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# Human Rights

## Human Rights Initiatives

### Basic Policy

The Sumitomo Forestry Group participated in the UN Global Compact in 2008, formulated the Sumitomo Forestry Group Human Rights Policy in July 2019, and revised in April 2023. We comply with international human rights bills (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization (ILO) Core Labour Standards, and the United Nations Guiding Principles on Business and Human Rights. The Sumitomo Forestry Group also participates in the UN Global Compact, its Japan local network (including the HRDD subcommittee) and the World Business Council for Sustainable Development (WBCSD). 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.

The Group is also working to disseminate its policies to its business partners, and is conducting human rights due diligence and respond to human rights risks in an effort to fully grasp and mitigate any risk related to human rights. Where necessary, we will provide as much support as possible to our business partners in their efforts to respect human rights.

### Sumitomo Forestry Group Human Rights Policy

The Sumitomo Forestry Group respects the human rights of all people involved in our Group's business 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

The Sumitomo Forestry Group respects human rights as defined by the Universal Declaration of Human Rights, the International Covenants on Human Rights (the International Covenant on Civil and Political Rights as well as the International Covenant on Economic, Societal and Cultural Rights), the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and other such international norms. The Group also complies with the United Nations' Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and all relevant laws and regulations of each of the countries it conducts business in.





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In countries and regions where there are discrepancies between domestic laws and international norms, the Group will respect and prioritize the undertaking of international norms.

## 2. Scope of application

This Policy applies to all business operations of the Sumitomo Forestry Group. Furthermore, to widely apply the United Nations' Guiding Principles on Business and Human Rights, the Group asks business partners to be committed to the respect for all human rights based on an understanding of this Policy.

This Policy includes respect for the rights of workers of business partners, and when business partners or other related parties are associated with an adverse human rights impact, the Group will require those partners or other related parties to respect and not violate human rights in accordance with this Policy.

## 3. Measures related to the respect for human rights

### • Human rights due diligence

The Sumitomo Forestry Group has established a human rights due diligence system, has incorporated it as a necessary process of its business 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.

### • Access to remedies

If a Sumitomo Forestry Group business operation has been found to have directly caused, contributed to or encouraged an adverse human rights impact, the Group shall undertake all necessary internal and external procedures and provide appropriate remedies.

Furthermore, the Group shall create necessary grievance mechanisms, maintain a reporting desk for internal and external access to remedies, and evaluate the effectiveness of corrective actions and remedies in an ongoing manner.

If a business partner has been found to be directly linked to an adverse human rights impact, the Group shall work with that partner to remedy the situation. Furthermore, the Group expects business partners to establish grievance mechanisms and engage in remediation. Where necessary, the Group will cooperate with judicial and non-judicial grievance mechanisms operated by national and public authorities.

### • Education

The Sumitomo Forestry Group shall provide periodic and appropriate training for directors, employees and other parties to ensure that the Human Rights Policy is integrated into all business operations of the Sumitomo Forestry Group.

The Group expects business partners to provide their workers with appropriate training on this Policy and will support their efforts when necessary.

### • Rightsholder/Stakeholder engagement

In view of the seriousness of human rights violations, the Sumitomo Forestry Group shall engage in dialogue and consultation with rightsholders/stakeholders to identify potential or actual human rights risks, mitigation measures and remedies for actual incidents, as well as to monitor and evaluate its human rights efforts. The information and lessons learned will be incorporated into the human rights due diligence process.



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- 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.

Toshiro Mitsuyoshi

President and Representative Director

**(Attachment)**

## Sumitomo Forestry Group Human Rights Salient Issues

The following are the Group's salient human rights issues as defined by international norms. These salient issues shall be updated as appropriate according to changes in the Group's business operations and societal conditions. The Group expects business partners to also make a commitment to respect human rights on all issues described here.

### 1. Human rights issues that must be respected from the perspective of international norms

#### <Prohibition of discrimination>

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

#### <Workers' rights>

- Prohibition of child labor
- Prohibition of forced labor (including foreign and migrant workers)
- Prohibition of human trafficking
- Respect for the freedom of association and collective bargaining
- Prevention of low wage labor (labor below minimum or living wages)
- Prevention of excessive working hours (commitment to the ILO Hours of Work Convention)
- Prohibition of power and sexual harassment
- Occupational safety
- Occupational health (including mental health) of workers

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

- Respect for the rights of local residents in the areas we conduct business
- Respect for the rights of land, natural resources and indigenous peoples<sup>1</sup>
- Respect for the rights of women<sup>2</sup>
- Respect for the rights of children<sup>3</sup>
- Respect for the rights of minority groups
- Respect for the rights of elderly people
- Respect for the rights of migrants and refugees<sup>4</sup>
- Respect for the environmental rights of future generations (e.g., sustainable forest management)
- Respect for the right to have access to water and sanitation
- Respect for the rights of human rights defenders



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#### <Privacy, Freedom of expression>

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

\*1 Including respect for the rights described in the Voluntary Guidelines for Responsible Governance of Land Use, Fisheries and Forest Ownership in the Context of National Food Security (VGGT), IFC Performance Standards, ILO Indigenous and Tribal Peoples Convention 1998 (No. 169) or the UN Declaration on the Rights of Indigenous Peoples, etc.

\*2 Including a commitment to the Convention on the Elimination of All Forms of Discrimination against Women

\*3 Including a commitment to the Convention on the Rights of the Child

\*4 Including a commitment to the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

#### 2. Issues identified through Human Rights Due Diligence

The Group recognizes the following human rights issues as salient and is working to mitigate risks identified through our human rights due diligence process.

- Respect for the rights of indigenous peoples and local communities
- Occupational health and safety
- Respect for the rights of foreign workers in Japan
- Building effective remedial grievance mechanisms

(as of April 2023)

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

## Implementation of Due Diligence and Managing Material 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 mitigate them.

### Internal Sustainability Survey at 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 subsidiaries. In fiscal 2022, the Sumitomo Forestry Group conducted an annual survey on human rights training and the relevant help desks for 59 primary Group companies in Japan and overseas (29 companies in Japan and 30 companies overseas). As a result, 49 of these companies are conducting human rights training and 46 have setup a help desk while 59 are engaging in measures to mitigate risk to human rights. For each supplier, we strive to prevent human rights infringements through conducting surveys and face-to-face interviews.

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Based on this survey, in fiscal 2022 there were no reports of human rights violations as defined in the Sumitomo Forestry Group Code of Conduct.

## Respect for Human Rights Through Sustainability Procurement

The Sumitomo Forestry Group conducts fair and responsible procurement under the Sumitomo Forestry Group Procurement Policy which obligates suppliers to protect human rights, workers' basic rights as well as preventing corruption. For procurement of imported materials, the Group ensures through surveys for more than 200 suppliers whether rights of workers and local communities in the areas where raw materials of the supplies are procured from have not been violated; whether adequate consideration is made during logging to the suppliers. Based on the risk categories, the Group also engages in interviews and on-site inspections with any suppliers where measures to mitigate risks were deemed necessary. Furthermore, in fiscal 2022, in order to promote awareness for human rights issues, a study session on "Human Rights and Supply Chain" was held for personnel in charge of wood procurement within the Sumitomo Forestry Group.

[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. In addition, we reviewed the mapping in fiscal 2020, considering the impact of spread of new coronavirus infection as a new risk factor.

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.)".

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 reviewed the operational status of grievance mechanisms and points to be corrected 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. In fiscal 2022, the Sumitomo Forestry Group Human Rights

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Policy was revised with input from third parties to ensure that business partners are committed to respecting human rights and to comply with international guidelines.

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.

### New Business Plan Human Rights Risk Assessment

In planning new businesses and projects, Sumitomo Forestry conducts risk assessment for the entire supply chain. Social aspects, such as human rights considerations for workers and other stakeholders, are also covered in the assessment.

[Click here for related information](#)

➤ [New Business Plan Risk Assessment](#)

### Operation and Maintenance of the Grievance Mechanism

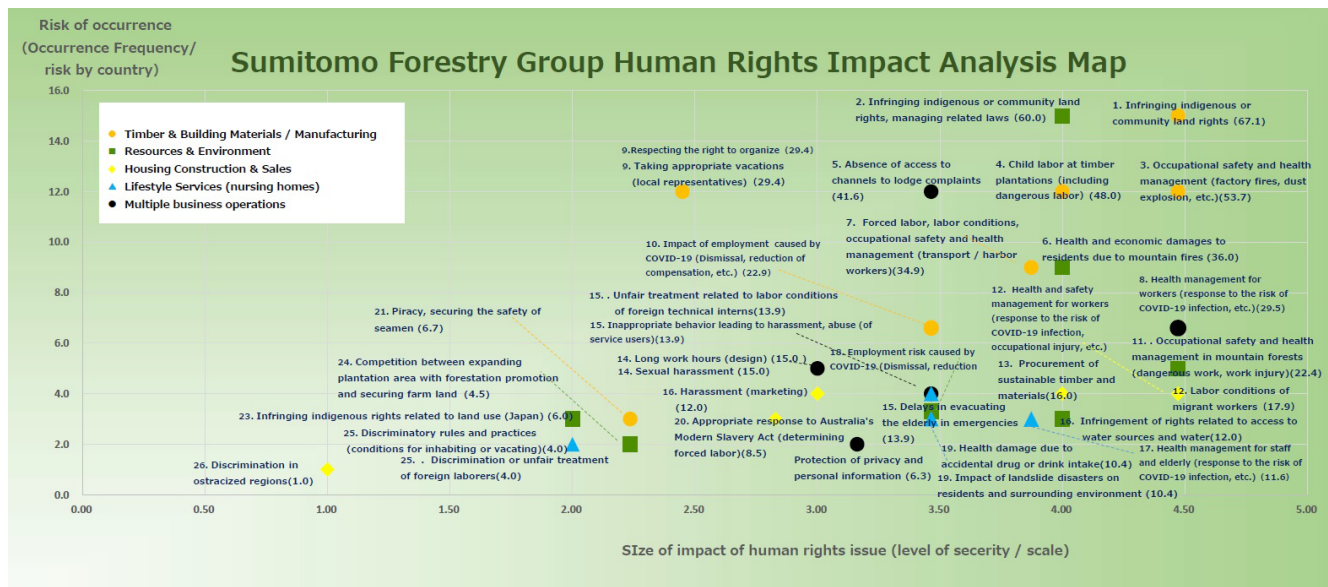
Sumitomo Forestry recognizes the importance of the grievance mechanism (complaint handling mechanism) and offers grievance hotlines. We will continue to develop internal and external hotlines to help prevent human rights violations and take necessary measures to remedies when human rights violations occur.

[Click here for related information](#)

➤ [Grievance Desk](#)

➤ [Compliance Hotline](#)

## Sumitomo Forestry Group Human Rights Impact Analysis Map



(Revised in July 2020)





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## Respect for Human Rights in Overseas Forest Management

The following are examples of Sumitomo Forestry Group's overseas forestry business initiative as part of its stakeholder engagement and grievance mechanisms.

### Initiatives in Indonesia

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 stakeholder meetings inviting such stakeholders as local community members, neighboring concessions and businesses, academics, NGOs, and government officials; in 2013 to share the outcome of the surveys and in 2015 prior to the logging to deepen stakeholders' understanding about the business and environmental considerations.

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). PT. Kubu Mulia Forestry (KMF) has also been under the same mechanism since 2022. The mechanism has two grievance channels: The first allows local residents to share their opinion in writing with WSL, MTI and KMF, while the second provides WSL, MTI and KMF the opportunity to conduct local visits with local residents to collect community voices. WSL, MTI and KMF respond to any grievances from local residents from both routes within seven business days, with the approval from the management.

### Initiatives in Papua New Guinea

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.

### Initiatives in New Zealand

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. 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%). This training course also includes curriculum to enhance awareness and understanding about people with disabilities, foreign nationals, LGBTQ and other minorities. In fiscal 2022, 12,232 employees of whom 5,611 and 6,621 belong to the parent company and Group companies, respectively, took the class. Sumitomo Forestry also incorporates classes about human rights in its training for new general managers. The effort in raising human right awareness via e-learning and training opportunities 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, as well as through various group training programs and e-learning programs on harassment. Furthermore, the Group distributes an email to every employee from the Personnel Department every six months to raise awareness about stopping all harassment.

Since fiscal 2000, a "Harassment Hotline" has been set up within the Personnel Department to ensure that consultations are handled appropriately. In fiscal 2022, we reviewed four cases that were consulted at the "Harassment Hotline".

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.

Click here for related information

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

➤ [Practical Mental Health Care](#)

➤ [Grievance Desk](#)



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# Diversity and Inclusion

## Diversity and Inclusion of Sumitomo Forestry Group

### Basic Policy

The Sumitomo Forestry Group is promoting diversity and inclusion with "respecting diversity and creating a free and vigorous corporate culture" as one of our values.

In order to link innovation brought about by the diverse abilities and values of our diverse human resources to new challenges and growth, we have defined "To create a vibrant environment for all workers" as one of our material issues, and are managing it by incorporating it into the annual activity policies and measures of the administrative divisions.

The Sumitomo Forestry Group Code of Conduct states respect for the human rights of all individuals, including women, children, indigenous peoples, minorities, and vulnerable people, in accordance to internationally accepted human rights norms.

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 Personnel Department, "Workstyle Diversification Department" cooperates with each department to promote diversity and inclusion through activities that support the active involvement of diverse employees to achieve a work-life balance that meets their specific circumstances, including female employees, retired employees, employees with disabilities, and LGBTQ employees.

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.

## 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 we have been working on this goal, reaching 6.3% by the end of 2022.

In 2021, we endorsed the "Challenge to 30% by 2030," a goal set by the Keidanren (Japan Business Federation) to increase the percentage of women on the board of directors to 30% by 2030.

Percentage of Female employees in  
management positions  
FY2022 target  
(Non-consolidated)

At least **6.7%**

Percentage of Female employees in  
management positions  
As of December 31, 2022  
(Non-consolidated)

**6.3%**



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In 2022, in the Mid-term Sustainability Targets and the third phase of the Action Plan of the Act on the Promotion of Women's Active Engagement in Professional Life, a goal of "the percentage of female employees in management positions being 8.1% or more by December 31, 2024" was announced.

## 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)

	FY2019	FY2020	FY2021	FY2022
Ratio of female employees to all employees <sup>*1</sup> (%)	21.6	22.0	22.6	23.1
Ratio of females to new hires <sup>*2</sup> (%)	26.9	30.2	26.9	33.1
Female employees in management positions <sup>*1*3</sup> (%)	4.2	4.8	5.6	6.3
Ratio of female senior managers (%)	2.7	2.7	2.2	2.4
Ratio of female general managers (%)	5.1	6.3	8.3	8.5
Female employees in management positions in revenue-generating functions <sup>*1*4</sup> (%)	-	3.2	3.9	3.8
Ratio of women in research and development / technical positions <sup>*1</sup> (%)	-	9.5	11.7	10.5

\*1 Fiscal 2019 was calculated based on enrollment as of March 31. 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 Calculated by adding the number of new graduate employees hired between May and the following March of the previous year to the number of new graduates hired in April.

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

\*4 The rate is excluding support functions such as HR, IT, Legal, etc.

## Training for Home Advisors

Regular training is provided for female home advisors working at model homes. We follow up with them by utilizing videos and operations manuals that summarize the details of the work and key points of customer service, so that they can put the work into practice.

In the fiscal year ended December 31, 2022, a total of 318 participants took the course. In the future, we plan to conduct skill improvement training utilizing online and other means so that we can respond to customers' situations and requests in a more detailed manner.

## Training for Female Sales Staff

Since not a small number of female employees leave the company due to life events, it is important to create an environment that enables diverse work styles and to facilitate early acquisition of skills. To this end, we provide training for female employees in sales positions in their third year with the company to help them acquire sales skills and follow up with them to strengthen their weak areas.

In addition, we plan to conduct online information exchanges to help resolve issues related to the retention of female staff.



Participants of Women's Conference 2020 displaying their individual goals



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## Initiatives Aimed at Increasing the 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.

### 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
Managers and Manager Candidates	Training for new managers and female leaders
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 design training, such as Career 30 training (voluntary) for employees in their 30s, Career 40 training (all employees) for employees in their 40s and Career 50 training (all employees) for employees in their 50s tailored to each major milestone throughout life.



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## LGBTQ initiatives

Sumitomo Forestry regards LGBTQ 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.

In 2021, training was conducted for directors and employees at the Personnel Department and General Administration Department, and in 2022, training was conducted for all managers in charge of each department and branch office, as well as all managers in charge of general affairs. In 2023, we plan to implement the program for all group managers in the Housing Division. All employees are required to take e-learning courses to promote company-wide understanding.



LGBTQ training state

In the area of personnel systems, in January 2022, we established the "Partnership System Regulations" and applied the same internal systems and benefits to same-sex partners and de facto partners as those of spouses. We are working to increase the number of allies (people who understand and support LGBTQ) by providing information to employees on the internal website, including information on systems, initiatives, and participation in LGBTQ awareness-raising events such as Rainbow Pride.

In addition, an "External Grievance Desk" has been established to provide individual consultation.

In November 2022, in recognition of these efforts, Sumitomo Forestry received gold certification, the highest ranking, in the PRIDE Index 2022 which evaluates companies' engagement with the LGBTQ community. We will continue to work to create an environment where everyone can work comfortably and actively.

### Related Information

Establishment of the Partnership System  
 > Regulations: equal treatment for partners in same-sex marriages and de facto marriages as spouses (Japanese)

Sumitomo Forestry received gold  
 > certification in the PRIDE Index 2022 which evaluates the companies' engagement with the LGBTQ community (Japanese)



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## 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, 2022 was 2.40%. 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<sup>\*1</sup> 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<sup>\*2</sup>. The program was also implemented in fiscal 2022 for new hires, etc. We plan to continue to do so and promote acquisition by 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, 2022  
(Non-consolidated<sup>\*3</sup>)

**2.40%**

<sup>\*1</sup> 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

<sup>\*2</sup> Applicable to 5,430 employees excluding childcare leave, long-term leave, overseas expatriates, etc.

<sup>\*3</sup> The calculation is the sum of Sumitomo Forestry, subsidiary Sumirin Wood Peace as well as the affiliated Group company Sumirin Business Services

### Employment of Persons with Disabilities (Non-Consolidated)<sup>\*1,2</sup>

	FY2019	FY2020	FY2021	FY2022
Ratio of Disabled Employees (%)	2.40	2.25	2.38	2.40

<sup>\*1</sup> Calculated as of March 31 for 2019, and as of December 31 due to changes in the accounting period after 2020

<sup>\*2</sup> 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 2022, Sumirin Wood Peace employs 13 people with disabilities. In the future, the Company will further this recruitment and ensure business continuity.



State of wood product processing

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### **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 Cabinet Company (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".

## **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 remained around 80% on average, although the ratio varies from year to year. After adopting the system, 91.9% of employees (1 re-employ retiree) in fiscal 2020, 93.3% of employees (4 re-employ retirees) in fiscal 2021 and 93.2% of employees (5 re-employ retirees) in fiscal 2022 chose 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





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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. Every year since April 2020, a re-employment ratio of 100% has also been 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, 77 employees have registered as senior human resource assets, of whom 53 are still working as of December 31, 2022.

## 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. This is a system that allows employees to be re-employed by the company in the future if they meet certain filing requirements such as three years or more of service when they retire due to their own circumstances, and since its introduction in October 2008, 324 applications have been received and 12 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 operate 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.

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**Number of Partner Employees Promoted to a Permanent Employee\***

F2019	F2020	F2021	F2022	F2023
14	12	17	13	12

\* As of April 1 of each fiscal year

**Number of Challenged Employees Promoted to a Permanent Employee\***

FY2019	FY2020	FY2021	FY2022	FY2023
2	1	0	1	1

\* As of April 1 of each fiscal year



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# Diversity and Inclusion

## Human Resources Development

### Basic Policy

Sumitomo Forestry's basic policy for human assets development is to "nurture employees who learn by themselves, think about the essence of things, and take action" and "create a workplace culture that allows people to be energetic and vigorous." By supporting the growth of employees with high morale and pride, and by fostering an open minded and energetic corporate culture, we aim to realize our corporate philosophy.

### 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. comprehend and develop the corporate philosophy based on Sumitomo's Business Spirit, 2. master universal business and management skills 3. nurture global human assets, and 4. train management 5. create a workplace culture that allows employees to work energetically and vigorously.

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 Division

Employees of the Housing 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 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 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 2022, 394 employees of whom 275 and 119 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 and management skills

We support employees' learning by respecting their autonomy at Sumitomo Forestry Business Institute of the Personnel Department. In addition to 137 courses, including e-learning, correspondence courses, and dispatch to external training programs for the purpose of acquiring business skills and knowledge, we offer online video learning courses from more than 200,000 courses. Moreover, we have a system to subsidize 50,000 yen for employees to attend external training programs that they themselves have sought out. In fiscal 2021, a total of 642 employees participated in such training, and 926 employees participated in fiscal 2022.

We also focus on hierarchical training. We have conducted evaluator training for 66 employees in fiscal 2021 and 72 employees in fiscal 2022 in order to firmly establish and utilize the evaluation system. In addition, as part of the multifaceted assessment to develop managers' management skills, a multifaceted evaluation feedback work was offered for 55 first-time evaluatees in fiscal 2022, to assist them accurately grasp and practice the evaluation results. We also conduct aptitude assessments for employees who wish to assume management positions. We help our employees identify their own strengths, weaknesses, and characteristics, and provide direction for the development of necessary skills. In fiscal 2022, this program was conducted for 74 participants.

Furthermore, all of our 62 general managers from the Housing Division attended the housing general managers workshop co-hosted by Sumitomo Forestry Business Institute of the Personnel Department and Human Resources Development Department. General managers are to improve 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 general managers and the corporate management team.

### 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



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work abroad with extraordinary business performance. This guidance includes learning English and Indonesian. The curriculum is an original program adapted to the skill level and work content of each employee taking the course, and encourages the study of bookkeeping and accounting. In addition, a new course dealing with international affairs in general has been established since fiscal 2022.

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 83 employees have graduated, with 35 of those trainees participating in fiscal 2022. (106 employees are working abroad as of December 1, 2022, 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 2021, 96 employees took part in 17 programs, and 130 people took part in 23 programs in fiscal 2022.

#### 5. The realization of a open minded and energetic work environment

In fiscal 2021, the Housing 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 open minded and energetic. In fiscal 2022, we expanded the "Three-Star Project" and newly launched the "Forest4.0 Project" in the Environment and Resources Division.

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 fiscal 2021, and 97 employees from eight branches participated in fiscal 2022, in a six-month workshop. The knowledge obtained from the training was immediately applied to their work. In fiscal 2022, 71% of participating members reported increased engagement in their work and 78% reported increased engagement in their organizations as a result of this project. In the future, we plan to expand the project gradually to a total of 62 branches.

