

Happiness Grows from Trees



SUMITOMO FORESTRY





Contents

002	Top Commitment	073	Initiatives for Sumitomo Forestry Group's Business and ESG	445	Governance
006	Sumitomo Forestry Group's Sustainability Management	074	Overall Picture of Our Business	446	Corporate Governance
007	Corporate Philosophy and Sustainability Management	075	Timber and Building Materials Business	464	Risk Management
017	Sustainability-related Policies and Philosophy	079	Housing Business	472	Compliance
018	Mid-Term Sustainability Targets and Material Issues	082	Global Construction and Real Estate Business	478	Tax
024	Contributions to the SDGs and Material Issues	086	Environment and Resources Business	480	Business Continuity Management
030	Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan	090	Lifestyle Services Business	484	Information Security/DX
030	Material Issue 1 To enhance the value of forests and wood through sustainable forest management	093	Research & Development	488	Intellectual Property Management
034	Material Issue 2 To realize carbon neutrality by leveraging forests and wood resources	095	Environment	489	Responsible Advertising/ Promotional Efforts
039	Material Issue 3 To realize a circular bioeconomy by leveraging forests and wood resources	096	Environmental Management	491	Return to Shareholders and IR Activities
045	Material Issue 4 To provide comfortable and secure spaces for society at large	108	Responding to TCFD and TNFD	495	Related Information
047	Material Issue 5 To improve the livelihood of the local communities where we operate	140	Responding to Climate Change	496	External Recognition
051	Material Issue 6 To create a vibrant environment for all workers	190	Sustainable Forest Management	504	Editorial Policy
058	Material Issue 7 To create new markets with forests and wood	219	Utilization of Sustainable Forest Resources	506	ESG Data
061	Material Issue 8 To transform markets through DX and innovation	227	Biodiversity Conservation	506	Sustainability Report 2024 ESG Data / Independent Assurance Report
063	Material Issue 9 To establish a robust business structure	246	Resource Recycling Initiatives	507	Balance of Input & Output
066	Stakeholder Engagement	264	Pollution Prevention	515	Boundaries and Method of Data Aggregation (Balance of Input & Output)
		277	Efficient Use of Water Resources	518	Site Report
		281	Social	527	Employee Data
		282	Human Rights	535	GRI Content Index (GRI Standards)
		290	Diversity, Equity and Inclusion	550	SASB Content Index
		314	Work-Life Balance		
		329	Occupational Health and Safety		
		361	Safety and Quality of Products and Services		
		385	Communication with Our Customers		
		396	Business Initiatives That Contribute to Regional Co-creation		
		398	Supply Chain Management		
		423	Social Contribution		

Boundary of the Report and Publication Date

Boundary of the Reporting : The scope of this report is Sumitomo Forestry, its consolidated companies, and some affiliated companies accounted for by the equity-method. The environmental data is an aggregation for Group companies, including all consolidated subsidiaries in and outside of Japan unless otherwise noted. The boundary of target organizations and calculations are as below.

* In this report, Sumitomo Forestry refers to Sumitomo Forestry Co., Ltd. and the Sumitomo Forestry Group includes consolidated companies in Japan and overseas as well as some affiliated companies accounted for by the equity-method

► [List of Sumitomo Forestry Group Companies](#)

► [Boundaries and Method of Environmental Data Aggregation \(Balance of Input and Output\)](#)

Published : September 2024

Reporting Period : January 2023 to December 2023 (Japan and Overseas)

* Some activities in Japan and overseas started before the period and after December 2023, and future forecasts are also included. A note is also included if the period of data collection differs from the above

Contact : Sustainability Department Sumitomo Forestry Co., Ltd.

Phone : +81-3-3214-3980 **URL** : <https://sfc.jp/english/>



Top Commitment

Top Commitment

Top Commitment

Realizing Decarbonization and Nature Positivity with the Wood Cycle

Toshiro Mitsuyoshi

President and Representative Director,
Sumitomo Forestry Co., Ltd.



A year of transformation toward 2030

This year, important national elections are being held in countries that are home to 4 billion people, half the world's population. The British magazine *Economist* has positioned 2024 as an unprecedented election year. According to the Global Risks Report issued by the World Economic Forum held at the beginning of the year, the top three most serious long-term risks for the next decade are extreme weather, critical change to Earth systems, and biodiversity loss and ecosystem collapse. When natural resource shortages and pollution are added, half of the top 10 risks are related to the environment. Short-term risks include misinformation and disinformation, cyber insecurity, societal polarization, inflation, and economic downturn. While these issues will affect electoral results in various countries in various ways, long-term environment-related efforts to build a sustainable society remain immediately pressing.

For Sumitomo Forestry, 2024 is the final year of Phase 1 of the Mid-Term Management Plan as part of our long-term vision Mission TREEING 2030 announced in February 2022. At the same time, it is also the time to formulate Phase 2 of the Mid-Term Management Plan. Now in my fifth year as CEO, I am certain that 2024 will become an important milestone year to look back on to in many respects.

Contributing to the decarbonization of society through our Wood Cycle

In our long-term vision Mission TREEING 2030, which outlines what type of company we want to be in 2030, the same target year as the SDGs, we aim to provide value for the global environment, for people and society, and for the market economy. We are committed to promoting business activities that simultaneously enhance all three values without sacrificing any of the other



values. As one of our business policies, we have set out to maximize the value of forests and wood to realize decarbonization and a circular bio-economy. As a first step, Sumitomo Forestry Group has focused on initiatives to increase CO₂ absorption and sequestration in the forestry, timber and construction sectors through our value chain, the Wood Cycle. For example, our SBT target to achieve a 54.6% greenhouse gas emissions reduction by 2030 compared to fiscal 2017 levels, we almost achieved that target by significantly reducing the coal co-firing rate at the Mombetsu Biomass Power Plant. Furthermore, this January, we reformulated our short and long-term reduction targets and newly submitted FLAG (forests, land and agriculture) targets in accordance with the latest SBT guidance. In addition, we launched a number of initiatives described below that we believe will contribute to decarbonization not only for our own operations, but for the whole of society as well.

