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Human Rights

Human Rights Initiatives

Basic Policy

The Sumitomo Forestry Group formulated the Sumitomo Forestry Group Human Rights Policy in July 2019, participates internationally such as in the UN Global Compact and the World Business Council for Sustainable Development (WBCSD), complies with international human rights bills (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization (ILO) Core Labour Standards, the Ten Principles of the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights. In addition, the "Sumitomo Forestry Group Code of Conduct", which is based on these international norms, states respect for human beings and the realization of a healthy workplace. In addition, the Code calls for the respect of the human rights of all individuals, including women, children, indigenous people, minorities and other socially vulnerable people and stipulates that there will be no discrimination whatsoever on the basis of race, ethnicity, nationality, gender, religion, ideology, disability, sexual orientation, gender identity or other. The Code also does not permit forced labor or child labor in any form.

Furthermore, the Sumitomo Forestry Group is permeating these policies and conducts proper assessments to ensure this same level of respect by business partners as well. We are also conducting human rights due diligence and respond to human rights risks in an effort to fully grasp and mitigate any risk to human rights.

Sumitomo Forestry Group Human Rights Policy

The Sumitomo Forestry Group respects the human rights of all people involved in our Group's operations and considers the respect for human rights a basic principle in all our activities. This thinking is rooted in Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society.

The Sumitomo Forestry Group Human Rights Policy (hereinafter, this Policy) has been formulated to further clarify the Group's thinking regarding the respect for human rights and to complement the Group's Corporate Philosophy, Action Guidelines, Code of Conduct, Procurement Policy and others.

1. A commitment to respect human rights

Based on the United Nations' Guiding Principles on Business and Human Rights, the Sumitomo Forestry Group respects human rights as defined by such international norms as the World Human Rights Declaration, the International Covenants on Human Rights (the International Covenant on Civil and Political Rights as well as the International Covenant on Economic, Social and Cultural Rights), and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The Group also strictly complies with all related laws in



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each of the countries it conducts business in.

In countries and regions that diverge from these laws and international norms, the Group strives to the greatest extent possible to undertake and prioritize initiatives that respect international norms.

2. Scope of application

This Policy applies to Sumitomo Forestry Co., Ltd., and its consolidated subsidiaries.

Furthermore, the Group asks all its business partners and other parties affiliated with the Group's operations to respect and not infringe human rights based on this Policy.

3. Measures related to the respect for human rights

● Human rights due diligence

The Sumitomo Forestry Group has created a human rights due diligence system, has incorporated it as a necessary process of our operations and applies it in an ongoing manner.

Human rights due diligence evaluates and identifies potential and actual human rights risks and takes measures to prevent or reduce those risks.

● Relief measures

If a Sumitomo Forestry Group operation has been found to have directly caused or participated in a situation that has had a negative impact on human rights, the Company shall undertake all necessary external and internal procedures and implement relief measures.

Furthermore, the Company shall create and maintain necessary mechanisms to handle grievances and evaluate the effectiveness of corrective and relief measures in an ongoing manner.

● Education

The Sumitomo Forestry Group shall conduct periodic and appropriate training for directors, employees and other parties to ensure that this Policy is integrated into the business activities of Sumitomo Forestry Co., Ltd., and all consolidated subsidiaries.

● Communication with stakeholders

Sumitomo Forestry Group shall communicate and discuss potential human rights risks, measures to counter actual influences and other related issues with relevant stakeholders.

● Information disclosure

To fulfill our reporting responsibilities, we shall disclose information and provide reports in a timely manner regarding initiatives based on this Policy and our response to potential or actual human rights issues.

President and Representative Director
Toshiro Mitsuyoshi

(Attachment)



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Sumitomo Forestry Group Human Rights Material Issues

The following are the Group's material issues in relation to human rights as defined by international norms. These high priority issues may be reevaluated as appropriate according to changes in the Group's operations and state of society.

< Prohibition of discrimination >

- Prohibition of discrimination on the basis of gender, age, nationality, ethnicity, race, birthplace, religion, belief, disability, sexual orientation, gender identity or other

< Workers' rights >

- Prohibition of child labor and forced labor (including foreign and immigrant workers)
- Respect for the freedom of association and collective bargaining
- Prevention of low wage labor (labor below minimum or living wages)
- Prevention of long work hours
- Prohibition of power harassment and sexual harassment
- Maintenance of labor safety
- Maintenance of worker health (including mental health)

< Respect for the rights of vulnerable people related to our operations >

- Respect for the rights of local residents and indigenous people of the regions where we operate
- Respect for the rights of women, children, minorities, the elderly and others
- Consideration of the environmental rights of future generations (sustainable forest management and other initiatives)

< Privacy >

- Respect for the privacy and protection of personal information, including that of our customers and employees

[Click here for related information](#)

> [Corporate Philosophy](#)

> [Our Value](#)

> [Sumitomo Forestry Group Code of Conduct](#)

> [Sumitomo Forestry Group Procurement Policy](#)

> [Green Procurement Guidelines \(extract\)](#)

> [Participation and Sponsorship of Initiatives](#)



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Implementation of Due Diligence and Managing Important Risks

Through human rights due diligence, Sumitomo Forestry Group identifies factors that may have a negative impact on human rights and works to prevent or reduce them.

Internal Sustainability Survey of the Sumitomo Forestry Group

Since fiscal 2012, an Internal Sustainability Survey is conducted every year at each of the Group companies to review their sustainability initiatives including the human rights. The Sustainability Committee reports the survey results to the Board of Directors and improves the human rights due diligence process of each site. In fiscal 2021, the Sumitomo Forestry Group conducted a survey about implementation of human rights training and the setup of rescue help desks for 59 primary Group companies in Japan and overseas (29 companies in Japan and 30 companies overseas). As a result, we verified 50 of these companies are conducting human rights training and 47 have setup rescue help desks while 56 are engaging in measures to mitigate risk to human rights. For each supplier, we strive to prevent human right infringements through conducting surveys and face-to-face interviews.

Based on this survey, in fiscal 2021, we did not find any human rights violations as defined in the Sumitomo Code of Conduct.

Respect for Human Rights Through Sustainability Procurement

Sumitomo Forestry Group is conducting fair and responsible procurement under the Sumitomo Forestry Group Procurement Policy which obligates suppliers to protect human rights and basic rights of labor as well as preventing corruption. For procurement of high-risk imported materials, specifically, the Group conducts sustainability surveys of all, more than two hundreds, suppliers in two years. The surveys aim to ensure whether rights of workers and local communities in the areas where raw materials of the supplies are procured from, have not been violated; if the risk identified, then whether adequate consideration for these rights during logging is inspected. The Group also engages in on-site inspection and interviews with any suppliers which measures to mitigate risks was deemed necessary based on the risk categories.

[Click here for related information](#)

➤ [Sumitomo Forestry Group
Procurement Policy](#)

➤ [Distribution Business Initiatives](#)

Identifying and Managing Human Rights Risks

In order to strengthen initiatives in human rights due diligence, each business division maps risks associated with stakeholders in value chain and identifies important human rights risks for each group.

We identified important risks as follows: The Environment and Resources Division - "Infringing indigenous or community land rights and managing related laws" as well as "Occupational safety and health management in mountain forests (dangerous work, etc.)". The Timber & Building Materials Division - "Infringing indigenous land rights", "Occupational safety and health management at factories (fires, dust explosions, etc.)", and "Child labor at planted forests (including dangerous operations)". The Housing and Construction Division and the Overseas Housing and Real Estate Division - "Labor conditions of migrant workers (forced labor, etc.)". In addition, we reviewed the mapping in fiscal 2020, considering the impact of spread of new coronavirus infection as a new risk factor.

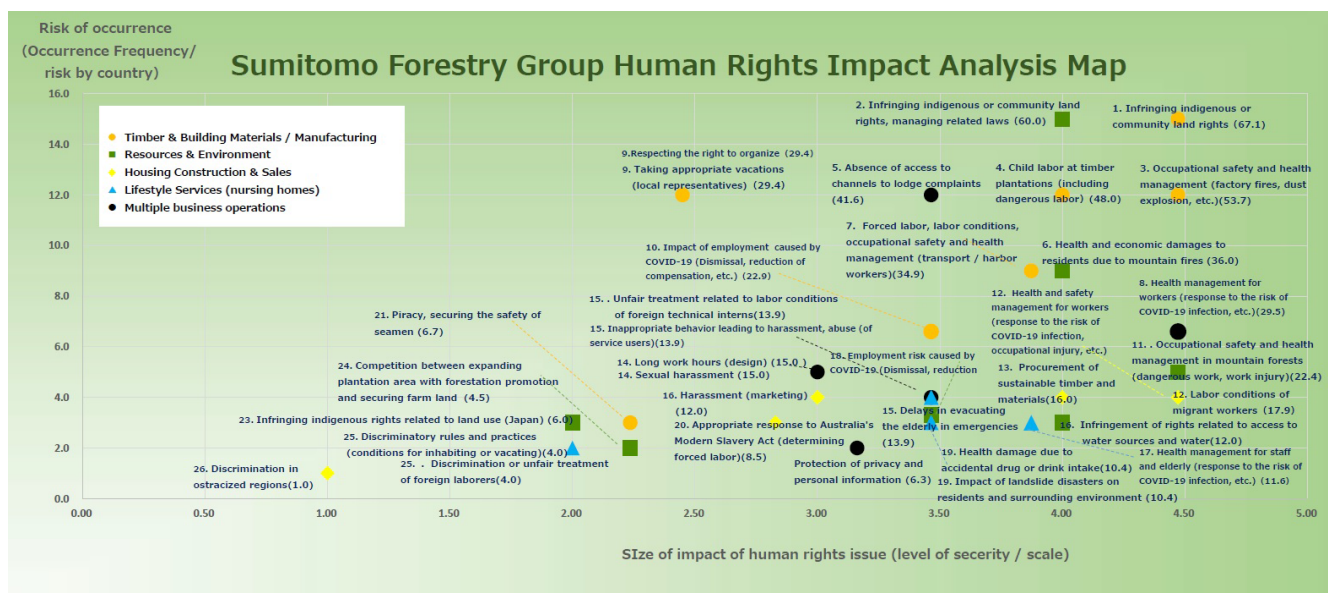


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Regarding the identified risks, we take measures to reduce and correct risks for each business. For example, we have identified more risks in fiscal 2020, of which we have verified the condition of respect for human rights of foreign technical trainees which is the particular importance and of major social interest in Japan. Third-party agencies gathered feedback from partner building contractors and organizations supervising technical trainees, verified materials, and interviewed technical trainees from overseas learning skills in Japan. As a result, we confirmed there were no major human rights violations. In fiscal 2021, regarding "respect for rights of indigenous peoples and communities", in order to further reduce risks and build better relationships with stakeholders in the business development areas, we confirmed the initiatives and identified places to be corrected regarding the operational status of grievance mechanism in the overseas resource environment business. As a result of online review conducted by a third-party organization, we verified that continuous consultations with government agencies and communities have been conducted by operating appropriate grievance mechanisms at three overseas tree planting sites in Indonesia, Papua New Guinea, and New Zealand. On the other hand, it was found that it is necessary to improve initiatives such as expanding external information disclosure and reflecting it in the mechanism through dialogue with rights holders.

We will further establish measures and implementation plans for prevention, avoidance, mitigation, and correction for each stakeholder, and will implement PDCA to improve our initiatives in the future.

Sumitomo Forestry Group Human Rights Impact Analysis Map



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Respect for Human Rights at Overseas Planted forests

For forestry business in Indonesia's West Kalimantan, the Company signed an advisory agreement with International Finance Corporation (IFC), the World Bank's group institute in 2012. Sumitomo Forestry conducted inspections of its operational properties with the IFC to examine whether plans for use of commercial land were being implemented properly considering the rights of indigenous people and protection of cultural heritage as well as livelihood of local residents, which are indicators in the High Conservation Values Forests (HCVF) that has drawn great attention in recent years.

Sumitomo Forestry Group held hearings and invited stakeholders (local residents, neighbor corporations, academics, NGOs, and government workers) to conduct forest operations with considerations toward human rights. Hearing was held in 2013 to share the content and result of a survey and hearing held in 2015 to deepen stakeholders understanding about content of the business and environmental considerations prior to harvesting the planted forest.

In 2018, the Group built a grievance mechanism with the help of the IFC in PT. Wana Subur Lestari (WSL) and PT. Mayangkara Tanaman Industri (MTI). This mechanism provides two routes for grievances. The first allows local residents to share their opinion in writing with WSL or MTI while the second provides WSL and MTI the opportunity to conduct visits with local residents to gather feedback. WSL and MTI respond to any grievances from local residents from both routes within seven business days based on the approval from the management. PT. Kubu Muria Forestry (KMF), which started operations from 2022, starts similar initiatives.

Open Bay Timber Ltd. (OBT) in Papua New Guinea has also put in place a complaint box in which anyone from the area regardless of whether from within or outside of the company can post a complaint or comment. OBT received several complaints for example about wages in 2020, and it properly responded to any of these complaints requiring action after careful investigation. Because this complaint box does not only receive feedback from employees but also local residents and other third parties, trust in OBT has grown thanks to a means to share one's own thoughts with the company.

Moreover, 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](#)

[Grievance Desk](#)



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Human Rights Training

The Sumitomo Forestry Group provides lectures about human rights in its new employee training in Japan. Sumitomo Forestry also incorporates classes about human rights in its training for new general managers. We also require all Group employees with access to the intranet to take the "Work and Human Rights" module in e-learning every year with the intention to promote respect for human rights and a workplace where no discrimination is permitted (completed with a test score of at least 80 points). This training course also includes curriculum to encourage understanding about people with disabilities, foreign nationals, LGBT and other minorities. In fiscal 2021, 11,760 employees of whom 5,229 and 6,531 belong to the parent company and Group companies, respectively, took the class. The effort in raising human right awareness via e-learning will be continued into the future.

Initiatives in the United States

In the United States, federal and state laws prohibit any employment discrimination for reasons such as race, gender, religion, birthplace, or health condition. Sumitomo Forestry Group companies in the United States strive to share the same philosophy in prohibiting discrimination and providing fair opportunities, by including these topics in the employee handbook.

Prevention of Harassment

Sumitomo Forestry makes its policy on sexual harassment, workplace bullying and maternity harassment clear, having included in its Employment Regulations, under one category of rules to be observed by employees (discipline on the job), a provision prohibiting such harassment as well as disciplinary standards. The Sumitomo Forestry Group Code of Conduct also prohibits all forms of harassment and this is communicated via the internal website, employee handbooks and handouts. In addition, awareness within the Company is fostered by providing information with case examples and implementing regular awareness promotion notices, through human rights and ethics training and other activities. Furthermore, the Group distributes an email to every employee from the General Manager of the Personnel Department every six months to raise awareness about stopping all harassment.

Furthermore, a framework to properly handle inquiries and complaints was put in place in fiscal 2000 with the establishment of the Harassment Consultation Hotline within the Personnel Department and Compliance Hotline both inside and outside of the Company. The privacy of all those involved is protected and every effort is made to ensure that neither the complainant nor those cooperating are treated detrimentally. In fiscal 2021, we reviewed four cases that were consulted at the "Harassment Consultation Counter".

Each of the group companies in Japan and overseas also engages in various other measures, such as consultation hotlines to report harassment and discrimination in the workplace.

Sumitomo Forestry incorporates classes about harassment in its training for new general managers. We also strive to raise employee awareness through basic knowledge of harassment and courses on preventive measures by utilizing e-learning that can be used by group companies.

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Diversity and Inclusion

Diversity and Inclusion of Sumitomo Forestry Group

Basic Policy

The Sumitomo Forestry Group advocates the promotion of a free and open-minded corporate culture that respects diversity as one of the principles in Our Values. According to internationally accepted human rights norms, we shall of course respect equal opportunity and diversity as well as respect the human rights of all individuals, including women, children, indigenous people, minorities and vulnerable people in the employment and treatment of employees as stated in the Sumitomo Forestry Group Code of Conduct.

We have also defined "a vibrant work environment where a diverse workforce can unharness their skills and individuality" as one material issue for sustainability. As part of the specific strategies and goals set in the Mid-Term Sustainability Targets, we aim to create a work environment that generates diverse ideas, job satisfaction and vibrancy as well as secure human resources by training younger workers and utilizing older ones, which we incorporate into our management practices through inclusion in annual activity policy and measures for each department.

In recruitment activities, the Company emphasizes the ambition and volition of the applicant, and does not differentiate the selection processes according to academic background or gender. At Group companies outside Japan, the employment of local staff is actively promoted, and talented personnel are employed and promoted to management positions, irrespective of race or gender.

As for the disciplinary punishment and dismissal of employees, if there has been a compliance violation, the employee will be dealt with appropriately in accordance with Employment Regulations. We have also put in place a system to prevent unfair dismissals.

Recently, talent acquisition has been recognized as one of the major management issues for management in Japan triggered mainly by low birth rate and thereby aging population. Sumitomo Forestry communicates this type of approach with potential employees during recruitment and expands supportive programs to foster diverse work styles and performance of female employees in effort of acquiring valuable, next-generation talent.

[Click here for related information](#)

> [Sumitomo Forestry Group Code of Conduct](#)



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Promotion System

As an independent organization within the Human Resources Department, "Work Style Support Office" cooperates with each department to support the active involvement of diverse employees, including female employees, retired employees, and employees with disabilities, and promotes diversity.

The Sustainability Committee, consisting of directors concurrently serving as executive officers and general managers of each division, is chaired by the President Executive Officer and manages progress, etc. in the Mid-Term Sustainability Targets.

In addition, two independent directors play a role in promoting the diversity of Sumitomo Forestry and the active involvement of female employees. In discussions with female employees at in-house opinion exchange meetings and meetings by members attending the Board of Directors, not only the promotion of the active involvement of female employees but also the promotion of diversity in Sumitomo Forestry is actively discussed.

Promoting the Active Involvement of Female Employees

The Sumitomo Forestry Group is committed to a workplace environment where motivated employees can be actively involved irrespective of gender, age, nationality, race, religion or disability. In an endeavor to actively engage female employees in particular, the Group has sought to improve its systems relating to childcare, education and training, and at the same time, has taken a proactive stance on promoting the use of these systems.

During fiscal 2013, the Group surveyed the attitude and needs of employees with respect to: work and careers; promoting the active involvement of female employees; and childbirth and parenting. A survey was conducted to gauge the awareness of all female employees at Sumitomo Forestry to assist the Group in promoting the active involvement of female employees and in supporting the workstyles of employees currently raising children. In addition, the Group released the "Sumitomo Forestry Group Declaration on Empowering Women". It was issued to the entire Group under the name of the President, and formally summarizes the significance of promoting the active involvement of female employees into three policies. The Group is actively engaged in activities under the policy described in the Declaration.

In fiscal 2014, numerical targets for the appointment of women to managerial posts have been set in order to foster further empowerment of female employees at Sumitomo Forestry. We have publicly announced our goal of raising the ratio of female managers to at least 5% by 2020, and have worked to achieve this goal. In fiscal 2016, in accordance with The Act on Promotion of Women's Participation and Advancement in the Workplace of the Japanese Government, the Company's first phase action plan (April 1, 2016 -March 31, 2019) was implemented. In fiscal

Percentage of Female employees in
management positions
FY2021 target
(Non-consolidated)

At least **5.5%**

Percentage of Female employees in
management positions
As of December 31, 2021
(Non-consolidated)

5.6%



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2019, the second phase action plan (April 1, 2019 to March 31, 2022) was formulated, advocates and has advanced efforts toward the goal of raising the ratio of female managers to at least 5.5% as a new numerical target to achieve by fiscal 2021. As of the end of 2021, it was 5.6%.

Furthermore, in the third phase action plan (April 1, 2022 to December 31, 2024) in fiscal 2022, a goal of "the percentage of female employees in management positions being 8.1% or more by December 31, 2024" is announced.

In addition, we have been conducting a mentoring system for the purpose of encouraging growth for the active participation of female employees as management. The mentoring system is a program where assigned mentors periodically interview mentees to support the growth of the mentee. Thus far, a total of 27 female manager and manager candidate mentees were mentored by managers in positions of general manager level with the aim to further success and self-reformation. Since fiscal 2020, we have participated in an external mentor program, with two employees participating in fiscal 2020 and three employees participating in fiscal 2021.



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Sumitomo Forestry Group Declaration on Empowering Women

Sumitomo Forestry Group is committed to creating "an open and inclusive corporate culture that values diversity", as set out in its Action Guidelines. We believe a diverse workforce and a business strategy developed from a wide range of ideas is important for the Company. As part of this effort, we are striving to promote the participation of women in the belief that this will meet the social needs and significantly contribute to increased corporate value.

By expanding opportunities for women and by leveraging the creative power of women, we will integrate a diverse range of values that will spur innovation and enhance corporate value.

1. We will create a positive work environment for women

In Japan, with a falling birthrate and aging population, worker population is projected to decline. By utilizing a workforce made up of individuals without regard to values, age, gender, nationality or disability, and by respecting the individual lifestyles of each and every female employee, we are working to create an open corporate culture and positive working environment where everyone can gain a sense of fulfillment in their work.

2. We will leverage women's unique creative powers

Women's success in business is gaining prominence, such as with companies that utilize the perspective and creative powers of women to develop new products and services. In all business sectors, Sumitomo Forestry is striving to nurture the culture and processes that will harness women's unique creative powers and create new value.

3. We will spur innovation through the participation of women

Lively interaction among employees of different values, ages, gender, nationalities and other qualities leads to new ideas. Expanding work opportunities for women employees, in particular, spurs innovation in all areas, from sales and marketing to product development, business strategy and operational efficiencies.

President and Representative Director

Toshiro Mitsuyoshi

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Supporting the Workstyles of
 > Employees Currently Raising
 Children

Sumitomo Forestry Third
 Phase
 Action Plan for The Act on
 > Promotion of Women's
 Participation and
 Advancement in the
 Workplace (In Japanese)





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Employment and Promotion of Women (Non-Consolidated)

	FY2018	FY2019	FY2020	FY2021
Female employees including contract employees ^{*1} (%)	21.0	21.6	22.0	22.6
Female employees in management positions ^{*1} (%)	3.7	4.2	4.8	5.6
Ratio of female senior managers (%)	2.1	2.7	2.7	2.7
Ratio of female general managers (%)	3.2	5.1	6.3	7.1
Female new graduates ^{*2} (%)	24.8	26.9	30.2	26.9
Female employees in management positions in revenue-generating functions ^{*1*3} (%)	-	-	3.2	3.9
Ratio of women in research and development / technical positions ^{*1} (%)	-	-	9.5	11.7

^{*1} The ratio of female employees and the ratio of female employees in management positions are calculated from the number of employees enrolled on March 31 of each year from fiscal 2018 to fiscal 2019. The rate is calculated based on the number of employees as of December 31 due to the change in the accounting period after fiscal 2020. The number of employees includes people dispatched to affiliate companies but excludes executive officers, employees hosted from other companies and exchange employees.

^{*2} The rate of new female graduates is calculated based on the number of employees joining the company as of April 1 each year

^{*3} The rate is excluding support functions such as HR, IT, Legal, etc.

Development and Sales from a Woman's Perspective

"Female-oriented customer service brush-up training" for female home advisors working at housing exhibition halls are continuously conducted. This training provides insight into household concerns and inconveniences as well as discusses the dream home from a woman's perspective. The curriculum also teaches specific ways to build trust as a key stage of the sales process by especially empathizing with wives and other female customers. This training program is held once every two to three years according to the enrollment of employees yet to take the course. Up until now, 462 female employees took this training program.



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Main Initiatives Aimed at Increasing the Motivation of Female Employees

Sumitomo Forestry provides various training for female employees.

Training for women salespersons is conducted for the purpose of finding their source of motivation to encourage female staff to continue to work in sales. Female staff members presented the secret to finding the significance of working as sales team member without focusing on gender. Because many female sales staff resign due to life events, building a working environment that allows diverse work-style innovation is vital. At the same time, raising individual awareness is also important. Therefore, we are working to ensure self-management that not only improves sales skills but also heightens motivation. From 2020 onward, implementation has been postponed due to the impact of the spread of the coronavirus disease (COVID-19), but we plan to resume the implementation by utilizing online and the like in the future.

The Sumitomo Forestry Group on-site training for female engineers provided an informational exchange with other companies in the same industry as well as construction site tours for female on-site managers with the goal of teaching successful examples of construction engineers who are women outside Sumitomo Forestry as well as improving skills and motivation.

In January 2020, we held an event called the Women's Conference 2020, aimed primarily at young women employees in their 20s and 30s. Talks from female executives and female managers as role models as well as discussions between participants help female employees think about their long-term career and aim to support them in discovering how to carve their path forward.

Sumitomo Forestry also held management training seminars for female staff to reform thinking in not only female employees but also management. This educational opportunity allowed all of our employees regardless of gender to dispel both conscious and unconscious biases about gender roles and brought greater understanding about diversity promotion.

From November 2020 to February 2021, two employees from the participants of "Women's Conference 2020" participated in an external mentor program with the aim of raising awareness for further career advancement in the future.

In 2021, three employees who changed jobs to broaden their careers also participated in the mentor program.



Participants of Women's Conference
2020 displaying their individual goals



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Main Initiatives Aimed at Increasing the Motivation of Female Employees

Eligible Persons	Description
Sales Staff	Regular Female Sales Staff Training
	Networking Event for Female Housing Sales Staff: Joint Program by Housing Builders
Production Staff	Regular On-site Training for Female Engineers
Managers and Manager Candidates	Mentoring Program
Administrative planning staff	Career Advancement Training
Administrative planning staff Engineers	External Mentoring Program

Various Career Development Programs

Sumitomo Forestry has put in place Free Agent (FA) programs, opportunity bulletins, and a job transfer system so that employees can think about and advance their own careers. By providing a means for employees who satisfy a certain set of conditions to transition into a desired role, we provide a chance for them to fully leverage their skills, improve motivation and vitalize the organization.

In addition, Sumitomo Forestry supports employees' career formation by conducting career development training, such as Career 30 training (voluntary) for employees in their 30s and Career 40 training (all employees) for employees in their 40s tailored to each major millstone throughout life.

LGBT initiatives

Sumitomo Forestry regards LGBT measures as an important initiative that underlies diversity and inclusion, which is understanding of others and respect for individuals, and is promoting training and the development of systems and mechanisms.

It is important to deal with not only employees but also customers and business partners. In order to gain correct knowledge and understanding, in 2021, we conducted training for executives and personnel and general administration departments, and opened an e-learning course that all employees can take.

In addition, an "outside consultation desk" where consultation with a specialist counselor can be anonymously performed was set up, and the system was set up.



LGBT training state

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We will continue to work to create an environment where everyone can work comfortably and actively.

Partnership System Regulation

Sumitomo Forestry established the "Partnership System Regulations" in January 2022. This regulation applies the in-house system and welfare programs to "same-sex partners" and "common-law partners" (hereinafter referred to as "partners") in the same way as spouses. As a result, special leave, childcare and nursing care-related systems, condolence money regulations, or the like will be applied to registered partners and their children and parents.

According to this regulation, the relationship of same-sex partnership is recognized in the company, employees can work with peace of mind by applying the in-house system, a system that can be compatible with work is established even when a life event such as childcare or nursing care with a partner happens, and the employees can work actively in the future. In addition, as new families are becoming more widespread, regardless of legal marriage, we are also targeting common-law partners and creating an environment where they can work comfortably and actively in the future.

Promoting the Employment of Persons with Disabilities

Sumitomo Forestry promotes the employment of people with disabilities, giving the highest priority to matching the individuality of each person with a disability with the workplace and business activities. The ratio of disabled employees as of end of December, 2021 was 2.38%. Furthermore, to improve the retention rates for current employees, the Company provides regular face-to-face meetings as well as phone interviews and career advice as required.

Furthermore, we have been promoting employees to take the Universal Manners Test^{*1} since fiscal 2018. All employees, excluding employees who are on leave, are prompted to take the 3rd grade course every year and achieved a 100% attendance rate in 2021^{*2}. We plan to implement this course for new hires, etc. from the next fiscal year onward, and promote the acquisition of all employees. Through this test, we aim to promote and retain the employment of persons with disabilities and improve the hospitality of various customers and business partners.



State of group work in the Universal Manners Test (November 2019)

Ratio of Disabled Employees
As of December 31, 2021
(Non-consolidated^{*3})

2.38%

^{*1} Test to build the mind and actions necessary to provide better services to a diverse range of people from the elderly and people with disabilities to parents with strollers and foreign nationals.

^{*2} Applicable to 5,430 employees excluding childcare leave, long-term leave, overseas expatriates, etc.

^{*3} The calculation is the sum of Sumitomo Forestry, subsidiary Sumirin Wood Peace as well as the affiliated Group company Sumirin Business Services

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Employment of Persons with Disabilities (Non-Consolidated)

	FY2018	FY2019	FY2020	FY2021
Ratio of Disabled Employees (%)	2.32	2.40	2.25	2.38

* Calculated as of March 31 of each fiscal year until 2019, and as of December 31 due to changes in the accounting period after 2020

* Calculated including subsidiary Sumirin Wood Peace and the affiliated Group company Sumirin Business Services

-Sumirin Wood Peace-aiming to actively promote employment of persons with disabilities

Sumirin Wood Peace located in Niihama City, Ehime Prefecture, is a group company that cultivates raw wood shiitake mushrooms and manufactures, processes, and prints woodwork products. In April 2017, the Sumirin Wood Peace obtained the certification of a special subsidiary company in accordance with the Act for Promotion of Employment of Persons with Disabilities. The Company has been promoting recruitment of people with disabilities as business has grown since its start with five people at the time of its founding. As of December 2021, Sumirin Wood Peace employs 12 people with disabilities. In the future, the Company will further this recruitment and ensure business continuity.



State of wood product processing

Awarded as Sumirin Woodpeace Employee, Excellent Worker with Disability

Employees of Sumirin Woodpeace Co., Ltd. received the President's Effort Award of the Japan Organization for Employment of the Elderly, Persons with Disabilities, and Job Seekers as an excellent worker with disability at the Award for Excellent Establishments for Employment of Persons with Disabilities in Reiwa3rd Year. In the previous year, another employee of Sumirin Woodpeace received the President's Encouragement Award at the Poster Original Drawing Contest for Employment of Persons with Disabilities, and this is the second consecutive year that the award has been given by the organization.

The award for excellent establishments for employment of persons with disabilities is intended to promote employment of persons with disabilities and stabilize their employment, and is a tribute to the efforts and achievements of establishments that actively hired a large number of persons with disabilities and excellent workers with disabilities who have been working for a long time as model professionals.

2021 Champions of Inclusion Award to award persons with disabilities and companies that are active

In October 2021, Canyon Creek (CCC), a group company in the United States, and employees working for the company received the "2021 Champions of Inclusion Award" from AtWork !, a non-profit organization that supports the employment and independence of persons with disabilities. Since the manufacturing business requires a lot of employment, the manufacturing business is a business that has close ties with the local communities. CCC will continue to aim to be an attractive company that local residents "want to work for".



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Adopting Systems to Re-employ Retirees and Provide Selective Retirement

Adopting a Selective Retirement System

Sumitomo Forestry adopted a Selective Retirement System in April 2020 to extend retirement until the end of the fiscal year the employee reaches the age of 65 (March 31 of the personnel fiscal year). We have also introduced a system to move up retirement to the day before the employee's 60th birthday when requested.

An employee can continue to work through the valid term of their contract (re-employment) when selecting retirement before the age of 65 and requesting a flexible work style, such as reducing the number of work days.

The re-employment ratio of retirees before adopting the selective retirement system has remained around 80% on average, although the ratio varies from year to year, after adopting the selective retirement system, 91.9% of employees (1 re-employment retiree) in fiscal 2020, and 93.3% of employees (4 re-employment retirees) in fiscal 2021 choose to continue employment after the age of 60, which has led to stable employment for those aged 60 and over.

Re-employment of Retirees

Sumitomo Forestry adopted a system for the re-employment of retirees in fiscal 2006 whereby it re-employs personnel, who retired at 60, until the end of the fiscal year that they reach the age of 65, on the condition that they have had at least 10 years of continuous service, they have specific qualifications and experience, and they wish to be re-employed. Before April 2020 when the retirement age was set uniformly at 60 years of age, about 80% of our employees who turned 60 requested re-employment each year, and 100% of those employees who requested re-employment were re-employed in the first fiscal year. Since April 2020, a re-employment ratio of 100% is achieved even for those who wish to be re-employed after selecting retirement age.

Senior Human Resources Bank Center

The Senior Human Resource Asset Bank Center established in April 2018 extends re-employment contracts even after the end of the fiscal year when employees turn 65—which is the upper age limit for re-employment of retirees—who are necessary to the company and would like to keep working until they are 70. As of April 2020 when the selective retirement system was adopted, Sumitomo Forestry has abolished the upper age limit to allow re-employment contracts even after the age of 70.

Thus far, 58 employees have registered as senior human resource assets, of whom 40 are still working as of January 1, 2022.



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Return to Work Application System

Sumitomo Forestry has operated the Return to Work Application System. The aims of the system are to meet the re-employment needs of workers to secure talented personnel who resign due to unavoidable circumstances such as childcare and eldercare. Employees register their wish to return to work at the time they resign, and applicants must have worked for at least three consecutive years before the resignation. Until now, 288 applications have been received and 7 have been re-employed.

When the Company receives an application, it goes through a selection process based on the Company's needs and the skills of the applicant. Applicants who are successfully re-employed within three years of the resignation are able to regain the same levels of position as before.

Direct Employment of Non-permanent Employees

In recent years, regulations for dispatched employees have been strengthened to correct disparities arising out of different forms of employment. Sumitomo Forestry has established a system that allows dispatched employees to be converted to direct employment as "fixed-term employees (called: partner employees)" in order to prompt talented employees. We also operates a system for promoting partner employees to permanent status. It promoted 13 workers to permanent employee status in fiscal 2022.

Furthermore, we have also implemented a system for partner employees with disabilities (challenged employees) to transition to permanent employment.

Number of Partner Employees Promoted to a Permanent Employee

FY2018	FY2019	FY2020	FY2021	FY2022
12	14	12	17	13

* As of April 1 of each fiscal year

Number of Challenged Employees Promoted to a Permanent Employee

FY2018	FY2019	FY2020	FY2021	FY2022
0	2	1	0	1

* As of April 1 of each fiscal year



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Diversity and Inclusion

Human Resources Development

Basic Policy

Guided by the policy for human resources development of "autonomy" and "support", Sumitomo Forestry aims to realize its Corporate Philosophy by supporting the growth of employees with a strong sense of pride and motivation, and by creating a culture that is open and inclusive.