Eight employees participated in the "Forest4.0 Project", a six-month workshop that examined the future of forestry business, explored the possibilities of new value creation based on rich ideas, and considered a path to realization. The final project proposal continues to be considered for realization.

#### 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 2022, the content of the programs was standardized and conducted online training at each company, while connecting Group companies online for some programs, with 321 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 2022.





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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 130 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 (FY2022)

Level/grade	Skill grade	Training for specific levels (across-the-board attendance)	Selective training (nominated/open invitation)	Self-development training (voluntary)	SBC/e-Learning
Management track	Officers	New executive officer training		External extension courses	Knowledge by division (timber and building materials, manufacturing business, housing and construction business, elderly care business, etc.)
	M5	Branch manager training	Next generation leader development	Designated courses	Knowledge (legal, financial, accounting, labor, harassment, mental health, etc.)
	M4 E4	Training for new managers	Management Leadership Training	Undesignated	Management skills (team management, coaching, etc.)
	M3 E3	Evaluator training	Transformational middle training	Annual subsidy up to 50,000 yen for external training and language courses found independently by employees	Business skills (writing, logical thinking, marketing, etc.)
	M3S E2	Multiple evaluation feedback training	Strategy-building skill training	Sumitomo Forestry Business Institute courses	Common (history and corporate philosophy of Sumitomo Forestry, legal compliance, the environment and information security)
	M2S E2	E2 grade aptitude training	Engineer management training	Group training (external training company)	
	M2S E1	New Manager Training	Financial leadership training	Attended in-house (in-house training by outside instructors)	
Staff track	S4	OJT trainer training	Leadership training	Distance learning (JMAM, etc.)	
	S3	Training for 5th year general management (All job categories) Training for 5th year graduates	Liberal arts training	Management school (Globis)	
	S2	Training for 3rd year general management	Dispatch to Japan Management Association, Japan Productivity Center, Keio MCC and Globis	E-learning (JMAM, RECRUIT, GLOBIS, etc.)	
		Training for the second year of employee	(Joint Group training) Program to strengthen logical thinking	Group training (external training company)	
		Training for the first year of employee	Group exchange training		
		(All job categories) New employee training	Cross-industry exchange 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			

\* Training available to Group company employees

### Number of Employees Attending Main Training Programs(FY2022)\*

Training program	Number of people attending (Non-consolidated) (Persons)	Number of people attending (Group companies) (Persons)	Total
Training by specific levels (23 courses)	1,063	0	1,063
Selective training (39 courses)	217	26	243
Self-development training (140 courses)	783	0	783
e-learning (6 mandatory courses)	5,611	6,621	12,232

\* January 1 to December 31, 2022



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

	FY2019	FY2020 <sup>*1</sup>	FY2021	FY2022
Hours of training received per employee	18	10.5	13.0	15.5 <sup>*3</sup>
Expenditure on training per employee (yen)	102,000	59,000 (77,000) <sup>*2</sup>	77,473 <sup>*3</sup>	105,628 <sup>*4</sup>

\*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 Hours of training by hierarchy in Sumitomo Forestry Business Institute of the Personnel Department and Human Resources Development Department (excluding self-development training and selective training)

\*4 Expenditure on training for fiscal 2022 (Non-consolidated) is 543 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 of the 146 qualifications. In fiscal 2022, 935 employees took advantage of the program.

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, and 23 employees satisfied the criteria in fiscal 2022. 37 employees obtained second-class architect licenses under the guidance of the Human Resource Development Department in fiscal 2022.

Sumitomo Forestry Home Tech introduced an in-house qualification system, the "Structural Diagnosis Master" in fiscal 2021. The goal of the internal qualification system is to improve employees' motivation for self-improvement while also improving legal compliance and quality control. In fiscal 2022, the second examination was conducted. 345 employees took the exam and 124 passed. A total of 227 employees (24% of eligible employees) obtained certification, including those who passed the first round.

### Initiatives in the Human Resources Development Department, Housing 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.



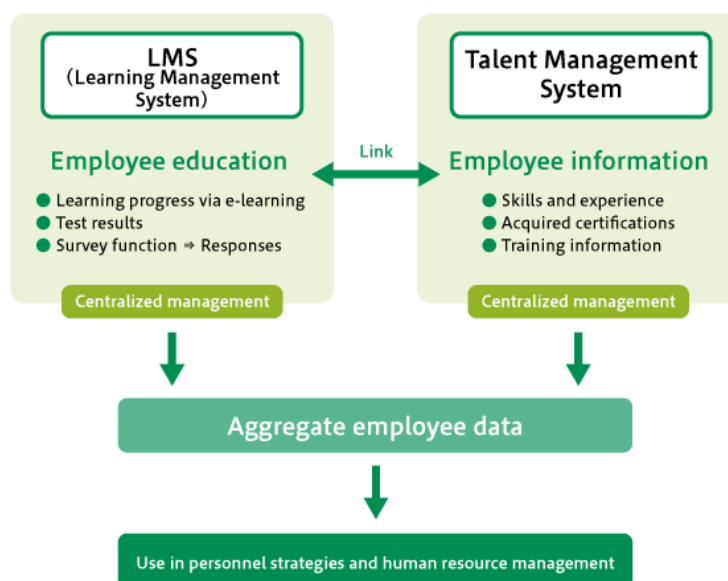
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We have begun insourcing video materials to broadcast before training for the purpose of an effective flipped classroom before regular training. There are interactive features in the 360-degree videos, such as information hotspots, quizzes, and knowledge 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

Beginning in 2022, Sumitomo Forestry is using the headquarters studio to create video materials for training for employees joining the company. From April 2023, we plan to support on-the-job training at branches by establishing "Jinkai e-Learning," an environment that enables employees to learn business operations from the time they join the company. In conjunction with this initiative, we aim to establish a dual-axis training program for new graduates and mid-career hires by rooting a regular face-to-face training program for mid-career hires that began in 2022.

#### 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.

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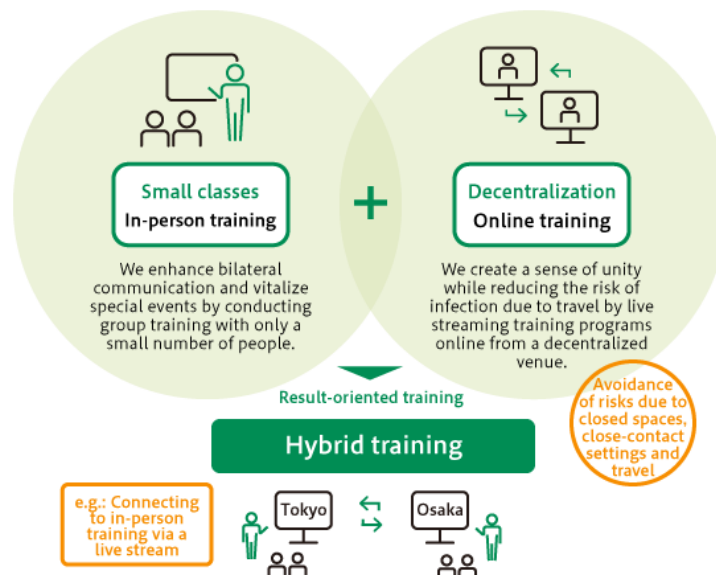
### Training Using Tablets

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 is 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. In addition, the provision of tablets to employees from the time they join the company also contributes to the improvement of IT literacy among younger employees. We will continue to strive to realize an educational ICT environment to further develop the qualities and abilities of each employee.

### Hybrid Face-to-Face and Web-Based Training

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.

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



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### Training Using VR and AI

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.

## Initiatives in Sumitomo Forestry Home Tech

### Needs-Based Sales Training

Sumitomo Forestry Home Tech, has two businesses; "Owner Business," managing renovation and maintenance of Sumitomo Forestry's custom-built wooden detached homes and "Customer Business," renovation of non-Sumitomo Forestry houses. From FY2021, we have implemented "Needs-Based Sales Training" for up to the fifth year of new-graduate-employees who are in sales and design. While the average age of owners who order renovation is around sixty years old after their life stage change, the targets of this training are in their early twenty's and finding common topics for a small talk is already a challenge. The training was to cultivate "problems" or "something missing" and provide solutions for the home owners; then to propose a plan that addresses the potential needs of customers. The training is comprised of three sessions: awareness change, behavior change, and result change, and is conducted in a role-playing format. Role-playing format and the "awareness change" step leads to better communication in cultivating the unnoticed problems of the home owners. As a result, their sense of accomplishment increased with such comment as "the home owner now recognizes me as a family consultant" or "I now enjoy sales as I am not selling goods, but solutions for the family." The sales for owner business per personnel improved as well.

As a result of the training, the motivation of sales and design personnel has increased, and the number of proposals that led to actual contracts in routine work has increased. Improved motivation has led to an increase in the employee retention rate. Furthermore, a positive cycle has been created in which sales increase further due to increased self-confidence by increased unit price of orders.

Orders for "Owners Business" (Sumitomo Forestry homes) are mainly operated by young employees, who are the target of this training. After implementing the training, orders in the low-priced range (1 million yen or less) have decreased compared to the previous years. Whereas, orders in the price range of 1 million yen or above have increased, totaling 108% of the previous year. Moreover, due to the synergetic effect, the high price range has also increased in the "Customer's Business," totaling 112% of the



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previous year. Needs-Based Sales training, which stimulates owners' potential demand and leads to better sales results, is proven effective in providing added value to customers and motivating young employees, which leads to lower turn-over ratio as well.

## 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.

### Real Estate Agent

	FY2020	FY2021	FY2022
Number of examinees	198	142	194
Number of successful candidates(Number of sales positions obtained)	24 (414)	25 (440)	29 (470)
Passing rate	12%	18%	15%

### Level 2 Financial Planner

	FY2020	FY2021	FY2022
Number of examinees	150	120	146
Number of successful candidates(Number of sales positions obtained)	25	40 (260)	41 (306)
Passing rate	17%	33%	28%

### First-class construction management technician

		FY2020	FY2021*	FY2022
The 1st test (Subject)	Number of examinees	52	-	16
	Number of passers	40	-	8
	Passing rate	77%	-	50%
The 2nd test (Site)	Number of examinees	56	-	10
	Number of passers	38	-	7
	Passing rate	68%	-	70%

\* No support for obtaining qualifications in fiscal 2021



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

		FY2020	FY2021	FY2022
Second-class architects	Subject passing rate	100%	100%	100%
	Passing rate of drawing	89%	84%	81%
Second-class architects (Subject)	Subject passing rate	30%	30%	31%

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 2022, the school had another 84 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

	FY2019 (32nd graduating students)	FY2020 (33rd graduating students)	FY2021 (34th graduating students)	FY2022 (35th graduating students)
Number of new students	57	61	69	84
Number of graduates	55	60	63	-
Students who acquired the 2nd class carpenter license	55	60	62	-





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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. In addition to short-term semiannual performance, the evaluation items include items that contribute to the long-term development of the company, teamwork attitude and actions to create results, compliance, and risk management. 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 2022, the multi-faceted evaluation system (360 Degree Evaluation) was mainly conducted for employees in charge of organizational management, specifically new management employees or employees 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.

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.

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## 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 2022, President Mitsuyoshi held a discussion with five employees who are active at the forefront of decarbonized initiatives within the Sumitomo Forestry Group under the theme of "Mission TREEING 2030—Turning the Wood Cycle". The video of the event was filmed and distributed to convey the president's strong enthusiasm for realizing a decarbonized society and the passion of the employees for the project. We plan to continue this activity as an opportunity for direct dialogue between the president and employees and to increase communication among the group in fiscal 2023.



Distribute video of the discussion

## Employee Satisfaction Survey

Sumitomo Forestry conducted the 12th employee satisfaction surveys in July 2022.

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 4,995 full-time and fixed-term employees with a response rate of 91.1%.

As a result of the survey, 77.0% of employees answered either "absolutely" or "yes, if I have to choose" when asked whether they were satisfied working for Sumitomo Forestry.

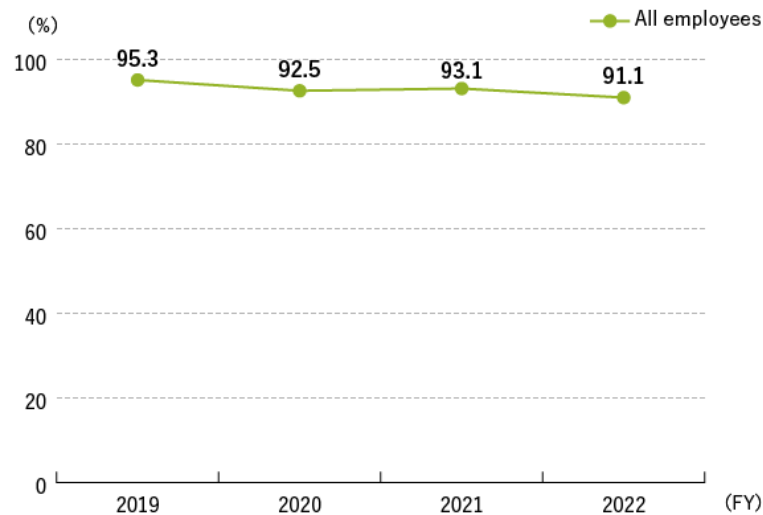
Furthermore, this survey was also jointly conducted at 26 consolidated Group companies in Japan and Sumitomo Forestry since 2019. The questionnaire targeted 12,656 full-time and fixed-term employees (including some part-time employees) with a response rate of 88.5%.

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

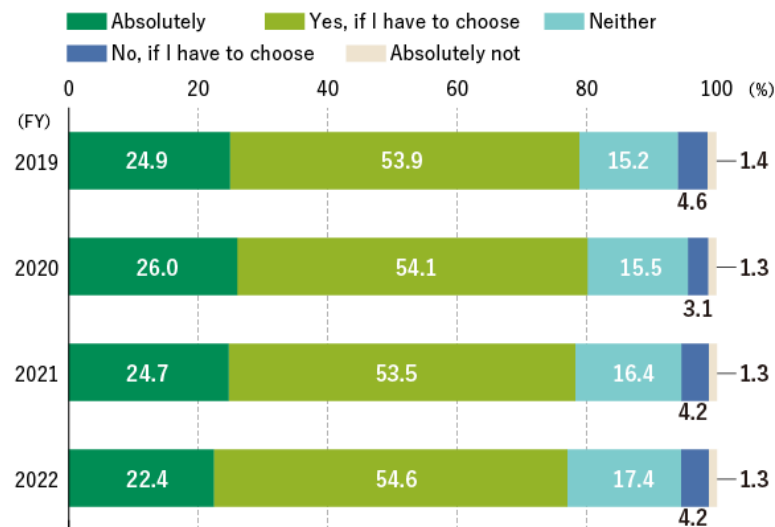


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## Employee Satisfaction Survey Response Rate (Sumitomo Forestry)



## Employee Satisfaction Survey Trends (Sumitomo Forestry)



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## Relationship with Labor Unions

All of the eligible employees at Sumitomo Forestry (3,867 people) have joined the labor union as of January 1, 2023.

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.

In fiscal 2022, joint labor-management discussions were held on 15 occasions, and following on from fiscal 2021, consideration was given to measures for reducing overtime working hours and improving employees' work-life balance.

Membership rate in labor unions  
(Non-consolidated)

**100%**



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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, 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 the fiscal year ended December 31, 2022, the Sumitomo Forestry Group set the critical target "reducing long working hours through workstyle reforms" as of December 2022 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.

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.

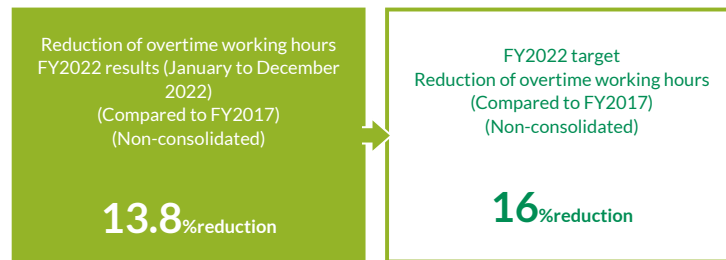
In particular, close communication with customers is indispensable in the sales and construction of custom-built detached housing in the Housing Division, which results in the employees' long working hours. To this end, OHS committee, which meets at each branch office, discusses initiatives to reduce long working hours at each branch. As to the working system and operational flow reform that are difficult to tackle at a branch level, the Housing Division continuously leads the long working hours mitigation campaign by making proposals for the systems improvement.



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## 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.

## Encouraging Employees to Take Paid Annual Leave

Sumitomo Forestry has promoted the use of annual paid leave by encouraging employees to take at least 70% of their annual paid leave entitlement and by posting a list of leave taken by each business location on the internal website. We have also introduced an annual paid leave system in half-day and hourly units, as well as a planned refreshment break and summer vacation to create an environment conducive to taking leave.

Paid Leave Usage Ratio  
(2022)  
(Non-consolidated)

**68.4%**

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

The yearly paid leave usage ratio in 2022 was 68.4 percent as a result of these initiatives.



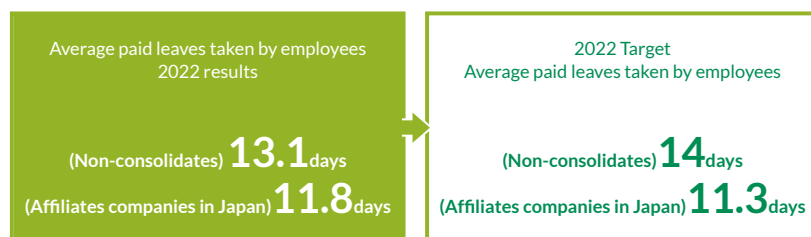
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### Results of Paid leave usage ratio (non-consolidated)

	2019	2020	2021	2022
Paid leave usage ratio (non-consolidated) (%)	60.2	60.7	64.1	68.4

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

\* Excluding directors and executive officers, employees on overseas assignment, employees hosted from other companies, and employees on extended leave or leave of absence



### Initiatives to Promote the Use of Paid 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.

Although branches of the Housing Business Division are closed on Tuesdays and Wednesdays because they often have business meetings with customers on Saturdays and Sundays, it sometimes makes hard for employees to take time off to attend their families' school activities or community events. 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.

### Refreshment Break and Family Friendly Day Leave Acquisition Rate (Non-consolidated)

	2019	2020	2021	2022
Percentage of Refresh Leave Program takers (%)	43.7	31.3	31.3	24.7
Percentage of Family Friendly Day Leave takers (%)	36.8	30.5	26.6	31.2



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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).

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 2022 due to the impact of COVID-19 infections). Each site added their own 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.

## Promoting Paternal Support for Male Employees

At Sumitomo Forestry, male employees are required to report their spouses' pregnancy and childbirth plans to their supervisors and Workstyle Diversification Department of Personnel Department. Then, the employees consult with their supervisors about the status of childcare and the acquisition of childcare leave while reviewing the "Handbook for Supporting Work and Childcare Balance" and a guidebook on childcare-related systems together.

After the interview, the employee fills out the "Childcare Leave Notification and Intention Confirmation Form" indicating their desire to take childcare leave and their supervisor's comments, and returns the form to Workstyle Diversification Department. The submission of this form is mandatory when applying for the "lump-sum childcare support payment" provided to employees whose children are born, thereby increasing the rate at which interviews are conducted. In addition, we follow up on each individual's smooth acquisition of childcare leave depending on the details of their request.





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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. 77 male employees took childcare leave in fiscal 2022.

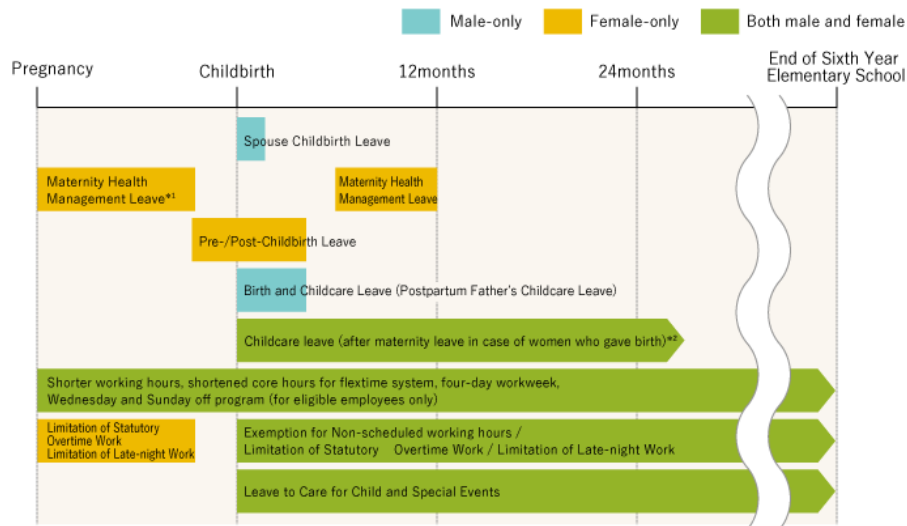
#### Main Childcare Support Programs (FY2022)

Program	Description
Childcare leave at birth	May be taken up to 2 times within 8 weeks of the birth of the child
Childcare leave	Childcare leave may be taken by employees until March 31 immediately following the child's second birthday, and may be obtained in installments of up to 2 times. 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 2022 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 Those who Returning to Work from Childcare Leave and Their Supervisors

Sumitomo Forestry held a joint seminar in November 2022 for those who returning to work from childcare leave and their supervisor. 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.

## Supporting Workstyles for Employees Caring for Family Members

Sumitomo Forestry supports its employees in balancing work and nursing care. In addition to allowing employees to take up to 365 days of leave per applicable family member, employees may also take advantage of shorter working hours or a four-day workweek. The flextime system was rolled out to the entire company in January 2021 (except employees on the discretionary work system), and now the core hours can be shortened for reasons of family care. Sumitomo Forestry has also established family illness and injury leave, enabling employees to take in 30 minute increments.



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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 (FY2022)

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: 1

### Family Care Support Program Performance (Non-consolidated)

	FY2019	FY2020	FY2021	FY2022
Family care leave (Persons)	1	2	2	1
Number of family support program users (Persons) (Flextime System, Shorter Working Hours, Four-Day Work Week, etc.)	4	4	1	1

## Sumitomo Forestry Holds Seminar to Support Balancing Work and Family Care

Beginning in 2021, Sumitomo Forestry is holding online seminars and individual consultations to help people balance work and nursing care. The goal is to create an environment where people can balance work and family life in their daily lives, rather than giving up work to care for family members, and to give them tips on how to stay healthy and active both physically and mentally.

Sumitomo Forestry held seminars titled "Secrets to Balancing Work and Family Care" in December 2021, "Balancing Work and Dementia Care" in July 2022, and "The Basics of Elderly Care Facilities and Nursing Care Costs" in December 2022, with about 50 to 150 employees attending each session, including those who are already caring for family members, those who want to start preparations, and those who want to learn for their subordinates and colleagues. Individual consultations with the seminar instructors are held for individuals who choose to attend after each seminar.

