



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement



014	Corporate Philosophy and Sustainability Management
025	Sustainability-related Policies and Philosophy
027	Mid-Term Sustainability Targets and Material Issues
032	Contributions to the SDGs and Material Issues
038	Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan
038	Material Issue 1 To enhance the value of forests and wood through sustainable forest management
042	Material Issue 2 To realize carbon neutrality by leveraging forests and wood resources
047	Material Issue 3 To realize a circular bioeconomy by leveraging forests and wood resources
052	Material Issue 4 To provide comfortable and secure spaces for society at large
054	Material Issue 5 To improve the livelihood of the local communities where we operate
057	Material Issue 6 To create a vibrant environment for all workers
065	Material Issue 7 To create new markets with forests and wood
067	Material Issue 8 To transform markets through DX and innovation
069	Material Issue 9 To establish a robust business structure
072	Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021
094	Stakeholder Engagement



[Corporate Philosophy and Sustainability Management](#) - [Sustainability-related Policies and Philosophy](#) - [Mid-Term Sustainability Targets and Material Issues](#) - [Contributions to the SDGs and Material Issues](#) - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) - [Stakeholder Engagement](#)

Sumitomo Forestry Group's Sustainability Management

Corporate Philosophy and Sustainability Management

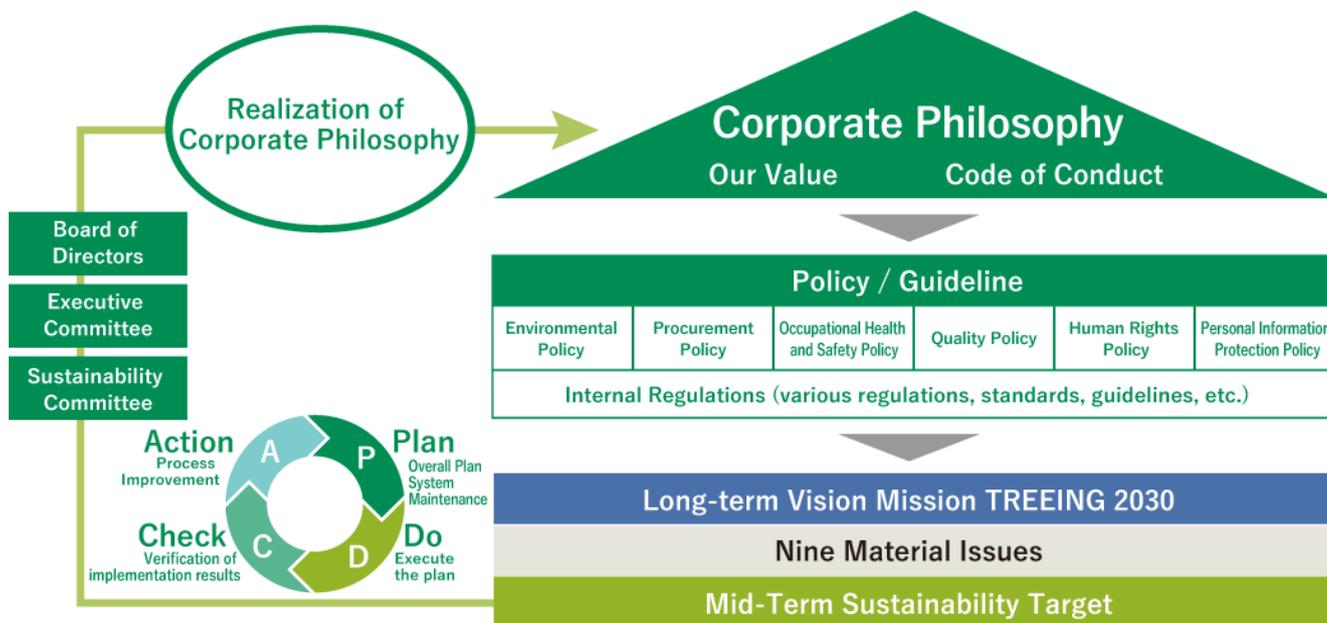
Sumitomo Forestry Group Corporate Philosophy and Sustainability Management

Sumitomo Forestry Group has been operating and engaging in sustainable management based on its Corporate Philosophy of "Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society". All our efforts are based on Sumitomo Spirit, which places prime importance on fairness and integrity for the good of society. In addition, Sumitomo Forestry Group Code of Conduct has been established to emulate the Sumitomo business spirit that has been passed down since the company's establishment and to meet with global social needs such as international conventions and initiatives. Sumitomo Forestry Group is seeking to disseminate and implement the Code of Conduct throughout its supply chain as a global standard, in addition to the Group and its partners, including suppliers and subcontractors. To guarantee that Sumitomo Forestry Group Code of Conduct is widely known, Sumitomo Forestry Group Code of Conduct Guidebook is issued to each employee at Group companies in Japan, translated into English and other languages, and implemented at abroad affiliates as well as through e-learning. This information has also been disclosed on our website to our business partners and other stakeholders. In addition, we monitor the practice and effectiveness of these principles from our Corporate Philosophy to Our Values and Code of Conduct, etc. at the Sustainability Committee convened four times a year.

We have also established policies such as "Environmental Policy", "Procurement Policy", and "Occupational Health and Safety Policy", and various guidelines based on our Corporate Philosophy and Code of Conduct. We are dealing with ESG-related sustainability targets as a specific practice for the Mid-Term Management Plan. We formulated Mission TREEING 2030 in February 2022, a long-term vision that incorporates the ideal image of Sumitomo Forestry Group into a long-term business concept. The Group aspires to realize a sustainable society by addressing the Nine Material Issues identified and providing values to the global environment, people's lives and society, and markets and economic activities, etc.

[Corporate Philosophy and Sustainability Management](#) -
 [Sustainability-related Policies and Philosophy](#) -
 [Mid-Term Sustainability Targets and Material Issues](#) -
 [Contributions to the SDGs and Material Issues](#) -
 [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) -
 [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) -
 [Stakeholder Engagement](#)

Sumitomo Forestry Group's Sustainability Management





[Corporate Philosophy and Sustainability Management](#) - [Sustainability-related Policies and Philosophy](#) - [Mid-Term Sustainability Targets and Material Issues](#) - [Contributions to the SDGs and Material Issues](#) - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) - [Stakeholder Engagement](#)

Nine Material Issues

Theme	Nine Material Issues		Relevant SDGs
Value for our planet	1	To enhance the value of forests and wood through sustainable forest management	 
	2	To realize carbon neutrality by leveraging forests and wood resources	 
	3	To realize a circular bioeconomy by leveraging forests and wood resources	  
Value for people and society	4	To provide comfortable and secure spaces for society at large	  
	5	To improve the livelihood of the local communities where we operate	  
	6	To create a vibrant environment for all workers	  
Value for the market economy	7	To create new markets with forests and wood	 
	8	To transform markets through DX and innovation	
	9	To establish a robust business structure	

Corporate Philosophy

The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Our Value

We provide high-quality products and services that bring joy to our customers.

We create new businesses that lead to happiness for generations to come with a fresh perspective.

We promote a free and open-minded corporate culture that respects diversity.

We set and strive to achieve ambitious goals through ongoing effort.

We do work that wins us the trust of society with fair and honest conduct.

Sumitomo Forestry Group Code of Conduct

Purpose and scope of application

Based on its corporate philosophy and Our Value, the Sumitomo Forestry Group shall manage its operations, including the supply chain, in accordance with this Code of Conduct.

Fair and transparent corporate activities

1. Strict adherence to laws and regulations

We shall adhere to all domestic and overseas laws and company regulations and respect international norms of behavior.

2. Prevention of corruption

We shall have absolutely no involvement in corrupt practices, including bribery, embezzlement and money laundering.

3. Fair business transactions

We shall pursue fair business transactions and refrain from any involvement in cartels, bid rigging or other such activities.

4. Fair accounting procedures

We shall conduct fair accounting and tax practices based on accurate records.

5. Communication with stakeholders

In consideration of the interests of our shareholders and other stakeholders, we shall disclose necessary information in a timely and fair manner and promote dialogue.

6. Maintaining confidentiality

We shall ensure the protection of confidential information, both our own and that of third parties.

7. Information Security

We shall install appropriate information security measures to prevent information leaks and other breaches.

8. Relationships with companies we do business with

We shall build and maintain constructive relationships with the parties we do business with and refrain from inappropriate behaviors, such as the abuse of power.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

9. Protection of intellectual property rights

In addition to protecting our own Company's intellectual property rights, we shall not infringe on the intellectual property rights of others.

10. Protection of personal information

We shall appropriately manage personal information, use it only for authorized purposes and prevent leaks.

11. Responsible advertising/promotional efforts

We shall engage in accurate and appropriate advertising and promotional efforts that do not cause misunderstanding or offense.

12. Healthy relationship with the government

We shall maintain a healthy and transparent relationship with the government that is in conformance with all laws.

13. Stance on organized crime

We shall have absolutely no involvement in organized crime.

14. Establishment of a whistleblowing mechanism

We shall establish a mechanism for people to report any suspicions of breaches to any laws or this Code of Conduct. By allowing reports to be made anonymously and strictly prohibiting retaliation against informants and other measures, we will actively promote its use.

Ethical conduct

15. Avoidance of a conflict of interest

We shall make a clear distinction between professional and personal matters and refrain from activities that may constitute a conflict of interest with the company.

16. Prohibition of misappropriation of company assets

We shall not use company funds or assets for personal purposes.

17. Prohibition of insider trading

We shall take no part in insider trading, including being complicit with others.

18. Appropriate gift giving and entertainment

We shall neither accept nor offer gifts or entertainment that would be considered inappropriate according to socially accepted norms.

19. Prohibition of political or religious activities

During work hours, we shall not recruit or otherwise promote political, religious or other activities based on personal ideology.

A respectful, healthy workplace

20. Respect for human rights

According to internationally accepted human rights norms, we shall respect the human rights of all individuals, including women, children, indigenous people, minorities and vulnerable people.

21. Prohibition of discrimination and the promotion of diversity

We shall not discriminate on the basis of race, ethnicity, nationality, gender, religion, ideology, disability, sexual orientation, gender identity or other. In addition, we shall work to secure and promote diversity.

22. Prohibition of forced labor and child labor

We shall not tolerate forced labor or child labor in any form.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

23. Freedom of association and collective bargaining rights

In accordance with laws, we shall secure workers' rights for freedom of association and collective bargaining.

24. Appropriate working hours and wages

In accordance with laws, we shall ensure that working hours and wages are appropriate.

25. Work/life balance

We shall secure the appropriate balance between work and individual commitments, such as caring for children and the elderly.

26. Occupational health and safety

We shall strive to maintain a safe and healthy work environment. In addition, we shall implement regular educational and training programs to prepare for disasters, accidents and other.

27. Human resources development

We shall strive to nurture human resources by providing skill enhancement opportunities, such as training seminars.

28. Prohibition of harassment

We shall not commit or tolerate acts of sexual harassment, power harassment, inhumane punishment or other.

29. Protection of privacy

We shall respect and protect the individual's right to privacy.

Business activities that respect society and the environment

30. Customer satisfaction and safety

We shall secure the safety and security of our customers and at the same time, sincerely engage with them and work to improve quality and customer satisfaction.

31. Coexistence with the environment

We shall strive to reduce the environmental impact of our products and services throughout their entire lifecycle, prevent global warming, recycle resources, prevent pollution and maintain biodiversity.

32. Contribution to the local community

We shall respect the local region's culture and customs and through dialogue, shall seek to contribute to their sustainable development.

Established July 1, 2017

Click here for related information

> Sumitomo Forestry Group
Code
of Conduct Guidebook
(English)



> Sumitomo Forestry Group
Code
of Conduct Guidebook
(Indonesian)



> Sumitomo Forestry Group
Code
of Conduct Guidebook
(Vietnamese)



> Sumitomo Forestry Group
Code
of Conduct Guidebook
(Chinese)





Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Participation and Sponsorship of Initiatives

United Nations Global Compact

In December 2008, Sumitomo Forestry formally signed the United Nations (UN) Global Compact to declare our support for its principles. The ten principles of the UN Global Compact are based on globally established agreements, including the Universal Declaration of Human Rights, and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. They incorporate support of and respect for the protection of human rights and the eradication of forced and child labor.

