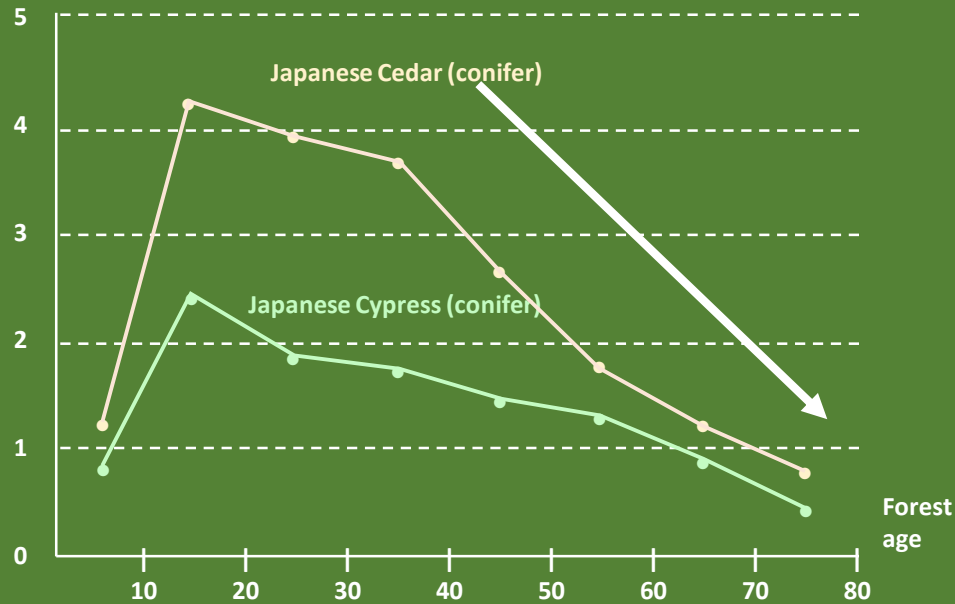


Important to promote the use of wood and harvest/replant trees



Change in CO₂ absorption with forest age

Carbon t/ha/year



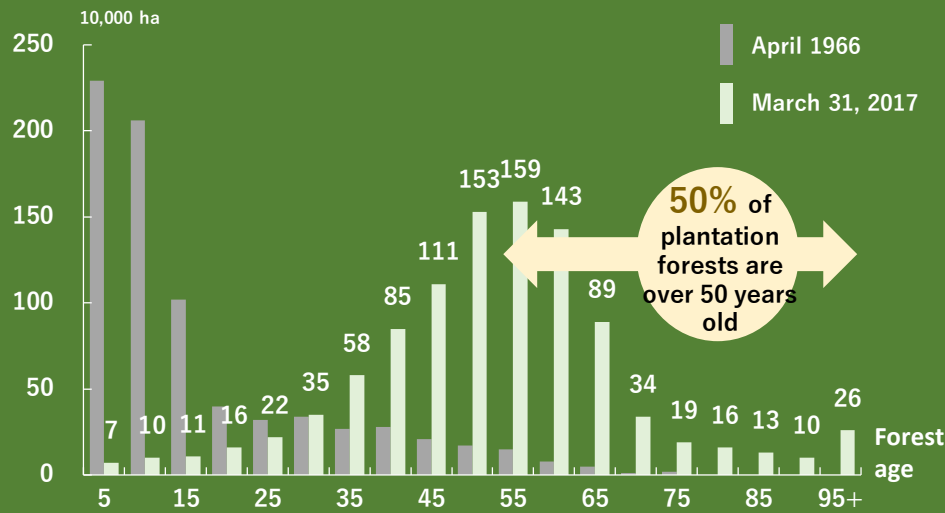
Source) https://www.shinrin-ringyou.com/ondanka_boushi/tanso_kyusyu.php



Most forest trees absorb large volumes of CO₂ when young



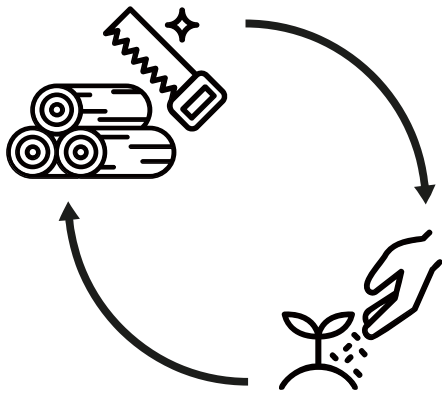
Change in forest age composition of Japan's plantation forests



Source) Forest and Forestry White Paper 2018 Edition, Forest and Forestry White Paper 2017 Edition, Learning Museum of Forest and Forestry



Half of Japan's planted forests are over 50 years old, raising concerns of reduced CO₂ absorption



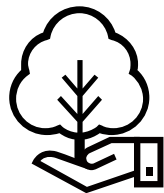
To increase carbon sequestration in Japanese forests, aging trees that no longer effectively absorb CO₂ need to be harvested and effectively utilized, and then new trees need to be replanted to rejuvenate forests.

Point ①

To increase carbon sequestration, deforestation must be ended and working forests must be rejuvenated.

<World issue>

Reduced carbon sequestration
with deforestation

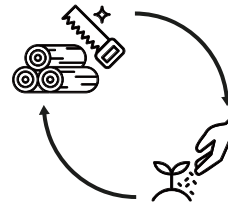


Primarily,
**Conserve and increase
conservation forests
Manage and expand forests**

Conservation
forests = Forests with an emphasis on public benefit,
such as biodiversity conservation, mountain
disaster prevention, health culture and other

<Japan issue>

Reduced carbon sequestration
with aging forests



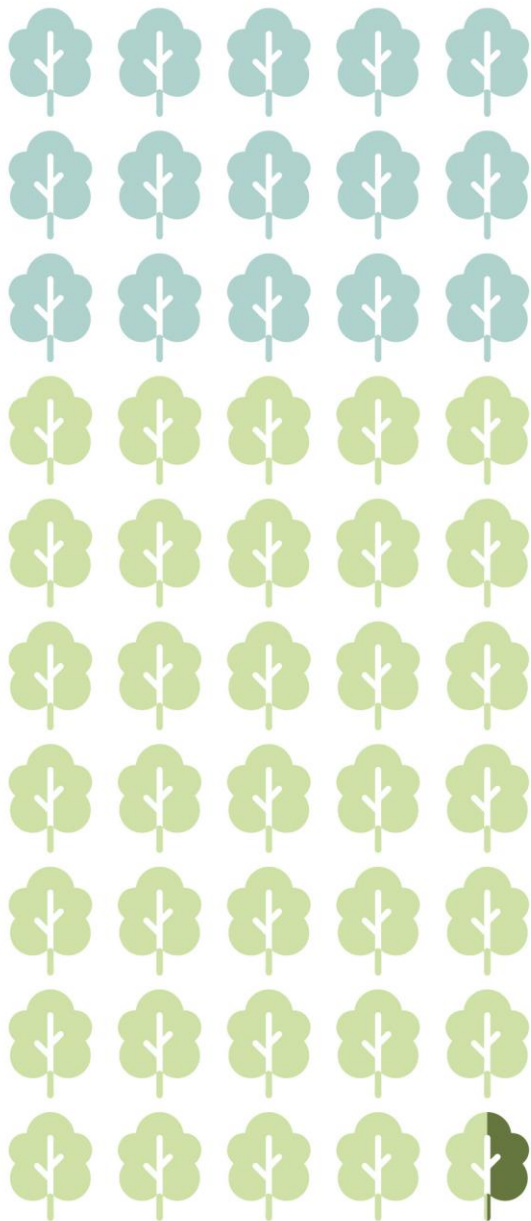
Primarily,
**Rejuvenate working forests
Harvest and replant forests**

Working
forests = Forests that are harvested and reforested to
secure stable production of building materials,
furniture and other

Some of the world's forests are working forests,
just as some of Japan's forests are conservation forests.

Forest management must be conducted optimally with appropriate zoning.

Japan



Conservation forests

Working forests

Only 2%
of working
forests

For example, for Japanese cedar



forests, a 50-year rejuvenation cycle to increase CO₂ absorption



Only 2% of total working forests are harvested and reforested yearly



Protect ecosystems while rejuvenating forests to increase carbon sequestration capacity (sustainable forest management)

To realize carbon neutrality by 2050

Overseas

Increase carbon sequestration in forests by ending deforestation and increasing conservation forests

Japan

Increase forest carbon sequestration through harvesting and replanting

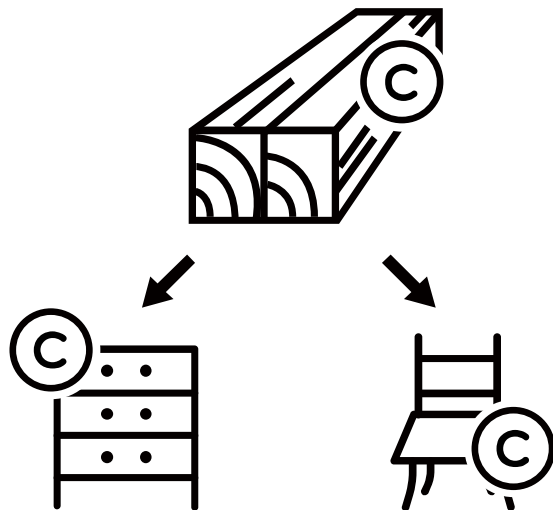
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World

Utilize wood to store carbon over the long term

Point ②

Utilize wood for long-term carbon storage

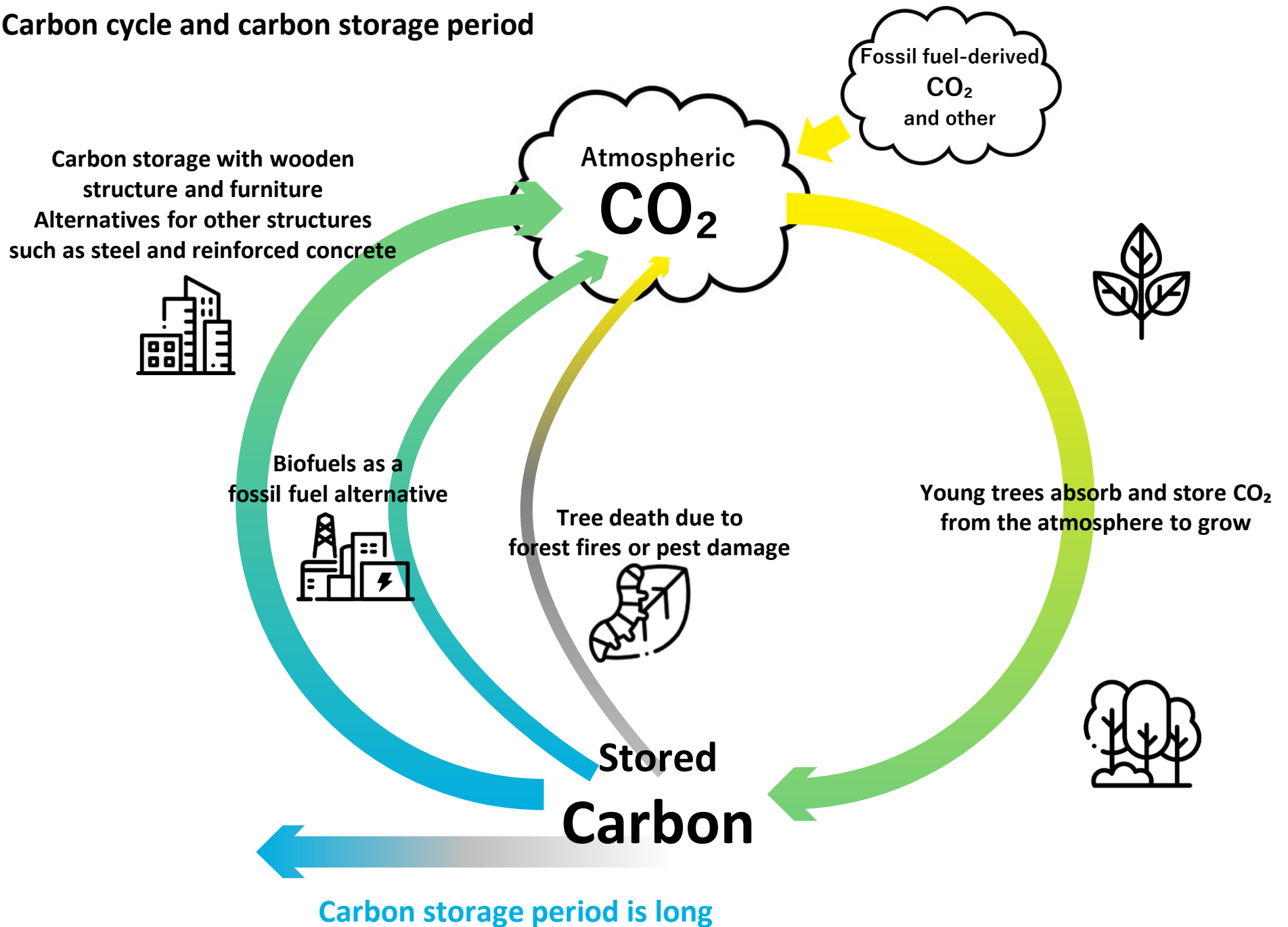


Carbon Storage

Carbon storage refers to the ability of trees to absorb CO₂ and store it internally as carbon. By utilizing harvested wood to produce wood buildings, furniture and other wood products, carbon is stored for long periods of time without being released into the atmosphere.