In the area of forests, we formed and began managing our first forestry fund in the United States in June 2023 as part of our effort to accelerate the circular forestry business. To date, we have acquired a total of 112,580 acres (approximately 45,600 hectares) of forest assets in New York, Virginia and West Virginia. To achieve our goal to expand the forest area we own and manage to 500,000 hectares by 2030, we are now forming a second fund in Japan and Southeast Asia. In Indonesia, we are utilizing the peatland management technologies we developed in Kalimantan to standardize methods to measure biomass growth and CO₂ emissions in tropical peatlands. At the same time, we are working to promote our consulting business for peatland restoration projects through NeXT FOREST, a joint venture with IHI.

In the area of timber, we will increase the use of domestic logs and ensure a stable product supply by establishing timber industrial complexes, which promote the diverse values of timber, such as its ability to sequester carbon. As our first effort, we collaborated with Koei Shizai Co., Ltd., and Wada Mokuzai Ltd. to establish Kowa no Mori Inc. in Iwaki-Yotsukura Central Industrial Park, Iwaki, Fukushima Prefecture, in November of last year. This new factory will manufacture processed wood products using primarily Japanese cedar and is scheduled to begin operations in March 2026.

None of these efforts can be achieved by a single company alone but require collaboration with other companies and a systemic change of society, including changes in rules and regulations.

Moving toward the standardization of carbon neutral design for buildings

From the perspective of societal transformation, the most progress this year may be in the field of architecture where we have made a commitment to standardize carbon neutral design. Until now, the construction sector has been divided into architectural design, structural design, materials, equipment, construction and other processes and has not been collectively viewed as a built environment. At COP 28 held in Dubai last year, 28 countries including Japan launched the Buildings Breakthrough (BBT), an effort to make zero emissions and resilient buildings in the construction sector the new normal by 2030.

The Buildings and Climate Global Forum took place this March in Paris, France, attended by some 1,800 ministers and high-level representatives from 70 countries around the world. Dedicated to accelerating decarbonization and climate change resilience of the construction sector, the participants adopted the Declaration de Chaillot, a significant step forward for an industry that is responsible for almost 40 percent of the world's GHG emissions. Sumitomo Forestry had an opportunity to speak at this event. We communicated that the use of wood and wood construction could significantly reduce embodied carbon, in particular, GHG emissions from raw material procurement and processing, the transport of building materials, and the construction and demolition of buildings.

The Ministry of Land, Infrastructure, Transport and Tourism is now considering making calculations of embodied carbon mandatory by 2030. One Click LCA, a software for which we are the exclusive distributor in Japan, aligns with international ISO



standards and conforms to global environmental certifications. Because products that have acquired EPD (Environmental Product Declaration) can be used for calculations, it reflects the emission reduction efforts of timber and building materials manufacturers. One Click LCA is gaining high regard among developers, general contractors and architectural firms and will hopefully become the standard tool for carbon neutral design in Japan. The aforementioned Declaration de Chaillot also advocates the setting and mandating of upper limits on emissions (whole life carbon) for all processes in the construction sector, which we believe will further increase interest in wooden buildings.

To capture expanding market demand for medium- to large-scale wooden buildings, we completed construction of a 15-story wooden and partially reinforced concrete office building in Melbourne, Australia, in October last year. This year, we began construction of wooden office buildings in the United States and the United Kingdom. In Japan, we are accelerating collaboration with general contractors, such as Kumagai Gumi Co., Ltd., to build wood hybrid buildings. We are also promoting real estate development projects to construct wooden lodging and other facilities.

Towards a nature positive society

In addition to our decarbonization initiatives, Sumitomo Forestry Group seeks to conduct business that is conscious of biodiversity to raise the value of forest resources and other forms of natural capital. In line with disclosure recommendations issued by the Taskforce on Nature-related Financial Disclosures (TNFD) in September 2023, we conducted analyses using the LEAP approach (an integrated approach to locate the interface with nature, evaluate dependencies and impacts on nature, assess nature-related risks and opportunities, and other). Despite time constraints, we were able to conduct analyses of four out of five of our business segments and disclosed information on a trial basis that integrated our TNFD analysis of climate-related risks and opportunities. We also registered as a TNFD Early Adopter to express our intention to disclose TNFD information simultaneously with our financial information from 2025.

Following the June 2023 announcement of the International Sustainability Standards Board (ISSB) standards for the disclosure of non-financial information, the Sustainability Standards Board Japan (SSBJ) released a draft this March for Japan. It will be open for public comment until the end of July and decided upon in March 2025. Afterwards, early adoption will be possible from the business year starting on or after April 1, 2025. For the time being, climate-related and non-financial information related to human capital will be targeted but it is almost a certainty that nature-related information will be added in the near future. In addition to continuing to conduct analyses and disclosure in accordance with TNFD recommendations, we will accelerate our initiatives to conserve and restore nature so that we can contribute to the realization of nature positivity.