The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

WE SUPPORT



Top
Commitment**Sustainability
Management**Initiatives for Sumitomo
Forestry Group's
business and ESG

Environment

Social

Governance

Related
Information

[Corporate Philosophy and Sustainability Management](#) - [Sustainability-related Policies and Philosophy](#) - [Mid-Term Sustainability Targets and Material Issues](#) - [Contributions to the SDGs and Material Issues](#) - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) - [Stakeholder Engagement](#)

World Business Council for Sustainable Development (WBCSD)

A group of CEOs over 200 companies committed to sustainable development, are working together to contribute to the transition to a sustainable society.



Sumitomo Forestry joined the Forest Solution Group (FSG), an internal initiative of the WBCSD, in January 2019 and became a member in January 2020.

We advance efforts to resolve social issues through business to contribute to the SDGs and build a sustainable society.

Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures, formed at the direction of the Financial Stability Board (FSB) in April 2015, provides a framework for companies to voluntarily disclose information on climate-related risks and opportunities.



Sumitomo Forestry Group recognizes the risks associated with climate change as serious risks, and announced its support to the TCFD in July 2018. Based on the TCFD recommendations scenario analysis was begun the same year.

In addition, Sumitomo Forestry also participate in the TCFD Consortium, which discusses effective information disclosure by companies and initiatives to link disclosed information on climate change measures to financial institutions' appropriate investment decisions.

[Click here for related information](#)

> [Responding to TCFD](#)



[Corporate Philosophy and Sustainability Management](#) - [Sustainability-related Policies and Philosophy](#) - [Mid-Term Sustainability Targets and Material Issues](#) - [Contributions to the SDGs and Material Issues](#) - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) - [Stakeholder Engagement](#)

Science Based Targets (SBT)

The SBTi was established as a collaborative initiative of four organizations – the UN Global Compact, CDP, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) in 2015, to promote science-based Greenhouse Gases Emission reduction targets to prevent temperature increases from pre-industrial times.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

With respect to SBT Initiative, Sumitomo Forestry Group declared that it would formulate SBT, and established new Greenhouse Gases Emission reduction targets for the entire group in June 2017. The following 2°C target was certified as an SBT in July 2018.

In addition, in order to accelerate the efforts of the Group, we raised the Greenhouse Gases Emission reduction target of Scope 1&2 from 21% reductions to 54.6% reduction with 2030 as the target year and submitted an application for the target of 1.5°C to the SBT Secretariat in September 2021.

2°C target (SBT approved)

- Scope 1&2^{*1}: 21% reduction of greenhouse gas emissions compared to 2017 (base year) by 2030.
- Scope 3^{*1}: 16% reduction of total greenhouse gas emissions from Category 1 and Category 11^{*2} compared to 2017 (base year) by 2030.

1.5°C target (SBT application pending)

- Scope 1&2: 54.6% reduction of greenhouse gas emissions compared to 2017 (base year) by 2030.
- Scope 3: 16% reduction of total greenhouse gas emissions from Category 1 and Category 11 compared to 2017 (base year) by 2030.

*1 Scope 1: Direct GHG emissions of a company, including emissions from fuel consumption. E.g. CO₂ emissions from the use of gasoline for company vehicles.

Scope 2: Indirect GHG emissions including CH₄ and N₂O from the generation of purchased electricity and heating. E.g. CO₂ emissions from the use of electricity by offices.

Scope 3: GHG emissions occurring in the supply chain. E.g. CO₂ emissions generated during the use of products sold.

*2 Category 1: Greenhouse gas emissions during collection, manufacture, and transport of purchased or acquired goods and services included in Scope 3.

Category 11: Greenhouse gas emissions during use of sold products and services included in Scope 3.

[Click here for related information](#)

> [Mitigation of
Climate Change](#)



[Corporate Philosophy and Sustainability Management](#) - [Sustainability-related Policies and Philosophy](#) - [Mid-Term Sustainability Targets and Material Issues](#) - [Contributions to the SDGs and Material Issues](#) - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) - [Stakeholder Engagement](#)

RE100

RE100 is an international initiative run jointly by The Climate Group, a global joint environmental NGO, and the CDP.

Sumitomo Forestry joined the RE100 in March 2020, with the goal of utilizing 100% renewable energy in its operations. Our goal is to transition fuel to generate power to 100% renewable energy in Sumitomo Forestry Group power and power generation businesses by 2040.



[Click here for related information](#)

> [Aiming for 100% Renewable Energy and Joining the RE100](#)

Participation and Sponsorship of Other Initiatives

Major Participating Initiatives and Organizations

Organization
WWF Japan
CDP Japan Club
TCFD Consortium
Network for Promotion of Decarbonized Management (Ministry of the Environment)
COOL CHOICE Campaign (Ministry of the Environment)
Japan Climate Initiative (JCI)
Keidanren Committee on Nature Conservation
Japan Business Initiative for Biodiversity (JBIB)
TNFD Forum
30 by 30 Alliance (Ministry of the Environment)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Major Signatures and Declarations

Name of Declaration	Date of endorsement/signature
Declaration of Biodiversity by Keidanren	December 2009 and December 2019
Nijumaru Declaration (Nijumaru Project)	May 2016
Japan Climate Action Summit Declaration (JCI)	October 2018
JCI Message Calling for Strengthened Climate Change Action (JCI)	February 2020
JCI Message Calling for a 2030 Target to Realize the Paris Agreement (JCI)	April 2021
Call to Action (Business for Nature)	September 2020
Open Letter from companies to G20 Leaders (We Mean Business Coalition)	September 2021
Race to Zero (Business Ambition for 1.5°C)	September 2021



Corporate Philosophy and Sustainability Management - **Sustainability-related Policies and Philosophy** - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Sustainability-related Policies and Philosophy

Sumitomo Forestry Group's Sustainability-related Policies and Philosophy

The Sumitomo Forestry Group formulates separate policies for each issue related to sustainability management, and carries out initiatives according to those policies.

Environmental Policies

[Click here for related information](#)

- > Sumitomo Forestry Group Environmental Policy
- > Policy on Biodiversity Conservation in Company-Owned Forests in Japan (excerpt)

Social Policies

[Click here for related information](#)

- > Sumitomo Forestry Group Procurement Policy
- > Green Procurement Guidelines (extract)
- > Sumitomo Forestry Group Occupational Health and Safety Policy
- > Sumitomo Forestry Group Quality Policy
- > Sumitomo Forestry Group Human Rights Policy
- > Sumitomo Forestry Group Declaration on Empowering Women
- > Sumitomo Forestry Group Declaration on Health Management
- > Basic Policy on Social Contribution Activities/Donations



Corporate Philosophy and Sustainability Management - **Sustainability-related Policies and Philosophy** - Mid-Term Sustainability Targets and Material Issues -
 Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
 Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Governance Policies

Click here for related information

- > Basic Policy on Corporate Governance 

Promotion of Fair Competition and

> Appropriate Transactions with Subcontractors

Responsible

> Advertising/Promotional Efforts
- > Sumitomo Forestry Group Code of Conduct

> Information Security Policy
- > Preventing Corruption

> Intellectual Property Management Policy



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** -
Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Mid-Term Sustainability Targets and Material Issues

Mission TREEING 2030

In February 2022, aiming toward creating a decarbonized society by 2050 and with the 2030 target date for achieving the SDGs in mind, the Sumitomo Forestry Group formulated Mission TREEING 2030 and Mission TREEING 2030 Phase 1. Mission TREEING 2030, our long-term vision, incorporates our ideal vision of the Sumitomo Forestry Group into our long-term business concept, while Mission TREEING 2030 Phase 1 is our Mid-Term Management Plan covering 2022 to 2024. Mission TREEING 2030 sets out the following four strategies as our business policy: 1. Maximizing the value of forests and the wood to create decarbonization and create a circular bioeconomy; 2. Advancing globalization; 3. Striving for transformation and the creation of new value; and 4. Transforming our business foundation for growth. To achieve this long-term vision, we aim to simultaneously supply value for our planet, value for people and society, and value for the market economy, without compromising on any of these values and by enhancing value in each of these areas.

Mission TREEING 2030

~ Making our planet safer and more secure for future generations ~

By providing value to our planet, to people and society, and to the market economy, we at Sumitomo Forestry Group will strive to make our planet safer and more secure for current and future generations of people and all living beings. With our long-held strengths in harnessing and expanding the value of forests and wood, we will create change for a new future.



Value for our
planet



Value for people
and society



Value for the
market economy



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets

Sumitomo Forestry Group has announced "Mission TREEING 2030 Phase 1" (2022-2024), the first phase of its long-term vision "Mission TREEING 2030," a three-year Mid-Term Management Plan that provides the groundwork for future growth and contribution to decarbonization. One of the five basic policies is "Further Integration of Business and ESG," and the Group has established "Sustainability Targets as part of Mid-Term Management Plan in fiscal 2024," which incorporates the Group's sustainability strategy and material issues.

(1) Striving for decarbonization through utilization of wood resources

- Develop new businesses that pursue the value of forests as a carbon dioxide sink
- Promote initiatives that enhance the competitiveness of domestic wood
- Expand our medium- and large-scale wooden construction business

(2) Enhancing our revenue base

- Recovery of profitability of our Housing & Construction business and Timber and Building Materials business, and promotion of reforms in anticipation of future market shifts
- Improve resource efficiency

(3) Accelerating globalization

- Expand our Housing and Real Estate Business operations in the United States and Australia and create a revenue base in Asia

(4) Reinforcing our management foundation for sustainable growth

- Promote digitalization
- Secure and nurture human resources and improve engagement with employees
- Reinforce risk management

(5) Further integration of business and ESG

- Steadily implement initiatives to achieve RE100/SBT (Science Based Targets)

"Mid-Term Sustainability Targets in fiscal 2024" is a revision of the specific ESG-related goals in the Mid-Term Management Plan that has been in operation since fiscal 2019, with the goal of better aligning our business and ESG strategies in accordance with the new policies of the Mid-Term Management Plan. Under the long-term vision "Mission TREEING 2030", the value created by the Group was organized from the perspectives of providing "Value for our planet", "Value for people and society", and "Value for the market economy", and nine new material issues were identified. Specific numerical targets have been defined for each business unit in more detail until 2024 in order to realize these nine material issues.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

We believe that it will not only meet the expectations of society, including the SDGs, but also lead to an increase in corporate value that cannot be judged only from the economic perspective.

Nine Material Issues and Related SDGs

Theme	Nine Material Issues		Relevant SDGs
Value for our planet	1	To enhance the value of forests and wood through sustainable forest management	 
	2	To realize carbon neutrality by leveraging forests and wood resources	 
	3	To realize a circular bioeconomy by leveraging forests and wood resources	  
Value for people and society	4	To provide comfortable and secure spaces for society at large	  
	5	To improve the livelihood of the local communities where we operate	  
	6	To create a vibrant environment for all workers	  
Value for the market economy	7	To create new markets with forests and wood	 
	8	To transform markets through DX and innovation	
	9	To establish a robust business structure	

Identification of Material Issues

Following on from 2008, Sumitomo Forestry Group identified important CSR issues in March 2015. Since then, major changes have occurred around the world, including adoption of the SDGs (Sustainable Development Goals) and the conclusion and entry into force of the Paris Agreement, and in Japan, the GPIF (Government Pension Investment Fund) signing of the PRI (United Nations Principles for Responsible Investment) has accelerated the trend toward ESG investment. In response to these trends, Sumitomo Forestry Group developed its long-term vision "Mission TREEING 2030" in February 2022, which identified nine new material issues. In addition to analyzing geopolitical changes, technological innovations such as digitalization, and changes in the stakeholder preferences such as employees and customers' choices, we've also used Sumitomo Forestry Group's strengths, which have grown significantly through M&A and capital and business alliances, to identify areas where the Group can make a unique contribution, not just to sustainability, but also as material issues of the Group's overall business.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

In order to formulate our mission, we conducted a questionnaire survey of all stakeholders, including customers, business partners, shareholders and investors, outside experts, and employees, and received responses from approximately 6,000 people. Based on external changes (Megatrends), we identified matters that would impact on Sumitomo Forestry Group and set 35 issues while classifying into 5 categories of "Environmental Issues (Climate change)," "Environmental Issues (Resources and Biodiversity)," "Social Issues," "Governance," and "Economic Issues" and let respondents select what they think was important. Individual interviews with young employees and management-level personnel were also conducted.