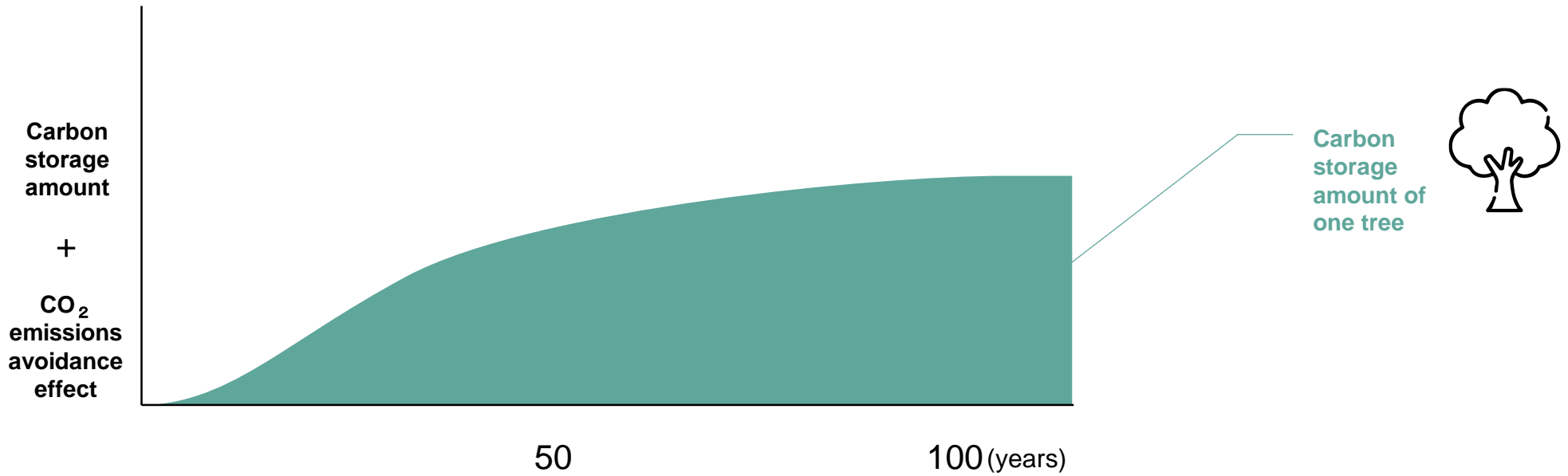
Wooden buildings, which have low CO₂ emissions, and bioenergy also have the effect of suppressing fossil-fuel-derived CO₂ emissions.

Carbon cycle and carbon storage period

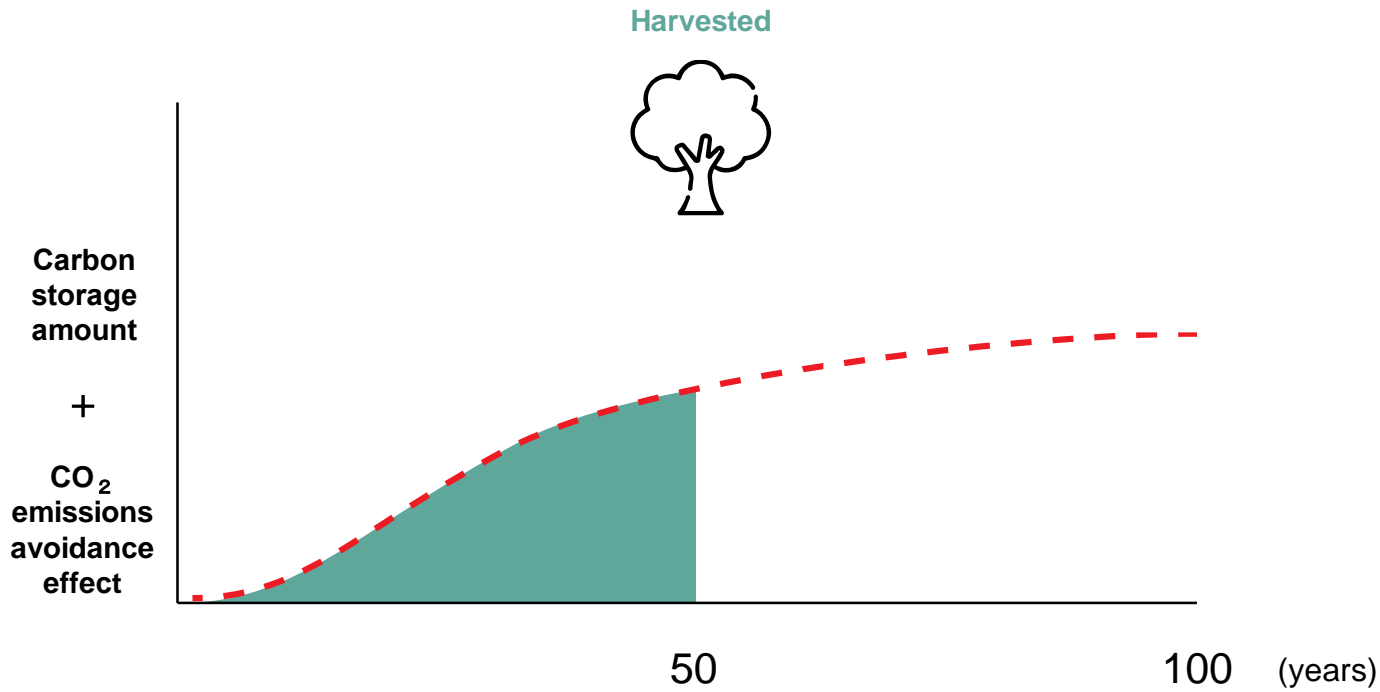


In other words,

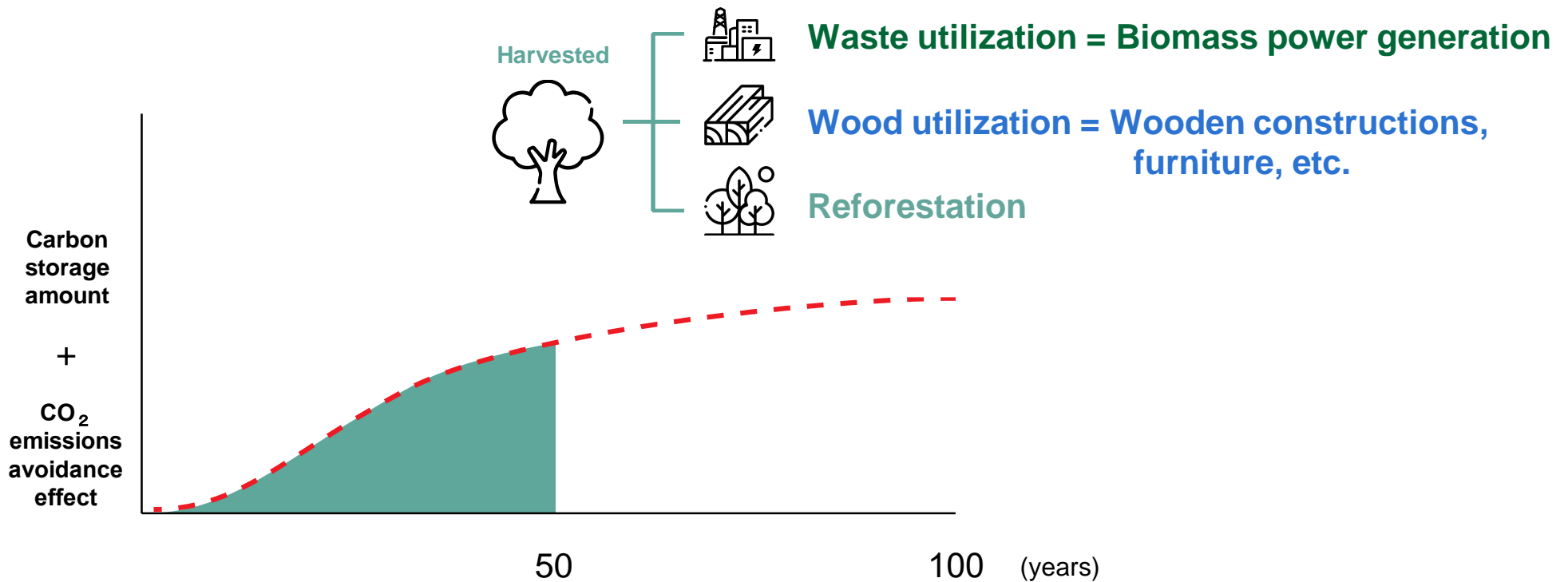
**Harvesting and replanting trees and then utilizing wood they
produce increase carbon storage and contribute to the
decarbonization of society as a whole**



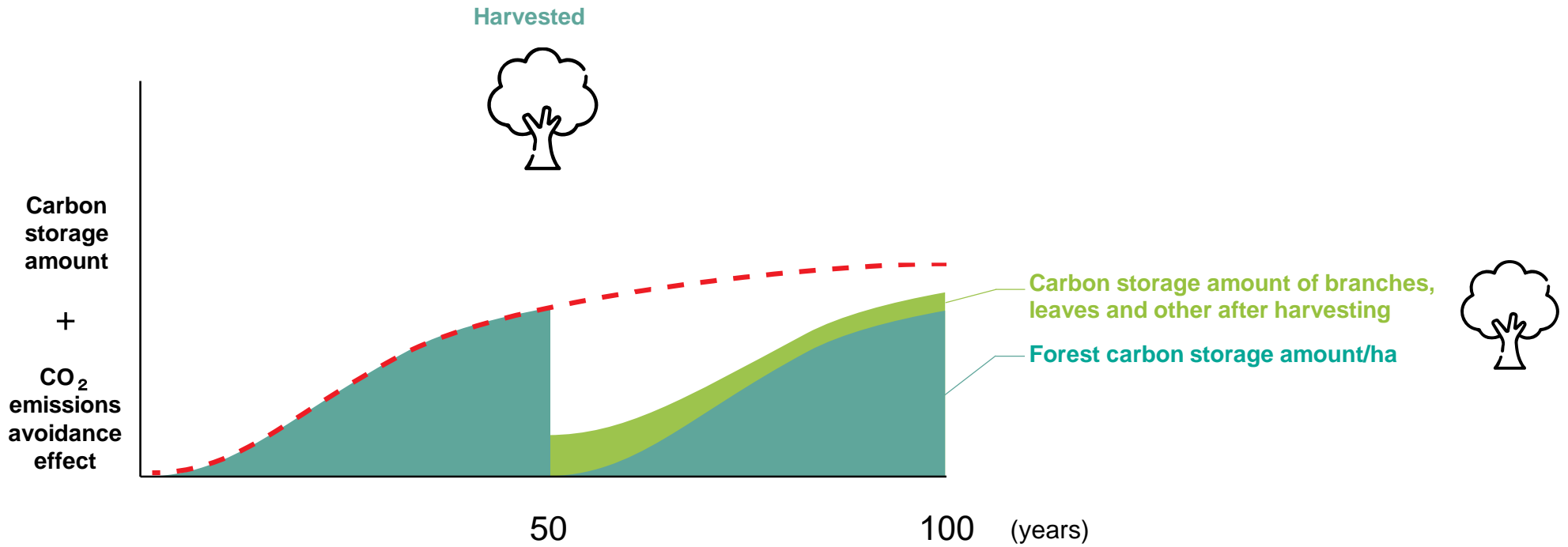
The increase in carbon storage amount of one tree slows after the peak CO₂ absorption period



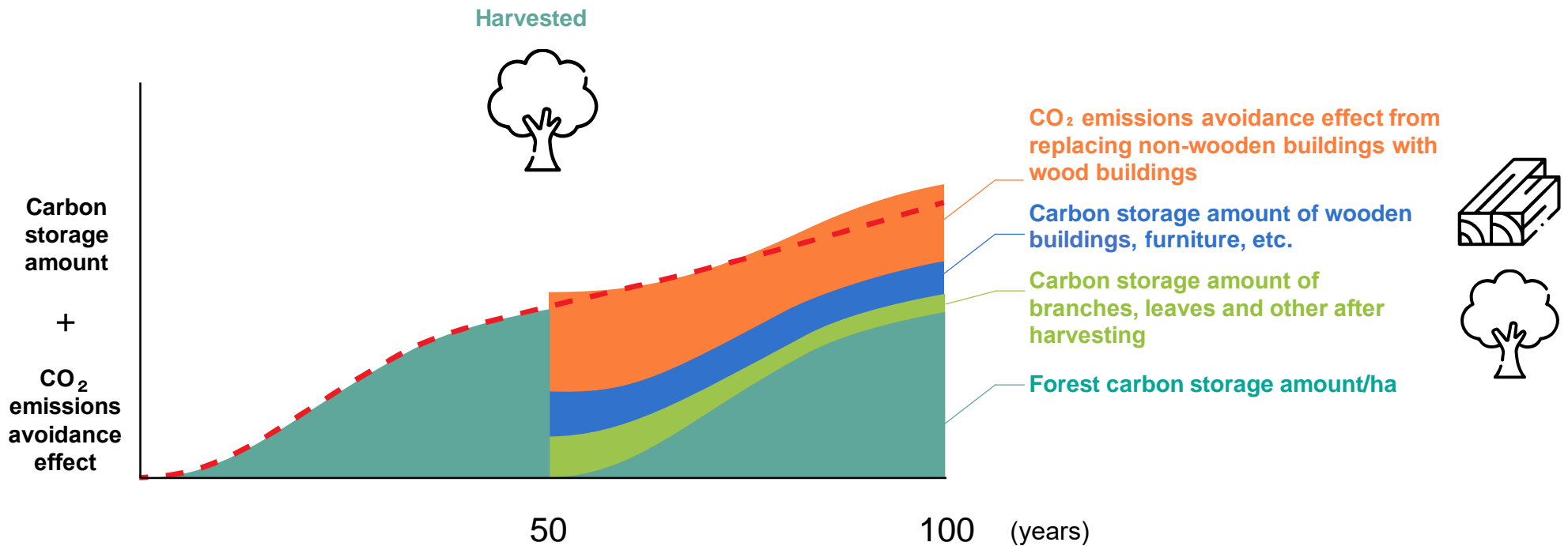
When a tree is harvested, it first appears as if the carbon storage amount has reduced.