Promotion System

Sumitomo Forestry Business Institute, Personnel Department

The program is designed for all Sumitomo Forestry employees, from recruits to middle management and executives, who strive to 1. teach the corporate philosophy based on Sumitomo's Business Spirit, 2. master universal business skills 3. nurture global human resources, and 4. train management 5. create a workplace culture that allows employees to work energetically without hesitation.

We are also promoting group management by 6. foster a sense of unity between all Group employees and developing human resources.

Human Resources Development Department, Housing and Construction Division

Employees of the Housing & Construction Division conducts practical education around the axes of the customer perspective and professionalism for employees who belong to the Housing and Construction Division (sales, design, interiors, production, general affairs, and head office staff).

This department also supports training at each company by working closely with each Group company managed by the Housing and Construction Division.

Group company and each department

Education to teach the necessary skills in each field and training to develop professionalism are conducted at each Group company and in each department.



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Human Resources Development System

Under a theme of "Supporting Motivated People", Sumirin Business College (SBC) of the Personnel Department has increased training programs to not only include "training for each level", which had previously been advocated across-the-board, but also more "self-development" and "selective" training, to develop employees' ability while valuing the autonomy of each individual for the purpose of nurturing employees who take the initiative to learn, think and act independently.

1. Teach the corporate philosophy based on Sumitomo's Business Spirit

We hold Shikoku forestry training in which all of our new graduates and mid-career hires who join the company visit the ruins of the old Besshi copper mine and Company-owned forests to learn about the Sumitomo Group history and business spirit. In fiscal 2021, 180 employees of whom 136 and 44 belong to the parent company and Group companies, respectively, took the class.

In addition, the Sumitomo Forestry Business Institute e-learning hosts a program on the history and corporate philosophy of Sumitomo Forestry taken by each Sumitomo Group employee every year.

2. Acquisitions of business skills

We support learning that emphasizes employee autonomy in our self-development training programs.

We have established a system to subsidize 50,000 yen for employees to attend external training programs that they have sought out, in addition to providing e-learning and correspondence courses for acquiring business skills and knowledge. In fiscal 2020, a total of 372 employees participated in such training, and 642 employees participated in fiscal 2021. We have also focused on enhancing training by specific levels.

We conducted online training for 17 newly appointed managers in April 2020, in line with the establishment of a new promotion system to management career-track positions by changing administrative positions to administrative planning positions with the goal of increasing productivity through the expansion of operations.

In addition, training for evaluators has been conducted to ensure that the evaluation system is firmly in place. The program was implemented for 293 evaluators in fiscal 2020, and then in fiscal 2021, it was implemented for 66 evaluators, mainly freshly appointed evaluators.

In addition, as part of the multifaceted assessment to develop managers' management skills, a multifaceted evaluation feedback workshop offered for 185 first-time evaluators in fiscal 2021, to assist them accurately grasp and practice the evaluation results.

In addition, all of our 62 branch managers from the Housing and Construction Division attended the housing branch manager workshop co-hosted by the Human Resources Development Department. Branch managers improved their management skills by engaging in discussions about setting visions and formulating strategies at each branch and their readiness as a person responsible for a branch with other branch managers and the corporate management team.



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3. Nurture global human resources

Sumitomo Forestry strives to nurture human resources to entrust with business operations as business expands overseas. Therefore, we conduct an overseas human resource development program where employees who were in charge of overseas-related businesses for many years including those posted overseas provide 1-on-1 guidance to employees who would like to work abroad with extraordinary business performance. While this guidance mainly focuses on English language acquisition, with Indonesian language training added this year. The curriculum is an original program adapted to the level and work content of each employee taking the course. Anyone who has acquired the minimum knowledge (languages including English, and accounting-related knowledge) required to handle overseas-related businesses in anticipation of a future overseas assignment or has achieved that level through self-development complete from the program. Since fiscal 2018, a total of 65 employees have graduated, with 41 of those trainees participating in fiscal 2021. (104 employees are working abroad as of December 1, 2021, including those preparing to leave for their post)

4. Train management

Sumitomo Forestry conducts selective training for employees who are at least 35 years old. In fiscal 2020, 31 employees took part in eight programs, and 140 people took part in 29 programs in fiscal 2021.

5. The creation of a work environment that motivates people to work hard and without hesitation

In fiscal 2021, the Housing and Construction Division and the Timber and Building Materials Division launched the "Three-Star Project" and the "New Value Creation Project" respectively, with the goal of creating a workplace culture in which employees can work energetically and vigorously with a free and open attitude and high engagement.

The "Three-Star Project" aims to create a branch that is as vibrant as a three-star restaurant, with each employee highly respected by customers and rooted in and adored by the community. 25 employees from the two pilot branches participated in a six-month workshop. The knowledge obtained from the training was immediately applied to their work. The participating members evaluated the project as a "Necessary Initiative" "Awareness and behavior have changed", and "I think it will lead to increased performance over the medium term". In the future, we plan to expand the project gradually to a total of 62 branches.

In a six-month workshop, 10 employees participated in the "New Value Production Project", which examined the creation of new value and encouraged a frontier spirit and entrepreneurial spirit. The final business proposal is scheduled to go into effect in fiscal 2022.

6. Foster a sense of unity between all Group employees and develop Human Resources

We are aiming to build a sense of unity throughout the Group and raise awareness of working members of society by offering training for new employees in a program that is common to all Group companies. In fiscal 2021, the content of the programs was standardized and conducted online training at each company, while connecting Group companies online for some programs, with 258 employees taking part.

In addition, Group companies with similar goals participated in self-development seminars and group exchange training etc., with 26 employees participating in fiscal 2021.

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The e-learning system has also been deployed as a learning tool shared by Group employees, allowing employees of Group companies in Japan to share and learn from 118 courses on topics such as Sumitomo Forestry's history, business spirit and corporate philosophy, as well as acquiring business skills and knowledge.

Sumitomo Forestry Business Institute Training System, Personnel Department (FY2021)

Level/grade	Post grade	Skill grade	Training for specific levels (across-the-board attendance)	Selective training (nominated/open invitation)	Self-development training (voluntary)	Sumitomo Forestry Business Institute/e-learning
Management track	Officers		New executive officer training	<div>Next generation leader development</div> <div>Management Leadership Training</div> <div>Transformational middle training</div> <div>Strategy-building skill training</div> <div>Engineer management training</div> <div>Financial leadership training</div> <div>Leadership training</div> <div>Liberal arts training</div> <div>Dispatch to Japan Management Association, Japan Productivity Center, Keio MCC and Globis</div> <div>(Joint Group training)</div> <div>Program to strengthen logical thinking</div> <div>Group exchange training</div> <div>Cross-industry exchange training</div>	<div>Sumitomo Forestry Business Institute courses</div> <div>Conducted in-house (group training delivered by invited instructors)</div> <div>Group training (external training company)</div> <div>e-Learning (JMAM, Recruit, Globis, etc.)</div> <div>Distance learning (JMAM, etc.)</div> <div>Management school (Globis)</div> <div>Annual subsidy up to 50,000 yen for external training and language courses found independently by employees</div>	<div>Knowledge by division (timber and building materials, manufacturing business, housing and construction business, elderly care business, etc.)</div> <div>Knowledge (legal, financial, accounting, labor, harassment, mental health, etc.)</div> <div>Management skills (team management, coaching, etc.)</div> <div>Business skills (writing, logical thinking, marketing, etc.)</div> <div>Common (history and corporate philosophy of Sumitomo Forestry, legal compliance, the environment and information security)</div>
	M5					
	M4	E4	Branch manager training			
	M3	E3	Training for new managers			
			Evaluator training			
			Multiple evaluation feedback training			
	M3S	E2	E2 grade aptitude training			
	M2					
	M2S	E1	New Manager Training			
	Staff track	S4				
S3			Training for 5th year general management			
			(All job categories) Training for 5th year graduates			
			Training for 3rd year general management			
			(All job categories) Shikoku forestry training for 3rd year graduates			
S2			School of Professional Building training for 3rd year general anagement			
			Follow-up training for 1st year general management			
			(All job categories) New employee training			
			Training for who have changed job categories			
			Training for mid-career hires who join the company			
		Shikoku forestry training for mid-career employees, those who have changed job categories				
Proposed recruits			Follow-up training for proposed graduate recruits	* <div></div> Training available to Group company employees		



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Number of Employees Attending Main Training Programs(FY2021)*

Training program	Number of people attending (Non-consolidated) (Persons)	Number of people attending (Group companies) (Persons)	Total
Training by specific levels (20 courses)	843	0	843
Selective training (30 courses)	175	3	178
Self-development training (117 courses)	642	7	649
e-learning (6 mandatory courses)	5,159	6,505	11,664

* April 1 to December 31, 2021

Hours of Training and Expenditure on Training (Non-Consolidated)

	FY2018	FY2019	FY2020* ¹	FY2021
Hours of training received per employee	13.6	18	10.5	13.0
Expenditure on training per employee (yen)	97,000	102,000	59,000 (77,000)* ²	77,473* ³

*1 The period of data collection for fiscal 2020 is from April to December 2020 (nine months due to the change in the accounting period)

*2 Figures in the parenthesis are reference data collected from January to December 2020

*3 Expenditure on training for fiscal 2021 (Non-consolidated) is 394 million yen.

Support for Obtaining Qualifications and Attending External Education

Sumitomo Forestry promotes independent efforts for capacity building and career development. For instance, the Company's Regulations for Assistance in Obtaining Qualifications and Attending External Education include provisions for assistance when an employee seeks to obtain qualifications or use an external educational institution.

With regard to obtaining qualifications needed for managing operations and qualifications recommended for capacity building, the regulations prescribe assistance limits for each qualification.



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In particular, a lump-sum payment up to 500,000 yen is provided to the employee who passes the examination for first-class registered architects to acquire a first-class registered architect's license. 25 employees satisfied the criteria in fiscal 2021. 58 employees obtained second-class architect licenses under the guidance of the Human Resource Development Department in fiscal 2021.

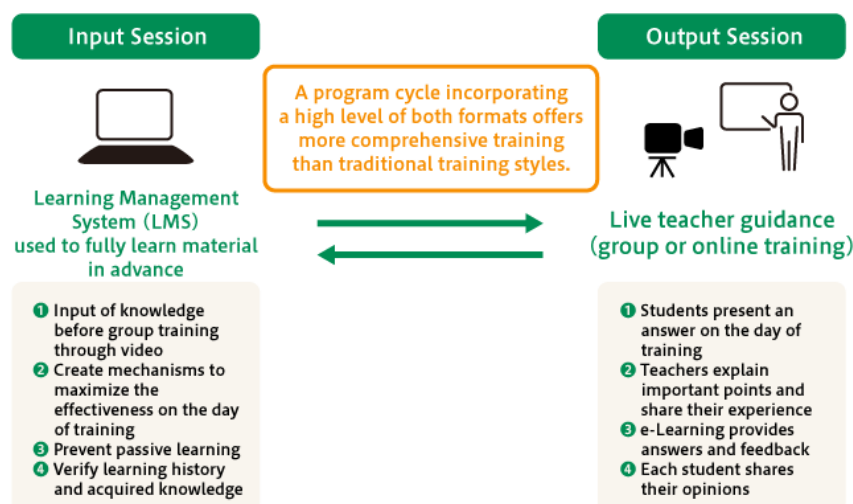
Sumitomo Forestry Home Tech introduced an in-house qualification system, the "Structural Diagnosis Master" in fiscal 2021. 240 employees from 14 locations nationwide took the test in the first examination, and 103 were confirmed as passing. The goal of the internal qualification system is to improve employee motivation for self-improvement while also improving legal compliance and quality control.

Initiatives in the Human Resources Development Department, Housing and Construction Division

The Human Resources Development Department engaged in training and a variety of other initiatives in accordance with the training and education policies. Among the trainees, junior employees aim to become independent by the end of their third year in education that concentrates on making trainees think. OJT strengthens the coordination with trainers and incorporates methods for flipped learning as a means to strengthen OJT. The training aims to provide faster mastery of the content as a place to find more practical follow up.

We have begun insourcing video materials to broadcast before training for the purpose of an effective flipped classroom before regular training. There are interactive features in the 360-degree videos, such as information hotspots, quizzes, and knowledge verification modules, where clicking on information pulls up text and other information, contributing to student engagement and retention. In addition, Sumitomo Forestry is furthering links to a Learning Management System (LMS) to manage the learning progress of each employee while also driving future human resources strategies, human resource management and other initiatives in anticipation of the medium to long term by advancing the understanding of skills and accumulating employee data.

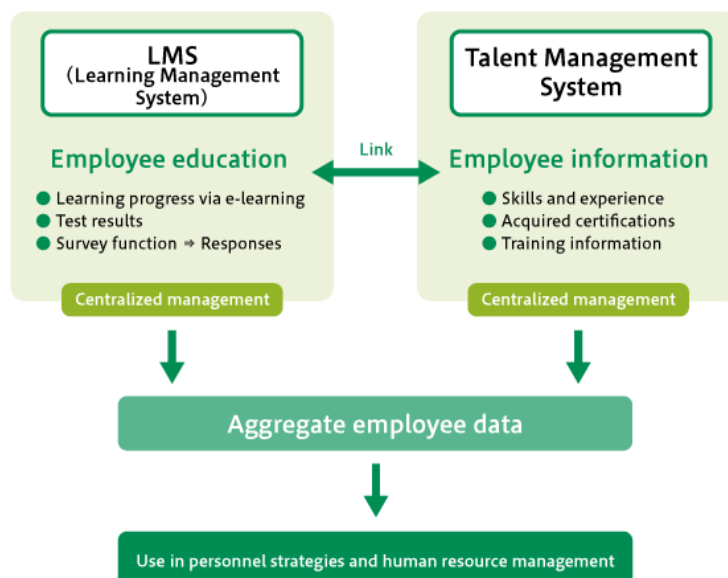
Flipped Classroom Using Videos





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Example of LMS in Use



Flow of Flipped Learning



To ensure the OJT for junior and mid-level employees reaches its full potential, we are nurturing management skills, product knowledge, and human assets development capabilities of current and future managers to support and guide on efficient work styles.

Sumitomo Forestry has adopted a paperless system as a training material for employees in their first year who have a particularly high number of training opportunities during the education period and have begun providing tablets during the training. By using this system, employees can revise and save things, such as notes on important matters in the electronic text during the training session. Trainees can even review and use learning materials anywhere by using these tablets even after the training ends.

We have conducted training mostly online due to the impact of the COVID-19 since 2020. Online training saves the student traveling and enables highly productive lectures. Unlike traditional training, there are additional training management alternatives available, such as multiple days of brief training sessions, which greatly contributes to the structure of the training curriculum. We will establish a hybrid training management approach that combines small scale face-to-face training and online training, in addition to the usage of online training, since there are some lectures where face-to-face training has a greater training effect.

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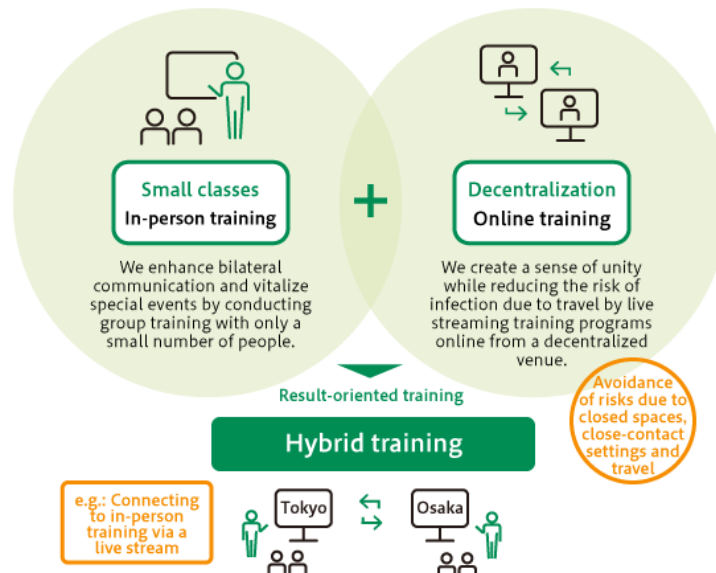
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Hybrid training that combines smaller scale face-to-face training and online training



We've been working on VR videos for a while now, and they've been proven to be quite effective. In addition to on-site training, trainees quickly learn the knowledge necessary for construction by experiencing various virtual environments without exterior influences, and deepen their understanding of operational processes through hands-on experiences as though they are training on an actual site. We hope to expand the highly productive VR training to the entire group and boost the cost-effectiveness of training operations by bringing the training materials in-house.



Visual and Auditory Sensory Training
via Video Projected to a Head-mounted Display Worn by Trainees

In addition, we are currently conducting sales talk analysis for housing salespeople, with the goal of efficiently and effectively strengthening customer service skills by using AI to objectively analyze the content of business talks with customers. More customer service assessments will be conducted in the future, leading to the development of Sumitomo Forestry's conversation model and the improvement of individual skills.

Promotion of Qualification Acquisition

Sumitomo Forestry encourages the acquisition of the qualifications necessary for business operations and ensures the availability of competent people, thereby strengthening employee skills and improving customer satisfaction. The most recent results of this support are as follows.



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Real Estate Agent

	FY2020	FY2021
Number of examinees	198	142
Number of successful candidates (Number of sales positions obtained)	24 (414)	25 (440)
Passing rate	12%	18%

Level 2 Financial Planner

	FY2020	FY2021
Number of examinees	150	120
Number of successful candidates (Number of sales positions obtained)	25	40 (260)
Passing rate	17%	33%

First-class construction management technician

		FY2020	FY2021*
The 1st test (Subject)	Number of examinees	52	-
	Number of passers	40	-
	Passing rate	77%	-
The 2nd test (Site)	Number of examinees	56	-
	Number of passers	38	-
	Passing rate	68%	-

* No support for obtaining qualifications in fiscal 2021



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Second-class architects and first-class architects (Subject)

		FY2020	FY2021
Second-class architects	Subject passing rate	100%	100%
	Passing rate of drawing	89%	84%
Second-class architects (Subject)	Subject passing rate	27%	-

Sumitomo Forestry focuses on training to develop its design capabilities. The Company seeks to develop its "Design Skills", "Presentation Skills" and "Customer Service Skills" by having all design personnel evaluate drawings in advance to detect and reinforce the Company's design trends and challenges, resulting in a strong design group that can compete with other companies. In the future, we will also collaborate with interior designers to strengthen their "Presentation Skills", "Customer Service Skills", and "Total Coordination Proposals", and are considering and planning to develop a team that includes interior designers. We're also considering training engineers who can handle medium- to large-scale projects.

Handing Down the Techniques Used in Building Wooden Houses

Sumitomo Forestry recognizes that in order to preserve the way of building houses that makes best use of the traditional Japanese wooden post-and-beam construction method, it is important to pass on these skills and techniques to the next generation of workers.

The Sumitomo Forestry School of Professional Building Techniques is an in-house educational institution certified by the governor of Chiba Prefecture, and was founded by the Company in 1988 as a corporate boarding school for vocational training. Implementation of a one-year training curriculum, the school provides training for new employees at Sumitomo Forestry Home Engineering Co., Ltd. who aspire for a job in carpentry. In terms of construction-related subjects, students study classroom-based subjects such as an introduction to building, structure, drawing, methods of construction, materials and supervision, as well as practical subjects, such as tool operation and maintenance, the traditional technique of marking timber with sumi ink and a carpenter's square, processing, safety work, model-based practical training, demonstration-based practical training and computing with the goal of acquiring a 2nd class carpenter license upon completion. On completion of their training, graduates are assigned to places all around Japan, and after a few years, they return to the school to undertake seven to ten days of training in Japanese rooms and in a preparatory course for acquiring the 1st class carpenter license as a certified specialist.

In fiscal 2021, the school had another 69 new enrollments.

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Practical training in construction of a
house

New Students and Performance at The Sumitomo Forestry School of Professional Building Techniques

	FY2018 (31st graduating students)	FY2019 (32nd graduating students)	FY2020 (33rd graduating students)	FY2021 (35th graduating students)
Number of new students	69	57	61	69
Number of graduates	68	55	60	-
Students who acquired the 2nd class carpenter license	62	55	60	-



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Diversity and Inclusion

Communication with Employees

Basic Policy

Sumitomo Forestry strives to create an environment that facilitates free and vigorous expression as well as an exchange of opinions by employees so that they can perform their responsibilities with vigor, integrity and consideration for others. The Company wants each and every employee to grow within a corporate culture of respect for individual employees, and fair evaluation of accomplishments and efforts.

Communication in Employee Evaluation and Job Execution

Sumitomo Forestry has a policy of providing all employees feedback on their evaluation results, with the main objective of nurturing and developing human resources through employee evaluations. Meetings between individual employees and supervisors must be held once every six months, providing an opportunity to set targets and receive an explanation of evaluation results.

In fiscal 2019, we also adopted value evaluations to assess the management skills of employees in general management roles, cultivate the ability for staff to think independently and take action, and to realize corporate development and employee growth not only in the short-term but also long-term performance. A value evaluation defines "value" as something that contributes to future corporate growth by ensuring the full understanding of the corporate philosophy, Our Values and management challenges as well as adherence to the Code of Conduct. In addition, we have partially revised the value evaluation system as "NEW Value Evaluation" in order to make it more concrete and easier to grasp since January 1, 2022. This system is intended to evaluate employees who proactively consider what they can do to improve corporate value and generate new value, as well as who take on challenges without fear of failure.

In fiscal 2021, the multi-faceted evaluation system (360 Degree Evaluation) was conducted for management employees in charge of organizational management, employees new to management or who intend to become management. From these results, we provide feedback to help each employee precisely recognize the current situation (awareness), gain hints into specific management actions as well as help them formulate and execute independent action plans. In addition, these evaluation results also provide feedback to supervisors of the organization where these employees belong as reference for their own evaluations and guidance to each employee.



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Sumitomo Forestry also recognizes the continuous service of employees who have worked for 10 and 20 years to thank them for their contributions to the company over so many years. In addition, the Personnel Department conducts direct self-report hearings of all employees once a year to ascertain opinions on jobs and workplaces, transfer requests and family circumstances, among other matters.

Casual Discussion

Casual Discussions have been held on a regular basis as a platform for discussion between the President and employees in Sumitomo Forestry Group since 2007.

In fiscal 2021, Sumitomo Forestry Group invited participants to discussion sessions twice, the majority of whom were young employees of the Group. The participants discussed the things they value in their professional and personal lives under the theme "What we Value" in the first discussion. The president and several mountain climbers gathered to explore the issue of "Mountains" in the second discussion. Many employees were able to get a glimpse of the president's intimate side by capturing and disseminating the video, which they would not have seen otherwise. We plan to continue this activity as an opportunity for direct dialogue between management and employees and to increase communication among the group in fiscal 2022.



Distribute video of the discussion

Employee Satisfaction Survey

Sumitomo Forestry conducted the eleventh employee satisfaction survey between July and August 2021.

The survey asked 91 different questions in 11 categories: work, work load, workplace, supervisor, evaluation/treatment/skill development, career, management and vision, customer first, compliance, satisfaction, and conscious action.

The questionnaire targeted 5,009 full-time and fixed-term employees with a response rate of 93.1%.

As a result of the survey, 78.2% of employees answered either "absolutely" or "yes, if I have to choose" when asked whether they were satisfied working for Sumitomo Forestry. The items that have improved over time include "Positive outlook on the future of our company" "Improved awareness of diversity in the workplace" and "Workplace supportive of childcare and nursing care", indicating that Diversity and Inclusion initiatives are becoming more widespread.

Furthermore, this survey was also jointly conducted at 26 consolidated Group companies in Japan and Sumitomo Forestry. The questionnaire targeted 12,246 full-time and fixed-term employees (including some part-time employees) with a response rate of 88.5%.

Sumitomo Forestry plans to introduce the employee satisfaction survey as an annual survey throughout all consolidated Group companies in Japan to understand yearly changes.

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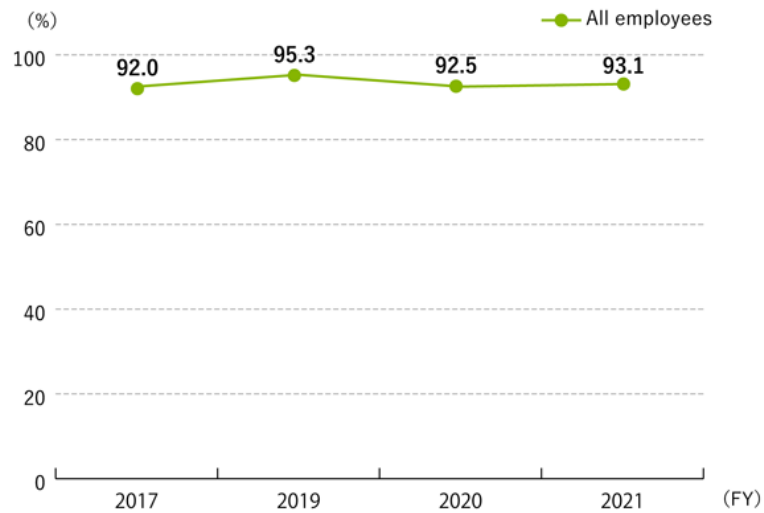
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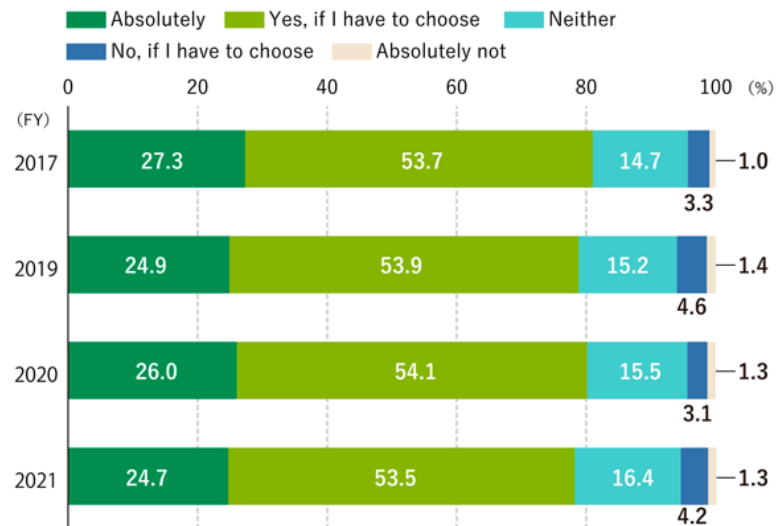
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Employee Satisfaction Survey Response Rate (Sumitomo Forestry)



Employee Satisfaction Survey Trends (Sumitomo Forestry)



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Relationship with Labor Unions

All of the eligible employees at Sumitomo Forestry (3,889 people) have joined the labor union as of January 1, 2022. Within the labor agreement completed between the Company and the Sumitomo Forestry Labor Union, the Company recognizes the Labor Union's right to freely engage in activities and to collective bargaining, and promises to guarantee the stable livelihoods of labor-union members, and to maintain and improve labor conditions by establishing meetings with management comprised of both labor and management members.

Membership rate in labor unions
(Non-consolidated)

100%

In fiscal 2021, joint labor-management discussions were held on 18 occasions, and following on from fiscal 2020, consideration was given to measures for reducing long working hours and innovating work styles such as telework.



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Work-Life Balance

Work-Life Balance

Basic Policy

Sumitomo Forestry recognizes employees' diverse work styles and strives to create a workplace where they can be motivated in their jobs, and still enjoy fulfilling private lives. Reflecting these aims, the Company has worked on such initiatives as providing childcare and family care programs, promoting greater participation by women, and reducing overtime.

The Workstyle Diversification Department was established within the Personnel Department, bringing together support desk functions relating to work styles and careers, including childcare and family care, career support, mental health and post-retirement re-employment. In developing a counseling system which is easier for employees to access, the Company supports diverse work styles.

Furthermore, a flextime system and a work interval system have been adopted with the purpose of reducing long hours and improving productivity. The transition is not only in working hours but also from a labor system to a true count system in addition to adopting measures such as a per hour productivity assessment.

These programs aim to improve employee motivation as well as productivity by preventing harm to health from accumulated fatigue due to working long hours in addition to heightening awareness about cost versus time to realize a work-life balance.

Addressing Long Working Hours

Sumitomo Forestry sees long working hours left unaddressed as a factor causing occupational injuries and damage to the image of plants and it recognizes the lack of a workforce in the future as a grave management risk.

Since fiscal 2019, the Sumitomo Forestry Group set critical fiscal 2021 targets "reducing long work hours through work style reforms" in the Mid-Term Sustainability Targets to promote this initiative. Each division and consolidated Group company in Japan confirms the performance toward achieving these targets every fiscal year.

In addition to the goals set in the Mid-Term Sustainability Targets, Sumitomo forestry is also using a dedicated system to input and manage work-style reform targets unique to each site, action plans, and six-month reviews. We aim to further initiatives suitable to the circumstances on each site from the type of business and regular holidays to the regional characteristics and staff composition.



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Average overtime hours and individual overtime hours including management are also reported to the head of each department to increase awareness about mitigating long working hours.

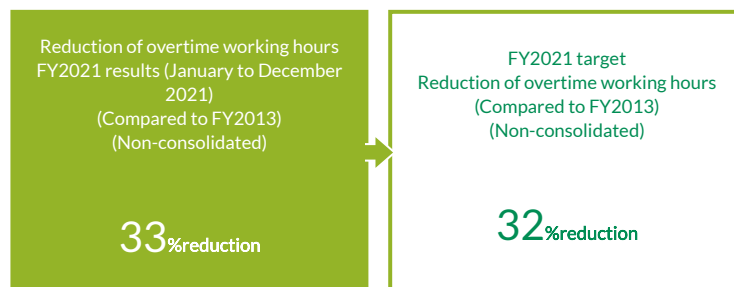
In particular, close communication with customers is indispensable in the sales and construction of custom-built detached housing, and long working hours occur as a result of this need in the Housing and Construction Division.

Therefore, a Workstyle Improvement Committee has been set up at branches to implement no overtime days and other initiatives to address long working hours.

As to the working system and operational flow reform that are difficult to tackle at a branch level, the Housing and Construction Division continuously leads the long working hours mitigation campaign by making proposals for the systems improvement.

[Click here for related information](#)

Creating a work environment that
 > generates diverse ideas, job
 satisfaction and vibrancy



Revisions to the Personnel System

In fiscal 2017, Sumitomo Forestry revised the personnel system to transition overtime work to an actual count system paying employees based on deemed number of working hours. Moreover, we are promoting a reduction in long working hours and higher productivity by adopting a flextime system, work interval system and a productivity assessment by hour.

The transition to an actual count system and the adoption of a productivity assessment primarily aim to grow the cost awareness by hour, reduce long hours as well as heighten the quality and productivity of work.

We are also striving to equalize operational working hours overall by stipulating the total working hours per month in a flextime system.

In addition, the interval work system makes sure employees have 11 hours of leisure time between the end of the work day until the start of the next work day and exempts employees from working at the start of a workday or core time if it overlaps this leisure time. These systems aim to prevent overwork and further the preservation of employee health.



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Encouraging Employees to Take Paid Annual Leave

Sumitomo Forestry encourages employees to take at least 14 days of annual paid leave per year, including refresher and summer vacation days, and has promoted the taking of paid leave by posting a list of annual paid leave taken at each of its locations on the intranet.

Paid Leave Usage Ratio
(2021)
(Non-consolidated)

64.1%

We have also adopted half-day paid annual leave and hourly paid annual leave to provide an environment where taking time off is easy.

In addition, the Housing and Construction Division has established planned annual holidays for all departments (general rule of four days).

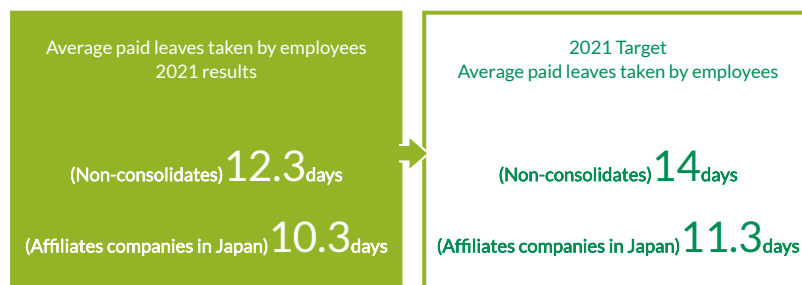
The yearly paid leave usage ratio in 2021 was 64.1 percent as a result of these initiatives.

We will further promote this initiative during the next three years, commencing in 2022, by setting "an average annual paid leave usage ratio of 70% or higher" as stated in the Sustainability Targets of the Mid-term Management Plan.

Results of Paid Annual Leave Usage Ratio

	2017	2018	2019	2020	2021
Paid Annual Leave Usage Ratio (%)	47.4	53.2	60.2	60.7	64.1

*Calculated by dividing the number of days of paid annual leave taken each fiscal year by the number of days issued





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Refresh Leave and Family Friendly Day Leave

So that employees can engage energetically in their jobs with healthy body and mind, Sumitomo Forestry is developing workplace environments that allow employees to take leave as they wish. As part of those efforts, employees are encouraged to take consecutive days of "refresh leave" at a time that suits them in addition to the summer and New Year holiday periods. The number of days available for the refresh leave program changed from "three days" to "five days" in 2019 to encourage employees to take consecutive days of annual paid leave and put in place an environment where employees can take leave more easily.

At branches of the Housing and Construction Division, which are regularly closed on Tuesdays and Wednesdays, employees often meet with customers on the weekends, which sometimes make it hard to take time off to participate in family events and other private occasions. This has been addressed with the introduction of Family Friendly Day leave, which allows employees to take either one Saturday or one Sunday off each month to spend with family or on a chosen pursuit. Branch employees are encouraged to cooperate on adjustment of job responsibilities and meeting schedules, thereby helping to create a workplace environment that makes it easy to take leave on the weekends.

Refresh Leave and Family Friendly Day Programs Performance (Non-consolidated)

	2018	2019	2020	2021
Percentage of Refresh Leave Program takers (%)	32.1	43.7	31.3	31.3
Percentage of Family Friendly Day Leave takers (%)	28.7	36.8	30.5	26.6



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Supporting the Workstyles of Employees Currently Raising Children

Sumitomo Forestry drafted its first action plan in 2005 when the Act on Advancement of Measures to Support Raising Next-Generation Children was enacted. Since then, we have continued to further initiatives even today through our seventh action plan (April 1, 2022 to December 31, 2024).

The 7th Action Plan (fiscal 2020 to fiscal 2021) raised and strived toward the three targets below to enhance the work-life balance of all employees in an initiative that began with female employees raising children.

1. Encourage telework system and a work environment to enable work-style options regardless of place.
2. Put in place consultation systems to support employee career development.
3. Build environments in which every employee working in a company involved in housing and lifestyles can actively participate in the valuable experiences of raising children and household chores regardless of gender.