We narrowed down the material issues for Sumitomo Forestry Group based on the results of these questionnaires and interviews. Furthermore, we incorporated management's opinions and performed materiality assessments in consideration of risks and opportunities through a series of discussion among management ranks. Finally, we selected nine material issues from three perspectives: "Value for our planet," "Value for people and society" and "Value for the market economy."

Management of Mid-Term Sustainability Targets

We have set numerical targets for Mid-Term Sustainability Target of the Mid-Term Management Plan based on our contribution to the SDGs and the nine material issues that are directly linked to our business.

Each group company and department has set "Sustainability Budget" with numerical targets set for the fiscal year and engaging in initiatives to achieving these goals.

Sumitomo Forestry Group fully implements a PDCA cycle for progress and achievements of each target at the Sustainability Committee convened two times a year in addition to providing reports to the Board of Directors.

> Material Issues 1: To enhance the value of forests and wood through sustainable forest management

> Material Issues 4: To provide comfortable and secure spaces for society at large

> Material Issues 7: To create new markets with forests and wood

> Material Issues 2: To realize carbon neutrality by leveraging forests and wood resources

> Material Issues 5: To improve the livelihood of the local communities where we operate

> Material Issues 8: To transform markets through DX and innovation

> Material Issues 3: To realize a circular bioeconomy by leveraging forests and wood resources

> Material Issues 6: To create a vibrant environment for all workers

> Material Issues 9: To establish a robust business structure

> Sustainability Targets as part of Mid-term Management Plan in 2022-2024





Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement



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> [Contributions to the SDGs and Material Issues](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Contributions to the SDGs and Material Issues

Basic Policy

The Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly in 2015 set 17 goals on subjects such as poverty, equality, education, and the environment for all nations and regions to achieve by 2030. The SDGs work to solve various global issues raised as principles toward building a better international society that leaves no one behind. Our initiatives to address social issues identified in the SDGs will result in the creation of new business opportunities and business growth. On the other side, if the initiatives are not fully implemented, there is a risk of delays in complying with laws and regulations, as well as a risk of reputational damage.

Sustainability Targets of Mid-Term Management Plan in fiscal 2024 and SDGs

In February 2022, in anticipation of 2030, Sumitomo Forestry Group newly formulated a long-Term vision "Mission TREEING 2030" and Medium-Term management plan "Mission TREEING 2030 Phase 1" (2022 - 2024), which incorporated the ideal form of Sumitomo Forestry Group into the business concept, with an aim of realizing a decarbonized society. One of the five basic policies is "Further Integration of Business and ESG," and the Group has established "Sustainability Targets as part of Mid-Term Management Plan in fiscal 2024," which incorporates the Group's sustainability strategy and material issues. As for "Sustainability Targets as part of Mid-Term Management Plan in fiscal 2024," specific numerical targets are set for each business division while incorporating SDGs perspectives to address the nine material issues identified by Sumitomo Forestry Group until fiscal 2024. We shall aim to contribute to realization of a sustainable and prosperous society.

SUSTAINABLE DEVELOPMENT GOALS





Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Material Issues and SDGs (Goals and Targets)

To integrate the material issues that we have identified and SDG initiatives, the Sumitomo Forestry Group has associated SDGs (goals and targets) with the 15 qualitative targets of material issues as shown below. In these activities, each division always promotes use of the PDCA cycle to establish a system for achieving the SDGs by first using indicators for evaluation (numerical targets) with fiscal 2024 set as target based on the Mid-Term Sustainability Targets.

Nine Material Issues	Details of Material Issues	Relevant SDGs (Goals and Targets)		
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.	 13.1	 15.1 15.2 15.3 15.4	
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.	 7.2	 13.1 13.2	
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.	 7.2 11.6	 12.2 12.5	 15.1 15.2 15.4
4) To provide comfortable and secure spaces for society at large	Providing safe, comfortable, and secure spaces to society at large.	 3.9	 9.4	 11.6
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.	 3.9	 8.3	 11.3
6) To create a vibrant environment for all workers	Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.	 3.9	 5.5	 8.5 8.8



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Nine Material Issues	Details of Material Issues	Relevant SDGs (Goals and Targets)		
		SDG 9 Industry, Innovation and Infrastructure	SDG 11 Sustainable Cities and Communities	
7) To create new markets with forests and wood	Creating new markets that enrich the economy through the resourceful use of forests and wood.	 9.4	 11.3	
8) To transform markets through DX and innovation	Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.	 9.4		
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.	 16.5 16.7		

Dissemination of SDGs

Sumitomo Forestry Group believes that it is crucial to disseminate and foster an understanding of SDGs to contribute to the SDGs through business. We conduct various initiatives to raise awareness in not only our employees but all of our stakeholders (examples below).

Implementation of SDGs Dissemination Workshops, Training and Recognition Surveys

The Sumitomo Forestry Group holds employee workshops and training by external lecturers for employees to provide learning opportunities that link SDGs to business operations.

As one example of our workshops, participants play a card game in which participants envision the achievement of their life goals at the year 2030, such as wealth acquisition, comfortable leisure lifestyle, and environmental conservation in light of economic, social and environmental barometers that reflect global circumstances. Participants were divided into groups, which then used Lego blocks as a tool to discuss what they can do based on the results as members of the Sumitomo Forestry Group to help realize a world in which "No one will be left behind".



Workshop Using Lego Blocks

Recognition surveys about Sumitomo Forestry Group SDG initiatives were also conducted for Group employees in Japan, which showed 87% of respondents knew about the SDGs. In addition, our internal magazine started an SDG Lab series in January 2021 to teach the relationship between our businesses and the SDGs.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
business and ESG

Environment

Social

Governance

Related
Information

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

The workshops and other efforts at the Sumitomo Forestry Group aim to further disseminate SDGs understanding and action toward achieving the goals, both internally and externally.

Sponsorship of the NIKKEI Decarbonization Project

Since fiscal 2021, Sumitomo Forestry has been a co-sponsor of Nikkei Inc.'s "NIKKEI Decarbonization Project," which was formed to discuss and improve the feasibility of the government plan declaring zero carbon by 2050.

Registration as a Company Promoting SDGs in Niihama City

The Niihama City SDGs Promotion Company Registration System that supports companies actively working to achieve the SDGs welcomed the Sumitomo Forestry Niihama General Administration Office as a member in February 2021.

In Niihama where the Sumitomo Forestry Group was founded, we will continue to advance activities to achieve the SDGs from encouraging the employment of people with disabilities and procuring plantation timber and certified timber which considers sustainability and biodiversity to creating public forest benefits through the management of company owned forests.

"ESD (Education for Sustainable Development) Assistant Supervisor Workshop in Niihama City" was held

In November 2021, a training session for 26 Assistant Supervisors from elementary and junior high schools in Niihama was held at Forrester House, our forest information dissemination facility, at the request of Niihama Board of Education.

Training session included classroom lectures about Sumitomo Forestry Group's businesses and the forest ecosystem, as well as field work such as walking around the neighborhood and visiting the experimental forest (fixed standard trees) to learn about Sumitomo Forestry's history, initiatives, and philosophy etc.

We will continue to assist Niihama City in achieving the SDGs in the future, such as by giving on-site classes at schools.





Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Registration as a Kanagawa SDGs Partner

The Kanagawa SDGs Partner program is a registration program to encourage cooperation in efforts between the prefecture and corporations and other entities working to achieve the SDGs in the prefecture. Sumitomo Forestry has been registered as a Kanagawa SDGs Partner on April 13, 2020. Broader standardization of ZEH to reduce greenhouse gas emissions aims to help combat climate change, energize the economy and bring greater environmental awareness. In addition, we internally announce our progress every quarter regarding ZEH penetration in the Kanagawa area with a goal of raising awareness of employees who belong to affiliate companies. The ZEH ratio at the time of order receipt grew from 46.6% in 2020 to 67.7% in 2021, as a result of these and other initiatives.



KANAGAWA SDGs PARTNER
神奈川県 SDGs推進部 登録事業者の取組を支援する。



Kanagawa SDGs Partner Logo

Committing to the Shizuoka City SDGs Declaration

The Shizuoka Branch of the Housing and Construction Division at Sumitomo Forestry is committed to the Shizuoka City SDGs Declaration which has been encouraging SDG activities through offices and associations in Shizuoka City in addition to develop and broadly share excellent case studies since November 2019. As a target of initiatives, we have set an 80% standardization rate for Net Zero Energy Houses (ZEH).

In addition, we offered the online interview session about SDG's to Hamamatsu Kita High School in Shizuoka Prefecture in February 2022 and explained our initiatives to first-year 10 students enrolled in the international course.

[Click here for related information](#)

- > [Promotion of Net Zero Energy House \(ZEH\) Specifications](#)

Publication of Examples to the Educational "EduTown SDGs" Website for Elementary and Junior High School Students

Tokyo Shoseki provides educational materials on the educational EduTown: Let's Build Our Future website for the SDGs to inspire elementary and junior high school students to think about the future of our planet from a global perspective through each sustainable development goal and learn what they can do. This website also includes our activities since fiscal 2020 to foster circular forest resources by planting and using trees as an example for Goal 15 of the SDGs.

[Click here for related information](#)

- > [EduTown: Let's Build Our Future \(in Japanese\)](#) 
- > [Example of Our Initiative for Goal 15 \(in Japanese\)](#) 

Top
Commitment**Sustainability
Management**Initiatives for Sumitomo
Forestry Group's
business and ESG

Environment

Social

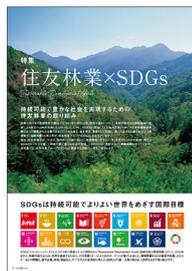
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Related
Information

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Education on the SDGs among owners of Sumitomo Forestry Houses

Sumitomo Forestry's initiatives to realize a sustainable and prosperous society were highlighted in the opening feature of the magazine published in April 2021 for owners of "Sumitomo Forestry Homes" which article was titled "Sumitomo Forestry x SDGs." As a result, we received feedback from owners that they were able to learn about the definition of the SDGs and became interested in value and potential of Wood.



Lovely Family No. 99

In addition, we solicited "SDG initiatives that can be done at home and by families" inside the owner site clubforest and announced them on the site.

As a result, all owners were able to share their initiatives and bring SDGs closer to home in their daily lives.



Introduction of the SDGs on the owners' site clubforest



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

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

Material Issue 1

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.

Related SDGs



Basic Policy

As global environmental problems such as climate change, resource depletion, and biodiversity loss become more serious, expectations for wood and forests that produce natural resources and biological resources to solve these problems are rising. Forests not only have functions of absorbing and fixing CO₂, conserving biodiversity, and producing wood building materials, fuel materials, or the like, but also have various public benefits such as water source recharge, soil conservation, and sediment disaster prevention.