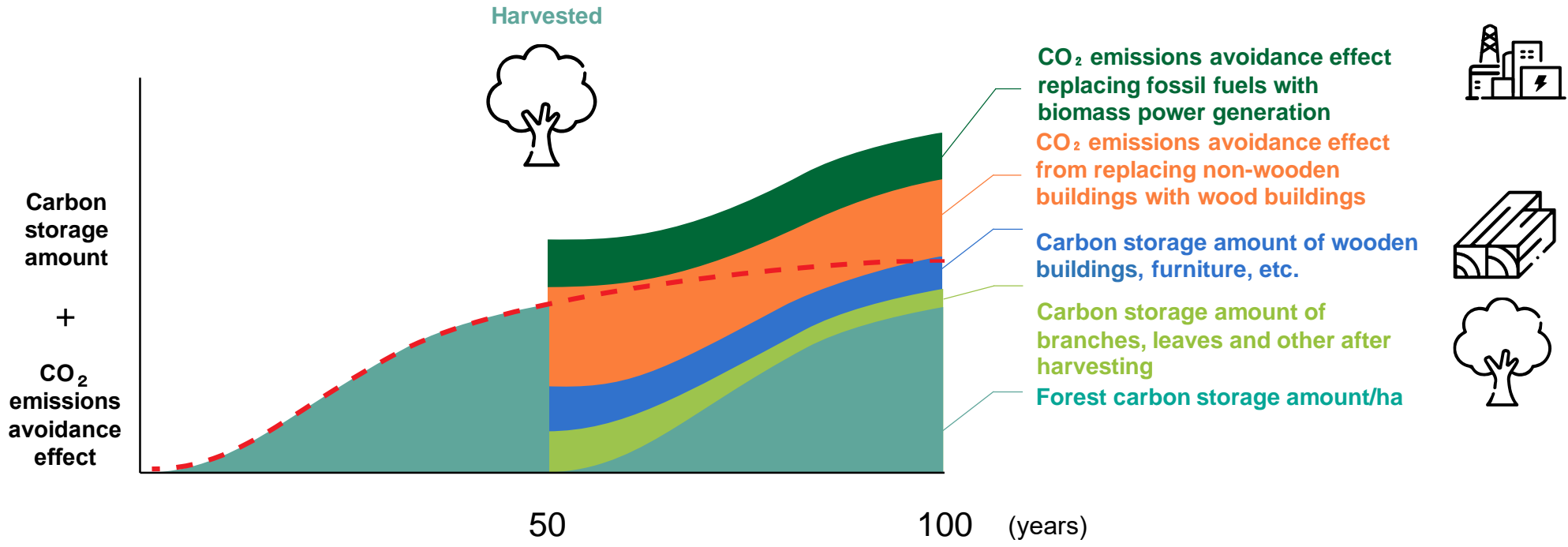
However, Sumitomo Forestry replants trees and utilizes harvested wood in a variety of ways.



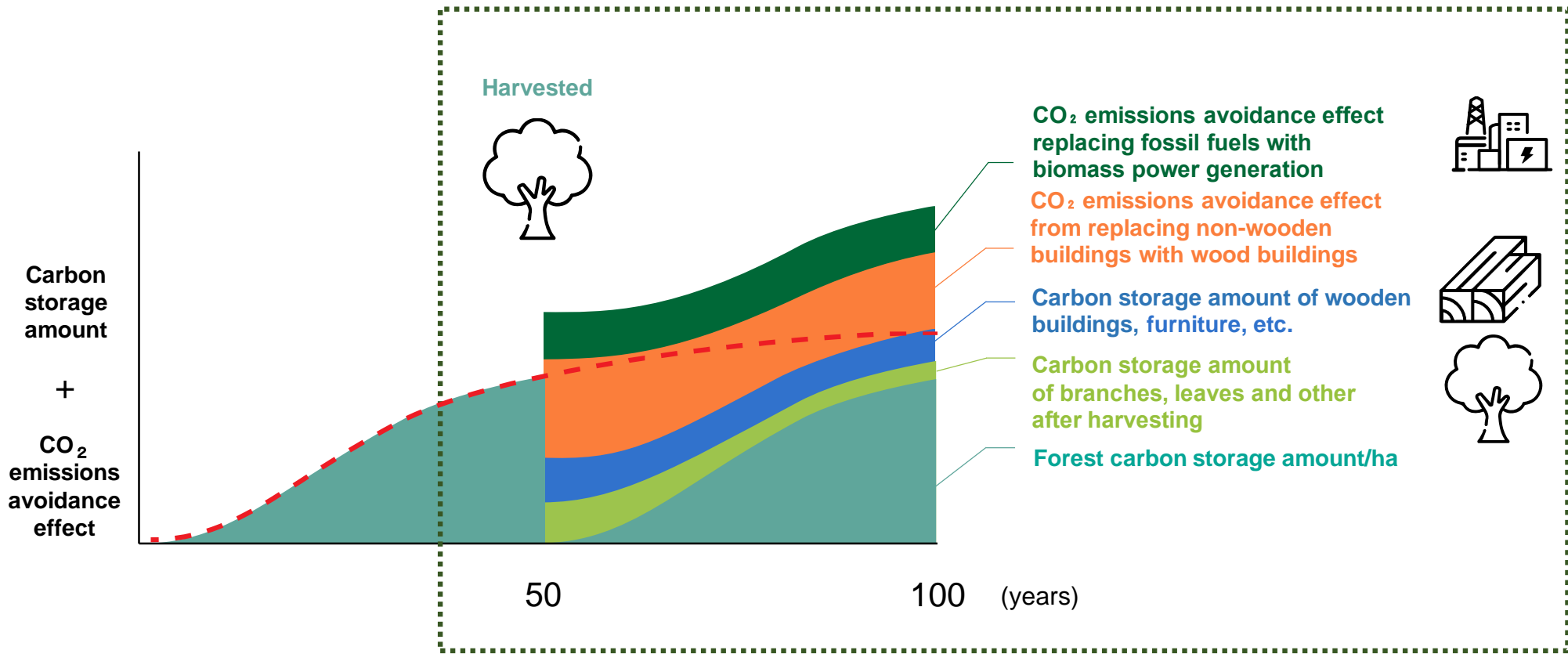
Replanting means that young trees rapidly absorb CO₂ and increase carbon storage amount



In addition, utilizing wood for wooden buildings, furniture, etc., stores carbon and reduces the amount of CO₂ that would have been emitted from reinforced concrete structures

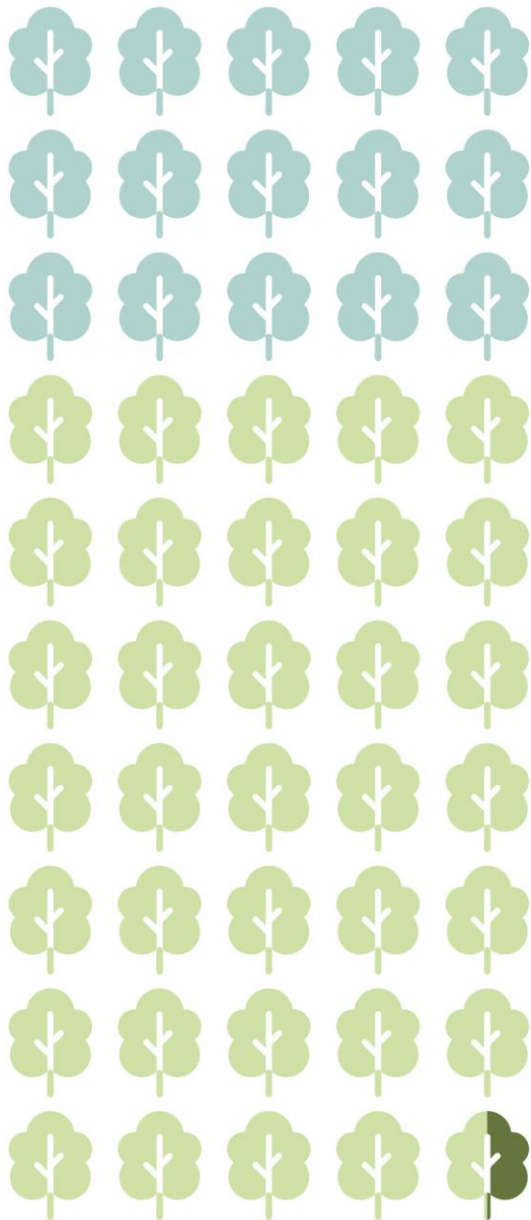


Utilizing wood chips and waste for biomass power generation reduces CO₂ more than fossil-fuel power generation



Harvesting and replanting trees in a planned manner and promoting the use of wood contributes to decarbonization.

Japan



Conservation forests

Working forests

Only 2% of working forests

For example, for Japanese cedar

✓ forests, create a 50-year rejuvenation cycle to increase CO₂ absorption

✓ Only 2% of total working forests are harvested and reforested yearly



Protect ecosystems while rejuvenating forests to increase carbon sequestration (sustainable forest management)

Forests, a key element to realizing a decarbonized society by 2050

Point ①

Increased carbon capture through zoning forest management

With deforestation progressing worldwide and planted forests aging in Japan, forest conservation alone will not increase carbon capture.

Japan needs to rejuvenate forests through a cycle of harvesting and reforestation

Point ②

Carbon storage through the use of wood

Both in Japan and abroad, keeping trees in forests is not enough to increase the amount of carbon stored overall.

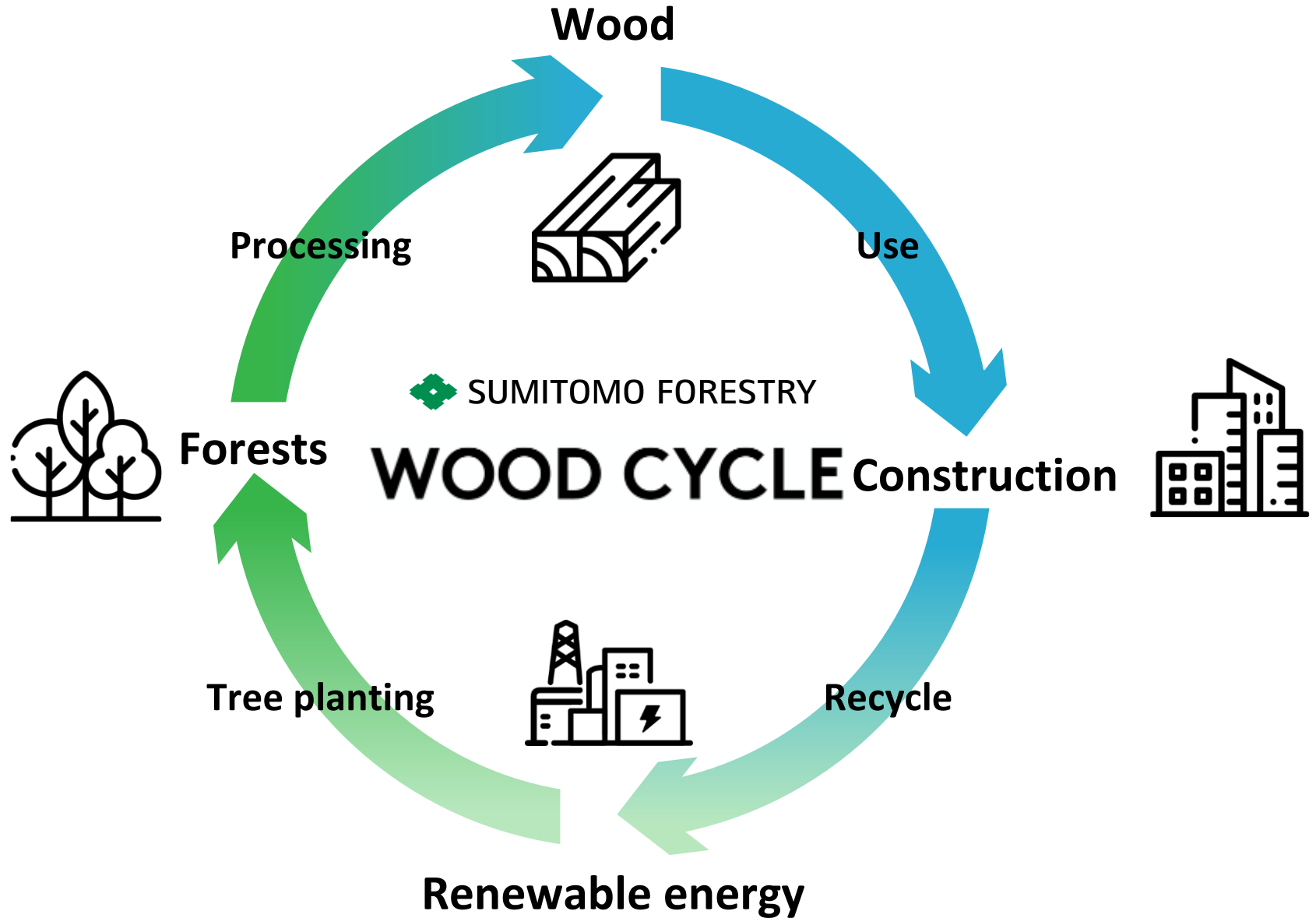
Promote the utilization of wood to accelerate the cycle of harvesting and reforestation

※Globally, emphasis is placed on forest conservation and afforestation



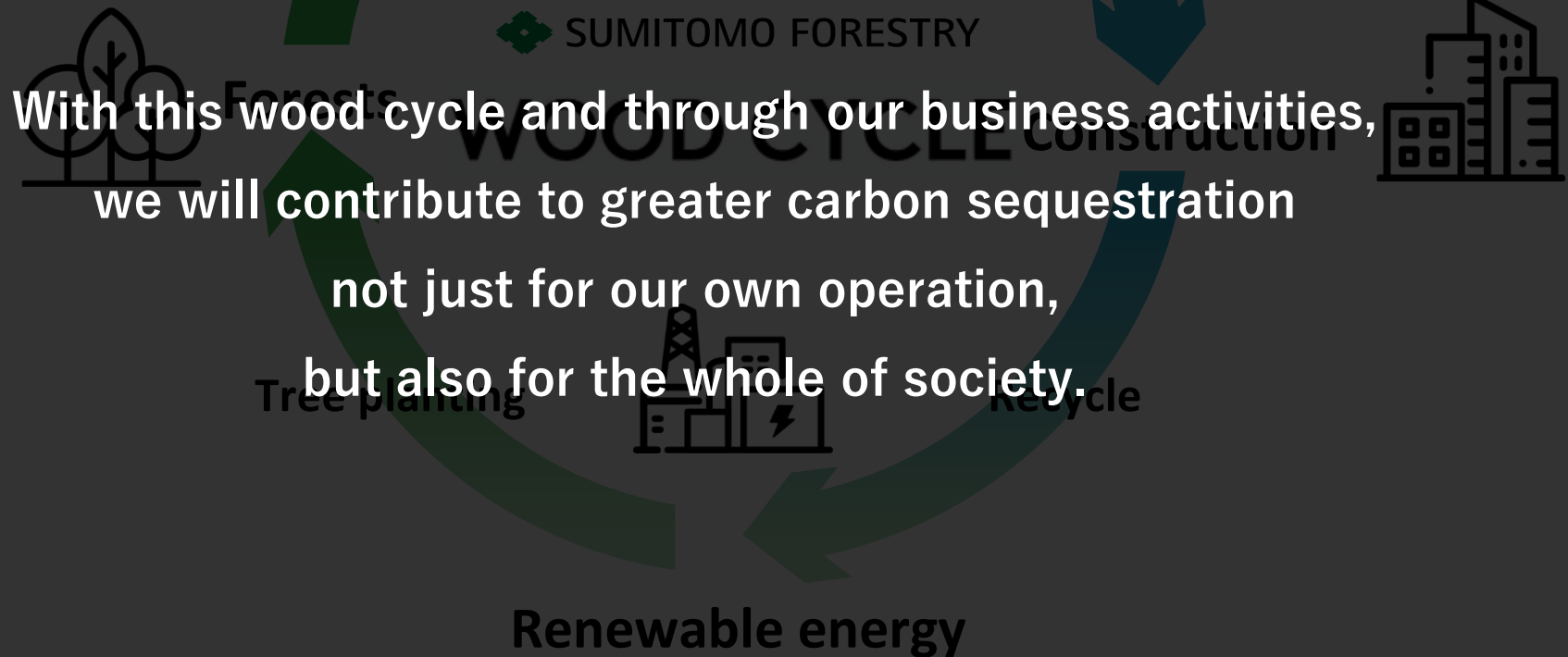
**To resolve these issues
and contribute to the decarbonized society,
Sumitomo Forestry is promoting businesses
in three fields – forests, wood, construction.**