[Click here for related information](#)

Sumitomo Forestry Co., Ltd.
 8th
 Action Plan for the Act on
 > Advancement of Measures to 
 Support Raising Next-
 Generation Children (in
 Japanese)

Business Reform Committee Initiatives

Sumitomo Forestry launched the Business Reform Committee in April 2019 with managers from the head office and divisions acting as members and chaired by the executive vice president. The committee has been working on company-wide themes relating to business and work style reforms by incorporating employee feedback via questionnaires and suggestion boxes, such as the promotion of telework, a transition to a paperless environment and revisions to in-person signature approval processes. We will continue to review employee operations and make them more efficient.

Family Open Day

Since July 2014, Sumitomo Forestry holds the "Family Open Day", an event for the families of employees to visit their offices. The ultimate aim of this event is to create pleasant work environment and lively atmosphere for all employees by expressing the Company's appreciation for the support provided by employees' families, assisting the families in understanding about the work at Sumitomo Forestry better, and fostering opportunities for employees to gain mutual understanding with others.

The event has been held at 18 different sites every summer thus far with participation of 149 families consisting of 433 employees and family members (canceled in fiscal 2020 and 2021 due to the impact of COVID-19 infections). Each site added their won touches in addition to the popular programs, such as participation in morning assemblies, a children's exchange of business cards made from wood plates with their names, and work interviews of work colleagues when hosting the Family Open Day.



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Promoting Paternal Support for Male Employees

In the process of receiving the lump-sum childcare allowance offered to male employees with newly born children, the employees are required to submit "the questionnaire for a parental support request", which is followed by an interview with a direct supervisor about the answers to the questionnaire as well as details of the request. The supervisor then adds resulting comments on the questionnaire including instructions for the subordinate and consideration to use the program, at the end of the process. This system is believed to encourage more male employees to take part in the parenting duties and raise mutual understanding between the parenting males and their colleagues. 62 employees took childcare leave in fiscal 2021.

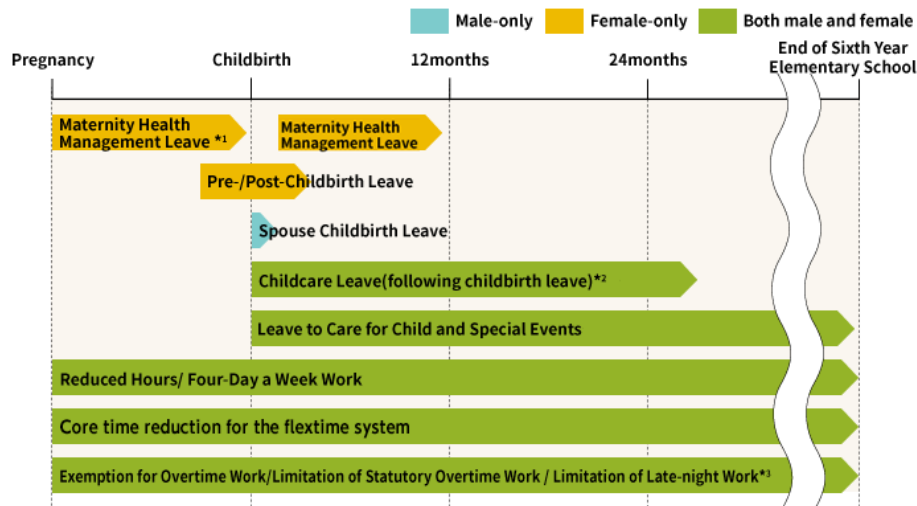
Main Childcare Support Programs (FY2021)

Program	Description
Childcare leave	Childcare leave may be taken by employees until March 31 immediately following the child's second birthday. Male employees may take childcare leave up to two times regardless of the reason. The full salary is paid for the first five days of childcare leave.
Spouse Childbirth Leave	Spouse childbirth leave may be taken for five days within two weeks from childbirth of a spouse. Full salary paid.
Shorter working hours	Until the child completes the sixth grade of elementary school, employees may work shorter hours, work a four-day week and be exempt from overtime work, limit statutory overtime work, and limit late-night work.
Core time reduction for the flextime system	Until the child completes the sixth grade of elementary school, employees may reduce the end of core time by up to one hour in 30-minute increments.
Leave to care for child and attend special events	Employees may take the equivalent of ten days a year for their first child or 15 days a year for two or more children in 30-minute increments with full-pay to care for a sick or injured child until their children have completed the sixth grade of elementary school. Of these ten days, up to five days may be used for attending special events with their child (ten days for two or more children). Employees who have two or more children may use up to 10 days to take care of their children even if they have used five or more days for special events (however, leave that exceeds 15 days is unpaid).



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Childcare Support Programs



*1 During pregnancy, childbirth leave, childcare leave, within one year after the childbirth

*2 Until March 31 immediately following the child's second birthday. This can be extended for up to 14 days for childcare reasons

Roundtable Discussion for Employees on Childcare Leave

Sumitomo Forestry held a round table event online in March 2021 for employees planning to return to work from childcare leave. This program helps to alleviate concerns about returning to work, improve health and build a network between other people raising children.

Implementation of Joint Seminars for People Returning to Work from Childcare Leave and Their Supervisors

Sumitomo Forestry held a joint seminar in November and December 2021 for people returning to work from childcare leave, their supervisor and even their spouse. This seminar held classes to teach the social landscape surrounding childbirth and child raising, a balance between work and childcare as well as future career development, panel discussions with senior employees who have experience raising children and working, and group discussions with other participants. The opportunity offered a chance for everyone to think about the actions supervisors and the individual raising a child can each take to find a balance between work, raising children and developing a career.



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Supporting Workstyles for Employees Caring for Family Members

Sumitomo Forestry provides support to employees who are working while also nursing family members. Family care leave was revised so that eligible employees may take up to 365 days of leave per applicable family member, and employees may also take advantage of the flextime system, work shorter hours or work a four-day week. When the flextime system was rolled out to the entire company in January 2021 (except employees on the discretionary work system), we further revised the flextime system to let employees reduce the core time according to their reasons for taking family care leave. Sumitomo Forestry has also established family illness and injury leave, enabling employees to take up to 10 days of leave each year in 30 minute increments.

In fiscal 2021, we prepared a guidebook to provide basic knowledge and information on balancing work and family care, as well as the fundamentals of facilities for the elderly and family care services.

Main Family Care Support Programs (FY2021)

Program	Description	Usage results
Family care leave	This system allows up to 365 cumulative days of leave per family member requiring care, and is available to employees	Number of family support program users: Total of 1 (Four-Day Work Week: 1)
Shorter working hours	Employees may work shorter hours, work a four-day week, be exempt from overtime work, limit statutory overtime work, and limit late-night overtime work.	
	Employees eligible for the flextime system may reduce the end of core time up to one hour in 30-minute increments.	
Family illness and injury	Regular employees may take the equivalent of ten days a year in 30-minute increments (employees may take an additional five days for two or more family members who require care). Employees may take five of the ten days of leave to take care of a sick or injured family member	No. of employees who took family care leave: 2

Family Care Support Program Performance (Non-consolidated)

	FY2018	FY2019	FY2020	FY2021
Family care leave (Persons)	1	1	2	2
Number of family support program users (Persons) (Flextime System, Shorter Working Hours, Four-Day Work Week, etc.)	3	4	4	1



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Sumitomo Forestry Holds Seminar to Support Balancing Work and Family Care

Sumitomo Forestry held an online seminar titled "Secrets to Balancing Work and Family Care" in December 2021. The goal of the seminar was to provide participants with tips on how to create an environment that allows them to balance work and nursing care in their daily lives, rather than giving up work to care for a family member, and to be physically and psychologically well and active.

About 150 people attended the seminar, including those who are currently caring for family members, those who want to begin preparing, and those who want to learn for their subordinates and coworkers. Individual consultations with the seminar instructors were held for individuals who chose to attend after the seminar.

We will continue to provide seminars and consultations to assist people in balancing work and family care.

Telework Initiatives

Sumitomo Forestry introduced the telework option in fiscal 2009 for such reasons as the time saved from commuting can be spent on work or family activities, and employees can concentrate when working in a quiet home environment.

Since fiscal 2018, Sumitomo Forestry has participated in the "Telework Days" campaign promoted by the Ministry of Internal Affairs and Communications, Ministry of Health, Labour and Welfare, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, the Cabinet Secretariat, the Cabinet Office, and the Tokyo Metropolitan Government in addition to relevant associations and corporations as a special cooperative organization to promote work style innovation. Roughly 300 employees have used telework during this time. Sumitomo Forestry has promoted understanding and created a foundation for a telework system through opportunities for many employees to experience the benefits of telecommuting and working remotely first hand.

Using our response to the coronavirus disease (COVID-19) pandemic as an opportunity in fiscal 2020, we prepared an environment in which every employee could telecommute and began the use of satellite offices.

Our revisions and roll out of the flextime system to all employees (except managers, the discretionary work system and partner employees) in January 2021 have furthered work styles so that everyone can work anywhere anytime.

We also abolished the existing telecommuting rules, added provisions for satellite office work and mobile work, and set new telework rules with increased eligibility in January 2022. These rules were established to improve work-life balance and productivity, and all employees may utilize them for up to 2 days per week, based on the company-wide telework experience in the aftermath of the novel coronavirus disaster. Any utilization of 3 or more days per week can be accomplished by applying for it.

In the future, we will continue to consider further use of ICT, along with the development of an IT environment and the promotion of productivity through the use of ICT.



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Application System to Request the Place of Work

In fiscal 2008, Sumitomo Forestry established a program facilitating the transfer of employees to a certain destination for reasons limited to marriage or a spouse transfer accompanied by a change of residence. The program enables employees to continue working for the Company even after marriage or their spouse being transferred.

In fiscal 2014, with the new addition of "childcare" to the reasons for application, transfers are now considered in cases where an employee wants to live with their spouse for the purpose of balancing work and parenting. A new system was also established whereby employees can submit a transfer request for reasons of "family care". Transfers are now also considered in cases where the location of employment restricts the employee from balancing work with child or family care.

As at the end of December 2021, a total 46 employees have made use of these programs to transfer to a different location.

In addition, an employee who desires a work style without transfers requiring relocation of residence from their current workplace due to unavoidable circumstances such as child raising, family care or illness may use a work style able to accommodate their unique situation using an application and approval process.



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Work-Life Balance

Promotion of Health Management

Basic Policy

Sumitomo Forestry Group believes that maintaining and promoting employee health contributes not only to the well-being of each and every employee, but also to improvement of productivity and efficiency at work. Sumitomo Forestry Group Declaration on Health Management was formulated based on this policy on Oct. 1, 2021.

Sumitomo Forestry has assigned clinical psychologists and public health nurses to the healthcare promotion team in the Workstyle Diversification Department run by the Personnel Department to spearhead a variety of policies and measures.

Sumitomo Forestry Group Declaration on Health Management

Sumitomo Forestry Group is committed to maintaining and improving the mental and physical health of all employees and their families so that every employee making up the Group can work healthily and vibrantly while experiencing "Happiness Grows From Trees".

- We will share the results of regular health check-ups and other examinations with employees, and work on mental and physical health issues and responses to these issues.
- We will actively incorporate health measures that can not only be used by employees, but also by their families.
- We will observe laws and regulations related to safety and health, and strive to improve safety as well as maintain and improve health.

President and Representative Director
Toshiro Mitsuyoshi

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Initiatives to Maintain and Improve Employee Health

Sumitomo Forestry engages in initiatives to maintain and improve employee health from health management and self-care education in the new employee training program to event information and columns about health on the internal website of the Workstyle Diversification Department.

Walking events were held twice as a new attempt in spring and fall in fiscal 2021. Purpose of these events was to tackle a lack of exercise and encourage communication among our employees. This event was held only for Sumitomo Forestry in spring, and the same event was held together with the five Sumitomo Forestry Group companies that had agreed to participate in fall. In addition, a health live seminar was also organized to increase productivity and lifestyle in terms of sleep, diet, and exercise. The online seminar provided an excellent chance for Group employees to interact with each other.

Furthermore, two practical seminars for health management personnel were held online in June and December. This seminar, including lectures on relevant laws and regulations, as well as internal company rules, was designed to educate administrative officers, persons in charge of health management practices, and other persons in charge of group companies nationwide. Participants shared their own initiatives and innovations with each other via chat rooms during the seminar, making it a valuable opportunity to learn together.

Walking events, health live seminar, and practical seminar for health supervisors will be continued in the future.

We use a reservation system for regular health check-ups which are vital to preventing illness and maintain a 100% medical examination rate. In addition, the system that we use can offer regular health check-ups, stress check aftercare, and consultations with industrial physicians and public health nurses during overwork and other stressful situations. These measures are even available to employees working at sites with a small number of staff through the appointment of industrial physicians even at locations with less than 50 employees.

We also conduct health check-ups before appointing or returning an employee to a post for overseas appointees as well as interview individuals, gain information and provide advice about the state of their health as well as address other needs they may have.

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Mental Health Care

Practical Mental Health Care

Based on the Guidelines for Maintaining and Improving Workers' Mental Health formulated by the Ministry of Health, Labour and Welfare, Sumitomo Forestry implements four types of care for mental health: self-care; care provided by line managers; care provided by occupational health staff within the workplace; and care using resources from outside the business.

Employees who are certified as clinical physiologists have striven to assist mentally ill individuals with follow-up support and help them in returning to work in close cooperation with external provider of the employee assistance program (EAP)*.

In fiscal 2019, Sumitomo Forestry changed the external EAP agency alliance and established a new management consultation desk to further a system to better support line care. This help desk is not only available to employees but also their families and can support in English and Chinese, which offers better care for a wider range of employees.

We adjust stratified working hours and the work load to suit the circumstances of each individual by adopting an occupational rehabilitation system to help employees return to work to create and execute rehabilitation plans so that each person can both physically and mentally get used to the work environment.

Sumitomo Forestry distributes a Mental Absentee Guidebook when employees take leave with corporate rules and other information related to how to spend that time off as well as the suspension of their work to elevate worry as much as possible during their break. We also distribute a Guidebook for Managers to supervisors as well to provide information that includes ways to handle each situation.

* A workplace mental health care service for employees



Line care training for new managers



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Use of stress checks

Sumitomo Forestry has offered stress checks since fiscal 2013, ahead of becoming mandatory after amendments to the Industrial Safety and Health Law in December 2015. All of our employees (excluding employees who are on long-term leave due to pregnancy, medical treatment for illness or other such reasons) use the information provided on websites and in other mediums to help prevent mental disorders.

New stress check items were added for evaluating health reasons and psychological safety in fiscal 2021, such as illnesses and symptoms that had an influence on job performance, in order to validate priority measures and improve the workplace environment. As part of care following stress checks, we also distributed results of individual organizational analysis to each site and provided "Stress Check Feedback Training" to all managers in order to raise awareness about building an even more vibrant workplace. Individual consultations were provided to departments experiencing difficulties in order to improve the workplace environment. In addition, a new category named "Health Care" was added to the e-learning program to help each and every employee achieve a healthier mind and body by offering information.

[Click here for related information](#)

> [Human Rights Initiatives](#)

Practical Mental Health Care Results

	FY2018	FY2019	FY2020	FY2021
Stress Check Response Rate (%)	91.6	93.3	96.4	94.5



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Occupational Health and Safety

Occupational Health and Safety Management

Basic Policy

Sumitomo Forestry Group established the Sumitomo Forestry Group Occupational Health and Safety Policy in order to further improve occupational health and safety activities in its corporations in August 2021. Based on the fundamental concept of "SAFETY FIRST" and the implementation of the policy, we seek to create a thriving workplace by maintaining a healthy and safe work environment.

We also require each and every employee to work on a daily basis to pursue Occupational Health and Safety as the foundation of corporate management, in accordance with this policy.

The policy reflects the expectations of stakeholders for quality improvement, which were gathered through a questionnaire survey of Group employees on their quality values and activities, as well as interviews with internal executives, senior managers, and major business partners.

In addition, Sumitomo Forestry has established Rules for Safety and Health Management with an aim of fostering a workplace environment in which employees can perform their jobs in a safe and healthy manner. The rules prescribe that a general OHS manager is to be stationed at each place of business regardless of how big it is, and every year, the Company checks on the status of the officer and OHS committee meetings.



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Sumitomo Forestry Group Occupational Health and Safety Policy

Based on the fundamental concept of "SAFETY FIRST", the Sumitomo Forestry Group seeks to create a thriving workplace by maintaining a healthy and safe work environment.

1. Full employee participation in health and safety initiatives

All employees of our Group's operations shall consciously participate in health and safety initiatives.

2. Thorough compliance

We shall strictly comply with all laws, ordinances, safety standards and other rules related to occupational health and safety.

3. Reducing risk and creating a thriving workplace

We shall identify hidden risks in the work environment and continuously make improvements to create a thriving workplace.

4. Securing safety with state-of-the-art technologies and labor-saving measures

We shall create a safe workplace by actively promoting the use of state-of-the-art technologies and labor-saving measures that will help address personnel shortages and technical transfer issues.

5. Nurturing a culture of mutual respect

We shall nurture a culture where everyone respects both the processes and the results of health and safety initiatives to increase motivation to pursue them.

6. Developing human resources through health and safety training programs

We shall provide all employees health and safety training and we shall actively pursue initiatives to develop human resources who will take on the responsibility of creating a thriving workplace.

7. Promoting active communication

Through the active pursuit of mutual dialogue, including with stakeholders, we shall build good relationships that help ensure a sense of psychological security.

President and Representative Director

Toshiro Mitsuyoshi



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Occupational Health and Safety Management System

Promotion System

Sumitomo Forestry Group has established Quality Control and Worker Safety Management Department as an office directly under the president strives to consistently improve product and service quality and eradicate occupational accidents. The office provides guidance and advice to the entire Group in Japan and overseas, as well as developing and strengthening the quality and occupational health and safety management system. In addition, the Sustainability Committee considers and reports on important occupational health and safety issues that affect the entire Group. We conducted a survey of the current status of quality management systems at 62 Group companies in Japan and overseas in fiscal 2021 and presented the findings at the Sustainability Committee and other entities.

Personnel department manages non-consolidated OHS of the Sumitomo Forestry, and heads of the personnel department provide OHS instructions and support branches in establishing OHS systems. In addition, OHS committees chaired by the general manager of each business division (General Manager of Personnel Department at the head office) and composed of members such as health and safety managers, industrial physicians, and labor union members were established in each business division, and matters discussed each month are posted on the intranet for the purpose of information sharing and enlightenment.

We have established individual policies and manuals for safety and health management in each of our businesses, such as Forestry, Manufacturing, Environment and Energy, and Housing, based on the characteristics of each business, aiming to prevent accidents at work sites and ensure workers' health.

Awareness education in the Company

To encourage deeper awareness and understanding among Group employees, posters were delivered to all our workplaces, branches, and offices, as well as offices and plants of Group companies in Japan and overseas, in accordance with the establishment of the "Occupational Health and Safety Policy." The slogan posters represent the president's own opinions on occupational health and safety and quality for the Sumitomo Forestry Group as a whole. "SAFETY FIRST" means that the safety shall be put at the first place, and it applies to all of the Group's businesses and occupations. Sumitomo Forestry Group Occupational Health and Safety Policy is regularly disseminated to all employees through the Sumitomo Forestry Group Handbook and the business intranet, in addition to posting policy posters in easily visible locations.



Sumitomo Forestry Group "SAFETY FIRST, ZERO DEFECTS" slogan poster



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ISO 45001 Certification and Human Resource Development

Sumitomo Forestry Group is promoting ISO 45001 Occupational Health and Safety Management System certification and ISO 45001 "Declaration of Self-Conformity*". In order to develop human resources, we provide training for internal auditors, including Group employees, in addition to supporting the implementation of internal audits and training sessions for companies considering the introduction of internal audits. We hosted an ISO 45001 internal auditor training seminar in fiscal 2021, which was attended by 37 employees. In addition, we have established a "Occupational Health, Safety and Quality" course on our intranet e-learning site, as well as a new course on ISO management systems and ISO 45001 management systems to promote safety and health education.

We will continue to strengthen our safety system, by providing guidance and advice to the entire Group.

In addition, occupational safety-related certificates have been obtained by 31.4% of Sumitomo Forestry Group manufacturing businesses (based on sales).

* Self-Conformity Declaration: An ISO-based management system has been established, operated, and conformed to by the Company.

Acquisition Status of Occupational Health and Safety Certifications at Each Group Company

Company	Country	Type of certification	Date acquired	Date renewed
Environment and Energy Department, Sumitomo Forestry	Japan	ISO45001:2018	August 2021	-
Sumitomo Forestry Crest	Japan	ISO45001:2018	February 2013	February 2022
PT. Rimba Partikel Indonesia (RPI)	Indonesia	ISO45001:2018	March 2019	July 2021
Kutai Timber Indonesia (KTI)	Indonesia	ISO45001:2018	January 2020	-
Nelson Pine Industries (NPIL)	New Zealand	ISO45001:2018	October 2019	-

Targets and Performance Concerning Occupational Injuries

In the Mid-Term Sustainability Targets as part of the Sumitomo Forestry Group Mid-Term Management Plan, Sumitomo Forestry Group sets critical targets by fiscal 2024 as "zero occupational injury and lost work time". The Sumitomo Forestry Group aims to achieve its critical targets and defines priority sustainability measures in each division. The performance toward achieving these targets is reviewed each fiscal year.



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Occupational Injuries (Non-Consolidated)*1*2

	FY2018	FY2019	FY2020*5	FY2021
Number of occupational injuries (incidents)*3	2	1	1	2
Lost-time injury frequency rate*4	0.2	0.2	0.29	0.19
Work-related illness frequency rate	0	0	0.29	0

*1 The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

*2 One fatal occupational injury in fiscal 2020.

*3 The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act is disclosed (including the number of cases in which applications for compensated absences from work are pending)

*4 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours × 1,000,000

*5 Figures for fiscal 2020 have been retroactively adjusted due to the approval of workers' compensation.



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Occupational Health and Safety

Occupational Health and Safety in the Forestry Business

Domestic Initiatives in Forestry Business

In Japan, the Sumitomo Forestry Group manages approximately 48,000 hectares of company-owned forests. Contractors conduct planting, weeding, improvement cutting, thinning and clear cutting operations. For the purpose of preventing occupational injury to these contractors, the Group conducts safety patrols and holds Workplace Safety Conferences at each forestry office once every half year.

The Sumitomo Forestry Group in Japan has enhanced educational activities at its Workplace Safety Conferences, including occupational safety instructions using examples of common forestry accidents, as well as environmental education, lectures given by experts on such topics as emergency first aid, and on-site safety guidance.

In fiscal 2021, the Safety and Health Convention was held twice, once at the Mombetsu forestry office and once at the Osaka Plant, with a total of four suppliers (12 participants) in attendance, due to the impact of COVID-19. Various themes were discussed with relevant parties to deepen mutual understanding, including occurrence of forestry work-related accidents, occupational safety measures in forest activities, heat stroke prevention, and wood and forestry in the context of climate change.

In fiscal 2021, there were 2 instances of occupational injury requiring payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act in Sumitomo Forestry-owned forests. As a result, with the contractors involved, response measures to prevent recurrence were discussed and agreed. Additionally, warnings were issued to other contractors through the Workplace Safety Conferences.



Safety Conference (Osaka Office)



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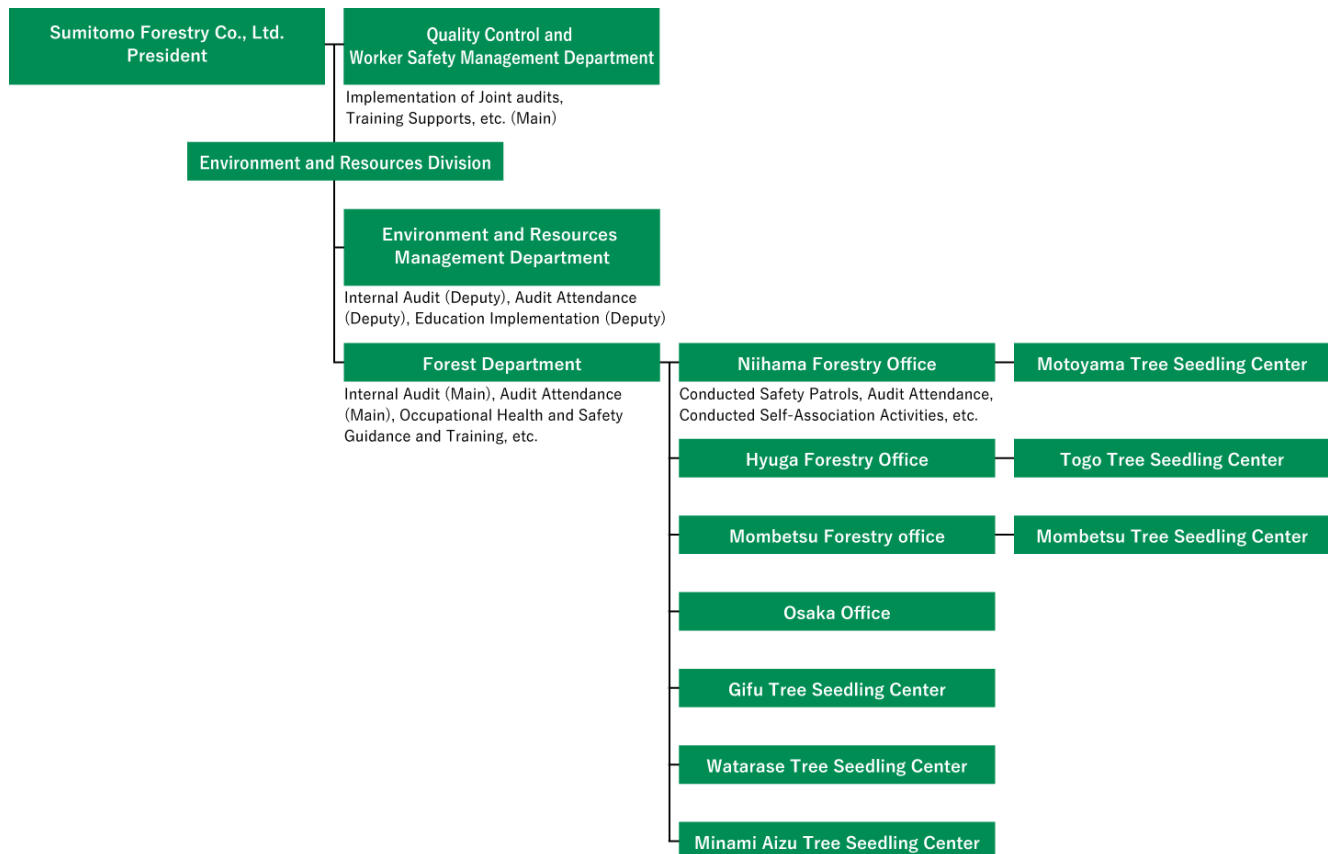
Number of Occupational Injuries Involving Contractors at Forestry Work Sites in Company-Owned Forests

FY2018	FY2019	FY2020	FY2021
4	1	1	2

* The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act is disclosed.

* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

Occupational Health and Safety Management System Chart of Forest Department





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Initiatives of ISO 45001 Self-Conformity Declaration

Sumitomo Forestry's Forestry Department, which is responsible for forest management in Company-owned forests in Japan, which cover approximately 1/800th of the domestic land area, has been working with contractors to raise awareness of occupational accident prevention by developing our own occupational safety management manual, introducing mechanization, and introducing drones for transporting sapling materials. Among all industries in Japan, the forestry industry has the greatest rate of work-related accidents. We adopted the ISO 45001 Occupational Health and Safety Management System in fiscal 2021, to improve safety initiatives and raise awareness of safety, and the Forestry Department head office and Niihama Forestry Office have declared themselves "Self-compliant". In the future, we plan to seek certification from an external review institute to further strengthen safety and health management in our Company-owned forestry and nursery operations.



Logging contractors using heavy machinery to collect timber in Company-owned forests (Niihama Forestry Office)

Overseas Initiatives in Forestry Business

The Sumitomo Forestry Group manages a total of approximately 230,000 hectares of company-owned plantation forests overseas. To prevent occupational accidents, every overseas plantation company (Open Bay Timber [OBT], Mayangkara Tanaman Industri [MTI], Wana Subur Lestari [WSL] and Tasman Pine Forests [TPF]) makes sure all operators throughout the company use safety equipment while also raising awareness about occupational health and safety through efforts such as regular safety lectures and morning assemblies.

At each company, (1) Thorough equipment inspections before work, (2) Regular meetings with logging contractors to evoke caution about safety management and real-time reports in the event of an accident, (3) Health and safety assessments of the company itself and logging contractors through third-party occupational health and safety experts, and (4) On-site visits by employees in charge to keep everyone alert.

Due to frequent occurrences of worker negligence and insufficient safety checks around the work site, number of work-related accidents increased by 13 cases in fiscal 2021, compared to fiscal 2020. Number of accidents caused by carelessness of chainsaw handlers was the highest, thus Occupational Safety and Health Training Sessions for chainsaw handlers were held as measures to prevent of recurrence and to enhance safety awareness.



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Number of Occupational Injuries Involving Contractors at Forestry Work Sites

FY2018	FY2019	FY2020	FY2021
1	3	3	15

* The number of work-related accidents resulting in payment of compensation benefits for absence from work (four or more days of lost worktime) in accordance with the Japanese Industrial Accident Compensation Insurance Act is disclosed.

Measures against COVID-19 Infections in overseas plantation forest

Each company has established its own guidelines for Measures against COVID-19 infections and has implemented measures to prevent infection at each overseas afforestation site. Monthly antigen tests are conducted for clinics that support local medical care, as well as store personnel and executives who have frequent contact with people, in addition to basic measures such as handwashing and wearing masks.

In Indonesia, PT. Wana Subur Lestari (WSL), PT. Mayangkara Tanaman Industri (MTI), and PT. Kubu Mulia Forestri (KMF) have developed their own guidelines for COVID-19 infection and have implemented infection control measures.

The head office in Pontianak, West Kalimantan succeeded in shift system limiting people on-site as much as possible as well as total telework at the office in Jakarta via a response surpassing that required by the government. Strict access management at plantation forest operation sites prevented the spread of the virus to employees and contractors. Employees also manufactured handmade masks, which were delivered to workers at the lands for plantation business.

In Papua New Guinea, OBT assisted the Health Department in mass vaccinations of local residents in remote areas by arranging transportation, accommodation, and other services.

Working without the ability to move freely or travel back to one's hometown puts an extreme burden on many employees. However, better communication and encouragement between employees brought everyone together in an effort to prevent the spread of the COVID-19.



Group vaccination



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Occupational Health and Safety

Occupational Health and Safety in Environmental Energy Business

Environmental Energy Business Initiatives

In addition to safety patrols by employees, the Environment and Energy Department and the Quality Control and Worker Safety Management Department conduct annual internal audits at the fuel chip plant of the Environment and Energy Business to prevent occupational accidents for employees and business partners who enter and leave the plant. Improvements and corrections are made at the work site.

In fiscal 2021, there were 3 instances of occupational injury requiring payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act at the work sites of our environmental and energy business. As a result, with the contractors involved, response measures to prevent recurrence were discussed and agreed. Additionally, warnings were issued to other contractors through the Workplace Safety Conferences.

Number of occupational accidents involving employees and contractors at work sites in environmental energy business

FY2018	FY2019	FY2020	FY2021
0	0	3	1

* The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act is disclosed.

* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

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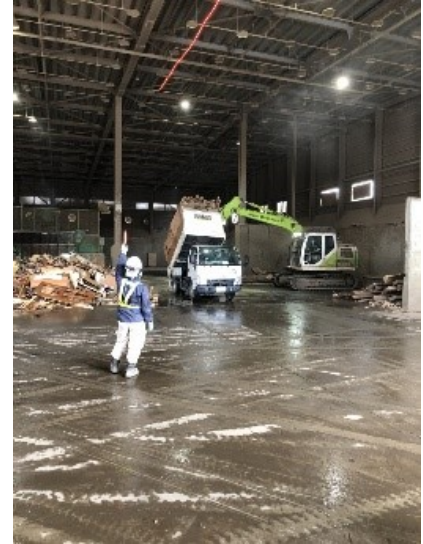
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Occupational Health and Safety System for Environmental Energy Business

The company is responsible for comprehensive management of health and safety of consolidated subsidiaries such as Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power, Okhotsk Bio Energy, Michinoku Bio Energy, and Japan Bio Energy, as well as equity method associated Kawasaki Biomass Electric Power, Tomakomai Biomass Power, and Kanda Biomass Energy. The Group also performs quarterly disaster drills, frequent inspections of firefighting equipment, and safety training to confirm progress, in addition to reporting occurrence of occupational injuries and sharing information how to prevent recurrence at monthly meetings. For example, we installed laser lights on the ceiling, so that drivers can see the truck stop location through mirrors. We have discovered risk of accidents when an inductor stands behind a truck and are taking countermeasures.



Health and Safety Risk Assessment

"ISO45001:2018" Certification

ISO45001 Self-Conformity Declaration* was implemented by Japan Bio Energy in February 2020. As Sumitomo Forestry's environment and energy department, Japan Bio Energy, Sumitomo Forestry's management department of the Environment and Resources Division, and Quality Control and Worker Safety Management Department jointly acquired ISO45001:2018 certification in August 2021. ISO45001 is an international standard for the Occupational Safety and Health Management System, entered into force by the International Organization for Standardization (ISO) in March 2018, with the aim of reducing possibility of labor accidents and associated management risks.



ISO45001 On-site Audit

By utilizing the ISO45001 scheme, management system for occupational health and safety is systematized, making it possible to discover problems at an early stage, deal with them, and implement effective preventive measures. A decrease in workplace accidents will lead to a reduction in both human and economic losses.

* Declaration of Self-Conformity: An ISO-based management system has been established, operated and adapted by the company.



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Occupational Health and Safety

Occupational Health and Safety in the Manufacturing Business

Occupational Health and Safety in Domestic Manufacturing Business

Sumitomo Forestry Crest's Occupational Health and Safety Policy is to provide its employees and subcontractors with a workplace environment that aims for "Zero Accidents to Zero Hazards". To accomplish this, we are working to develop a system that allows all employees to make continuous improvements, and employees at each plant proactively report near-miss incidents (410 reports and 506 employees in fiscal 2021) to the Health and Safety Committee, as well as other small group activities (TPM activities) in the workplace to exchange opinions and implement the PDCA process. Management cycle of PDCA is used to improve the efficiency of manufacturing activities while reducing risk.

As a result of these initiatives, number of work-related accidents in fiscal 2021 was zero. Based on the fundamental concept of "SAFETY FIRST", Sumitomo Forestry Group will continue to strive to create a thriving workplace by maintaining a healthy and safe work environment in the future.