Sumitomo Forestry Group has developed various businesses centered on wood, such as forestry business, timber and building material distribution and manufacturing business, housing and building business, and renewable energy business. "The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society." In order to realize our Corporate Philosophy, we intend to enhance value of forest resources by promoting further integration of business and ESG and by conducting sustainable forest management and use of wood.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 1	Impact (Influence)
<p>To enhance the value of forests and wood through sustainable forest management</p> <p>Nurturing forests to enhance and harness the value of wood and other forest resources.</p>	Contribution to measures against global warming through CO ₂ fixation
	Contributing to the protection of rare species and other conservation of biodiversity
	Contribution to revitalization of the forestry business by promoting forest sustainability
	Securing seedlings for reforestation and promoting circular use of forest resources from harvesting to replanting
	Contribution to greater biomass power generation (renewable energy supply) capacity in Japan
	Contribution to revitalization of the forestry business by utilizing domestic timber
	Enhancing standardization, awareness, and added value of sustainable and certified wood and wood products



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Management of Material Issue 1

In Mid-Term Sustainability Targets 2024, Material Issue 1 is divided into 9 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Utilization of Sustainable Forest Resources	Domestic and overseas certified forest area (ha)	Environment and Resources Division	221,971	242,493	242,493	242,493
	Area of forest plantation with in-house produced seedlings Domestic forest (ha)		487	892	892	1,012
	Seedlings supplied Domestic forest (unit: 10 Thousand)		146	223	223	253
	Total use of fuel chips, pellets, etc.(t) ^{*1}	Environment and Resources Division Timber and Building Materials Division	1,863,870	1,832,890	2,073,948	2,482,964
	Percentage of sustainable timber used as primary building material (%)	Housing and Construction Division	100	100	100	100
	Maintaining of SGEC certified area (%) ^{*2}	Environment and Resources Division	-	100	100	100

*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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Biodiversity Conservation	Sales of native species logs (unit: trees)	Housing and Construction Division	465,000	470,000	480,000	500,000
	Securing ratio of conservation forests in company-owned forests (%)	Environment and Resources Division	-	30 or more	30 or more	30 or more
	Establishment of evaluation method for biodiversity conservation		-	Information collection	Examination of evaluation criteria	Establishment of evaluation method



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

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

Material Issue 2

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.

Related SDGs



Basic Policy

Since wood absorbs and fixes CO₂ in the process of growth and only a small amount of CO₂ during production, it is important to actively use wood for the transition to decarbonized society.

Since founding, Sumitomo Forestry Group has been developing its business centered on wood, and will continue to propose further utilization of wood in the fields of forest, wood, and construction. With respect to forest, we will promote zoning forest management to expand conservation forest that absorb carbon dioxide and accelerate logging and replanting of working forests that promote carbon fixation. Carbon offset contributes to decarbonization of other companies and society, and realizes sustainable business. Regarding timber, we will promote long-term carbon fixation value of timber, enhance competitiveness of domestic timber, and promote wooden construction and wood conversion of buildings. In construction, we will contribute to decarbonization of society as a whole by promoting decarbonized architecture by establishing and standardizing decarbonization design methods such as promoting LCCM housing and net-zero carbon buildings in Japan and overseas.

Sumitomo Forestry Group's internal and supply chains, which provide the value of wood, will steadily implement SBT-based greenhouse gas emissions reduction targets, including the achievement of the RE100.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 2	Impact (Influence)
<p>To realize carbon neutrality by leveraging forests and wood resources</p> <p>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.</p>	Reducing energy consumption (greenhouse gas emissions) throughout all of society by reducing the housing related energy use, which has the majority of energy use/ time spent in daily life.
	Heightening environmental awareness of consumers (residents)
	Contributing to the reduction of the environmental impact and solutions to climate change by achieving SBT and RE100
	Building a sustainable society by providing sustainable architecture
	Building a new forest value creation business

Management of Material Issue 2

In Mid-Term Sustainability Targets 2024, Material Issue 2 is divided into 19 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Promotion of decarbonization	Fixed amount of CO ₂ in domestic company-owned forests (t-CO ₂)	Environment and Resources Division	13,476 thousand	13,547 thousand	13,617 thousand	13,758 thousand
	Carbon stock from production forests by overseas afforestation companies (t-CO ₂)		10,133 thousand	10,133 thousand	10,133 thousand	10,133 thousand



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on Issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Promotion of decarbonization (scope 1, 2)	Greenhouse gas emissions (t-CO ₂ e) Percentage change from fiscal 2017		All Sumitomo Forestry Group Companies	370,772 +0.3	354,368 ▲4.2	340,020 ▲8.0	301,290 ▲18.5
	Sumirin Denki subscription rate (%)	Electricity sale after FIT	Housing and Construction Division	-	40.0	45.0	45.0
		New owner's purchased power		-	-	37.0	50.0
	Renewable energy introduction rate [Efforts to achieve RE100] (%) [*]		All Sumitomo Forestry Group Companies	-	3.7	7.2	35.1

* 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.

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Promotion of decarbonization (scope 3)	ZEH order ratio (%)		Housing and Construction Division	67.4	75.0	75.0	80.0
	Environmentally friendly remodeling order rate for Customers (%)			-	70.0	72.0	75.0
	Environmentally friendly products ^{*1} Order rate (%)			58.9	60.0	61.0	62.0
	[New custom-built detached houses] BELS acquisition rate ^{*2} (%)			-	98.5	98.5	98.5



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Promotion of decarbonization (scope 3)	[House and land package] Environmental equipment (PV / FC) installation rate (green smart rate) (%)	Housing and Construction Division	-	15.0	20.0	30.0
	Environmentally friendly remodeling order rate for Owners (%)		-	65.0	67.0	70.0
	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*3 (MWh)	Environment and Resources Division	-	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)	Overseas Housing and Real Estate Division	-	1	1	1
	Energy Tax Credit*4 Number of target units (US) (houses)		-	9,061	13,703	15,574

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

*2 At the start of construction of the main unit

*3 Investment ratio

*4 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.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Utilization of Sustainable Forest Resources	Sales quantity of KIKORIN-PLYWOOD (Month) (m ³)	Timber and Building Materials Division	-	32,000	35,000	35,000



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

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

Material Issue 3

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.

Related SDGs



Basic Policy

Against the background of concerns about resource depletion, biodiversity loss, and environmental pollution caused by harmful substances and marine plastics, it is necessary to build a circular economy that thoroughly recycles and makes effective use of resources. Circular economy is an economic model that aims to design products and services that reduce environmental burdens such as disposal and pollution, and to continue to circulate the raw materials and products at a high level.

Sumitomo Forestry Group realizes a circular bioeconomy centered on wood by running a wood cycle that cascades wood, which is a renewable and sustainable natural resource, in the forest, wood, architecture, and the field of energy such as biomass power generation and increasing the value of wood resources. For resources other than wood, we will strive to control, reuse, and recycle waste. We will also continue to investigate sustainability of our supply chain for the sustainable use of resources.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 3	Impact (Influence)
<p>To realize a circular bioeconomy by leveraging forests and wood resources</p> <p>Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.</p>	Protecting resources and reducing the environmental impact by advocating for recycling and zero emissions
	Solutions to water issues
	Improvement of environmental awareness in supply chain

Management of Material Issue 3

In Mid-Term Sustainability Targets 2024, Material Issue 3 is divided into 18 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Resource recycling (industrial waste)	Industrial waste final disposal amount (t) Percentage change from fiscal 2021 ^{*1}	Sustainability Department	21,050	20,489 ▲2.7	20,181 ▲4.1	19,905 ▲5.4
	Recycling rate at new housing construction sites ^{*2} (%)	Housing and Construction Division	95.1	96.0	97.0	98.0
	Recycling rate at housing demolition sites ^{*3} (%)		94.6	100	100	100
	Recycling rate at the work sites of the renovation business unit ^{*4} (%)		79.7	84.5	85.0	85.5
	Recycling rate at the work sites of the power generation business unit (%)	Environment and Resources Division	99.3	98.0	98.0	98.0
	Recycling rate at overseas manufacturing plants (%)	Timber and Building Materials Division	98.5	99.0	99.0	99.0
	Recycling rate at domestic manufacturing plants (%)		99.1	99.0	99.0	99.0
	Other recycling rate (%)	Timber and Building Materials Division Lifestyle Service Division Tsukuba Research Institute	80.6	84.0	85.0	86.0
	Sustainable timber usage ratio (Overall manufacturing) (%)	Timber and Building Materials Division	99.0	100	100	100
	Total amount of industrial waste discharged from all branches (kg / building) ^{*5}	Housing and Construction Division	2,835	2,709	2,573	2,511
	Discharge amount of newly built industrial waste (kg / m ²)		-	20.8	20.1	19.8



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

*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

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Resource recycling (water)	Water use volume (m ³)	All Sumitomo Forestry Group Companies	2,858,316	2,739,067	2,757,494	2,777,269



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Resource recycling (supply chain management)	Sustainability Procurement Survey Implementation Rate in Supply Chain (%)	Housing and Construction Division	98.5	97.0	97.0	97.0
	Certification acquisition rate of incoming PKS(%)	Environment and Resources Division	-	-	100	100
	Average score rate of "suppliers (in-house)" in ESG survey	Housing and Construction Division	-	Improvement as compared to previous year	Improvement as compared to previous year	Improvement as compared to previous year
	Number of EPD acquisition proposals to suppliers (company) Ratio (%)	Timber and Building Materials Division	-	10 52	30 66	65 71
			Sustainability survey response rate to suppliers (sales ratio) (%)	-	80	85

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Utilization of Sustainable Forest Resources	Unused resources (biomass use) handling volume (m ³)	Environment and Resources Division	-	18,272	18,452	19,202



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

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

Material Issue 4

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

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

Related SDGs



Basic Policy

As various social issues such as human rights issues like discrimination and poverty, intensification of disasters, and the spread of infection with the coronavirus disease(COVID-19) become apparent, the tendency toward well-being has increased, and people's living spaces, especially homes, are required to be safe, secure, comfortable and warm.

Sumitomo Forestry Group strives to improve customer satisfaction by setting "We provide high-quality products and services that bring joy to our customers." in the Code of Conducts, and focusing on providing high-quality products that give a sense of security, safety, comfort and warmth to many customers, of both newly built detached houses and remodeling.

Impact on Society and the Environment

Material Issue 4	Impact (Influence)
To provide comfortable and secure spaces for society at large	Improvement of customer satisfaction by reducing complaints
Providing safe, comfortable, and secure spaces to society at large.	Ensuring social credibility by improving quality



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Management of Material Issue 4

In Mid-Term Sustainability Targets 2024, Material Issue 4 is divided into 5 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Customer satisfaction	Ratio of Implementation of design performance evaluation (%)	Housing and Construction Division	-	99.0	99.0	99.0
	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

Top
Commitment**Sustainability
Management**Initiatives for Sumitomo
Forestry Group's
business and ESG

Environment

Social

Governance

Related
Information

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

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

Material Issue 5

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.

Related SDGs



Basic Policy

Both in Japan and overseas, regions where forest businesses are operated are far away from major urban areas, and economic and cultural disparities are often seen even within each country. Especially in developing countries, infrastructure such as roads, hospitals, schools and markets may not even be in place. In Japan, even in urban areas, super-aging is progressing, and there are concerns that quality of life of the elderly will decline, along with inactivation of the entire city due to shrinking household size and increase in vacant lands and vacant houses.

Sumitomo Forestry Group is actively contributing to development of social infrastructure required in each region, in addition to increasing employment by hiring local human resources, particularly in the forest business in developing countries. In Japan, in urban areas, we will expand provision of high-quality elderly care facilities and nursing care facilities where the warmth of wood can be felt, who are also socially vulnerable. In rural areas, we will develop businesses that contribute to regional revitalization while emphasizing communication with local stakeholders.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 5	Impact (Influence)
To improve the livelihood of the local communities where we operate Creating jobs through our businesses and contributing to the development of local communities.	Correction of economic disparities through regional revitalization
	Development of a common awareness of the issues of local communities through communication with local residents
	Enhancement of welfare by providing elderly care facilities

Management of Material Issue 5

In Mid-Term Sustainability Targets 2024, Material Issue 5 is divided into 6 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Response to declining birthrate and aging population	Number of rooms at private-pay elderly care facilities (rooms)	Lifestyle Service Division	1,764	1,764	1,842	1,842



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Communication with local communities	Communication with stakeholders related to maintaining SGEC certification (times)	Environment and Resources Division	-	1 or more	1 or more	1 or more
	Explanation and communication to local residents when planning a new power plant (times)		-	1 or more	1 or more	1 or more
	Year-on-year increase in number of people at OBT (persons) [Recruitment of local human resources to increase production*]		-	+12	+17	+28
	Pruning and weeding area at TPF (ha) [Reduce fire risk and improve landscape (pruning and weeding area)]		-	15	30	30

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

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Human Rights	Efforts related to grievance mechanism*	Sustainability Department	-	Structure Construction	Range enlargement	Continuous operation

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

Material Issue 6 To create a vibrant environment for all workers

Material Issue 6

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.

