

# 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	FY2022 target	FY2023 target	FY2024 target	Managing department
<b>Utilization of Sustainable Forest Resources</b>				
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	
Total use of fuel chips, pellets, etc.(t) <sup>*1</sup>	1,832,890	2,073,948	2,482,964	Environment and Resources Division Timber and Building Materials Division
Percentage of sustainable timber used as primary building material (%)	100	100	100	Housing and Construction Division
Maintaining of SGEC certified area (%) <sup>*2</sup>	100	100	100	Environment and Resources Division

### Biodiversity Conservation

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
Sales of native species logs (unit: trees)	470,000	480,000	500,000	Housing and Construction 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 Targets Japan Bio Energy, Okhotsk Bio Energy, Michinoku Bio Energy, Forest Service, and Sumitomo Forestry Timber and Building Materials Business.  
\*2 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	FY2022 target	FY2023 target	FY2024 target	Managing department
<b>Promotion of decarbonization</b>				
Fixed amount of CO <sub>2</sub> in domestic company-owned forests (t-CO <sub>2</sub> )	13,547thousand	13,617thousand	13,758thousand	Environment and Resources Division
Carbon stock from production forests by overseas afforestation companies (t-CO <sub>2</sub> )	10,133thousand	10,133thousand	10,133thousand	

### Promotion of decarbonization (scope 1, 2)

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
Greenhouse gas emissions (t-CO <sub>2</sub> e)	354,368	340,020	301,290	All Sumitomo Forestry Group Companies
Percentage change from fiscal 2017	▲4.2	▲8.0	▲18.5	
Sumirin Denki subscription rate (%) Electricity sale after FIT	40.0	45.0	45.0	Housing and Construction Division
New owner's purchased power	-	37.0	50.0	
Renewable energy introduction rate [Efforts to achieve RE100] (%) <sup>*1</sup>	3.7	7.2	35.1	All Sumitomo Forestry Group Companies

### Promotion of decarbonization (scope 3)

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
ZEH order ratio (%)	75.0	75.0	80.0	Housing and Construction Division
Environmentally friendly remodeling order rate for Customers (%)	70.0	72.0	75.0	
Environmentally friendly products <sup>*2</sup> order rate (%)	60.0	61.0	62.0	
<b>[New custom-built detached houses] BELS acquisition rate<sup>*3</sup> (%)</b>	98.5	98.5	98.5	Housing and Construction Division
<b>[House and land package] Environmental equipment (PV/FC) installation rate (green smart rate) (%)</b>	15.0	20.0	30.0	
Environmentally friendly remodeling order rate for Owners (%)	65.0	67.0	70.0	Housing and Construction Division
Environmentally friendly remodeling order rate for Customers + Owners (%)	67.3	69.3	72.2	
<b>[MOCCA (Timber Solutions)] Number of proposals based on basic plan (cases)</b>	24	26	28	Environment and Resources Division
Amount of electricity supplied by renewable energy business <sup>*4</sup> (MWh)	751,110	764,701	856,022	
New forest value creation business-based profit, loss and income ratio expansion	Examination of numerical targets	Development of numerical targets	Achievement of numerical targets	
Environmental certification Number of projects targeted for Edge (Asia) (cases)	1	1	1	Overseas Housing and Real Estate Division
Energy Tax Credit <sup>*5</sup> Number of target units (US) (houses)	9,061	13,703	15,574	Overseas Housing and Real Estate Division

### Utilization of Sustainable Forest Resources

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
Sales quantity of KIKORIN-PLYWOOD (Month) (m <sup>3</sup> )	32,000	35,000	35,000	Timber and Building Materials Division

\*1 Excludes self-consumption from biomass power generation business and establishments located in New Zealand where 100% renewable energy is expected after 2030 in the whole country. \*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 Investment ratio \*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	FY2022 target	FY2023 target	FY2024 target	Managing department
<b>Resource recycling (industrial waste)</b>				
Industrial waste final disposal amount (t)	20,489	20,181	19,905	Sustainability Department
Percentage change from fiscal 2021 <sup>*1</sup> (%)	▲2.7	▲4.1	▲5.4	
Recycling rate at new housing construction sites <sup>*2</sup> (%)	96.0	97.0	98.0	Housing and Construction Division
Recycling rate at housing demolition sites <sup>*3</sup> (%)	100	100	100	
Recycling rate at the work sites of the renovation business unit <sup>*4</sup> (%)	84.5	85.0	85.5	Environment and Resources Division
Recycling rate at the work sites of the power generation business unit (%)	98.0	98.0	98.0	
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) <sup>*5</sup>	2,709	2,573	2,511	Housing and Construction Division
Discharge amount of newly built industrial waste (kg/m <sup>2</sup> )	20.8	20.1	19.8	