Safety Objectives

1. Safety and health activities to attain zero occupational accidents

Improvement of Risk prediction ability through continuous safety education, establishment and implementation of forklift safety standards, collection and implementation of near-misses and improvement suggestions, thorough risk assessment and risk reduction

2. Maintain an appropriate working environment

Measurement of working environment, health checkups (Including special health checkups), and planning of measures against heat stroke or COVID-19

3. Fire safety precautions

Inspection of fire-prevention facilities, as well as the preparation and implementation of such plans

4. Consideration of issues based on internal and external demands and expectations

Reduction of long working hours, traffic safety training, etc.



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Safety and Health Management System

Occupational Health and Safety Management System (OH&S-MS) has acquired ISO 45001 certification in its operation. The OH&S-MS promotion staff at each plant is in striving for meeting targets and tracking progress. To ensure workplace safety, the Safety & Environment Department, which serves as the secretariat, coordinates activities of each facility and communicates health and safety information with Sumitomo Forestry Group overseas manufacturing enterprises.

Each plant appoints a general health and safety manager in compliance with the Occupational Health and Safety Law as part of our health and safety management system, and a Health and Safety Committee meeting is held once a month with these members playing a prominent role. Past workplace accident cases, near-miss reports, and traffic safety training are discussed in the Safety and Health Committee meetings.

Number of Occupational Injuries in the Manufacture of Wood Building Materials in Japan

FY2018	FY2019	FY2020	FY2021
0	0	1	0

* The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Japanese Industrial Accident Compensation Insurance Act is disclosed.

* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

Safety and Health Improvement Activities, etc.

Regular workplace safety patrols are conducted at each plant to identify risks and make improvements. Near-misses and risk assessments are conducted on some of the identified risks, which are then horizontally distributed to other departments and basic safety measures are adopted to prevent accidents.

Risk assessments are conducted whenever new equipment is introduced or production lines are changed, with the aim of preventing employee hazards and health problems. We seek to ensure workplace safety by evaluating potential hazards in equipment and operations and implementing measures to reduce the risk level.

In analyzing the incidents of workplace accidents that have occurred, it is apparent that they were caused by a lack of safety precautions as a result of acts that were not expected in ordinary work, and were not identified as potential sources of danger. It is vital to identify hazard sources from various perspectives and increase sensitivity to hazards to recognize potential dangers.

We are focusing on improvement activities since there are many incidents of work-related accidents involving forklift operations that result in serious damage. We've been holding monthly review meetings to assess forklift safety measures since December 2020. We are assessing physical measures such as buzzer loudness and separating traffic lines from pedestrians, in addition to soft measures like safety training, which we have been implementing, in order to create a safer work environment.



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Sumitomo Forestry Crest has been engaged in total productive maintenance (TPM) activities. All factory employees, without exception, have a role to play and are involved in the organization through 3 basic activities such as "All Member Participation", "Voluntary Conservation", and "Zero Loss". One of our main objectives is to achieve zero work-related accidents by implementing safety activities such as "Hiyari-Hatto" (Equiv. near miss) and safety compliance, etc., and we are working toward this goal on a daily basis.



Vehicles and pedestrians will be separated by safety fencing.

Safety education and training etc.

We conduct safety training when employees are assigned to a plant to enhance their awareness of safety by teaching them on the purpose of wearing protective equipment and the rules for safe work. We also provide external instructor training and safety simulation training when working with highly hazardous equipment such as forklifts, knives, and other rotating objects to educate staff of the dangers associated in routine work.

Occupational Health and Safety in Overseas Manufacturing Business

We strive to create and maintain a safe and healthy work environment under the basic idea of "SAFETY FIRST", and the entire overseas manufacturing companies are working together under the basic policy of "creating manufacturing sites with respect for human life and safety first". In particular, we are developing activities focusing on risk assessment and risk prediction training (KYT), as well as sharing examples and activities among plants to achieve a safe workplace environment for the entire company.

Safety Objectives

Overseas manufacturing companies have set a safety goal and are promoting safety and health activities with the goal of Elimination of serious work-related accidents (Absence from work for 4 or more days) as a safety target, among which "Eliminating forklift accidents" and "Eliminating accidents involving rotating objects like knives" are priority initiatives.



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Safety and Health Management System

A safety and health officer is assigned to an overseas manufacturing company, and a safety and health committee is held every month to report on work-related accidents that have occurred, formulate countermeasures, analyze causes and formulate countermeasures for unsafe behaviors reported by safety patrols and Hiyari-Hatto (Equiv. near miss), as well as check the status of various safety improvement activities, risk prediction training (KYT), and risk assessment activities.

Sumitomo Forestry also conducts periodic safety audits to ensure that the safety and health management systems of each manufacturing company are in good order. In fiscal 2021, we were unable to conduct on-site audits due to COVID-19, so we conducted remote safety audits using a videoconferencing system. We will promote even more enhanced remote safety assessments in fiscal 2022, including the use of wearable cameras, in the event on-site audits are not practicable.

Number of Occupational Injuries in the Manufacture of Wood Building Materials in Overseas

FY2018	FY2019	FY2020	FY2021
10	9	12	8

* The number of work-related accidents resulting in payment of compensation benefits for absence from work (four or more days of lost worktime) in accordance with the Japanese Industrial Accident Compensation Insurance Act is disclosed.

* Total of 6 companies (consolidated companies) of Nelson Pine Industries (NPIL), Kutai Timber Indonesia (KTI), AST Indonesia (ASTI), Sinar Rimba Pasifik (SRP), Canyon Creek Cabinet (CCC), and Vina Eco Board (VECO)

Occupational Health and Safety Initiatives

The following are the details of the priority initiatives.

(1) Elimination of work-related accidents caused by forklifts

We promote physical measures, like maintenance of forklift workers (Running speed control, buzzer loudness, line mark display function when moving backward), separation of flow lines between forklifts and people, etc. As for educational measures, we provide abolition of collaborative work during cargo handling, safety education for workers around forklifts, and safety precautions for rotating objects like blades.

(2) Elimination of work-related accidents caused by rotating objects like blades

We are installing safety covers and improving measures for rotating parts (Such as the introduction of a braking function to prevent accidents during inertial rotation after halting), as well as the upkeep of safety work standards and training.

In addition, we conduct "Risk Assessment" to eliminate sources of danger and "Risk Prediction Trainin" (KYT 4-round approach) to prevent people from engaging in risky behaviors and share the details of these activities among manufacturing companies.

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Risk prediction training for local employees at Indonesian manufacturers

Occupational Health and Safety Education

Overseas manufacturing companies conduct Occupational Health and Safety Education based on an annual health and safety plan, and Sumitomo Forestry monitors the implementation status every month and follows up.

In addition, Sumitomo Forestry has established e-learning courses, providing education for Japanese employees working aboard or who are scheduled to work at overseas manufacturing companies, such as the Zero Accident Alliance Campaign, Risk prediction training, and Risk Assessment.



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Sumitomo Forestry Group Manufacturing Business Safety Meeting Held

Sumitomo Forestry and its domestic and overseas manufacturing companies held a safety convention in March 2022, with the goal of "stimulating activities to prevent occupational accidents" and "raising awareness of safety and health". Manufacturing sites in Japan, Indonesia, Vietnam, and other countries were connected online.

The participants verified the activity policy for fiscal 2022, reviewed past work-related accidents and fires in the Group, shared case study for safety initiatives at each company, and presented awards for outstanding safety initiatives at the convention. In addition, we had a lecture from the Central Safety and work-related accident Prevention Association to raise awareness of safety and health.

This was the first time the event had been staged on such a large scale, and it was a significant stimulus to each company. In the future, we will continue the competition to reduce serious accidents and foster a safety culture inside the Group.



Safety conference



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Occupational Health and Safety

Occupational Health and Safety on Construction Sites

Occupational Health and Safety at Domestic Construction Sites

Sumitomo Forestry prioritizes occupational health and safety above all else on housing construction sites. Therefore, we raise awareness about occupational health and safety information and important items about safety in employees of the Sumitomo Forestry Group and also every worker involved with Sumitomo Forestry homes, such as on-site construction contractors.

At the beginning of every fiscal year, the Divisional Manager of the Housing and Construction Division formulates an Occupation Health and Safety Policy to provide notification based on circumstances such as the accidents that occurred in the previous period, the state of occupational health and safety promotion as well as compliance with relevant laws. In addition, permeating a safety culture has been designated as a basic policy, and we are working to achieve this in primarily three ways; compliance with the law, promotion of occupation health and safety education and eradication of occupational injuries.

Always raising awareness toward the recognition of safety first permeates this safety culture. Offices, branches and building contractors set important management targets for the fiscal year to eliminate five-types of major accidents; falls, accidents with tools, things tipping over, accidents with heavy machines and heat strokes.

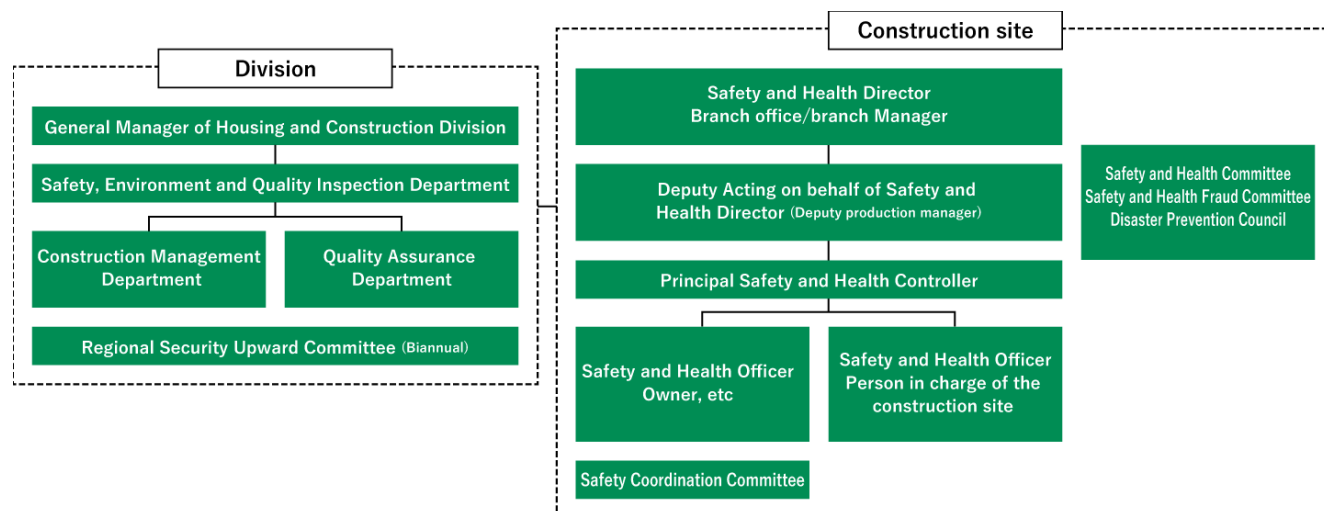


Safety check at construction site



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Occupational Health and Safety System for Housing and Construction Business Site



Occupational Injuries of Contractors on Housing Construction Sites*4

	FY2018	FY2019	FY2020	FY2021
Number of occupational injuries*1	9	20	21	24
1000-building rate*2	1.12	2.56	2.62	2.77
Lost-time injury frequency rate*3	2.79	4.13	5.12	3.49
Work-related illness frequency rate	0	0	0	0

*1 Disclose number of work-related accidents with 4 or more days of lost worktime (including sole proprietorship, excluding commuting accidents)

*2 1000-building rate=Number of work-related accidents with 4 or more days of absence per 1000 buildings

*3 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours × 1,000,000

*4 The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period for fiscal 2019 and before is April of each year to March of the following year.

[Click here for related information](#)

> Occupational Injuries

> About symbol for Independent assurance

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Training Designed to Improve Awareness for Occupational Health and Safety

Reports and feedback of safety and quality inspections as well as safety and health patrol are made by holding regular safety and health council meetings at the Housing and Construction Division, each branch, and branch office. We also provide safety and health training with concrete examples for safety and health managers, construction site safety and health supervisors (contractors), and personnel in various occupations. Special education (Article 59, Paragraph 3 of the Industrial Safety and Health Act) is provided for securing safety of work using the fall prevention equipment (full harness safety belts) as well as during use of circular saws, grinders* and other electric tools which are susceptible to accidents due to misuse despite being simple and easy to use.

In the past three years, we have held 208 special training sessions on full-harness safety belt, which became mandatory in January 2022, with 7,149 trainees in attendance. In addition, we plan to introduce three new original safety and health training programs in fiscal 2022 (training for workers handling circular saws and nailers, safety and health training for sole proprietorship, and training to improve the skills of supervisors and safety and health managers).

This course provides more practical knowledge of safety and health at Sumitomo Forestry housing construction sites, than standard special training courses provided by external organizations.

* Grinder: An electric tool to cut by rotating a grinding stone



Special Circular Saw Education



Full Harness Special Training



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Special Training Condition

Project Name	FY2019		FY2020		FY2021	
	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants
Training for supervisors and health and safety managers	7	154	2	77	1	21
Safety training for workers handling circular saws	6	132	4	124	8	218
Special training for replacing free grinding wheels	6	131	7	171	9	242
Special training for workers engaged in assembly of scaffolding, etc.	2	38	1	14	1	1
Special training on the use of full-harness safety belts	26	1,203	88	3,084	94	2,862
Total	47	1,658	102	3,470	113	3,344

Preventive Measures for Coronavirus Disease (COVID-19)

Sumitomo Forestry formulated on-site guidelines to combat the COVID-19 as one measure to prevent the spread of the COVID-19 in an effort to maintain an environment where employees can continue to work on-site. In addition, we have created posters and put them up around work sites to constantly alert all concerned parties.

Preventive Measures for COVID-19

1. Provisions of soap, hand sanitizer, masks and other necessities on site
2. Strict guidelines such as hand washing, gargling, and wearing masks for coughing
3. Ventilation and masks when working with multiple people in a department or on a site open to customers
 - Close attention to ventilation to bring in fresh air, especially during internal operations
 - Adjustments to internal work processes when unable to open a window for ventilation, such as external spray work.

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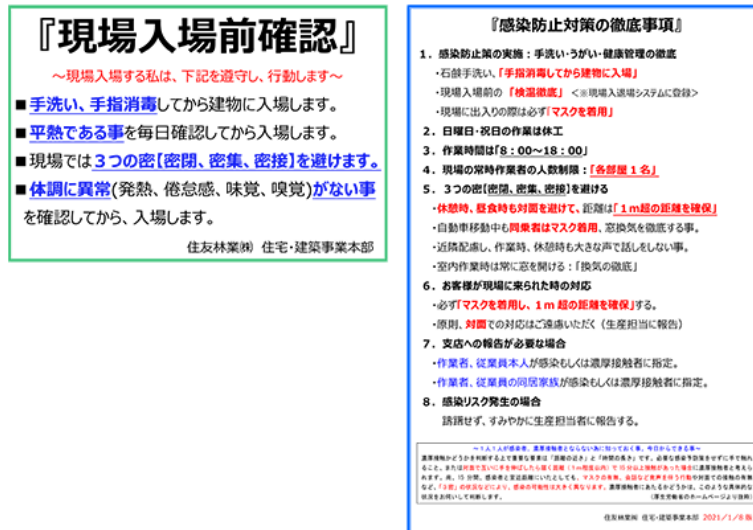
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The posters for call for attention



Safety Training for Construction Contractors

Sumitomo Forestry publishes monthly Safety, Environment and Quality Inspection Department Information that includes information and topics about occupational health and safety as well as the environment to help prevent accidents and avoid risks by repeatedly raising awareness at branches and construction contractors.

Sumitomo Forestry conducts safety training throughout Japan by visiting building and demolition contractors throughout Japan. Sumitomo Forestry promotes safety and environmental activities onsite by offering the aforementioned specific training and other direct guidance to workers, ensuring that they comprehend the Company's direction of "Penetration of Safety Culture".

Sumitomo Forestry holds monthly health and occupation councils at branches for the purpose of preventing occupational accidents by promoting health and safety. On-site health and safety patrols help bring awareness about safety to construction contractors and provides advice to enhance knowledge, such as confirming the state of sites and improving guidance.

In addition, the District Safety Improvement Committee launched in fiscal 2018 is advancing system development to raising awareness and verify policies and measures in divisions related to safety by strengthening links with offices, divisions, and branches.



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Safety and Quality of Products and Services

Product and Service Safety as well as the Quality Management

Basic Policy

Sumitomo Forestry Group established Sumitomo Forestry Group Quality Policy in order to further strengthen quality in its corporate activities in August 2021. Through pursuit of "ZERO DEFECTS" and implementation of new initiatives, we seek to provide reliable products and services that bring joy to our customers.

We also require each and every employee to work on a daily basis to improve quality as the foundation of corporate management, in accordance with this policy.

The policy reflects the expectations of stakeholders for quality improvement, which were gathered through a questionnaire survey of Group employees on their quality values and activities, as well as interviews with internal executives, senior managers, and major business partners.



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Sumitomo Forestry Group Quality Policy

Through the pursuit of "ZERO DEFECTS" and the implementation of new initiatives, the Sumitomo Forestry Group seeks to provide reliable products and services that bring joy to our customers.

1. Full employee participation in quality enhancement

All employees of our Group operations shall consciously strive to enhance quality with an understanding that our products and services must be of the highest standards.

2. Improving customer satisfaction

We shall identify quality risks and continuously refine processes and rules to improve customer satisfaction.

3. Thorough compliance

We shall fulfill customer expectations and strictly comply with all applicable laws, regulations, voluntary standards and other rules.

4. Promoting digitalization and labor-saving measures

To respond to rapidly changing societal structures, we shall actively promote digitalization and the implementation of labor-saving measures to reduce workloads and raise quality.

5. Developing human resources who will maintain and enhance quality

Through educational programs related to maintaining and enhancing quality, we shall ensure that our know-how, which is our asset, is passed on to the next generation.

6. Promoting active communication

We shall effectively utilize our structures and systems to actively pursue communication with our customers and all other stakeholders.

President and Representative Director
Toshiro Mitsuyoshi

Quality Management System

Promotion System

Sumitomo Forestry and its Group companies in Japan and overseas have acquired the ISO 9001 quality management system certification and constantly enhance the quality of products and services provided to customers.

Sumitomo Forestry Group has established Quality Control and Worker Safety Management Department as an office directly under the president strives to consistently improve product and service quality and eradicate occupational accidents. The office provides guidance and advice to the entire Group in Japan and overseas, as well as developing and strengthening the quality and occupational health and safety management system. In addition, the Sustainability Committee considers and reports on important quality issues that affect the entire Group. We conducted a survey of the current status of quality management

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systems at 62 Group companies in Japan and overseas in fiscal 2021, and presented the findings to the Sustainability Committee and other entities.

Awareness education in the Company

To encourage deeper awareness and understanding among Group employees, posters were delivered to all our workplaces, branches, and offices, as well as offices and plants of Group companies in Japan and overseas, in accordance with the establishment of the "Quality Policy". The slogan posters represent the president's own opinions on occupational health and safety and quality for the Sumitomo Forestry Group as a whole. "ZERO DEFECTS" means "Zero Defects, Zero Shortcomings, Zero Inadequacies", and it applies to all of the Group's businesses and occupations. Sumitomo Forestry Group Quality Policy is regularly disseminated to all employees through the Sumitomo Forestry Group Handbook and the business intranet, in addition to posting policy posters in easily visible locations.



Sumitomo Forestry Group "SAFETY FIRST, ZERO DEFECTS" slogan poster

ISO 9001 Certification and Human Resource Development

Sumitomo Forestry Group is promoting ISO 9001 management system certification and ISO 9001 "Self-Conformity Declaration*". In order to develop human resources, we provide training for internal auditors, including Group employees, in addition to supporting the implementation of internal audits and training sessions for companies considering the introduction of internal audits. We hosted an ISO 9001 internal auditor training seminar in fiscal 2021, which was attended by 51 employees.

In addition, we have established a "Occupational Health, Safety, and Quality" course on our intranet e-learning site, as well as a new basic course on ISO management systems and ISO 9001 management systems to promote education for quality improvement. We will continue to offer guidance and advice to the entire group to develop and strengthen the system for quality improvement and promote quality-related human resource development initiatives.

In addition, occupational quality-related certificates have been obtained by 80.7% of Sumitomo Forestry Group manufacturing businesses (based on sales).

* Self-Conformity Declaration: An ISO-based management system has been established, operated, and conformed to by the Company.



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Acquisition Status of Quality Management System Certifications (ISO 9001) at Each Group Company

Group companies	Country	Type of certification	Date acquired	Date renewed
Construction Market Development Department, Housing and Construction Division, Sumitomo Forestry	Japan	ISO9001:2015	September 2015	August 2018
Sumitomo Forestry Crest	Japan	ISO9001:2015	March 1999	November 2019
Environmental Greenification Division, Sumitomo Forestry Landscaping	Japan	ISO9001:2015	September 2002	September 2020
The Agro-Products Division, Sumitomo Forestry Landscaping	Japan	ISO9001:2015	March 2020	-
Sumitomo Forestry Home Engineering	Japan	ISO9001:2015	March 2006	March 2021
Sumitomo Forestry Home Tech	Japan	ISO9001:2015	March 2017	March 2020
Cohnan Kensetsu ^{*1}	Japan	ISO9001:2015	September 2011	March 2020
Nelson Pine Industries (NPIL)	New Zealand	ISO9001:2015	July 1993	October 2019
Kutai Timber Indonesia (KTI)	Indonesia	ISO9001:2015	September 1997	September 2019
Rimba Partikel Indonesia (RPI)	Indonesia	ISO9001:2015	June 2003	March 2022
AST Indonesia (ASTI) the first factory	Indonesia	ISO9001:2015	October 2002	October 2020
AST Indonesia (ASTI) the second factory	Indonesia	ISO9001:2015	January 2022	—
Vina Eco Board (VECO)	Vietnam	ISO9001:2015	March 2014	March 2020
Canyon Creek (CCC)	United States	ISO9001:2015	August 2003	March 2022

^{*1} Joined the Sumitomo Forestry Group in January 2021



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Acquisition Status of Product Certifications at Each Group Company

Group companies	Country	Type of certification	Date of certification renewal
Nelson Pine Industries (NPIL)	New Zealand	JAS (LVL)	June 2021
		JIS certification: (MDF)	June 2021
		CARB certification (MDF)* ²	December 2021
		EPA certification (MDF)* ²	August 2021
Kutai Timber Indonesia (KTI)	Indonesia	JAS (Plywood, LVL, laminated engineered wood)	August 2021
		Q-Mark (Door blanks)	June 2021
		CARB certification (PB)	October 2021
		EPA certification (PB)	October 2021
		CARB certification (Plywood)	October 2021
		EPA certification (Plywood)	October 2021
		CE Marking (Plywood)	July 2021
Rimba Partikel Indonesia (RPI)	Indonesia	JIS certification: (PB)	March 2022
		CARB certification (PB)	February 2022
		EPA certification (PB)	February 2022
Sinar Rimba Pasifik (SRP)	Indonesia	JAS (Flooring/laminated engineered wood)	November 2021

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Group companies	Country	Type of certification	Date of certification renewal
Vina Eco Board (VECO)	Vietnam	CARB certification (PB)	July 2021
		EPA certification (PB)	July 2021
		JIS certification: 2014 (PB)	December 2018

*2 Formaldehyde emission standards for specific wood products stipulated by the California Air Resources Board (CARB) and the United States Environmental Protection Agency (EPA)

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Safety and Quality of Products and Services

Product Safety and Quality Management in the Manufacturing Business

Basic Policy

In response to legal requirements and customer requests, we use PDCA cycles as we work to ensure and improve product safety and quality at each stage of our business activities, from planning and product development to production and sales. Moving forward with continuous improvement is a policy we pursue in our manufacturing operations in order to elevate the quality of the products and services we provide.

Product Safety and Quality Control in the Domestic Manufacturing Business

Initiatives in Product Safety and Quality Control

Sumitomo Forestry Crest has established a quality policy based on ISO 9001 as described below. Each facility and division has formulated specific quality targets and action plans in line with our quality policy, and is committed to maintaining safety and improving quality.

Operating in keeping with the 2015 version of the ISO 9001 quality management system, we strive to elevate quality and service by reinforcing its integration with our actual business operations.

[Click here for related information](#)

[!\[\]\(166772600a13ad0a433053f90fe45649_img.jpg\) Sumitomo Forestry Group Quality
Policy](#)



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Sumitomo Forestry Crest's Quality Targets

Sumitomo Forestry Crest has set the following quality targets for fiscal 2022 based on results of the ISO 9001 top management review.

1. Reduction of error claims
2. Implementation of risk assessment according to risk degree of development
3. Thorough management of change points
4. Assessment of check items including testing during design review
5. Development of material-saving construction and implementation of construction verification

Product Safety and Quality Management System

Sumitomo Forestry Crest conducts sampling inspections for each product lot by dedicated quality staff in charge on an integrated production line from raw material selection through processing and coating. Sumitomo Forestry Crest has formed its own quality standards in addition to complying to JIS, JAS, and other standards in order to achieve a higher quality. In addition, Sumitomo Forestry Crest's four factories are also equipped with quality verification facilities specific to the items they produce. Furthermore, they collaborate with the Tsukuba Research Institute, a research institute of Sumitomo Forestry Group, to conduct durability testing under severe operating conditions. Quality management is carried out anticipating the next 10 to 20 years.

Sumitomo Forestry Crest utilizes a quality information management system to represent customer opinions and demands at the production site. In addition, the company has established a system in which, in the event that information on serious defects related to product safety and quality is obtained, a report is delivered from the person in charge to the President within two hours through the emergency contact network, ensuring that manufacturing is carried out in a manner that leverages the information.

Quality Management System

Sumitomo Forestry Crest has been operating with integrated ISO 9001 at its facilities nationwide. To employ a PDCA cycle under a quality management system in accordance with the quality policy, Sumitomo Forestry Crest conducts internal audits of all of its facilities twice each year, external audits once each year, and reviews results from those audits repeatedly to build a strict process management system and manufacture products with a high standard of quality.

Product Certification

Sumitomo Forestry Crest provides wood building materials that meet 4VOC* and formaldehyde emission regulations, as well as JAS certification and ministerial certification, to provide safe and comfortable homes. In addition, we have produced items that have been certified by the Minister of State for their fireproof performance, as well as products certified by SIAA (The Society of International sustaining growth for Antimicrobial Articles) for their antibacterial and antiviral performance.

* 4VOC: (1) toluene, (2) xylene, (3) ethylbenzene, and (4) styrene emitted from building materials

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Promotion of Quality Improvement Activities Based on Quality Promotion Targets

Sumitomo Forestry Crest assigns a specialized quality control manager to each facility to ensure daily quality control and promotes activities for quality improvement, aimed at the quality targets at each facility and division. In addition, we are trying to improve and maintain the management system at each facility and subcontractor plant. We've been able to reduce the number of error claims by more than 40% compared to fiscal 2018, by applying measures including human error measures and adhering to work standards and QC process charts. In addition, quality control managers from each facility conduct mutual quality audits in other facilities in order to maintain and improve quality.



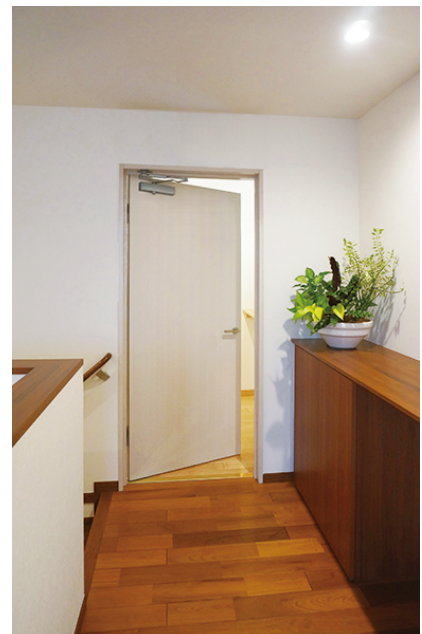
Quality Check in Facility

Responsiveness to Customer Needs, Product Development, and Service

Sumitomo Forestry Crest strives for overall quality throughout the entire space to fulfill customer expectations, from visual aesthetics to simplicity of construction to comfort. Sumitomo Forestry Crest is devoted to developing "genuine" products that delight customers by harnessing its development capabilities, which only Sumitomo Forestry Crest can provide because of its in-depth understanding of the value of wood as a natural material.

Light, Low-Cost and Attractively-Designed Wooden Fire-Prevention Door Using Balsa

Sumitomo Forestry Co., Ltd. has launched full-scale sales of own branded wooden fire-prevention doors, made from "balsa" known as the lightest timber in the world, which are lighter, less-expensive and more attractively-designed than existing products. The product was developed to meet the needs of wooden fire-prevention doors in three- and four-story buildings in urban areas, and in constructions for mixed use such as medical facilities with adjacent accommodation. The doors are also environmentally-friendly products, with the raw material balsa being sourced from plantation timber raised from saplings and processed by a Group company, Kutai Timber Indonesia (KTI).



Own branded wooden fire-prevention doors made from balsa

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Product Safety and Quality Control in the Overseas Manufacturing Business

Initiatives and Framework for Product Safety and Quality Control

Our overseas manufacturing companies have established specific quality targets and activity plans in line with our quality policy, and are working to increase quality and customer satisfaction in accordance with ISO 9001. In addition, we have obtained product certifications such as JIS and JAS, and have formulated quality control policies and standards in accordance with those certification requirements. We conduct quality control on our products in compliance with these policies and standards, and we strive to enhance our quality control system on a regular basis through external organizations and periodic internal audits.

The quality standards of every company are being further improved to provide greater safety by focusing on communication and feedback from our customers about product safety and quality, especially in the production of products for Japan which demands the utmost safety and quality.

Quality Management System

Overseas manufacturing companies have established a quality management system based on ISO 9001. Monthly quality meetings are held to report and address quality complaints, identify reasons and measures for in-process and final product defects, and share quality improvement activities.

Sumitomo Forestry is dedicated to establishing contact channels with its customers in Japan, and also involved in the upkeep of JIS and JAS certificates, as well as the monitoring of compliance with these certifications and assisting with the upkeep of other necessary certifications. Furthermore, the Tsukuba Research Institute, a research institute of Sumitomo Forestry Group's, offers guidance and support on basic testing and manufacturing technologies for product development and quality improvement.

Click here for related information

Acquisition Status of Quality
 Management System
 > Certifications (ISO 9001) at Each
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Acquisition Status of Product
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Safety and Quality of Products and Services

Product Safety and Quality Management in the Housing and Construction Business

Basic Policy

Sumitomo Forestry believes that popularizing high-quality, durable houses as social assets plays an important role in creating a prosperous society. Based on this belief, and taking the opportunity of the enforcement of Act on the Promotion of Long-life Quality Housing in Japan in June 2009, the Company formulated a basic policy for product safety and quality control in its housing and construction business in fiscal 2009.

Basic Policy for Product Safety and Quality Control in the Housing and Construction Business

- Make houses more reliable by improving their basic functions
- Increase future options for layout to accommodate changes in lifestyles
- Enhance maintenance programs to support long-term upkeep
- Monitor information on any production faults, and share information on handling faults promptly

Sumitomo Forestry offers homes that integrate seismic resistance, durability, better insulation efficiency, Net Zero Energy Houses (ZEHs), the promotion of universal design, and easy upkeep to improve all aspects of home performance so as to offer customers homes where they can live in peace of mind and comfort for many years to come.



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Product Safety and Quality Management in the Housing and Construction Business



Design Performance Evaluation

The Company is actively promoting the use of the Japanese Housing Performance Indication System^{*1} for customer peace of mind and safety as well as enhancing the value of property. In fiscal 2021, under the Japanese Housing Performance Indication System, implementation rate^{*2} of Design Performance Evaluation reached 99.5%, Implementation of Construction Performance Evaluation reached 99.3%, and the acquisition of Long-life Quality Housing Certification reached 94.9%.

^{*1} Third-party evaluation system for design performance at the time of design and of construction performance upon completion so that customers can objectively assess the quality and performance of a house

^{*2} The ratio of the number of applications against the total number of detached houses constructed, including extensions and/or alterations (applications for design and construction performance evaluation, January 01, 2021 - December 31, 2021) in the Housing and Construction Division

Japanese Housing Performance Indication System Implementation Rate^{*}

	FY2018	FY2019	FY2020	FY2021
Design Performance Evaluation	99.0%	99.1%	99.4%	99.5%
Construction Performance Evaluation	98.4%	98.8%	99.3%	99.3%

^{*} The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.



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Long-life Quality Housing Certification

Sumitomo Forestry sets the standard specifications for its Sumitomo Forestry Homes to exceed the highest level of Long-life Quality Housing^{*1} certification conditions^{*2} (applying the evaluation under the Japanese Housing Performance Indication System). From product development through to construction and after-service, the Company has established its framework for product safety and quality control in order to deliver high quality homes with superior overall balance.

^{*1} A life-long housing certification system of Ministry of Land, Infrastructure, Transport and Tourism which aims to popularize housing that will help realize a society that values its housing stock.

^{*2} Detached housing is evaluated for durability, seismic resistance, ease of maintenance and energy efficiency in accordance with the Japanese Housing Performance Indication System.

Ratio of Houses Certified As Long-life Quality Housing for New Custom-Built Housing*

	FY2018	FY2019	FY2020	FY2021
Ratio of Houses Certified As Long-life Quality Housing for New Custom-Built Housing	93.8%	94.4%	94.7%	94.9%

* The aggregation period for fiscal 2020 is April to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

Excellent Long-Term Housing Standards and Standard Performance of Sumitomo Forestry Home Houses

Certification Type		Certification Criterion	Standard Performance of Sumitomo Forestry Home Houses
Durability	Long lasting	Rating measures for deterioration class 3	Equivalent to highest level 3
		Measures to allow regular inspection	
Seismic Resistance	Strong to earthquake	Rating of earthquake resistance 2 or higher	Equivalent to highest level 3
Maintenance Requirement	Easy maintenance home	Rating measures for maintenance level 3	Equivalent to highest level 3



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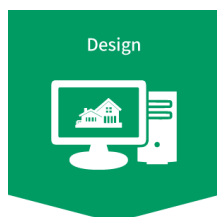
Certification Type		Certification Criterion	Standard Performance of Sumitomo Forestry Home Houses
Energy conservation performance	The house must be thermally insulated	Rating measures for energy- saving performance 4	Equivalent to highest level 4

* The higher the rated level, the better evaluated

Framework for Product Safety and Quality Control



- Undertaking development such as new technology, materials, housing products and lifestyle proposals based on consumer needs and owner surveys.
- The Housing and Construction Division and Tsukuba Research Institute are collaborating in experiments at validation facilities and testing of prototypes, promoting the creation of products that incorporate customer feedback, including even in the details of guarantee



- Sumitomo Forestry uses a unique system to check design and structure at the time of contracting and through the final design stage.