Sumitomo Forestry's Wood Cycle



Sumitomo Forestry's Wood Cycle

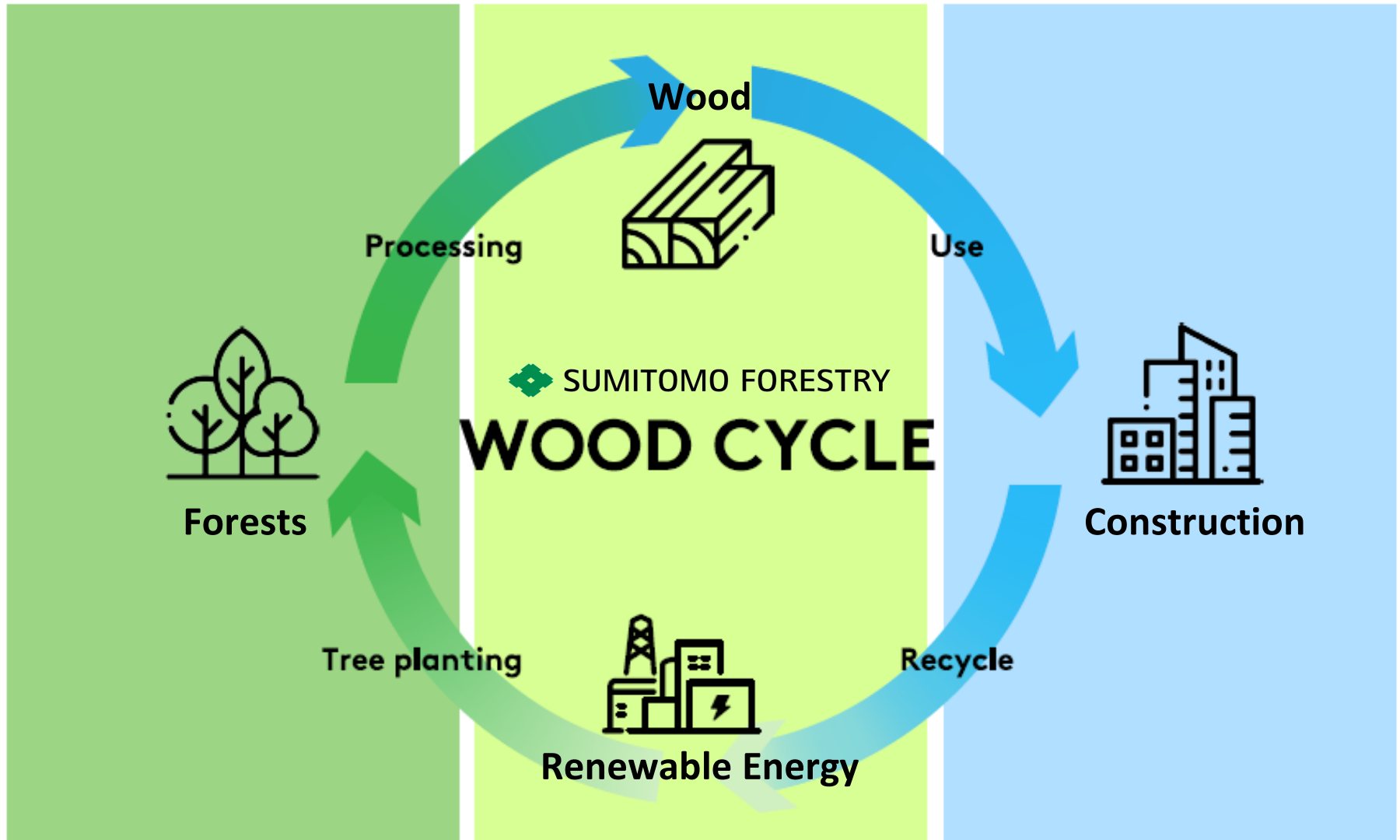
From forestry management and timber processing to distribution, wood construction, and biomass power generation, Sumitomo Forestry is involved in all aspects of the wood cycle.



Forests

Wood

Construction





Forests



Pillar ① of Sumitomo Forestry's decarbonization initiatives

Accelerate the circular forest business

We will promote zoning forest management by increasing conservation forests that absorb CO₂ and by accelerating the harvesting and replanting of working forests that encourage carbon storage. Through carbon offsets, we will contribute to the decarbonization of other organizations and society to realize a sustainable business.

2030	Forestry fund assets under management	100 billion yen
	Owned/managed forest land area target	279,000 ha → 500,000 ha

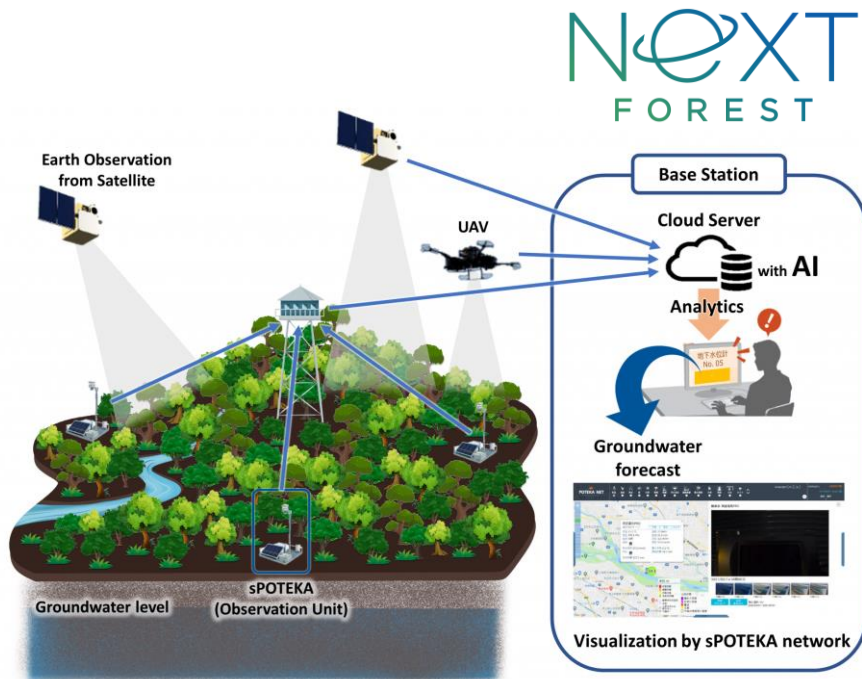


Plan to accelerate the forestry business

**Create a global forestry fund
to expand forest area worldwide,
with an emphasis on Asia.**

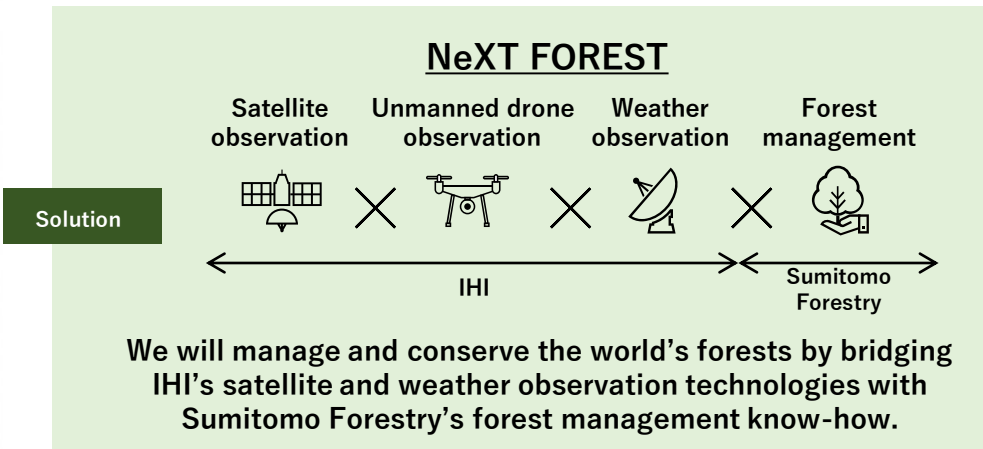
**Through carbon offsets,
contribute to other organizations and society.**

In collaboration with IHI,
we will manage and protect the world's forests from outer space.
Also, we will expand forest management consulting services.



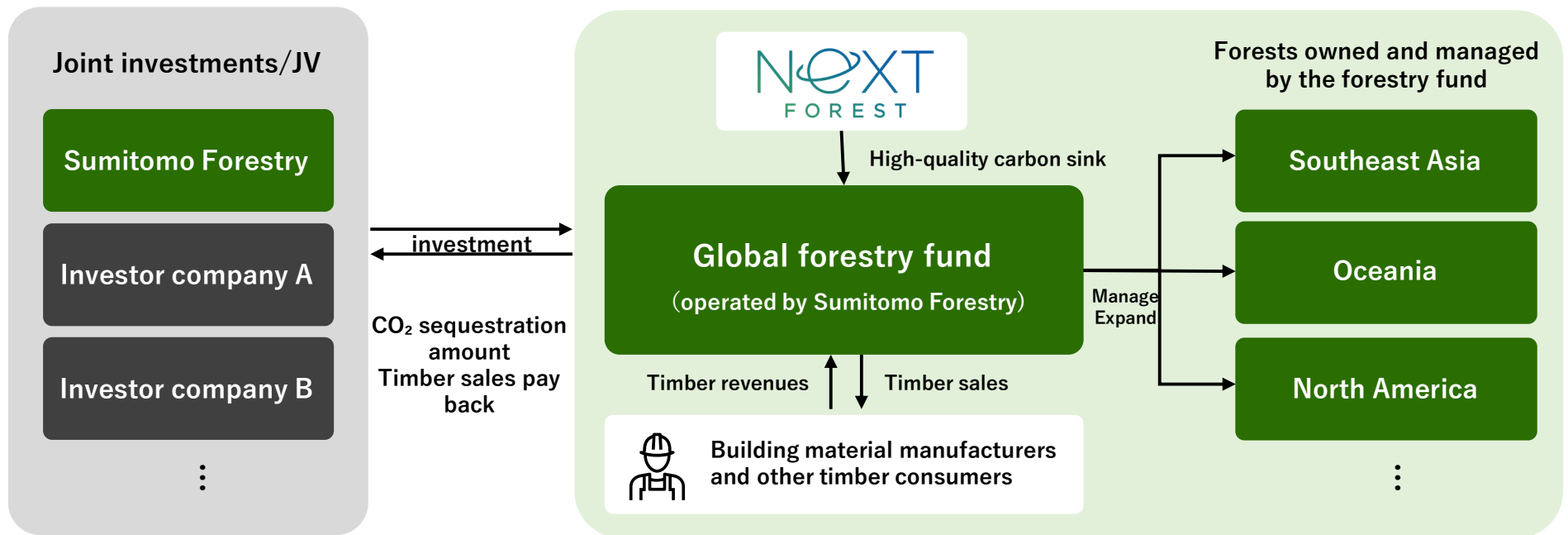
Background

World over, there is a threat of deforestation due to illegal logging and forest fires. However, tropical peatlands store carbon comparable to more than 10 times the world's CO₂ emissions and contribute to biodiversity.



Announced at COP 26, NeXT FOREST gained worldwide attention and high regard.
Utilizing our know-how, we are expanding into forestry consulting services.

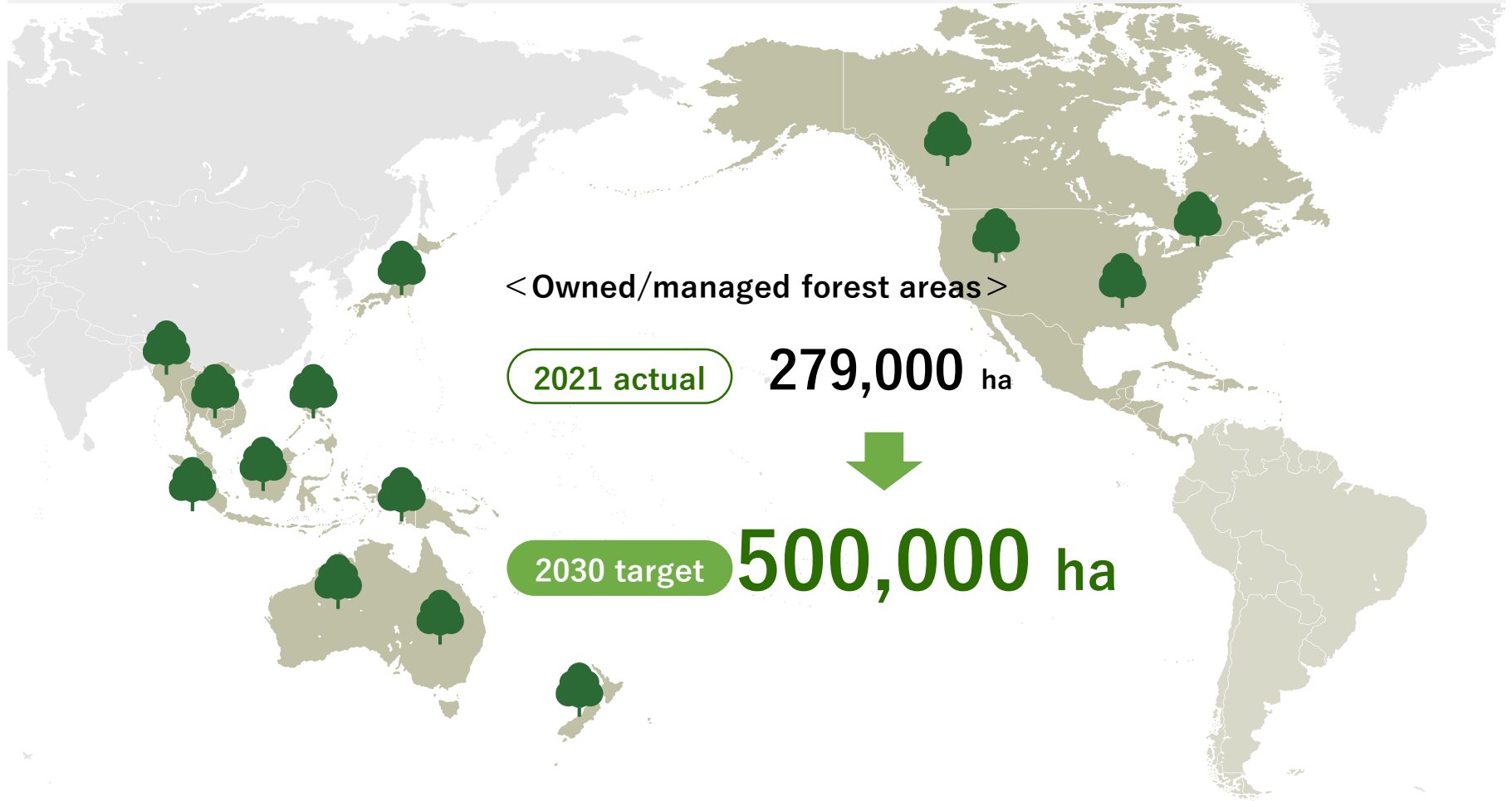
Form a global forestry fund.
Secure new carbon sinks and contribute to carbon offsets
for other organizations and society.