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



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## 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.

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.

We abolished the existing telecommuting rules, added provisions for satellite office work and mobile work, and have developed 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.

## 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 2022, 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 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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> Sumitomo Forestry Group Health  
Management Promotion System



#### Initiatives to Maintain and Improve Employee Health

Sumitomo Forestry Group is committed to health management in order to create an environment in which workers can thrive, and to prevent employees from being absent from work due to injury or illness, and from losing labor productivity due to presenteeism.

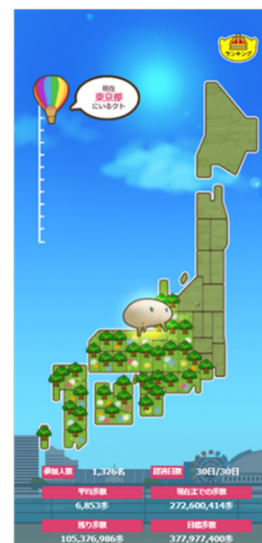
Sumitomo Forestry maintains a 100% medical examination rate for regular health checkup which are vital to preventing illness. In addition, the system that we use can offer regular health checkup, stress check aftercare, and consultations with industrial physicians during overwork and other stressful situations. These measures are also available to employees working at sites with a

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small number of staff through the appointment of industrial physicians even at locations with less than 50 employees. Furthermore, a clinical psychologist and public health nurse are assigned to the Health Care Promotion Team in the Workstyle Diversification Department run by the Personnel Department to implement a variety of health measures and provide employees who are forced to take leave for health reasons with a system that allows them to focus on their treatment and return to work without worry.

## Organizing Walking Event

Sumitomo Forestry has been holding regular walking events since fiscal 2021 as part of its "health management" efforts to maintain and promote the health of each and every employee so that they can work vigorously and in good health. In the fall of 2022, an event was held in a new attempt to "increase greenery throughout Japan by the number of steps taken by all participants." The idea is that for every step a participant takes, a tree is planted on a virtual map of Japan. The number of participating Group companies doubled from the previous year, and the event is becoming established throughout the Group companies and will continue to be held in the future.



### Walking Event

## Conducting Health Live Seminars

Sumitomo Forestry designated the first Monday of the month as "Health Day" and continued to hold health-related live seminars during lunch breaks with the aim of improving lifestyle habits and productivity in terms of sleep, diet, and exercise. From August to December 2022, a total of five "Presenteeism Dissolution Seminars" were held to raise health awareness and provide tips and ideas for better ways to work and act to help eliminate presenteeism. The online seminar provided an excellent chance for Group employees to interact with each other. We will continue to hold Health Live Seminars in the future.



Health Live Seminar



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## Seminars for Health Supervisors

Sumitomo Forestry conducted two online practical seminars for health supervisors in June and December 2022. In June, 167 people participated voluntarily on the topic of dealing with long-term sickness and injury, and in December, 179 people participated voluntarily on the topic of health committee meetings. 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. We will continue to offer seminars for health supervisors in the future.



Seminars for Health Supervisors

## Elimination of Presenteeism\*

As a result of these efforts, presenteeism (as measured by the WHO-HPQ method) in fiscal 2022 was 62.8, an improvement from 62.2 in the previous year.

\* The state in which a person goes to work while suffering from some disease or symptom, and their ability to perform work or productivity is impaired

	2019	2020	2021	2022
Presenteeism (%)	-	61.6	62.2	62.8

## 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.

## Collaboration with External EAP Agency

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.



Line care training for new general managers



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All domestic Group companies have an external consultation service for EAP as of the end of fiscal 2022.

\* A workplace mental health care service for employees

## Support during Absence and upon Returning to Work

Sumitomo Forestry distributes a Mental Absentee Guidebook to employees who are absent from work due to mental illness, which includes information on how to spend time during leave and company rules regarding leave, etc., to the employees to reduce anxiety during their absence. We also distribute a Guidebook for Managers to supervisors, providing them with information on how to respond to the situation at hand.

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.

## 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 media to help prevent mental disorders.

As part of care following stress checks, we distributed results of individual organizational analysis to each site and provided "Stress Check Feedback Training" to a total of 358 employees in all departments, including general managers (mandatory) and supervisors (voluntary) in order to raise awareness about building an even more vibrant workplace environment in 2022. We are strengthening line care to enable early detection and improvement of mental illness among subordinates, and are planning and implementing measures to improve the workplace environment at each site. Individual consulting services were also provided to departments with high psychological burdens. In addition, in order to help each employee cultivate a healthier mind and body, we continue to raise awareness by offering various courses such as "Sleep," "Health Management for Workers," and "How to Deal with Stress" in the category of "Health Care" in our e-learning program.

[Click here for related information](#)

[> Human Rights Initiatives](#)

## Practical Mental Health Care Results

	FY2019	FY2020	FY2021	FY2022
Stress Check Response Rate (%)	93.3	96.4	94.5	96.6





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# Occupational Health and Safety

## Occupational Health and Safety Management

### Basic Policy

The 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.

Sumitomo Forestry and all Sumitomo Forestry Group companies, as well as business partners involved in the Group's operations, are required to routinely engage in occupational health and safety activities as the foundation of corporate management in line 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 to disclosing this policy on our website, we also use various tools to promote understanding and penetration of the policy, such as posting it on posters and including it in the employee handbook.

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

## Occupational Health and Safety Management System

### Promotion System

The 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 70 Group companies in Japan and overseas in fiscal 2022 and presented the findings at the Sustainability Committee and other entities.



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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.

## Implementation and Enhancement of ISO 45001 Management System

The Sumitomo Forestry Group promotes the operation of the ISO 45001 occupational health and safety management system (ISO 45001) to reduce the risk of occupational injury and maintain safe and healthy workplaces.

Among Sumitomo Forestry Group companies, businesses with particularly high occupational injury risks are analyzed, prioritized, and promoted for implementation.

In introducing an occupational health and safety management system, we support ISO training sessions for companies considering the introduction of such a system, and we recommend that they start operating the system based on a self-declaration of conformity\* and then undergo an external audit to reduce the difficulty of introducing the system.

Departments and divisions that have acquired ISO 45001 self-compliance and external certification promote the operation of ISO45001 by conducting internal auditing on a regular basis to ensure continuous improvement.

The scope of consolidated subsidiaries to be certified focuses on companies that are engaged in high occupational injury risk businesses. In fiscal 2022, the certification rate of targeted consolidated organizations was 36.0% (based on sales).

\* An ISO-based management system has been established, operated and adapted by the company

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

Company	Country	Type of certification	Date acquired	Date renewed
Sumitomo Forestry Environment and Resources Division	Japan	ISO45001:2018	August 2021	-
Sumitomo Forestry School of Professional Building Techniques	Japan	ISO45001:2018	September 2022	-
Sumitomo Forestry Crest	Japan	ISO45001:2018	February 2013	February 2022
PT. Rimba Partikel Indonesia (RPI)	Indonesia	ISO45001:2018	March 2019	July 2021

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Company	Country	Type of certification	Date acquired	Date renewed
Kutai Timber Indonesia (KTI)	Indonesia	ISO45001:2018	January 2020	November 2022
Nelson Pine Industries (NPIL)	New Zealand	ISO45001:2018	October 2019	July 2022

## Rapidly Comprehending and Dealing with Occupational Injury

The Sumitomo Forestry Group operates Two-hour Rule system designed to quickly and accurately communicate information to management in the event of an emergency situation that may have a grave impact on company management. In addition to the regular reporting line, it utilizes communication via the division responsible for risk management. Through this system, management can take the best decision speedily, ensuring an initial response which avoids loss and controls the situation. Moreover, it serves a role in collecting and accumulating reported cases and assists in improved business practice and prevention of recurrence.

Furthermore, the structure is organized so that, by sharing information with the public relations departments, important situations are disclosed to stakeholders properly and in a timely manner.

Serious occupational injuries are reported and managed through case reports on risk manifestations at monthly meetings of the Board of Executive Officers, as well as at quarterly meetings of the ESG Sustainability Committee and Risk Management Committee.

[Click here for related information](#)

> [Rapidly Comprehending and Dealing with Risks](#)

## 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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## Occupational Health and Safety Award

The Sumitomo Forestry Group established the Occupational Health and Safety Award at the Sumitomo Forestry Group Performance Awards Ceremony as of December, 2021, held in April 2022. Based on the concept of "Safety First," the award is given to the top entity of each head office department and division that has achieved results in raising workplace safety awareness and promoting safety activities to eliminate occupational injuries. In fiscal 2021, three companies and one school were awarded.

### Purpose of the Occupational Health and Safety Award

- Raising awareness of occupational health and safety activities (especially zero occupational injury) with the participation of all employees
- Nurturing a culture of mutual respect
- Motivating employees, branches, and Group companies

### Occupational Health and Safety Award\*

Division	Award-winning companies and schools	Reason for award
Environment and Resources Division	Hachinohe Biomass Electric Power Co., Ltd.	Achieved zero occupational injury for more than three consecutive terms through the promotion of safety activities
Timber and Building Materials Division	Sumitomo Forestry Crest Co., Ltd.	Achieved zero occupational injury for the fiscal year ended December 2021, for the first time since the company's founding. Since the introduction of OHSAS (now ISO 45001) in 2013, the reduction of the number of occupational injuries has been achieved through the continuation of safety activities.
Lifestyle Service Division	Sumirin Fill Care Esperanza Noborito	Achieved zero occupational injury for the past three fiscal years. Specific efforts to prevent occupational injury were implemented on a daily basis, and this was a success.
Headquarters	Sumitomo Forestry School of Professional Building Techniques	Achieved zero serious occupational injury for the past three fiscal years for both faculty and students. ISO 45001 occupational health and safety management system to promote a culture of safety.

\* Awarded based on performance in fiscal 2021

## Human Resources Development

The Sumitomo Forestry Group also strives to develop human resources by conducting training for internal auditors, including Group employees. In fiscal 2021, the Quality Control and Worker Safety Management Department started ISO 45001 internal auditor training courses, and in fiscal 2022, 50 employees (36 in the internal auditor qualification course and 14 in the standard explanation course) completed the courses. In addition, a course on "Occupational Safety, Health, and Quality" was established in e-learning through the company website. The Sumitomo Forestry Group has introduced two new courses, including the content of understanding and infiltrating Sumitomo Forestry Group occupational health and safety policy and the basic course of risk



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management, to promote occupational health and safety education. In addition, the Quality Control and Worker Safety Management Department lends DVD materials on occupational health and safety for use in employee education and safety conferences, including those at Group companies. We will continue to strengthen our safety system, by providing guidance and advice to the entire Group.

#### Number of ISO 45001 internal auditors in the Sumitomo Forestry Group who have obtained the qualification \*

FY2020	FY2021	FY2022
8	44	39

\* Including those who have obtained qualifications through external training

#### FY2022 major education on occupational health and safety (company-wide education)

Title	Form	Purpose	Object	Number of people attending (persons)
What is ISO for your organization's operations? [Courses began in August 2021]	e-learning	Understand the basics of ISO management systems and link them to activities that promote the development of systems to address organizational issues and concerns.	Sumitomo Forestry Group companies (some excluded)	2,349*
ISO 45001 management system [Courses began in November 2021]	e-learning	Go one step beyond the basics of ISO 45001 management system and link them to activities that promote the development of systems to address organizational issues and concerns.	Sumitomo Forestry Group companies (some excluded)	2,315*
What is Sumitomo Forestry Group's "Safety First"? Know more about our safety policy! [Courses began in July 2022]	e-learning	Deepen understanding of the "Sumitomo Forestry Group Quality Policy" and promote health and safety activities with all employees working together	Sumitomo Forestry Group companies (some excluded)	116*
You may know it, but you don't know it!? Risk Assessment Part 1: Let's learn the basics, key points! [Courses began in December 2022]	e-learning	Learn the concepts of what is safety, what is risk, what is a source of danger, and understand risk assessment	Sumitomo Forestry Group companies (some excluded)	28*



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Title	Form	Purpose	Object	Number of people attending (persons)
ISO 45001 Management System Internal Auditor Training Seminar	Group training	Learn the requirements of ISO 45001 (overview) and key points of internal audit techniques with exercises to improve internal audit skills.	Sumitomo Forestry Group companies	50
ISO 45001 Management System Overview Training	Group training Online training	Acquire knowledge of on-site occupational health and safety management before traveling to overseas Group companies	Travelers to overseas Group companies	25*

\* Cumulative total as of the end of December 2022

### Targets and Performance Concerning Occupational Injuries

In the Mid-Term Sustainability Targets as part of the Sumitomo Forestry Group Mid-Term Management Plan, the 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.

With regard to the performance of the Sumitomo Forestry Group with respect to occupational health and safety against industry standards, the Group is also working to reduce the number of occupational injuries by referring to the frequency rates in the same industry.

### Occupational Injuries (Non-Consolidated)<sup>\*1,2</sup>

	FY2019	FY2020	FY2021	FY2022
Number of occupational injuries (incidents) <sup>*3</sup>	1	1	2	5
Lost-time injury frequency rate <sup>*4</sup>	0.2	0.29	0.19	0.42
Work-related illness frequency rate	0	0.29	0	0

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

\*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



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# Occupational Health and Safety

## Occupational Health and Safety in the Forestry Business

### Domestic Initiatives in Forestry Business

Sumitomo Forestry manages approximately 48,000 ha of company-owned forests in Japan. 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 office twice a year.

At Workplace Safety Conference, we are stepping up educational activities such as lectures by experts in occupational injury prevention and environmental education, and on-site safety instruction.

In fiscal 2022, although COVID-19 infection continued to affect our operations as in the previous fiscal year, we held at least one workplace safety conference at each forestry office. Various themes were discussed with relevant parties to deepen mutual understanding, including occurrence of forestry occupational injuries, occupational safety measures in forest activities, heat stroke prevention.

In fiscal 2022, there were no occupational injury requiring payment of compensation benefits for absence from work in accordance with the Industrial Accident Compensation Insurance Act in Sumitomo Forestry's company-owned forests working site. We will continue our efforts to achieve zero occupational injury.



Workplace safety conference (Hyuga Forestry Office, Togo Seedling Tree Farming center)

### Number of occupational injuries involving contractors in company-owned forests<sup>\*1,2</sup>

FY2019	FY2020	FY2021	FY2022
1	1	2	0

<sup>\*1</sup> 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.

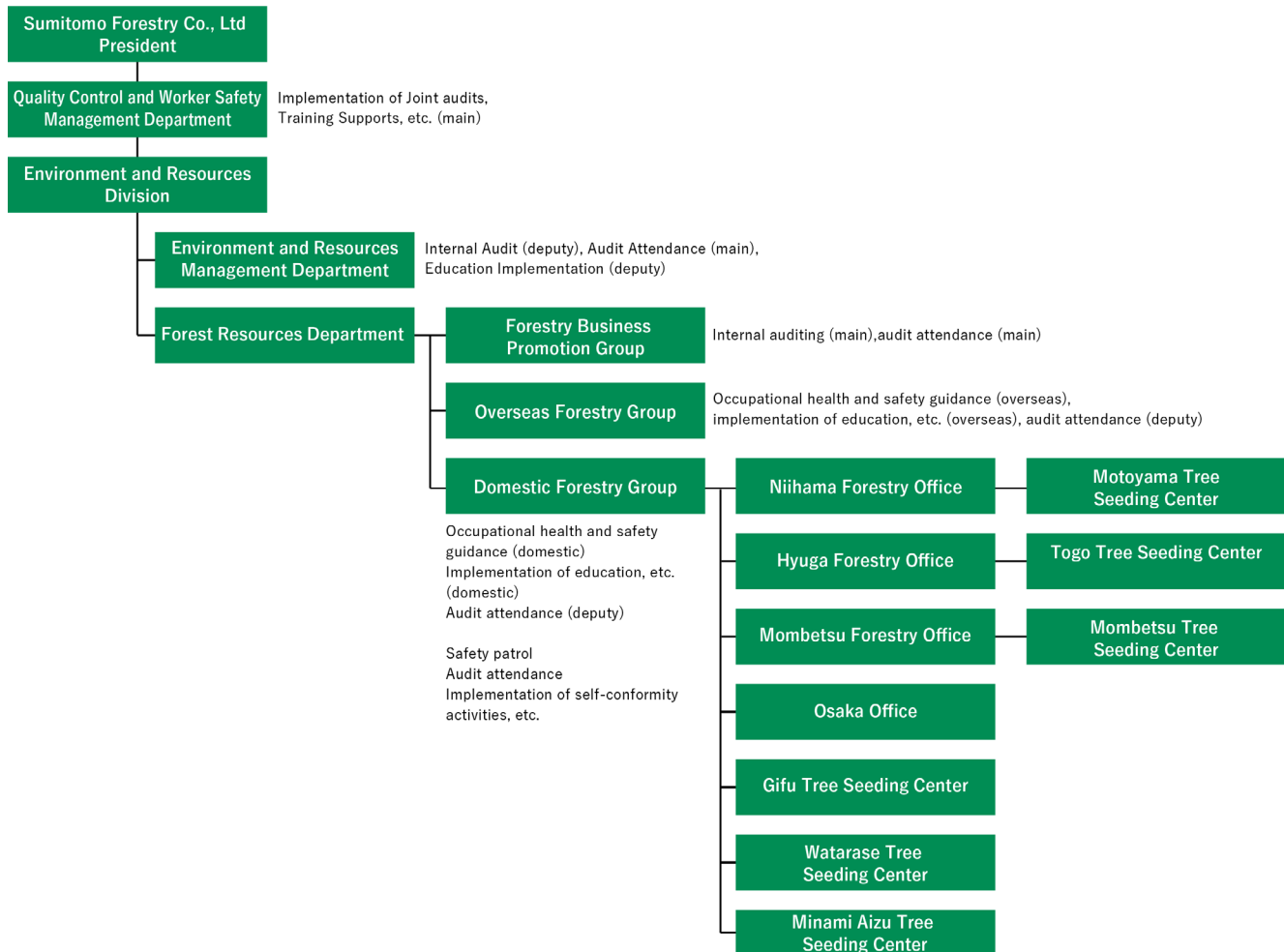
<sup>\*2</sup> The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation for fiscal 2019 is April 2019 to March 2020





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## Occupational Health and Safety Management System Chart of Forest Department



### "ISO45001:2018" Certification

Sumitomo Forestry's Domestic Forestry Group, Forest Resources Department, which is responsible for forest management in company-owned forests in Japan that cover approximately 1/800 of the domestic land area, has been working with contract business to raise awareness of occupational injury prevention by developing our own occupational safety management manual, introducing mechanization, and introducing drones for transporting seedlings materials. To further strengthen safety activities and raise awareness of safety, we introduced the ISO 45001 occupational health and safety management system in fiscal 2021.



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

Sumitomo Forestry's Environment and Energy Department, Environment and Resources Division, Japan Bio Energy, and Quality Control and Worker Safety Management Department jointly acquired ISO45001:2018 certification in August 2021. In 2022, the Domestic Forestry Group, Forest Resources



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Department, Environment and Resources Division, Niihama Forestry Office, and Motoyama Seedling Tree Farming Center were added to the scope of application, and Sumitomo Forestry's Environment and Resources Business obtained ISO 45001:2018 certification. In addition, the Hyuga Forestry Office, Togo Seedling Tree Farming Center, and Gifu Seedling Tree Farming Center have made self-declarations of conformity\* in preparation for certification in fiscal 2023.

We will continue to strengthen our safety and health management system in our company-owned forests and seedlings operations.

\* An ISO-based management system has been established, operated and adapted by the company

## Overseas Initiatives in Forestry Business

The Sumitomo Forestry Group manages a total of approximately 240,000 ha of company-owned plantation forests overseas. To prevent occupational injury, all overseas forestation companies\* ensure that operators are equipped with safety equipment, and remind them of safety and health issues through periodic safety lectures and morning meetings.

Specifically, (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) Assessments of occupational health and safety for the company and logging contractors are conducted by occupational safety experts.

In fiscal 2022, 11 serious occupational injuries (4 or more days lost from work) occurred due to carelessness of workers or lack of safety confirmation of the work environment. The highest number of injuries occurred when knives and chain saws were used for clearing underbush. To prevent recurrence of such injuries, we strengthened safety education for workers and reviewed work methods. In addition, a global forestry occupational workplace safety conference was held to raise safety awareness among managers.

\* Open Bay Timber Ltd. (OBT), PT. Wana Subur Lestari (WSL), PT. Mayangkara Tanaman Industri (MTI), PT. Kubu Mulia Forestri (KMF), Tasman Pine Forests (TPF)

### Number of serious occupational injuries (four or more days of lost work time) occurring on overseas afforestation site (contract)\*

FY2019	FY2020	FY2021	FY2022
3	3	15	11

\* 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.



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## Measures against COVID-19 Infections in overseas plantation forest

Each site of overseas planted forest has established its own guidelines for measures against COVID-19 infections and has implemented these measures. 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.

At WSL, MTI and KMF in Indonesia, the Headquarters in Pontianak, West Kalimantan succeeded in shifting to a system keeping the number of people on-site to the minimum, and the office in Jakarta to a total telework system via measures surpassing that which required by the government. Strict access management at plantation forest operation sites prevented the spread of the virus to employees and contractors.

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 among employees brought everyone together in an effort to prevent the spread of the COVID-19.



Group vaccination

## Global Forestry Workplace Safety Conference Held

In September 2022, the Sumitomo Forestry Group held its first Global Forestry Workplace Safety Conference to raise awareness of occupational safety in its forestry business in Japan and overseas. 40 people from Group companies in Papua New Guinea, New Zealand, and Indonesia, forestry offices around Japan, and relevant divisions and the Quality Control and Worker Safety Management Department participated online in this conference. The participants discussed measures to prevent occupational injuries at forestry sites in Japan and overseas, and confirmed a policy to prevent occupational injuries through sharing and analyzing the causes of workers' near-misses.



First Global Forestry Workplace Safety Conference

The Sumitomo Forestry Group will continue to hold Workplace Safety Conferences to ensure the safety and health of on-site workers, with the aim of eliminating occupational injuries.



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# Occupational Health and Safety

## Occupational Health and Safety in the 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 2022, 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 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.