Creating a diverse and inclusive organization that values fairness and trust

With non-financial information now being incorporated into statutory disclosure documents where accuracy is essential, we are now tasked with the need to improve the efficiency of collecting non-financial data from group companies. While accessing the laws, regulations and other rules for each of our growing business operations and business locations, we will work to enhance corporate value by setting up proper internal controls, ensuring employee conscientiousness about compliance, and disclosing information that stakeholders find relevant and worthy.

We have implemented a new personnel and evaluation system to reinforce our human resources development and retention



efforts. The system seeks to maximize our overall strength as an organization by enabling the quick identification and selection of outstanding personnel. At the same time, with our Declaration on Health Management formulated in 2021 and our DEI Declaration, we have made a commitment to create an inclusive organization and workplace so that our diverse group of employees can work energetically and in good health.

Ever since our establishment in 1691, Sumitomo Forestry has sought to provide value not only for our own operations but also for the whole of society in line with our thinking, "Benefit self and benefit others, private and public interests are one and the same." By actively promoting DX (digital transformation) and SX (sustainability transformation) and working together with our many business partners both in Japan and overseas, all of us at Sumitomo Forestry Group are committed to fulfilling Mission TREEING 2030 and contributing to the creation of a sustainable and prosperous society.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement



007	Corporate Philosophy and Sustainability Management
017	Sustainability-related Policies and Philosophy
018	Mid-Term Sustainability Targets and Material Issues
024	Contributions to the SDGs and Material Issues
030	Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan
030	Material Issue 1 To enhance the value of forests and wood through sustainable forest management
034	Material Issue 2 To realize carbon neutrality by leveraging forests and wood resources
039	Material Issue 3 To realize a circular bioeconomy by leveraging forests and wood resources
045	Material Issue 4 To provide comfortable and secure spaces for society at large
047	Material Issue 5 To improve the livelihood of the local communities where we operate
051	Material Issue 6 To create a vibrant environment for all workers
058	Material Issue 7 To create new markets with forests and wood
061	Material Issue 8 To transform markets through DX and innovation
063	Material Issue 9 To establish a robust business structure
066	Stakeholder Engagement



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Corporate Philosophy and Sustainability Management

Corporate Philosophy and Sustainability Management

Corporate Philosophy

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

Operation of Code of Conduct

All our efforts are based on Sumitomo Spirit, which places prime importance on fairness and integrity for the good of society. In addition, Sumitomo Forestry Group Code of Conduct has been established to emulate the Sumitomo business spirit that has been passed down since the company's establishment and to meet with global social needs such as international conventions and initiatives. The Sumitomo Forestry Group is seeking to disseminate and implement the Code of Conduct throughout its supply chain as a global standard, including service providers, business partners, and contractors, in addition to the Group and its partners, including suppliers and affiliates. To disseminate Sumitomo Forestry Group Code of Conduct, Sumitomo Forestry Group Code of Conduct Guidebook is distributed to each employee at the Group companies in Japan, translated into English and other languages, and implemented at overseas affiliates as well as through e-learning. This information has also been disclosed on our website to our business partners and other stakeholders. In addition, we monitor the practice and effectiveness of these principles from our Corporate Philosophy to Our Values and Code of Conduct, etc. at the Sustainability Committee.

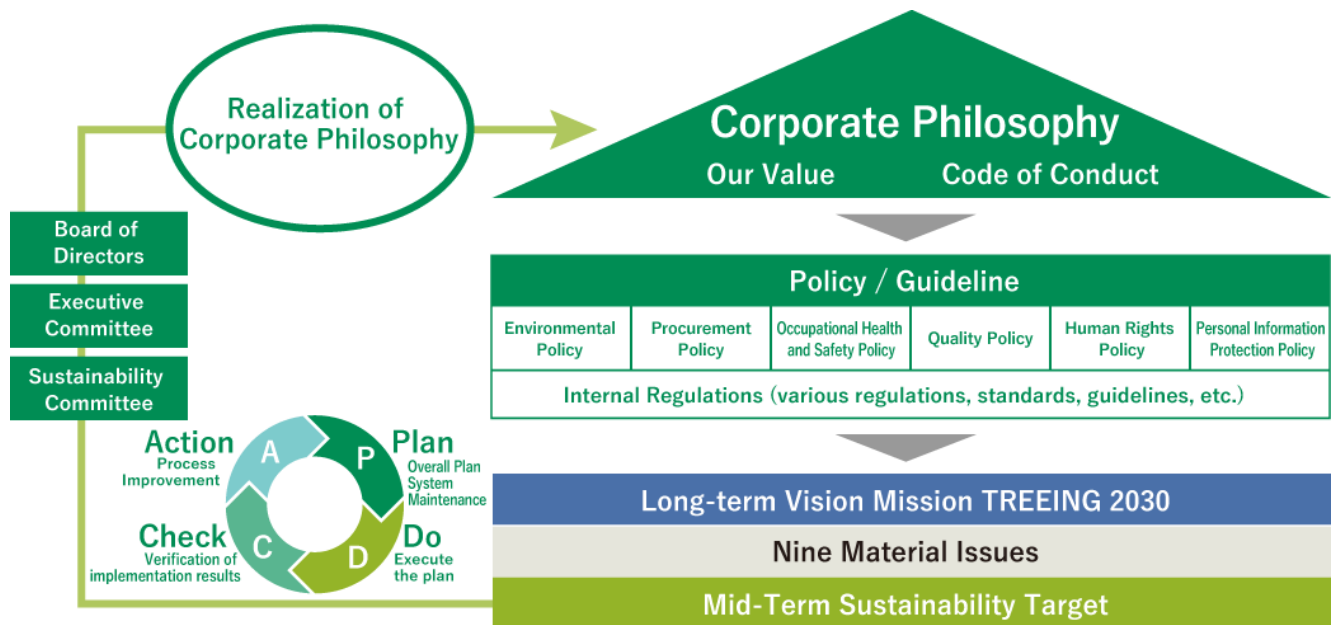
Establishment of Policies and Guidelines

