

Target to achieve net-zero greenhouse gas emissions by 2050 receives SBT validation

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry) is pleased to announce that it newly established a target to achieve net-zero greenhouse gas emissions throughout its entire value chain of operations by 2050 and that this target has been validated by the Science Based Targets (SBT) Initiative^{*1} on November 18th. Currently, 55 companies^{*2} in Japan have received SBT Initiative validation for their net-zero targets.

With a corporate philosophy to contribute to building a sustainable and prosperous society, Sumitomo Forestry Group first obtained SBT target validation in August 2018 under the standards at that time. We newly established a long-term target to achieve zero net emissions by 2050 and in accordance with SBT Guidelines, also revised our near-term targets for 2030, which received validation.



To further promote the integration of our businesses, the company partially revised its executive remuneration system in February 2022. As a strong incentive to achieve SBT targets, this new system is designed to reduce compensation in the event that greenhouse gas emission reduction targets^{*3} set based on the SBT Initiative are not achieved.

<Sumitomo Forestry Group's new greenhouse gas emission reduction targets (SBT)>

1. Net-zero targets

- Scope 1 and Scope 2^{*4} reduction targets: 90% reduction by 2050 compared to 2021 levels (total amount)
- Scope 3^{*5} reduction target: 97% reduction by 2050 compared to 2021 levels (emission factor per unit floor area of houses sold) [categories to be reduced: 1, 4, 11]
- Neutralizing residual emissions^{*6} to achieve net-zero emissions

2. Near-term targets

- Scope 1 and Scope 2 reduction targets: 42% reduction by 2030 compared to 2021 levels (total amount)
- Scope 3 reduction target: 51.6% reduction by 2030 compared to 2021 levels (emission factor per unit floor area of houses sold) [categories to be reduced: 1, 11]

3. FLAG (Forestry, Land and Agriculture) sector targets

In line with FLAG Guidance^{*7}, we signed a commitment required by the SBT Initiative to halt deforestation by December 31, 2025.

Sumitomo Forestry Group formulated Mission TREEING 2030, our long-term vision with 2030 as target year, the same target year as the United Nation's SDGs. In this long-term vision, we defined nine material issues from the perspective of providing value for our planet, for people and society, and for the market economy. In our mid-term management plan, Mission TREEING 2030 Phase 1 (2022~2024), we specified the further integration of business and ESG as one of our basic policies and to achieve this, created the Mid-Term Sustainability Targets 2024, which incorporates our sustainability strategies and the nine material issues. By achieving the targets set out for each material issue, Sumitomo Forestry seeks to attain the SDGs, fulfill societal expectations and enhance corporate value.

*1 The Science Based Targets Initiative was established in 2015 by the United Nations Global Compact, CDP, World Resources Institute (WRI) and World Wildlife Fund (WWF). Currently, it is a UK charitable organization. It has developed tools and guidance for companies to set greenhouse gas emission reduction targets in line with standards to achieve net-zero emissions no later than 2050 in order to limit the increase in global average temperature to less than 1.5°C above pre-industrial levels.

*2 As of October 28, 2024.

*3 Our Mid-Term Sustainability Targets formulated in 2022 set out a target to reduce greenhouse gas emissions 20.8% by fiscal 2024 compared to fiscal 2021 levels. If this target is not achieved, a system is in place to reduce compensation accordingly.

*4 Scope refers to the classifications for calculating and reporting a company's greenhouse gas emissions. Scope 1 are direct emissions from a company's own activities, such as fuel use. Scope 2 are indirect emissions resulting from the consumption of purchased electricity, heat or steam.

*5 Scope 3 are indirect emissions other than Scope 1 or Scope 2. There are 15 categories, including the following:
Category 1: Greenhouse gas emissions generated during the extraction, production and transportation of purchased or acquired goods and services
Category 4: Greenhouse gas emissions generated during upstream transportation and distribution
Category 11: Greenhouse gas emissions generated during the use of sold products and services

*6 Emissions that cannot be reduced within the company's value chain by the target year are referred to as residual emissions. The concept of achieving net zero involves neutralization of these residual emissions outside of the value chain through forest carbon absorption and the use of carbon removal technologies.

*7 Guidance for setting science-based greenhouse gas emission reduction targets in the forestry, land and agricultural sectors.