### Occupational injuries<sup>\*1,2</sup> of employees and contractors in Environmental Energy Business

FY2019	FY2020	FY2021	FY2022
0	3	1	2

\*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

\*2 The aggregation period for fiscal 2020 onwards is January to December of each year, and the aggregation for fiscal 2019 is April 2019 to March 2020

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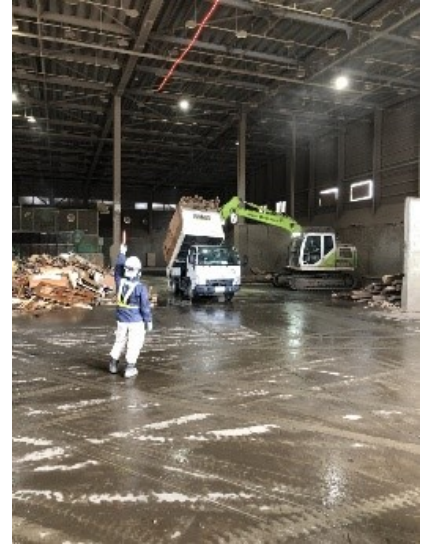
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## Occupational Health and Safety System for Environmental Energy Business

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. In August 2022, the Domestic Forestry Group, Forest Resources Department, Environment and Resources Division, Niihama Forestry Office, and Motoyama Seedling Tree Farming Center were added to the scope of application. In January 2023, Michinoku Bio Energy and Okhotsk Bio Energy each declared themselves ISO45001 : 2018 compliant, promoting the use of management systems and strengthening management of occupational health and safety.



ISO45001 On-site Audit

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.

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.

\* 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 (468 reports from 505 employees in fiscal 2022) 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.

In FY2022, there was one occupational injury resulting in lost time from work. Based on the fundamental concept of "Safety First", the Sumitomo Forestry Group will continue to strive to create a thriving workplace by maintaining a healthy and safe workplace environment.

#### 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.

## Safety and Health Management System

Sumitomo Forestry Crest Co., Ltd. has acquired ISO 45001 certification in its operation of its Occupational Health and Safety Management System (OH&S-MS). 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 the Sumitomo Forestry Group overseas manufacturing enterprises.





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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 serious occupational injuries (four or more days of lost work time) occurring on domestic group manufacturing companies<sup>\*1,2</sup>

FY2019	FY2020	FY2021	FY2022
0	1	0	1

\*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

\*2 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

### Safety and Health Improvement Activities, etc.

Regular workplace safety patrols are conducted at each Sumitomo Forestry Crest 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.

Sumitomo Forestry Crest is engaged in TPM\* activities. All factory employees, without exception, have a role to play and are involved in the activities through 3 basic activities—"All Member Participation", "Voluntary Conservation", and "Zero Loss". One of our main objectives is to achieve zero occupational injury by implementing safety activities such as "Hiyari-Hatto" prevention (Equiv. near miss) and safety patrols, etc., and we are working toward this goal on a daily basis.

\* Abbreviation for Total Productive Maintenance. Production and conservation with all member participation. Management methods for raising productivity in the manufacturing industry

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Mutual safety audits between plants

## Safety education

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.

Click here for related information

> Occupational Health and Safety Management  
System

## Occupational Health and Safety in Overseas Manufacturing Business

The Sumitomo Forestry Group's overseas manufacturing companies strive to create and maintain a safe and healthy workplace environment under the basic idea of "Safety First", and are united under the basic policy of "creating manufacturing sites with respect for human life and commitment to 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. We were unable to conduct on-site audits due to COVID-19, so we have been trying remote safety audits using a videoconferencing system since 2021. In FY2022, we audited five overseas factories, using audit checklists and videos taken on site, with interpreters in place to provide an environment that allows us to conduct full-scale safety audits remotely.

### Number of serious occupational injuries (four or more days of lost work time) occurring on overseas group manufacturing companies (employees / contractors) <sup>\*1,2</sup>

FY2019	FY2020	FY2021	FY2022
9	12	8	14

\*1 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

\*2 Total of 7 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). Pan Asia Packing (PAP) was added in fiscal 2022

## 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 Training" (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 abroad or who are scheduled to work at overseas manufacturing companies, such as the Zero Accident Alliance Campaign, Risk prediction training, and Risk Assessment.

## The Sumitomo Forestry Group Manufacturing Business Safety Meeting Held

Sumitomo Forestry and its domestic and overseas manufacturing companies held a safety conference in March 2022, with the goal of "stimulating activities to prevent occupational accidents" and "raising awareness of safety and health" connecting 133 participants at manufacturing sites in Japan, Indonesia, Vietnam, and other countries 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.


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Safety conference

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# Occupational Health and Safety

## Occupational Health and Safety on Construction Sites

### Occupational Health and Safety on 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 Division formulates an Occupational 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.

The Occupational Health and Safety Policy for fiscal 2023 is "Safety First". In addition, we incorporated the slogan "STOP Five Major Accidents!" in Our Values. Initiatives that require special consideration are established as focal points. In order to ensure compliance with and control of safety standards for each process, we calculate hazards before work begins and promote the elimination of hazards and assurance of safety in order to eliminate occupational injuries, focusing on the five major injury factors (falling, tools, falls, heavy machinery, and heat stroke).



Safety check at construction site



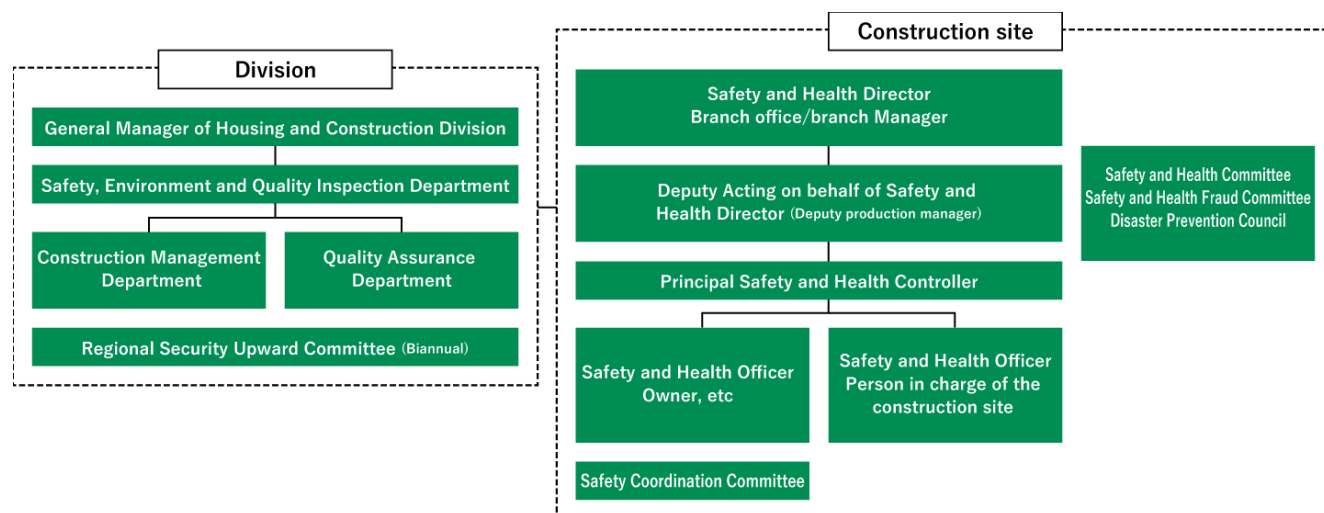
住友林業株式会社 住宅事業本部

Safety standards poster



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## Occupational Health and Safety System for Housing and Construction Business Site



### Occupational injuries of contractors on housing construction sites<sup>\*4</sup>

	FY2019	FY2020	FY2021	FY2022
Number of occupational injuries <sup>*1</sup>	20	21	24	19
1000-building rate <sup>*2</sup>	2.56	2.62	2.77	2.22
Lost-time injury frequency rate <sup>*3</sup>	4.13	5.12	3.49	4.22
Number of fatal accidents	0	0	0	0
Work-related illness frequency rate	0	0	0	0

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

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

<sup>\*3</sup> 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

<sup>\*4</sup> The aggregation period for fiscal 2020 onwards is January to December of each year, while for fiscal 2019 and the years before, it was 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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## Initiatives at Construction Sites

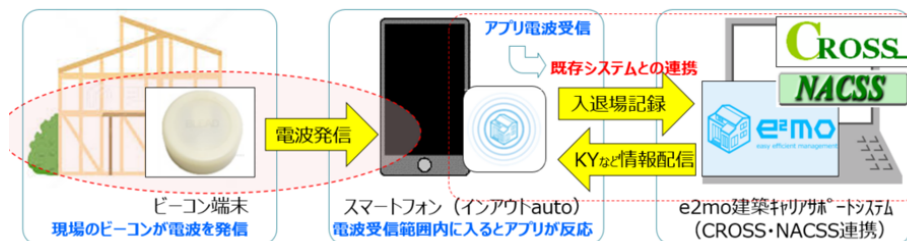
The Housing Division is implementing various measures to eliminate occupational injuries.

At the beginning of each fiscal year, risk assessment targets are set for each contractor and building contractor to manage implementation. In addition, safety, health, and environmental conventions are held at each branch during the fiscal year, and lecturers are dispatched from the headquarters to give safety lectures. The content of the lectures is to raise awareness of occupational health and safety by explaining the Sumitomo Forestry Group Occupational Health and Safety Policy and the Housing Division Health and Safety Management Policy, explaining key measures, the Company's roles and responsibilities under laws and regulations, accident statistics, and accident case studies.

In the event of an accident, we are required to make a first notification to all parties concerned within two hours of the occurrence and to prepare an accident report by the next day. Within 7 days of the occurrence of an accident, a recurrence prevention meeting is held, and minutes of the meeting, a list of attendees, and a report on the accident investigation and countermeasures are promptly prepared and submitted to the headquarters to ensure the prevention of recurrence. In addition, after an accident occurs, the headquarters prepares a preliminary report on the accident, which includes measures to prevent recurrence, and disseminates it to the contractors concerned and workers under its jurisdiction at regular safety and health council meetings and on-site safety meetings.

As one of the measures to promote DX at construction sites, "in-out auto (beacon)" was introduced in April 2022 to automate entry/exit records at construction sites. By changing entry and exit records from manual to automatic, we are able to eliminate record omissions and errors and to accumulate more accurate work history. At the same time, the system reduces the burden on workers to record their entry and exit, and distributes useful information to them when they enter, thereby improving work efficiency and ensuring safe operations.

### Image of "in-out auto (beacon)" operation



## Association of Sumitomo Forestry Safe Building Contractors

Association of Sumitomo Forestry Safe Building Contractors aims to prevent occupational injuries and fires at construction sites, improve work efficiency and the welfare of victims, and enhance quality, while contributing to the development of members' businesses by improving technology and management skills of construction and deepening friendship and exchange among members.





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The group is chaired by the Divisional Manager of the Housing Division of Sumitomo Forestry, and its members include Group companies Sumitomo Forestry Home Engineering and Sumitomo Forestry Landscaping, as well as 63 branches (as of June 2022) of construction companies throughout Japan.

## Annual Plan for Safety, Health and Environmental Management

At the beginning of each fiscal year, the Housing Division prepares an "Annual Plan for Safety, Health and Environmental Management" for each branch and office. Based on the risk assessment enhancement items, we systematically implement and manage safety, health, and environmental conferences, regular safety and health council meetings, special safety patrols, safety guidance, and other activities throughout the year.

## "ISO45001:2018" Certification

Sumitomo Forestry's homes utilize traditional Japanese techniques in wooden constructions, but with the aging of construction craftspeople, it is becoming increasingly difficult to pass on the skills of wooden constructions.

Sumitomo Forestry School of Professional Building Techniques is an in-house training school established in 1988 for the purpose of training technicians to construct "Sumitomo Forestry Homes". In addition to honing their construction skills, students can cultivate a foundation as a member of society through group living. Courses are divided into carpentry training, plastering training, and framework training, and are designed to foster technicians and engineers specializing in wooden house construction.

We have been providing training and guidance placing the highest priority on safety education. In order to visualize our past initiatives and aim for further improvement, we implemented a "Self-Conformity Declaration\*" for ISO45001 management system in December 2021, and obtained ISO45001: 2018 certification in September 2022.

Those who received training at the school are active throughout Japan as carpenters, plasterers, and other craftspeople and engineers involved in the construction of Sumitomo Forestry homes. We will utilize ISO45001 to systematize the management system for occupational health and safety, and to identify issues at an early stage and implement measures to address and prevent them.

\* An ISO-based management system has been established, operated and adapted by the company.

## 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 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.



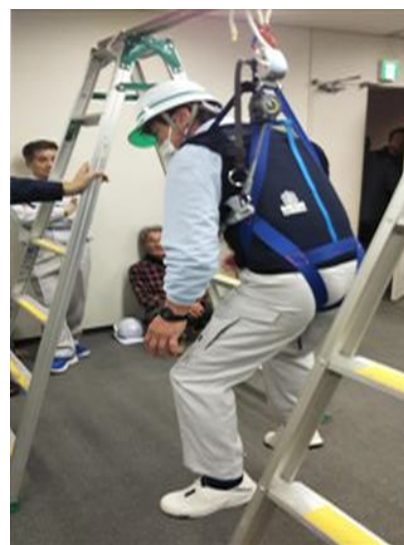
Special Circular Saw Education



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Most of the employees who were required to receive special training on the full-harness safety belt, which became mandatory in January 2022, had completed the training by fiscal 2021, and from fiscal 2022 onward, the training will be provided to new graduated technical positions and new construction workers at Sumitomo Forestry. In addition, the original safety and health training programs (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) were newly introduced in fiscal 2022 and held 67 times, with 2,256 employees attending.

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.



Full Harness Special Training

\* An electric tool to cut by rotating a grinding stone

### Special Training Condition

Project Name	FY2019		FY2020		FY2021		FY2022	
	No. of events held	No. of participants	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	2	42
Safety training for workers handling circular saws	6	132	4	124	8	218	3	75
Special training for replacing free grinding wheels	6	131	7	171	9	242	3	70
Special training for workers engaged in assembly of scaffolding, etc.	2	38	1	14	1	1	-	-





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Project Name	FY2019		FY2020		FY2021		FY2022	
	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants	No. of events held	No. of participants
Special training on the use of full-harness safety belts	26	1,203	88	3,084	94	2,862	8	217
Total	47	1,658	102	3,470	113	3,344	16	404

## Occupational Safety Initiatives in MOCCA (Timber Solutions) Business

Construction Department, Construction Business Sub-Division, Global Housing, Construction and Real Estate Division, is actively engaged in exchanges related to occupational safety with Kumagai Gumi, with whom we have a business and capital alliance.

Safety lectures have been held twice with lecturers from Kumagai Gumi, explaining the company's safety standards and reviewing accident case studies and legal standards.

## Commendations for Safety and Health Activities

The Housing Division presents commendations to branches and offices, and branches of the Association of Safe Building Contractors, for their proactive implementation of safety and health activities. The criteria for commendation are 1,000,2,000, and 3,000 days of no accidents or disasters of occupational injuries (excluding those with less than four days of absence from work).

## 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.

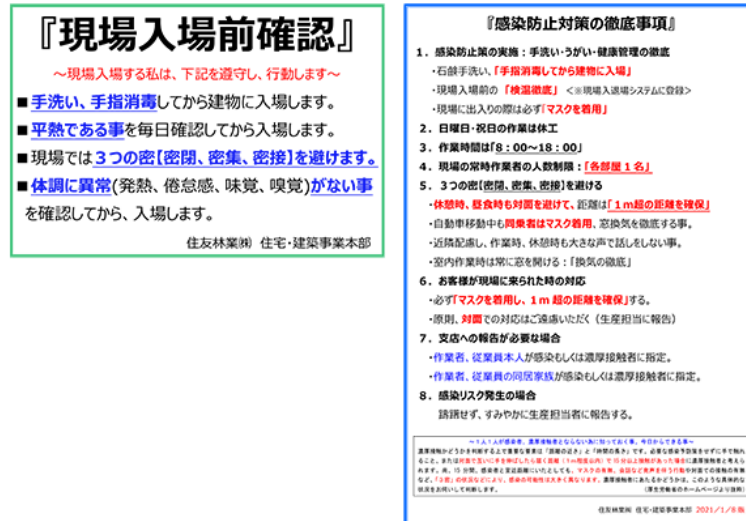
### Preventive Measures for COVID-19

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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## 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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# Occupational Health and Safety

## Occupational Health and Safety in the Lifestyle Services Business

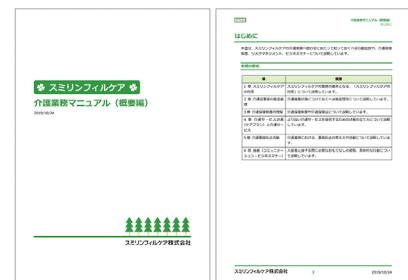
### Lifestyle Services Business Initiatives

The Sumitomo Forestry Group's Lifestyle Services Business is expanding a broad range of lifestyle-related services focusing on elderly care businesses and other downstream businesses that support people's lifestyles. Apart from the elderly care business, the company also operates Insurance and Solutions Business, Lodging and Community Revitalization Business, and a golf course management business.

### Initiatives in the Elderly Care Business

In the elderly care business, Sumirin Care Life and Sumirin Fill Care provide private-pay nursing home and elderly care facilities with nursing care services, as well as in-home services such as day care services and home-visit nursing care.

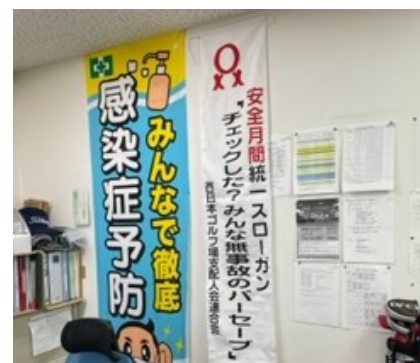
Each company holds a monthly meeting of the OHS Committee to prevent accidents involving users and to ensure the safety of both users and employees. In the event of an accident, meetings are held at each site to discuss the details of the accident, causes, analysis, and measures to prevent recurrence, which are then reported to the headquarters of each company for horizontal deployment to all sites. In addition, Sumirin Fill Care's "Manual of Care Operations" explains our values and risk management for caregivers.



Sumirin Fill Care's "Manual of Care Operations"

### Initiatives in the Golf Course Management Business

Takinomiya Country Club, a golf course operated by Kawanokita Development, displays "Safety Month Banners" in the clubhouse and other locations twice a year during Safety Month, and all staff members wear "Safety Month" patches to ensure the safety of staff and golf course visitors during this period.



Safety Month Banners

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## Initiatives in the Insurance and Solutions Business

Sumirin Enterprises, which operates insurance and solutions business, distributes Mitsui Sumitomo Insurance's information magazine "Tips for Safe Driving" to all employees once a month by e-mail to prevent traffic accidents.



OHS Committee

## Main Risk Reduction Measures

### Main Risk Reduction Measures for Elderly Care Business

#### Back Pain Prevention

Sumirin Fill Care distributes back pain belts to new graduates to prevent back pain, which is a common occurrence in nursing care settings, and to prevent employees unfamiliar to the job from overexerting themselves.

Sumirin Care Life has installed nursing care bathing lifts and toilet assisting lifts to reduce the risk of back pain for its staff.



Nursing care bathing lifts

#### Reduction of Fatigue Due to Night Shift Work

At Sumirin Fill Care, the day after the night shift is generally set aside as a day off, and time for napping is ensured during the night shift, in order to adjust the rhythm of daily life and maintain health.

#### Reduction of Risk to Residents

At Sumirin Care Life, we conduct three daily hand-offs regarding changes in residents' physical condition, and we also hold a all-staff conference once during the day to share information. At Sumirin Fill Care, we share information regarding changes in residents' condition through intercom devices and medical records, to establish a system for preventing our staff from overexerting themselves which can lead to accidents. The residents' physical conditions and the status of elimination are also posted in the office to visually grasp the situation.

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## Major Risk Mitigation Measures in the Golf Course Operation Business

At Takinomiya Country Club, the course managers and caddies wear vests with blowers to prevent heat stroke in summer. To prevent heat stroke among customers, we have installed a shading sheet in the starting room that can block 70% of sunlight, and we provide rehydration tea during play.



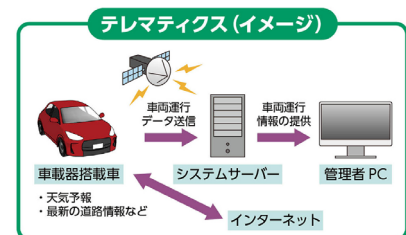
Shade sheet in the start room

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

In the elderly care business, a medication support system is in place to prevent accidents due to medication errors. When facility staff give medication to residents, they check for wrong person, wrong date and time, and double medication by scanning three types of QR codes with a mobile device.

Sumirin Fill Care has introduced an ICT monitoring system that allows us to check the residents' sleeping conditions and changes in their physical condition in real time, especially during the nighttime hours. As a result, the system is able to provide oversight in lieu of regular nighttime patrols, allowing the company to focus on those in need of assistance, thereby reducing the workload during the nighttime hours.

Sumirin Enterprises, which uses vehicles for its insurance and solutions business, uses telematics, an internet-connected vehicle operation proxy system, to ensure safe driving. Sudden acceleration, sudden deceleration, speeding, etc. will be emailed to the supervisor, and the supervisor will instruct the driver if there is a risk of danger. In conjunction with the start of installation of drive recorders, we are working to deter traffic accidents.



Telematics (image)

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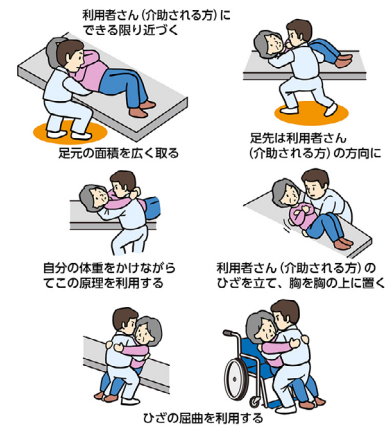
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## In-company training

Sumirin Fill Care provides practical training in "body mechanics" to those who wish to take it, approximately four times a year. Body mechanics is a caregiving technique that allows caregivers to provide care with minimal force and utilizes the mechanical relationships between human joints, muscles, and bones as they move. It is effective in reducing the burden on caregivers and preventing back pain.

We are also engaged in "anger management training" for all employees of the care facilities. Anger management is psychological training for managing and dealing with anger. Controlling anger can reduce work stress and improve communication with residents and users.



Body mechanics overview



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# Safety and Quality of Products and Services

## Product and Service Safety as well as the Quality Management

### Basic Policy

The Sumitomo Forestry Group will pursue “Zero Defects” and take on the challenge of new initiatives through the implementation of the Sumitomo Forestry Group Quality Policy, a policy for further improving quality in its corporate activities, in order to provide products and services that bring joy to our customers and earn their trust.

All Sumitomo Forestry Group companies and business partners involved in the Group's operations, are required to routinely engage in quality improvement activities as the foundation of corporate management in line 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 executives, general managers, and major business partners.

In addition to disclosing this policy on the website, we also use various tools to promote understanding and penetration of the policy, such as posting it on posters and including it in the employee handbook.

### 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.

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## 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.

The 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 systems at 70 Group companies in Japan and overseas in fiscal 2022, and presented the findings to the Sustainability Committee and other entities.