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management



Nine Material Issues

Theme	Nine Material Issues		Relevant SDGs
Value for our planet ×	1	To enhance the value of forests and wood through sustainable forest management	13 CLIMATE ACTION, 15 LIFE ON LAND
	2	To realize carbon neutrality by leveraging forests and wood resources	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
	3	To realize a circular bioeconomy by leveraging forests and wood resources	11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND
Value for people and society ×	4	To provide comfortable and secure spaces for society at large	3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES
	5	To improve the livelihood of the local communities where we operate	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES
	6	To create a vibrant environment for all workers	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
Value for the market economy ×	7	To create new markets with forests and wood	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES
	8	To transform markets through DX and innovation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	9	To establish a robust business structure	16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Our Value

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

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

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

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

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

Sumitomo Forestry Group Code of Conduct

Purpose and scope of application

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

Fair and transparent corporate activities

1. Strict adherence to laws and regulations

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

2. Prevention of corruption

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

3. Fair business transactions

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

4. Fair accounting procedures

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

5. Communication with stakeholders

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

6. Maintaining confidentiality

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

7. Information Security

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

8. Relationships with companies we do business with

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

9. Protection of intellectual property rights

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

10. Protection of personal information

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

11. Responsible advertising/promotional efforts

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

12. Healthy relationship with the government

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

13. Stance on organized crime

We shall have absolutely no involvement in organized crime.

14. Establishment of a whistleblowing mechanism

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

Ethical conduct

15. Avoidance of a conflict of interest

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

16. Prohibition of misappropriation of company assets

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

17. Prohibition of insider trading

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

18. Appropriate gift giving and entertainment

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

19. Prohibition of political or religious activities

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

A respectful, healthy workplace

20. Respect for human rights

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

21. Prohibition of discrimination and the promotion of diversity

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

22. Prohibition of forced labor and child labor

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

23. Freedom of association and collective bargaining rights

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

24. Appropriate working hours and wages

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

25. Work/life balance

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

26. Occupational health and safety

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

27. Human resources development

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

28. Prohibition of harassment

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

29. Protection of privacy

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

Business activities that respect society and the environment**30. Customer satisfaction and safety**

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

31. Coexistence with the environment


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


32. Contribution to the local community


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


Established July 1, 2017

Click here for related information

> Sumitomo Forestry Group Code
of Conduct Guidebook (English) 

> Sumitomo Forestry Group Code
of Conduct Guidebook (Indonesian) 

> Sumitomo Forestry Group Code
of Conduct Guidebook (Vietnamese) 

> Sumitomo Forestry Group Code
of Conduct Guidebook (Chinese) 

Participation and Sponsorship of Initiatives

Sumitomo Forestry joins and supports those organizations that contribute to the realization of a sustainable and prosperous society as stated in our corporate philosophy. We prioritize areas of activities in terms of time to spend and monetary contribution and review membership organizations annually.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

United Nations Global Compact

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

The Ten Principles of the UN Global Compact

Human Rights

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

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



Labor

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

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

Principle 5: the effective abolition of child labor; and

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

Environment

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

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

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

Anti-Corruption

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

World Business Council for Sustainable Development (WBCSD)

A group of CEOs over 225 companies committed to sustainable development, are working together to contribute to the transition to a sustainable society.

Sumitomo Forestry joined the Forest Solution Group (FSG), an internal initiative of the WBCSD, in January 2019 and joined the WBCSD in January 2020. In addition, Sumitomo Forestry has participated in the development of the Forest Sector SDG Roadmap (July 2019) to achieve the Sustainable Development Goals (SDGs) as well as the Forest Sector Net Zero Roadmap (November 2021) for a low carbon economy. In January 2022, Sumitomo Forestry took part as the only Japanese company in formulating the Forest Sector Nature-Positive Roadmap.



World Business
Council
for Sustainable
Development

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

Task Force on Climate-related Financial Disclosures (TCFD)

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



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

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

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

[Click here for related information](#)

> Responding to TCFD and
TNFD

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

Environment

Social

Governance

Related
Information

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Taskforce on Nature-related Financial Disclosures (TNFD)

This international initiative, mainly formed by four organizations: the Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI), and the WWF, aims to develop and provide a framework for the disclosure of financial information related to biodiversity and natural capital.



Since February 2022, our company has participated in TNFD Forum, a stakeholder organization that supports TNFD discussions. We have registered for the TNFD Early Adopter*, which adopts disclosure recommendations announced in September 2023.

In addition, as a member of Forest Solution Group (FSG), which is made up of companies in forest sector of WBCSD, our company was the only Japanese company which participated in preparation of TNFD's draft guidance for forest sector, released in December 2023.

* "TNFD Adopter" refers to a company or organization that has registered with an intention to disclose information in accordance with the TNFD recommendation on website of TNFD.

[Click here for related information](#)

➤ [Responding to TCFD and TNFD](#)

Science Based Targets (SBT)

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



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

With respect to SBT Initiative, Sumitomo Forestry Group declared that it would formulate SBT, and established new Greenhouse Gases Emission reduction targets for the entire group in June 2017. In January 2024, we set a Net Zero goal for 2050 and submitted an application to SBT.