Related SDGs



Basic Policy

In order to achieve sustainable business growth, it is important to create an environment where people involved can thrive. Foundation of a fair work environment is that everyone in the supply chain accepts diversity, including race, religion, ethnicity, nationality, and gender, and respects human rights without discrimination. We must also respect work-life balance, which emphasizes lifestyle of each individual. In addition, there is a possibility that serious occupational accidents may occur in the forest business or Housing and Construction Business, and sufficient measures are necessary.

Sumitomo Forestry Group sets "We promote a free and open-minded corporate culture that respects diversity" as one of Code of Conduct, and also make Declaration on Health Management that it will strives to maintain and improve physical and mental health of all employees and their families so that they can work healthily and actively. In the future, with the utmost emphasis on continuous improvement of employee satisfaction, we will work on multi-faceted and concrete targets such as realization of diversity, prevention of harassment, elimination of occupational injuries, and improvement of retention rate and number of obtained qualifications.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 6	Impact (Influence)
<p>To create a vibrant environment for all workers</p> <p>Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.</p>	Eliminating gender discrimination
	Securing better human resources
	Enhancing corporate value by improving work productivity
	Realizing a diverse society
	Ensuring employee health by building a safe, secure workplace (higher satisfaction)
	Ensuring safety of employees and subcontractors by eliminating occupational accidents

Management of Material Issue 6

In Mid-Term Sustainability Targets 2024, Material Issue 6 is divided into 18 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Work-life balance (workstyle reform)	Employee satisfaction level (%)	Non-Consolidated	Personnel Department	78.2	80.0	81.0	82.0
		Consolidated in Japan		60.7	67.0	68.9	71.0
	Employee Paid Leave Usage Ratio (%)	Non-Consolidated		64.1	70.0	70.0	70.0
		Consolidated in Japan		59.6	61.6	62.6	63.8
	Overtime hours reduction rate (%) compared to fiscal 2017	Non-Consolidated (FY2017: 45.5H)		▲ 15.8	▲ 16.0	▲ 19.0	▲ 23.0
		Consolidated in Japan (FY2017: 31.1H)		▲ 8.0	▲ 10.0	▲ 13.0	▲ 15.0
	Retention rate of new graduates (3rd year after joining the company) (%)	Non-Consolidated		83.3	83.0	84.0	85.0
		Consolidated in Japan		74.8	75.8	78.8	84.5
	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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Diversity	Employment continuation rate after age 60 (retirement extension, reemployment, etc.) (%)	Non-Consolidated	Personnel Department	93.3	95.0	95.0	95.0
		Consolidated in Japan		87.7	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
	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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Human Resources Development	Training cost per employee (unit: 1,000 yen)	Non-Consolidated	Personnel Department	77	125	125	150
		Consolidated in Japan		29	57	57	56
	Training time per employee (hours)	Non-Consolidated		13	16.0	18.0	18.0
		Consolidated in Japan		-	12.5	12.8	13.1
	Eco certification acquisition rate (%)	Non-Consolidated	Sustainability Department	34.4*	50.0	60.0	70.0

* Numerical values as of April 1, 2022



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Occupational Health and Safety	(1) Number of serious occupational injuries (Four or more days of lost worktime) (numbers)	Domestic new construction site (Contract)	Housing and Construction Division	24	0	0	0
		Remodeling site (Contract)		4	0	0	0
		Overseas housing site (Contract)	Overseas Housing and Real Estate Division	9	0	0	0
		Domestic group companies: Manufacturing (employees)	Timber and Building Materials Division	0	0	0	0
		Overseas group companies: Manufacturing (employees / contractors)*		8	0	0	0
		Domestic forest site (Contract)	Environment and Resources Division	2	0	0	0
		Overseas afforestation site (Contract)		15	0	0	0
		Elderly care site	Lifestyle Service Division	9	0	0	0



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Occupational Health and Safety	(2) Number of occupational injuries (One or more days and less than 4 days of lost worktime) (numbers)	Domestic new construction site (Contract)	Housing and Construction Division	13	18	16	14
		Remodeling site (Contract)		3	0	0	0
		Overseas housing site (Contract)	Overseas Housing and Real Estate Division	4	0	0	0
		Domestic group companies: Manufacturing (employees)	Timber and Building Materials Division	0	0	0	0
		Overseas group companies: Manufacturing (employees / contractors)*		12	0	0	0
		Domestic forest site (Contract)	Environment and Resources Division	0	0	0	0
		Overseas afforestation site (Contract)		17	0	0	0
		Elderly care site	Lifestyle Service Division	1	0	0	0



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Occupational Health and Safety	(3)Total number of occupational injuries (One or more days of lost worktime:(1)+(2)) (numbers)	Domestic new construction site (Contract)	Housing and Construction Division	37	18	16	14
		Remodeling site (Contract)		7	0	0	0
		Overseas housing site (Contract)	Overseas Housing and Real Estate Division	13	0	0	0
		Domestic group companies: Manufacturing (employees)	Timber and Building Materials Division	0	0	0	0
		Overseas group companies: Manufacturing (employees / contractors)*		20	0	0	0
		Domestic forest site (Contract)	Environment and Resources Division	2	0	0	0
		Overseas afforestation site (Contract)		32	0	0	0
		Elderly care site	Lifestyle Service Division	10	0	0	0

* 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)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

Material Issue 7 To create new markets with forests and wood

Material Issue 7

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.

Related SDGs



Basic Policy

Utilization of forests and wood is emphasized in order to enrich the economy while solving various environmental and social issues such as realization of a decarbonization society and a circular economy, conservation of biodiversity, and respect for human rights. In order to deepen and expand utilization of wood and activate functions of forests, creation of new markets that utilize them is also the key.

Sumitomo Forestry Group will expand its medium- and large-scale wooden construction business globally while challenging many issues such as technology, legal regulations, and cost relating to construction such as structure, fire resistance, production, and environment. In addition, in order to develop various new technologies, new products, and new markets that utilize "wood" and "forests," we will promote research and development that emphasizes collaboration with the outside world without being bound by our own technology.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 7	Impact (Influence)
<p>To create new markets with forests and wood</p> <p>Creating new markets that enrich the economy through the resourceful use of forests and wood.</p>	Realization of a prosperous society by creating new value

Management of Material Issue 7

In Mid-Term Sustainability Targets 2024, Material Issue 7 is divided into 2 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
New market development	Development of medium-to large-scale wooden constructions Business (US / Australia / Europe)	Overseas Housing and Real Estate Division	-	Examination / Commercialization	Commercialization	Commercialization

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Research & Development	Number of contracts for joint research partners (cases) Ratio of all themes (%)	Tsukuba Research Institute	-	35 50	36 51	38 54



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

Material Issue 8 To transform markets through DX and innovation

Material Issue 8

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.

Related SDGs



Basic Policy

In the fields of forestry and wooden construction business, where tradition and experience have been emphasized, it is necessary to raise economic efficiency and increase added value through market reforms such as DX and innovation, in view of the situation such as decrease and aging of main players, technological advancement and globalization, and future demand expansion.

Sumitomo Forestry Group aims to ensure quality and quantity of wood resources and provide them with high added value by improving efficiency of sales activities and supply chains through DX and innovation. In the field of elderly care business, which faces similar challenges, we will introduce innovations to increase added value and improve operational efficiency, such as user safety and security.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 8	Impact (Influence)
To transform markets through DX and innovation Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.	Improve workability by improving work efficiency
	Improve productivity through effective use of data

Management of Material Issue 8

In Mid-Term Sustainability Targets 2024, Material Issue 8 is divided into 3 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
DX related	Data linkage with customer (company) Adoption rate (%)	Timber and Building Materials Division(IT Solutions Department)	-	720 60	770 64	820 68
	RPA and OCR adoption rate (%)		-	80	90	100
	Number of facilities that have introduced sensor equipment in Elderly Care Business	Lifestyle Service Division	-	18	19	19



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan

Material issue 9 To establish a robust business structure

Material Issue 9

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.

Related SDGs



Basic Policy

Building a strong business system is important for a company to carry out sustainable business as the crisis that has a great impact on the economy such as intensification of natural disasters, spread of unknown infectious diseases such as the coronavirus diseases, and financial and geopolitical risks continues worldwide. Continuing business even in the face of unexpected events also contributes to stability of the industry and market as a whole.

Sumitomo Forestry Group will not only build a Business Continuity Management (BCM) system to provide stable value even in the event of unexpected events, but will also aim to strengthen supervisory function of the Board of Directors during normal times, and prompt strengthening of the governance and information security of expanding overseas affiliated companies. With respect to climate change and natural disasters, we will continue to analyze scenarios based on the TCFD recommendations to build a strong business.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 9	Impact (Influence)
<p>To establish a robust business structure</p> <p>Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.</p>	Building a business foundation by strengthening information security system
	Improving employee awareness by establishing an educational foundation
	Improving credibility from society by strengthening governance system

Management of Material Issue 9

In Mid-Term Sustainability Targets 2024, Material Issue 9 is divided into 4 evaluation indicators, and management is carried out by incorporating them into annual activity policies and measures of the management department. We also assess the impacts that the material issue has on society and the environment.

Management of Each Target

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Governance / Compliance	New introduction of business process control (internal control)	Overseas Housing and Real Estate Division	-	Full-scale introduction (2 companies)	continuation	continuation
	Strengthening information security level of overseas affiliated companies* (%)	IT Solutions Department	-	20	50	100
	Implementation of external evaluation on effectiveness of the Board of Directors	General Administration Department	-	Examination	Examination	Completion

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021 result	FY2022 target	FY2023 target	FY2024 target
Climate change	Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	Sustainability Department	Proven in two divisions including domestic housing business and timber and building materials business	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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021

Material Issue 1: Ongoing Timber and Materials Procurement that Considers Sustainability and Biodiversity

Related SDGs



Sumitomo Forestry conducts periodic reviews to confirm sustainability at all procurement suppliers for timber and wood products directly imported from overseas. We reviewed our suppliers in fiscal 2021, and by the end of December, we had completed the transition to sustainable timber and wood products. However, "Percentage of sustainable timber and wood products handled" for the entire year includes volume handled prior to the transition, resulting in 97.8%, compared to the planned 100%.

In addition, the sustainability procurement survey implementation rate in the supply chain of the domestic housing department which was set as a new target in fiscal 2019, was 98% out of the amount of material purchases from suppliers. In order to build a sustainable supply chain, we will continue to provide feedback to our suppliers and improve them through communication.