### Implementation and Enhancement of ISO9001 Management System

The Sumitomo Forestry Group promotes the operation of the ISO9001 Quality Management System ("ISO9001") in order to provide reliable products and services and improve customer satisfaction.

Among the Sumitomo Forestry Group companies, businesses where quality control is particularly important are analyzed, prioritized, and promoted for implementation.

We recommend that ISO9001 be introduced through a Self-Conformity Declaration\* before undergoing an external audit, thereby reducing the difficulty of introduction.

Departments and divisions that have acquired ISO9001 self-compliance and external certification promote the operation of the management system by conducting internal auditing on a regular basis to ensure continuous improvement.

The scope of consolidated subsidiaries to be certified focuses on companies that are engaged in businesses where quality control is of high importance. In fiscal 2022, the certification rate of targeted consolidated organizations was 98.7% (based on sales).

\* An ISO-based management system has been established, operated and adapted 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 Business Sub-Division, Global Housing, Construction and Real Estate Division, Sumitomo Forestry	Japan	ISO9001:2015	September 2015	August 2021
Sumitomo Forestry Crest	Japan	ISO9001:2015	March 1999	November 2022
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	December 2022
Sumitomo Forestry Home Engineering	Japan	ISO9001:2015	March 2006	March 2021
Sumitomo Forestry Home Tech	Japan	ISO9001:2015	March 2017	March 2023
Cohnan Kensetsu	Japan	ISO9001:2015	September 2011	March 2023
Nelson Pine Industries (NPIL)	New Zealand	ISO9001:2015	July 1993	July 2022
Kutai Timber Indonesia (KTI)	Indonesia	ISO9001:2015	September 1997	November 2022
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 2023
Canyon Creek Cabinet (CCC)	United States	ISO9001:2015	August 2003	March 2022
Pan Asia Packing (PAP)	Thailand	ISO9001:2015	July 2018	July 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 certification (LVL)	June 2022
		JIS certification (MDF)	June 2022
		CARB certification (MDF)*	August 2022
		EPA certification (MDF)*	August 2022
Kutai Timber Indonesia (KTI)	Indonesia	JAS certification (Plywood, LVL, laminated engineered wood)	September 2022
		Q-Mark certification (door blanks)	May 2022
		CARB certification (PB)	May 2022
		EPA certification (PB)	May 2022
		CARB certification (plywood)	December 2020
		EPA certification (plywood)	December 2020
		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 certification (flooring/laminated engineered wood)	February 2022
Vina Eco Board (VECO)	Vietnam	CARB certification (PB)	July 2021
		EPA certification (PB)	July 2021
		JIS certification (PB)	December 2021

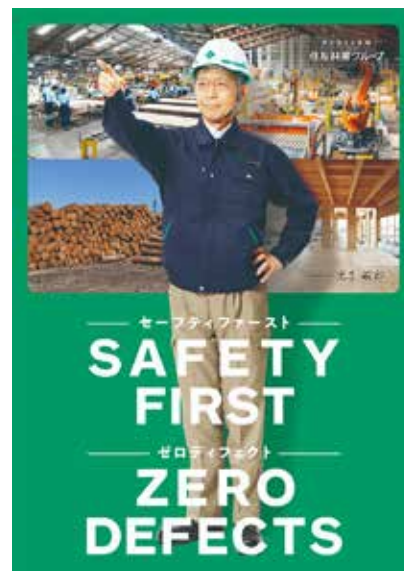
\* Formaldehyde emission standards for specific wood products stipulated by the California Air Resources Board (CARB) and the United States Environmental Protection Agency (EPA)



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## Awareness education in the Company

To encourage deeper awareness and understanding among Group employees, posters were delivered to all our workplaces of Sumitomo Forestry and 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" includes "Zero Defects, Zero Shortcomings, Zero Inadequacies", and it applies to all of the Group's businesses and job categories. Sumitomo Forestry Group Quality Policy is regularly disseminated to all employees through the employee handbooks, internal websites, in addition to posting policy posters in easily visible locations.



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

## Human Resources Development

Sumitomo Forestry Group is promoting ISO9001 certification and ISO9001 "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. In FY2021, the Quality Control and Worker Safety Management Department started ISO9001 internal auditor training courses, and in FY2022, 80 employees (64 in the internal auditor qualification course and 16 in the standard explanation course) completed the courses.

In addition, a course on "Occupational Safety, Health, and Quality" was established in e-learning that can be taken by employees, including those at Group companies through the internal website. New content has been opened to promote understanding of the Sumitomo Forestry Group Quality Policy and to promote education for quality improvement. We will continue to develop and strengthen the system for quality improvement and promote quality-related human resource development initiatives.

### Number of ISO9001 internal auditors in the Sumitomo Forestry Group who have obtained the qualification

FY2020	FY2021	FY2022
15	135	155

\* Including those who have obtained qualifications through external training



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### FY2022 Major Quality-Related Education (Company-Wide Education)

Title	Form	Purpose	Object	Number of people attending
What is ISO for your organization's operations? [Course launched in August 2021]	e-learning	Understand the basics of ISO management systems and link them to activities that promote the development of systems to address organizational issues and concerns.	Sumitomo Forestry Group companies (some excluded)	2,349*
ISO9001 Management System [Course launched in November 2021]	e-learning	Go one step beyond the basics of ISO9001 management system and link them to activities that promote the development of systems to address organizational issues and concerns.	Sumitomo Forestry Group companies (some excluded)	2,297*
What is Sumitomo Forestry Group's ZERO DEFECTS? Know more about our quality policy! [Course launched in July 2022]	e-learning	Deepen understanding of the "Sumitomo Forestry Group Quality Policy" and improve quality with all employees working together	Sumitomo Forestry Group companies (some excluded)	94*
You may know it, but you don't know it!? Risk Assessment Part 1: Let's learn the basics, key points! [Course launched in December 2022]	e-learning	Learn the concepts of safety, risk, and a source of danger, and understand risk assessment	Sumitomo Forestry Group companies (some excluded)	28*
ISO9001 Management System Internal auditor training workshop	Group training	Learn the requirements of ISO9001 (overview) and key points of internal auditing techniques with exercises to improve internal auditing skills.	Sumitomo Forestry Group companies	80
ISO9001 Management System Overview training	Group training Online training	Acquire knowledge of on-site occupational health and safety management before traveling to overseas Group companies	Travelers to overseas Group companies	25*

\* Cumulative total as of the end of December 2022



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## Improving customer satisfaction

The Customer Service Department solicits heartwarming incidents at work, words of gratitude from customers, and lessons learned from customer feedback, including those from Group companies. The winning stories, selected by employee voting, are published on the internal website. The valuable experiences of Sumitomo Forestry Group colleagues are utilized as inspiration in our efforts to improve customer satisfaction.

Click here for related informatio

> Respect for and Application of Customer  
Feedback



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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 Policy for 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

[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 2023 based on results of the ISO 9001 top management review.

1. Establishment of a certification system for critical process program
2. Establishment of a scheme for risk assessment of production processes using QA Network<sup>\*1</sup> management methods
3. Thorough implementation of change point management (4M+3H)<sup>\*2</sup>
4. Check items during design description (quality standards/ verification test description)
5. Establishment of human resources education system based on TPM<sup>\*3</sup> activities
6. Mutual quality audits conducted by each plant
7. Visualization of future claim loss risk (listing and information sharing)

<sup>\*1</sup> An analysis method to identify which processes can prevent defects and their outflows for each quality assurance item on the production line

<sup>\*2</sup> 4M is a method for discovering and solving problems by analyzing and improving the four elements of Man, Machine, Material, and Method. On the other hand, 3H is the words taken from the initials of HAJIMETE (first time), HENKOU (change), and HISASIBURI (long time), and are used to identify mistakes and other problems from these perspectives and take countermeasures in advance

<sup>\*3</sup> Abbreviation for Total Productive Maintenance. Productive maintenance with all member participation. Management methods for raising productivity in the manufacturing industry

## 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.

[Click here for related information](#)

➤ [Quality Management System](#)



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## 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.

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

## 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.



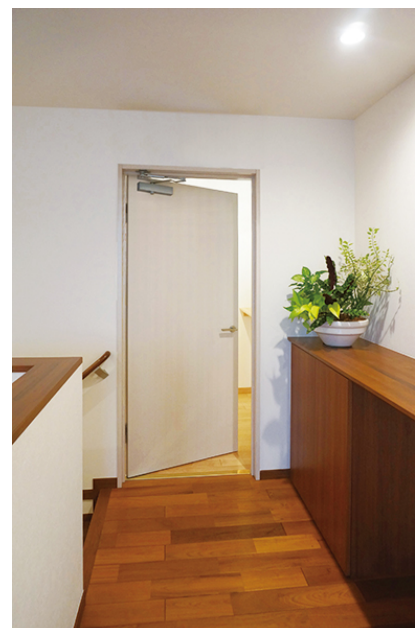
Quality Check in Facility

## 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

### 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  
 Group Company

Acquisition Status of Product Certifications  
 > at Each Group Company

### 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.



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# Safety and Quality of Products and Services

## Product Safety and Quality Management in the Housing 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 Business

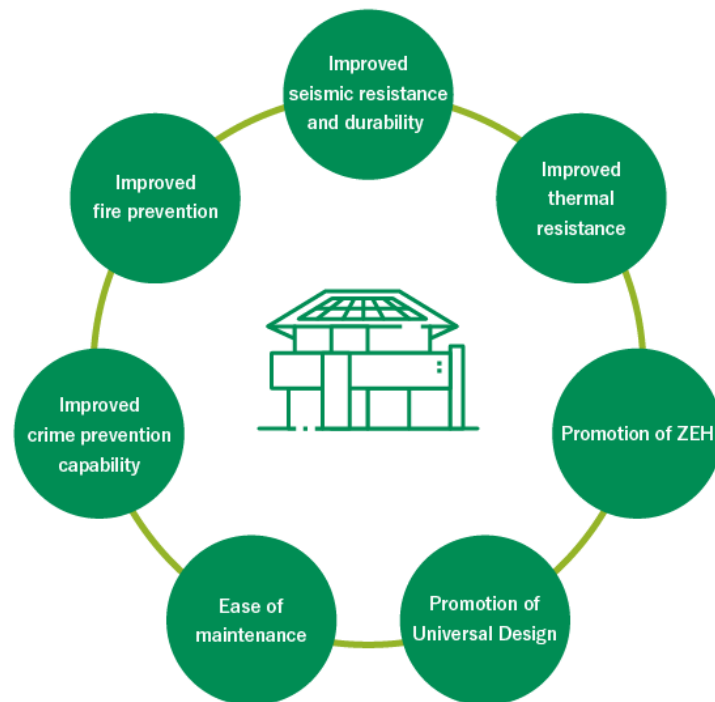
- Make houses more reliable by improving their basic functions
- Increase future options for layout to accommodate changes in lifestyles
- Enhance maintenance programs to support long-term upkeep
- Monitor information on any production faults, and share information on handling faults promptly

Sumitomo Forestry offers homes that integrate seismic resistance, durability, better insulation efficiency, Net Zero Energy Houses (ZEH), 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 Business



### Design Performance Evaluation

The Company is actively promoting the use of the Japanese Housing Performance Indication System<sup>\*1</sup> for customer peace of mind and safety as well as enhancing the value of property. In fiscal 2022, under the Japanese Housing Performance Indication System, implementation rate<sup>\*2</sup> of Design Performance Evaluation reached 99.8%, Implementation of Construction Performance Evaluation reached 99.8%, and the acquisition of Long-life Quality Housing Certification reached 96.3%.

<sup>\*1</sup> 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

<sup>\*2</sup> 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, 2022 - December 31, 2022) in the Housing Division



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### Japanese Housing Performance Indication System Implementation Rate\*

	FY2019	FY2020	FY2021	FY2022
Design Performance Evaluation	99.1%	99.4%	99.5%	99.8%
Construction Performance Evaluation	98.8%	99.3%	99.3%	99.8%

\* The aggregation period for fiscal 2021 and onwards is from January to December of each year, the aggregation period for fiscal 2020 is from April to December, and the aggregation period for fiscal 2019 is from April to March 2020

### 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<sup>\*1</sup> certification conditions<sup>\*2</sup> (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\*

	FY2019	FY2020	FY2021	FY2022
Ratio of Houses Certified As Long-life Quality Housing for New Custom-Built Housing	94.4%	94.7%	94.9%	96.3%

\* The aggregation period for fiscal 2021 and onwards is from January to December of each year, the aggregation period for fiscal 2020 is from April to December, and the aggregation period for fiscal 2019 is from April to March 2020



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### 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 <b>3</b>	Equivalent to highest level <b>3</b>
		Measures to allow regular inspection	
Seismic Resistance	Strong to earthquake	Rating of earthquake resistance <b>2</b> or higher	Equivalent to highest level <b>3</b>
Maintenance Requirement	Easy maintenance home	Rating measures for maintenance level <b>3</b>	Equivalent to highest level <b>3</b>
Energy conservation performance	The house must be thermally insulated	Rating measures for energy-saving performance <b>5</b> or higher	Equivalent to rating <b>5</b> or higher
		Primary energy consumption rating <b>6</b>	Equivalent to rating <b>6</b>

\* The higher the rated level, the better evaluated

### Framework for Product Safety and Quality Control

#### Product Development



- Undertaking development of housing products incorporating new technology, materials and lifestyle, based on consumer needs and owner surveys
- Housing 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 guarantees

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**Design**

- 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

**Materials Procurement**

- 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

**Construction**

- 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 10th year, owners can extend the building warranty by going through the paid maintenance constructions according to maintenance plans; then free regular inspections will continue after the 30th year until the 60th year. 60 years of support to ensure the longevity of your home
- Sumitomo Forestry has developed a 60-Year Maintenance Program that offers renovation and maintenance proposals and manages maintenance records in order to support home owners



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.

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## 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/m<sup>2</sup> 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 method also got a technological evaluation by the Japan Building Disaster Prevention Association (6.9 KN/m<sup>2</sup> 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.



Corner Brace Panels



Hyper Panels

## Construction Method (BF Construction Method)

Sumitomo Forestry started selling the Big-Frame Construction Method (BF Construction Method) for three-story building products in 2005 and expanded this method to two-story products in 2008 as well as to products with fire-resistant specifications in four-story buildings in 2015. Thereafter, as awareness of customers grew about disasters and other risks, 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.

## Wooden Beam Rahmen Structure

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.





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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.

## “Metal-Touch” (Metal-to-Metal) Joint

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.

## Introducing and Expanding Original Joining Technology

The BF construction method enables introducing and expanding a variety of original technologies and 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, which allows for a maximum opening width of up to 7.1 meters, 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.

## Confirmation of Performance by Full-Scale Vibration Test

Sumitomo Forestry conducted vibration testing using a full-scale test model of a 3-story building built with the BF construction method and the actual floorplan.

For this testing, the building with BF construction method withstood the maximum acceleration of 2,699 gal, equivalent to the Great East Japan Earthquake, proving its strength against major earthquakes. 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 equal to the Great Hanshin-Awaji Earthquake. Furthermore, assuming repeated strong aftershocks, we have confirmed that the seismic resistance of the structural framework will continue to be maintained even after 224 repetitions of severe shaking of intensity 4 to 6, for a total of 246 repetitions of shaking.

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

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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.

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.

In addition, Sumitomo Forestry is committed to designing homes that meet the needs of various customers, such as comfortable bedrooms with wood interiors and indirect lighting that improve sleep, as only Sumitomo Forestry can.



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

## First Class Architect in the Housing Division

The Housing Division has 893 first class architects on staff (as of April 1, 2022), representing 21.2% of the division's total workforce. This is one of the highest ratios among housing manufacturers, and is the reason for the high quality of construction of Sumitomo Forestry homes.

## Proper Management of the Supply Chain

The Housing Division strives to properly manage the supply chain to maintain and improve the quality of Sumitomo Forestry homes construction. In order to continue appropriate business with suppliers, we maximize the use of "factory audits" and "supplier evaluations" by component.



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## Factory Audit

The purpose of a factory audit is to ascertain the production process, quality control status, raw material procurement status, etc., for the parts and materials to be purchased.

Based on the "Quality Audit Program & Implementation Plan," we target more than 200 supplier factories nationwide to ascertain actual conditions through interviews with relevant personnel and visual inspections at local factories. In addition, corrective actions are requested during factory audits if there are items to be improved.

## Supplier Evaluation

The supplier evaluation includes a comprehensive assessment of the supplier's factory audit results, financial condition, quality control status, delivery time, costs, and BCP measures. We will check whether the manufacturer/product is up to the standard required by the Company and provide feedback on the results to ensure appropriateness.

## Sustainability Procurement Survey of Suppliers

Once a year, we conduct the Sumitomo Forestry Group Sustainability Procurement Survey of Suppliers.

In FY2022, 85 companies were surveyed. Survey results are fed back to suppliers, and evaluations and opinions are communicated to relevant parties in an effort to improve initiatives on survey items.

[Click here for related information](#)

➤ [Responsible Material Procurement](#)

## Sumitomo Forestry Group's ISO9001 Initiatives

The Sumitomo Forestry Group promotes the operation of the ISO9001 in order to provide reliable products and services and improve customer satisfaction.

### Sumitomo Forestry Home Tech Initiatives

Sumitomo Forestry Home Tech, which handles renovation and after-sales maintenance for Sumitomo Forestry homes, acquired ISO9001 certification in 2017. The purpose is to continuously improve quality and enhance customer satisfaction by utilizing the PDCA cycle, which is the most important part of ISO operations.

As a result of ISO activities, we understand the importance of process management (ensuring that operations flow without delay) by setting and managing targets and utilizing internal auditing, and we are making improvements.

### Sumitomo Forestry Home Engineering Initiatives

Sumitomo Forestry Home Engineering, which is responsible for the construction and supervision of Sumitomo Forestry homes, acquired ISO9001 certification in 2006. By unifying construction quality management methods, we ensure consistent quality even in different construction areas and by different contractors. We are committed to building homes that are healthy, safe, secure, and of the highest quality, and putting our customers first.

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## ISO9001 Internal Auditors

The Quality Control and Worker Safety Management Department of the Sumitomo Forestry Group hosts and conducts the ISO9001 Internal Auditor Training Workshop to deepen understanding of the purpose of the standard and internal audits in order to incorporate the ISO9001 system into its operations and strengthen it. In fiscal 2022, 148 people\* in the Sumitomo Forestry Group's housing business obtained certification.

\* Including those who have obtained qualifications through external training

[Click here for related information](#)

[Quality Management System](#)



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## Safety and Quality of Products and Services

### Product Safety and Quality Control in the Construction and the MOCCA (Timber Solutions) Business

#### Basic Policy

Sumitomo Forestry broadly promotes the Construction and the MOCCA (Timber Solutions) Business that proposes woodification and use of wood also in nonresidential fields such as commercial complexes and public facilities. The Construction and the MOCCA (Timber Solutions) Business of Construction Business Sub-Division, Global Housing, Construction and Real Estate Division, provides high-quality buildings with consideration for user health, safety, and comfort via medium- to large-scale woodification and use of wood, and it obtained the ISO9001 in September 2015 in response to customer expectations. Each plant sets tangible quality targets and a business action plan to attain maintained safety and enhanced product quality.

Click here for related information

➤ [Sumitomo Forestry Group Quality Policy](#)

### Product Safety and Quality Control in the Construction and the MOCCA (Timber Solutions) Business

#### Product Safety and Quality Management System

The Construction and the MOCCA (Timber Solutions) Business of Construction Business Sub-Division, Global Housing, Construction and Real Estate Division, consolidates the quality management system under the aforementioned policy and is building a strict process management system. The Department also conducts biannual internal auditing 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 2022\*

- The 4th COFI Wooden Constructions Design Award (Big & Tall Wood Challenge)  
 Building name: Toho Gakuen Munetsugu Hall  
 Constructors: Joint Venture of Maeda Corporation and Sumitomo Forestry  
 Date of Award: March 10, 2022
- Wood Design Award 2022 Lifestyle Design Category  
 Building name: Kumagai Gumi Fukui Office  
 Constructors: Kumagai Gumi, Sumitomo Forestry  
 Date of Award: October 6, 2022
- Wood Design Award 2022 Encouragement Award (Review Committee Chair Award)  
 Building Name: Maruyama Post Office  
 Constructors: Sumitomo Forestry  
 Date of Award: December 7, 2022
- Wood City TOKYO Model Architecture Award, Encouragement Prize  
 Building name: Toho Gakuen Munetsugu Hall  
 Constructors: Joint Venture of Maeda Corporation and Sumitomo Forestry  
 Building name: Building No. 15, Yotsuya Campus, Sophia University  
 Constructors: Sumitomo Forestry  
 Date of Award: January 31, 2023

\* Partially includes results for FY2023

[Click here for related information](#)

➤ [External Recognition](#)

## Initiatives and Framework for Product Safety and Quality Control

Construction Department, Construction Business Sub-Division, Global Housing, Construction and Real Estate Division, is actively engaged in exchanges related to product safety and quality control with Kumagai Gumi, with whom we have a business and capital alliance.

Since 2022, the company has invited an instructor from Kumagai Gumi for estimation\* and holds study sessions in-house on a regular basis. In addition, Sumitomo Forestry employees are sent to the company as estimating simulation trainees to learn more practical estimating methods.

In addition, "exchange patrols and construction review meetings" were held at five sites at Kumagai Gumi and two sites at Sumitomo Forestry, in an effort to improve the occupational safety level and quality of medium- to large-scale wooden constructions.

\* Calculation of the cost of construction in advance by accumulating the total predicted cost of construction



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# Safety and Quality of Products and Services

## Quality Control in Lifestyle Services Business

### Quality Control for Lifestyle Services Business

The Sumitomo Forestry Group's Lifestyle Services Business is expanding a broad range of lifestyle-related services focusing on elderly care businesses and other downstream businesses that support people's lifestyles.

In the elderly care business, Sumirin Care Life and Sumirin Fill Care provide private-pay nursing home and elderly care facilities with nursing care services, as well as in-home services such as day care services and home-visit nursing care.

At Sumirin Fill Care, all employees, regardless of job category, participate in monthly general meetings at each facility to communicate internal initiatives and share residents' situations and challenges.

Sumirin Care Life conducts resident satisfaction surveys. If residents or their families have any requests or comments, we hold a general meeting attended by the director, manager, and station manager. This English is shared at the meeting of persons in charge of services attended by care managers, caregivers, nurses, social workers, nutritionists, rehabilitation staff, etc., and all participants work together to solve problems.

### Efforts to Improve Customer Satisfaction

In the Lifestyle Services Business, we are implementing a variety of initiatives to improve customer satisfaction.

The elderly care business provides hospitality training. Hospitality etiquette, which adds an element of hospitality to customer service etiquette, requires a more proactive approach to service. For example, if you see a visitor looking around, you can ask, "How can I help you?" even if they don't ask any questions. We are working on this as an essential skill development for our staff.