Forestry fund assets under management

100 billion yen

We plan to increase the forest areas we own and manage primarily in Southeast Asia, Oceania and North America to 500,000 ha by 2030.



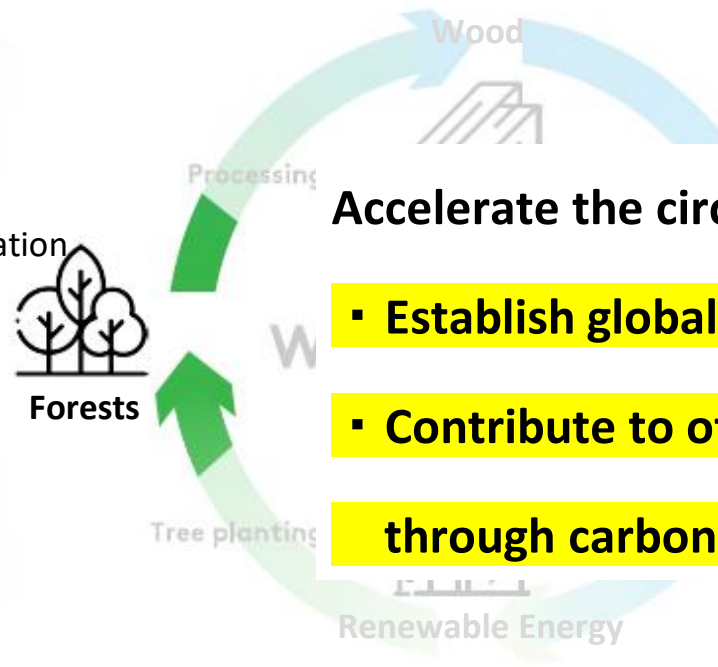
Contributing to the decarbonization of society

- ✓ Increase carbon sequestration by expanding forests
- ✓ Contribute to carbon offsetting for other companies through a forestry fund

Contributing to the decarbonization of other companies

Reduce CO₂ emissions through material conversion
Promote wooden buildings even among other companies

Contributing to the decarbonization of other entities,



Accelerate the circular forest business

- Establish global forestry funds
- Contribute to other organizations and society through carbon offsets

Contributing to the decarbonization of other companies

Promote decarbonization through the use as alternatives for fossil fuel
Contribute to regional revitalization

- ✓ Decarbonization for building owner
- ✓ Contribution to Scope 3



Wood



Pillar ② of Sumitomo Forestry's decarbonization initiatives

Promote wood change

We will enhance competitiveness of Japanese timber while pursuing the value of wood in carbon storage.
We will promote the use of wood throughout society to contribute to the decarbonization.

3 years	Timber industrial complex investment target	20 billion yen
2030	Timber industrial complex domestic timber usage target	1 million m ³ /year

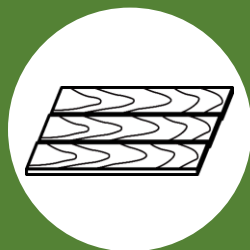
A large stack of cut logs, likely Japanese cedar, is shown under a clear blue sky. The logs are stacked in neat piles, with some showing yellow markings. The background is a bright blue sky with a few wispy clouds. The foreground shows some wood chips and debris on a concrete surface.

Plan to promote wood change

**Make Japanese forestry and wood product manufacturing more efficient with timber industrial complexes.
Promote the transition to wood-derived materials to increase carbon storage amount.**

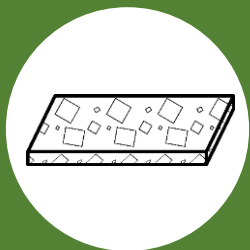
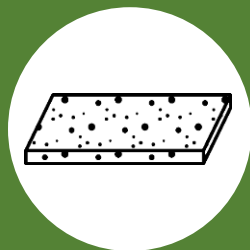
<Sumitomo Forestry's wood manufacturing>

Domestic manufacturing



Flooring material, doors,
windows, etc.

Overseas manufacturing



MDF, particle board, etc.



Sumitomo Forestry is the leading company in Japan's domestic timber and building materials distribution markets in terms of transaction amount

We want to promote carbon storage in society by increasing the volume of harvested wood products (HWP) we handle and manufacture



HWP : Harvested Wood Products

Wood products processed from harvested wood. Because trees absorb CO₂ and sequester it as carbon, promoting the use wood products advances the decarbonization of society.

< Japanese forestry/wood manufacturing challenges >



Forestry worker shortage



Undeveloped roads



Small-scale saw mills



< Worldwide comparisons >

	Japan	US · Australia
the wood self-sufficiency rate	41.8%	Approx. 90%
Wood shock	Soaring prices + timber shortages	Soaring prices

✓ Japan's domestic timber has low price competitiveness due to a shortage of forestry workers and lack of infrastructure.

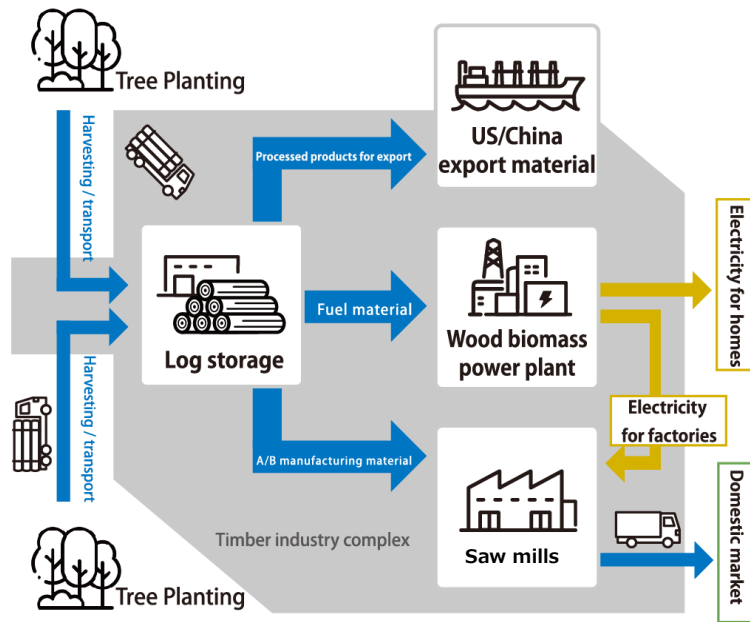
✓ Japan relies on imports for most of its wood products and experienced the wood shock price increase.



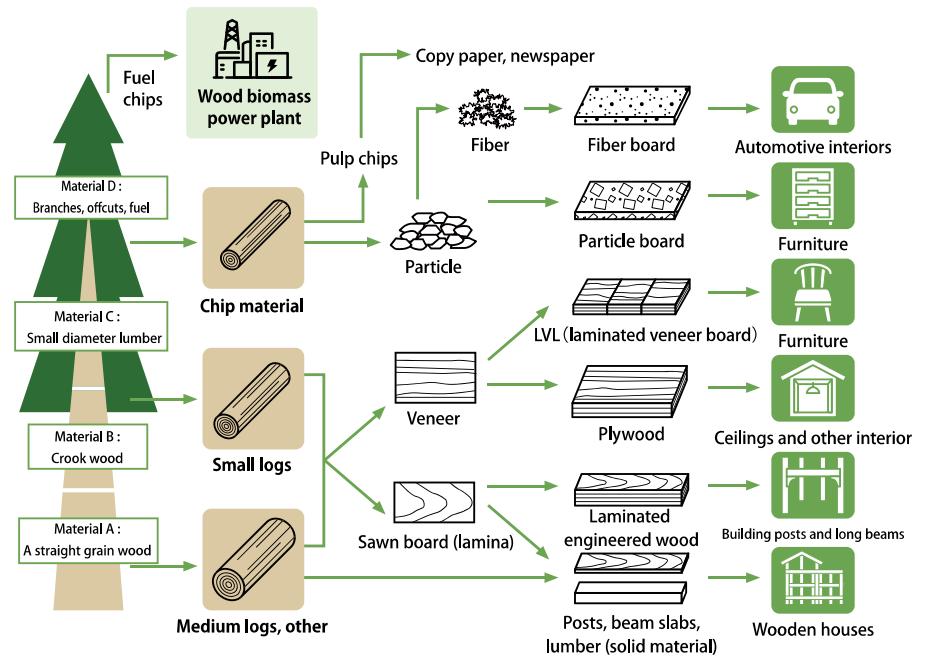
Establish timber industrial complexes, which are built on the premise of cascade utilization of Japanese timber, to raise productivity of wood manufacturing, secure a stable supply of wood products and ultimately, increase price competitiveness.

Striving to create large-scale timber industrial complexes in Japan. With a one-stop solution from sawing to cascading, we aim to increase carbon storage.

▼Timber industrial complex overview



▼Cascading flow



2030 domestic timber usage volume

1 million m³/year

As a first step to create a timber industrial complex, we have concluded a letter of agreement with Shibushi City, Kagoshima, to build a new factory.
(We have also begun feasibility studies to construct a domestic wood processing factory and biomass power generation plant.)

The ripple effect of creating a timber industrial complex

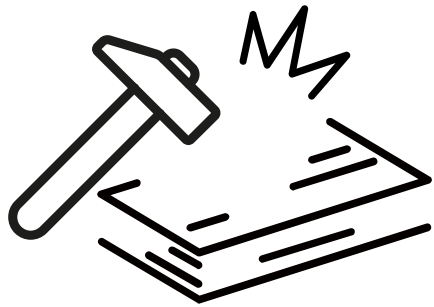
An increase in the carbon storage period that contributes to decarbonization

An increase in the added value of wood and the creation of employment opportunities for forestry workers

The stable supply of domestic timber and the enhancement of price competitiveness

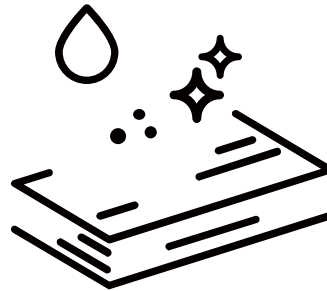
1 million m³/year

Promote wood as an alternative by highlighting its capabilities.



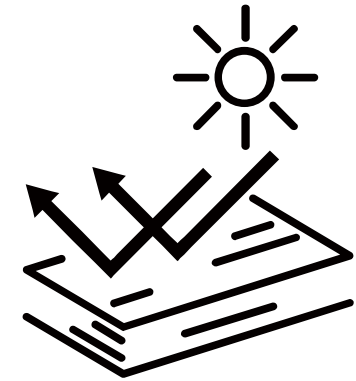
Wood is lighter and stronger than steel

Wood is a strong and lightweight material and at the same weight, about four times stronger than steel and six times stronger than concrete. This also helps contribute to decarbonization during transport.



Wood deteriorates more slowly than steel

Steel deteriorates 1.67 times faster than wood. Even after 100 years of wind and rain exposure, wood surfaces deteriorate a mere 3mm.

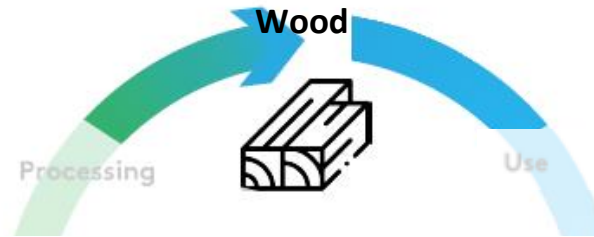


Wood has superior thermal insulation

Because wood contains trapped air, its thermal conductivity is low and its thermal insulation properties are about 10 times higher than concrete and about 500 times higher than steel.

Contributing to the decarbonization of other companies

- ✓ Reduce CO₂ emissions through material conversion
- ✓ Promote wooden buildings even among other companies



Contributing to the decarbonization of other entities, companies

- > using>
Contribute to carbon storage
- Enhance living comfort
reduce environmental burden at the same time

> in-residential>

- ✓ Decarbonization for building owner
- ✓ Contribution to Scope 3

Contributing to the decarbonization of society

- ✓ Increase carbon sequestration by expanding forests
- ✓ Contribute to carbon offsetting for other companies through a forestry fund

Spread awareness of Japanese timber and promote the transition to wood

- Create timber industrial complexes
- Shift to wood-derived materials

Contributing to the decarbonization of other companies

- ✓ Promote decarbonization through the use as alternatives for fossil fuel
- ✓ Contribute to regional revitalization



Construction



Pillar ③ of Sumitomo Forestry's decarbonization initiatives

Standardize carbon neutral design

By promoting LCCM housing both in Japan and abroad, and by establishing and standardizing carbon neutral design methods to popularize decarbonized construction, we will contribute to the decarbonization of other companies and entities.