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Impact on Society and the Environment

Targets of Material Issue 1	Impact (Influence)
1.Management forests while mitigating climate change and protecting biodiversity	<ul style="list-style-type: none"> Contributing to climate change measures through CO₂ fixation Contributing to the protection of rare species and other conservation of biodiversity Contributing to forest industry and regional revitalization by heightening forest sustainability
2.Expanding the utilization of sustainable forest resources	<ul style="list-style-type: none"> Securing seedlings for replanting and promoting circular use of forest resources from cutting to replanting Contributing to greater biomass power generation (renewable energy supply) in Japan Heightening regional resilience Contributing to forest industry and regional revitalization by utilizing domestic timber Enhancing standardization, awareness, and added value of sustainable timber and products as well as certified timber
3.Building sustainable supply chains	<ul style="list-style-type: none"> Improving the sustainability of timber products imported from overseas and domestic housing materials (Resolve the environmental and human rights issues/ Coexisting and co-prospering with society)

Management Forests While Mitigating Climate Change and Protecting Biodiversity

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Maintain and expand the area of certified forests	Domestic and overseas certified forest area (ha)	Environment and Resources Division	221,467	221,971	○	242,493

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> Sustainable Forest Management



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Expanding the Utilization of Sustainable Forest Resources

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Expand domestic and overseas forest plantation area with seedlings produced	Area of forest plantation with in-house produced seedlings (ha)	Environment and Resources Division	7,920	5,850	△	-
	Seedlings supplied (unit: 10 Thousand)	Environment and Resources Division Timber and Building Materials Division	726	390	△	-

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> Protecting Domestic Forest Resources

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Expand the volume of chip and pellet fuel used	Amount of biofuel material used (such as wood chips and pellets) (t) ^{*1}	Environment and Resources Division Timber and Building Materials Division	1,363,930	1,863,870	○	1,461,890

*1 Includes Japan Bio Energy Co., Ltd., Okhotsk Bio Energy Co. Ltd., Michinoku Bio Energy Co., Ltd., and the Sumitomo Forestry Timber and Building Materials Business

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> Expanding Renewable Energy Demand

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Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Increase quantity of sustainable timber and timber products handled and used	Percentage of sustainable timber and timber products handled (%)	Timber and Building Materials Division	100	97.8	△	-
	Percentage of sustainable timber used as primary building material (%)	Housing and Construction Division	100	100	○	100

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Building Sustainable Supply Chains

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Update the Sustainability procurement survey form and formulate survey plan	Sustainability procurement survey implementation rate* ¹ in the supply chain of the domestic housing department (%)	Housing and Construction Division	80	98	○	97
	Sustainability procurement survey implementation rate* ² of suppliers of imported timber (%)	Timber and Building Materials Division	100	100	○	100

*1 Surveys target suppliers that we worked with in the previous fiscal year, and the implementation rate is calculated as a rate made up of the purchasing amount of the previous fiscal year for each company subject to the survey

*2 Rate accounts for the number of suppliers implementing sustainability surveys versus the number of suppliers encompassed in the Timber Procurement Committee timber procurement due diligence for the fiscal year indicated

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Material Issue 2: The Development and Sale of Reliable and Safe Products and Services that Consider the Environment and Society

Related SDGs



In fiscal 2021, the percentage of ZEH orders for new custom-built detached houses increased to 67.4% compared to 38% in fiscal 2018 but fell short of the planned 80.0%. Despite the fact that the target was not reached in fiscal 2021, the indicator was incorporated into employee performance evaluations, and information was shared at meetings to raise employee awareness, resulting in a 15.3% increase over the previous fiscal year. We will continue our initiatives to promote ZEH penetration rate, with a goal of 80.0% for December 31, 2024, the final fiscal year of the Mid-term Sustainability Targets.

Due to stable operation of the Mombetsu Biomass Power Plant and the Kanda Biomass Power Plant starting operation in June 2021, "Amount of Electricity Supplied by the Renewable Energy Business*" was 335,310 households (1,046,167 MWh), despite falling short of the plan (373,826 households in December of fiscal 2021). In the Mid-term Management Plan (2022-2024), we will change the unit of measurement from household equivalents to electricity supply (MWh), with the goal of supplying electricity of 856,022 MWh in fiscal 2024.

* The calculation method for equity-method affiliated companies will be revised to supply volume in accordance with the equity ratio from fiscal 2022

Impact on Society and the Environment

Targets of Material Issue 2	Impact (Influence)
1. Increasing environmentally conscious products and services * Including reducing greenhouse gas emissions towards creating a decarbonized society (SBT: Scope 3)	<ul style="list-style-type: none"> Reducing energy consumption (greenhouse gas emissions) throughout all of society by reducing the housing related energy use, which has the majority of energy use/ time spent in daily life. Heightening environmental awareness of consumers (residents)
2. Creating an environment that considers biodiversity	<ul style="list-style-type: none"> Conserving and expanding biodiversity endogenous to each region Conservation and sustainable use of biodiversity
3. Expanding businesses that contribute to resolving social issues	<ul style="list-style-type: none"> Solving social issues by expanding businesses
4. Promoting sustainable and innovative technological development	<ul style="list-style-type: none"> Building a sustainable society by providing sustainable architecture Expanding the potential of wood construction and encouraging further use of timber as a sustainable resource. This will ultimately help promote sustainable forest use.



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Increasing Environmentally Conscious Products and Services

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Promote standards for energy generation and conservation housing	Percentage of orders for ZEH type houses out of new custom-built detached housings (%)	Housing and Construction Division	80.0	67.4 [△]	△	75
	Rate of environmentally-friendly renovation order rate (%)	Housing and Construction Division	60	58.9	×	70
	Sales of sash, glass wool and solar power generation systems (unit: million yen)	Timber and Building Materials Division	24,040	22,987	△	-

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> [Promotion of Net Zero Energy House \(ZEH\) Specifications](#)

> [Renovating to Improve Function and Asset Value](#)

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Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Increase value added by carbon stock from use of timber	Carbon stock in wooden architecture in Japan (t-CO ₂)	Housing and Construction Division	199,509	192,194	△	-

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> [Carbon Stock in the Housing and Construction Business](#)



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Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Propose products utilizing seedlings and natural cycle	Rate of orders for environmentally-friendly products of the Environmental Landscaping Business*1 (%)	Housing and Construction Division	63.0	58.9	△	60

*1 Environmentally-friendly products consist of the following: (1) local seedlings, (2) permeable paving material, (3) green wall construction, (4) rooftop greening, (5) biotope and (6) use of recycled materials

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Creating an Environment that Considers Biodiversity

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Expanding sales of native species	Sales of native species logs (unit: trees)	Housing and Construction Division	500,000	465,000	△	450,000

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Expanding Businesses that Contribute to Resolving Social Issues

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Number of rooms added through new facilities construction	Number of rooms at private-pay elderly care facilities (rooms)	Lifestyle Service Division	2,014	1,764	×	1,764

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Communication with Our
> Customers in the Lifestyle Services Business

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022* ³
			target	result	value	target
Expand renewable energy business	Amount of electricity supplied by renewable energy business (converted to number of households supplied)* ^{1,2}	Environment and Resources Division	373,826	335,310	△	240,740

*1 Power plants included in the count for renewable energy projects are Mombetsu Biomass Power Plant, Hachinohe Biomass Power Plant, Kawasaki Biomass Power Plant, Tomakomai Biomass Power Plant, Kanda Biomass Energy, and Kashima Solar Power Plant.

*2 The number of households (with an annual electricity use of 3,120kWh per household) to which electricity could be supplied, based on the amount of electricity supplied annually by the renewable energy business.

*3 Figures in fiscal 2022 plan are based on number of households in terms of the amount of electricity supplied according to investment ratio

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Promoting Sustainable and Innovative Technological Development

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Solve technical issues toward achieving W350 Project	The current state of progress in W350 Project development	Tsukuba Research Institute	Materials development and basic design formulation toward achievement of W70	Completion of examining additional study items in the basic plan	△	-

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Toward the Future -Aiming for the
 > Timberized Eco Cities with W350
 Plan-

Material Issue 3: The Reduction of the Environmental Impact of Our Business Activities

Related SDGs



With respect to Greenhouse Gases Emissions, we were able to reduce emissions to 370,772t-CO₂e in fiscal 2021, compared to the planned 402,768t-CO₂e. This was mostly owing to the coal co-firing ratio being reduced at Mombetsu Biomass Power Plant, as well as the suspension of operations at several overseas industrial plants due to impact of novel coronavirus (COVID-19). In the Mid-term Business Plan (2022-2024), we aim to achieve 301,290t-CO₂e in the final fiscal year ending December 31, 2024 (Down 18.5% from March 2018) by further reducing ratio of coal co-firing at the Mombetsu Biomass Power Plant and promoting renewable energy for electricity consumption in order to achieve RE100.

At new construction sites, the recycling rate of industrial waste was 95.1%, falling short of the planned 98.0%. We were unable to meet our target value despite our initiatives to reduce industrial waste emissions and increase recycling rates by converting to pre-cutting of Lattice Panels and slates. In the Mid-term Management Plan (2022-2024), we aim to achieve 98.0% in the final fiscal year ending December 31, 2024, by reducing ratio of mixed waste in conjunction with thorough separation of waste at each site.



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Impact on Society and the Environment

Targets of Material Issue 3	Impact (Influence)
1.Reducing greenhouse gas emissions toward creating a decarbonized society (SBT: Scope 1 & 2)	<ul style="list-style-type: none"> Contributing to the reduction of the environmental impact and solutions to climate change by achieving SBT and RE100
2.Protecting resources, reducing the generation of waste and achieving zero emissions	<ul style="list-style-type: none"> Protecting resources and reducing the environmental impact by advocating for recycling and zero emissions
3.Conserving and effectively utilizing water resources	<ul style="list-style-type: none"> Solutions to water issues Improving environmental awareness of consumer

Reducing Greenhouse Gas Emissions Toward Creating a Decarbonized Society (SBT: Scope 1 & 2)

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Reduce greenhouse gas emissions	Greenhouse gas emissions (t-CO ₂ e)*	Each department	402,768	370,772	○	354,368
	Percentage change from fiscal 2017		+8.9%	+0.3%	○	▲4.2%
	Carbon efficiency (t-CO ₂ e/million yen)	Sustainability Department	0.318	0.268	○	-

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Protecting Resources, Reducing the Generation of Waste and Achieving Zero Emissions

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Promotion of industrial waste separation	Recycling rate at new housing construction sites (%) ^{*1}	Housing and Construction Division	98.0	95.1	×	96.0
	Recycling rate at housing demolition sites (%) ^{*2} (as of start of demolition work on main structure)		98.0	94.6	-	100.0
	Recycling rate at the work sites of the renovation business unit ^{*3} (%)		84.0	79.7	△	84.5
	Recycling rate at the work sites of the power generation business unit	Environment and Resources Division	56.5	99.3	○	98.0
	Recycling rate at overseas manufacturing plants (%)	Timber and Building Materials Division	98.0	98.5	○	99.0
	Recycling rate at domestic manufacturing plants (%)	Timber and Building Materials Division	99.5	99.1	×	99.0
		Housing and Construction Division				
	Environment and Resources Division					

Top
Commitment**Sustainability
Management**Initiatives for Sumitomo
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Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
	Recycling rate of Lifestyle Service Business, etc.*4 (%)	Lifestyle Services Division, etc.	98.0	80.6	×	84.0

*1 Includes new housing construction sites of the Housing and Construction Division, Sumitomo Forestry Landscaping, as well as Sumitomo Forestry Home Engineering.

*2 In the FY2021 plan, specified construction materials (concrete, asphalt-concrete, and wood waste) were covered by the Construction Recycling Law, however, the FY2021 results were calculated for all wastes.

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

*4 Includes emissions associated with Lifestyle Service Business, housing-related materials sales, and other operational locations.

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Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Waste reduction Promote zero-emissions	Industrial waste final disposal amount (t) (Compared to 2017 Percentage Change)*	Sustainability Department	54,087 (▲15.0%)	21,050 (▲66.9%)	○	36,493 (▲42.6%)
	Total industrial waste generated (waste generated per detached house) (kg/structure)	Housing and Construction Division	2,730	2,835	△	2,709

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Conserving and Effectively Utilizing Water Resources

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Proper management of water resources	Water use volume (unit: 1,000m ³)*	Sustainability Department	3,011 or less	2,858	○	2,739 or less

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➤ [Efficient Use of Water Resources](#)

Material Issue 4: A Vibrant Work Environment Where a Diverse Workforce can Unharness their Skills and Individuality

Related SDGs



Due to requests from national and local governments to refrain from going out amid the reaction to the novel coronavirus infection, Sumitomo Forestry employees took an average of 12.3 days of paid leave in fiscal 2021, up slightly from 11.6 days in the previous fiscal year. Similar results were obtained at affiliated companies.

Sumitomo Forestry was able to cut overtime work down 33.3% compared to the planned 32.0% in fiscal 2013. Similar reductions were achieved at affiliated companies. We will continue to improve the number of paid holidays taken and reduce overtime work by introducing telework and promoting flexible and efficient ways of working through the flextime system.

Despite our goal of zero occupational accidents, they occurred in each of our business areas in fiscal 2021. In particular, heat stroke and accidents involving crashes and falls have surged at new construction sites in Japan, resulting in 24 occurrences of serious occupational accidents lasting four days or longer. In addition, there were 9 accidents involving forklifts and other equipment at overseas manufacturing companies.

