

February 14, 2023

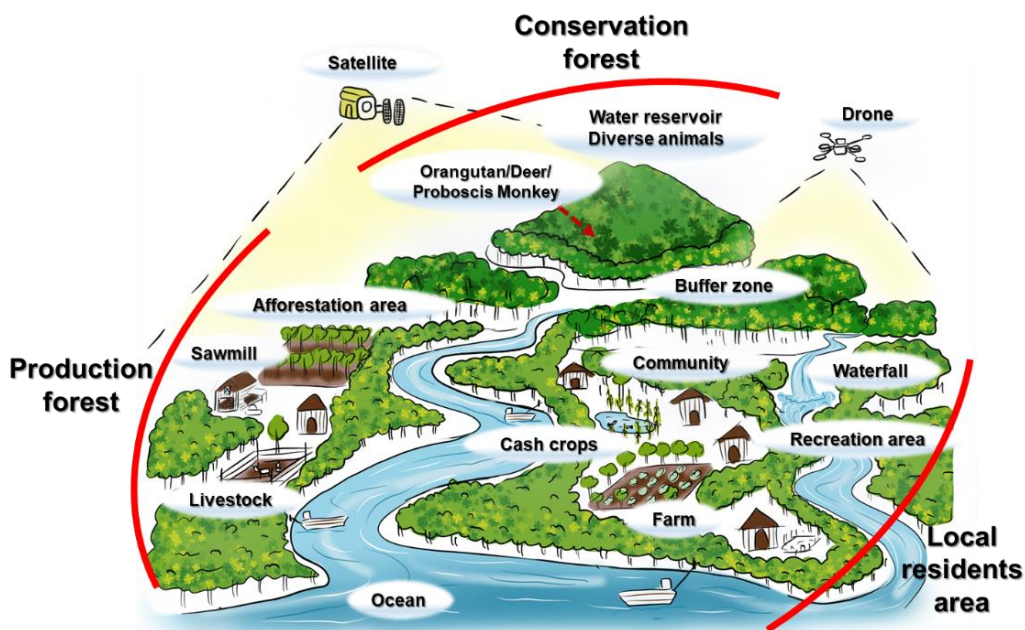
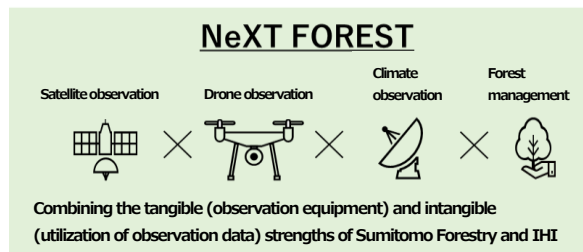
For immediate release

Sumitomo Forestry Co., Ltd.
IHI Corporation

Sumitomo Forestry and IHI Establish Tropical Peatland Consulting Joint Venture
Contributing to climate change measures and protection of natural capital with terrestrial and space observation system and AI

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry) and IHI Corporation (Representative Director, President and Chief Executive Officer: Hiroshi Ide; headquarters: Tokyo; hereinafter, IHI) announced the establishment of joint venture NeXT FOREST Corporation (hereinafter, NeXT FOREST) on February 7, 2023. The company provide consulting services for the proper management of tropical peatland*1. These services will include an AI model for appropriate management of peatlands based on various data on tropical peatlands accumulated by Sumitomo Forestry since 2010 and an observation system for real-time monitoring of groundwater levels and weather information. The company also aims to commercialize the creation of high-quality carbon credits by accurately measuring the amount of CO₂ absorption and carbon storage in forests and soil and properly assessing the value of natural capital. NeXT FOREST will contribute to climate change measures and the conservation of natural capital.

*1. Land consisting of peat deposits which are formed plant debris not decompose in water. When the groundwater level drops and peatland dry out, the peatland can be lost and emit large amount of CO₂ by forest fires or peat decomposition. As such, groundwater level management is critical.



