

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan (Excerpt)

Material Issue 1 To enhance the value of forests and wood through sustainable forest management



Nurturing forests to enhance and harness the value of wood and other forest resources.

Specific steps based on issues and strategies/Indicators for Evaluation

Utilization of Sustainable Forest Resources	FY2022 target	FY2023 target	FY2024 target	Managing department
Domestic and overseas certified forest area (ha)	242,493	242,493	242,493	Environment and Resources Division
Area of forest plantation with in-house produced seedlings Domestic forest (ha)	892	892	1,012	
Seedlings supplied Domestic forest (unit: 10 Thousand)	223	223	253	
Amount of biofuel material used (such as wood chips and pellets)*1 (t)	1,832,890	2,073,948	2,482,964	Environment and Resources Division Timber and Building Materials Division
Percentage of sustainable wood used as primary building material*2 (%)	100	100	100	Housing Division
Maintaining of SGEC certified area*3(%)	100	100	100	Environment and Resources Division

Biodiversity Conservation

Sales of native species logs (unit: trees)	470,000	480,000	500,000	Housing Division
Securing ratio of conservation forests in company-owned forests (%)	30 or more	30 or more	30 or more	Environment and Resources Division
Establishment of evaluation method for biodiversity conservation	Information collection	Examination of evaluation criteria	Establishment of evaluation method	

*1 FIT fuel material and non-FIT fuel material handled by Japan Bio Energy, Okhotsk Bio Energy, Sumitomo Forestry Wood Products, and Sumitomo Forestry's Timber and Building Materials Division are eligible. For Sumitomo Forestry Wood Products, the KPI has been changed to include only FIT fuel material, and from fiscal 2022, the KPI excludes non-FIT fuel material and adds log-derived FIT fuel material to the total. The impact of this change is a decrease of about 200 thousand tons.

*2 "Sustainable wood" is defined as certified wood and pre-certified timber, wood from planted forest, natural forest wood where forestry management and distribution can be assessed as sustainable (excluding wood from conversion forests), and recycled timber.

*3 Except for land leased to Kawanokita Development and surrounding forests

Material Issue 2 To realize carbon neutrality by leveraging forests and wood resources



Contributing to the decarbonization of society by reducing our own GHG emissions, by offering timber and wood products that sequester carbon, and by providing low-carbon/carbon-free products and services.

Specific steps based on issues and strategies/Indicators for Evaluation

Promotion of decarbonization	FY2022 target	FY2023 target	FY2024 target	Managing department
Fixed amount of CO ₂ in domestic company-owned forests(t-CO ₂)	13,547thousand	13,617thousand	13,758thousand	Environment and Resources Division
Carbon stock from production forests by overseas afforestation companies(t-CO ₂)	10,133thousand	10,133thousand	10,133thousand	

Promotion of decarbonization (scope 1, 2)

Greenhouse gas emissions(t-CO ₂ e) Percentage change from fiscal 2017	329,700 ▲10.8	309,800 ▲16.2	289,469 ▲21.7	All Sumitomo Forestry Group Companies
Sumirin Denki subscription rate (%) (Electricity sale after FIT) (New owner's purchased power)	40.0 -	45.0 37.0	45.0 50.0	Housing Division
Renewable energy consumption rate [Efforts to achieve RE100] (%)*1	4.1	6.1	35.1	All Sumitomo Forestry Group Companies

Promotion of decarbonization (scope 3)

Percentage of orders for ZEH type houses out of new custom-built detached housings (%)	75.0	75.0	80.0	Housing Division
Environmentally sound remodeling order rate for Customers (%)	70.0	72.0	75.0	
Rate of orders for Environmentally sound products*2(%)	60.0	61.0	62.0	
[New custom-built detached houses] BELS acquisition rate*3 (%)	98.5	98.5	98.5	
[House and land package] Environmental equipment (PV / FC) installation rate (green smart rate) (%)	15.0	20.0	30.0	
Environmentally friendly remodeling order rate for Owners (%)	65.0	67.0	70.0	Environment and Resources Division
Environmentally friendly remodeling order rate for Customers + Owners (%)	67.3	69.3	72.2	
[MOCCA (Timber Solutions)] Number of proposals based on basic plan (cases)	24	26	28	
Amount of electricity supplied by renewable energy business*4 (MWh)	751,110	764,701	856,022	
New forest value creation business-based profit, loss and income ratio expansion	Examination of umerical targets	Development of umerical targets	Achievement of umerical targets	
Environmental certification number of projects targeted for Edge(Asia)(cases)	1	1	1	Global Housing, Construction and Real Estate Division
Energy Tax Credit*5 Number of target units (US) (houses)	9,061	13,703	15,574	

Utilization of Sustainable Forest Resources

Sales quantity of KIKORIN-PLYWOOD (Month) (m ³)	32,000	35,000	35,000	Timber and Building Materials Division
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*1 Excluding offices and other facilities located in New Zealand, which is aiming to achieve RE100 by 2035 as a whole nation.