In addition, the elderly care business conducts regular customer surveys. The results are regularly shared with staff to resolve issues.

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## Promoting digitalization and labor-saving measures

In the Lifestyle Services Business, we are improving the quality of operations through digitization and labor savings.

Takinomiya Country Club, a golf course operated by Kawanokita Development, has installed navigation system on carts. By detecting where the cart is located on the course, the distance to the pin can be measured and visualized, improving customer satisfaction during playing unattended by staff.

Sumirin Enterprises, an insurance and solutions business, promotes paperless operations through the use of digital tools. Depending on the task at hand, paper documents have been reduced to one-tenth of what they were before the introduction of digital tools. Since materials can be created without printing, less paperwork is required, which allows more time for customer service, leading to greater customer satisfaction.



Navigation system and course data

## Awareness education in the Company

At Sumirin Care Life, training plans are prepared based on the opinions of the company-wide Education Committee, which brings together staff from all departments, and staff members take the initiative in implementing training by job level, job category, theme, and other genres as needed in the field.

The ladder system\*, introduced as a pillar of the education system, via "visualization" of job descriptions and skills, allows staff to see what they should be aiming for, thereby maintaining their motivation and improving their skills.

In addition, the "Case Study Presentation Meeting" is a mechanism to share the results of case studies on issues that are found in daily operations with the entire company, which is also linked to human resources development.

\* A personnel system that allows staff to advance their careers by taking one step at a time. Each step has a defined job description, skills, and goals



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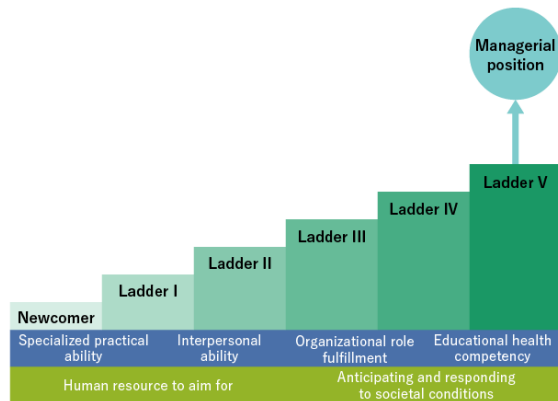
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Ladder system structure chart



Case study presentation



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# Communication with Our Customers

## Housing Business Initiatives

### Basic Policy

Sumitomo Forestry provides proposals for ideal home building through continuous communication with 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 introducing live broadcasts of actual examples via social network, and the "MYHOME PARK" web content, which allows users to view the woodiness that characterizes Sumitomo Forestry homes, as well as information on technology, ZEH, and design capabilities anytime and anywhere they like.

In addition, showrooms, model homes, completed houses and structural sites where visitors can see and touch rich woody materials and other materials are 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 provides thorough after-sales service to ensure that every owner can sustain comfortable living in the long term. 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 asset value through support for the comfortable living of our customers.

### A Dedicated Team to Realize Ideal Home

Sumitomo Forestry has a dedicated team to realize ideal home building for customers.

The team is made up of a person in charge of sales, design, interior design, production and housing exteriors, and meets to discuss everything from the exterior appearance and room plan to the interior and housing exteriors with the customer. At the point of application, each person with expert knowledge inquiries 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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## 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 April 2022, we began sales of our environmental flagship model, the “life cycle carbon minus housing\*”, which makes full use of superior insulation efficiency, high-performance equipment, and energy creation devices such as large-capacity solar power generation systems. Sumitomo Forestry is committed to building houses that contribute to the promotion of decarbonization while taking advantage of the power of wood.

In addition, each of 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 on the website.

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

\* LCCM (Life Cycle Carbon Minus) housing is housing that reduce CO<sub>2</sub> emissions to minus throughout the life of the home, from when it is being built to when it is lived in



## Model Homes/Showrooms

Sumitomo Forestry has expanded its model homes to roughly 270 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.



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## 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, high efficiency water heaters as well as central air-conditioning systems.



The first model homes of Hamadayama (Tokyo West Branch, Tokyo) to open in April 2022.





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## 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. 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.



Utsunomiya Showroom



Fukuoka Showroom



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## 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.



Nagoya 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 Relations Office holds periodic meetings and working groups with each business division and Group company as well as shares information on case studies and analysis results to provide high-quality products and services which will bring sensation to our customers, bringing 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.

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.

### Operation of Sumitomo Forestry Call Centers

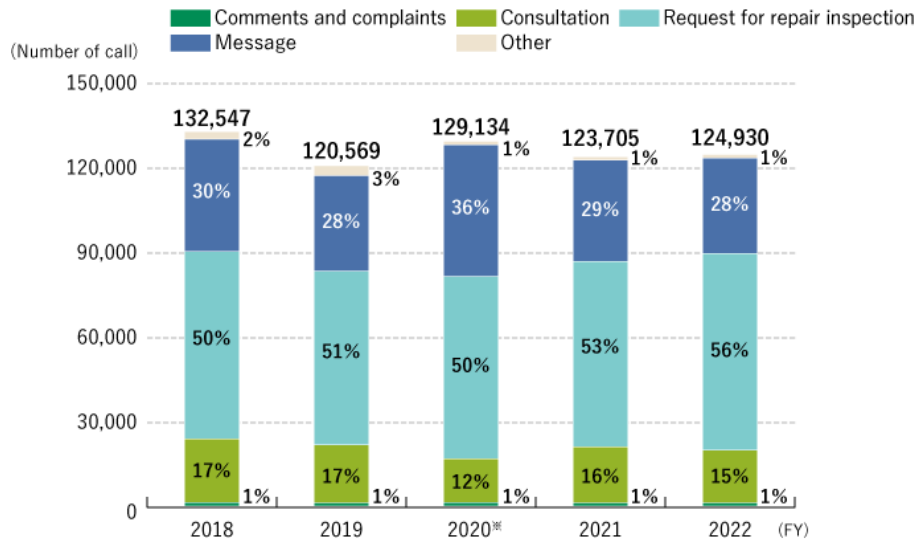
Sumitomo Forestry established Sumitomo Forestry Call Centers that open 24 hours a day 365 days a year toll free, as a consistent, dedicated helpline (general reception) throughout Japan that allows immediate support to our customers such as an emergency response for lifelines. The telephone number is 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. We will continue to strive to improve customer satisfaction by promptly responding to customer requests and consultations.



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## 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 for fiscal 2019 and before is April of each year to March of the following year

## 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 2022, the satisfaction ratio in these surveys was 97.4% in the survey of new owners, and 96.3% 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. 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)

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## 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 2022, about 120,000 owners have become 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. On November 21, 2022, the system was redesigned with a new look and additional functions.

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 320,000 prints were issued for each issue in fiscal 2022.



Progress check page in clubforest



The cover of "Lovely Family", spring and summer 2022 issue



The cover of "Lovely Family", fall and winter 2022 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 2021, the aging rate reached 28.9%\*, 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 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, 2022 ed

### Expanding Services for Customer Need

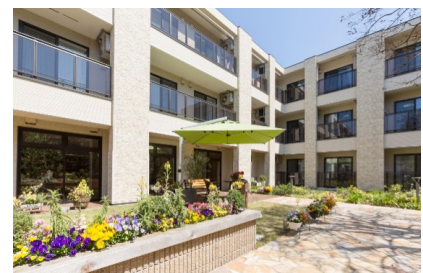
Sumitomo Forestry provides long-term care for the elderly through Sumirin Fill Care Co., Ltd. and Sumirin Care Life Co.

In order to deliver the Sumitomo Forestry Group's high-quality services to as many customers as possible, the Group has set the goal of expanding the number of rooms it offers in the Mid-Term Sustainability Targets. In 2022, the total number of rooms provided by the two companies was 1,764, but the opening of new facilities in 2023 will bring the number of rooms provided to 1,842.

Since fiscal 2020, the spread of COVID-19 has continued both domestically and internationally, but we are making every effort to maintain appropriate care and high-quality service provision for our residents, while focusing maximum efforts on preventing infection.

#### Sumirin Fill Care's 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 2022, 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, a private-pay nursing home operated by Sumirin Fill Care



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### Sumirin Care Life's Nursing Care Service Business for the Elderly

Sumirin Care Life 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. Four facilities, including Elegano Nishinomiya, bring the number of living spaces available 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.

The total number of living spaces  
FY2024 Target

**1,842**rooms

The total number of living spaces  
FY2022 result

**1,764**rooms

## 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<sup>\*1</sup> Plus Doctor and ANSIEL<sup>\*2TM</sup> 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.

Bringing "visualization" 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 95.2% as of the end of fiscal 2022, despite restrictions on sales activities due to the impact of the COVID-19.

\*1 Life Rhythm Navi is a registered trademark of EcoNaviSta Ltd.

\*2 ANSIEL is a registered trademark of Sekisui Chemical Co., Ltd.

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## Combining Sumitomo Forestry Group Living Environments and Nursing Care Expertise

### — Elegano Nishinomiya —

At Sumirin Care Life, we are working to enhance the living environment so that each resident can lead a unique and fulfilling life, while the nursing and care staff, external medical institutions, specialist lecturers, nutritionists and care managers work together to promote the provision of high quality services.

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.

#### Use of Living Environments Expertise

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. The nursing 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 Tsukuba Research Institute). In addition, all units are equipped with emergency call and Wi-Fi for a safe, secure, and comfortable living environment.

#### Full Medical and Health Support

Medical support is available to all residents through an MRI brain scan for the early detection of dementia and tumor marker tests that help with the early detection 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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### Programs to Enhance Your Life

In the liberal arts we offer programs such as go and mahjong to pottery, watercolor painting, calligraphy and flower arrangement classes. Skilled artisans teach the programs and beginner or a person who requires long-term care can enjoy these programs according to their skill level and health. In cooperation with Kobe College, we also hold regular concerts by college and graduate students majoring in music.



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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.

### Participation in 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, in which Sumitomo Forestry, H.I.S. Hotel Holdings and Aqua Ignis, HOTEL VISON and Hatago VISON was opened in 2021.

A total of 201 rooms at the VISON HOTELS, including 6 villas, 155 hotel rooms, and 40 inn rooms. The villa building was selected for the Excellence Award in the non-housing category of the "1st Mie Prefecture Wood Construction Competition (sponsored by Mie Prefecture)" in recognition of the percentage of wood used from the prefecture and its high design quality. Designed in the image of a "detached room," the guest rooms are chic and woody, with black and white as the base color. Guests staying at the VISON HOTELS have access to various restaurants, shopping, and hot bath facilities, allowing them to fully enjoy their trip within "Vison". In addition, by using raw materials that contain natural straw, we adopt environmental impact reducing amenities that reduce plastic usage by 40%, and are engaged in environmentally sound initiatives. 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.



Exterior View of HOTEL VISON



Exterior View of the Villa Building



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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.

#### 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.



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### 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

## 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.





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**(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.

**(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.





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(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./li>

(h). Social contributions

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

## 2. Product assessment

### a. Common items

#### (a). Requirements

- 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.

## 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 13 organizations.



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**Status of Sumitomo Forestry Group Forest Certification/ COC Certification\***

Organization	Certification	System Date Certified	Certification Number	Certification Issuing Body
Sumitomo Forestry Co., Ltd. Timber and Building Materials Division	FSC	December 14, 2022	JIA-COC-190013/ JIA-CW-190013	Japan Gas Appliances Inspection Association (JIA)
	PEFC	December 14, 2022	JIA-PEFC-COC-1201	Japan Gas Appliances Inspection Association (JIA)
Sumitomo Forestry Co., Ltd. Timber and Building Materials Division Global Housing, Construction and Real Estate Division Construction Department	SGEC	January 24, 2022	JIA-SGEC-COC-045	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, 2022	JAFTA-SGEC-COC-038	Japan Forest Technology Association (JAFTA)
Sumitomo Forestry Wood Products Co., Ltd.	SGEC	December 25, 2021	JAFTA-SGEC-COC-017	Japan Forest Technology Association (JAFTA)
Sumitomo Forestry Crest Co., Ltd.	FSC	September 15, 2020	SGSHK-COC-006693	SGS Japan
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	SA-COC-012758	Soil Association
PT. Rimba Partikel Indonesia (RPI) (Indonesia)	FSC	February 20, 2020	SA-COC-007620/ SA-CW-007620	Soil Association
PT.Sumitomo Forestry Indonesia	FSC	December 7, 2021	SA-COC-012757	Soil Association



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Organization	Certification	System Date Certified	Certification Number	Certification Issuing Body
Sumitomo Forestry (Singapore) Ltd.	FSC	January 28, 2023	NC-COC-005542/ NC-CW-005542	Prefferd by Nature
Sumitomo Forestry (Dalian) Ltd.	FSC	January 20, 2021	SCS-COC-008230	SCS Global Services
Vina Eco Board Co.,Ltd. (VECO) (Vietnam)	FSC	October 15, 2021	BV-COC-132458/ BV-CW-132458	Bureau Veritas
PAN ASIA PACKING LTD. (PAP) (Thailand)	FSC	January 16, 2023	SGSHK-COC-470150	SGS Hong Kong

\* 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

\* SGECCOC (Trademark License No. SGECC/31-32-86), PEFC-COC (Trademark License No. PEFC/31-32-86)

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➤ Sustainable Forest Management

## 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.

### SGEC (Sustainable Green Ecosystem Council)

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



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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-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 Timber-Related Operator	November 22, 2022	JIA-CLW-I II 17001	Japan Gas Appliances Inspection Association
Construction Materials Development Department, Housing and Construction Division	Construction Materials Development Department Type 2 Wood Related Entity	March 14, 2023	HOWTEC-CLW-II 0001	Japan Housing and Wood Technology Center
Sumitomo Forestry Wood Products	Type 1/Type 2 Wood Related Entity	February 20, 2023	JIA-CLW-I II-3	Japan Forest Technology Association
Sumitomo Forestry Crest Co., Ltd.	Type 2 Wood Related Entity	May 9, 2018	JIA-CLW-II 18002	Japan Gas Appliances Inspection Association
Nihei	Type 2 Wood Related Entity Timber-Related Operator	April 1, 2021	HOKKAIDO LUMBER INSPECTION CORPORATION -CLW-II-22	HOKKAIDO LUMBER INSPECTION CORPORATION

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## Participation in JBIB (Japan Business Initiative for Biodiversity)

Sumitomo Forestry participants 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 2022, the supply chain working group enhanced its knowledge by exchanging information on member companies' biodiversity-friendly supply chain initiatives and by gathering information on COP15.

## Partnership Building Declaration

Sumitomo Forestry has endorsed the aims of the Council on Promoting Partnership Building for Cultivating the Future, promoted by the Cabinet Office and the Small and Medium Enterprise Agency of Japan, and has announced a "Declaration of Partnership Building". Based on the Corporate Philosophy and Our Value, the Sumitomo Forestry Group shall manage its operations, including the supply chain, in accordance with Sumitomo Forestry Group Code of Conduct. We build sustainable relationships of co-existence and co-prosperity with our business partners through participation in the "Declaration of Partnership Building".



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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 timber 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 one of the climate change factors with the introduction of our 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.

### Promoting the Use of Timber and Wood Products from Sustainable Forests

To confirm collateral of legal compliance as precondition, Sumitomo Forestry Group defines 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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[Promoting Certified Timber](#)

## 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 2022, the Wood Procurement Committee met four times to confirm the legality and conduct a "Sustainability Survey" for all 171 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 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.

The 52 questionnaires for our sustainability survey are arranged according to check-list of such forest certification as FSC and PEFC, surveys from our purchasers, and sustainability assessment of cross-sectoral organizations.



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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
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

#### Risk level

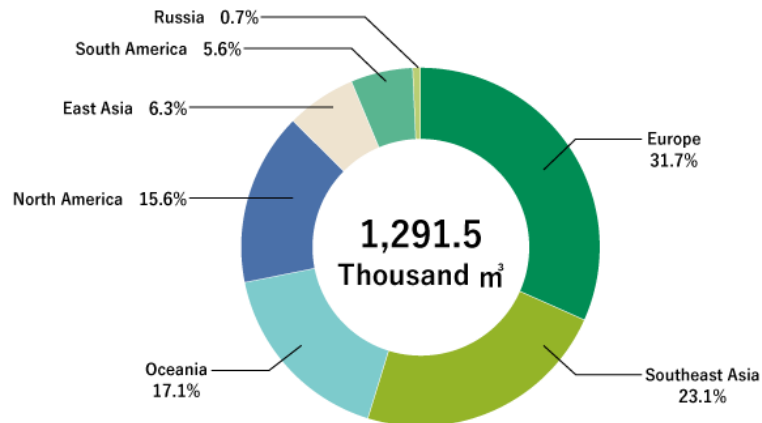
With this information sorted by country, region, tree species, and wood type, risk assessment on the illegal logging or human rights violation is carried out based on procurement standards stipulated by the Wood Procurement Committee. Risk categories are determined according to such information from Transparency International's CPI (Corruption Perception Index), FSC's national risk assessment, UNEP/WCMC (United Nation Environment Program/World Conservation Monitoring Center) and reports from environmental NGOs to be A (low risk), B (medium risk) and C (high risk). Even when suppliers are identified as A (low risk), they are all assessed regardless of the volume or duration of contracts, since our business is centered on wood and timber and wood products suppliers should not be considered as non-significant. 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 2022, we audited 45 companies in Category A, 29 companies in Category B, and 97 companies in Category C.





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## Status of timber by region, and timber and wood products (results for January to December 2022)



### 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.
- 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.

Sustainability procurement survey  
implementation rate of suppliers of imported  
timber\*

**100%**

\* Number of suppliers conducting sustainability surveys as a percentage of the number of suppliers subject to wood procurement due diligence by the Wood Procurement Committee during the year under review.

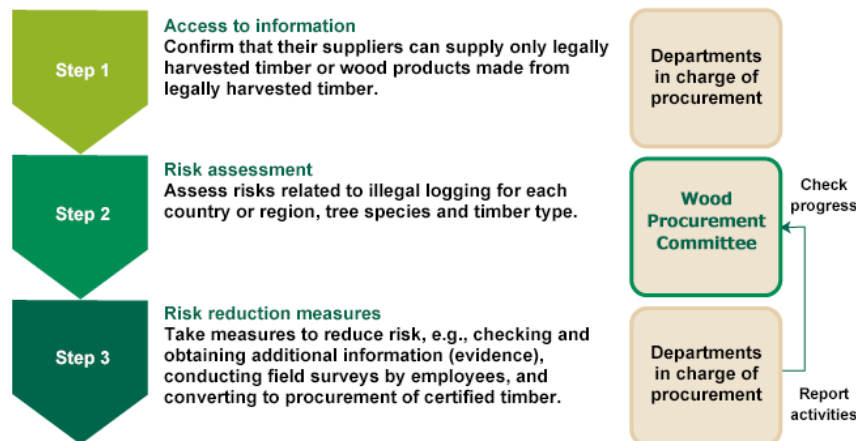
### Review

Each procurement division reports the status and progress of these initiatives to the Wood Procurement Committee, facilitating continuous improvements throughout the supply chain.



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## Due Diligence in Wood Procurement



## Progress of sustainability initiatives in timber and wood products

Sumitomo Forestry established an Action 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 confirmed.

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. The same due diligence is also applied to wood biomass fuels such as pellets and PKS as to timber and wood products to promote sustainable procurement.

Percentage of sustainable timber and wood products handled  
FY2022result\*

**100%**

\* "Sustainable timber and wood products" is defined as certified timber and timber in the process of certification, timber from forestation or from natural forests that are recognized as sustainable in terms of forestry and distribution (excluding timber from converted forests), and recycled timber.

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[About symbol for Independent assurance](#)

## Education for Personnel in Charge of Procurement

In order to deepen the understanding of those in charge of wood procurement, the Sumitomo Forestry Group holds study session once a year with external experts in the Wood Procurement Committee to learn about current trends and the latest information in the world.



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### Supply Chain and Human Rights

In recent years, respect for human rights in corporate activities is becoming increasingly important. In Japan, there are more and more media coverage on human rights issues in corporate activities, and interest is growing. There are also relevant human rights issues in aspects related to timber and wood products, for example, relations with local communities in logging areas and violations of indigenous peoples' rights. On December 19 2022, the Sumitomo Forestry Group held a study session entitled "Supply chain and human rights" with Mr. Hidemi Tomita, Representative Director of LRQA Sustainability K.K.



Study session by Hidemi Tomita,  
Representative Director, LRQA Sustainability K.K.

The study session covered the background of the issue of business and human rights, international codes of conduct, tightening international standards, and domestic and international trends such as legislation on human rights and due diligence in various countries. It was an opportunity to reflect on the urgent need to address human rights issues and the need to respond to human rights risks, including those in the supply chain, and how to deal with them before they develop into actual business risks.

### Study Meetings Held to Date

	Theme	Description	Lecturer
FY2018	Wood production and sustainable forest management in Indonesia and Malaysia.	Update on how the wood legal compliance certification system works, and certified wood and sustainable forest management in Indonesia and Malaysia.	Institute for Global Environmental Strategies (IGES) Research Manager Hiromitsu Samejima
FY2019	Forest certification seminar	History of various forest certification schemes and updates on FM and CoC certification	Japan Gas Appliances Inspection Association Forest & EPA Group FSC-CoC auditors and certifiers Kentaro Katase
FY2020	Recent trends and the nature of ESG investment	The major trends behind 'why ESG investment?'	Professor, Takasaki City University of Economics Professor Takeshi Mizuguchi
FY2021	Sustainable wood procurement from a financial perspective	Main outcomes of COP26, forests in ESG investment and financing policies of financial institutions, forest certification from a financial perspective, TNFD, etc.	WWF Japan Head of Financial Group Mutai Hashimoto



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## Reinforcing Engagement with NGOs and Other External Stakeholders

In our efforts for formulating and implementing our Action Plan, to respond sincerely to societal demands and to promote responsible procurement, we organized a stakeholder dialogue with environmental NGOs, ESG specialists and researchers in July 2019.

Experts from the World Wildlife Fund (WWF) Japan, Friends of the Earth Japan, Global Environmental Forum, Institute for Global Environmental Strategies, the Rainforest Action Network and Takasaki City University of Economics participated on the day of the dialogue.

In December 2020, approximately one and a half years after the start of the Action Plan to achieve the target of 100% "sustainable timber and wood products procurement," another stakeholder dialogue was held to report on the efforts made so far. Discussion included the implementation of the Sustainability Procurement Surveys and the status of the percentage of timber and wood products from sustainable forests being handled, and other challenges at hand.

In March 2022, as the final year of the Action Plan, a report was given on the results of the initiatives from 2019 to 2021, together with an outline of Mission TREEING 2030, which was announced in February 2022.

In order to achieve the target of the Action Plan, reflecting the discussion from these stakeholder dialogues, we approached suppliers where improvement were required, deepen their understanding on the issues, and encouraged improvements and explained. Ultimately, we had to terminate our contract with suppliers whose sustainability could not be confirmed by any means, and in September 2021 we were able to achieve 100% "sustainable timber and wood products procurement."