3 years

Overseas non-housing wood building investment target

30 billion yen

2030

Housing units supplied yearly

27,000 units



50,000 units



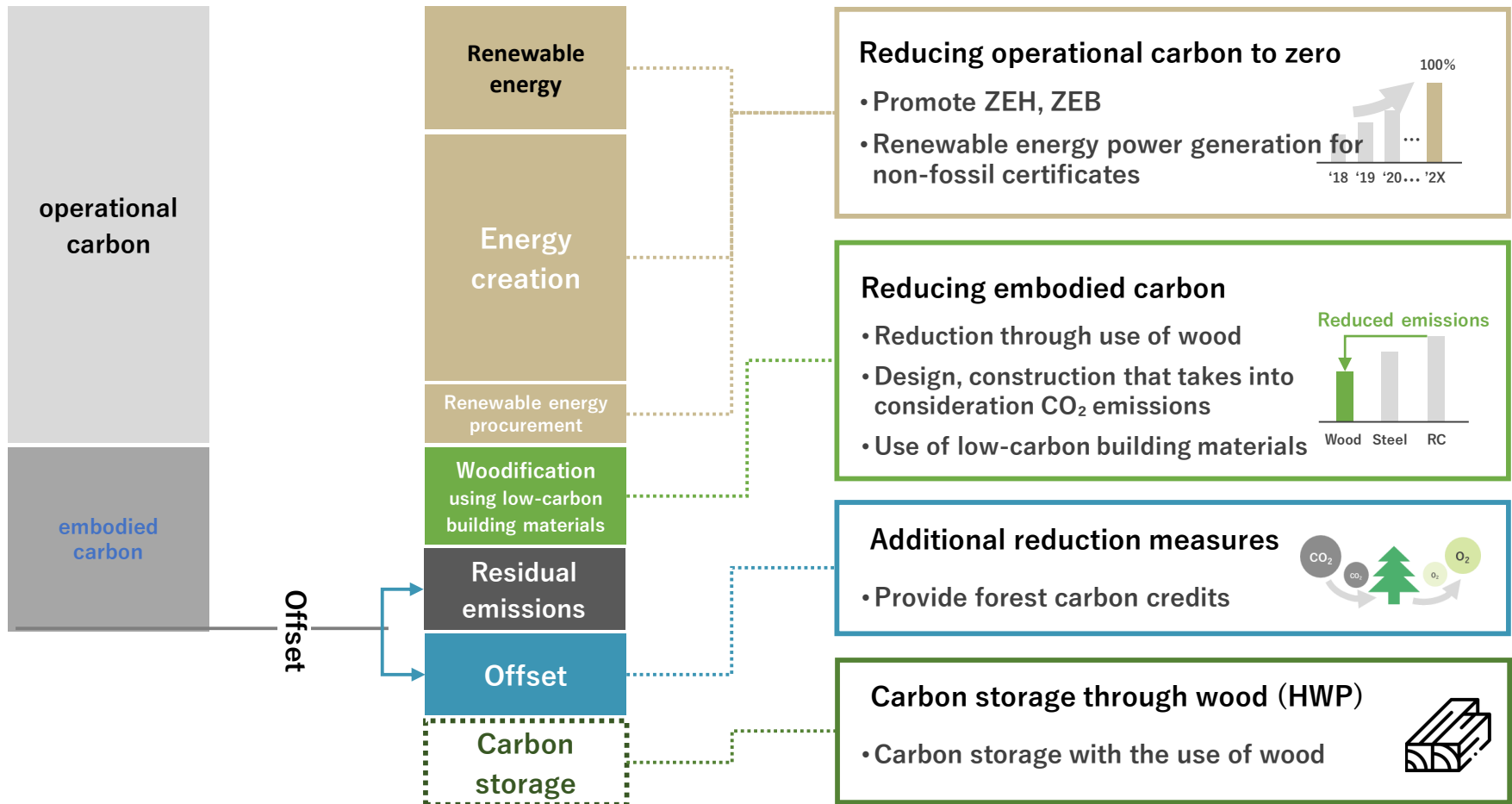
Plan to standardize carbon neutral design

Popularize ZEH, ZEB and LCCM housing and net-zero carbon buildings and establish carbon neutral design (One Click LCA × EPD) to contribute to the decarbonization of other companies and entities

Operational Carbon and Embodied Carbon - reduce two types of CO₂ emissions –

= Reduction of CO₂ emitted during occupancy

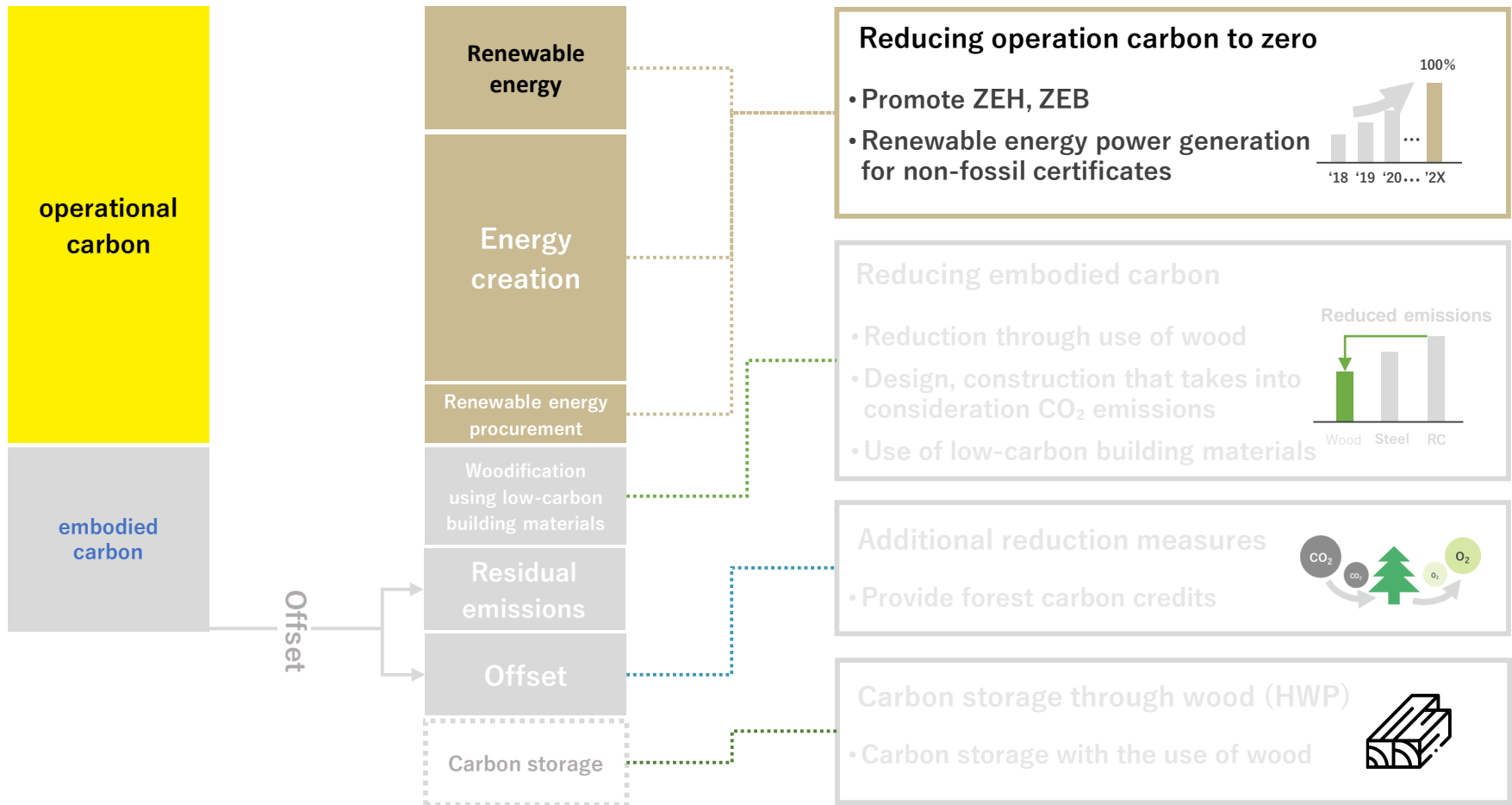
= Reduction of CO₂ emitted before and during construction



Operational Carbon and Embodied Carbon - reduce two types of CO₂ emissions –

= Reduction of CO₂ emitted during occupancy

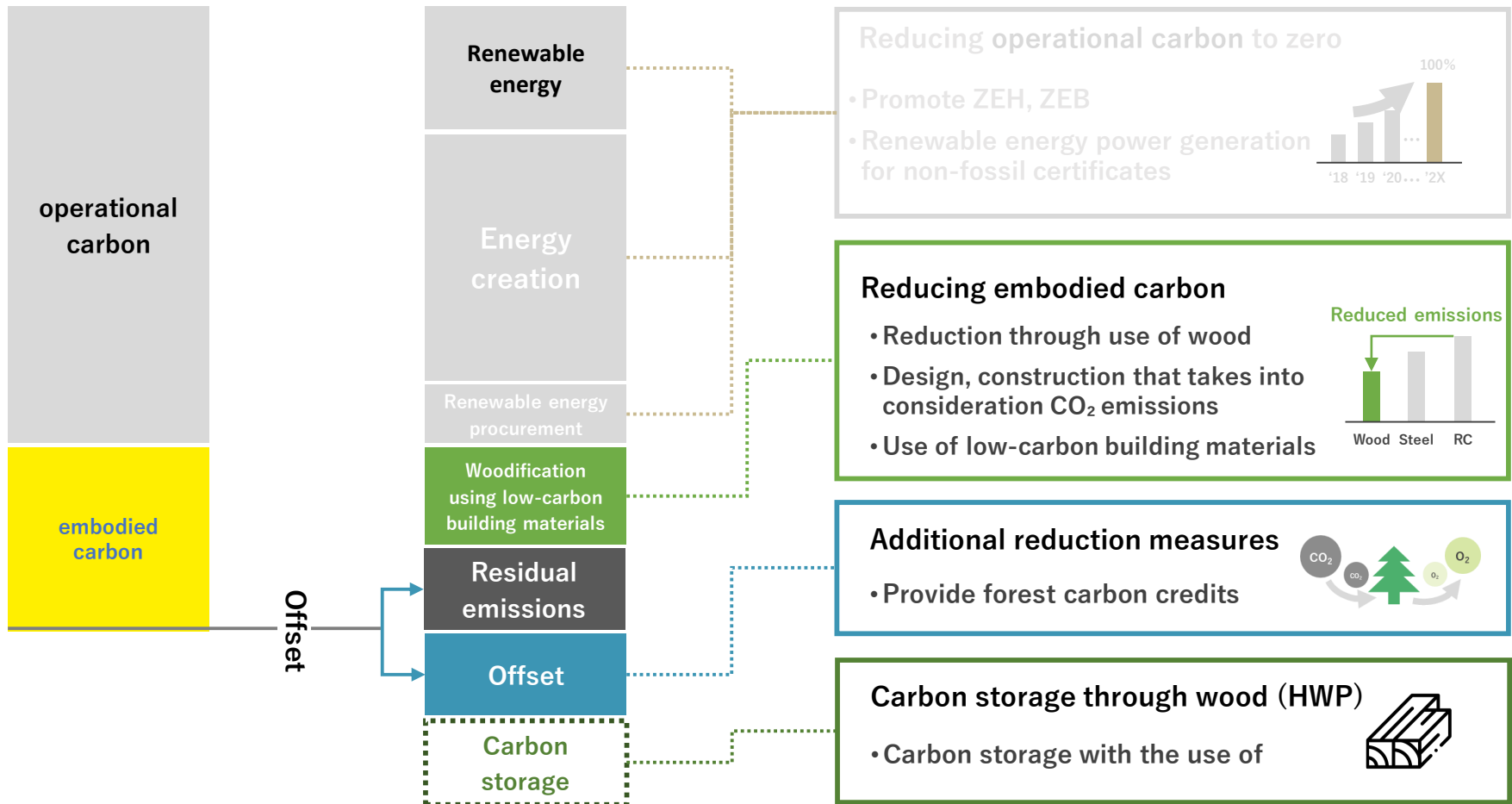
= Reduction of CO₂ emitted before and during construction



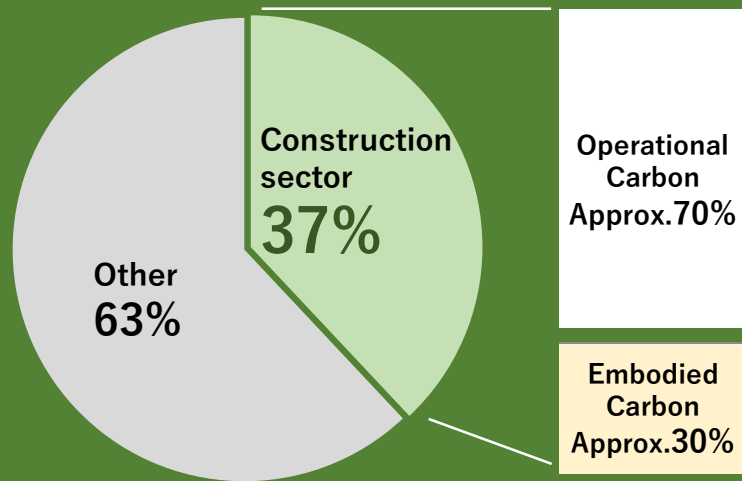
Operational Carbon and Embodied Carbon - reduce two types of CO₂ emissions –

= Reduction of CO₂ emitted during occupancy

= Reduction of CO₂ emitted before and during construction



< World's CO₂ emissions ratio by industry sector >



Source) Global Alliance for Buildings and Construction (2021)

✓ 37% of the world's CO₂ emissions come from the construction sector, of which about 70% is during occupancy, which can be reduced with the popularization of ZEH and ZEB.



With the popularization of wood construction,

Reducing embodied carbon, emission from before and during construction will become an important issue.

Our environment flagship lineup of LCCM houses for the Japan market reduces two types of CO₂ emissions for “operational carbon” and “embodied carbon.”