Sustainable management of tropical peatlands promoted by NeXT FOREST

Balancing profitability with society and the environment by dividing the land into production forest, conservation forest, and local

■ Consulting Business

Sumitomo Forestry established a high-accuracy terrestrial observation system for tropical peatlands in Indonesia. IHI has technologies for drones and satellite data utilization, and weather observation/forecasting cultivated in the aerospace field. Combining the technologies of both companies enables collection and distribution of information on tropical peatlands in real-time.

Sumitomo Forestry was the first company in the world to succeed in the difficult task of sustainable management of tropical peatlands and has accumulated data over a period of more than 10 years. NeXT FOREST will build an AI model for peatland management based on this data. In the future, this AI model will be used to propose appropriate management plans in a short period of time to forest and agriculture plantation companies, which have been struggling with CO₂ emissions and forest fires, to reduce greenhouse gas emissions.

Sumitomo Forestry has established its own Conservation Network^{*2} by establishing production forests for timbers and conservation forests to protect the value of natural capital, including biodiversity and the hydrologic cycle. NeXT FOREST will spread proper management of tropical peatlands worldwide, allowing for the achievement of both profitability and social and environmental sustainability.

For the first step, a consulting business focusing on Indonesia's tropical peatlands is planned to launch. While providing services based on the management technology of Sumitomo Forestry, NeXT FOREST will develop and introduce new technologies such as AI models.

*2. In addition to establishing its own independent conservation forest, Sumitomo Forestry is cooperating with government agencies and neighboring entities to preserve the ecosystem by connecting conservation forests with each other via green corridors, taking into account the movement of animals over a wide area.

■ Business of Creating High-Quality Carbon Credits

In addition to highly reliable assessment of the value of climate change measures through accurate measurement of carbon absorption and storage in tropical peatland forests and soil, the business will involve the creation of high-quality carbon credits with added value as natural capital in terms of biodiversity, preservation of the hydrologic cycle, and contribution to local communities. In this business, NeXT FOREST, Sumitomo Forestry, and IHI will coordinate to develop technology to establish a method for evaluating the value of tropical peatlands and forest as natural capital.

The Sumitomo Forestry Group announced its long-term vision “Mission TREEING 2030” and is focus on initiatives to realize a decarbonized society. Implementing the Sumitomo Forestry’s “wood cycle,” which is a value chain centered on wood, from forest management to procurement and manufacturing of timber and building materials, contracting for detached houses and medium-to large-scale wooden constructions, real estate development, and biomass power generation, makes it possible to increase the amount of CO₂ absorbed by forests and continue to storage carbon for extended periods through the use of timber in construction. Sumitomo Forestry will contribute to decarbonization not only within its group but also in the operations of its customers and trading partners and society as a whole by implementing this “wood cycle.”

IHI will grow this business into a highly sustainable one that coexists with nature while simultaneously working to realize a decarbonized, circular society and disaster prevention/mitigation as a solution to global issues to protect our beautiful planet. In addition, by providing engineering services that combine various solutions, it will contribute to the realization of carbon neutrality by 2050.

■Company Overview

Company name	NeXT FOREST Corporation
Address	Keidanren Kaikan, 1-3-2 Otemachi, Chiyoda-ku, Tokyo
Established	February 7, 2023
Representative directors	Tsuyoshi Kato (Sumitomo Forestry), Akira Shisa (IHI)
Ownership	Sumitomo Forestry (50%), IHI (50%)
Description of business	Forest/peatland management consulting and creation of high-quality carbon credits in forests/peatlands

■Project Logo



<Related Press Release>

Sumitomo Forestry and IHI Partner Enter Business Alliance for Tropical Peatland Consulting and High-quality Carbon Credits

Sumitomo Forestry: <https://sfc.jp/information/news/2021/2021-06-18-01.html>

IHI: https://www.ihico.jp/ihico/all_news/2021/aeroengine_space_defense/1197434_3351.html