*2 (1) local seedlings, (2) permeable paving material, (3) green wall construction, (4) rooftop greening, (5) biotope and (6) use of recycled materials

*3 At the start of construction of the main unit

*4 The figures are for Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power, Kawasaki Biomass Electric Power, Tomakomai Biomass Power, Kanda Biomass Energy, and Kashima Solar Power Plant. For equity-method affiliates, electricity supply is calculated according to their equity share.

*5 Tax deduction for housing that meet criteria (2,000 dollars per building) The amount of energy for air conditioning will be 50% or less of 2006.

Material Issue 3 To realize a circular bioeconomy by leveraging forests and wood resources



Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.

Specific steps based on issues and strategies/Indicators for Evaluation

Reduction and Recycling of Industrial Waste	FY2022 target	FY2023 target	FY2024 target	Managing department
Final disposal amount (t) consolidated	20,489	20,181	19,905	Sustainability Department
Percentage change from fiscal 2021	▲2.7	▲4.1	▲5.4	
Recycling rate at new housing construction sites*1 (%)	96.0	97.0	98.0	Housing Division
Recycling rate at housing demolition sites*2 (%)	100	100	100	
Recycling rate at the work sites of the renovation business unit*3 (%)	84.5	85.0	85.5	
Recycling rate at the work sites of the power generation business unit (%)	98.0	98.0	98.0	Environment and Resources Division
Recycling rate at overseas manufacturing plants (%)	99.0	99.0	99.0	Timber and Building Materials Division
Recycling rate at domestic manufacturing plants (%)	99.0	99.0	99.0	
Other recycling rate (%)	84.0	85.0	86.0	Timber and Building Materials Division Lifestyle Service Division Tsukuba Research Institute
Sustainable timber usage ratio (Overall manufacturing) (%)	100	100	100	Timber and Building Materials Division
Total amount of industrial waste discharged from all branches (kg/building)*4	2,709	2,573	2,511	Housing Division
Discharge amount of newly built industrial waste(kg/m ²)	20.8	20.1	19.8	

Reduction of Water Consumption

Water consumption(m ³) (consolidated)	2,739,067	2,757,494	2,777,269	All Sumitomo Forestry Group Companies
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Management of the supply chain

Sustainability procurement survey implementation rate in the supply chain of the domestic housing department(%)	97	97	97	Housing Division
Certification acquisition rate of incoming PKS (%)	-	100	100	Environment and Resources Division
Average score rate of "tier 1 suppliers" in ESG Survey	Improvement as compared to previous	Improvement as compared to previous	Improvement as compared to previous	Housing Division
Number of EPD acquisition proposals to suppliers (company) Ratio (%)	10	30	65	Timber and Building Materials Division
	52	66	71	
Sustainability survey response rate to suppliers (sales ratio) (%)	80	85	90	

Utilization of Unused Resources

Unused resources (biomass use) handling volume (m ³)	18,272	18,452	19,202	Environment and Resources Division
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*1 Includes new housing construction sites of the Housing and Construction Division, Sumitomo Forestry Landscaping, as well as Sumitomo Forestry Home Engineering.

*2 Includes specific construction materials (concrete, asphalt-concrete, and wood waste) under the Construction Material Recycling Law.

*3 Includes Sumitomo Forestry Home Tech renovation sites but excludes hard-to-recycle debris and asbestos.

*4 Excludes Construction Business Sub-Division.

Material Issue 4 To provide comfortable and secure spaces for society at large



Providing safe, comfortable, and secure spaces to society at large.

Specific steps based on issues and strategies/Indicators for Evaluation

Customer satisfaction	FY2022 target	FY2023 target	FY2024 target	Managing department
Ratio of Implementation of design performance evaluation (%)	99.0	99.0	99.0	Housing Division
Ratio of Construction performance evaluations implemented (%)	99.0	99.0	99.0	
Ratio of Certified as Long-life Quality Housing*1 (%)	95.0	95.0	95.0	
Questionnaire at the time of moving in (Non-consolidated NPS value*2) (%)	51.0	52.0	53.0	
Improvement of score of customer survey on person in charge of construction*3(point)	75	78	80	

*1 Limited to private house and applicable floor area or more

*2 Net Promoter Score (NPS)

NPS is a new index used to measure customer loyalty (the amount of trust and affinity for the company and brand)

*3 Evaluation index for Sumitomo Forestry Home Tech only

Material Issue 5 To improve the livelihood of the local communities where we operate



Creating jobs through our businesses and contributing to the development of local communities.