Image diagram: One-story exterior design

Embodied carbon approx. 40% lower and carbon storage amount 3.7 times higher than steel frame

LCCM housing = Housing specifications that realize negative CO₂ emissions during occupancy

1

BF construction method's long-term carbon storage amount is 20% higher than conventional methods

2

Biomass powered kiln dry lumber reduces embodied carbon

3

Passive design that controls light and heat for greater comfort

4

Greater adaptability with SI partitioning for long-term occupancy from generation to generation

5

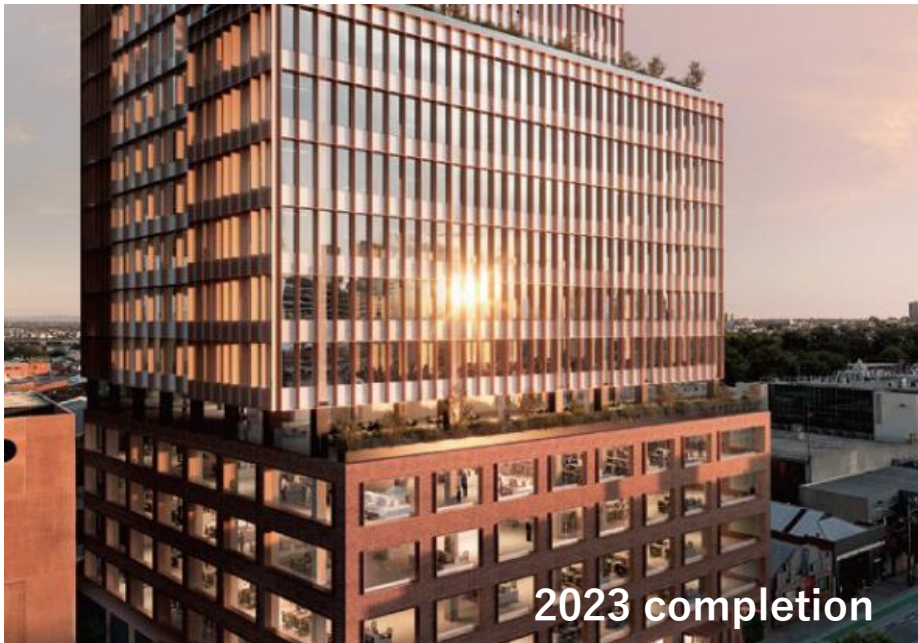
Uses solar power, high-efficiency hot water systems, and other environmentally friendly equipment

6

Also contributes to revitalizing the Japanese forestry industry with the addition of domestic timber specifications

Overseas, we reduce embodied carbon through promoting “net zero carbon buildings” to contribute to the realization of a decarbonized society.

▼15-floor wooden office building in Melbourne

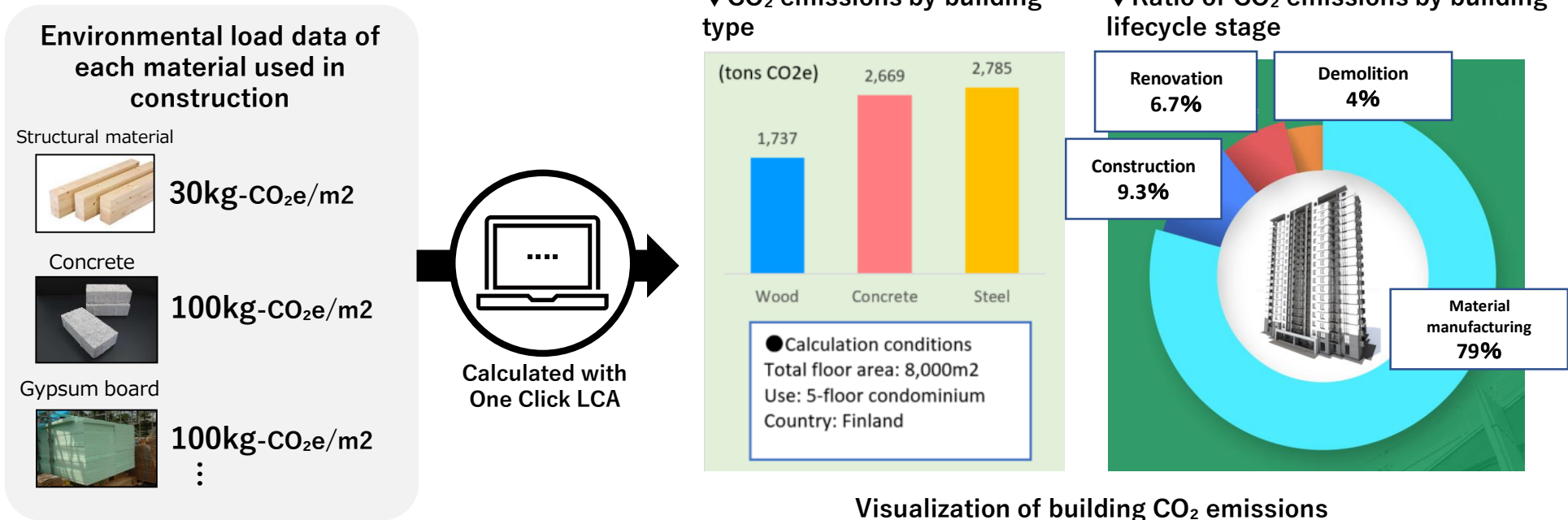


▼6-floor wooden office building in London



Shifting to wood buildings reduces embodied carbon. With wood carbon storage, it also contributes to further CO₂ emission reductions.

Both in Japan and overseas, One Click LCA enables visualization of CO₂ emissions of construction. Promote the standardization of carbon neutral design.



Signed an exclusive agency agreement for Japan with One Click LCA, a software that enables the visualization of a building's CO₂ emissions for its entire life cycle. This will help promote carbon neutral design as well as popularize environmentally friendly buildings that have net zero CO₂ emissions.

Promote the use of EPD certified labeling,
which indicates the CO₂ emissions of each building,
to enable the visualization of embodied carbon.

Environmental load data of
each material used in
construction

Structural material



30kg-CO₂e/m²

Concrete



100kg-CO₂e/m²

Gypsum board



100kg-CO₂e/m²

⋮

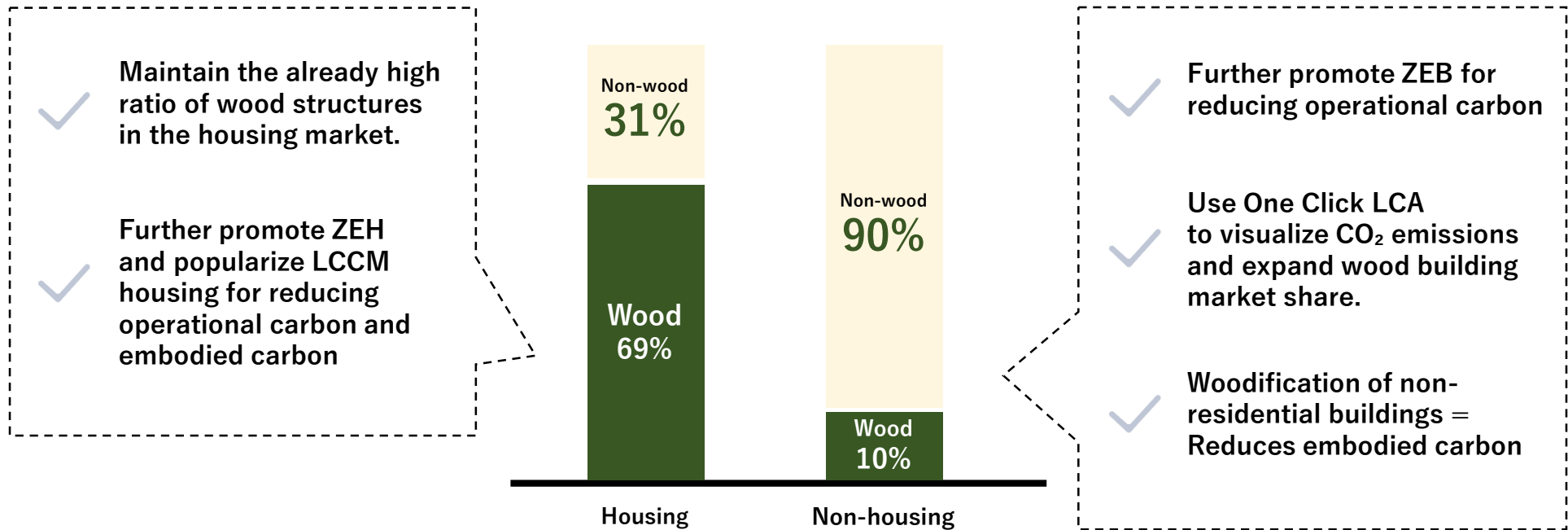


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The Eco Leaf Environment Label, one form of EPD.
Users can confirm environmental load data by
inputting the number of the material.

Work with timber and building materials manufacturers to popularize EPD (Environmental Product Declaration) certified labeling, which is already widely used in Europe and North America. In addition, link this with One Click LCA to provide consulting services aimed at reducing CO₂ emissions of buildings.



**Wood structures account for 69% of the domestic housing market and 10% of the non-residential market (on a floor area basis).
Maintain and expand this ratio of wood structures to contribute to reduced CO₂ emissions.**



**Aim to expand share with an annual target of 10,000 units of housing orders and sales.
Proactively seek out non-residential orders, such as roadside stores, public facilities, nursing homes, etc.**

Expand market share in the world's largest wooden housing markets, the US and Australia.

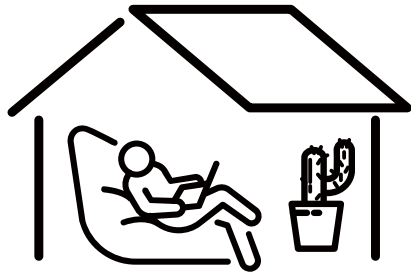
Promote wood buildings to transform cities into forests.

	2021	→	2030	
 USA	11,230 units	→	23,000 units	2030 Housing units supplied overseas 40,000 units
 Australia	3,169 units	→	5,500 units	
Other	2,534 units	→	11,500 units	



In the housing market, aim to supply 40,000 units annually, approximately 23,000 units up from current figures.
In the non-residential market, accelerate the development of medium- to large-scale wooden commercial, office and other types of building.

Wood interiors enhance well-being.



Wood interiors cause less fatigue

Compared to reinforced concrete, children studying in wooden school buildings report less fatigue. The sense that “wood is gentle” is proven in actual data.



Wood interiors improve focus

Subjects were asked to take math tests in a wide variety of rooms, and it was found that wood-grained rooms have a higher ratio of β waves, which indicate a state of concentration, proving that wood interiors improve focus.



Wooden schools suppress influenza

A study says that closures due to influenza outbreaks in wooden school buildings are about 1/3 that of reinforced concrete schools.

Contributing to the

Standardize carbon neutral design

- Popularize ZEH, ZEB, LCCM housing,

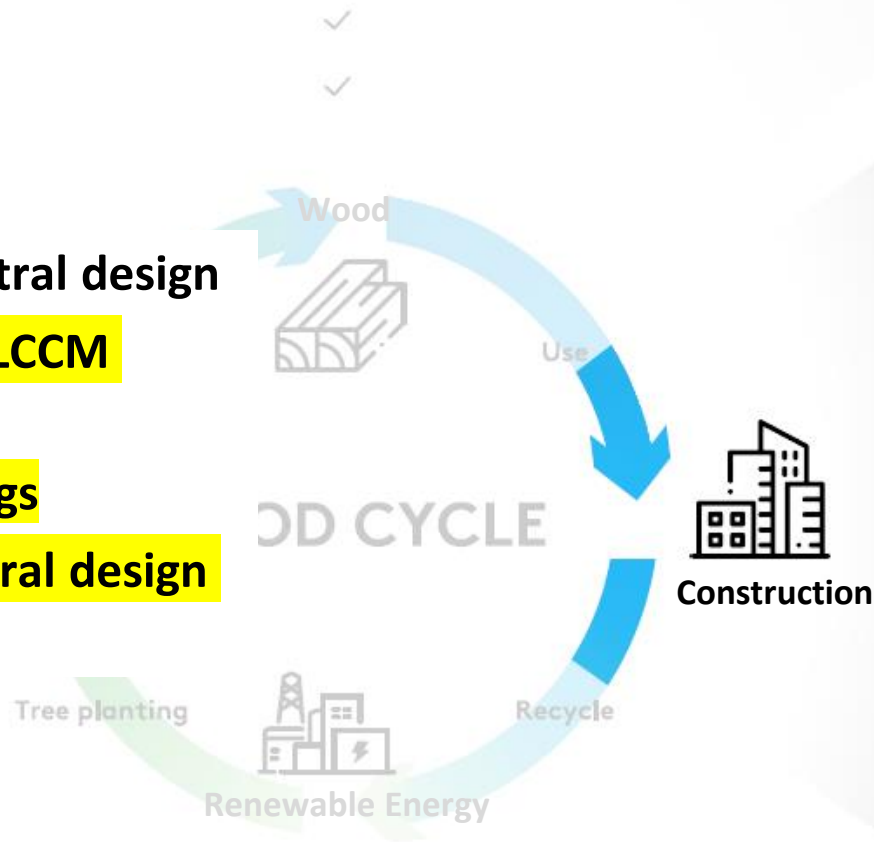
- net zero carbon buildings

- Establish carbon neutral design (One Click LCA × EPD)

carbon emitting for other companies through a forestry fund

Contributing to the decarbonization of other companies

- ✓ Promote decarbonization through the use as alternatives for fossil fuel
- ✓ Contribute to regional revitalization



Contributing to the decarbonization of other entities, companies

<Housing>

- ✓ Contribute to carbon storage
- ✓ Enhance living comfort and reduce environmental burden at the same time

<Non-residential>

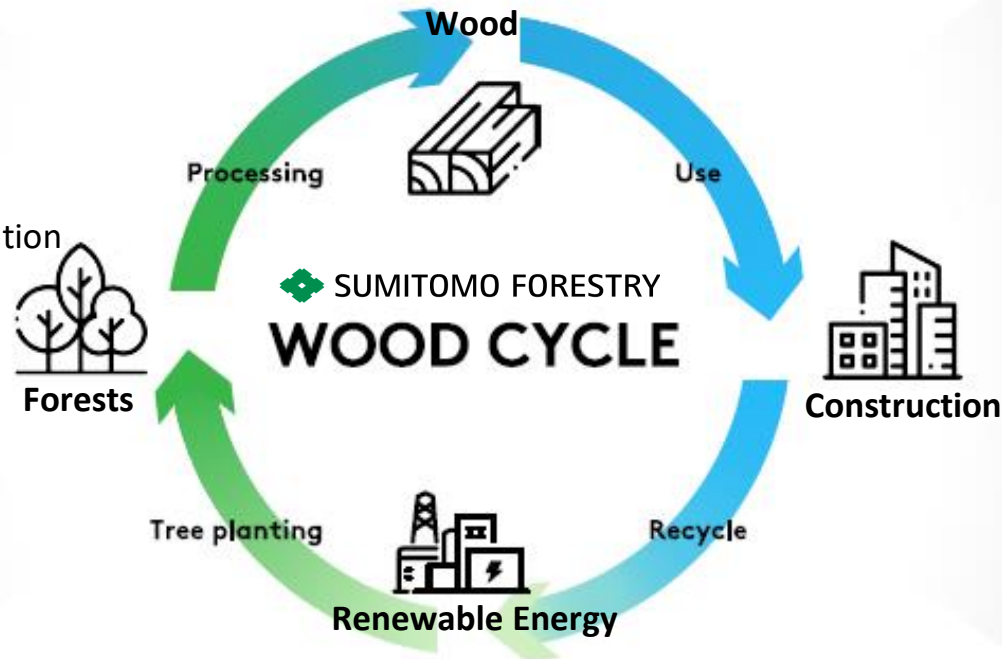
- ✓ Decarbonization for building owner
- ✓ Contribution to Scope 3

Contributing to the decarbonization of society

- ✓ Increase carbon sequestration by expanding forests
- ✓ Contribute to carbon offsetting for other companies through a forestry fund

Contributing to the decarbonization of other companies

- ✓ Reduce CO₂ emissions through material conversion
- ✓ Promote wooden buildings even among other companies



Contributing to the decarbonization of other entities, companies

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Contributing to the decarbonization of society

- ✓ Increase carbon sequestration by expanding forests
- ✓ Contribute to carbon offsetting for other companies through a forestry fund

In line with the Sumitomo's Business Spirit to conduct business activities that

“Benefit self and benefit others, private and public interests are one and the same, we believe creating a wood cycle

that contributes to the decarbonization of other companies is key to accelerating growth for the next 10 years and achieving carbon neutrality by 2050.