[Click here for related information](#)

➤ [Establishment and Certification of Science Based Targets \(SBT\)](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

RE100

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



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

[Click here for related information](#)

Aiming for 100%

➤ Renewable Energy and
Joining the RE100

Participation and Sponsorship of Other Initiatives

Major Participating Initiatives and Organizations

Organization
United Nations Global Compact
* Including Global Compact Network Japan and its subcommittees (ESG Subcommittee, HRDD Subcommittee, WEPs Subcommittee, Anti-Corruption Subcommittee, Supply Chain Subcommittee, Circular Economy Subcommittee)
WWF Japan
CDP Japan Club
TCFD Consortium
Network for Promotion of Decarbonized Management (Ministry of the Environment)
COOL CHOICE Campaign (Ministry of the Environment)
Japan Climate Initiative (JCI)
Keidanren Nature Conservation Council
Japan Business Initiative for Biodiversity (JBIB)
* including Sustainable Supply Chains WG, City Biodiversity Utilization WG and Natural Capital Research WG
TNFD Forum
30 by 30 Alliance (Ministry of the Environment)
GX League (Ministry of Economy, Trade and Industry)
Life Cycle Assessment Promotion Consortium
International Sustainable Forestry Coalition (ISFC)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Major Signatures and Declarations

Name of Declaration	Date of endorsement/signature
Declaration of Biodiversity by Keidanren	December 2009 and December 2019
Nijumaru Declaration (Nijumaru Project)	May 2016
Japan Climate Action Summit Declaration (JCI)	October 2018
JCI Message Calling for Strengthened Climate Change Action (JCI)	February 2020
JCI Message Calling for a 2030 Target to Realize the Paris Agreement (JCI)	April 2021
Call to Action (Business for Nature)	September 2020
Open Letter from companies to G20 Leaders (We Mean Business Coalition)	September 2021
Race to Zero (Business Ambition for 1.5°C)	September 2021
JCI Message: Now is the time to accelerate renewable energy deployment	June 2022
COP15 Business Statement for Mandatory Assessment and Disclosure (Business for Nature)	October 2022
Decokatsu (National Movement for New and Prosperous Lifestyles toward Decarbonization) Declaration (Ministry of the Environment)	February 2024



Corporate Philosophy and Sustainability Management - **Sustainability-related Policies and Philosophy** - Mid-Term Sustainability Targets and Material Issues -
Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Sustainability-related Policies and Philosophy

Sumitomo Forestry Group's Sustainability-related Policies and Philosophy

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

Environmental Policies

Click here for related information

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



Social Policies

Click here for related information

- > Sumitomo Forestry Group Procurement Policy
- > Green Procurement Guidelines (extract)
- > Partnership Building Declaration
- > Sumitomo Forestry Group Occupational Health and Safety Policy
- > Sumitomo Forestry Group Quality Policy
- > Sumitomo Forestry Group Human Rights Policy
- > Sumitomo Forestry Group DEI Declaration
- > Sumitomo Forestry Group Declaration on Health Management
- > Sumitomo Forestry Group Voluntary Declaration of Consumer-Oriented (in Japanese) 
- > Basic Policy on Social Contribution Activities/Donations

Governance Policies

Click here for related information

- > Basic Policy on Corporate Governance 
- > Sumitomo Forestry Group Code of Conduct
- > Preventing Corruption
- > Promotion of Fair Competition and Appropriate Transactions with Subcontractors
- > Information Security Policy
- > Intellectual Property Management Policy
- > Management and management responsibility system for public research funds, and prevention of research misconduct (in Japanese) 
- > Responsible Advertising/Promotional Efforts



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** -
Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Mid-Term Sustainability Targets and Material Issues

Mission TREEING 2030

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

Mission TREEING 2030

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

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



Value for our planet

×



Value for people
and society

×



Value for the
market economy

Click here for related information

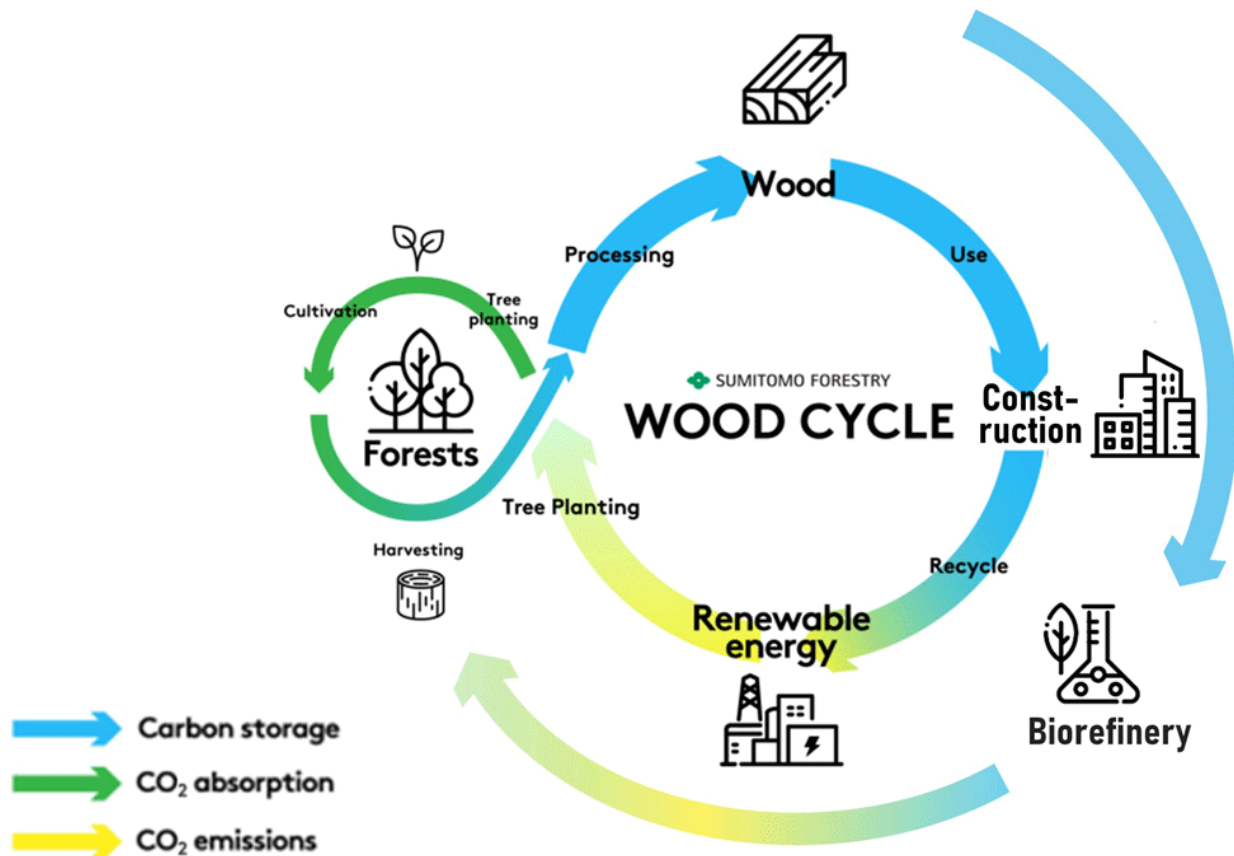
➤ Overall Picture of Long-term Vision Mission TREEING 2030