### Resource recycling (water)

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
Water use volume (m <sup>3</sup> )	2,739,067	2,757,494	2,777,269	All Sumitomo Forestry Group Companies

### Resource recycling (supply chain management)

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
Sustainability Procurement Survey Implementation Rate in Supply Chain (%)	97.0	97.0	97.0	Housing and Construction Division
Certification acquisition rate of incoming PKS(%)	-	100	100	Environment and Resources Division
Average score rate of "suppliers (in-house)" in ESG survey	Improvement as compared to previous year	Improvement as compared to previous year	Improvement as compared to previous year	Housing and Construction Division
Number of EPD acquisition proposals to suppliers (company)	10	30	65	Timber and Building Materials Division
Ratio (%)	52	66	71	
Sustainability survey response rate to suppliers (sales ratio) (%)	80	85	90	

### Utilization of Sustainable Forest Resources

Specific steps based on issues and strategies/Indicators for Evaluation	FY2022 target	FY2023 target	FY2024 target	Managing department
Unused resources (biomass use) handling volume (m <sup>3</sup> )	18,272	18,452	19,202	Environment and Resources Division

\*1 Excludes Cohnan Kensetsu \*2 Includes new housing construction sites of the Housing and Construction Division, Sumitomo Forestry Landscaping, as well as Sumitomo Forestry Home Engineering. \*3 Includes all wastes in the results of fiscal 2021, specific construction materials (concrete, asphalt-concrete, and wood waste) under the Construction Material Recycling Law according to plans after fiscal 2022. \*4 Includes Sumitomo Forestry Home Tech renovation sites but excludes hard-to-recycle debris and asbestos. \*5 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	FY2022 target	FY2023 target	FY2024 target	Managing department
<b>Customer satisfaction</b>				
Ratio of Implementation of design performance evaluation(%)	99.0	99.0	99.0	Housing and Construction Division
Ratio of Construction performance evaluations implemented(%)	99.0	99.0	99.0	
Ratio of Certified as Long-life Quality Housing <sup>*1</sup> (%)	95.0	95.0	95.0	
Questionnaire at the time of moving in (Non-consolidated NPS value <sup>*2</sup> ) (%)	51.0	52.0	53.0	Housing and Construction Division
Improvement of score of customer survey on person in charge of construction <sup>*3</sup> (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
<b>Communication with local communities</b>				
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
Year-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	
	Consolidated in Japan	67.0	68.9	71.0	
Employee 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) (%)	Non-Consolidated	83.0	84.0	85.0	
	Consolidated in Japan	75.8	78.8	84.5	Personnel Department
Culture that does not allow harassment * (%)	Non-Consolidated	76.0	78.0	80.0	
	Consolidated in Japan	76.2	77.7	79.0	
Ensuring psychological safety * (%)	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	
	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	
Ratio of female senior managers (%)	Non-Consolidated	3.0	3.3	3.6	
	Consolidated in Japan	6.5	7.3	7.9	Personnel Department
Ratio of females to new hires (%)	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	
	Group certification	2.40	2.45	2.50	
	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	
	Consolidated in Japan	57	57	56	
Training time per employee (hours)	Non-Consolidated	16.0	18.0	18.0	Personnel Department
	Consolidated in Japan	12.5	12.8	13.1	
Eco certification acquisition rate (%)	Non-Consolidated	50.0	60.0	70.0	Sustainability Department

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



## Occupational Health and Safety

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

\* Total of 6 companies (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)

## 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	Overseas Housing and Real Estate Division
<b>Research &amp; Development</b>				
Number of contracts for joint research partners (cases)	35	36	38	
Ratio of all themes (%)	50	51	54	Tsukuba Research Institute

## 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
RPA and OCR adoption rate (%)	60	64	68	(IT Solutions Department)
Number of facilities that have introduced sensor equipment in Elderly Care Business	80	90	100	
	18	19	19	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	FY2022 target	FY2023 target	FY2024 target	Managing department
New introduction of business process control (internal control)	Full-scale introduction (2 companies)	continuation	continuation	Overseas Housing and Real Estate Division
Strengthening information security level of overseas affiliated companies * (%)	20	50	100	IT Solutions Department
Implementation of external evaluation on effectiveness of the Board of Directors	Examination	Examination	Completion	General Administration Department

### Climate change

Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	New implementation in two divisions including environment and resources business and overseas housing business	Examining impact of the entire group through re-implementation in two divisions including timber and building materials business and domestic housing business	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