A total of 37 employees attended the ISO 45001 internal auditor training course, 51 employees attended the ISO 9001 internal auditor training course, both held by the Quality Control and Worker Safety Management Department which was newly founded in April 2020, and all participants were certified as internal auditors. Sumitomo Forestry Group will continue to improve its initiatives to attain zero occupational accidents by managing Group-wide occupational accident cases, strengthening safety education in each division and affiliated company, and offering horizontal support, etc.



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Impact on Society and the Environment

Targets of Material Issue 4	Impact (Influence)
1. Creating a work environment that generates diverse ideas, job satisfaction and vibrancy	<ul style="list-style-type: none"> Eliminating gender discrimination in Japan, a nation facing the worst gender discrimination of developed countries Enhancing corporate and social sustainability through innovation realized from diverse ideas
2. Securing human resources by training younger workers and utilizing older ones	<ul style="list-style-type: none"> Securing better human resources as society at large faces an aging population with a falling birth rate and a declining workforce Enhancing corporate value by improving work productivity Realizing a diverse society
3. Reducing long work hours through work style reforms	<ul style="list-style-type: none"> Securing better human resources as society at large faces an aging population with a falling birth rate and a declining workforce Enhancing corporate value by improving work productivity Realizing a diverse society
4. Eliminating occupational injuries	<ul style="list-style-type: none"> Ensuring employee health by building a safe, secure workplace (higher satisfaction)



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Creating a Work Environment that Generates Diverse Ideas, Job Satisfaction and Vibrancy

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation			FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Promotion of women's participation and advancement in the workplace	Percentage of female employees in management positions (%)	Sumitomo Forestry	Personnel Department	5.5	5.6 ^{*1}	○	-
		Consolidated in Japan	Personnel Department	7.3	8.4	○	-
Improve employee satisfaction	Employee satisfaction level (%)	Sumitomo Forestry	Personnel Department	85.0	78.2	×	80.0
	Change in employee satisfaction level compared to base year (%) ^{*2}	Consolidated in Japan	Personnel Department	Compared to Fiscal 2019 110	Compared to Fiscal 2019 104	×	67.0

*1 Calculated based on enrolment as of December 31

*2 Employee satisfaction rate for the plan in FY2022 (%)

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> Diversity and Inclusion

> Communication with Employees



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Securing Human Resources by Training Younger Workers and Utilizing Older Ones

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Develop human resources from a long-term perspective according to the revision of the evaluation system (April 2019) and evaluator training	Three-year turnover rate among newly hired graduates (%)	Sumitomo Forestry	Personnel Department	15.0	16.7	△	17.0
		Consolidated in Japan	Personnel Department	12.9	25.2	×	24.2

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> Human Resources Development

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Enhance training programs	Training cost per employee (unit: 1,000 yen)	Sumitomo Forestry	Personnel Department	132	77	×	125
		Consolidated in Japan	Personnel Department	66	29	△	57
Enhance training programs	Total number of training participants (persons)	Sumitomo Forestry	Personnel Department	13,000	12,694	△	14,600
		Consolidated in Japan	Personnel Department	16,176	28,596	○	26,890
Enhance training programs	Training time per employee (hours)	Sumitomo Forestry	Personnel Department	15.5	13	×	16.0

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> Human Resources Development



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Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Implement year-initial interviews prior to full-term retirement	Employment rate of people over 60 years old (including re-employment) (%)	Sumitomo Forestry	Personnel Department	87.0	93.3	○	95.0
		Consolidated in Japan	Personnel Department	78.0	87.7	○	87.5

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> Diversity and Inclusion

Reducing Long Work Hours through Work Style Reforms

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Guidance for improvement to departments with low rates of paid-leave use	Average paid leaves taken by employees (days)*	Sumitomo Forestry	Personnel Department	14.0	12.3	△	70.0%
		Consolidated in Japan	Personnel Department	11.3	11.2	△	61.6%

* The utilization rate of employee paid leave in FY 2022 (%)

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> Work-life Balance



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - Stakeholder Engagement

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Expand departments using flexitime and internal mock inspections	Average overtime working hour reduction rate compared to fiscal 2013 (%)*	Sumitomo Forestry	Personnel Department	▲ 32.0	▲ 33.3	○	▲ 16.0
	Average overtime working hour reduction rate compared to fiscal 2017 (%)	Consolidated in Japan	Personnel Department	▲ 11.3	▲ 18.8	○	▲ 10.0

* Overtime working hour reduction rate compared to FY2017 for the plan in FY2022 (%)

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> [Work-life Balance](#)



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Eliminating Occupational Injuries

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation		Managing department	FY2021	FY2021	FY2021	FY2022
				target	result	value	target
Implement reciprocal safety audits and manufacturing department safety audits Share case studies and implement risk assessments	Number of serious occupational injuries (incidents) (four or more days of lost worktime)	Manufacturing sites occurring inside and outside of Japan (contractors and subcontractors)* ¹	Timber and Building Materials Division	0	8	△	0
		Plantation sites occurring inside and outside of Japan (contractors)	Environment and Resources Division	0	17	×	0
		New housing construction sites in Japan (contractors)* ²	Housing and Construction Division	0	24	×	0
		New housing construction sites outside Japan (contractors)	Overseas Housing and Real Estate Division	0	9	×	0
	Number of occupational injuries (incidents) (requiring one to three days of lost worktime)	New housing construction sites in Japan (contractors)	Housing and Construction Division	0	13	△	18

*1 Overseas manufacturing sites consist of six consolidated group companies: Nelson Pine Industries (NPIL), PT. Kutai Timber Indonesia (KTI), PT. AST Indonesia, PT. Sinar Rimba Pasifik (SRP), Canyon Creek Cabinet (CCC), and Vina Eco Board (VECO).

*2 Includes sole proprietorships

[Top Commitment](#)[Sustainability Management](#)[Initiatives for Sumitomo Forestry Group's business and ESG](#)[Environment](#)[Social](#)[Governance](#)[Related Information](#)

[Corporate Philosophy and Sustainability Management](#) - [Sustainability-related Policies and Philosophy](#) - [Mid-Term Sustainability Targets and Material Issues](#) - [Contributions to the SDGs and Material Issues](#) - [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#) - [Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021](#) - [Stakeholder Engagement](#)

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> [Occupational Health and Safety Management](#)

> [Occupational Health and Safety in the Forestry Business](#)

> [Occupational Health and Safety in the Manufacturing Business](#)

> [Occupational Health and Safety on Construction Sites](#)

> [About symbol for Independent assurance](#)

Material Issue 5: Corporate Ethics and Governance Structures

Related SDGs



Sumitomo Forestry obtained resilience certification on its own in July 2021.

TCFD scenario analysis has been conducted in the businesses of the Housing and Construction and Timber and Building Materials, and in fiscal 2021, also conducted in the businesses of Overseas Housing and Real Estate, and Environment and Resources.

Impact on Society and the Environment

Targets of Material Issue 5	Impact (Influence)
Reinforcing risk crisis and compliance structures	<ul style="list-style-type: none"> Enhancing corporate value (especially for shareholders) Consistently supplying products and supporting the businesses of our suppliers by quickly recovering business in times of emergency



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Reinforcing Risk Crisis and Compliance Structures

Ratings in the table below

Achieved: ○ Not achieved but improved from previous year: △ Not achieved and declined compared to previous year: ×

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Progress check of prioritized risk items set by the Risk Management Committee and share materialized risks	Progress management for prioritized risks (conducted on a quarterly basis by the Risk Management Committee) (%)	General Administration Department	100	100	○	100

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Understand the extent of compliance awareness and enhance channels for reporting misconduct and compliance violations	Regular implementation and phased deployment of compliance awareness surveys	General Administration Department	Not applicable as the initiative is implemented every other year	-	-	Sumitomo Forestry and some domestic group companies

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➤ Risk Management



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Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Obtain external certification for Business Continuity Management (BCM)	Obtaining resilience certification	General Administration Department	Major group companies in Japan	Sumitomo Forestry Non-Consolidated	△	-

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> Compliance

Specific steps based on issues and strategies	Indicators for Evaluation	Managing department	FY2021	FY2021	FY2021	FY2022
			target	result	value	target
Analyze and disclose potential financial impact from climate-related risks that could (potentially) have on the organization	Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	Sustainability Department	Completion of re-examination of analysis results for all business departments, and incorporation into the subsequent mid-term plan.	Proven in two divisions, Housing and Construction Business and Timber and Building Materials Business. Already incorporated into the subsequent mid-term plan	○	Proven in two divisions, Overseas Housing and Real Estate Business and Environment and Resources Business

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> Responding to TCFD



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Sumitomo Forestry Group's Sustainability Management

Stakeholder Engagement

Basic Policy

The Sumitomo Forestry Group is involved with various stakeholders because the business activities conducted by the Group are in a broad range of global businesses from the upstream to the downstream with wood—as a renewable natural resource—at the core. We are always focused on communication, starting with our business activities while taking into account the relationship between the direct and indirect impact. Our basic policy is to sincerely respond to that expectations and requirements.

Stakeholders of the Sumitomo Forestry Group





Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Sumitomo Forestry Group Mid-term Sustainability Targets Achievements in 2021 - [Stakeholder Engagement](#)

Responsibilities and Communication Methods

Customers

Customer needs are diversifying as the social environment changes dramatically due to energy issues resulting from frequent large-scale disasters and global warming in addition to the decreasing population and aging society of Japan, depopulation and centralization to urban areas as well as a growing mindset toward health.

The Sumitomo Forestry Group conducts comprehensive efforts toward safety and quality issues based on these circumstances to not only reduce risk but also to create new business opportunities by responding to societal and environmental changes with the hope that it will further heighten customer satisfaction.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> • Providing safe, high-quality products and services • Disclosing timely and accurate information and providing accountability • Understand the requests and needs and improve satisfaction through communication 	<ul style="list-style-type: none"> • Sumitomo Forestry Call Center • Customer Satisfaction Survey • Websites and media, news magazines, etc. • Exhibitions and various other events

Relevant Performance



[Click here for related information](#)

> Product and Service Safety as well as the Quality Management System

> Housing and Construction Business Initiatives



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Employees and Their Families

A wide range of themes have been raised concerning social challenges related to employment and labor from human rights and the form of an equal workplace without discrimination to ensuring safety on-site, considerations toward work-life balance and the reduction of long working hours.

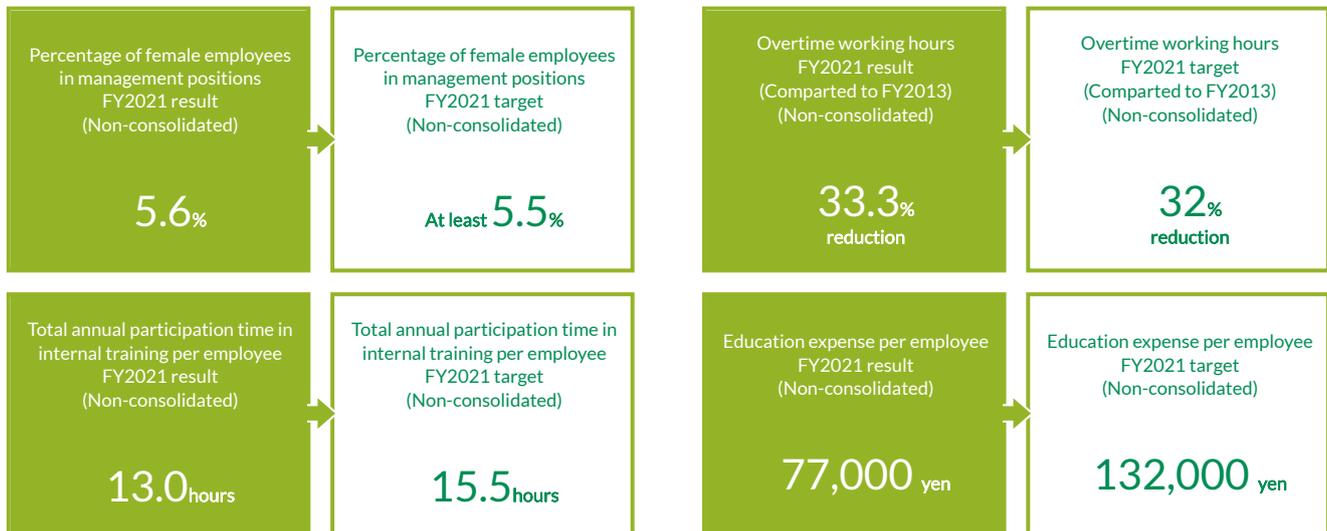
We believe working to resolve these challenges is the driving force to improving corporate value and business promotion that have a positive effect that include gaining human resources and improving the motivation of employees while eliminating risks on employees.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> • Creating a fair work environment with respect for human rights and no discrimination • Providing and developing a workplace that promotes the emotional and physical well-being of employees and their families, as well as allowing individuals of various backgrounds and circumstances to maximize their potential. • Equally and fairly evaluating personnel • Establishing educational systems able to drive and improve skills • Establishing measures, policies and other regulations to enhance the work-life balance 	<ul style="list-style-type: none"> • Conducting regular consultations and performance reviews • Conducting employee satisfaction surveys • Conducting stress checks • Installing a compliance hotline • Implementing briefings during policy revisions and enhancing inquiry methods (use of AI chatbots, etc.) • EAP (Employee Assistance Program) service • Carrying on a dialogue (casual discussions) between the president and employees • Holding Family Open Day • Carrying out meetings with management made up of both labor and management committee members • Publishing internal magazines, creating an internal website