Contributing to the decarbonization of other companies

- ✓ Promote decarbonization through the use as alternatives for fossil fuel
- ✓ Contribute to regional revitalization

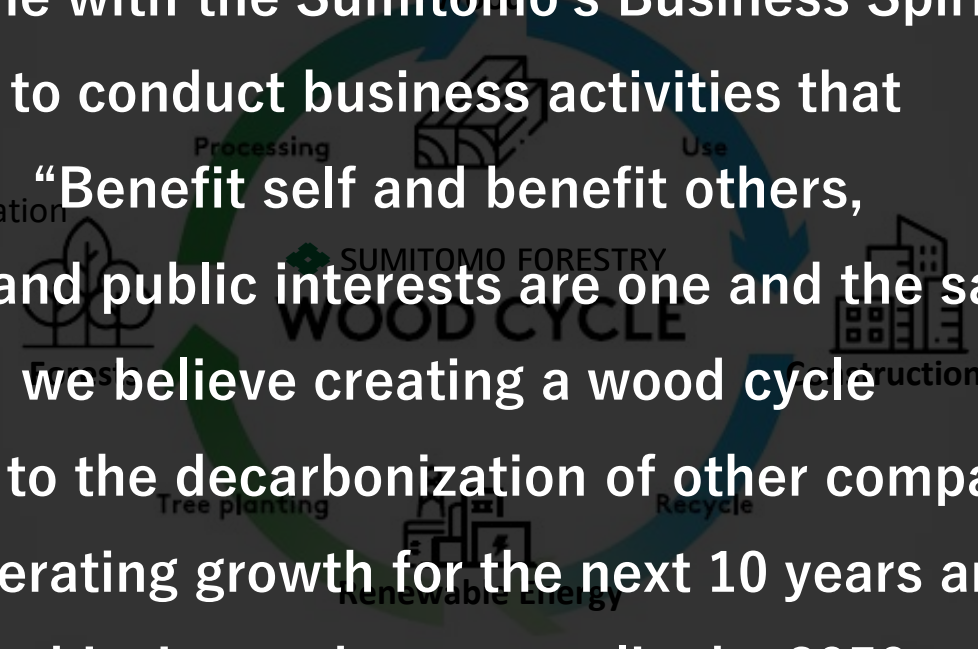
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<Housing>

- ✓ Contribute to carbon storage
- ✓ Enhance living comfort and reduce environmental burden at the same time

<Non-residential>

- ✓ Decarbonization for building owner
- ✓ Contribution to Scope 3



With CO₂ sequestration from our company-owned or managed forests, we are carbon negative (Scope 1, 2) as of 2020.

< Forest >

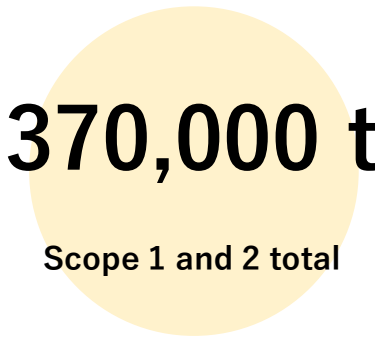
Annual CO₂ sequestration volume (2020)



Domestic forests 48,000 ha: 136,000 t
Overseas forests 231,000 ha: 642,000 t

< Sumitomo Forestry >

Annual CO₂ emissions volume (2020)

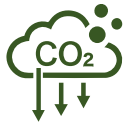


Scope 1: 262,000 t
Scope 2: 108,000 t

>

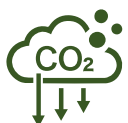
For scope 3 emissions, help realize decarbonization
for our customers and suppliers.
Actively propose new products and services to reduce CO₂.

Scope 3 , category 1:
Purchased goods and services



Work with timber and building
material manufacturers to
popularize EPD environmental
certification labeling

Scope 3 , category 11: Use of sold products
(housing that Sumitomo Forestry sells)



Promote ZEH, ZEB, LCCM
housing and net zero carbon
buildings

< Value Chain >
Annual CO₂ emissions (2020)

9.119 m t

Scope 3

The volume of CO₂ emissions that
houses (including TV, AC, etc.) typically
release in 60 years, converted to one
year. Because this figure includes
emissions from other players in the value
chain, cooperation is essential.

We will continue to maintain and expand the forests we own and manage, not only for their CO₂ absorption, but also for their high levels of carbon storage.

< Forests >

Annual CO₂ absorption (2020)

778,000 t

Owned/managed forest area
279,000 ha

Domestic forests, 48,000 ha: 136,000 t
Overseas forests, 231,000 ha: 642,000 t

< Forests >

Carbon storage (2020)

65.593 m t

Owned/managed forest area 279,000 ha

Domestic forests, 48,000 ha: 13.476 m t
Overseas forests, 231,000 ha: 52.117 m t

In addition, there is a great potential given the cumulative total of the annual carbon storage amount from wooden structures and wood products that we sell.

< HWP >

Annual carbon storage (2020)

1.032 m t

Total carbon storage of domestic and overseas housing/manufacturing

Domestic housing increase: 137,000 t
Overseas housing increase: 340,000 t
Manufacturing increase: 555,000 t

< HWP >

Cumulative carbon storage (2020)

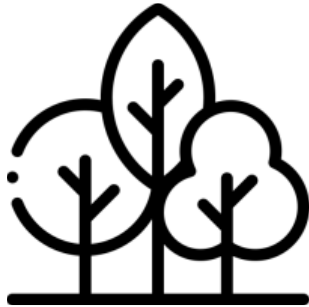
23.623 m t

Total carbon storage of domestic and overseas housing/manufacturing

Domestic housing cumulative: 7.187 m t
Overseas housing cumulative: 1.515 m t
Manufacturing cumulative: 14.921 m t

2030 targets

< Forests >



Owned/managed
forest area

500,000 ha

< Wood >



Domestic timber usage at
timber industrial complex

1.0m m³/year

< Construction >



Housing units sold

**50,000
units/year**



Sumitomo Forestry, to the next stage

As a partner in helping the world shift to decarbonization,
we will strive to create a sustainable society

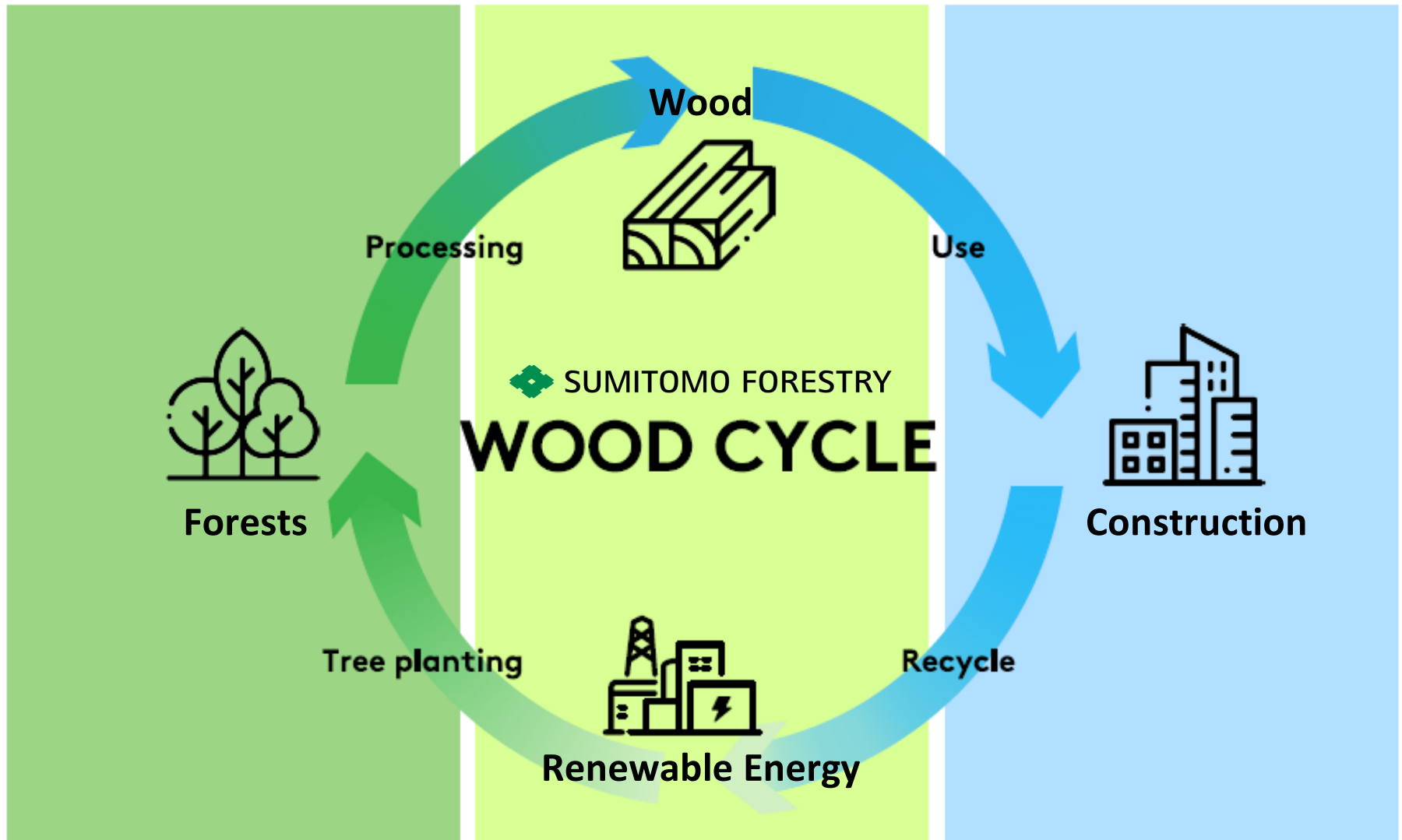
Sumitomo Forestry's Wood Solution

**Summary of
decarbonization initiatives**

Forests

Wood

Construction



Three pillars: Accelerate the cyclical forest business, promote wood change and standardize carbon neutral design

Sumitomo Forestry's Wood Solution



The three pillars of Sumitomo Forestry's decarbonized initiatives

Summary	<p><Forests> Accelerate the cyclical forest business</p> <p>Promote zoning forest management to expand conservation forests, which absorb CO₂, and accelerate harvesting/replanting of working forests, which encourage carbon storage. With carbon offsets, contribute to the decarbonization of other companies and society and realize a sustainable business.</p>	<p><Wood> Promote wood change</p> <p>Enhance competitiveness of domestic timber while pursuing the value of wood in carbon storage. Promote the use of wood throughout society to contribute to decarbonization.</p>	<p><Construction> Standardize carbon neutral design</p> <p>Promote carbon neutral construction by popularizing LCCM houses both in Japan and abroad, and by establishing and standardizing carbon neutral design methods to contribute to decarbonization of other companies and entities.</p>
Concept	<p>Establish a global forestry fund and expand the world's forest areas, with an emphasis on Asia. Contribute to the carbon offsets of other companies and society.</p>	<p>Create timber industrial complexes to make domestic forestry and timber manufacturing more efficient and promote the transition to wood-derived materials to increase carbon storage.</p>	<p>Popularize ZEH, ZEB, LCCM houses and net zero carbon buildings and establish carbon neutral design (One Click LCA×EPD) to contribute to the decarbonization of other companies and entities.</p>
Beneficiaries	<p>New customers who look for value of CO₂ sequestration</p>	<p>Supply chain partners</p>	<p>Building owners (general consumers, companies)</p>
Contribution	<p>CO₂ sequestration</p>	<p>Reduced CO₂ (Scope 3, Category 1)</p>	<p>Reduced CO₂ (Scope 3, Category 11)</p>

Three pillars: Accelerate the cyclical forest business, promote wood change and standardize carbon neutral design

Sumitomo Forestry's Wood Solution

The three pillars of Sumitomo Forestry's decarbonized initiatives

Summary	<p><Forests> Accelerate the cyclical forest business</p> <p>Promote zoning forest management to expand conservation forests, which absorb CO₂, and accelerate harvesting/replanting of working forests, which encourage carbon storage. With carbon offsets, contribute to the decarbonization of other companies and society and realize a sustainable business.</p>	<p><Wood> Promote wood change</p> <p>Spread awareness of the benefits of transitioning to wood, expand the carbon storage value of trees and increase the scale and efficiencies of timber manufacturing to promote wood change that contributes to decarbonization.</p>	<p><Construction> Standardize carbon neutral design</p> <p>Promote carbon neutral construction by popularizing LCCM houses both in Japan and abroad, and by establishing and standardizing carbon neutral design methods to contribute to decarbonization of other companies and entities.</p>
	<p>2024 forestry fund-related investments (~2024)</p> <p>12.0 billion yen</p>	<p>2024 timber industrial complex investments (~2024)</p> <p>20.0 billion yen</p>	<p>2024 overseas non-housing investments</p> <p>30.0 billion yen</p>
	<p>2030 owned/managed forest area</p> <p>500,000 ha</p>	<p>2030 timber industrial complex domestic timber usage</p> <p>1.0 million m³/year</p>	<p>2030 no. of housing units sold yearly</p> <p>50,000 units</p>
2024 investments			
2030 targets			



If more of society embraces forest utilization, unkempt forests would be appropriately harvested and replanted, and lush nature would expand.

Wooden buildings in urban areas would become the norm, and cities would be transformed into “forests.”

The overall well-being of society would be enhanced.

Businesses that contribute to decarbonization for all, including other companies and people, can help realize something entirely new – a warm and giving economy.