In this regard, we were commended for suspending business with suppliers who did not show improvement in order to achieve our targets.

The Sumitomo Forestry Group will continue the implementation of active dialogue with stakeholders and strengthen its initiatives.



The scene at the stakeholder Dialogue

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## 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.



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

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## 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 wood as legal, and expressly confirming the legality of the entire supply chain, from logging to wood 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 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



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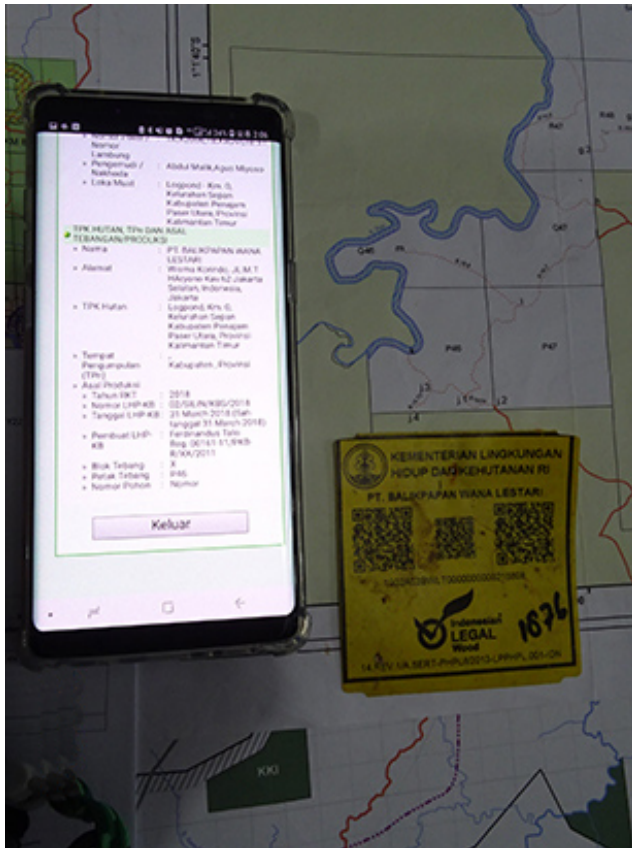
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Confirming the harvest site from tag information at the logging company (1)



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

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.

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## 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 Forestry 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.



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





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## 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.

### Study Meetings Held to Date

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 2022)	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 4,200 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 2022, roughly 758 of our business partners are using this service.



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## Responsible Material Procurement

The Sustainability Procurement Surveys for suppliers of building materials and housing equipment, which has been implemented in the housing business since 2019, was also launched in the timber and building materials business from fiscal 2022. While the survey has been conducted for directly imported wood already, this is the first time it was conducted for other than-imported wood.

The main purposes of conducting the survey are (1) to ensure that the goods and services provided by the Sumitomo Forestry Group comply with various environmental and social laws and regulations throughout the supply chain, and (2) to share the Sumitomo Forestry Group's Procurement Policy, Human Rights Policy, etc. and to build better partnerships.

Conventional supply chain management refer to quality, cost and delivery, but in addition to these items, risks related to workers' rights, occupational safety and environmental issues must also be recognized and managed.

The content of the Sustainability Procurement Surveys questionnaire is based on international norms and Sumitomo Forestry Group policies and consists of questionnaires on governance, human rights, occupational health and safety, the environment, ethics, information security, supply chain and social contribution.

In fiscal 2022, the target of 80% was achieved, with 46 companies responding out of 52 companies to whom the questionnaires were sent; response rate was 80.6% in items of sales. The future target is 85% in fiscal 2023 and 90% in 2024, and we plan to meet the target by increasing the number of targeted companies.

大項目	小項目
ガバナンス	1 社会的責任（CSR）取組みの方針・規範を策定している。
	2 社会的責任（CSR）取組みの推進部署および責任者を設置している。
	3 社会的責任（CSR）方針・規範の教育、啓発活動を社員に対して行っている。
人権	4 人権の尊重に関する方針・規範を策定している。
	5 人権の尊重に関する取組みの推進部署および責任者を設置している。
	6 人権の尊重に関する方針・規範の教育、啓発活動を社員に対して行っている。
	7 各種ハラスメントを禁止し、社内に周知徹底を図っている。
	8 差別労働を禁止し、社内に周知徹底を図っている。
	9 児童労働を禁止し、社内に周知徹底を図っている。
	10 法令に定められている社員の労働時間を適切に管理している。
	11 労働に対して法令に基づき最低賃金を満たした適切な賃金を支払っている。
	12 社員が匿名でハラスメント、体罰等を会社に通報する仕組みがある。
	13 人種、年齢、宗教、国籍、性別などの差別を禁止し、社内に周知徹底を図っている。
	14 外国技能実習生を受け入れている。
	15 志願に従い、労働者の結社の自由や団体交渉権を認めている。
	16 すべての社員に差別なく、職務に合った技能開発・研修などの人材育成の機会を提供している。
労働安全衛生	17 労働安全衛生に関する方針・規範を策定している。
	18 労働安全衛生に関する取組みの推進部署および責任者を設置している。
	19 労働安全衛生に関する方針・規範の啓発活動を社員に対して行っている。
	20 安全で健康的な職場環境の維持に努めている。
	21 社員の心身の健康管理、労働災害や労働疾病の削減など適切な職場の安全管理を行っている。
	22 緊急時や災害時に備え、社員を安全を守るための対策を講じ、社内に周知徹底を図っている。

Implementation of web-based questionnaires

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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 prioritize and promote the use of certified timber and materials from forestation areas for new raw materials during raw material procurement and encourage 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 planted 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 FSC-FM 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 (SRP) 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.

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

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 Business Initiatives

### Basic Policy

In the Housing Business, sustainable procurement is positioned as one of its 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 in Japan. The Housing 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 such wood materials as foundation, posts and beam that are 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 initiatives 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 initiatives assessment".

[Click here for related information](#)

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



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## Environmental Consideration and Legal Compliance in Responsible Material Procurement

The Sumitomo Forestry Group procures materials for the Housing 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 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.

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

Name/Scale	Description
Evaluation and feedback based on the Supplier Evaluation Standards Implementation rate: 100% (FY2022)	Material suppliers of the Housing 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 2022, we provided feedback to 231 suppliers, a 100% implementation rate.
	As part of our evaluation, we have been conducting factory audits of our suppliers on a regular basis previously. However in fiscal year 2022, visits to our suppliers' factories were conducted only when situation permitted as the COVID-19 pandemic was not settled. In cases where we were unable to visit, we also communicated with our suppliers' factory staff and quality control staff via the online meeting.
	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 Division began subjecting new suppliers to an annual Sustainability Procurement Survey in addition to the Green Procurement Survey that has been required, such as building materials and housing equipment manufacturers. Each of these suppliers participates in the survey with all 53 questionnaires related to the progress of their initiatives on social and environmental aspects as well as the sustainability of their wood procurement.

In FY2019, 42 companies (86% of the previous year's annual purchases) were scoped. The scope of the survey was gradually expanded, and in fiscal 2022, 85 companies (97.2% of the total amount of purchases in the previous fiscal year by the target manufacturers) were scoped. Prior to the survey, a web-based sustainability survey briefing was held in July 2022. Approximately 100 people attended, and we shared with them the Sumitomo Forestry Group Code of Conduct, the Sumitomo Forestry Group Procurement Policy and our views on regarding responsible procurement to promote mutual understanding.

The response rate was 100% as it was in fiscal 2021. Based on the results of the survey, feedback was provided to all targeted suppliers. At the same time, in order to encourage advancement of each company's initiatives, the following steps were taken and recorded: (1) If a company did not respond to a "high-risk" issue, a detailed interview was conducted and the company was asked about its future initiatives; (2) If the company's initiatives had fallen behind last year, the status was interviewed and improvements were encouraged. The records of these interviews are documented.

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 (%)

**97.2%**





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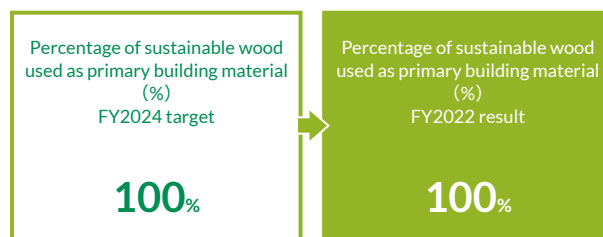
## Housing Business Initiatives for Sustainability in Timber and Wood Products

There is increasing concern about deforestation as the cause of climate change. Housing Division puts sustainable wood procurement into practice, including confirmation of legal compliance of wood procurement, compliance with human rights and occupational health and safety, biodiversity conservation, and considerations of the local community, especially for wood used in housing as outlined in the Sumitomo Forestry Group Procurement Policy. The Housing Division continues the 100% target for the rate of sustainable wood used as primary building material in Mid-Term Sustainability Targets 2024 announced as part of Medium-Term Management Plan in 2019.

In fiscal 2022, we were able to achieve the said ratio of 100% in the primary building material 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.

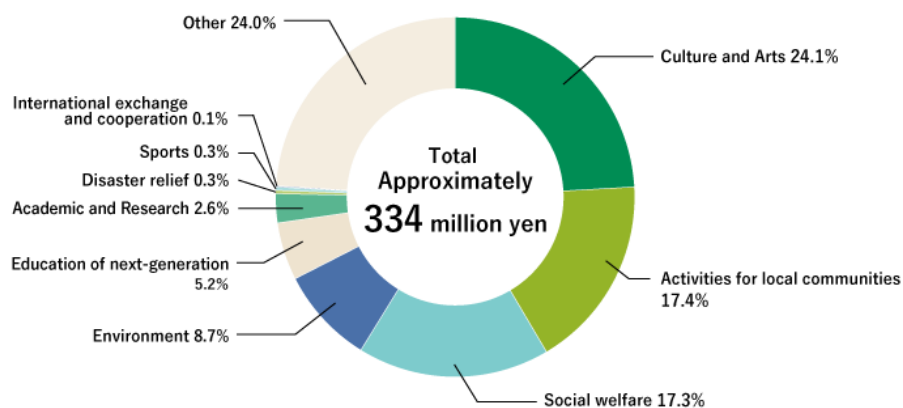
[Click here for related english](#)

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

> [Examples of Regional Contribution Activities Overseas](#)

### Social Contribution Donations

#### Breakdown of Donations by Category (FY2022)



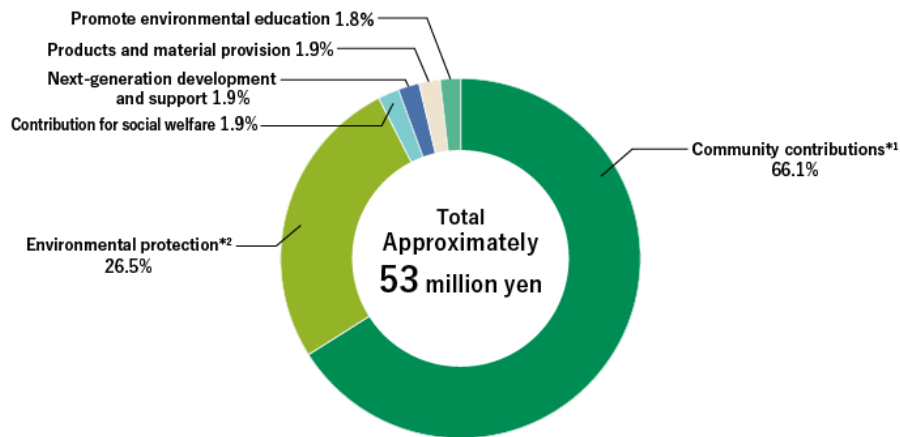


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## Expenditure on Social Contribution Activities

### Breakdown of Expenditure on Social Contribution Activities (FY2022)



\*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, and one employee took volunteer leave in fiscal 2022. 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.



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## Public Service (As of December 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
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 Chairman and Executive Director	Representative Director Chairperson	Akira Ichikawa
Wooden Home Builders Association of Japan	Representative Supervisory Officer & Chairperson	Representative Director Chairperson	Akira Ichikawa
Japan Federation of Housing Organizations	Representative Supervisory Officer & Vice-chairperson	Representative Director Chairperson	Akira Ichikawa
The Machinami Foundation	Director	Representative Director, President and Executive Officer	Toshiro Mitsuyoshi
Japan-China Association for Building and Housing Industry	Director & 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
The Tokyo Chamber of Commerce and Industry	Permanent Councilor	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

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Organization	Position	Position in the Company	Name
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
Aeon Environmental Foundation	Trustee	Representative Director Chairperson	Akira Ichikawa
Institute for Innovative Healthcare	Director	Representative Director President and Executive Officer	Tatsuru Satoh
Japan 2x4 Home Builders Association	Director	Director, Managing Executive Officer	Ikuro Takahashi
The Building & Housing Center of Japan	Executive Delegate	Director, 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
Japan Global Exchange Forum for Housing, Building and Urban Development	Officer & Vice Chairperson	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	Chairperson	Advisor	Hideki Nose
Japan Federation of Housing Organizations - International Foreign Relations Committee	Chairperson	Advisor	Hideki Nose
Institute for Built Environment and Carbon Neutral for SDGs (IBECS)	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

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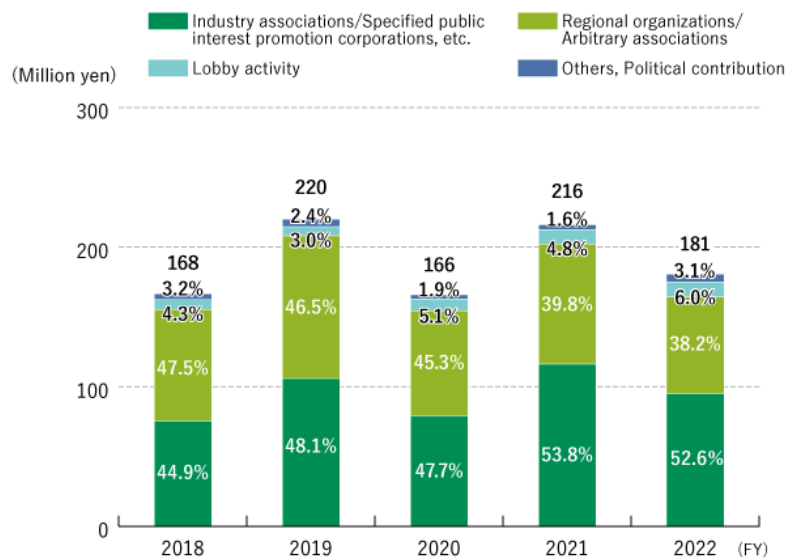
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Organization	Position	Position in the Company	Name
Japan Wood Design Association	Chairperson (Representative Supervisory Officer)	General Manager, External Relations Department	Akira Sekimoto
Japan Greenery Research and Development Center	Trustee	General Manager, Forest and Landscape Research Center	Kentaro Nakamura
National Land Afforestation Promotion Organization	Director	General Manager, Forest Department	Kenji Terazawa
The Forest Culture Association	Director	General Manager, External Relations Department	Hiroyuki Wakabayashi

### Costs Such as to Various Associations<sup>\*1\*2</sup>



\*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 2022, Mt. Fuji Manabi no Mori was used for volunteer activities and environmental education programs. A total of 1,636 people visited Mt. Fuji Manabi no Mori from inside and outside of the Company. The total number of visitors to date is approximately 34,000.

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, approximately 30,000 region-specific saplings have been planted so far. In total, more than 12,000 volunteers have participated in tree planting and cultivation activities.

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. In 2022, as the fourth year of this tree survey, 71 volunteers took part in creating a database from records of 510 trees planted on approximately 1,800 m<sup>2</sup> under the guidance and cooperation of arborists and others.

The Manabi no Mori project will shift to a more friendly forest suitable for learning by visualizing the growth of the trees that have been cultivated by the volunteers so far. 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 will still be running 100 years from now, comprehensive forest management and environmental activities will be continued as a way to communicate the importance of nature to as many people as possible.



Volunteer tree survey



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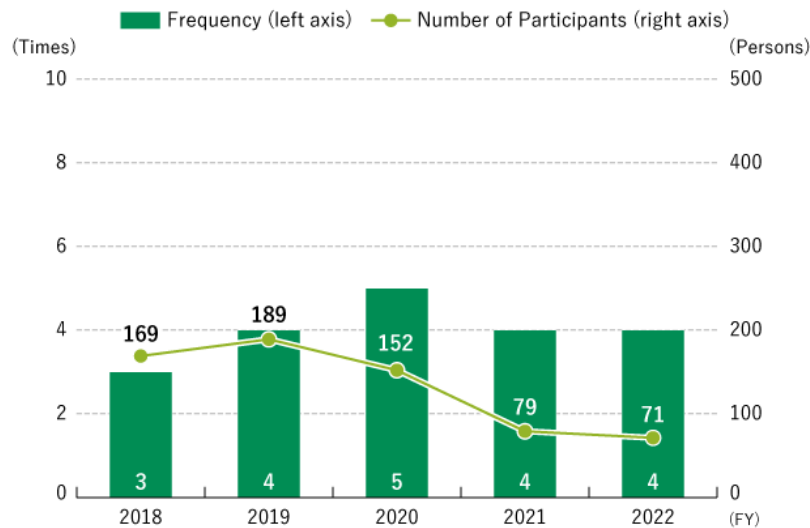
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## Forest Recovery Volunteer Activities Trend\*



\* 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 activities 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 2022, a total of 1,110 students and children from 16 schools were invited to the program. A cumulative total of more than 13,000 students and children have been invited as of fiscal 2022.



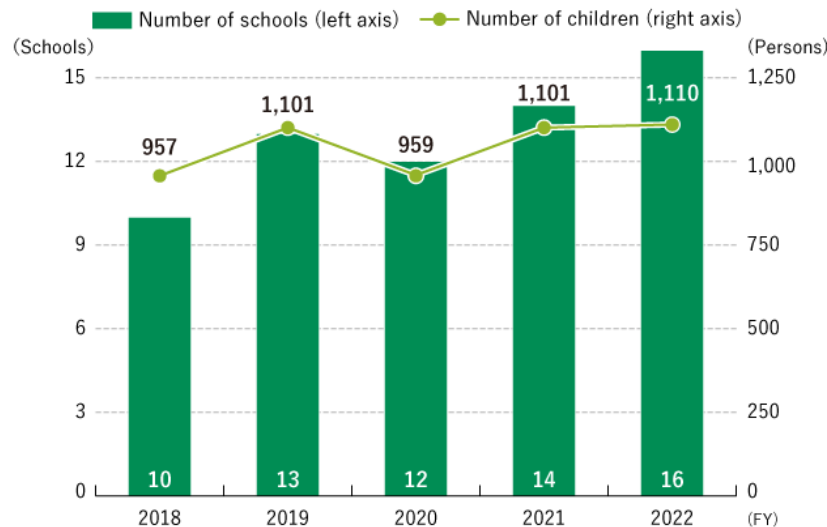
Environmental Education Program



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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

## Monitoring Survey

At Mt. Fuji Manabi no Mori, we are monitoring and researching the recovery of the natural forest. We have been conducting vegetation surveys since fiscal 2000 with the cooperation 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. In addition, from 2019, the insect habitat surveys are being conducted with the cooperation of a professor emeritus from Tokoha University. The results of these surveys will be used to continue future forestry activities.

### Vegetation Surveys

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 24 years, the survey revealed that the planted trees had not only gotten larger but the entire species in the forest also recovered.

### Wildlife Habitat Survey/Insect Habitat Survey

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.

In July 2022, we conducted the third insect habitat survey.

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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 checked and made sure the seedlings had been growing with support by the local community, so that we started the Oku Matsushima Nature Recover Volunteer Planting Activity along the Nobiru coast of Higashi Matsushima City In fiscal 2019.

In 2022, a total of 230 people participated in the tree planting. Local residents, children from Higashi-Matsushima Municipal Miyanomori Elementary School, Sumitomo Forestry's subcontractors, and Sumitomo Forestry Group employees worked together to plant 930 plants from five local indigenous species. In addition to the tree planting, this volunteer activity included clearing the underbush so that the seedlings in the planted area would grow to a large size. We also provided environmental education to third-year students of Miyanomori Elementary School, and are working to grow *Raphiolepis umbellata*, a local indigenous plant, until it becomes a seedling plant from seedlings. We are working together with the local community on medium- to long-term activities.



Group photo of tree planting activities



Tree Planting



Environmental education at Miyanomori Elementary School

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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 Aftereffects." 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 2022, following the previous year, due to the impact of COVID-19, employees, subcontractors, and home owners, have participated in the activity in the past.



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 due to the impact of the COVID-19, as part of the activity, we have been conducting beach cleanup activities jointly with subcontractors mainly doing business with 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.

\* As an "SDGs Future City," area, Kanagawa Prefecture announced its "Kanagawa Zero Plastic Wasted Declaration" as part of its specific SDGs 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.



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

### Kanagawa Zero Plastic Waste Declaration logo

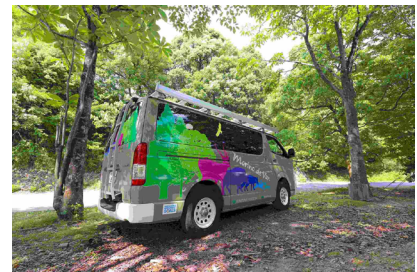


## Giving on-site classes Project for Comprehensive Forestry Education

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 (morinos<sup>1</sup>). 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<sup>2</sup> to provide a comprehensive program of forest experiences.

Nature Experience Program were jointly developed with Morinos, morinos 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.

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.



Wald-car



Wooden box



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\*1 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 means "forest car." Wald (WALD) means forest in German

## 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. This enables us to put our strength into breeding seedlings with the properties in the flowers and leaves of heritage and precious wood and pass them 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 Ume Bonbai Successfully Propagated Through Tissue Culture

Sumitomo Forestry exhibited flaked seedlings and cultured seedlings of Ume Bonbai<sup>\*2</sup> successfully propagated through tissue culture at the Bonsai Exhibition of Ume Trees with Blossoms<sup>\*1</sup>. 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 2022, and the first time for Beniwakonbai seedlings to be shown.

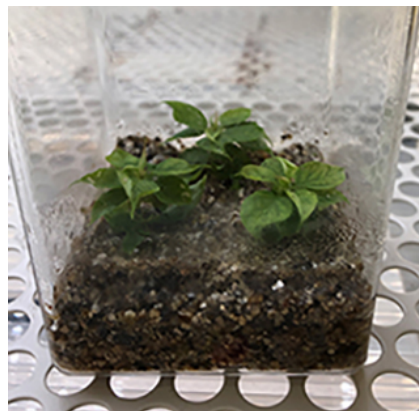
The culture samples and seedlings cannot generally be viewed by the public because they are grown in a sterile chamber that controls temperature. At this exhibition, we created a system to very carefully control the temperature to achieve this special presentation of the Ume Bonbai. The exhibition treated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

\*1 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.