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** -
Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
Stakeholder Engagement

WOOD CYCLE

The Sumitomo Forestry Group is developing business activities through the "WOOD CYCLE," a value chain based on wood, from forest management to wood processing and distribution, wooden buildings, and biomass power generation. We aim to contribute to a decarbonized society by turning the "WOOD CYCLE" in other words, by planting and cultivation, increasing the amount of CO₂ absorbed by forests and using the wood in buildings and furniture to store carbon over a long period of time. Through this business as a whole, we will contribute to CO₂ absorption and fixation not only for ourselves but also for society as a whole.



Mid-Term Sustainability Targets

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** -
 Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
 Stakeholder Engagement

(1) Striving for decarbonization through utilization of wood resources

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

(2) Enhancing our revenue base

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

(3) Accelerating globalization

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

(4) Reinforcing our management foundation for sustainable growth

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

(5) Further integration of business and ESG

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

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** -
 Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
 Stakeholder Engagement

Nine Material Issues and Related SDGs

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

Identification of Material Issues

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

Identification Method of Material Issues

In order to formulate our mission, we conducted a questionnaire survey of all stakeholders, including customers, business partners, shareholders and investors, outside experts, and employees, and received responses from approximately 6,000 people. Based on external changes (Megatrends), we identified matters that would impact on the Sumitomo Forestry Group and set 35 issues while classifying into 5 categories of "Environmental Issues (Climate change)," "Environmental Issues (Resources and



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** -
Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
Stakeholder Engagement

Biodiversity)," "Social Issues," "Governance," and "Economic Issues" and let respondents select what they think was important. Individual interviews with young employees and management-level personnel were also conducted.

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

Management of Mid-Term Sustainability Targets

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

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

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

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

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

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

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


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

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

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

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

> Material Issues 9: To establish a robust
business structure

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

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - **Mid-Term Sustainability Targets and Material Issues** - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement



Click here for related information _____

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Sumitomo Forestry Group's Sustainability Management

Contributions to the SDGs and Material Issues

Basic Policy

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

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

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

SUSTAINABLE DEVELOPMENT GOALS





Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement



Material Issues and SDGs (Goals and Targets)

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

Nine Material Issues	Details of Material Issues	Relevant SDGs (Goals and Targets)		
1) To enhance the value of forests and wood through sustainable forest management	Nurturing forests to enhance and harness the value of wood and other forest resources.	 13.1	 15.1 15.2 15.3 15.4	
2) To realize carbon neutrality by leveraging forests and wood resources	Contributing to the decarbonization of society by reducing our own GHG emissions, by offering timber and wood products that sequester carbon, and by providing low-carbon/carbon-free products and services.	 7.2	 13.1 13.2	
3) To realize a circular bioeconomy by leveraging forests and wood resources	Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.	 7.2 11.6	 12.2 12.5	 15.1 15.2 15.4
4) To provide comfortable and secure spaces for society at large	Providing safe, comfortable, and secure spaces to society at large.	 3.9	 9.4	 11.6
5) To improve the livelihood of the local communities where we operate	Creating jobs through our businesses and contributing to the development of local communities.	 3.9	 8.3	 11.3
6) To create a vibrant environment for all workers	Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.	 3.9	 5.5	 8.5 8.8
7) To create new markets with forests and wood	Creating new markets that enrich the economy through the resourceful use of forests and wood.	 9.4	 11.3	



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Nine Material Issues	Details of Material Issues	Relevant SDGs (Goals and Targets)		
8) To transform markets through DX and innovation	Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.	 9.4		
9) To establish a robust business structure	Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.	 16.5 16.7		

Dissemination of SDGs

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

Registration as a Company Promoting SDGs in Niihama City

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

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

In 2023, in addition to report of progress status in March, a registration update request to the same system was made in November.