A dedicated designer
responsible for the work



- The Materials Selection Subcommittee, which meets once every month to decide upon all materials, conducts design reviews. All materials are checked to ensure that they meet the acceptance and quality standards set by the Tsukuba Research Institute and the Materials Selection Subcommittee.
- After approved by the Materials Selection Subcommittee, materials are subjected to a further design review after actual on-site use (approximately two years later) to confirm whether the planned quantity can be shipped and whether or not there are any quality defects.



- Sumitomo Forestry centrally manages and shares up-to-date information on the construction, process management, quality control and safety management of each building through its own site management system.
- Each on-site operator, contractor manager and construction manager during such stages as foundation, construction and completion, conducts inspections which are managed using a construction management record. Additionally, the Head Office inspection division checks the status of the inspection and management.



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After-Sales Support

- Sumitomo Forestry includes 30 years of free regular inspections with its homes. After the first 30-years, Sumitomo Forestry provides paid maintenance constructions according to maintenance plans and, if customers extend the building warranty every 10 years, these free regular inspections continue for up to 60 years to ensure the long life of these valuable homes.
- Sumitomo Forestry has developed a 60-year Maintenance Program that offers renovation and maintenance proposals and manages maintenance records in order to support its customers.

**Regular Inspection****Renovation**

- The performance and reliability of Sumitomo Forestry's proprietary materials used in anti-seismic reinforcement and so on are verified at the Tsukuba Research Institute. In addition, we are advocating seismic retrofitting by undergoing a technological evaluation of the Japan Building Disaster Prevention Association.

Seismic Resistant Housing

The Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake as well as a recent major earthquake in Kumamoto have been among the disasters that have wrought enormous damage in Japan. In addition, major earthquakes are forecast to occur in the Nankai Trough, resulting in year-by-year increase in demand for seismic resistance for wooden houses.

In response to customer need for seismic-resistant houses, Sumitomo Forestry Home Tech has developed original construction methods that enable heightened seismic resistance without diminishing high levels of the home's structural strength, workability or insulation efficiency, such as installation into existing floors and ceilings without any removal and disposal.

Development of K-shaped Corner Braces and Hyper Panels

K-shaped corner brace bearing walls use 24 mm thick structural plywood that is in order to store 75 mm thick glass-wool insulation inside. This method has great workability because the materials are light, and it underwent a technological evaluation by the Japan Building Disaster Prevention Association (6.0KN/m² standard bearing wall).

Hyper Panels reduce removal work by only having to remove the gypsum board between existing flooring and ceilings. Hyper Hard T (Yoshino Gypsum Co., Ltd.) improves workability by dividing a high-strength board into three pieces for installation so that each board can be put in place as is. Three pieces of the board for installation enhances the bending strength without the board breaking. The

**Corner Brace Panels**

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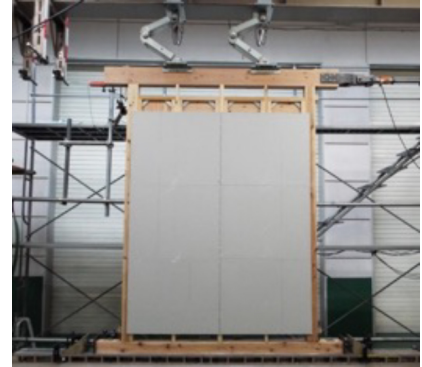
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method also got a technological evaluation by the Japan Building Disaster Prevention Association (6.9 KN/m² bearing wall for the standard type).

Moving forward, we plan to develop new vibration dampers that can reduce earthquake damage to buildings to the greatest possible extent.



Hyper Panels

Construction Method (BF Construction Method)

Sumitomo Forestry started selling the Big-Frame Construction Method (BF Construction Method) as a product for three-story building products in February 2005 and expanded this method to two-story products in October 2009 as well as to products with fire-resistant specifications in four-story buildings in April 2015. Thereafter, as awareness of customers grew about risks such as disasters, the BF construction method that had further evolved to provide greater strength in high seismic resistance matched customer needs and is now one of Sumitomo Forestry's main products.

The proprietary BF construction method from Sumitomo Forestry is the first in Japan to realize the wooden beam Rahmen structure, which is used in high-rise buildings, in wooden houses.

The Rahmen structure is designed to stand up to horizontal forces such as earthquakes and wind through rigid-joints that unify the columns and beams with the fixings. The BF construction method uses big columns with a large cross-section of 560 mm which is equivalent to roughly five standard 105 mm columns and incorporates structural materials in addition to a combination of metal-to-metal joints to achieve a robust Rahmen structure. The beams and bases of the big columns join strongly thanks to the metal-to-metal joints.

This brings about horizontal vibration resistance equal to a 22.4 (times/meter) shear resistance of walls. We ensure seismic resistance while being able to provide both large spaces and wide openings.

In addition, expanding and introducing a variety of original technology can support an even wider range of design requirements. Twin-bolt columns (shear resistance of walls equivalent to 33.6 times/meter) that doubles metal joints as well as double-large columns that layer two large columns (shear resistance of walls equivalent to 44.8 times/meter) provide freedom in floor plans and more spaciousness even on land with many restrictions. The pre-stressed timber beams are large-span beams enable the design for built-in garages ready for parking multiple vehicles, large open living rooms, multi-dwelling homes in addition to a wide range of other purposes.

Sumitomo Forestry conducts vibration tests on verification models of structural framework, using the BF construction method as well as full-scale structures to examine seismic resistance in anticipation of a large-scale earthquake.

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The full-size verification model for a three-story building constructed with the BF construction method cleared testing for vibrations of a maximum acceleration of 2,699 gal, which is equivalent to the Great East Japan Earthquake (3.3 times the Great Hanshin-Awaji Earthquake). Our technology has been proven tough through a total of 22 harsh vibration tests; two of which were conducted at a magnitude of 7 equal to the Great East Japan Earthquake and 20 of which at a magnitude of 7 equal to the Great Hanshin-Awaji Earthquake. We also estimate strong aftershocks after a massive earthquake by implementing a repetition of a total of 246 vibration tests. We have repeatedly conducted testing with strong vibrations from a magnitude of 4 to a magnitude of a weak 6 and beyond to magnitude of 7 to ensure continued seismic resistance of the structural framework.

In this way, the BF construction method responds to the needs of customers with powerful structures to bring security as well as flexible designs able to provide comfortably spacious spaces.



Strong Big Column with a Width More Than Five Times a Standard Pillar



Realizing a Robust Rahmen Structure via Metal-to-Metal Joints

Promotion of Universal Design

Sumitomo Forestry is a pioneer in establishing soft closers for all indoor furnishings such as sliding doors and hinged doors as an initiative to increase the safety of residents. In addition, an all flat design that does not create any level differences in flooring is now a standard specification while convex corners for inner walls and wall-mounted convex sections have an R-shape specification around living spaces and halls. We have set the standard specifications for the width of hallways to 780 mm to allow the use of assistive wheelchairs with the assumption that wheelchairs and care will be necessary in the future. We also flexibly respond to customer requirements through a freedom in design that includes slopes to entrances and the installation of home elevators.

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In addition, anti-virus requirements are utilized for the handrails at the entrance, stairs, and toilets, which are frequently handled on a regular basis, and antibacterial specifications are used for coping in front of the kitchen near cooking area.

Furthermore, Sumitomo Forestry is placing its strength in the design of living spaces to satisfy the needs of customers such as development of stairs with enhanced visibility, heat shocks, and the Air-Dream Hybrid total air conditioning system that reduces house dust and realizes a comfortable space without any temperature fluctuations. Sumitomo Forestry also provides comfortable bedroom environments with original wooden interiors that have indirect lighting to offer better sleep quality and reduce fatigue in indoor environments perfect for sleeping.



Received KIDS DESIGN AWARD in
FY2010



These stairs provide safety-type resin-joint steps with greater visibility than standard stairs. Received KIDS DESIGN AWARD in FY2012



Indirect lighting of wood offers better sleep quality and reduces fatigue. Received KIDS DESIGN AWARD in FY2016 (Survey and Research Category)



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Safety and Quality of Products and Services

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

Initiatives of Product Safety and Quality Control in MOCCA (Timber Solutions) Business

Sumitomo Forestry broadly promotes the MOCCA (Timber Solutions) Business that proposes wooden construction also in nonresidential fields such as commercial complexes and public facilities. The MOCCA (timber solutions) Business of the Construction Business Sub-Division, Housing and Construction Division, provides high-quality buildings with consideration for user health, safety, and comfort via wooden architecture, and it obtained the ISO 9001 in September 2015 in response to customer expectations. Each plant sets tangible quality targets and a business expansion plan to attain maintained safety and enhanced product quality.

Click here for related information

> [Sumitomo Forestry Group Quality Policy](#)

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

The MOCCA (timber solutions) Business of the Construction Business Sub-Division, Housing and Construction Division, consolidates the quality management system under the aforementioned policy and is building a strict process management system. The Department also conducts biannual internal audits at construction sites to follow the PDCA cycle incorporated in the quality management system as stipulated by ISO9001. We have been highly praised by third parties for providing higher quality construction with recognition that includes the Wood Design Award and Good Design Award.

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Awards received in fiscal 2021

- Contest for excellent use of wood in building facilities in fiscal 2021
 Forestry Agency Director-General Award
 Building name: Toho Gakuen Munetsugu Hall
 Constructor: Joint Venture of Maeda Corporation and Sumitomo Forestry
 Date of Award: October 29, 2021
- Wood Design Award 2021 Lifestyle Design Category
 Building name: Toho Gakuen Munetsugu Hall
 Constructor: Joint Venture of Maeda Corporation and Sumitomo Forestry
 Date of Award: December 8, 2021
- Wood Design Award 2021 Lifestyle Design Category
 Building Name: Tenobe Takadaya and Marukatsu Takada Shoten
 Constructors: Sumitomo Forestry and Marukatsu Takada Shoten Corporation, graf
 Date of Award: December 8, 2021
- Wood Design Award 2021 Heartful Design Category
 Name of the building: Dogo Hot Springs, Katsuragi Koto no Niwa
 Constructor: Joint Venture of Sumitomo Forestry and BRC Construction Company
 Date of Award: December 8, 2021

Click here for related information [External Recognition](#)

➤ External Recognition



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Communication with Our Customers

Housing and Construction Business Initiatives

Basic Policy

Sumitomo Forestry provides proposals for ideal home building to customers who are thinking about buying a home through continuous communication with useful and effective information offering.

With spread of the new type of coronavirus disease(COVID-19), information dissemination through digital content has become a mainstay. Sumitomo Forestry is strengthening communication through digital content, such as live broadcasts of actual examples via SNS, which can be easily viewed as a means of disseminating information on home building, and the "MYHOME PARK" web content, which allows users to view the woodiness that characterizes Sumitomo Forestry homes, as well as technology, performance, ZEH, and design capabilities anytime and anywhere they like.

In addition, showrooms and exhibition sites where visitors can see and touch rich woody materials and other materials with their own eyes, as well as completed homes and structural sites, are individually guided with sufficient infection control measures.

In addition, Japanese housing policy is encouraging the standardization of excellent long-term housing and Net Zero Energy Houses (ZEH) to transition to emphasis on the importance of creating high-quality stock which is easy to maintain so that each house can be valued and lived in for a long time. Sumitomo Forestry conducts housing maintenance and replaces equipment in addition to providing appropriate proposals such as exterior renovations to sustain comfortable living in the long term for every owner. We are able to create opportunities such as consultation and inquiries through ongoing communication at owners events held in each location throughout Japan in addition to sustaining ongoing asset value through long-term support for the comfortable living of our customers.

A Dedicated Team to Realize Your Ideal Home

Sumitomo Forestry offers a unique application system that realizes ideal home building.

Once a customer applies, we meet to discuss everything from the exterior and room plan to the interior and housing exteriors with a home building team dedicated to the customer made up of a person in charge of sales, design, interior design, production and housing exteriors. At the point of application, each person with expert knowledge inquires about the requirements for the home such as the budget, family composition, lifestyle and any other areas of emphasis to help achieve the ideal home in all respects.

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In addition, customers are individually guided to actual construction sites and completed houses with adequate infection control measures, so that they can visualize a realistic home and realize their ideal home building. The website MYHOME PARK features videos showing actual construction sites under construction and completed homes, allowing visitors to experience Sumitomo Forestry's homebuilding in the comfort of their own homes.

Sales of Home in-line with Various Needs and Lifestyles

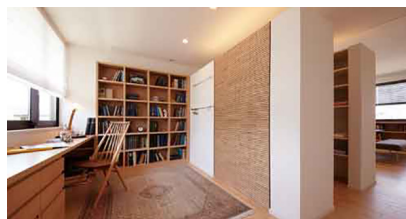
Sumitomo Forestry proposes housing to a broad range of customers from first time home buyers to married couples that plan to live with their children in multi-generational homes or who plan to live as a couple after their children are grown.

In response to needs such as efficient traffic lines and room plans easy for families to interact as well as storage ideas and the latest equipment, DUE CLASSO custom-built housing for double-income families proposes Saku-kaji (prompt housework), Tomo-kaji (housework together) and Shin-kaji (new housework). These innovations are plentiful and help families spend a wonderful time together in this important space created through family cooperation. DUE CLASSO helps create a living space to achieve a leisurely lifestyle in both personal and professional life.

In addition, each of the more than 1,000 carefully selected plans in "Forest Selection BF" is a concentrated collection of ideas for living that only Sumitomo Forestry can offer, allowing customers to choose a home that meets their needs and lifestyle from a wide range of options.

Both of these products promote ZEH specifications to provide living spaces that value the lifestyle environment as well as the global environment.

In addition, in response to changes in lifestyles caused by the spread of the COVID-19, we offer ideal homes with a variety of design capabilities that fully utilize the power of wood to help you concentrate and relax, so that you can comfortably enjoy your new daily life, including how you work and spend your time at home, and how you care for your health and cleanliness.



New everyday



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Model Homes/Showrooms

Sumitomo Forestry has expanded its model homes to roughly 280 sites and its showrooms to about 80 different locations. Technology housing display centers in Tokyo, Osaka and Nagoya also specialize in appealing to the technological and performance features of Sumitomo Forestry Homes. Each model home and showroom has taken measures to provide an environment where customers feel safe as the world faces the COVID-19 through comprehensive measure to prevent the spread of the infection. Some of these measures include reservations before visiting a model home and online consultations.

Model Homes

The model homes offer a wide variety of one-, two-, and three-story structures so that customers can experience the appeal of a home that meets their needs.

1. High-quality Luxurious Wooden Spaces

Sumitomo Forestry's model homes use an abundance of famous Japanese and world-renowned precious woods for flooring materials, while walls, ceilings, and fittings are also designed with high-quality wood materials, allowing visitors to experience an overwhelmingly woody space. The wooden interior materials, which have been carefully selected and evolved by skilled craftsmen, are known as "PRIME WOOD," and provide a high-quality atmosphere that can only be experienced in the actual space.

2. Design Proposals Founded in Comfortable Living

The strength of a structure is obviously important in a home, but a room plan, flow planning and storage plan as well as other aspects to provide comfortable lifestyles is also vital to every family living in the home. Visitors to these model homes can see the innovative room plans and ease of cleaning provided by Sumitomo Forestry with their own eyes. For example, families with children can also get a picture about raising their children there, including proposals for floor plan and children room as well as a study corner perfect to raise children. These families can also get a feel for high quality wood spaces accommodating work at home thanks to workspaces that take advantage of wood properties that help enhance concentration.

3. Environmentally Conscious Design and the Latest Equipment

Sumitomo Forestry is revolutionizing design with the Ryouonbou design concept. This design concept aims to incorporate the soothing qualities of nature and facilitate a lifestyle which does not rely too much on air-conditioning and heating systems. Everyone can see the actual innovations at our model homes, such as a design to create airflow from the south to north of the home with wonderful light via deep eaves. Some model homes are equipped with the latest environmental equipment, such as solar power generation systems, household fuel cells, and HEMS, as well as whole-house air conditioning systems.

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Yoshijima Model Homes (Hiroshima Branch/Hiroshima)
Opened in June 2021

Showrooms

Sumitomo Forestry's showrooms allow visitors to experience and check the actual materials and equipment used in each component. The showroom offers a wide variety of water-related equipment such as kitchen systems, bathrooms, and washbasins, as well as curtains, wallpaper, interior materials, furniture, and exterior components such as exterior walls and entrance doors. You can see, touch, and compare them to get a concrete idea of what your home will look like.

1. Large Exhibition of a Variety of the Latest Equipment

We exhibit system kitchens from multiple product manufacturers. Design features from the sink tops to the color and texture of doors from different manufactures can be examined while comparing the storage space and convenience. In addition, a large number of bathrooms and washstands are also on display, allowing visitors to check out the water features while envisioning how easy it would be to perform household chores in their daily lives.

2. Total Coordination of Interiors and Exteriors

To meet a variety of needs, a wealth of floor materials, doors and windows, furniture and more are on display together with curtains and wallpaper with a wide variety of colors and patterns. We also have brought together a broad line-up of exterior materials for entrance doors and external walls to help visitors solidify their exterior images, which can offer coordination for the entire home.

Everyone can get a distinct individual feel with wood that varies in color and look for each tree species. The showrooms make available floor materials in addition to a broad range of other interior and exterior materials. Each person can experience the look and actual feel of these materials from the touch to texture which cannot be felt in catalogs or on websites.

3. Exhibition of the Housing Structure and Latest Environmental Devices

Structure of a house is displayed in an easy-to-understand manner. The unique "BF construction method" features a main structural material that is about five times thicker than a typical pillar and is secured with strong metal, providing a high level of earthquake and wind resistance. In addition, we have the latest environmental devices on display, such as solar power generation.

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Utsunomiya Showroom



Fukuoka Showroom

Technology Model Homes

The technology housing display centers are dedicated to promoting technology and performance features of "Sumitomo Forestry homes." These exhibition houses creatively explain excellent competencies of wooden houses and structural features of the Big Frame Construction Method—Sumitomo Forestry's own building method that is Japan's first wooden beam Rahmen structure—so that visitors are able to understand the basic structures of the homes through direct exposure.

Both in fiscal 2020 and fiscal 2021, despite continuing impact of the COVID-19, a cumulative total of 2,552 visitors came to our technology model homes in Tokyo, Osaka, and Nagoya.



Outside of Technology Model Homes

Respect for and Application of Customer Feedback

Customers First Initiatives

Sumitomo Forestry has established the Customer Relations Office as a Group-wide customer consultation service. Communicating the opinions and complaints of customers, including neighboring residents, to improve each department as well as management is an important mission for the Customer Service Department in enhancing customer first actions even further. The Customer Service Department holds periodic meetings and working groups with each business division and Group company as well as shares information to provide high-quality products and services which will bring sensation to our customers. The Department discusses the issues and examples of solutions to bring together as specific measures. The measures then are executed throughout the Group, and the Customer Service Department regularly evaluates progress and efficacy of the measures, and undertakes reviews and corrective actions, in line with the PDCA cycle.



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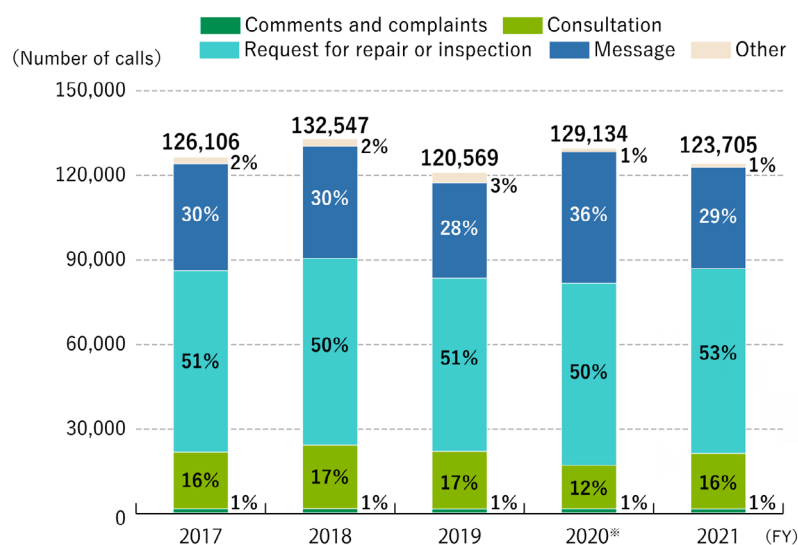
In addition, in order to raise employee awareness, we use our internal website to regularly disseminate to the company and Group company information on how to improve customer satisfaction that can be implemented on a daily basis and heartwarming case studies called "Your Kirari" Selection for the "Your Kirari Award" is conducted every year, and the impressions and insights of pleased customers are made public to Group employees. By having employees share their impressions with each other, they accumulate as a shared asset for the entire Group. In addition, in order to prevent recurrence of defects, we regularly disclose contents of customer comments, opinions, and consultations we receive, as well as the results of our analysis and responses to them. The support for internal training and one-on-one meetings with Group companies are also provided.

Operation of Sumitomo Forestry Call Centers

Sumitomo Forestry established Sumitomo Forestry Call Centers that open 24 hours a day 365 days a year toll free as a consistent dedicated helpline throughout Japan that allows immediate support such as an emergency response lifeline to assist our customers. The telephone number is distributed on magnet cards given to home owners at delivery and shared on owner dedicated websites, in magazines and other mediums so that this helpline will be used broadly by our customers.

Presently the centers are located in Tokyo and Okinawa, and are linked together, shortening wait times for customers who call via the unified national free-dial number. Moreover, in response to the COVID-19, we moved and expanded office space to better the workplace environment for operators. In fiscal 2021, due to spread of the COVID-19, a number of products were difficult to replace with new ones, and we responded with parts replacement and alternative products. We will continue to strive to improve customer satisfaction by promptly responding to customer requests and consultations.

Sumitomo Forestry Call Center Inquiry Breakdown (Trends)*



* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.



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Customer Surveys

At Sumitomo Forestry, in order to provide our customers with even greater satisfaction and service, we conduct questionnaires three times during when residents move into their home and the second and tenth years of moving in, and receive the opinions and impressions of the owners.

The survey questions primarily elicit responses about specifications, design, building materials, systems and fixtures, and the support service provided by the staff. The Company then statistically processes and analyzes these results, and applies any findings to product development and employee training.

We strive to improve customer satisfaction through direct customer contact gained from the comments received in these surveys, which are then shared with all of our relevant departments.

Each branch collects and ranks items determined by the people in charge of sales, design, interiors, production, and housing exteriors to judge the level of customer satisfaction. Our headquarters forwards the results of these rankings to each branch every three months. Each branch then aims to improve overall customer satisfaction while doing everything in their power to revise measures accordingly based on the results.

In fiscal 2021, the satisfaction ratio in these surveys was 97.4% in the survey of new owners, and 95.7% in the survey of second-year owners. Furthermore, Sumitomo Forestry has adopted the Net Promoter Score (NPS)* advocated by the housing industry for the purpose of enhancing customer satisfaction. In October 2017, we revised the five stage evaluation to an 11 stage evaluation for the questions above.

We will continue to provide high-quality products and services which bring sensation to our customers by further leveraging customer feedback through the NPS survey analysis.

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

Communicating Information to Customers

Website Operation and Magazine Publication

Sumitomo Forestry operates its clubforest special website for owners of Sumitomo Forestry Homes. As of December 2021, about 145,000 owners had registered as members.

Through a variety of content on the site, we provide information that is useful in helping members get more enjoyment and comfort out of their lives as homeowners. The site offers various contents such as a page where members can see photos of the construction site as its progresses, exclusive sales pages where only owners can purchase Sumitomo Forestry Home products at special discount prices and a 24-hour inquiry that accepts requests for building repairs.

Lovely Family is a home and lifestyle magazine published twice a year. It also features details about Group company activities such as renovation and utilization of lands. About 310,000 prints were issued for each issue in fiscal 2021.

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The cover of "Lovely Family", spring
and summer 2021 issue



Progress check page in clubforest



The cover of "Lovely Family", fall and
winter 2021 issue



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Communication with Our Customers

Lifestyle Services Business Initiatives

Contributing the Super-Aging Society Through Our 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. The rapidly advancing trend toward a super-aged society is one of the most critical social issues Japan faces. In addition, concentration of the population in Tokyo and depopulation of rural areas due to declining birthrate and aging population have become nationwide issues. Sumitomo Forestry is promoting initiatives to help resolve these issues. In order to address this issue, we are making use of the experience and knowledge in creating comfortable living spaces that we have cultivated in the housing and construction business. We apply this know-how as we strive to enhance both quality and quantity in implementing various services centering on enabling the elderly to continue living with vitality for every possible day in safely living environments.

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

Expanding Services for Customer Need

Sumitomo Forestry provides long-term care for the elderly through Sumirin Fill Care Co., Ltd. and Sumirin Care Life Co.

Nursing Care Service Business for the Elderly

Sumirin Fill Care provides comprehensive services to each resident through staff arrangement that exceeds the number required under nursing care insurance standards. As of December 2021, the company has six facilities with 766 rooms offered for the elderly with nursing care. The company is operating a total of three day-care facilities for the elderly.



Gran Forest Gakugei Daigaku



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Sumirin Care Life Co. has operated three large-scale private-pay elderly care facilities in Kobe that combine independent living and nursing care services up until now. Sumirin Care Life has at least double the number of staff on duty as required under nursing care insurance standards. The company provides a high level of overall services with staff on site 24 hours a day and partnerships with participating general hospitals at all of its facilities. The quality of service has earned high praise from external institutions. Elegano Nishinomiya, a private-pay elderly care facility (elder residential facility) with 309 rooms and peripheral services, opened in Nishinomiya City, Hyogo Prefecture in May 2020. Elegano Nishinomiya brings the number of living spaces available in combination with the existing four facilities to a total of 998 rooms. The company also operates a total of seven Service Stations offering in-home nursing such as visiting nurse services, and day-care services.

In this way, we have been further expanding the number of rooms provided in recent years to bring our high-quality Group services to an even larger number of customers. The Mid-Term Sustainability Targets have set a goal to expand the number of living quarters provided to 1,842 rooms. As of fiscal 2021, these two Group companies provide 1,764 rooms.

The coronavirus disease (COVID-19) has been spreading throughout the world since fiscal 2020. The two Group companies above have made preventing the spread of the virus their top priority while striving to appropriately care for residents and provide high-quality services.

The total number of living spaces
FY2024 Target

1,842rooms

The total number of living spaces
FY2021 result

1,764rooms

Efforts to Help Extend Healthy Lifespans from the Customer's Perspective

—Providing Health Management Services Employing ICT—

The segment of the population requiring nursing care is expected to increase drastically from 2025, when all members of the Baby Boomer generation will have reached old age. As such, attention is focusing on a wide range of efforts to help the elderly maintain activities for daily living (ADL) and extend their healthy lifestyles.

Sumirin Fill Care has been adopting the ICT-equipped Life Rhythm Navi⁺ Plus Doctor resident monitoring system since fiscal 2016. The system analyzes data from numerous sensors such as bed sensors, motion-detection sensors, and temperature/humidity sensors. It provides a detailed real-time grasp of the interior environments of living spaces, as well as residents' sleep states and activities, converting all of this information into data.

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Bringing "visibility" to resident monitoring data in this way can be useful in preventing falls and in keeping up on the condition of each resident. This data makes it possible to effectively maintain and improve the medical condition of each patient.

Implementing the system in conjunction with nursing care tracking systems and nurse-call functions also enables sharing of information from residents and collaboration among staff to rapidly respond to any changes in a resident's condition, which is expected to help reduce staff workloads.

Through these efforts, average occupancy rate remained high at 96.3% as of the end of fiscal 2021, despite restrictions on sales activities due to the impact of the COVID-19.

* Life Rhythm Navi is a registered trademark of EcoNaviSta Ltd.

Elderly Living Spaces Combining Sumitomo Forestry Group Living Environments and Nursing-care Expertise

—Elegano Nishinomiya—

Elegano Nishinomiya is a mixed-use facility combining our own nursing-care insurance business. The facility also offers a lifestyle program that brings the peace of mind necessary for nursing-care to a wide range of residents from those living independently to those needing assisted living or nursing care. A variety of innovations are intended to help all residents live more energetic lives.

These facilities employ the living environment expertise cultivated at the Sumitomo Forestry Group. The vaulted dining room where daily meals are served has a private Japanese-style dining space where residents may share meals with their family surrounded by the warmth of wood. Elegano Nishinomiya also incorporated housing exteriors and a promenade (playground) emanating the feel of the changing seasons through a design created with the help of Sumitomo Forestry Landscaping. On the care floor terrace for residents requiring long-term care, there is a garden with flowers to enjoy while sitting in a wheelchair. These ingenuities bring the joy of green spaces to everyone. The nursing-term care living spaces are equipped with bedside tables that encourage more pleasant sleep through the power of wood and indirect lighting (founded in research and development results from the Tsukuba Research Institute). In addition, all units are equipped with emergency call and Wi-Fi for a safe, secure, and comfortable living environment.

More enhanced medical support is available to all residents from neural examinations through an MRI for the early detection of dementia and tumor marker tests that help with the early diagnosis of cancer. To maintain the health of residents, the exercise room provides water beds that offer massages through the power of water and various other prevention training machines right for seniors in addition to lessons from sports instructors.



Exterior view of Elegano Nishinomiya



Vaulted Dining Room



Outdoor Terrace to Easily Enjoy the Garden Even in a Wheelchair

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Liberal arts programs offer everything from games like go and mahjong to pottery, watercolor painting, calligraphy and flower arrangement classes. Skilled artisans teach the programs that residents can choose from various times throughout the day according to their skill level and health whether beginner or a person who requires long-term care. College and graduate students majoring in music from Kobe College also perform regular concerts.

Sumirin Care Life enhances living environments so that each resident can live life in their own way. We are also advancing even more high quality services by unifying nursing-term and nursing staff, external medical institutions, expert teachers, nutritionists, care managers and many other professionals.



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Business initiatives that contribute to regional revitalization

Business initiatives that contribute to regional revitalization

Contributions to Regional Revitalization Through Our Business

Sumitomo Forestry Group aims to create value for shared benefit by addressing social and environmental issues through integration of Group resources and existing businesses.

Contributions to Regional Revitalization Through Our Business

Sumitomo Forestry Group is participating in lodging and accommodations business of "VISON", one of the largest commercial facilities in Japan, which just opened as a new enterprise tied to regional revitalization in Taki-cho, Mie Prefecture. As joint venture of Vison Hotel Management Co., Ltd., in which Sumitomo Forestry, H.I.S. Hotel Holdings Co., Ltd. and Aqua Ignis Co., Ltd., HOTEL VISON and Hatago VISON was opened in 2021.



Exterior View of HOTEL VISON

In the Taki-cho, Mie Prefecture, which is blessed with bountiful seafood from the mountains and sea, VISON HOTELS is located next to "VISON", one of Japan's largest commercial complexes, where tourists may enjoy health, food, and knowledge. There are a total of 201 rooms at the hotel, including 6 villas, 155 hotel rooms, and 40 inn rooms. Guests staying at the hotel have access to various restaurants, shopping, and hot bath facilities, allowing them to fully enjoy their trip within "Vision". Sumitomo Forestry Group positions this project, an industry-government-academia project for regional revitalization, as a model for circular local communities and a recycling-oriented community and town. The development and operation of the accommodation facilities will increase the number of tourists and other visitors to the area, resulting in the local economy being revitalized and new jobs being created. Taking this opportunity, we will promote initiatives for regional development by harnessing know-how of existing businesses while effectively utilizing the distinctive resources and culture of the region.

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Renovating to Improve Asset Value

Sumitomo Forestry Group has completed an extension to storage room of Setsuryosha Museum of Art in collaboration with K & E Co., Ltd. of Kumagai Gumi Group. The Setsuryosha Museum of Art established by the Arts Growth Foundation "Setsuryosha," founded by KOMERI Co., Ltd., a nationwide home improvement retailer, is a purely Japanese-style art museum that debuted in Niigata City in 1994. The museum exhibits works of art collected by Mr. Kenichi Sasage, who was the president of KOMERI Co., Ltd. at the time of the opening of the museum. Originally, plans were underway to create a home improvement center on this land, but when it was revealed that it was the original location of Shinran Shonin's "Yakifuna" (Burned fish), it was determined to build a Japanese garden and an art museum to preserve this historically significant site.

"Setsuryosha Firenze Prize Exhibition" is annually held by the Setsuryosha Museum of Art, to discover young exceptional artists working in Japan. The museum was asked to expand the storage room on the Hasuike Pond on the east side of the museum, due to a lack of storage space, resulting in the realization of an unusual national "Architecture on the Pond". The exterior view features "Namako Walls" and impressive eaves that were faithfully reproduced to match the existing buildings, while the interior is elaborately decorated with solid paulownia wood to manage humidity. Despite the unusual circumstances, the project was completed after a bit more than nine months of construction.



Exterior View



Interior



Furniture Proposal



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Supply Chain Management

Supply Chain Management

Basic Policy

The Sumitomo Forestry Group recognizes its duty to ensuring human rights and addressing environmental issues in the supply chain of its businesses. We are contributing to the realization of a sustainable society throughout the entire supply chain by promoting the standardization of certified wood in the market.

For procurement, our Wood Procurement Philosophy and Policy was revised and renamed to the Sumitomo Forestry Group Procurement Policy in 2015. In 2017, also we drew up the Sumitomo Forestry Group Code of Conduct, which was expanded to include the supply chain. Through this and other measures, we have reinforced our Group-wide efforts.

Sumitomo Forestry Group Procurement Policy

The Sumitomo Forestry Group has been committed to responsible wood procurement activities by establishing Wood Procurement Standard and Wood Procurement Philosophy and Policy in 2005 and 2007 respectively. In 2015, with the Sumitomo Forestry Group Procurement Policy, we expanded our scope beyond wood to include a wide range of other procured products, such as metals, ceramics, resin and other building materials, and based on this policy, are engaged in procurement activities that take into consideration the economy, society and environment.



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Sumitomo Forestry Group Procurement Policy

The Sumitomo Forestry Group utilizes wood as a renewable natural resource in its business operations. To contribute to a sustainable society, we are committed to procurement activities that take into account economic, environmental and societal interests and comply with the following policy:

1. Procurement based on legal and highly reliable supply chains

Our procurement activities will strictly adhere to all relevant laws, regulations and societal norms, and be built on mutual understanding and trust with our business partners. Furthermore, to provide the highest quality products and services, we will work with our business partners to ensure that our procurement takes place within a sound and fair supply chain.