Specific steps based on issues and strategies/Indicators for Evaluation

Response to declining birthrate and aging population	FY2022 target	FY2023 target	FY2024 target	Managing department
Number of rooms at private-pay elderly care facilities (rooms)	1,764	1,842	1,842	Lifestyle Service Division
Communication with local communities				
Communication with stakeholders related to maintaining SGEC certification (times)	1or more	1or more	1or more	
Explanation and communication to local residents when planning a new power plant (times)	1or more	1or more	1or more	Environment and Resources Division
OYear-on-year increase in number of people at OBT (persons) [Recruitment of local human resources to increase production*1]	+12	+17	+28	
Pruning and weeding area at TPF (ha) [Reduce fire risk and improve landscape (pruning and weeding area)]	15	30	30	

Human Rights

Efforts related to grievance mechanism*2	Structure construction	Range enlargement	Continuous operation	Sustainability Department

*1 Number of local employees at the end of fiscal 2021 was 298.

*2 Grievance and/or complaint mechanisms related human rights issues for stakeholders.

Material Issue 6 To create a vibrant environment for all workers



Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.

Specific steps based on issues and strategies/Indicators for Evaluation

Work-life balance (workstyle reform)	FY2022 target	FY2023 target	FY2024 target	Managing department	
Employee satisfaction level (%)	Non-Consolidated	80.0	81.0	82.0	Personnel Department
	Consolidated in Japan	67.0	68.9	71.0	
Paid Leave Usage Ratio (%)	Non-Consolidated	70.0	70.0	70.0	
	Consolidated in Japan	61.6	62.6	63.8	
Overtime hours reduction rate (%) compared to fiscal 2017	Non-Consolidated(FY2017: 45.5H)	▲16.0	▲19.0	▲23.0	
	Consolidated in Japan(FY2017: 31.1H)	▲10.0	▲13.0	▲15.0	
Retention rate of new graduates (3rd year after joining the company)*1(%)	Non-Consolidated	83.0	84.0	85.0	
	Consolidated in Japan	75.8	78.8	84.5	
Culture that does not allow harassment**2(%)	Non-Consolidated	76.0	78.0	80.0	
	Consolidated in Japan	76.2	77.7	79.0	
Ensuring psychological safety*2(%)	Non-Consolidated	71.0	73.0	75.0	
	Consolidated in Japan	64.0	65.5	67.1	
Male childcare leave acquisition rate (%)	Non-Consolidated	80.0	90.0	100	
	Consolidated in Japan	33.0	39.0	43.0	

Diversity

Employment continuation rate after age 60 (retirement extension, reemployment, etc.) (%)	Non-Consolidated	95.0	95.0	95.0	Personnel Department
	Consolidated in Japan	87.5	99.1	98.2	
Ratio of female employees to all employees (%)	Non-Consolidated	23.2	23.9	24.5	
	Consolidated in Japan	34.3	34.5	34.7	
Female officer ratio (%)	Non-Consolidated	13.8	16.7	19.4	
	Consolidated in Japan	6.5	7.3	7.9	
Ratio of female senior managers*3 (%)	Non-Consolidated	3.0	3.3	3.6	
	Consolidated in Japan	12.4	13.5	14.3	
Ratio of female general managers*3 (%)	Non-Consolidated	9	10	11	
	Consolidated in Japan	12.4	13.5	14.3	
Ratio of females to new hires *4 (%)	Non-Consolidated	32.6	35.0	35.0	
	Consolidated in Japan	34.6	35.5	35.6	
Ratio of disabled employees (%)	Non-Consolidated	2.20	2.25	2.30	
	Consolidated in Japan	2.40	2.45	2.50	
	Group certification	2.40	2.40	2.40	
	Consolidated in Japan	2.30	2.40	2.40	

Human Resources Development

Training cost per employee (unit: 1,000 yen)	Non-Consolidated	125	125	150	Personnel Department	
	Consolidated in Japan	57	57	56		
Training time per employee (hours)	Non-Consolidated	16.0	18.0	18.0		
	Consolidated in Japan	12.5	12.8	13.1		
Certification Test for Environmental Specialists acquisition rate (%)		50.0	60.0	70.0		Sustainability Department

*1 Calculated as a percentage of the number of new graduate employees who joined the company between April and the following March and who will be with the company on April 1, three years later.