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

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

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

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

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

Environment

Social

Governance

Related
Information

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues -
Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -
 Stakeholder Engagement



Giving on-site classes at elementary schools in Niihama City

The Niihama City Board of Education is developing educational activities in collaboration with schools and local communities in order to nurture leaders of a sustainable society. In response to a request for cooperation in environmental education, Sumitomo Forestry visited each elementary school and held classes.

In the on-site classes, participants learned about the workings of trees and forests and their public benefits while introducing examples of Sumitomo Forestry's work and initiatives.



4th graders at Izumigawa Elementary School held in March 2022



5th graders at Habu Elementary School held in March 2022

Registration as a Kanagawa SDGs Partner

The Kanagawa SDGs Partner program is a registration program to encourage cooperation in efforts between the prefecture and corporations and other entities working to achieve the SDGs in the prefecture. Sumitomo Forestry has been registered as a Kanagawa SDGs Partner on April 13, 2020. Broader standardization of ZEH to reduce greenhouse gas emissions aims to help combat climate change, energize the economy and bring greater environmental awareness.



KANAGAWA SDGs PARTNER
 神奈川県 SDGs未来都市 県民一人ひとりが持続可能な未来を築いていく。



Kanagawa SDGs Partner Logo



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

Committing to the Shizuoka City SDGs Declaration

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

[Click here for related information](#)

- > Promotion of Net Zero Energy House (ZEH)
- Specifications

Registered under the Maebashi City SDGs Partner Program

In November 2022, based on the philosophy of SDGs, the Gunma Branch of the Housing Division was registered in the "Maebashi City SDGs Partner Program" as a company, an organization, or the like that works together to solve regional issues and to create sustainable communities without leaving anyone behind, and stated that the Gunma Branch aims at 80% spread of ZEH in the action declaration for achieving SDGs.

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

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

[Click here for related information](#)

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

Initiatives in Sustainable Finance

Conclusion of Positive Impact Financing Agreement

In March 2020, the Company entered into the Sumitomo Mitsui Trust Bank, Limited Positive Impact Finance (a type of business loan that does not specify the use of funds) agreement, which is a financing loan that aligns with the United Nations Environmental Programme Finance Initiative^{*1} Principles for Positive Impact Finance^{*2}. This borrowing not only praises Sumitomo Forestry initiatives that contribute to the SDGs but also provides favorable interest rates than standard financing. In regards to this financing, Japan Credit Rating Agency, Ltd. has provided a third-party opinion^{*3} about the rationality of evaluation factors used and the compliance to the Principles for Positive Impact Finance.

In the future, Sumitomo Forestry also aims to improve medium-to long-term corporate value by further enhancing initiatives to achieve the SDGs.

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

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - **Contributions to the SDGs and Material Issues** - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan - Stakeholder Engagement

*1 UNEP FI established the Principles for Positive Impact Finance in January 2017. Companies disclose their contributions toward achieving the SDGs and banking institutions evaluate the positive impact and provide capital in an effort to maximize the positive impact and minimize the negative impact of corporate entities. The banking institutions providing the financing take responsibility to monitor the indicators and verify ongoing positive impact. The United Nations Environment Programme (UNEP) is a subsidiary body of the United Nations established in 1972 as an implementing agency for the Declaration of the United Nations Conference on the Human Environment and the International Environment Action Programme. UNEP FI is a broad and close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, it has been working with financial institutions, policies, and regulators to transform itself into a financial system that integrates economic development with environmental, social and governance (ESG) considerations.

*2 This is a financial framework for achieving the Sustainable Development Goals (SDGs) formulated by the United Nations Environment Programme Finance Initiative (UNEP FI) in January 2017. By disclosing contributions to the achievement of SDGs, with banks assessing the positive impact of these contributions and providing funds, the framework guides the efforts of fund providers to increase positive impacts and reduce negative impacts. As the responsible financial institution, lending banks monitor indicators to ensure that their impacts are continuing.

[Click here for related information](#)

➤ [Third-party Opinion on Positive \(in Japanese\)](#)



Conclusion of Sustainability Linked Loan

In August 2022, we concluded a sustainability linked loan with Sumitomo Mitsui Banking Corporation. Sustainability linked loans set sustainability performance targets ("SPTs") based on the borrower's management strategy, and promote environmentally and socially sustainable economic growth by aligning borrowing terms with actual progress of SPTs. By aiming to achieve the SPTs set in the loan agreement, we will promote sustainable management.

The SPTs in this case adopt a climate change score by which CDP*, an international NGO, evaluates the greenhouse gases emission reduction activity and the action of the climate change mitigation measures.

In 2023, we had three similar financing agreements in place. We will continue to actively exchange information with financial institutions.

[Click here for related information](#)

➤ [Issuance of Green Bonds](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

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

Material Issue 1

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

Nurturing forests to enhance and harness the value of wood and other forest resources.

Related SDGs



Basic Policy

As global environmental problems such as climate change, resource depletion, and biodiversity loss become more serious, expectations for wood and forests that produce natural resources and biological resources to solve these problems are rising. Forests not only have functions of absorbing and fixing CO₂, conserving biodiversity, and producing wood building materials, fuel materials, or the like, but also have various public benefits such as water source recharge, soil conservation, and sediment disaster prevention. Appropriate management of forests prevents global warming, conserve biodiversity, and provide essential resources for people's lives. However, if forests are not managed appropriately, such as by excessive logging and neglecting efforts in reforestation, sustainability of forests will be threatened, and global environment and people's lives will be adversely affected.