\*2 Dwarfed Japanese apricot tree



Ume Bonbai Seedling



Culture Sample of the Ume Bonbai

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## Tobiume Plum Trees at Kitano Tenmangu Shrine, Tissue-Cultured Seedlings Have Flowered

The Beniwakonbai seedlings propagated by tissue culture, a Tobiume plum tree, have flowered in the "Hana-no-niwa" (plum blossom garden) at Kitano Tenmangu Shrine. This is the first time in the world that ornamental plum trees propagated by tissue culture have flowered. Kitano Tenmangu Shrine will use the blooming of the trees as an opportunity to launch the "Legend of Tobiume plum tree in Reiwa" project, in which we will protect and pass on to future generations the seedlings of Tobiume plum trees that we have propagated through tissue culture.

### Passing on the Tobiume Plum Trees to Future Generations

The success of this research is significant in terms of ensuring the succession of plum trees amid recent concerns about the impact on plum trees growth of diseases caused by viruses that threaten plum trees and environmental changes such as global warming. In addition to the protection and preservation of plum trees in the future, it will greatly contribute to the maintenance of Kyoto's landscape and cultural heritage. In the future, we will establish a seedling production system to realize the "Legend of Tobiume plum tree in Reiwa" project, in which plums propagated by tissue culture will be preserved and passed down to future generations.



Flowering plum trees

## 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.



Commemorative tree planting



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## Oshima Cherry "Sakurakkabu" Returns Home

Using tissue culture technology, the Tokyo Metropolitan Government and Sumitomo Forestry have succeeded in propagating an estimated 800-year-old Oshima cherry tree called sakurakkabu, which is native to Oshima, and the seedlings have grown to about 1 meter. In March 2022, we held a tree-planting ceremony on Izu Oshima Island. This project is the first phase of the "Tokyo Sakura Project" launched by the Tokyo Metropolitan Government and Sumitomo Forestry in 2019. This is the first time that our tissue culture technology has been used for a nationally designated special natural monument.

The Tokyo Metropolitan Government and Sumitomo Forestry will continue their efforts to protect and propagate rare plant species including cherry blossoms that grow in nature parks in Tokyo.



Tree-planting ceremony by the head of the Oshima Island Branch Office and Sumitomo Forestry



Oshima cherry "sakurakkabu" (trunk circumference 6.95 m)

## Training and Education for the Next Generation

### Tours of Mombetsu Biomass Electric Power Plant and Chip Factory

In October 2022, Mombetsu Biomass Electric Power and Okhotsk Bio Energy conducted a tour of the power generation plant and chip factory for 13 first-year students of Mombetsu High School in Hokkaido. The tour guided visitors through the main facilities of the chip mill, boiler, turbine, and generator, along with the chip manufacturing process and fuel transfer route, to deepen their understanding of how electricity is produced.

The purpose of this tour is to raise participants' awareness of their career path after graduation. In addition to introducing the details of the business, such as the procurement method of fuel mainly from wood biomass resources and the structure of the power generation plant, the employees explained the operations of the factory and power plant, using their actual experiences, to help the participants envision what it would be like to work there.



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This is the second tour of the school, the first being in 2021. Since the power generation plant started operation in September 2016, it has hosted a total of more than 400 students from local junior high school to university students, contributing to the education of the next generation in the region.

Our business partners responsible for chip production, transportation and management of raw materials have also hired graduates of the schools that have participated in the tour so far. By actively accepting tours of the plant, the Sumitomo Forestry Group will continue to promote understanding of its recycling-based power generation business, which utilizes local forest resources for power generation and returns profits to the forests, while aiming to become a company with strong roots in the community.

## Conducting Seminars for Ehime Prefectural Matsuyama Higashi High School

Students of Matsuyama Higashi High School have visited 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\* that help nurture leaders in high schools launched by the Ministry of Education, Culture, Sports, Science and Technology since 2014. The seminars since fiscal 2020 had to be canceled unfortunately due to the COVID-19 and other factors.

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, and field work at Forester House in Kyubesshi. These students learned about the corporate spirit passed down through the 330-year history of Sumitomo Forestry as well as its contributions to current business expansion overseas. In fiscal 2014 and fiscal 2015, students visited the Jakarta office to experience the Sumitomo Forestry business operation 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.

\* Fostering future leaders through the development and implementation of high-quality curriculum and system development



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## Cooperation with Niihama City Junior High Schools Hometown Study

Each junior high school in Niihama City conducts the Besshi Copper Mine Mountain Climbing (Hometown Study) to learn about the history and historical sites of the Besshi Copper Mine, which laid the foundation for Niihama's development, in order to understand local characteristics and enhance love for the local area.

At the request of the Board of Education, Sumitomo Forestry is helping junior high school students take a guided tour of the facilities at Forester House so that they can learn about the history of afforestation and get a sense of the green revitalized Besshi Copper Mine before climbing the mountain.

May 2022	Kita Junior High School
May 2022	Niihama City Board of Education On-site Training
June 2022	Funaki Junior High School
July 2022	Besshi Junior High School



Training

## 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. Following last year, approximately 600 oak seedlings procured by Sumitomo Forestry were planted in 2022.

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 Regional Contribution Activities Overseas

#### 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 2022, 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 103,131,989 (approx. 890,000 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 CO<sub>2</sub> (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.

### 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, 570,000 seedlings in 2020, 540,000 seedlings in fiscal 2021, and 380,000 seedlings in fiscal 2022. Sumitomo Forestry strives to support the local people who want to plant more trees together with KTI.

66,891 houses were delivered during this project period, which began in 2009, with a roughly 400,000-ton CO<sub>2</sub> fixation target. As of ten years since these afforestation efforts, the cumulative total estimated CO<sub>2</sub> fixation was 430,000 tons\*. This is expected to reach our carbon dioxide fixation target of 6 tons per household.

\* Excludes CO<sub>2</sub> fixation for environmental reforestation deemed to have a high risk of fires and other disasters

### Community-oriented Industrial Tree Afforestation Area and Estimated CO<sub>2</sub> Fixation

FY	Number of Relevant Households	Target CO <sub>2</sub> Fixation	Afforestation Area (ha)	Estimated CO <sub>2</sub> Fixation*
2009	3,014	18,084	0	0
2010	8,435	50,610	740	68,734
2011	9,253	55,518	588	63,115

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FY	Number of Relevant Households	Target CO <sub>2</sub> Fixation	Afforestation Area (ha)	Estimated CO <sub>2</sub> Fixation*
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
Total	66,891	401,346	3,831	432,202

\* The estimated CO<sub>2</sub> 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 Wood

## 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 wood when the trees are mature at its market value.

[Click here for related information](#)

➤ [Promoting Sustainable Wood Procurement](#)

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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 \(Industrial Tree Plantation\)](#)

## 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.

### Creation of Employment Opportunities

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.

### Infrastructure

In fiscal 2018, we began applying the water level management technology we have developed through our projects to flood control in the surrounding communities. We are providing surrounding villages with infrastructure that is easy to maintain and





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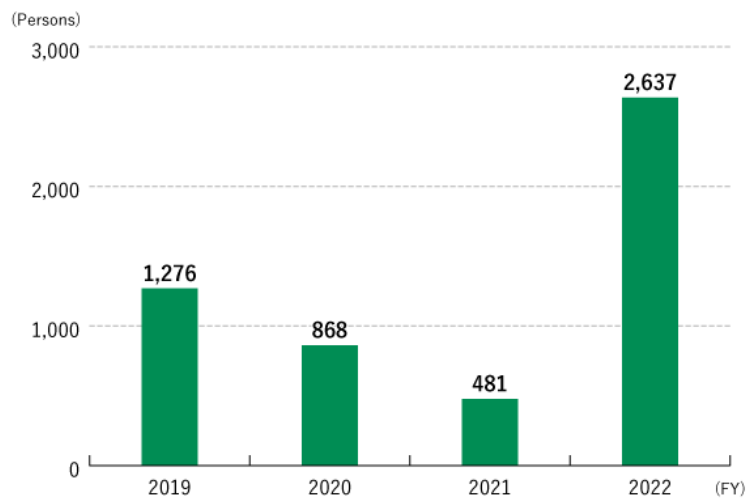
can effectively regulate water levels.

### Education, Medical and Sanitation Support

A water purifying plant was setup in villages in business regions to supply safe water for daily use 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 2020, as masks remained difficult to obtain throughout Indonesia due to the impact of the COVID-19, a mask production and distribution team was established to protect the health and safety of employees, and employees themselves produced cloth masks that can be washed and reused. In addition to distributing the masks to employees, they were also donated to local hospitals and nearby 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 fiscal 2019 is April to March of the following year

## Activities in Papua New Guinea

### Building Social Infrastructure and Medical Support

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 2007, OBT became a Group company of Sumitomo Forestry to further healthy expansion and effective use of reforestation wood resources.

#### Clinic Operations

OBT also operates its own clinics and super markets for their employees and local residents to use because the development of social infrastructure is insufficient in Papua New Guinea. In neighboring villages, OBT nurses periodically visit neighboring villages

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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.

### Response to Coronavirus Disease (COVID-19)

During mass COVID-19 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.



Full View of Open Bay Clinic



Vaccination briefing by the state health department officials



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



Hand Washing Station Setup in Front of the Office



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## Activities in the United States

### Social Contribution Activities Through the Housing Business

#### MainVue Day

MainVue Homes of Sumitomo Forestry Group set up MainVue Day in 2015 as a day each year for employees to participate in volunteer activities. 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.

In 2022, the work was performed at Kent Youth and Family Services, a youth and family charity in Kent, where the MainVue Home exhibition complex is located, and included interior painting of the facility, replacement of some building materials (interior door locks and windows), and housing exteriors cleaning.



MainVue Home employees who volunteered



Preparation of facilities for painting, etc.



Painting operation



Facility view after exterior cleaning and planting

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### Participation in Habitat for Humanity

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

In 2022, Crescent and a developer active in the Charlotte area collaborated on a project to build a detached house in Charlotte, North Carolina, USA. This project is geared toward low-income families who are unable to afford housing. With contributions from 15 multi-family housing developers, construction began in April 2022 with progress monitored. The house was handed over to the new tenants in October.

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



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. On the day of the activity, Crescent employees removed a total of 2,100 lbs (approx. 950 kg) of trash and participated in the activity to protect native plants and environmental ecology. Crescent will continue to actively implement environmental promotion activities in the future.



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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 2022, Crescent employees participated in the Second Harvest Food Bank, a volunteer program that primarily delivers donated food to places of need. Together with companies in and around Charlotte, North Carolina, we packed a total of 16,000 nutrition kits. In addition, we volunteered with a non-profit organization (NPO) to build picnic tables with students at Berryhill public school in Charlotte, North Carolina, USA.

## Donations of Wooden Toys by Provisions of Offcuts Produced During Manufacturing

The Canyon Creek Cabinet (CCC), 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 wooden toys and puzzles to child protection facilities and children's hospitals.



Trains and Other Donated Wooden Toys



Local Charity Organization Members Making Toys

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## Activities in Australia

In 2022, Henley Properties Group, a company that builds and sells detached houses, sold three houses that were 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. Specifically, Henley Properties donated to a children's hospital all the earnings from the charity auction of a two-story house in Sunbury, north of Melbourne. Since its inception in 1993, donations through the auction have totaled A\$18.23 million (approximately 1,713.6 million yen), which has been used for medical expenses for children suffering from illnesses.



Interior of the House Sold at the Charity Auction

## Activities in New Zealand

### Contributions to Local Disaster Prevention and Rescue Efforts

Tasman Pine Forests (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 forest fires in the community.

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

Since fiscal 2017, TPF has been donating activity capital for natural disasters that occur in the region and for leisure accidents as a sponsor to the Nelson Marlborough Rescue Helicopter Trust every year. This trust deployed rescue helicopters 353 times in fiscal 2022. 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 September 2022, we also invited officials from the Ministry of Primary Industries and Tasman District council to participate in reforestation activities.



Reforestation activities



Seedlings planted





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## 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.

The construction has been postponed since fiscal 2021 due to the COVID-19 and other factors. 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)



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 Yang 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

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Monastic School	Completion	Construction Region	Number of Students	Sponsors
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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## Social Data

### Social Data

#### Basic Employee Data

##### Number of Employees

(Unit: Persons)	FY2019	FY2020	FY2021	FY2022
Non-Consolidated	4,914	5,073	5,091	5,139
Consolidated	19,332	20,562	21,254	21,918

##### Breakdown of Number of Employee (Non-Consolidated)

(Unit: Persons)	FY2019	FY2020	FY2021	FY2022
Management level	2,193	2,323	2,407	2,460
Non-management level	2,480	2,511	2,438	2,439
Fixed-term employees	152	151	153	140
Hosted from other companies	89	88	93	100
Total	4,914	5,073	5,091	5,139

##### Breakdown of Number of Employee (Subsidiary Companies in Japan)

(Unit: Persons)	FY2019	FY2020	FY2021	FY2022
Management level	1,725	1,982	2,024	1,995
Non-management level	4,440	5,353	5,063	5,249
Fixed-term employees	788	1,041	520	505
Hosted from other companies	196	191	219	215
Total	7,109	8,567	7,826	7,964

##### Breakdown of the number of employees (by age group, non-consolidated)

(Unit: Persons)	FY2019	FY2020	FY2021	FY2022
Under 30	887	985	917	877
30-50	2,599	2,534	2,461	2,373
Older than 50	1,428	1,554	1,713	1,889



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## Number of Newly Hired Graduates\* (Non-Consolidated)

(Unit: Persons)		FY2019	FY2020	FY2021	FY2022
Housing sales	Male	59	86	18	39
	Female	15	20	3	21
Housing engineering	Male	28	29	27	30
	Female	9	12	15	9
General management	Male	35	28	33	20
	Female	7	14	9	10
Clerical	Male	0	0	0	0
	Female	14	16	1	4
Total	Male	122	143	76	89
	Female	45	62	28	44
Total		167	205	104	133

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

## Employment

### Average Annual Pay (Non-Consolidated)

FY2019	FY2020	FY2021	FY2022
8,587,314 yen	8,699,028 yen	8,723,534 yen	8,980,817 yen

### Average Annual Pay by Gender (Non-Consolidated)

FY2022	Management level(Basic Pay)	Management level(Basic Pay and Bonus, etc.)	Non-management level
Male	6,862,776 yen	10,680,048 yen	3,709,320 yen
Female	6,170,160 yen	9,367,584 yen	3,356,712 yen

### Median Annual Pay (Non-Consolidated)

FY2019	FY2020	FY2021	FY2022
8,575,196 yen	8,702,767 yen	8,730,623 yen	9,049,536 yen



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### Percentage of Total Annual Compensation (Non-Consolidated)

	FY2022
Ratio (%) of total annual compensation of the organization's highest paid employees compared to the median annual compensation of all employees (excluding highest paid employees)	1,303.9

### Average Length of Service\* (Non-Consolidated)

	FY2019	FY2020	FY2021	FY2022
Male	16 years and 3 months	16 years and 4 months	17 years	17 years and 5 months
Female	11 years and 6 months	11 years and 4 months	11 years and 8 months	12 years

\* Calculated at the end of the fiscal year (as of March 31 for 2019, and as of December 31 due to changes in the accounting period after 2020)

### Separation rate\*<sup>1</sup> (Non-Consolidated)

	FY2019	FY2020* <sup>3</sup>	FY2021	FY2022
Voluntary separation rate (%)	2.3	1.6	2.4	2.9
Separation rate* <sup>2</sup> (%)	2.5	1.8	2.7	3.2

\*<sup>1</sup> 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

\*<sup>2</sup> The calculation includes voluntary separations and excludes hiatuses and the end of terms

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

### Separation rate\*<sup>1</sup> (Subsidiary Companies in Japan)

	FY2019	FY2020	FY2021	FY2022
Voluntary separation rate (%)	-	3	6.3	8.1
Separation rate* <sup>2</sup> (%)	-	4.3	6.4	8.2

\*<sup>1</sup> Calculated by dividing the number of people who left during the year by number of employees on April 1 of the year

\*<sup>2</sup> The calculation includes voluntary separation

### Separation rate\*<sup>1</sup> (Subsidiary Companies Overseas)

	FY2019	FY2020	FY2021	FY2022
Voluntary separation rate (%)	-	9.1	13.2	12.1
Separation rate* <sup>2</sup> (%)	-	13.2	16.9	15.5

\*<sup>1</sup> Calculated by dividing the number of people who left during the year by number of employees at the beginning of the year

\*<sup>2</sup> The calculation includes voluntary separation



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## Diversity

### Employment and Promotion of Women (Non-Consolidated)

	FY2019	FY2020	FY2021	FY2022
Female employees including contract employees*1(%)	21.6	22.0	22.6	23.1
Ratio of females to new hires*2(%)	26.9	30.2	26.9	33.1
Female employees in management positions*1*3(%)	4.2	4.8	5.6	6.3
Ratio of female senior managers(%)	2.7	2.7	2.2	2.4
Ratio of female general managers(%)	5.1	6.3	8.3	8.5
Ratio of female managers in business units*1*4(%)	-	3.2	3.9	3.8
Ratio of females in research and development / technical positions*1(%)	-	9.5	11.7	10.5

\*1 Fiscal 2019 was calculated based on enrollment as of March 31. Calculated based on the number of employees enrolled as of December 31 due to a change in accounting period from fiscal 2020 onward. The number of employees includes people dispatched to affiliate companies but excludes executive officers, employees hosted from other companies and exchange employees

\*2 Calculated by adding the number of new graduate employees hired between May and the following March of the previous year to the number of new graduates hired in April

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

\*4 The rate is excluding support functions such as HR, IT, Legal, etc.

### Employment and Promotion of Women (Subsidiary Companies in Japan)

	FY2019	FY2020	FY2021	FY2022
Female employees including contract employees*1(%)	32.7	32.4	34.4	33.4
Ratio of females to new hires*2(%)	45.7	43.4	35.1	34.6
Female employees in management positions*1(%)	6.1	7.1	8.4	8.9
Ratio of female senior managers(%)	-	-	6.0	6.7
Ratio of female general managers(%)	-	-	11.4	11.2
Ratio of female managers in business units*1*3(%)	-	-	-	33.3
Ratio of females in research and development / technical positions*1(%)	-	-	-	19.2

\*1 FY2019 was calculated based on enrollment as of March 31. 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

\*2 Calculated based on the number of new employees as of April 1

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





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### Employment of Women (Subsidiary Companies Overseas)

	FY2019	FY2020	FY2021	FY2022
Percentage of Female employees including contract employees*1(%)	30.2	30.8	30.0	28.2
Ratio of females to new hires*2(%)	-	38.7	32.8	39.5
Percentage of Female employees in management positions*1(%)	17.1	19.5	20.9	23.2
Ratio of female senior managers(%)	-	-	-	24.0
Ratio of female general managers(%)	-	-	-	23.7
Ratio of female managers in business units*1*3(%)	-	-	-	32.5
Ratio of females in research and development / technical positions*1(%)	-	-	-	45.9

\*1 Calculated based on enrollment as of December 31

\*2 Calculated based on the number of new employees from January to December

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

### Employment of Persons with Disabilities\* (Non-Consolidated)

	FY2019	FY2020	FY2021	FY2022
Ratio of Persons with Disabilities(%)	2.40	2.25	2.38	2.40

\* Calculated as of March 31, 2019, and as of December 31 due to changes in the accounting period after 2020

### Employment of Persons with Disabilities\* (Subsidiary Companies in Japan)

	FY2019	FY2020	FY2021	FY2022
Ratio of Persons with Disabilities(%)	1.77	1.85	2.04	2.23

\* As of June

### Employment of Persons with Disabilities (Subsidiary Companies Overseas)

	FY2019	FY2020	FY2021	FY2022
Ratio of Disabled Employees(%)	-	-	-	3.29



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### Rate of Local Employment in Group Companies Outside Japan\*

	FY2019	FY2020	FY2021	FY2022
Rate of Local Employment in Group Companies Outside Japan(%)	99.1	99.3	99.2	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)

	FY2019	FY2020* <sup>1</sup>	FY2021	FY2022
Hours of training received per employee	18	10.5 (13.0)* <sup>2</sup>	13.0	15.5
Expenditure on training per employee (yen)	102,000	59,000 (77,000)* <sup>2</sup>	77,473	105,628

\*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

## Work-Life Balance

### Work-Life Balance Program Usage (Non-Consolidated)

		FY2019	FY2020	FY2021	FY2022
Number of childcare leave users (Persons)	Male	43	51 (58)* <sup>6</sup>	62	77
	Female	42	27 (40)* <sup>6</sup>	37	43
Percentage of childcare leave users* <sup>1</sup> (%)	Male	31.3	46.8 (40.3)* <sup>6</sup>	50.4	49.0
	Female	100	84.4 (95.0)* <sup>6</sup>	108.8	110.3
Percentage of returnees after childcare leave* <sup>2</sup> (%)		98.7	96.1 (95.9)* <sup>6</sup>	99.1	97.3
Number of reduced hours program users* <sup>3</sup> (persons)		58	74	83	75
Number of telework program users* <sup>4</sup> (persons)		63	_ <sup>5</sup>	_ <sup>5</sup>	_ <sup>5</sup>

\*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



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\*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)

		FY2019	FY2020	FY2021	FY2022
Number of childcare leave users (Persons)	Male	8	16	28	39
	Female	83	72	95	80
Percentage of childcare leave users* (%)	Male	6.2	13.2	28.0	32.8
	Female	115.3	122.0	118.8	114.3

\* 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

### Paid Leave Usage Ratio (Non-Consolidated)

	FY2019	FY2020	FY2021	FY2022
Average paid leaves taken (day)	11.5	11.6	12.3	13.1
Paid Leave Usage Ratio* (%)	60.2	60.7	64.1	68.4

\* 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

### Paid Leave Usage Ratio (Subsidiary Companies in Japan)

	FY2019	FY2020	FY2021	FY2022
Average paid leaves taken (day)	10.6	10.3	11.2	11.8
Paid Leave Usage Ratio* (%)	63.0	58.1	59.6	66.6

\* 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

	FY2019	FY2020	FY2021	FY2022
Number of occupational injuries (incidents)*3	1	1	2	5
Lost-time injury frequency rate*4	0.2	0.29	0.19	0.42
Work-related illness frequency rate	0	0.29	0	0

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- \*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 × 1,000,000

## Relationship with Labor Unions

### Labor Union Membership (Non-Consolidated)\*

	FY2019	FY2020	FY2021	FY2022
Labor union membership rate (%)	100	100	100	100

\* As of January 1, 2023, the number of eligible employees is 3,867. The scope of eligibility for labor union membership is stipulated in the labor agreement

[Click here for related information](#)

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