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Overall Picture of Our Business

Overall Picture of Our Business

Sumitomo Forestry Group strives in a wide range of business activities centered upon wood.

We have built strengths unique to Sumitomo Forestry Group from the technology and know-how in wood accumulated for the almost 330 years since our founding to the brand cultivated with a network in Japan and overseas that connects us to our customers. We utilize wood as a healthy and environmentally sound natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society.

Value Chain					
Environment and Resources Business		Timber and Building Materials Business		Housing and Construction Business Overseas Housing and Real Estate Business	Lifestyle Services Business
Forest Management	Renewable Energy	Distribution	Manufacturing	Housing and Construction	Regional Revitalization and Welfare
<ul style="list-style-type: none"> Seedling Farming Site Preparation Garden Vegetation Cultivation Harvest Transport 	<ul style="list-style-type: none"> Procurement Fuel Production Power Generation Sales 	<ul style="list-style-type: none"> Verification of Legal Compliance/Sustainability Procurement Shipping/Sales Delivery 	<ul style="list-style-type: none"> Product Development Raw Material Procurement Manufacturing Delivery 	<ul style="list-style-type: none"> Sales/Product Development Design Materials Procurement Construction After-Sales Support 	<ul style="list-style-type: none"> Elderly Care Business Insurance and Leasing Business Golf Course Management Regional Revitalization Business (Lodging, etc.)



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Timber and Building Materials Business

Business Overview

The Timber and Building Materials Business is developing a broad range of businesses as the top timber and building materials trading company in Japan handling everything from procurement through manufacturing and distribution.

Based on a global network built up over years of developing operations worldwide, the Distribution Business sources stable supplies of high-quality timber from properly managed forests.

The Manufacturing Business in Japan produces construction articles such as doors and windows, interior wood materials, and staircase materials. Overseas, we produce wooden board products such as plywood, medium-density fibreboard (MDF) and particle board and various building materials such as flooring, furniture and kitchen cabinets at each location in South East Asia, Oceania, and North America. We supply them all over the world including Japan.



Main Business Figures (FY2021 Result)

Amount of sustainable timber and timber products handled

1,283thousand m³

Sustainability procurement survey implementation rate of suppliers of imported timber

100%

Recycling rate at manufacturing plants

Japan: **99.1%**

Overseas: **98.5%**

Total production of products at overseas manufacturing subsidiaries (total of board and buildings material products)

1,107.9thousand m³

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Value Chain of Distribution Business



Verification of Legal Compliance and Sustainability

The Sumitomo Forestry Group engages in due diligence on its procurement suppliers and timber procurement according to the Sumitomo Forestry Group Procurement Policy. We not only ensure legal compliance but also verify considerations toward human rights, labor, biodiversity conservation and the local community while practicing sustainable procurement.



Procurement

The Sumitomo Forestry Group strives to conduct procurement activities while making considerations about human rights and labor in all timber and wood products verified to be sustainably and legally compliant as well as conserve biodiversity and contribute to the local community. The progress of these initiatives is reported to the Wood Procurement Committee made up of managers from each section procuring timber to encourage continued improvements in the supply chain.

In addition, given that it is characterized as being a regional industry, Sumitomo Forestry Group maintains close communication with the suppliers and purchasers of timber and building materials in each region.



Commercialization and Delivery

Sumitomo Forestry Group commercializes and ships the timber that is procured not only as log but also plywood, commercial timber, building materials and other products.



Shipping and Sales

The Sumitomo Forestry Group fulfills accountability by encouraging sales of certified timber as well as labeling with considerations to traceability. Increasing support to generate demand for wood not only from Japan but overseas as well as increasing exports of Japanese timber is helping revitalize forestry in Japan.

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Value Chain of Manufacturing Business



Product Development/Raw Material Procurement

We work to meet customer's needs not just through design in slab and board operations and building material and timber product operations, but also by moving forward with product development that optimizes the characteristics of raw materials and procurement that takes into account the sustainability of raw materials.