2. Procurement based on fair opportunity and competition

We will provide all our suppliers, both Japanese and foreign, a fair opportunity for business. Selection of our business partners will be based on a comprehensive evaluation of the company's reliability and technological expertise, the product's quality, economic efficiency, delivery date and environmental performance, and the company's CSR (Corporate Social Responsibility) initiatives, such as advocacy of basic human and worker rights, anticorruption efforts and so on.

3. Procurement of sustainable timber and wood products

Wood is a renewable natural resource. To actively utilize it, we will work with our business partners on the following initiatives related to the procurement of timber and wood products:

- Procure timber from forests that are sustainably managed
- Work to improve the traceability of procured timber and wood products
- Strictly adhere to the laws and regulations of the countries and regions we log in, protect biodiversity and forests with high conservation value, and respect the cultures, traditions and economies of regions that coexist in harmony with forests.

4. Communication

To ensure the transparency of our procurement efforts, we will disclose information appropriately. In addition, we will communicate with our stakeholders to further improve our procurement activities.

President and Representative Director
Toshiro Mitsuyoshi



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Green Procurement Guidelines (extract)

Evaluation Items

1. Corporate activity assessment (evaluation of sustainability initiatives)

a. Environmental aspects

- i. Formulate policies related to environmental symbiosis.
- ii. Set up departments to promote environmental symbiosis and appoint managers.
- iii. Raise awareness of policies related to environmental symbiosis among employees.
- iv. Confirm understanding of and compliance with environmental laws and regulations related to business operations.
- v. Promote proper use of water resources and measure the amount of use.
- vi. Store, handle and process any hazardous chemical substances (including specified chemical substances, radioactive materials, and biological substances) used by the Group in accordance with a management manual, laws, and any other relevant regulations.
- vii. Properly manage and process waste in accordance with laws and regulations.
- viii. Promote proper use of energy and measure greenhouse gas emissions.
- ix. Formulate greenhouse gas reduction plans.
- x. Make every effort to protect biodiversity and the ecosystem.

b. Social aspects

(a) Overall Corporate Social Responsibility (CSR)

- i. Formulate policies and standards for Corporate Social Responsibility (CSR) initiatives.
- ii. Establish departments to promote Corporate Social Responsibility (CSR) initiatives and appoint managers.
- iii. Conduct employee education and training about Corporate Social Responsibility (CSR) policies and standards.

(b) Human Rights

- i. Formulate policies and standards related to human rights.
- ii. Establish departments to promote human rights initiatives and appoint managers.
- iii. Conduct employee education and training about human rights policies.
- iv. Prohibit all forms of harassment and raise internal awareness.
- v. Prohibit forced labor and child labor and raise internal awareness.
- vi. Properly manage employee work hours regulated by law.
- vii. Pay adequate wages to employees according to the minimum wages established by law.
- viii. Establish a system for employees to report any harassment, physical punishment or other abuse anonymously.
- ix. Prohibit all discrimination whether based on race, age, religion, nationality or gender and fully raise internal awareness.
- x. Ensure employees have freedom of association and collective bargaining rights in accordance with laws and regulations.
- xi. Provide human resource development opportunities fairly to all employees, such as occupational skill development and training.



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(c) Occupational health and safety

- i. Formulate policies and standards related to occupational health and safety.
- ii. Establish departments to promote occupational health and safety initiatives and appoint managers.
- iii. Conduct employee education and training about occupational health and safety policies.
- iv. Strive to maintain a safe and healthy work environment.
- v. Properly manage the physical and mental health of employees as well as occupational safety, such as reducing occupational accidents and diseases.
- vi. Put in place measures to ensure employee safety in anticipation of natural disasters and other emergency situations and fully raise internal awareness.

(d) Ethic

- i. Prohibit bribery, embezzlement and other acts of corruption and fully raise internal awareness.
- ii. Raise internal awareness to protect intellectual property in accordance with laws, regulations and international rules.
- iii. Put in place whistleblowing mechanisms for employees and suppliers to report any legal violations.
- iv. Formulate responsible procurement policies.
- v. Prohibit abuse of superior bargaining positions, encourage fair and free competition, and fully raise internal awareness.
- vi. Never tolerate influence from anti-social forces with a resolute attitude.

(e) Information security

- i. Collect and use personal information only within the scope agreed upon in advance and properly manage said personal information to prevent any informational leaks or unauthorized use.
- ii. Use the utmost caution to properly manage the handling of confidential information received from third-parties.
- iii. Put in place information security measures on computers and networks.

(f) Product safety

- i. Strive to ensure and improve quality and safety when supplying products and services to markets.

(g) Supply chain

- i. Require procurement suppliers to emphasize initiatives related to human rights and other social aspects as well as environmental aspects.

(h) Social contributions

- i. Build good relationships with and promote activities to contribute to local communities.

2. Product assessment

a. Common items

(a) Requirements



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- i. Prohibit use of chemical substances restricted in Attachment 1, "Sumitomo Forestry Restricted Chemical Substance List."
- ii. Never leach hazardous materials during construction or use.
- iii. Never produce chemical or other hazardous fine particles during construction or use.
- iv. Never produce sulfur oxide or other hazardous gases during incineration.

(b) Initiatives

- i. Prohibit use of vinyl chloride and styrene foam in packaging materials.
- ii. Limit use of packaging material to the bare minimum (strive to reduce packaging materials).
- iii. Incorporate measures to sort by material in any composite products for easy waste disposal.
- iv. Make component and material replacements easy to extend the lifespan of assembled products.
- v. Clarify maintenance programs (procedures and periods for inspections, repairs and part replacements).
- vi. Make reuse or recycling after use possible.
- vii. Make reuse or recycling of package materials possible.
- viii. Use processes and materials to lengthen the lifespan of products.

Targets and Results of Supply Chain Management

The Mid-Term Sustainability Targets advocate the building of sustainable supply chains as one goal and set targets and promote initiatives related to sustainable procurement surveys with particular focus on our supply chains.

Our results for fiscal 2021 succeeded in a 100% implementation rate of sustainability procurement surveys for suppliers of imported timber and wood products and a 98.0% implementation rate in the domestic housing department, which achieved our targets.



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Supply Chain Management

Distribution Business Initiatives

Basic Policy

Sumitomo Forestry Group strives to contribute to a sustainable and prosperous society through business activities that use wood, a renewable resource. To do so, we engage in responsible wood procurement activities in accordance with our Wood Procurement Basic Policy formulated in 2005 and our Wood Procurement Principles and Policies formulated in 2007. To deliver legal and sustainable wood, we only engage in responsible wood procurement.

In 2015 with the Sumitomo Forestry Group Procurement Policy, we expanded our scope beyond wood to include a wide range of other procured products, such as metals, ceramics, resin and other building materials, and based on this policy, are engaged in procurement activities that take into consideration the economy, society and environment.

Sumitomo Forestry Group's sustainable wood procurement initiatives have responded to growing concerns about deforestation as a climate change factor with the introduction of its own wood procurement due diligence. In May 2019, we newly implemented an Action Plan that does not contribute to deforestation in order to further reinforce evaluation standards for sustainability.

To confirm the legality as precondition, we define timber and wood products as sustainable if they fulfill one of the following:

Sustainable is Defined as, Environmental: No contribution to deforestation

Social: No violation of human rights such as occupational safety, forced labor, indigenous rights, etc.

1. Certified timber and pre-certified timber: FSC, PEFC, and SGEC

(Regardless of CoC connection, we place emphasis on certification at time of production and promote a shift to certified timber)

2. Wood from planted forest

3. Natural forest wood where forestry management and distribution can be assessed as sustainable.

(this does not include wood from conversion forests = wood harvested from natural forest that were converted to farm land such as oil palm plantations)

4. Recycled Wood



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Structure of Wood Procurement Management

Sumitomo Forestry Group established the Wood Procurement Committee, chaired by the officer in charge of sustainability promotion at Sumitomo Forestry (director and managing executive officer) and comprising managers from departments in charge of wood procurement. The committee discusses issues related to group-wide wood procurement, including procurement standards and risk assessments for illegal logging.

In fiscal 2021, the Wood Procurement Committee met four times to confirm the legality and conduct a "Sustainability Survey" for all 192 directly-imported suppliers subject to screening and suppliers with whom overseas Group companies (distribution) do business. Regularly (once a year or once every two years), we confirm legality and sustainability of both new and ongoing parties we conduct business with.



Wood Procurement Committee
meeting

Sustainable Timber and Wood Products Procurement Initiative

Promoting Initiatives Adhering to the Procurement Policy

Procurement Policy

Under the Sumitomo Group Procurement Policy, Sumitomo Forestry Group carries out due diligence on wood procurement to ensure that the procurement is performed in a sustainable manner with consideration of legal compliance, human rights, labor practices, biodiversity conservation, and local communities.

Confirmation of Legality of Wood Procurement

Timber and Building Materials Business, Housing and Construction Business and each of wood procurement division at each Group company confirm that the wood provided by suppliers has been legally harvested, or that the timber and wood products they provide have been made only from legally harvested wood as a raw material. Each person in charge of procurement is required to follow the Wood Procurement Due Diligence Manual, gather the following information, cross-check relevant documents for each location and tree species, and confirm traceability of the entire supply chain all the way to the logging site.

No.	Category name
1	Supplier name
2	Supplier address
3	Wood type
4	Tree species of timber and wood products
5	Country or region of logging of timber and wood products

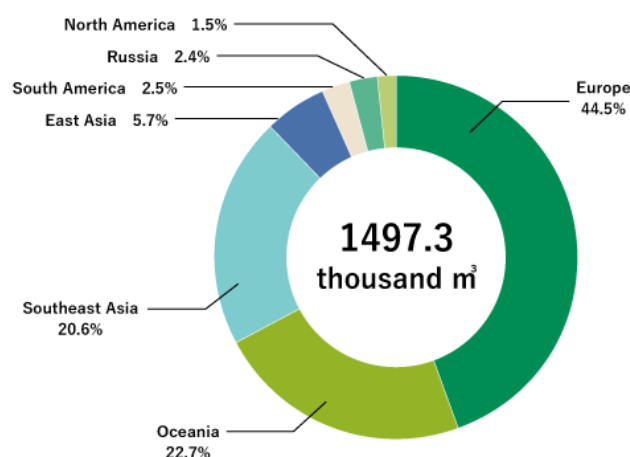


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No.	Category name
6	Annual procurement volume (weight, area, volume or quantity)
7	If sold to a legal entity, the name and address of that legal entity
8	Results of supplier surveys and other, inspection records and other
9	Documents certifying that harvesting was conducted in accordance with laws and regulations of the logging country

With these information sorted by country, region, tree species, and wood type, risk assessment on the illegal logging or human rights violation is carried out based on procurement standards stipulated by the Wood Procurement Committee. Risk categories are A (low risk), B (medium risk) and C (high risk). Timber and wood products in the B (medium risk) and C (high risk) categories should not be solely evaluated with documentation to prove that they are legally harvested according to that country's laws and regulations. In addition, when necessary, company staff are sent for on-site inspections to ensure traceability back to the logging site. In fiscal 2021, we audited 50 companies in Category A, 25 companies in Category B, and 117 companies in Category C.

Status of imported wood, timber and wood products by region in fiscal 2021 (results for January to December 2021)



Consideration for Biodiversity Conservation, Labor Practices and Human Rights, and Local Communities

Following items are checked, through Sustainability Procurement Surveys to suppliers and local interviews for the products that are being procured:

- Whether the rights of workers, local and indigenous community are abused in the area where we procure the products and their raw materials from. If this is the case, whether suppliers check their logging practices take place with consideration for these rights.



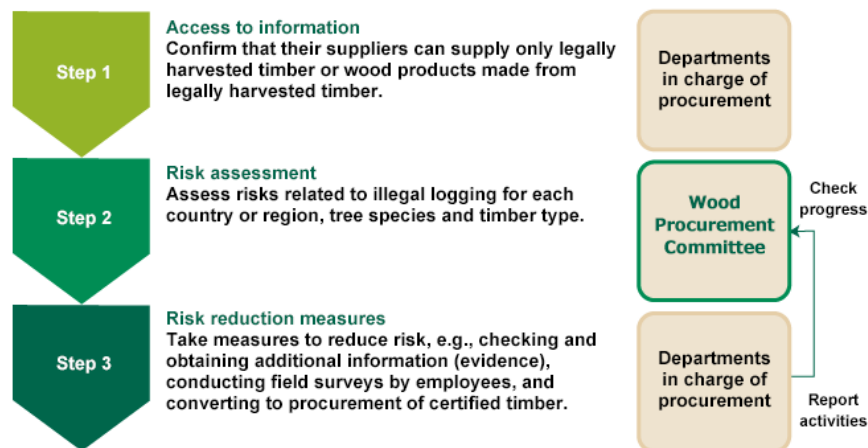
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- Whether the high conservation values forests are included in the area where we procure the products and their raw materials from. If this is the case, whether suppliers check their logging practices with consideration to forests with high conservation value.

Review

Each procurement division reports the status and progress of these initiatives to the Wood Procurement Committee, facilitating continuous improvements throughout the supply chain. In fiscal 2021, the final year of the Mid-Term Sustainability Targets 2021, we strengthened our examination of suppliers' procurement to achieve 100% sustainable wood procurement, and also developed due diligence on the sustainability of wood and biomass fuels such as PKS and pellets.

Due Diligence in Wood Procurement



Progress of sustainability initiatives in timber and wood products

In the Mid-Term Sustainability Targets, we established a plan to shift to alternative materials (from selective logging of natural forests and planted forests) and gradually stop handling wood products that do not meet the definition of "sustainable timber and wood products" even when their legality can be guaranteed.

The percentage of sustainable timber and wood products handled in fiscal 2021 was 97.8% for the full year. In September 2021, we suspended contracts with suppliers who did not meet our procurement standards and whose sustainability could not be confirmed through repeated dialogues, thereby achieving 100% handling of sustainable timber and wood products on a contract basis. We will continue to thoroughly implement sustainable wood procurement.

Percentage of sustainable timber and wood products handled
FY2021 result

97.8%

Percentage of sustainable timber and wood products handled
FY2021 target

100%

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Education for Personnel in Charge of Procurement

Wood Production and Sustainable Forest Management in Indonesia and Malaysia

As concern about deforestation increases worldwide, interest is focusing on efforts by companies with regard to procurement of tropical wood. In this connection, we held a seminar on October 31, 2018 titled "Wood Production in Indonesia and Malaysia and Efforts Toward Sustainable Forest Management." It was attended by a total of 32 managers and other responsible personnel at international distribution departments handling tropical wood and other imported wood. At the seminar, participants learned the latest information about wood legality certification systems in both countries, the current state of certified timber, and sustainable forest management.



Institute for Global Environmental
Strategies (IGES)

A lecture by Research Manager
Hiromitsu Samejima

Forest Certification Systems

The Sumitomo Forestry Group operates under a system related to certified timber as one of sustainable timber and wood products defined as the handling of sustainable timber and wood products expands. To share the latest information, we held a Forest Certification Seminar on February 18, 2020 with the participation of 16 people in charge of wood procurement, including Wood Procurement Committee members. This seminar covered the history of the FSC, PEFC, SGEC certification systems and the latest information about the FM and CoC certifications.



Japan Gas Appliances Inspection
Association

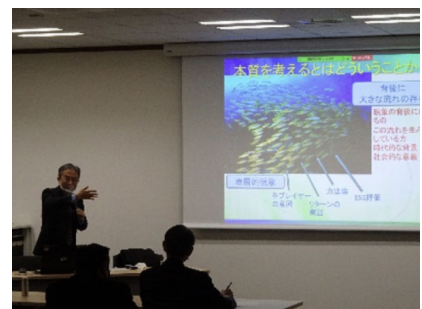
Forest/EPA Group

FSC-CoC Examiners

Lecture by Kentaro Katase

ESG Investment Trends

In recent years, investors are becoming more focused on ESG investments, which results in high attention on due diligence of the suppliers that we procure timber and wood products from. Therefore, we invited an ESG expert, Dr. Takeshi Mizuguchi, Professor of Takasaki City University of Economics, to conduct a seminar on the recent trends of ESG investments on November, 2020. The seminar taught the audience about the backdrop of the ESG investments, the principles that act as the reason for ESG investments.



Takasaki City University of Economics
Professor

Lecture by Takeshi Mizuguchi



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Sustainable Wood Procurement from a Financial Perspective

In recent years, private financial institutions and institutional investors have been incorporating sustainable finance into their portfolio (finance to realize a sustainable society), and the amount of ESG investments and green bonds issued are growing. Their focuses on corporate activities are on land conversion, countermeasures against the reduction of forest area and forest degradation caused by excessive logging, and sustainable wood procurement initiatives.

On December 16, 2021, Sumitomo Forestry held a seminar entitled "Sustainable Wood Procurement from a Financial Perspective" with Mr. Mutai Hashimoto, Lead, Sustainable Finance, World Wide Fund for Nature (WWF) Japan, as a lecturer. The seminar was announced to members of the Wood Procurement Committee as well as to relevant departments within the company, and was attended by a total of 84 people, 64 online in addition to 20 at the venue. At the seminar, participants learned an overview of the main outcomes of COP26, the concept of forests in ESG investment and policies of financial institutions, forest certification from a financial perspective, and the latest information on the TNFD (Task Force on Nature-related Financial Disclosures).

Reinforcing Engagement with NGOs and Other External Stakeholders

To formulate and implement our Action Plan, to respond sincerely to societal demands and to promote responsible procurement, we organized the first stakeholder dialogue with environmental NGOs, ESG specialists and researchers in July 2019.

After about one year and half since beginning our action plan to achieve 100% procurement of sustainable timber and wood products, we organized the second stakeholder dialogue with environmental NGOs, ESG specialists and researchers in December 2020.

Experts from the World Wildlife Fund (WWF) Japan, FoE Japan, Global Environment Forum, Institute for Global Environmental Strategies, the Rainforest Action Network and Takasaki City University of Economics participated on the day of the dialogue. After reflecting on the discussion in the previous dialogue, we debated the implementation level of sustainability procurement surveys and the challenges faced in the progress rate for handling of timber and wood products from forestry management as sustainable with these experts.

We have gained a wide range of feedback; as for there were no suppliers that fell into the category of required corrective actions through the Sustainability Procurement Survey, participants voiced their expectations for Sumitomo Forestry to engage with suppliers whose score are near the lowest-level and aspire further penetration of the required measures. In terms of the progress in the handling of timber and wood products from sustainable forests, feedback included the preference for further disclosure on the process towards the goal,



The scene at the Dialogue Conference

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not just the latest percentage, in order to better share the actual state with stakeholders. As the UK and other countries consider legislation such as regulations on the wood from conversion forests to eliminate deforestation due to agricultural production, Sumitomo Forestry received high praise for being a pioneer in committing to eliminate wood from conversion forests within its procurement standards, the discussion indicated the importance of awareness-raising measures to promote initiatives throughout the entire industry.

We will continue to expand our efforts toward achieving a 100% procurement rate of sustainable timber and wood products incorporating the feedback received through the stakeholder dialogue.

Assessing Wood Procurement by onsite interviews

Wood Procurement in Romania

Several environmental groups have expressed concerns about forest management and wood production in Romania in terms of whether logging has been appropriately conducted. In April 2017, members of the Wood Procurement Committee conducted on-site inspections, first gathering information through meetings with such organizations as the Ministry of Environment and Forests of the Romanian Government, the Embassy of Japan in Romania, ASFOR (Romanian Forest Association), among others. The members also went to a supplier manufacturing facility and inspected representative logging sites of logs that were transported to the facility. At the manufacturing facility, they confirmed that the supplier properly checks transport permits and the logs bundled on the trailer when receiving raw material logs at the lumber manufacturing plants. For example, the visiting team was able to confirm that the supplier was thorough in segregated management to ensure that logs exceeding the amount permitted were not used and that they engaged in such measures as reporting to forestry authorities. The team received an explanation about forest management from a forest ranger at the logging site and checked the actual hammer stamp mark and process when loading the trailer in the field. In addition, they were able to confirm the dedication to preserving the rare forest ecosystem by observing forest conservation areas under the Romanian government's jurisdiction.

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Inspection of harvest land still covered in snow



Check when loading the trailer



Properly checking the delivery at the plant using tablet terminals



Segregated management of round wood beyond the amount on the permit

Concrete Form Plywood from Indonesia

In recent years, several environmental groups have expressed their concerns about the legality of the logs used as raw material for plywood manufactured in Indonesia. In Indonesia, the SVLK timber legality verification system is in place, requiring timber product manufacturers and exporters to register by obtaining SVLK business certification issued by an independent evaluation and certification organization recognized by the National Accreditation Committee. Upon doing so, the business obtains documentation (V-Legal documents) from the independent verification and certification body certifying the timber as legal, and expressly confirming the legality of the entire supply chain, from logging to timber processing at manufacturing plants to export. In July 2018, we conducted an on-site inspection of the concrete formwork paneling plywood manufacturing plant that serves as our supplier. At a wood yard near the harvesting site, we were able to use QR-code labeling on tags attached to logs to confirm the harvesting information at the Indonesian Ministry of the Environment and Forestry website, as well as with V-Legal documentation. After the same logs were transported to the plant, we were once again able to use QR codes at a plant wood

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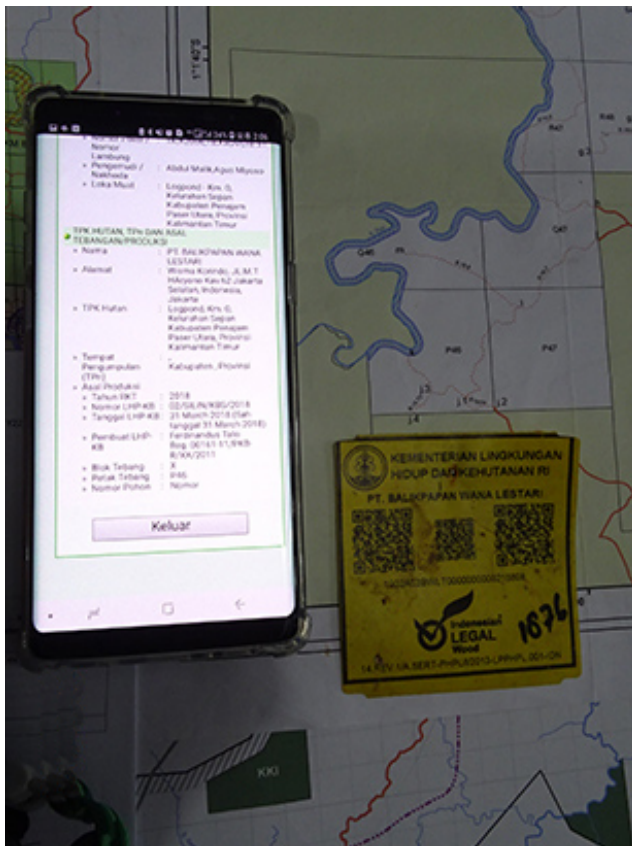
yard to access the ministry website and V-Legal documents, successfully tracing them back through the transport process to their harvest location.



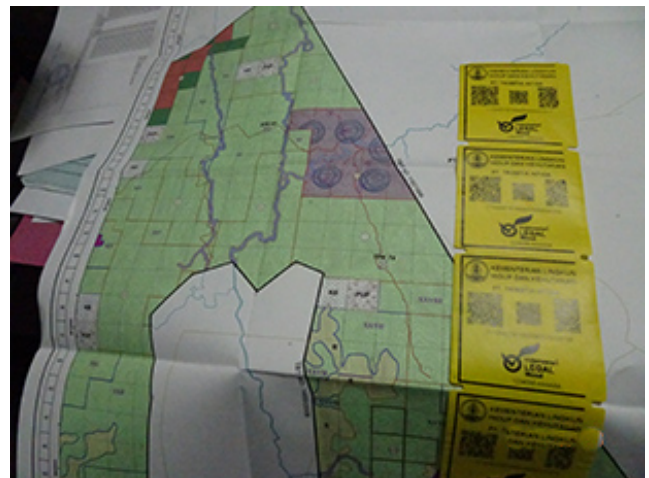
Confirming tags attached to the logs at the plant wood yard



Confirming tags at an intermediate wood yard



Confirming the harvest site from tag information at the logging company (1)



Confirming the harvest site from tag information at the logging company (2)

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In relation to plywood for concrete formwork used in the construction of Olympic-related facilities, in November 2018, an environmental NGO submitted an allegation to the Reporting Desk established by the Organizing Committee for the Olympic Games that logs used as raw materials by suppliers who have business relationships with Sumitomo Forestry may not conform to the Olympic procurement standards. Sumitomo Forestry responded to the report by presenting relevant documents and explaining to the Organizing Committee that such logs were not included in the supply chain. As a result, the Organizing Committee concluded that the allegations were untrue, and the report was not accepted, and was published on the website of the convention in February 2019.

In November 2021, a similar point was brought to the Tokyo Metropolitan Government's Olympic and Paralympic Preparation Office, which built related facilities. Sumitomo Forestry reiterated to the Tokyo Metropolitan Government that it complies with the Olympic procurement standards.

Plywood from Sarawak, Malaysia

In recent years, as is the case with Indonesia, several environmental groups have expressed their concerns about the legality of the logs used as raw material for plywood manufactured in Sarawak, Malaysia. Sarawak Forest Corporation was established in 2003 for the purpose of eliminating illegal logging in Sarawak, Indonesia. Thereafter, the Sarawak Timber Legality Verification System (STLVS) was created in 2015 to further strengthen efforts to eliminate illegal logging, reflecting the trend of elimination of illegally logged timber in countries such as the United States, the EU, and Australia. Sumitomo Forestry conducted an on-site audit of a plywood production plant of one of its suppliers in September 2019 to primarily confirm whether the STLVS was properly in operation from the logging sites to the plant landing.

We were able to confirm that tracking is possible from logs arriving at the plant to the harvesting district via identification processes such as orange tags proving royalty payments (for processing domestically), white tags (for log production) as well as markings and relevant transfer permits from regional forest offices through the detailed logging plans and tree logging lists required by STLVS. In addition, a signature from a representative in charge of the regional forest office on the back of the export application (K2) necessary to export plywood products confirms the products satisfy all of the STLVS standards.

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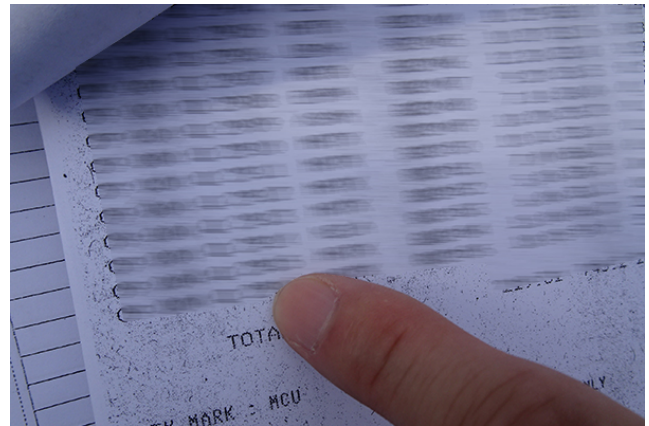
Logs for Plywood Stacked at a Log Pond



Log Production Tag (White) and Royalty Tag (Orange) at the Log Pond



Logs Stacked at the Landing of the Plywood Production Plant



Confirming the Royalty Number Written on the Log Delivery Ledger

Promoting Certified Timber

Sumitomo Forestry Group works with its procurement partners to build a reliable supply chain and to procure sustainable wood. As one index to confirm whether wood was obtained from forests with sustainable forest management, we support and utilize the Forest Certification System, a third-party certification system.

Furthermore, the Company itself receives the Forest Certification and we believe we can contribute to the system's wider use by providing the market and consumers certified timber.

Sumitomo Forestry Group has obtained FM certification (forestry certification system) for 229,000 hectares and CoC certification for 9 organizations.



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Status of Sumitomo Forestry Group Forest Certification/ CoC Certification* (FSC-C113957)

Organization	Certification System	Date Certified	Certification Number	Certification Issuing Body
Sumitomo Forestry Co., Ltd. Timber and Building Materials Division	FSC	November 1, 2019	JIA-COC-190013/ JIA-CW-190013	Japan Gas Appliances Inspection Association (JIA)
	PEFC	December 14, 2017	CEF1201	Japan Gas Appliances Inspection Association (JIA)
Sumitomo Forestry Co., Ltd. Timber and Building Materials Division Housing and Construction Division Construction Department	SGEC	January 24, 2017	JIA-W045	Japan Gas Appliances Inspection Association (JIA)
Sumitomo Forestry Co., Ltd. Timber and Building Materials Division, Hokkaido Branch Housing and Construction Division Construction Materials Development Department	SGEC	October 1, 2017	JAFTA-W038	Japan Forest Technology Association (JAFTA)
Sumitomo Forestry Wood Products Co., Ltd.	SGEC	December 1, 2021	JAFTA-W017	Japan Forest Technology Association (JAFTA)
Sumitomo Forestry Crest Co., Ltd.	FSC	March 3, 2020	SGSHK-COC-006693	SGS
Nelson Pine Industries Ltd. (NPIL) (New Zealand)	FSC	June 21, 2019	SAI-COC-001290/ SAI-CW-001290	SAI Global Assurance
PT. Kutai Timber Indonesia (KTI) (Indonesia)	FSC	December 3, 2021	TT-COC-002009	BM TRADA
PT. Rimba Partikel Indonesia (RPI) (Indonesia)	FSC	April 26, 2016	TT-COC-005903	BM TRADA
Sumitomo Forestry Indonesia	FSC	December 7, 2021	SA-COC-012757	Soil Association
Sumitomo Forestry (Singapore) Ltd.	FSC	January 28, 2018	NC-COC-005542/ NC-CW-005542	Proffered by Nature



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Organization	Certification System	Date Certified	Certification Number	Certification Issuing Body
Sumitomo Forestry(Dalian)Ltd.	FSC	January 20, 2021	SCS-COC-008230	SCS Global Services

* CoC (Chain of Custody) certification is a system that covers the processing and distribution of forest products. In addition to determining whether the forest product was from a certified forest (certified timber) at each stage of processing and distribution, it certifies risk assessments for uncertified timber. When all companies in the entire process obtain CoC certification, a certification mark can be displayed on the product.

Major Forest Certification Systems

FSC (Forest Stewardship Council®) (FSC-C113957)

FSC is an organization founded in 1993 led by World Wide Fund for Nature (WWF) and consists of representatives from environmental organizations, forest workers, wood users and traders, human rights organizations, and local forestry unions. It is considered a pioneer amongst forest certification system operators.

Adhering to the 10 principles and 70 regulations encompassing environmental impact, local society, and indigenous people's rights, FSC-accredited certification bodies will undertake reviews. Recently, country or regional standards as well as the review procedure for small-scale forest owners have been introduced to provide greater support for diverse forests and owners.

PEFC (Programme for the Endorsement of Forest Certification)

Forestry organizations of 11 European countries established PEFC together in 1999 as an organization to mutually authenticate the system of each country. PEFC does not directly authenticate an individual forest, but when the PEFC's required conditions that adapted "the inter-governmental process" implemented by 149 countries is met, the country's own forest certification system is authenticated by PEFC. Joined by non-European countries in 2003, the organization originally called Pan European Forest Certification Schemes changed its name to Program for the Endorsement of Forest Certification. Since then, PEFC has shown drastic growth, and to date its total certified area is the largest across the world.

Sustainable Green Ecosystem Council (SGEC)

SGEC authenticates forest management that demonstrates both rich natural environment and sustainable wood production in Japan. With reverence for Japan's indigenous natural environment, social customs, and culture, the review premises on seven criteria. SGEC can also authenticate forestry operations and distribution systems under CoC. SGEC joined PEFC in November 2014 and submitted a mutual authentication application to PEFC in March 2015, which was mutually approved in June 2016.

Smooth Response to the Clean Wood Act

The Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products (the Clean Wood Act) was enacted in May 2017 to encourage use of wood from trees harvested in compliance with the laws and regulations of Japan and other countries and to create a market where illegally logged wood, which damages the environment, is not made available. Sumitomo Forestry was the first in the country to register the Timber and Building Materials Business, which imports and sells wood, as a Type 1 Wood-Related Entity on November 22, 2017. This same division was registered as a Type 2 Wood-Related Entity on August 1, 2018. Subsequently, Sumitomo Forestry Wood Products was registered as a Type 1 and Type 2 Wood-



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Related Entity on February 20, 2018. We have also registered the Housing and Construction Division (March 16, 2018) and Sumitomo Forestry Crest (May 9, 2018) as Type 2 Wood Related Entities as part of our efforts to procure legal wood throughout the entire Group.

Registered Wood Related Entity	Type	Registration Date	Registration Number	Agency Issuing Registration
Timber and Building Materials Division	Type 1, Type 2 Wood Related Entity	November 22, 2017	No. JIA-CLW-I II 17001	Japan Gas Appliances Inspection Association
Construction Materials Development Department, Housing and Construction Division	Type 2 Wood Related Entity Type 2 Wood Related Entity	March 16, 2018	No. HOWTEC-CLW-II 0001	Japan Housing and Wood Technology Center
Sumitomo Forestry Wood Products	Type 1/Type 2 Wood Related Entity	February 20, 2018	No. JIA-CLW-I II-3	Japan Forest Technology Association
Sumitomo Forestry Crest Co., Ltd.	Type 2 Wood Related Entity	May 9, 2018	No. JIA-CLW-II 18002	Japan Gas Appliances Inspection Association

Participation in JBIB (Japan Business Initiative for Biodiversity)

Sumitomo Forestry participated in the Japan Business Initiative for Biodiversity (JBIB) as a member company. JBIB is made up of companies that engage in activities aimed to conserve biodiversity. In fiscal 2020, the supply chain working group expanded its knowledge through informational exchanges with the Ministry of Agriculture, Forestry and Fisheries, the Ministry of the Environment and other government agencies as well as the EU.

Communication with Our Business Partners

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

Communication Activities with the Business Partners of the Timber and Building Materials Division



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Name/Scale	Description
The Sumirin club -a membership organization to communicate with regional suppliers of timber and building materials Number of members: 872 companies (as of July 2021)	Established in different regions around Japan as a forum for communication with business partners for distribution operations of timber and building materials. Training sessions and informational exchange meetings are held two or three times a year in each region, allowing members to deepen mutual friendships, promote product R&D, enhance production and distribution, and support improvements in the industry as a whole.
Publication of Building Materials Monthly Monthly print run of approximately 4,000 copies	With a history spanning more than half a century, this monthly magazine publishes timely information and topics regarding timber, building materials and the housing industry from our distinct perspective.

Dennagon (Digital Delivery Slip and Invoice Transmission Service)

The Timber and Building Materials Division launched the Dennagon service in October 2016 as a website to access and receive digital versions of delivery slips and invoices traditionally exchanged on paper.

Using the Dennagon service provides the benefits below.

