

June 19, 2018

For Immediate Release

Sumitomo Forestry Co., Ltd.
Electric Power Development Co., Ltd.

Establishment of a New Company for Wood Pellets for Power Generation Fuel

Leveraging Domestic Unused timber from Forests for
Power Generation Fuel

Sumitomo Forestry Co., Ltd. (President and Representative Director: Akira Ichikawa; Headquarters: Chiyoda-ku, Tokyo; hereinafter Sumitomo Forestry) and Electric Power Development Co., Ltd. (President: Toshifumi Watanabe; Headquarters: Chuo-ku Tokyo; hereinafter J-Power) will jointly establish a new wood pellet^{*1} manufacturing and sales company as of July 2.

The new company makes use of domestic unused wood materials^{*2} and so on, for power generation fuel, carries out deliberations regarding the largest scale wood pellet supply system in Japan, and aims for commercialization in 2021.

For Japanese forestland, all around the country the logging period is approaching, and the forest cycle of logging, using and replanting is becoming an issue. The use of wood resources including unused wood materials from forestland encourages the further use of forests, and will lead to realizing a sustainable society.

Sumitomo Forestry is making use of the Group lumber procurement network, carrying out appropriate forest management and stable supply of domestic timber to secure sustainable wood resources.

J-Power will reduce CO₂ emissions at coal-fired thermal power plants through the mix-firing of wood biomass fuel and coal.

Forests do not only produce lumber, but also perform a variety of functions for the public benefit such as storing and purifying water resources, preventing landslides and absorbing CO₂. With this initiative, Sumitomo Forestry and J-Power are utilizing unused wood materials as renewable energy, promoting domestic forest industry and regional revitalization, and maintaining and conserving the public benefits of forests.

*1 Wood pellets: Made by cutting, drying, and pressuring wood into a pellet shape.

*2 Unused wood materials: Unused resources in forests, such as thinning and wood left over from logging due to warping or small diameter.

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| Name | SJ Wood Pellet Co., Ltd. |
| Location | 1-3-2 Otemachi, Chiyoda-ku, Tokyo |
| Representative | Representative Director Shoichi Ando (anticipated) (Manager of Environment & Energy Department Environment & Resources Division, Sumitomo Forestry Co., Ltd.) |
| Business activities | Manufacture and sale of wood pellets using domestic unused timber from forests, etc. |
| Capital | 10 million yen |
| Date of establishment | July 2, 2018 |
| Equity stake | Sumitomo Forestry: 51% Electric Power Development: 49% |