Manufacturing

By operating according to the ISO9001 International quality management system and through management that meets or exceeds JIS/JAS product quality requirements, we manufacture high-quality products and strive to build products with even greater safety. We are also focusing on greater energy and resource savings and recycling in manufacturing processes.

Sumitomo Forestry Group also regards the establishment of a safe, healthy work environment for all employees working in each manufacturing plant as our responsibility, and we therefore continually pursue a goal of zero occupational injuries.



Shipping

We ship and sell processed and manufactured products not only in Japan, but in countries around the world.

We have been moving forward with continual improvements such as redesigning packaging to cut waste, revising delivery methods to provide customers with greater ease of access, and reductions in greenhouse gas emissions.

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Take an Integrated Approach to Business Operations and ESG Initiatives in the Timber and Building Materials Business

The Timber and Building Materials Business develops a broad range of businesses centered upon wood, which encounter various social issues in each process from procurement through manufacturing and distribution.

The Sumitomo Forestry Group recognizes a broad range of important social issues regarding timber and timber products handled in its distribution businesses from compliance with laws, regulations and social norms to the respect of human rights, securing of occupational health and safety, biodiversity conservation and the consideration of local community. We promote the integration of business with ESG by setting targets related to the percentage of sustainable timber and timber products handled and incorporating confirming the sustainability initiatives of suppliers in the business flow.

We recognize that establishing safe, stable working environments and reducing the environmental impact in manufacturing business is a material issue. Therefore, we are working to enhance safety measures, improve working environments, and reduce greenhouse gas emissions while increasing recycling rates.

ESG Initiatives in the Timber and Building Material Business



Click here for related information

> Utilization of Sustainable Forest Resources

> Waste Reduction and Recycling Management

> Occupational Health and Safety in the Manufacturing Business

> Product Safety and Quality Management in the Manufacturing Business

> Supply Chain Management > Distribution Business Initiatives

> Supply Chain Management > Manufacturing Business Initiatives

> Initiatives to Achieve Zero Emissions

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Housing and Construction Business

Overall Picture of Our Business

The Housing and Construction Business has provided quality living environments by expanding long-lasting, high-quality homes since entry into the custom-built detached housing business in 1975. Currently, Sumitomo Forestry leverages the design skills and technical capabilities cultivated in the custom-built detached housing business to develop a wide range of housing and lifestyle businesses from remodeling and renovations, and rental housing businesses to renewal and sales of pre-owned housing, real estate management and mediation, subdivision, greening and MOCCA (timber solutions) businesses.



Main Business Figures (FY2021 Result)

Number of buildings sold and delivered in Japan

Custom-built detached house, rental housing, built-for-sale detached housing Total **9,711**houses

Percentage of orders for ZEH type houses out of new custom-built detached housings (%) **67.4%**

Fixed carbon content **192,809**t-co₂

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Value Chain of the Housing and Construction Business



Sales/
Product Development

Sumitomo Forestry Group's custom-built detached housings design provides our customers with optimal living.

The Sumitomo Forestry Group pursues better housing performance from a wide range of perspectives, including earthquake resistance, fireproofing, insulation efficiency and universal design in product development.



Design

The Sumitomo Forestry Group provides long-lasting, high-quality housing by fully taking into account safety, durability and the environmental impact at the design stage. We have maintained our ratio of houses certified as Excellent Long-term Housing for new custom-built houses through development such as Net Zero Energy Houses (ZEH) and the BF Method up until now.



Materials Procurement

The Housing and Construction Business procures a wide range of materials from wood and concrete to kitchens and toilets. Promoting fair and responsible initiatives for these procurement activities are the social responsibility of the Group.



Construction

The Sumitomo Forestry Group works carefully and efficiently to ensure our daily work's safety and deliver completed buildings to our clients on time. Therefore, we are building a system to ensure our policies and initiatives are carried out on-site by the construction contractors through thorough implementation of safety training and environmental education.