1. Purchasers can now receive the delivery slips and invoices the morning after they are issued by the Company instead of waiting for them to be delivered at an unknown time several times a week. The service also streamlines the tasks to process delivery slips based on the purchasers.
2. The work to check the content of delivery slips is made more efficient as well through a sorting function of the delivery data in Excel, with which the purchasers can easily find desired data.
3. The Dennagon service stores delivery slips for ten years and eliminates filing tasks by allowing various searches to help increase efficiency while reducing costs of operations at purchasers.

Another benefit of the service during the coronavirus disease (COVID-19) was the ability for purchasers to verify our delivery data without being in the office. As of fiscal 2021, roughly 680 of our business partners are using this service.



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Supply Chain Management

Manufacturing Business Initiatives

Basic Policy

The Sumitomo Forestry Group promotes responsible procurement activities while working with procurement suppliers through the manufacturing business in efforts such as sustainability procurement surveys and on-site field surveys for not only domestic wood in Japan but also hardwood from North America, and plantation wood from New Zealand and Indonesia.

We encourage the use of certified timber and plantation materials for new raw materials during raw material procurement and promote suppliers to understand and practice the Sumitomo Forestry Group Procurement Policy for raw materials currently in use. These efforts promote procurement of legal and sustainable raw materials.

Promoting Sustainable Wood Procurement

Kutai Timber Indonesia (KTI), a production site in Indonesia, has been working to build a system for sustainable forest management in cooperation with local plantation cooperative associations to heighten the ratio of plantation wood used as raw materials.

KTI also began reforestation with fast-growing trees such as Falcata (Albizia falcataria) in 1999. With the system of "social forestry," KTI has aimed to support the environment, community and economy by distributing seedlings to local residents for free to plant on the lands they own and promises to purchase wood when the trees are mature at its market value. In addition, the KTI Reforestation Cooperative supported by KTI (KBM KTI) has acquired the FSCFM certification* for forests owned by KTI (KAM-KTI).

In the future, KTI will strive to expand the manufacture and sales of products with high environmental value by expanding the area of certified forests and procuring sustainable wood in order to fulfill the requirements of many of our business partners.



View of Plantation Forest

* KAM KTI: FSC-C023796, KBM KTI: FSC-C133562

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Use of Sustainable wood

Sinar Rimba Pasifik uses sustainable wood that takes into consideration the environment and at the same time, manufactures high-quality wood interior materials (floors, stairs, counters, etc.) of a consistent design and supplies products primarily for Sumitomo Forestry Homes. SRP procures only sustainable wood as the main raw material for these products, and is also promoting the use of plantation wood.

In fiscal 2021, approximately 70% of wood used at SRP was imported from North America, all of which is certified wood from member companies of the American Hardwood Export Council (AHEC), which promote sustainable forest management, or Quebec Wood Export Bureau (QWEB).

The remaining wood procured is plantation wood from Indonesia (Perum Perhutani), all of which are materials that have received SVLK (Sistem Verifikasi Legalitas Kayu) certification.

We will continue to pursue sustainable wood and manufacture and sell high-value-added products that use verified as legal and sustainable wood.



Wood Storage Warehouse



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Supply Chain Management

Housing and Construction Business Initiatives

Basic Policy

In the Housing and Construction Business, sustainable materials procurement is positioned as one of our material issues for management. The structural materials and small cross-sectional wood slabs called hagarazai* are procured through our trading arm, the Timber and Building Materials Division, which confirms legality and sustainability of timber and wood products. In addition, we have been responding to the Clean Wood Act, which was effective from May 2017 seeking to promote the distribution and utilization of legally harvested wood and related products. The Housing and Building Materials Division registered as a Type 2 Registered Timber-Related Operator under the Clean Wood Act in March 2018. For housing equipment, insulation, resin parts and other building materials, procurement is conducted in accordance with the Sumitomo Forestry Group Green Procurement Guidelines.

* Structural materials are a wooden house's foundation, posts, beams and other wood materials used for the structure. Hagarazai are materials and base materials used to supplement the structural materials of a wooden house.

[Click here for related information](#)

> [Sumitomo Forestry Group
Procurement Policy](#)

Green Procurement and Sustainable Procurement

The Sumitomo Forestry Group formulated the Green Procurement Guidelines in 2002. The Guidelines establish standards for procuring products from two perspectives: the supplier's stance toward the environment and social issues (corporate activities assessment) and the product's impact on the environment throughout its life cycle (product assessment).

In 2013 and again in 2020, the Group revised the Green Procurement Guidelines and added items to ensure even broader progress of sustainability initiatives concerning occupational health and safety and human rights under "the corporate activity assessment".

[Click here for related information](#)

> [Green Procurement Guidelines
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Environmental Consideration and Legal Compliance in Responsible Material Procurement

The Sumitomo Forestry Group procures materials for the Housing and Construction Business in accordance with the Green Procurement Guidelines.

When adopting new products or reforming existing products, we create green procurement ledgers as well as waste disposal confirmation forms (product/packaging) in addition to product specifications which define the specifications, standards and quality criteria of products. Green procurement ledgers confirm aspects of procurement such as verifying the timber procured has been legally logged, confirming the no occurrence of volatile organic compounds (VOCs) as well as use of certified chemicals such as insecticides when adopting new products. Regarding materials made of wood, documentations such as legal certification are confirmed to ensure that procured wood materials comply with the Clean Wood Act. The waste disposal confirmation forms (product/packaging) verify aspects such as the type of offcuts, disposal methods and processing facilities.

We create two copies of each form and suppliers and we each keep a copy.

Communication with Suppliers and Partner Evaluation

Sumitomo Forestry's Housing and Construction Business worksites are found in every region of the country, and they rely on support from the many business partners that the Sumitomo Forestry Group collaborates with. We consider communication with these companies to be vital in order to share with them its philosophy of improving the quality of homes while protecting the environment.



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Main Communication Activities with the Business Partners of Sumitomo Forestry's Housing and Construction Division

Name/Scale	Description
Evaluation and feedback based on the Supplier Evaluation Standards Implementation rate: 100% (FY2021)	Material suppliers of the Housing and Construction Business (suppliers excluding on-site equipment manufacturers, precut factories, building material operators and frame centers) are evaluated every year per type of material based on items including corporate overview, quality, cost, delivery period, environmental response as well as services. We provide feedback from the evaluation results as a way of bettering our procurement.
	In fiscal 2021, we provided feedback to 249 suppliers, a 100% implementation rate.
	As part of our evaluation, we have been conducting factory audits of our suppliers on a regular basis up to now, but in fiscal year 2021, as in the previous fiscal year, the spread of the coronavirus disease did not end, and visits to our suppliers' factories were conducted after a state of emergency was lifted. We also communicated with our suppliers' factory staff and quality control staff via the web.
	If buildings are constructed with materials, which are not confirmed for performance quality, it would pose various risks for the people and the buildings. Therefore, we have formulated methods for auditing plants that focus on quality management to confirm whether material we procure are manufactured based on our quality standards and other aspects.

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Responsible Material Procurement

Starting in fiscal 2019, the Housing and Construction Division began subjecting new suppliers to an annual Sustainability Procurement Survey in addition to the Green Procurement Survey that was required in the past. This Sustainability Procurement Survey was originally aimed for existing building materials and housing equipment manufacturers as well as other suppliers. In fiscal 2019, 42 companies participated in the sustainability procurement survey (86.0% of annual purchasing ratio of suppliers for the previous fiscal year). In fiscal 2020, this expanded to a total of 86 companies (97.3%). Each of these suppliers participates in the survey with all 53 items related to the progress of their initiatives on social and environmental aspects as well as the sustainability of their timber procurement.

For the fiscal 2021 survey, we decided to survey the same 86 suppliers as in the previous year (98.5% of the annual purchase amount in the previous year), so we held a sustainability survey briefing session in August 2021 with voluntary participation. Approximately 40 people attended, and we shared with them the Sumitomo Forestry Group Code of Conduct, the Sumitomo Forestry Group Procurement Policy and our thinking regarding responsible procurement to promote mutual understanding.

The survey had a 100% response rate for the second consecutive year. Suppliers were evaluated on a four-scale ranking of S, A, B or C based on their responses. The number of S-ranked companies increased by 8 from last year, accounting for 72% of the total. The number of C-ranked companies decreased by two, and feedback was provided to all eligible suppliers in order to encourage them to improve their efforts.

Through the surveys, we were able to confirm that many suppliers share our own understanding of what responsible procurement means. On the other hand, some suppliers fell short of our expectations and after discussions at our supplier evaluation meetings, we provided feedback, which we will continue to follow up on to ensure ongoing improvement.



A sustainability procurement survey explanatory meeting

Sustainability procurement survey
implementation rate in the supply chain of the
domestic housing department (%)

98.5%

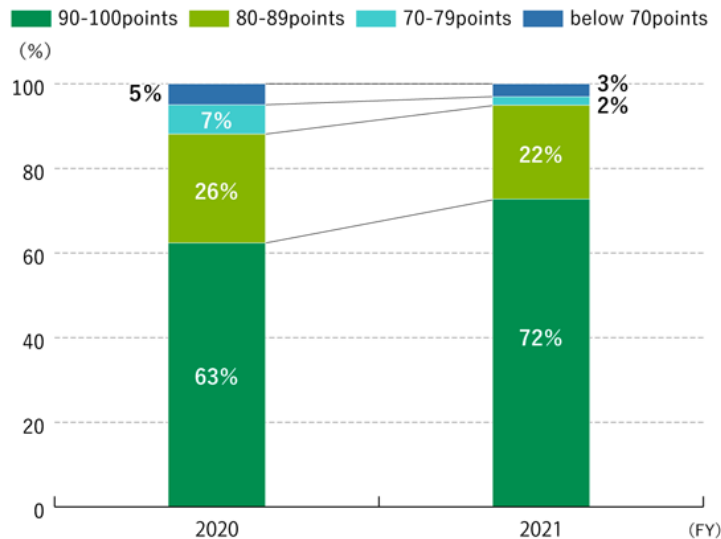
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> About symbol for Independent assurance



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Fiscal 2021 Sustainability Procurement Survey Results (100points indicates a perfect score)



Housing and Construction Business Initiatives for Sustainability in Timber and Wood Products

There is increasing concern about deforestation as climate change. The Housing and Construction Division newly set a 100% target for the rate of sustainable timber used as primary building material in the Mid-Term Management Plan announced in May 2019. This target aims to put sustainable timber procurement into practice, including confirmation of legal compliance of timber procurement, compliance with human rights and occupational health and safety, biodiversity conservation, and considerations of the local community, especially for timber used in housing as outlined in the Sumitomo Forestry Group Procurement Policy.

In fiscal 2021, we were able to achieve the said ratio of 100% in primary building materials of Sumitomo Forestry's detached homes.

[Click here for related information](#)

> **Policy on Sustainable Timber and
Wood Products**





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Social Contribution

Promotion of Social Contribution Activities

Basic Policy

The Sumitomo Forestry Group advocates “To improve the livelihood of the local communities where we operate” as one of nine material issues. Even in business processes, the Group makes considerations that include community development and local social welfare. Furthermore, we are expanding globally around fields that include the environment and education of next generation around an axis of forests and wood, which are closely related to the Group's business.

In addition to the emphasis on education in elementary and junior high schools, such as forest field trips and support for building monastic schools in developing countries, Sumitomo Forestry actively promotes reforestation of forests afflicted by disasters and cultivation of heritage and precious trees as well as other activities. Sumitomo Forestry also supports volunteer activities undertaken by individual employees in local communities to create a workplace environment that encourages people to contribute to their local communities.

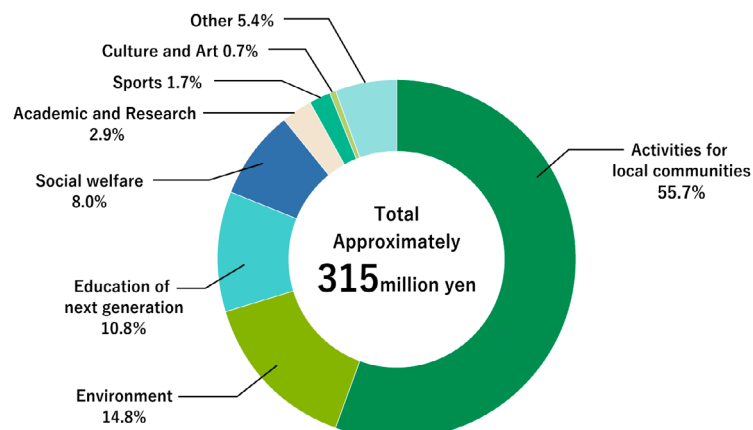
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➤ [Examples of Social Contribution Activities in Japan](#)

➤ [Examples of Overseas Community Development and Regional Contribution Activities](#)

Social Contribution Donations

Breakdown of Donations by Category (FY2021)

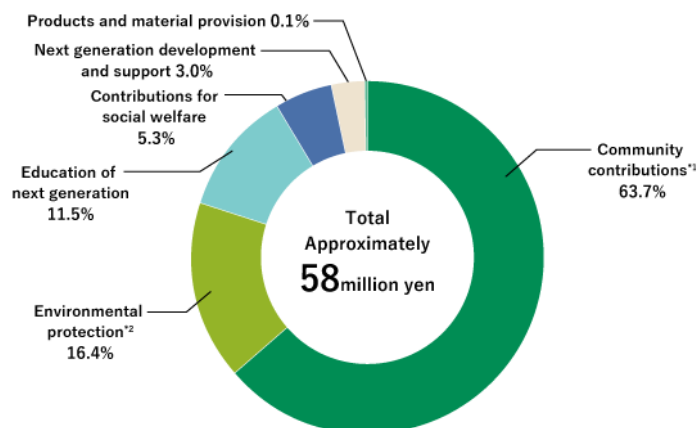




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Expenditure on Social Contribution Activities

Breakdown of Expenditure on Social Contribution Activities (FY2021)



*1 Mt. Fuji Manabi no Mori operation costs, etc.

*2 Costs of community cleaning activities and the Forester House operation, etc.

Volunteer Leave Program

To support its employees' volunteering activities, in May 2011 the Company established a volunteer leave program that allows employees a total of five days of leave a year for volunteer activities.

In addition to the five days that can be taken in the current volunteer leave program, employees can now take an additional ten days of leave (unpaid) if participating as a Tokyo 2020 Games (Olympics/Paralympics) volunteer recruited by the Tokyo Organising Committee of the Olympic and Paralympic Games. Six employees took volunteer leave, including those who used the leave in participating in volunteer activities for the Tokyo 2020 Games in fiscal 2021. We will continue to support employees' volunteer activities.

Contributions to Public Policy

The Sumitomo Forestry Group coordinates and cooperates with national and local governments, the business community and others, making recommendations toward the improvement and resolution of worsening environmental and social issues.

Public Service (As of March 31, 2022)

Organization	Position	Position in the Company	Name
Council for the Promotion of Decentralization Reform, Cabinet Office	Assembly Member	Representative Director Chairperson	Akira Ichikawa

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Organization	Position	Position in the Company	Name
National Exchange Examination Board, National Personnel Authority	Board Member	Representative Director Chairperson	Akira Ichikawa
The 33rd Local System Study Group	Chairperson	Representative Director Chairperson	Akira Ichikawa
Japan Association of Corporate Executives	Vice Chairperson	Representative Director Chairperson	Akira Ichikawa
Wooden Home Builders Association of Japan	Chairperson (Representative Supervisory Officer)	Representative Director Chairperson	Akira Ichikawa
Japan Federation of Housing Organizations	Chairperson (Representative Supervisory Officer)	Representative Director Chairperson	Akira Ichikawa
The Machinami Foundation	Director	Representative Director Chairperson	Akira Ichikawa
Japan-China Association for Building and Housing Industry	Supervisory Officer & Vice Chairperson	Representative Director Chairperson	Akira Ichikawa
The Building & Housing Center of Japan	Outside Director	Representative Director Chairperson	Akira Ichikawa
The Provision of Quality Housing Stock Association	Vice-chairperson	Representative Director Chairperson	Akira Ichikawa
Keidanren (Japan Business Federation)	Standing Secretary	Representative Director Chairperson	Akira Ichikawa
Keidanren Committee on Nature Conservation	Vice chairperson	Representative Director Chairperson	Akira Ichikawa

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Organization	Position	Position in the Company	Name
The Tokyo Chamber of Commerce and Industry	Standing Advisor	Representative Director Chairperson	Akira Ichikawa
The Tokyo Chamber of Commerce and Industry - Japan Committee for the Japan-New Zealand Business Council	Committee chairperson	Representative Director Chairperson	Akira Ichikawa
Japan Indonesia Association, Inc.	Director	Representative Director Chairperson	Akira Ichikawa
Gifu Academy of Forest Science and Culture	Special guest professor	Representative Director Chairperson	Akira Ichikawa
Japan Wood Design Association	Vice-chairperson	Representative Director Chairperson	Akira Ichikawa
Japan Association of Corporate Executives Sustainable Development Goals (SDGs) Workshop	Vice-chairperson	Representative Director President and Executive Officer	Tatsuru Satoh
Institute for Innovative Healthcare	Director	Representative Director President and Executive Officer	Tatsuru Satoh
Japan 2x4 Home Builders Association	Director	Managing Executive Officer	Ikuro Takahashi
The Building & Housing Center of Japan	Executive Delegate	Managing Executive Officer	Ikuro Takahashi
Japan International Association for the Industry of Building and Housing	Representative Supervisory Officer & Chairperson	Chief Corporate Advisor	Ryu Yano
Organization for Landscape and Urban Green Infrastructure	Representative Supervisory Officer & Chairperson	Chief Corporate Advisor	Ryu Yano



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Organization	Position	Position in the Company	Name
National Conference for Promoting Forestry Revival and Regional Revitalization	Vice-chairperson	Chief Corporate Advisor	Ryu Yano
Japan Global Exchange Forum for Housing, Building and Urban Development	Officer & Vice Chairperson	Chief Corporate Advisor	Ryu Yano
The Tokyo Chamber of Commerce and Industry	Special adviser	Chief Corporate Advisor	Ryu Yano
Yamaguchi Industrial Strategy Committee	Industrial Strategy Advisor	Chief Corporate Advisor	Ryu Yano
Kansai Philharmonic Orchestra	Trustee	Chief Corporate Advisor	Ryu Yano
Japan Federation of Housing Organizations - Environment Committee	Committee chairperson	Advisor	Hideki Nose
Japan Federation of Housing Organizations - International Foreign Relations Committee	Committee chairperson	Advisor	Hideki Nose
Institute for Building Environment and Energy Conservation	Director	Advisor	Hideki Nose
Japan International Association for the Industry of Building and Housing	Operational Committee Chairperson	Advisor	Hideki Nose
Wooden Home Builders Association of Japan	Operational Committee Chairperson	General Manager, External Relations Department	Takanori Umeki
Japan Wood Design Association	Chairperson (Representative Supervisory Officer)	General Manager, External Relations Department	Akira Sekimoto
Japan Greenery Research and Development Center	Trustee	General Manager, Forest and Landscape Research Center	Kentaro Nakamura
National Land Afforestation Promotion Organization	Director	General Manager, Forest Department	Kenji Terazawa

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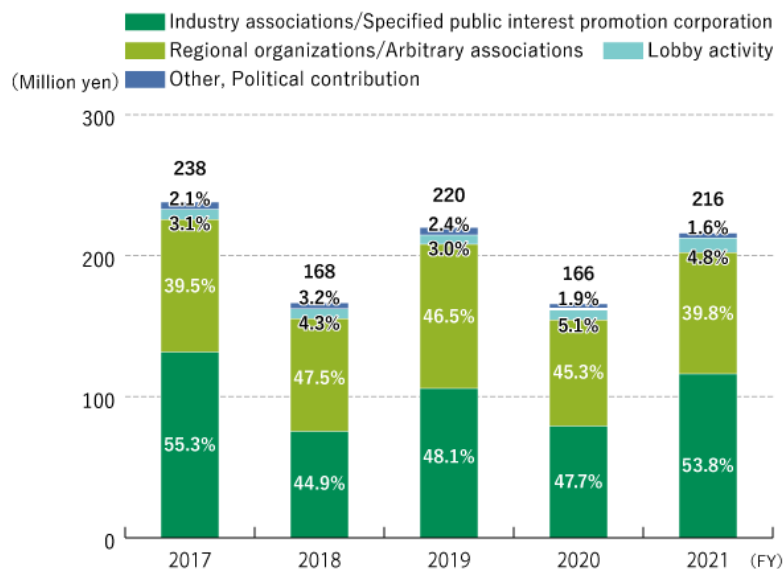
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Organization	Position	Position in the Company	Name
The Forest Culture Association	Director	General Manager, External Relations Department	Hiroyuki Wakabayashi
Japan-Papua New Guinea Association	Director	Divisional Manager, Environment and Resources Division	Masanobu Nishikawa

Costs Such as to Various Associations^{*1*2}



*1 The aggregation period of fiscal 2020 is from April to December 2020

*2 The aggregation period before fiscal 2019 is from April of each year to March of the following year



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Social Contribution

Examples of Social Contribution Activities in Japan

Mt. Fuji Manabi no Mori Project

We are continuing the Mt. Fuji Manabi no Mori Project which began in 1998 to commemorate the 50th anniversary of the Company's establishment, setting out to restore the vitality of the rich national forest cloaking the foothills of Mt. Fuji that was extensively damaged by a typhoon. Today, this project visualizes the progress of tree growth in survey areas of planted regions and oversee natural forest recovery of Mt. Fuji Manabi no Mori.

In fiscal 2021, the Mt. Fuji Manabi no Mori was used for volunteer activities and environmental education programs. A total of 1,449 people visited Mt. Fuji Manabi no Mori from inside and outside of the Company.

20-year History of
 > Mt. Fuji Manabi no Mori 
 Booklet (in Japanese)

Volunteer Activities in Forestry Development

Since the start of the project in 1998, up until now, a cumulative total of 28,000 volunteers have helped to plant approximately 30,000 region-specific saplings and conduct other forestry efforts.

To date, reforestation efforts of national forest damaged by typhoons were completed as the first phase by removing the hexatubes. In fiscal 2019, a tree survey began as a monitoring survey necessary to comprehensive forest management activities. As the third year of this tree survey, 79 volunteers took part in creating a database from records of 475 trees planted on approximately 1,800 m² over four days under the guidance and cooperation of arborists and other tree experts.

The Manabi no Mori project will shift to a more suitable forest for learning by visualizing the growth of the trees that have been cultivated by the volunteers.



Employees Participating as Volunteers

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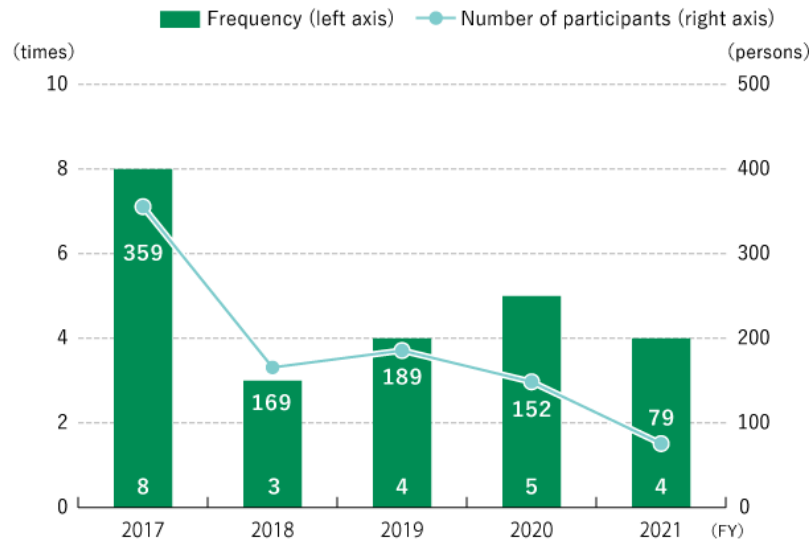
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Forest Recovery Volunteer Activities Trend*



* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

Environmental Education Program

Sumitomo Forestry has been implementing an Environmental Education Program for local elementary and junior high school students since fiscal 2006 in collaboration with the NPO Whole Earth Institute. Activities include nature observation, looking for tracks and traces of wild animals, and games incorporating the five senses. The aim of these opportunities to rediscover the natural world is for the students to learn about the importance of nature and encourage them to consider new ways in which people can coexist with nature in the future. In fiscal 2021, a total of 1,101 students and children from 14 schools were invited to the program. A cumulative total of more than 12,000 students and children have been invited as of fiscal 2021.

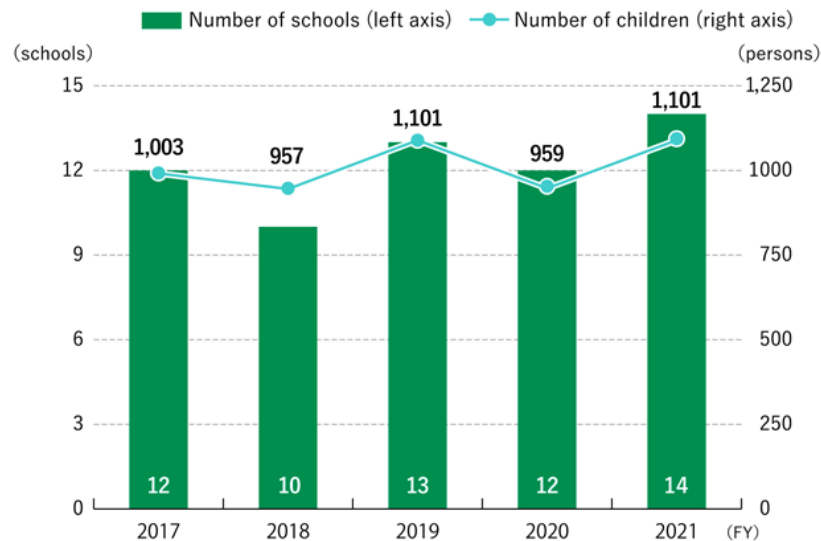


Environmental Education Program



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Environmental Education Program Trend*



* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

Vegetation Monitoring and Wildlife Habitat Survey

We have been conducting vegetation surveys since fiscal 2000 to monitor the recovery of the natural forest under the guidance of Vegetation Management Science Laboratory, Tokyo University of Agriculture and Technology. From the same year, we have been conducting wildlife habitat surveys with the cooperation of the Minami Fuji Branch of the Wild Bird Society of Japan.

The vegetation monitoring has been able to confirm the gradual growth of beech, Japanese zelkova, and other trees that were planted as well as dogwood and amur cork trees that grew naturally after the damage caused by the typhoon. Over the last 20 years, the survey revealed that the planted trees had not only gotten larger but entire species in the forest also recovered.

The environment where the ground was bare after the removal of fallen trees gradually transformed from grasslands to forests. With this, on the wildlife habitat survey, the population of pheasants and shrikes is declining, and in their place, the population of such birds of the forest as narcissus flycatchers and varied tit is increasing with opportunities to view them becoming more frequent, indicating that the forest is steadily recovering.

Since fiscal 2019, we have started an entomological survey with the cooperation of Tokoha University professors.

Cultivating a forest is a never-ending job and Mt. Fuji Manabi no Mori, too, is a 100-year project. To ensure that the project is still running 100 years from now, forest management and environmental activities will be continued as a way to communicate the importance of nature to as many people as possible.

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Vegetation Shift in the Wind-afflicted Area



(2001)



(2008)



(2016)

[Click here for related information](#)

> Mt. Fuji Manabi no Mori (in
Japanese)

Tree Planting Activity Oku Matsushima Natural Recovery Volunteer

Sumitomo Forestry entered into a partnership agreement on restoration property development coordination and cooperation with Higashi Matsushima City, Miyagi Prefecture in 2012 after the Great East Japan Earthquake to make every effort toward restoration. Higashi Matsushima City aims to revitalize tourism by bringing back the wetlands in the Suzaki district near the Nobiru coast devastated by the tsunami. As part of this effort, Sumitomo Forestry began trial tree planting activities in fiscal 2017. A soil investigation discovered a high concentration of acidity, which needed considerations about the tree species and techniques for planting. We then formulated a tree-planting plan taking into account third-party insight from the Tohoku Research Center of the Forestry and Forest Products Research Institute. We could check and make sure the seedlings had been growing with support by local community, so that the Higashi Matsushima Nature Recover Volunteer Planting Activity started near Oku Matsushima "Kizuna" Solar Park along the Nobiru coast of Higashi Matsushima City In fiscal 2019.

In 2021, tree planting activities were held twice, with a total of 213 people participating. Local residents, children from Higashi-Matsushima Municipal Miyanomori Elementary School, Sumitomo Forestry's subcontractors, and Sumitomo Forestry Group employees worked together to plant 880 local indigenous plants from five species: evergreen shrubs, resistant red pine, resistant black pine, Japanese hill cherry and Japanese cheesewood. In addition



Group photo of tree planting activities



Tree Planting

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to the tree planting, this volunteer activity included clearing the undergrowth so that the seedlings in the planted area would grow to a large size by 2020. We also provided environmental education to third-year students of Miyanomori Elementary School, and are working together with the local community on medium- to long-term activities.

Since a soil survey conducted when we started experimental tree-planting activities suggested that the soil was highly acidic, we have been tree planting using crushed oyster shells as a neutralizing agent. In March 2022, the Tsukuba Research Institute gave a lecture on the neutralizing effect of crushed oyster shells at a public symposium hosted by The Japanese Society of Forest Environment under the title of "Natural Regeneration of Seawall Surfaces for Tsunami Disaster Prevention: Tree Planting Activities on Acidic Soil and Their Aftermath." We will continue to conduct monitoring surveys of the soil and planted trees, and will continue tree-planting activities while paying attention to effects of highly acidic soil.

Cooperation with Local Communities

The Sumitomo Forestry Group conducts biodiversity conservation in surrounding areas where it engages business in and conducting and activities tied to local communities with local residents.

Forest Maintenance Activities at Gunma Manabi no Mori

In July 2012, Sumitomo Forestry and Gunma Prefecture signed a prefectural forest maintenance partnership agreement, and are working with the prefectural authorities to promote the maintenance of forest at the foot of Mt. Akagi.

Located within the jurisdiction of Maebashi City, Akagi Forest is owned by Gunma Prefecture, which promotes maintenance and conservation of its forests in cooperation with companies and organizations. The Sumitomo Forestry Gunma Branch holds the annual Gunma Manabi no Mori event as a forest maintenance activity. With the cooperation of local forestry associations, the activities which included planting of Japanese cypress seedlings and thinning. Although the activity was cancelled in fiscal 2021 due to the impact of the coronavirus disease(COVID-19), employees, subcontractors, and their families, as well as family members of owners, have participated in the activity so far.



Gunma Manabi no Mori

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Advocating the Kanagawa Zero Plastic Waste Declaration

The problem of plastic waste in the oceans is internationally acknowledged as an extremely serious environmental problem for the major impact it exerts on aquatic ecosystems and human lives. In February 2019, the Sumitomo Forestry sales offices in Kanagawa (Yokohama Branch, Yokohama North Branch, Kanagawa West Branch, Shonan Branch, and Tokyo South Branch of Housing and Construction Division) pledged their support for the Kanagawa No Plastic Waste Declaration*. Although the activity was cancelled in 2021 due to the impact of the COVID-19, as part of the activity, we have been conducting beach cleanup activities jointly with construction stores mainly in Yokohama and Shonan branch offices every year. The trash included not only plastic waste but also syringes and old tires. This activity was a great chance to reflect once again on the environment around us.



Clean-up Efforts on the Tsujido Shore
(Shonan Branch)

* As an "SDGs Future City," area, Kanagawa Prefecture announced its "Kanagawa Zero Plastic Wasted Declaration" as part of its specific SDG targets for a sustainable society, publicized as a "Message from the Whales" in September 2018. The project aims to achieve "zero plastic waste" by 2030 or earlier if possible by spreading efforts among the municipalities, private-sector companies and residents of the prefecture to eliminate and collect plastic straws, shopping bags, etc.

Kanagawa Zero Plastic Waste Declaration logo



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Giving on-site classes Project for Comprehensive Forestry Education

In October 2021, Sumitomo Forestry launched "morino de van," a comprehensive forestry education Giving on-site classes Project in collaboration with the Gifu Academy of Forest Science and Culture (monoris^{*1}). This project is an initiative to deliver a wide range of programs including nature observation, fire-making experience, and a hands-on forest museum, using a Wald-car^{*2} to provide a comprehensive program of forest experiences.



Wald-car

Nature Experience Program were jointly developed with Monoris, monoris provided instructors and training, and arranged and operated the program equipment. Sumitomo Forestry donated Wald-car^{*} and wooden boxes made from company-owned timber, as well as offcuts generated after lumbering.



Wooden box

The program aims to realize a society in which all people and forests are connected and "coexist" through the nature experience programs offered by the delivery of classes.

^{*1} morinos: Nickname of the Forestry Education Center within the Gifu Academy of Forest Science and Culture. Its purpose is to connect all people with forests and pass on the joy of living with forests and the richness of forest culture to the next generation.

^{*2} Wald-car: means "forest car." Wald (WALD) means forest in German.

Development of Technology to Pass Down Heritage and Precious Trees to the Next Generation

Sumitomo Forestry uses the most cutting-edge biotechnology in addition to conventional grafting and cutting based on the request of owners to pass down heritage and precious wood to the next generation. We are also putting our strength into breeding seedlings that provide the properties in the flowers and leaves of heritage and precious wood as a way to pass down both heritage and precious wood to the next generation. In addition, we are building a DNA database for trees to further advance a sophisticated program to identify individual varieties.

Exhibition of the Culture Samples and Seedlings of Japanese Apricot Bonbai Successfully Propagated Through Tissue Culture

Sumitomo Forestry exhibited the culture samples and seedlings of Ume Bonbai^{*} successfully propagated through tissue culture at the Bonsai Exhibition of Ume Trees with Blossoms. On display were flasks and cultured seedlings propagated by tissue culture from Furo and Fuyoho, precious Ume Bonbai between 350 to 400 years old^{*}, and Beniwakonbai, a Tobiume plum tree sacred to the Kitano Tenmangu Shrine. This will be the second exhibition of Furo and Fuyoho seedlings since 2021, and the first time for Beniwakonbai seedlings to be shown.

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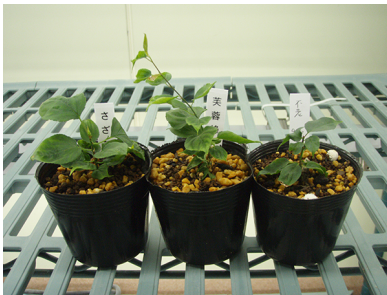
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The culture samples and seedlings cannot generally be viewed by the public because they are grown in a sterile chamber that controls temperature. At this exhibition, we created a system to very carefully control the temperature to achieve this special presentation of the Ume Bonbai. The exhibition treated many visitors to the Ume Bonbai trees passed down for generations as well as leading-edge biotechnologies.

