

First entry into the afforestation and carbon credit business in Australia
~Contributing to decarbonization through diversification~

Sumitomo Forestry Australia Pty Ltd. (President: Yasuhiro Odagane; headquarters: Melbourne, Victoria; hereinafter, SFAU), a wholly owned subsidiary of Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry), is pleased to announce on the January 31, 2024, establishment of SFA Nature Based Solutions Pty Ltd acting as trustee for SFA Nature Based Solutions unit trust. (hereinafter collectively, SFA-NBS). The newly established entity will undertake afforestation and carbon credit business operations in Australia.



Newly purchased afforestation site

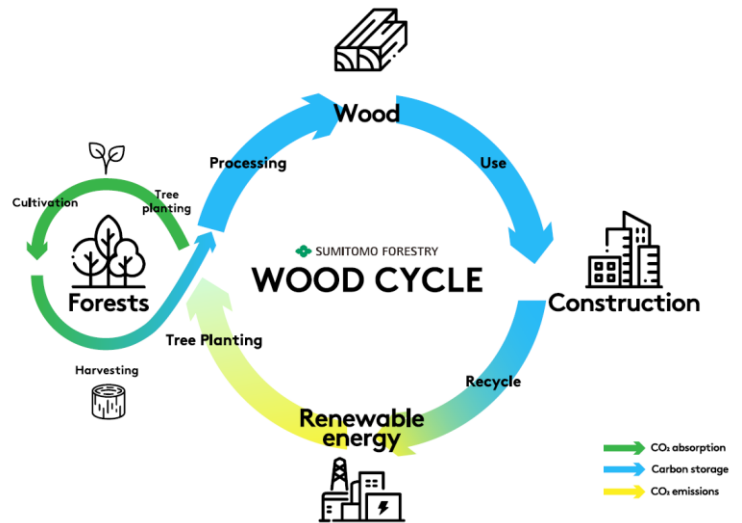
On February 19, 2024, SFA-NBS purchased 957 hectares of new land in the Gippsland region (270 km east of Melbourne) in eastern Victoria. By planting softwood trees on a long rotation, the Company aims to make a positive contribution to the increasing demand in Australia for wood products suitable for residential construction. Pending approval from the Clean Energy Regulator, the Company also aims to create carbon credits by harnessing the ability of planted forests and wood products to absorb and fix atmospheric CO₂.

In Australia, the Carbon Credits (Carbon Farming Initiative) Act 2011 established a system for creating and trading Australian Carbon Credit Units (ACCUs). A cap was set for companies with high Scope 1 emissions* with the requirement to offset excess emissions through carbon credits. The Australian Government continues to tighten environmental regulations, including the further lowering of emissions caps in March 2023, which is expected to increase demand for carbon credits. In addition, with population growth over the medium to long term, demand for housing, in particular, high energy rated dwellings using wood, is projected to rise.

*Direct greenhouse gas emissions from in-house use of fuel, etc.

Sumitomo Forestry Group is engaged in a broad range of global businesses centered on wood, including forestry management, the manufacture and distribution of wood building materials, the contracting of single-family homes and medium-to large-scale wooden buildings, real estate development, and wood biomass power generation.

In our long-term vision Mission TREEING 2030, we are seeking to promote the Sumitomo Forestry Wood Cycle, our value chain to contribute to decarbonization for not only our own company but also for the whole of society by increasing the CO₂ absorption of forests and popularizing wooden buildings that store carbon for long periods of time.



Sumitomo Forestry Group entered the housing business in Australia in 2008 and has since grown to become the country’s third highest in terms of detached housing starts. Sumitomo Forestry Group has strengths in both the residential and real estate development fields, with projects that include its 2021 participation in the development of a 15-story mass timber office building in Collingwood, Melbourne, the city’s tallest wooden structure. Furthermore, Sumitomo Forestry Group owns and manages approximately 36,000 hectares of planted forest land in New Zealand and will be utilizing this experience and knowledge in Australia. The Company plans to continue to work collaboratively with its diverse stakeholders and expand its operations over time to accelerate decarbonization efforts and realize the Wood Cycle in Australia.

■Property overview

Location: Gippsland region, Victoria
 Area: 957 ha
 Current state: Grasslands

■SFA Nature Based Solutions Unit Trust/SFA Nature Based Solutions Pty Ltd

Headquarters: Suite 7, 395 Ferntree Gully Road, Mount Waverley VIC 3149
 Representative: Yasuhiro Odagane
 Establishment: January 31, 2024
 Business description: Ownership of land assets, forestry business, and creation of carbon credits.