After-Sales
Support

The Sumitomo Forestry Group aims to provide housing residents can live in over the long term by pouring its strength into after-sales support. Therefore, we conduct customer satisfaction surveys and have set up a call center. Sumitomo Forestry has been conducting free periodic inspections for 30 years after homes are delivered to their owners, and thereafter provides paid maintenance services according to maintenance plans. Owners can also extend the building warranty every 10 years to receive these free periodic inspections for up to 60 years.



Overall Picture of Our Business - Timber and Building Materials Business - **Housing and Construction Business** - Overseas Housing and Real Estate Business - Environment and Resources Business - Lifestyle Services Business - Research & Development

Take an Integrated Approach to Business Operations and ESG Initiatives in the Housing and Construction Business

The Housing and Construction Business provides homes and services to give customers long-lasting peace of mind and safety in life while being environmentally sound in each process from development and design through construction, the use of sustainable wood and construction materials and the execution of construction on safe work sites as important issues.

One of the areas which we can contribute the most in reducing environmental impact is the reduction of greenhouse gases emissions from housings that people live in. Sumitomo Forestry sets ZEH order quotas and other targets for environmentally conscious products. Recommendations of ZEH housing while tailoring energy saving, energy generation and resilience function specifications to customer needs reduces the energy consumption of each household.

The Sumitomo Forestry Group will contribute to the realization of a prosperous and sustainable society from home building and popularization of non-residential wooden constructions to townscapes redevelopment.

ESG Initiatives in the Housing and Construction Business



[Click here for related information](#)

> Mitigation of Climate Change

> Contributions to Eco Cities Through Greening

> Occupational Health and Safety on Construction Sites

> Supply Chain Management > Housing and Construction Business Initiatives

> Adaption to Climate Change

> Product Safety and Quality > Management in the Housing and Construction Business

> Product Safety and Quality > Management in MOCCA (Timber Solutions) Business

> Business initiatives that contribute to regional revitalization

> Utilization of Sustainable Forest Resources

> Initiatives to Achieve Zero Emissions

> Communication with Our Customers > Housing and Construction Business Initiatives

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Initiatives for Sumitomo Forestry Group's Business and ESG

Overseas Housing and Real Estate Business

Business Overview

The Sumitomo Forestry Group has been actively entering promising growth markets since launching the housing business in the United States in 2003. Currently, the Housing and Real Estate Business is expanding even in Australia and Asia. We not only sell housing that matches the needs of the climate and natural features as well as markets in each region but also promote initiatives to create shared value through our business activities by respecting employees, local residents, corporate organizations, society and every other stakeholder.



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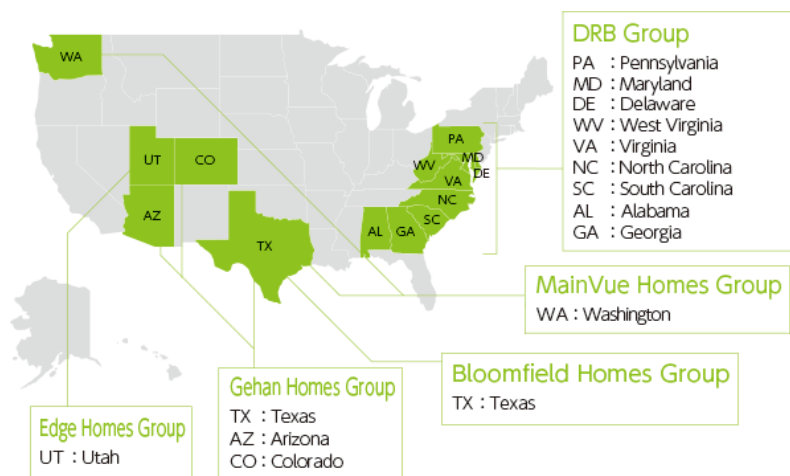
Overall Picture of Our Business - Timber and Building Materials Business - Housing and Construction Business - Overseas Housing and Real Estate Business - Environment and Resources Business - Lifestyle Services Business - Research & Development

Main Business Figures (FY2021 Result)