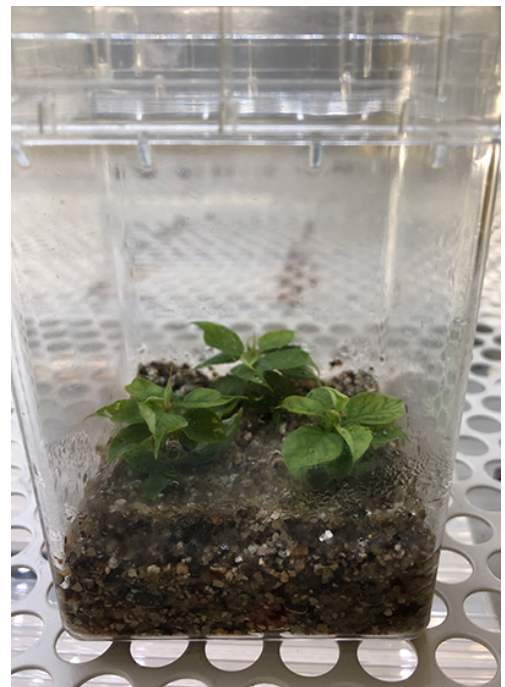
* Dwarfed Japanese apricot tree

■Bonsai Exhibition of Ume Trees with Blossoms

Bonsai Exhibition of Ume Trees with Blossoms began in 1952 at the Keiunkan in Nagahama City, Shiga Prefecture and is the most historic and largest Ume Bonbai exhibition in Japan. At this event, about 300 pots are replaced according to the flowering time, and about 90 pots of Bonbai are exhibited in the best condition. The exhibition this year was held from January 9 to March 10, 2022.



Ume Bonbai Seedling



Culture Sample of the Ume Bonbai

Commemorative Tree Planting of Cherry Trees Associated with Okumura Togyu "Daigo" at the Yamatane Museum of Art

In October 2021, Sumitomo Forestry donated Taiko-shidare-zakura cherry trees from Daigoji Temple, which were propagated by tissue culture, to the Yamatane Museum of Art. The Taiko-shidare-zakura at Daigoji Temple, the head temple in Kyoto, known for Toyotomi Hideyoshi's Daigoji Cherry Blossom Viewing, is said to be 170 years old, and is also called Togyu's cherry tree because the Japanese painter Okumura Togyu, who is closely associated with the Yamatane Museum of Art, painted it in his masterpiece "Daigo."

A tree-planting ceremony was held on November 15, 2021 to coincide with the Yamatane Museum of Art's [Special Exhibition Commemorating the 55th Anniversary] The Art of Okumura Togyu - A Master of Nihonga Whom Yamazaki Taneji Loved, Part2.



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Training and Education for the Next Generation

Conducting Corporate Research Seminars for Ministry of Education, Culture, Sports, Science and Technology-Designated Ehime Prefectural Matsuyama Higashi High School

Students of Matsuyama Higashi High School visit Niihama, Ehime, where the Sumitomo Forestry Group was founded, to take part in a seminar every year, as part of reforms of education curriculum as well as research and development projects (human resource development of future leaders through the development, practice, and systemization of high-quality curriculum) that help nurture leaders in high schools launched by the Ministry of Education, Culture, Sports, Science and technology since 2014. We had also planned to hold seminars in fiscal 2020 and fiscal 2021, but the event had to be canceled unfortunately due to the COVID-19.

FY2014 to FY2018	Super Global High School Program
Since FY2019	Program to Promote Education Innovation at High Schools in Cooperation with Local Communities

The seminar was made up of two sections; a lecture to introduce the businesses of the Sumitomo Forestry Group as well as a discussion about the experiences of employees working abroad among other things in Niihama Office as well as field work at the Forester House in Kyubesshi. These students learned about the corporate spirit passed down through the close to 330-year history of Sumitomo Forestry as well as the contributions to current business expansion overseas.



In fiscal 2014 and fiscal 2015, students visited the Djakarta office to experience the Sumitomo Forestry business expansion in Indonesia.

Sumitomo Forestry sponsors and cooperates with the Ministry of Education, Culture, Sports, Science and Technology in reforms of education curriculum as well as research and development programs that help nurture leaders in high school through this series of activities.



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Support for Social Contribution Activities of Other Companies

Supporting Tree-Planting Activities at BAUM Oak Forest

Sumitomo Forestry supported tree-planting activities conducted by Shiseido Company's brand "BAUM" at the "BAUM Oak Forest" in Morioka City, Iwate Prefecture. In 2021, the first year of the project, approximately 600 oak saplings procured by Sumitomo Forestry were planted.

Shiseido's "BAUM" brand, which is based on the theme of "coexistence with trees" has the brand philosophy of "To not just receive the blessings of trees, but to also give back to nature." Oak saplings used as wooden parts of the packaging will be cultivated in BAUM stores, and the cultivated saplings will be planted to realize recycling of forest resources. Sumitomo Forestry has been supporting the brand's activities since June 2020 when BAUM was launched, by providing and maintaining saplings grown in the stores and further cultivating the saplings grown in the stores for tree planting.



Tree Planting



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Social Contribution

Examples of Overseas Community Development and Regional Contribution Activities

Contributing to Communities Where Sumitomo Forestry Operates

The Sumitomo Forestry Group aims to contribute to sustainable local development through its operations. When starting new businesses or expanding its overseas business sites, the Group's policy is to consider the environment, revitalize local economies and promote employment and thereby operate in harmony with local communities.

Activities in Indonesia

Support for Children Through the KTI Educational Foundation

PT. Kutai Timber Indonesia (KTI) founded the KTI Educational Foundation in 2000 to commemorate its 30th anniversary with the purpose of improving the livelihood of people in Indonesia through education as well as engaging in social activities. This foundation primarily provides educational support to impoverished children as well as school supplies to public schools in Probolinggo in the East Java province where a Sumitomo Forestry Group plant is located. In fiscal 2021, we gave school supplies to the orphaned children, made donations to facilities unable to provide a sufficient number of masks or hand sanitizer, and contributed IDR 123,338,200 (approx. 940,000 yen).



Providing uniforms to children at the orphanage

Community Development Through Project EARTH Initiatives

Sumitomo Forestry has also been involved in Project Earth since 2009 to offset CO₂ (approximately 60,000 tons) emitted from the harvesting of wood used for primary building materials of Sumitomo Forestry Homes, and emitted from transport, fabrication, and construction by planting in Indonesia. This project combines "environmental reforestation" for the purpose of recovering the ecosystem of degraded forests in national parks and community-oriented "industrial tree plantations" that unify sustainable comprehensive forest management and community contributions.

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Environmental Reforestation to Combat the Harsh Natural Environment and Forest Fires

In Bromo Tengger Semeru National Park located in East Java, Indonesia, Sumitomo Forestry planted about 1.1 million trees, including supplementary planting, over roughly 700 hectares of planted forest between fiscal 2009 to fiscal 2016. Mount Bromo erupted in 2010 at this national park damaging the plantation forest due to volcanic ash and gas. At the end of a severe dry season in November 2014, a large fire broke out and burned almost all of the roughly 400 hectares of forest planted up to 2013. We replanted the forest, constructed a fire belt that was six meters in width and 20 km in total length, prepared water and equipment for fire-fighting, and introduced around the clock dry season patrols. However, in October 2019, a large number of forest fires broke out in the national park and once again damaged approximately 470 hectares of planted forest.

After the afforestation completed in fiscal 2017, we continued to manage the planted forest, and transferred the environmental afforestation site to national park in March 2020 due to expiration of the agreement with the national park for the implementation of the project. Currently, the national park is maintaining and managing the afforestation site and restoring the ecosystem.

In December 2021, an eruption occurred at Mount Semeru in Rumahjan Province, East Java. The afforestation area (approximately 20 hectares in area) located within 10 km of the crater suffered ash fall damage, but this did not have a significant impact on the recovery of vegetation.

Community-oriented Industrial Tree Plantation Side-by-Side the Local People Who Wish to Plant Trees

Starting in the Lumajang Regency located at the foot of Mount Semeru in East Java, Indonesia, Sumitomo Forestry worked with the local people to cultivate about 3,800 hectares of community oriented industrial tree plantation between fiscal 2010 and 2017. The harvest and sell of the grown trees that were planted will stimulate the local economy. KTI, a Sumitomo Forestry Group company, took charge of the local activities promising to purchase future logs to give the local people confidence in their afforestation efforts. Sumitomo Forestry not only engaged in afforestation activity, but also provided local lifestyle infrastructure, building routes necessary for reforestation, and made donations such as academic supplies to kindergartens and elementary schools in addition to setting up public restrooms in villages.

After completing the afforestation efforts in fiscal 2017, the cultivation and reforestation efforts transferred to KTI and participating citizens. Thereafter, the local people involved have been planting trees they themselves cultivated and harvested in addition to seedlings provided for free from KTI. KTI provided the local people with 920,000 seedlings in fiscal 2018, 680,000 seedlings in fiscal 2019, and 570,000 seedlings in 2020, 540,000 seedlings in fiscal 2021.

66,891 houses were delivered during this project period with a roughly 400,000-ton CO₂ fixation target. As of ten years since these afforestation efforts, the cumulative total estimated CO₂ fixation was 430,000 tons*. This is expected to reach our carbon dioxide fixation target of 6 tons per household.

Sumitomo Forestry strives to support the local people who want to plant more trees together with KTI in Indonesia.

* Excludes CO₂ fixation for environmental reforestation deemed to have a high risk of fires and other disasters

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Community-oriented Industrial Tree Afforestation Area and Estimated CO₂ Fixation

FY	Number of Relevant Households	Target CO ₂ Fixation	Afforestation Area (ha)	Estimated CO ₂ Fixation
2009	3,014	18,084	0	0
2010	8,435	50,610	740	68,734
2011	9,253	55,518	588	63,115
2012	9,407	56,442	702	58,419
2013	9,781	58,686	505	62,854
2014	9,350	56,100	482	61,645
2015	8,759	52,554	408	62,161
2016	8,892	53,352	406	55,273
合計	66,891	401,346	3,831	432,202

* The estimated CO₂ fixation value is calculated by a prescribed method from the estimated timber volume of plantation forest ten years after planting.

[Click here for related information](#)

> Reforestation Activities
Contributing to the Society

> News Release: KTI Reforestation
Cooperative Newly Acquires the
FSC Forest Certification (in
Japanese)



Water Maintenance and Management
to Prevent Fires



Fire Prevention Response Team



Harvesting and Transport of Timber

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Community Contributions Through Social Forestry

As a manufacturer and seller of plywood and processed wood products, KTI contributes to the local economy and community greening through "social forestry" by distributing seedlings to local residents for free to plant on the lands they own and promising to purchase timber when the trees are mature at its market value.

[Click here for related information](#)

➤ [Promoting Sustainable Wood
Procurement](#)



Donated Seedlings



Distribution of Free Seedlings and Buy Back Guarantee of
Logs

Respect for Local Tradition and Culture at Overseas Plantations

At forestry business in Indonesia, Sumitomo Forestry also deepens its understanding about the local culture and traditions by engaging in efforts to respect the traditions and cultures of local communities, such as capital support for traditional events held by local residents.

Technical Development for Sustainable Peatland Use

Sumitomo Forestry strives to develop forestry technologies together with the region through large-scale commercial afforestation project in West Kalimantan, Indonesia.

[Click here for related information](#)

➤ [Forestry Business in West
Kalimantan, Indonesia \(Industrial
Tree Plantation\)](#)



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Building Infrastructure and Providing Basic Educational and Medical Support in Neighboring Business Regions

PT. Mayangkara Tanaman Industri (MTI), a large-scale commercial afforestation project in Indonesia, views sustainable development of local communities as a vital managerial challenge, and thereby, undertaking community services that meet the needs of local residents in the areas through education, medicine and hygiene, infrastructure development, agriculture, and livelihood enhancement.

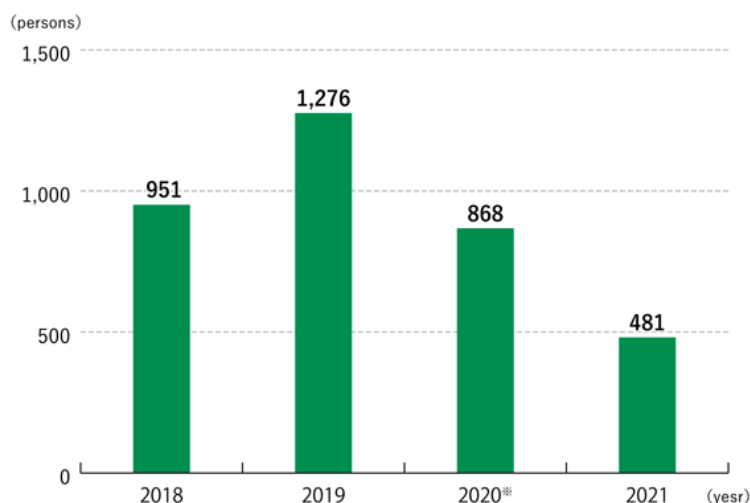
This forestry business acts as an invaluable employment opportunity for a local community with little industry. In particular, seedling production creates local employment opportunities for women who have few options.

Up until now, a water purifying plant was setup in villages in business regions to supply safe water for daily life to residents. In addition, Sumitomo Forestry works to provide basic educational support by building local elementary schools and deploying teachers where facilities and instructors are lacking as well as medical support by operating clinics and providing free examinations for neighboring residents.

In fiscal 2018, adoption of flood disaster prevention in neighboring communities began with the water level management technology developed through the Sumitomo Forestry business. Infrastructure that is easy to maintenance and able to effectively adjust water levels is offered to neighboring communities.

Due to the impact of coronavirus disease (COVID-19) in fiscal 2020, Sumitomo Forestry set up a mask production and distribution team from the end of March and the employees produced washable cloth masks by themselves to protect the health and safety of employees and overcome the ongoing shortages of masks throughout Indonesia. The masks produced by this team were not only given to employees but also donated to local hospitals and residents.

Total number of local residents using the MTI clinic annually *



* The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.



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Activities in Papua New Guinea

Building Social Infrastructure

Open Bay Timber Ltd. (OBT) in Papua New Guinea has been forestry business forest since 1984 and it contributes greatly to the economic development of the region. In April 2007, OBT became a Group company of Sumitomo Forestry to further healthy expansion and effective use of reforestation wood resources.

OBT also operates its own clinics and super markets for their employees and local residents to use because the preparation of social infrastructure is insufficient in Papua New Guinea. In neighboring villages, OBT nurses periodically visit neighboring villages to perform infant health checkups and provide advice to the sick as well as conduct educational activities. Patient transfers to larger hospitals are also provided.

The Open Bay Clinic is staffed day and night by health workers employed by OBT, who provide general medical care, deliveries, and medications, and also receive inpatients and transport critical patients over land and sea to large hospitals.

The patients receiving care are not only employees and their families but also many people who travel from far away for treatment.

OBT also took a variety of measures in respond to the spread of the COVID-19, such as the setup of hand-washing stations and training opportunities on public health for the local people. In Papua New Guinea, hand-washing and gargling have not been common until now, but became habits along with wearing masks indoors through these training. During mass new coronavirus vaccination, which was arranged by OBT, the state health department officials explained the COVID-19 and the vaccine, and those who agreed with the explanation were administered the vaccine. The Health Department thanked OBT for its strong support of the public-private partnership in the fight against the COVID-19.

OBT is also helping distribute textbooks and other educational materials to elementary schools in addition to its support transporting medical and sanitary supplies provided by the government slowed by the lock downs due to the COVID-19 to the Open Bay Clinic and neighboring medical facilities.



Full View of Open Bay Clinic



Vaccination briefing by the state health department officials

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Red Cross Training Model to Prevent the Spread of the COVID-19



Hand Washing Station Setup in Front of the Office

Activities in the United States

Social Contribution Activities Through the Housing Business

MainVue Homes set up MainVue Day in 2015 as a day each year for employees to participate in volunteer activities at least once. This program both works as an ongoing philanthropic activity and also an opportunity to reflect on a corporate philosophy that focuses on giving back to society.

MainVue Homes employees took advantage of MainVue Day in 2019 to participate in a volunteer effort held by the Low Income Housing Institute (LIHI)—a non-profit offering housing assistance to low-income and homeless people in Washington—to build a group of small homes. There are approximately 40,000 homeless people living in Washington, of which 7,000 are estimated to live with children. LIHI builds small homes equipped with electricity and heat for families living under such conditions. With the hope of providing at least a little more comfort in the lives of these impoverished people, MainVue Home employees pitched in wherever they could from painting both the inside and outside of homes and building front porches to cleaning the housing exteriors.

During the 2021 MainVue Day, which was held for the first time in two years due to the impact of the COVID-19, employees volunteered at a community center for the elderly in Carnation, King County, which MainVue Homes plans to build itself. The volunteers installed a set of cabinets provided by Sumitomo Forestry Group company Canyon Creek, cleaned the facility, planted trees, and demolished dilapidated houses.

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MainVue Homes Employees Taking Part in the Construction Work



MainVue Homes Employees Repairing and Cleaning the Facility



Completed Canyon Creek Inc. Cabinets



Facility view after exterior cleaning and planting

Crescent participates in various programs sponsored by Habitat for Humanity, an international non-profit organization that provides housing assistance in more than 70 countries around the world.

In 2021, 48 Crescent employees participated in Critical Home Repair, a program to repair existing homes in Charlotte, North Carolina, USA, by painting four homes. The program is designed to assist residents who are unable to contribute to the cost of repairs to homes that have deteriorated due to age and need to be reinforced and made safer.

Sumitomo Forestry Group companies DRB, Edge Homes, and Mark III Properties also donated to Habitat for Humanity and took part in housing support activities.

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Crescent employees performing painting work

Participation in Environmental Conservation Efforts

In 2021, Crescent, in collaboration with the Catawba Lands Conservancy, which aims to preserve the land and environment around Charlotte, NC, conducted an invasive species removal and litter pickup activity around the Catawba River. Forty-five Crescent employees participated in the activity to protect native plants and environmental ecology. Crescent will continue to actively implement environmental promotion activities in the future.



Crescent employees participating in the activity



Scene of the activity

Participation in Social Welfare Activities

Crescent is also actively involved in social welfare activities.

In 2021, 20 Crescent employees visited the Second Harvest Food Bank of Metrolina, a volunteer organization that delivers donated food mainly to places of need, to pack 700 nutrition kits.

In addition, 25 Crescent employees visited BerryHill Public School in Charlotte, North Carolina, USA, to volunteer by reading books, cleaning flower beds, and replacing soil.

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Packing boxes at Second Harvest Food
Bank of Metrolina



Volunteer activities at Berry Hill Public
School

Donations of Wooden Toys by Provisions of Offcuts Produced During Manufacturing

The Canyon Creek, which manufactures and sells wooden cabinets in the United States, contributes to the region by providing offcuts of wood produced in manufacturing products to local charity organizations which donate toys to make donations of wooden toys and puzzles to child protection facilities and children's hospitals. Although we were unable to continue this activity in fiscal 2020 and fiscal 2021 due to the impact of the COVID-19, we will continue our efforts.



Trains and Other Donated Wooden Toys



Local Charity Organization Members Making Toys

Activities in Australia

In 2021, Henley Properties, a company that builds and sells detached houses, sold one house for sale that was built with the help of a residential land developer and component suppliers, and donated the proceeds. Many people from the company's business partners participated in this activity, from providing land, designing, estimating, manufacturing and procuring materials, managing construction, and building, and constructed a two-story house in Wollert, north of Melbourne. Henley Properties donated all the earnings from the charity auction this year to a children's hospital. Since its inception in 1993, donations through the auction have totaled A\$17.16 million (1,424.3 million yen), which has been used for medical expenses for children suffering from illnesses.


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Interior of the House Sold at the Charity Auction

Activities in New Zealand

Contributions to Local Disaster Prevention and Rescue Efforts

Tasman Pine Forests Ltd.(TPF) contributes to integrated fire prevention/extinguishing activities in the community in cooperation with Fire and Emergency New Zealand (FENZ), a New Zealand firefighting organization, and neighboring forestry companies. Specifically, TPF contributes firefighting equipment such as fire engines to be operated by the FENZ-led local fire brigade to help prevent and extinguish wildfires in the community.

In addition, TPF employees and logging contractors are working to improve their disaster awareness and capabilities by participating in FENZ-sponsored disaster drills and attending elementary forest fire extinguishing training.

Since fiscal 2017, TPF has been donating activity capital as a sponsor to the Nelson Marlborough Rescue Helicopter Trust every year. This trust is deploying rescue helicopters roughly 500 times a year for natural disasters that occur in the region and for leisure accidents. The TPF logo is posted on the Marlborough Rescue helicopter.

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Fire engine donated by TPF



Pilot and paramedics with the Nelson Marlborough Rescue Helicopter Trust Helicopter

Teapot Valley Area Natural Forest Restoration Project Begins

Beginning in 2021, a project to restore natural forests damaged by the Pigeon Valley fire in TPF's mountain forests in February 2019 has begun. Teapot Valley was one of the areas most affected by the fire, and the area contained rare trees and wetlands. The project is part of the New Zealand government's Billion Tree Plantation Project, a government initiative that will last approximately four years. TPF is participating in the project from a financial and operational perspective. In 2021, we conducted work such as removing dead trees as part of before forestation work.

Activities in Myanmar

Support for Building Monastic Schools

Sumitomo Forestry is involved in the Myanmar Monastic School Support Team and the secretariat, bodies established to support the construction of monastic school-style community schools in Myanmar. Activities which began in 2014 aim to build one monastic-style school every year through donations of companies and individuals who see the benefit. Six schools have been completed to date. At the completion of a school, the donor companies held an opening ceremony with participants from advocating companies and an opportunity to engage with the local children.

Even though construction was postponed in fiscal 2021 due to the COVID-19, we plan to continue our support in the future as the Myanmar Monastic School Support Team.

[Click here for related information](#)

Myanmar Monastic School
[> Support Team Video \(in Japanese\)](#)



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School before rebuilding



Monastic School After Rebuilding and Attendees at the Ceremony

Construction of Monastic Schools by Myanmar Monastic School Support Team, in Number

Monastic School	Completion	Construction Region	Number of Students	Sponsors
Wutt Kyway Taw Pyay Monastery School	October 2014	Mingaladon Township, Yangon City	Approx. 260	18 companies, 4 individuals
Pyin Nyar Theingi Nun School	November 2015	Mingaladon Township, Yangon City	Approx. 130	18 companies, 4 individuals
Myittar Yaung Chi Nun School	November 2016	South Dagon Township, Yangon City	Approx. 140	19 companies, 5 individuals
Shuepi Paremiin Monastery Elementary and Middle School	March 2018	Aung Myay Tharzan Township, Mandalay	Approx. 520	20 companies, 6 individuals
Aung Mingalar Monastery Elementary and Middle School	January 2019	Pyigyidagun Township, Mandalay	305	19 companies, 6 individuals
Aung Myae Yadanar Monastery Elementary and Middle School	January 2020	Pyigyidagun Township, Mandalay	338	15 companies



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Basic Employee Data

Number of Employees

(Unit: Persons)	FY2018	FY2019	FY2020	FY2021
Non-Consolidated	4,824	4,914	5,073	5,091
Consolidated	19,159	19,332	20,562	21,254

Breakdown of Number of Employee (Non-Consolidated)

(Unit: Persons)	FY2018	FY2019	FY2020	FY2021
Management level	2,164	2,193	2,323	2,407
Non-management level	2,458	2,480	2,511	2,438
Fixed-term employees	119	152	151	153
Hosted from other companies	83	89	88	93
Total	4,824	4,914	5,073	5,091

Breakdown of Number of Employee (Subsidiary Companies in Japan)

(Unit: Persons)	FY2018	FY2019	FY2020	FY2021
Management level	1,460	1,725	1,675	1,982
Non-management level	4,440	4,400	5,660	5,616
Fixed-term employees	818	788	1,041	520
Hosted from other companies	218	196	191	219
Total	6,936	7,109	8,567	8,337



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Breakdown of Number of Employee by Age (Non-Consolidated)

(Unit: Persons)	FY2018	FY2019	FY2020	FY2021
Under 30	860	887	985	917
30-50	2,875	2,599	2,534	2,461
Older than 50	1,089	1,428	1,554	1,713

Number of Newly Hired Graduates* (Non-Consolidated)

(Unit: Persons)		FY2018	FY2019	FY2020	FY2021
Housing sales	Male	90	59	86	18
	Female	17	15	20	3
Housing engineering	Male	40	28	29	27
	Female	12	9	12	15
General management	Male	28	35	28	33
	Female	11	7	14	9
Clerical	Male	0	0	0	0
	Female	12	14	16	1
Total	Male	158	122	143	76
	Female	52	45	62	28
Total		210	167	205	104

* Calculated based on the number of new graduate recruits as of April 1 of each fiscal year.

Employment

Average Annual Pay (Non-Consolidated)

FY2018	FY2019	FY2020	FY2021
8,593,312 yen	8,587,314 yen	8,699,028 yen	8,723,534 yen



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Average Annual Pay by Gender (Non-Consolidated)

FY2021	Management level (Basic Pay)	Management level (Basic Pay and Bonus, etc.)	Non-management level
Male	6,867,2162 yen	10,523,172 yen	3,678,672 yen
Female	6,194,484 yen	9,261,096 yen	3,292,452 yen

Median Annual Pay (Non-Consolidated)

FY2018	FY2019	FY2020	FY2021
8,575,196 yen	8,575,196 yen	8,702,767 yen	8,730,623 yen

Average Length of Service* (Non-Consolidated)

	FY2018	FY2019	FY2020	FY2021
Male	15 years and 11 months	16 years and 3 months	16 years and 4 months	17 years
Female	11 years and 4 months	11 years and 6 months	11 years and 4 months	11 years and 8 months

* Calculated at the end of the fiscal year (as of March 31 of each fiscal year prior to fiscal 2019; December 31 in fiscal 2020 due to the change in the accounting period)

Separation rate*¹ (Non-Consolidated)


	FY2018	FY2019	FY2020* ³	FY2021
Voluntary separation rate (%)	2.3	2.3	1.6	2.4
Separation rate* ² (%)	2.7	2.5	1.8	2.7

*1 Calculated by dividing the number of people who left during the year by the number of employees at the beginning of the year, including employees seconded to partner companies but excluding executive officers, hosted from other companies and exchange employees.

*2 The calculation includes voluntary separations and excludes hiatuses and the end of terms.

*3 The period for FY2020 results is from April 1 to December 31, 2020 (nine months due to the change in the accounting period).

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Separation rate*¹ (Subsidiary Companies in Japan)

	FY2018	FY2019	FY2020	FY2021
Voluntary separation rate (%)	-	-	3.0	6.3
Separation rate* ² (%)	-	-	4.3	6.4

*1 Calculated by dividing the number of people who left during the year by number of employees on April 1 of the year.

*2 The calculation includes voluntary separation.

Separation rate*¹ (Subsidiary Companies Overseas)

	FY2018	FY2019	FY2020	FY2021
Voluntary separation rate (%)	-	-	9.1	13.2
Separation rate* ² (%)	-	-	13.2	16.9

*1 Calculated by dividing the number of people who left during the year by number of employees at the beginning of the year.

*2 The calculation includes voluntary separation.

Diversity


Employment and Promotion of Women (Non-Consolidated)

	FY2018	FY2019	FY2020	FY2021
Female employees including contract employees* ¹ (%)	21.0	21.6	22.0	22.6
Female employees in management positions* ¹ (%)	3.7	4.2	4.8	5.6
Female new graduates* ² (%)	24.8	26.9	30.2	26.9

*1 Prior to FY2019, calculated based on March 31 enrollment each fiscal year. Calculated based on the number of employees enrolled as of December 31 due to a change in accounting period from fiscal 2020 onward.

*2 The rate of new female graduates is calculated based on the number of employees joining the company as of April 1 each year

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	FY2018	FY2019	FY2020	FY2021
Ratio of female senior managers	2.1	2.7	2.7	2.7
Ratio of female general managers	3.2	5.1	6.3	7.1
Ratio of female managers in business units ^{*1} *2(%)	-	-	3.2	3.9
Ratio of females in research and development / technical positions ^{*1} (%)	-	-	9.5	11.7

*1 Prior to FY2019, calculated based on March 31 enrollment each fiscal year. Calculated based on the number of employees enrolled as of December 31 due to a change in accounting period from fiscal 2020 onward.

*2 The rate is excluding support functions such as HR, IT, Legal, etc.

Employment and Promotion of Women (Subsidiary Companies in Japan)

	FY2018	FY2019	FY2020	FY2021
Female employees including contract employees ^{*1} (%)	32.0	32.7	32.4	34.4
Female employees in management positions ^{*1} (%)	6.0	6.1	7.1	8.4
Female new graduates ^{*2} (%)	43.5	45.7	43.4	35.1

*1 The rate of female employees and the rate of female employees in management roles is based on the number of employees as of March 31 each year.

*2 The rate of new female graduates is calculated based on the number of employees joining the company as of April 1 each year.

Employment of Women (Subsidiary Companies Overseas)

	FY2018	FY2019	FY2020	FY2021
Percentage of Female employees including contract employees ^{*1} (%)	32.0	30.2	30.8	30.0
Percentage of Female employees in management positions ^{*1} (%)	16.0	17.1	19.5	20.9
Ratio of female recruitment ^{*2} (%)	-	-	38.7	32.8

*1 The rate of female employees and the rate of female employees in management roles is based on the number of employees as of March 31 each year.

*2 The rate of female employees is calculated based on the number of new hires from January to December of each fiscal year.



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Employment of Persons with Disabilities* (Non-Consolidated)

	FY2018	FY2019	FY2020	FY2021
Ratio of Disabled Employees (%)	2.32	2.40	2.25	2.38

* Calculated as of March 31 of each fiscal year until 2019, and as of December 31 due to changes in the accounting period after 2020

Employment of Persons with Disabilities* (Subsidiary Companies in Japan)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Ratio of Disabled Employees (%)	1.45	1.75	1.76	1.77	1.85	2.04

* As of June each fiscal year

Rate of Local Employment in Group Companies Outside Japan*

	FY2018	FY2019	FY2020	FY2021
Rate of Local Employment in Group Companies Outside Japan (%)	99.1	99.1	99.3	99.2

* Calculated by dividing the number of employees hired locally by consolidated subsidiaries and working for the company at the end of the year by the total number of employees at the end of the year

Training and Education

Hours of Training and Expenditure on Training (Non-Consolidated)

	FY2018	FY2019	FY2020* ¹	FY2021
Hours of training received per employee	13.6	18	10.5 (13.0)* ²	13.0
Expenditure on training per employee (yen)	97,000	102,000	59,000 (77,000)* ²	77,473

*¹ The period of data collection for fiscal 2020 is from April to December 2020 (nine months due to the change in the accounting period)

*² Figures in the parenthesis are reference data collected from January to December



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Work-Life Balance

Work-Life Balance Program Usage (Non-Consolidated)

		FY2018	FY2019	FY2020	FY2021
Number of childcare leave users (Persons)	Male	38	43	51 (58)* ⁶	62
	Female	43	42	27 (40)* ⁶	37
Percentage of childcare leave users* ¹ (%)	Male	24.1	31.3	46.8 (40.3)* ⁶	50.4
	Female	97.7	100	84.4 (95.0)* ⁶	108.8
Percentage of returnees after childcare leave* ² (%)		96.2	98.7	96.1 (95.9)* ⁶	99.1
Number of reduced hours program users* ³ (persons)		61	58	74	83
Number of telework program users* ⁴ (persons)		49	63	-* ⁵	-* ⁵

*1 The number of childcare leavers starting in the respective fiscal year divided by the number of employees who had a baby in respective fiscal year

*2 The number of returnees for the fiscal year divided by returnees for the fiscal year plus employees who resigned for childcare leave but have not returned to work

*3 Available for reasons such as childcare and family care; combined figures of employees on programs of the reduced working hours and the four-day work per week

*4 Available for any reasons other than childcare or family care

*5 The number of telework program users is not applicable because a Company-wide telework environment was introduced due to the coronavirus crisis.

*6 Figures in the parenthesis are reference data collected from January to December 2020.

Work-Life Balance Program Usage (Subsidiary Companies in Japan)

		FY2018	FY2019	FY2020	FY2021
Number of childcare leave users (Persons)	Male	6	8	16	28
	Female	73	83	72	95
Percentage of childcare leave users* (%)	Male	4.3	6.2	13.2	28.0
	Female	104.3	115.3	122.0	118.8

* The number of childcare leavers starting in the respective fiscal year divided by the number of employees who had a baby in respective fiscal year



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Paid Leave Usage Ratio (Non-Consolidated)

	FY2018	FY2019	FY2020	FY2021
Average paid leaves taken (day)	10.1	11.5	11.6	12.3
Paid Leave Usage Ratio* (%)	53.2	60.2	60.7	64.1

* Paid leave entitlements are issued each year in January, therefore the table shows figures as of December 31 of the respective year. Calculated by dividing the number of days of paid leave taken by the number of days of paid leave issued.

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Paid Leave Usage Ratio (Subsidiary Companies in Japan)

	FY2018	FY2019	FY2020	FY2021
Average paid leaves taken (day)	8.7	10.6	10.3	11.2
Paid Leave Usage Ratio* (%)	50.5	63.0	58.1	59.6

* Paid leave entitlements are issued each year in January, therefore the table shows figures as of December 31 of the respective year. Calculated by dividing the number of days of paid leave taken by the number of days of paid leave issued.

Occupational Health and Safety

Occupational Injuries (Non-Consolidated)*^{1,2}

	FY2018	FY2019	FY2020* ⁵	FY2021
Number of occupational injuries (incidents)* ³	2	1	1	2
Lost-time injury frequency rate* ⁴	0.2	0.2	0.29	0.19
Work-related illness frequency rate	0	0	0.29	0

*1 The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation period before fiscal 2019 is April of each year to March of the following year.

*2 One fatal occupational injury in FY2020.

*3 The number of work-related accidents resulting in payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act is disclosed (including the number of cases in which applications for compensated absences from work are pending)

*4 Lost-time injury frequency rate = Number of occupational fatalities or injuries resulting in an absence from work of at least one day ÷ Total number of working hours x 1,000,000

*5 Figures for fiscal 2020 have been retroactively adjusted due to the approval of workers' compensation.

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Relationship with Labor Unions

Labor Union Membership (Non-Consolidated)*

	FY2018	FY2019	FY2020	FY2021
Labor union membership rate (%)	100	100	100	100

* As of January 1, 2022, the number of eligible employees is 3,889. The scope of eligibility for labor union membership is stipulated in the labor agreement