*2 Percentage of employees who answered either "absolutely" or "yes, if I have to choose" in employee satisfaction surveys

*3 Among managers, supervisors are defined as senior managers and the rest as general managers.

*4 Calculated by adding the number of new graduate employees hired between May and the following March of the previous year to the number of new graduates hired in April.

Occupational Health and Safety

	FY2022 target	FY2023 target	FY2024 target	Managing department			
Domestic new construction site (Contract)	(1)	0	0	Housing Division			
	(2)	18	16		14		
	Total	18	16		14		
Remodeling site (Contract)	(1)	0	0		Global Housing, Construction and Real Estate Division		
	(2)	0	0			0	
	Total	0	0			0	
Overseas housing site (Contract)	(1)	0	0			Timber and Building Materials Division	
	(2)	0	0				0
	Total	0	0				0
Domestic group manufacturing companies (employees)	(1)	0	0				Timber and Building Materials Division
	(2)	0	0	0			
	Total	0	0	0			
Overseas group manufacturing companies (employees / contractors)*	(1)	0	0	Timber and Building Materials Division			
	(2)	0	0		0		
	Total	0	0		0		
Domestic forest site (Contract)	(1)	0	0		Environment and Resources Division		
	(2)	0	0			0	
	Total	0	0			0	
Overseas afforestation site (Contract)	(1)	0	0			Environment and Resources Division	
	(2)	0	0				0
	Total	0	0				0
Elderly care site	(1)	0	0				Lifestyle Service Division
	(2)	0	0	0			
	Total	0	0	0			

(1) Number of serious occupational injuries (Four or more days of lost worktime) (numbers)
(2) Number of occupational injuries (One or more days and less than 4 days of lost worktime) (numbers)
(3) Total number of occupational injuries (One or more days of lost worktime: (1)+(2))(numbers)

*Total of 8 consolidated companies of Nelson Pine Industries (NPIL), PT. Kutai Timber Indonesia (KTI), PT. AST Indonesia (ASTI), PT. Sinar Rimba Pasifik (SRP), Canyon Creek Cabinet (CCC), and Vina Eco Board (VECO), Pan Asia Packing (PAP), and PT. Rimba Partikel Indonesia (RPI)

Material Issue 7 To create new markets with forests and wood

Creating new markets that enrich the economy through the resourceful use of forests and wood.

Specific steps based on issues and strategies/Indicators for Evaluation

New market development	FY2022 target	FY2023 target	FY2024 target	Managing department
Development of medium-to large-scale wooden constructions Business (US / Australia / Europe)	Examination/ Commercialization	Commercialization	Commercialization	Global Housing, Construction and Real Estate Division
Research & Development				
Number of contracts for joint research partners (cases)	35	36	38	Tsukuba Research Institute
Ratio of all themes (%)	50	51	54	

Material Issue 8 To transform markets through DX and innovation

Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.

Specific steps based on issues and strategies/Indicators for Evaluation

DX related	FY2022 target	FY2023 target	FY2024 target	Managing department
Data linkage with customer (company) Adoption rate (%)	720	770	820	Timber and Building Materials Division (IT Solutions Department)
RPA and OCR adoption rate (%)	60	64	68	
Number of facilities that have introduced sensor equipment in elderly care business	80	90	100	Lifestyle Service Division

Material Issue 9 To establish a robust business structure

Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.

Specific steps based on issues and strategies/Indicators for Evaluation

Governance /Compliance /Climate change	FY2022 target	FY2023 target	FY2024 target	Managing department
New introduction of business process control (internal control)	Full-scale introduction (2 companies)	Continuation	Continuation	Global Housing, Construction and Real Estate Division
Strengthening information security level of overseas affiliated companies* (%)	20	50	100	IT Solutions Department
Implementation of external evaluation of effectiveness of the Board of Directors	Examination	Examination	Completion	General Administration Department
Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	New implementation in two divisions including the Environment and Resources Division and Global Housing, Construction and Real Estate Division	Examining impact of the entire group through re-implementation in two divisions including the Timber and Building Materials Division and Housing Division	Examining reflection of measures taken by the group in the strategy for each business division of the next Mid-Term Management Plan	Sustainability Department

* Sumitomo Forestry Group's unique security base level achievement rate