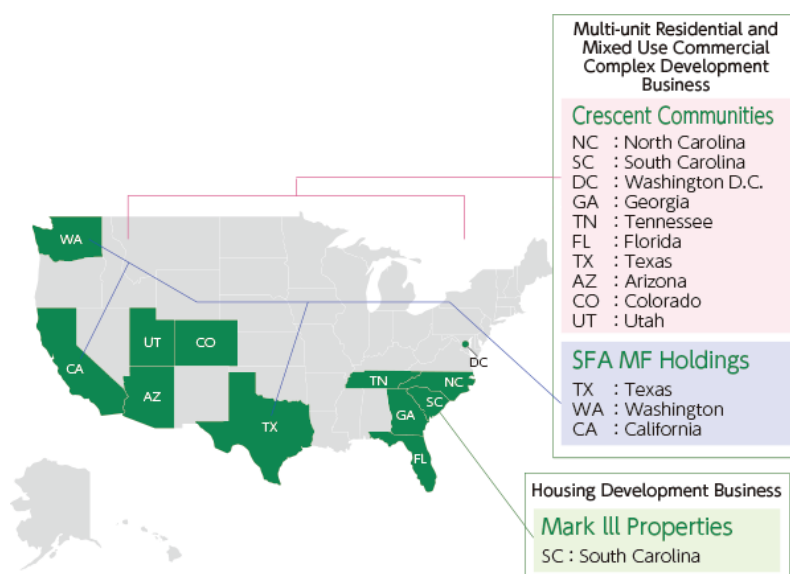
Housing sold and delivered in the United States and Australia **14,339** houses

Overseas Housing and Real Estate Business Development Areas

United States Housing Construction Business Areas



United States Housing, Multi-unit Residential and Mixed Use Commercial Complex Development Business Areas



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Australian Housing Construction Business Areas



Asian Business Areas



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Take an Integrated Approach to Business Operations and ESG Initiatives in the Overseas Housing and Real Estate Business

The Overseas Housing and Real Estate Business places value on construction that adapts to the living customs and culture of each region. We respect the management policies of our local Group companies to create a system that is able to provide products and services best suited to each region. For example, in the United States, enhancements to common areas such as walkways lush with nature and playgrounds as well as information centers built alongside pools, parks, cafés and other amenities in line with the scale of a development heighten community value and satisfaction of lifestyle environments.

In Australia, we are also improving added value toward reductions in the environmental impact by actively selling environmentally-sound housing and successfully developing zero-emission homes in addition to other initiatives.

At the same time, the Overseas Housing and Real Estate Business communicates closely with the Sumitomo Forestry head office while building a system for rapid, precise response to material issues whether risk evaluations in the development of housing and real estate or efforts to ensure on-site occupational health and safety.

ESG Initiatives in the Overseas Housing and Real Estate Business



Click here for related information

> [Sales of Environmentally-conscious Housing Overseas](#)

> [Human Rights Initiatives](#)

> [Risk Management > Risks in Operations](#)

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Initiatives for Sumitomo Forestry Group's Business and ESG

Environment and Resources Business

Business Overview

The Environment and Resources Business is acquiring SGECC and other forest certifications across roughly 48,000 ha (about 1/800 of the national land area) of company-owned forests in Japan while strategically expanding forest management based on a policy of “sustainable forestry (in which new trees are planted to replace harvested timber) ”.

In Indonesia, Papua New Guinea and New Zealand, we own and manage approximately 229,000 ha of planted forest, including forests which have acquired the Forest Stewardship Council (FSC) and other third-party forest certifications, which help conserve biodiversity and contribute to the development of local communities.

Other initiatives primarily include the development of a wood biomass power generation business in Japan as a renewable energy business that effectively uses wood and other resources.




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Main Business Figures (FY2021 Result)

Managed and owned forest area

Japan: Approx. **48,000ha**

Overseas: Approx. **229,000ha**

Domestics and overseas certified area

Japan: Approx. **48,000ha**

Overseas: Approx. **174,000ha**

Power generation capacity (base on fixed cases)

Approx. **252MW**

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Value Chain of Forest Management



Seedling Farming and Cultivation

We are contributing to the sustainability of forest resources and active resource production through efforts such as the construction of greenhouse-type cultivation facilities with proper environmental management using proprietary production technology for seedling containers.