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Relevant Performance



[Click here for related information](#)

- > Diversity and Inclusion
- > Human Resources Development
- > Communication with Employees
- > Work-Life Balance
- > Occupational Health and Safety
Management

Shareholders and Investors

In recent years, long-term institutional investors have shifted the way to evaluate a company. One emphasis from this perspective of evaluation is engagement. The dialogue between companies and their shareholders as well as investors is growing in terms of strategies and efforts to improve corporate value. Trends to promote even broader engagement are growing after the publishing of the Stewardship Code even in Japan.

The Sumitomo Forestry Group places great importance on engagement from the perspectives of properly assessing the corporate value and earning trust from the market. The Group discloses a wide range of information, including non-financial information, in a timely and transparent manner to facilitate understanding among stakeholders of our management policies and business strategies, while regularly feeds back the opinions and requirements of investors who are a vital stakeholder into operations to put in place measures toward sustainable growth.



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Responsibilities	Communication Methods
<ul style="list-style-type: none"> Disclosing timely and accurate information Pursuing informational transparency and accountability Executing the appropriate premium redemption to shareholders 	<ul style="list-style-type: none"> Holding general meetings of shareholders, financial results briefings, investor briefings, analyst briefings, on-site briefings, and other relevant meetings Communicating information on websites, integrated reports, shareholder correspondence, briefing materials and in other relevant forms Responding to surveys for assessment and research agencies related to ESG, etc.

Relevant Performance

Return on equity (ROE) (as of December 31, 2021) 20.2%	Individual meeting for institutional investors (in and outside Japan) FY2021 results 117	Issued shares as of December 31, 2021 201,200,936 shares	Full-year dividend per share FY2021 80 yen
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[Click here for related information](#)

> [Return to Shareholders and IR Activities](#)

> [To All Shareholders and Other Investors \(IR Information\)](#)

Government and Regulatory Authorities

As a company involved in a variety of businesses centered upon wood, Sumitomo Forestry Group needs to adhere to laws and regulations by continually updating information about relevant laws and regulations in each region and country where it conducts business.

For example, housing construction must comply with the Building Standards Act as well as wide range of other laws and regulations. We also must engage in broad communication as a business involved with national lands through forest management, such as notifications to government and regulatory authority.

Therefore, we strive to earn greater trust from society by thoroughly complying with the various laws and regulations as well as ensuring proper communication with the government and regulatory authorities in each country where our businesses are expanding.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> Complying with all relevant laws as well as reporting and delivering notifications 	<ul style="list-style-type: none"> Responding through expert and relevant departments



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Industries and Companies in the Same Business

The Sumitomo Forestry Group believes a fair, open competitive environment is essential to foster sustainable growth throughout the entire industry of its business.

We also know industry associations and other organizations are indispensable in creating relevant rules. We participate in organizations such as industry associations and contribute to the growth and development of the industry by taking a leading role as a front runner in the industry.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> Assembling the appropriate markets and competitive environment Offering cooperation for the growth and development of our industry 	<ul style="list-style-type: none"> Participating in industry associations and other organizations

[Click here for related information](#)

> [Contributions to Public Policy](#)

Business Partners

Promoting sustainable forest management and procuring timber from sustainable forests are extremely vital endeavors for the Sumitomo Forestry Group, which is expanding its business around "wood". We believe initiatives are also necessary to respond to risk elements that include the laws in each country and the various regulations related to the illegal logging.

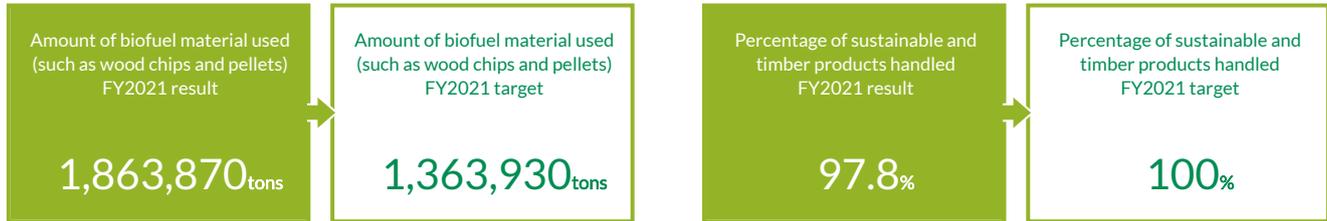
These efforts strengthen our foundation of business by promoting the preservation, development, and planting of forests as well as effectively using limited global resources such as the active use of timber cut from forests that have received Forest Stewardship Council certification together with our business partners.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> Building equal and fair relationships with business partners Improving the occupational health and safety environment Complying with all relevant laws 	<ul style="list-style-type: none"> Engaging in purchasing and procurement activities Conducting safety conferences, safety patrols and building contractor meetings Conducting workshops and informational exchange meetings Conducting supplier evaluations (surveys and questionnaires)



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Relevant Performance



[Click here for related information](#)

> [Supply Chain Management](#)

Students

The Sumitomo Forestry Group shares information about various initiatives as well as the medium to long-term outlook, including our philosophy, the current state of business, work style reforms, with all of the students entrusted with the next generation.

We strive to actively share information and engage in communication online to of course deepen understanding in our own company but also to facilitate mutual growth in a dramatically changing environment.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> Conducting equal and fair hiring practices Actively communicating information 	<ul style="list-style-type: none"> Internships Conducting online-based information sessions and events to interact with employees Distributing information through our recruiting website

[Click here for related information](#)

> [Recruiting information \(in Japanese\)](#)



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NPOs/NGOs

The Sumitomo Forestry Group works together with everyone at NPOs and NGOs to cultivate understanding about the situations faced in each region through expert knowledge and businesses when working to confront social challenges such as biodiversity and regional development. Through the cooperation with civil society, we fulfill our role for not only the company but also many other people. We expect to produce even greater results toward solving the challenges faced by society rooted in each community.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> Working cooperatively to solve social challenges Providing business know-how 	<ul style="list-style-type: none"> Participating in employee volunteer activities Working cooperatively through social contribution activities Stakeholder Dialogue

[Click here for related information](#)

Reinforcing Engagement with
> NGOs and Other External
Stakeholders

Global Environment

The Sumitomo Forestry Group prioritized the global environment in both the direct and indirect impact its business activities have on the world. The Group established its Environmental Philosophy in December 1994 and Group-wide Environmental Policies in October 2000.

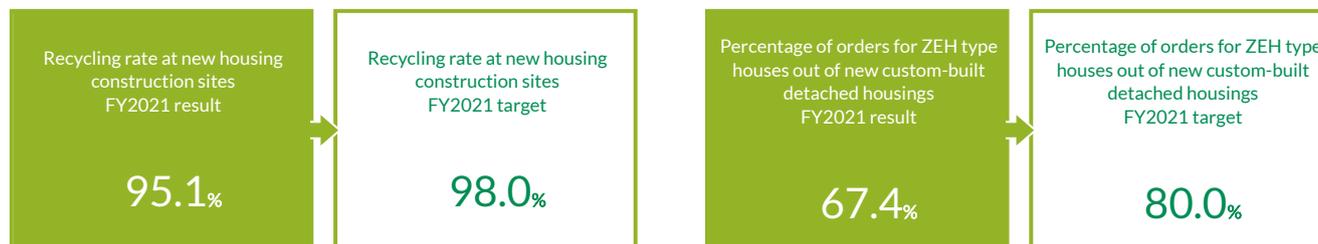
We also formulated the Mid-Term Environmental Management Plan (FY2010-FY2014) with Mid-term environmental targets for the first time in fiscal 2009 and established the Mid-Term CSR Management Plan (FY2015-FY2020) that includes environmental targets in fiscal 2014. Furthermore, we are expanding the numerical targets of these plans and continuously enhancing the level of our environmentally conscious activities by implementing the PDCA cycle in each organization, for the Sustainability Targets as part of Sumitomo Forestry Group Mid-term Management Plan in fiscal 2024.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> Preserving the natural environment and biodiversity Reducing the environmental impact of business activities Developing and providing products and services with minimal environmental impact 	<ul style="list-style-type: none"> Providing an environment for business Supplying and standardizing environmentally-friendly housing Acting as volunteers in building forests such as in reforestation Carrying on a dialogue with NPOs/NGOs Conducting environmental and social contribution activities linked up with NPOs/NGOs



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Relevant Performance



[Click here for related information](#)

- > [Mitigation of Climate Change](#)
- > [Sustainable Forest Management](#)
- > [Policies and Targets for Biodiversity Conservation](#)
- > [Waste Reduction and Recycling Management](#)

Global Society and Local Communities

The Sumitomo Forestry Group recognizes the importance of contributing to the growth of local communities as well as protecting the local forest resources when starting and expanding businesses.

Therefore, we work to build an infrastructure for smooth operations and business expansion in each country and region by engaging in local social contribution activities and activities that focus on efforts, such as dialogue and cooperation with the local community in the promotion of overseas businesses.

Responsibilities	Communication Methods
<ul style="list-style-type: none"> • Contributing to solutions to both global and local challenges in society 	<ul style="list-style-type: none"> • Participating in employee volunteer activities • Supporting the formation of communities through social contribution activities • Preparation of Regional Infrastructure

Relevant Performance



[Click here for related information](#)

- > [Promotion of Social Contribution Activities](#)



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Grievance Desk

The Sumitomo Forestry Group provides a Customer Service Department as a point of contact to handle inquiries from customers and local residents near ongoing housing construction, as well as a Compliance Hotline and Harassment Help Desk for business partners and employees in addition to receiving inquiries such as complaints (in Japanese, English, and Chinese) at our website. We respond appropriately to inquiries received through our website by having the Corporate Communications Department receive them, then forward them according to their content to each relevant specialized department at the head office or each division handling the relevant operations.

In October 2019, we put in place a whistleblowing mechanism shared with Group companies overseas. An external multilingual operator is used for this reporting system to receive reports in English, Chinese, Indonesian, Vietnamese, and Thai.

Communication with the stakeholders is extremely important in plantation forest operations overseas. For example, Open Bay Timber Ltd. (OBT) in Papua New Guinea has put in place a complaint box in which anyone from the area within and outside the company can post a complaint or comment. Inquiries received in this way from local residents and others in the area are shared internally as needed so that we can undertake appropriate responses.

We have also been operating a grievance mechanism at our plantation forest operations in Indonesia since 2018. We receive opinions from local residents, both in writing and through regular visits, and respond to them within seven working days as a general rule.

In addition, Tasman Pine Forests Ltd. (TPF) in New Zealand registers any important exchanges with local residents, partner companies and other stakeholders in a stakeholder registry. Communication with a recognition of the past background helps to build smooth relationships.

[Click here for related information](#)

> [Compliance Hotline](#)

> [Respect for Human Rights at Overseas Plantations](#)