We also engage in tree cultivation under the concept of “the right tree in the right place,” with consideration of soil conditions at a given planted forest, orientation and geography, etc.



Cultivation

The Sumitomo Forestry Group manages a total of approximately 48,000 hectares of company-owned forests in Japan and a total of around 230,000 hectares of company-owned planted forest area overseas.

The Group works to maintain and enhance the public benefits of forests by carrying out underbrush clearing, pruning, thinning and other appropriate management required for them to grow.



Logging/ Transport

The Sumitomo Group logs in forests it owns or manages based on long-term logging plans. The wood that is harvested is transported to business partners and plants.



Site Preparation

The Sumitomo Forestry Group prepares planted forests that have been harvested to build an environment allowing subsequent planting.

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Value Chain of the Renewable Energy Business



Procurement

The Sumitomo Forestry Group aims to further use of scrap wood produced during construction and renovation of housing and unused forest resources as fuel for wood biomass power generation plants to generate energy and promote the business while also enhancing forest value.



Production

The Sumitomo Forestry Group strives to recycle wood waste into wood resources through our business operations supplying chips as fuels including for biomass power generation plants. We make chips from waste wood such as offcuts produced in the logging process for timber as well as wood waste produced on construction sites, in addition to unused forest resource from planted forests.



Power Generation/ Wholesales

The Sumitomo Forestry Group aims to build a 300 MW power generation capacity system in the future. The wood biomass power generation business at the core of these efforts is expanding our energy business by leveraging the characteristics and conditions of each area in five regions.

Take an Integrated Approach to Business Operations and ESG Initiatives in the Environment and Resources Business

The perspective of sustainability is essential to management of forests with multifaceted functions such as water source recharge, prevention of global warming, biodiversity conservation and the supply of wood and other forest products in cycle of several decades to several centuries from the planting, cultivation and harvest to the replanting of trees.

Currently in Japan, planted forests planted after the war are approaching the harvesting period, and the nation is underway trying to turn forestry into a growth industry by encouraging the use of timber. The stable supply of seedlings for replanting has become a challenge amid expectations of ongoing clear cutting while encouraging the use of domestic timber. Our domestic forestry business adopted leading-edge forestry equipment to improve productivity while furthering preparations and enhancements for a seedling production system among other initiatives.

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In our overseas planted forest operations, worldwide deforestation and stronger regulations on harvesting natural forest are expected to reduce the supply of natural wood even more. In this business climate, the Sumitomo Forestry Group engages in sustainable forest management and industrial material production harmonized with local communities and the environment. This includes the development of large-scale planted forest operations and the use of logs as raw materials of our manufacturing business.

The renewable energy business mainly promotes wood biomass power generation that uses chipped scrap wood and unused forest resources as fuel to address the insufficient supply of sustainable energy services. Not only does this business supply renewable energy, but it also contributes to the advancement of forestry from the effective use of forest resources to local forest environment maintenance.

ESG Initiatives in the Environment and Resources Business



Click here for related information

➤ [Mitigation of Climate Change](#)

➤ [Sustainable Forest Management](#)



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Lifestyle Services Business

Business Overview

The Lifestyle Services Business is expanding a broad range of lifestyle-related services focusing on elderly care businesses in downstream businesses that support people's lifestyles. We are making use of the experience and knowledge in creating comfortable living spaces that have been cultivated over many years in the housing business to develop a variety of services which primarily provide safe and secure living environments for seniors.

In addition to elderly care businesses, the Sumitomo Forestry Group is also involved in the VISON lodging and accommodations business being developed in Taki-cho, Mie Prefecture, Japan. The joint industry, government and academia project takes advantage of local resources with the goal of advancing industry and creating jobs around the keywords of food, nature and health.

Moreover, we are also involved with insurance and other businesses with the hope of achieving a vibrant society where people can live healthy lives.



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Main Business Figures (FY2021 Result)

Sumirin Fill Care

Number of private-pay elderly care facilities **16**

Number of day service sites **3**

Sumirin Enterprises

Insurance business revenue **1,298**million yen

Number of insurance business site **13**

Number of insurance companies managed **13**

Sumirin Care Life

Number of private-pay elderly care facilities **4**

Number of home nursing care service sites **7**

Sumirin Fill Care

Sumirin Fill Care manages 16 private-pay elderly care facilities and other sites mainly in the Tokyo metropolitan area under themes to connect people with the warmth of wood and provide elderly care services suitable for the changing times. We are promoting the use of the state-of-the-art technology at nursing care sites in an enthusiastic manner, such as upgrading the quality and efficiency of services by introducing advanced systems that utilize ICT.

Sumirin Care Life

Sumirin Care Life provides lifestyle support services tailored to the life stage of each resident in cooperation with various recreational facilities and medical institutes. Moreover, a substantial number of staff handles each service to achieve the most comprehensive support system. Elegano Nishinomiya which opened in May 2020 as well as four other large-scale private-pay elderly care facilities and seven stations providing home nursing care services are currently in operation.

Take an Integrated Approach to Business Operations and ESG Initiatives in the Lifestyle Services Business

The rate at which Japan's population is aging continues to accelerate even after having become a super-aged society in 2010. In October 2020, the aging rate reached 28.8%*, and is estimated to exceed 30% by 2025. This rapidly advancing trend toward a super-aged society is one of the most critical societal issues Japan faces.

In an effort to expand a business that helps to solve this social issue, the Lifestyle Services Business is increasing the number of rooms added through new facility construction. The Mid-Term Sustainability Targets 2024 set a goal of increasing the number of rooms of private-pay elderly care facilities to 1,842 rooms.

* Source: Annual Report on the Aging Society, 2021 ed.

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ESG Initiatives in the Lifestyle Services Business



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> [Lifestyle Services Business
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> [Business initiatives that contribute
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Initiatives for Sumitomo Forestry Group's Business and ESG

Research & Development

Overview

Wood has great potential for both the sustainability of the global environment and the development of our society and economy. Constant technical development is essential to tap into this potential of wood and heighten its value. The Tsukuba Research Institute has been fulfilling the role of realizing this potential of wood by supporting the foundation of the Sumitomo Forestry Group with leading-edge research and technical development capabilities related to wood since its establishment in 1991.



Main Figures (FY2021 Result)

Research and development expenses **2,488**million yen



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Research and Development System and Fields

The Tsukuba Research Institute engages in two main types of research and development using a seven group organization: corporate research and development to bring about future technology in the long term as well as research and development linked to business divisions for the purpose of driving profitability in the short-to medium-term. We believe taking a medium- to long-term perspective breaking from existing ideas is vital as society and the lifestyle environment changes at a bewildering rate. By finding unconventional ways to use wood and by enhancing the added value therein, the Sumitomo Forestry Group strives together as one under new research and development themes with the goal of not only supporting society and people's lives but also contributing to a prosperous global environment.

Tsukuba Research Institute's Research and Development System and Fields



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Research Results Benefiting People and Society

The Sumitomo Forestry Group announced its W350 Plan in 2018. This plan is a research and technology development roadmap to realize a Timberized Eco City with tall wooden high-rise buildings by 2041, which is also Sumitomo Forestry's 350th anniversary. We will spark innovation aiming to encourage a sustainable cycle of wood use and forest management and work to fulfill our goal of achieving a Timberized Eco City that changes a city to forest while thinking the sustainability in people's lifestyles and the global environment. The Sumitomo Forestry Group will give back a wide range of research results gained at Tsukuba Research Institute to people and society through our businesses to revitalize the forestry industry with increased demand of timber and mitigate climate change with increased fixation of CO₂. In essence, Sumitomo Forestry will contribute to invigorate the community and to realize coexistence with the global environment.

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> [Research and development on
visualization of CO₂](#)

> [Toward the Future - Aiming for the
Timberized Eco City with W350
Plan](#)

> [Proof testing for adaptation to
climate change](#)