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues -
Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** -
Stakeholder Engagement

Impact on Society and the Environment

Material Issue 1	Impact (Opportunities)	Impact (Risks)
<p>To enhance the value of forests and wood through sustainable forest management</p> <p>Nurturing forests to enhance and harness the value of wood and other forest resources.</p>	<ul style="list-style-type: none"> • Contribution to measures against global warming through CO₂ fixation • Contributing to the protection of rare species and other biodiversity conservation • Contribution to revitalization of the forestry business and local communities by promoting forest sustainability • Securing seedlings for reforestation and promoting circular use of forest resources from harvesting to replanting • Contribution to greater biomass power generation (renewable energy supply) capacity in Japan • Contribution to revitalization of the forestry business and local communities by utilizing Japanese timber • Enhancing standardization, awareness, and added value of sustainable wood, products and certified wood 	<ul style="list-style-type: none"> • Intensification of competition due to entry of different industries into industries that utilize "forests" and "trees" • Decrease in sustainable forests due to overharvesting decrease in reforestation rate, etc. Soil erosion, water pollution, and biodiversity loss

Management of Material Issue 1 (FY2023)

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

Utilization of Sustainable Forest Resources

The Sumitomo Forestry Group produces seedlings needed for reforestation after harvesting (clearcutting) in Japan. In fiscal 2023, actual number of planted trees was 2.09 million, which was less than plan number of 2.23 million. Planting of seedlings being postponed due to delayed melting of snow in spring was main reason. However, from fiscal 2022, we were able to increase supply



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

of seedlings by proposing seedlings such as low-pollen cedars that accurately grasp customer needs in new areas and by increasing supply of seedlings to subsidiaries engaged in forestation.

With regard to the amount of biofuel material used (such as wood chips and pellets), the exact figure was 1.738 million tons, 336,000 tons less than the planned 2.074 million tons.

The chip manufacturing subsidiaries manufacture and sell fuel chips required for biomass power generation. In fiscal 2023, the amount of used decreased due to the adjustment of demand following the emergency shutdown of some biomass power generation plants. Continuously in 2024, promotion of utilization of domestic timbers, provision of seedlings, and reforestation through utilization of unused forest resource for biomass use are positively advanced, thereby contributing to sustainable forest management.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Domestic and overseas certified forest area (ha)	Environment and Resources Division	242,493	231,773	△	242,493
Area of forest plantation with in-house produced seedlings Domestic forest (ha)		892	836	△	1,012
Seedlings supplied Domestic forest (unit: 10 Thousand)		223	209	△	253
Amount of biofuel material used (such as wood chips and pellets)*1(t)	Environment and Resources Division Timber and Building Materials Division	2,073,948	1,737,749	△	2,482,964
Percentage of sustainable wood used as primary building material*2(%)	Housing Division	100	100	○	100
Maintaining of SGEC certified area*3(%)	Environment and Resources Division	100	100	○	100

*1 FIT fuel material and non-FIT fuel material handled by Japan Bio Energy, Okhotsk Bio Energy, Sumitomo Forestry Wood Products, and Sumitomo Forestry's Timber and Building Materials Division are eligible. For Sumitomo Forestry Wood Products, the KPI has been changed to include only FIT fuel material, and from fiscal 2022, the KPI excludes non-FIT fuel material and adds log-derived FIT fuel material to the total.

*2 "Sustainable wood" is defined as certified wood and pre-certified timber, wood from planted forest, natural forest wood where forestry management and distribution can be assessed as sustainable (excluding wood from conversion forests), and recycled timber.

*3 Sustainable Green Ecosystem Council (SGEC)

[Click here for related information](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Biodiversity Conservation

We sell native species logs mainly to our detached housing business, to the greening business in urban spaces such as parks, office buildings, and factories, and to general customers such as garden landscapers and plant wholesalers.

In fiscal 2023, our company sold 629,000 native species logs, exceeding our plan of 480,000. In addition to an increase in new customers through e-commerce, an increase in orders for greening business for office buildings and parks, mainly in central Tokyo, led to an increase in sales of native species logs by accurately understanding customer needs. In fiscal 2024, we will seek to increase sales of native species logs by providing consulting services that enhance corporate value, taking into account effective use of corporate green space, balance with surrounding environment and landscape, and conservation of local ecosystem as a whole.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Sales of native species logs (unit: trees)	Housing Division	480,000	629,373	○	500,000
Securing ratio of conservation forests in company-owned forests (%)	Environment and Resources Division	30 or more	30 or more	○	30 or more
Establishment of evaluation method for biodiversity conservation		Examination of evaluation criteria	Information collection	○	Establishment of evaluation method

[Click here for related information](#)

➤ Biodiversity Conservation

➤ Responding to TCFD and TNFD



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues -
Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** -
Stakeholder Engagement

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

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

Material Issue 2

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

Contributing to the decarbonization of society by reducing our own GHG emissions, by offering timber and wood products that sequester carbon, and by providing low-carbon/carbon-free products and services.

Related SDGs



Basic Policy

Climate change has already caused a number of environmental issues and impacted people's lives. For example, natural disasters in the form of heat waves, torrential rainfall, flooding, typhoons, droughts as well as impacts on biodiversity and food supply. These pose a serious threat to humankind. To mitigate the impacts of climate change, it is important to reduce greenhouse gas emissions. It is needed to reduce these greenhouse gas emissions to net zero by 2050.

Since wood absorbs and fixes CO₂ in the process of growth and only a small amount of CO₂ during emissions occur during production, actively using wood greatly contributes to a decarbonized society.

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 2	Impact (Opportunities)	Impact (Risks)
<p>To realize carbon neutrality by leveraging forests and wood resources</p> <p>Contributing to the decarbonization of society by reducing our own GHG emissions, by offering timber and wood products that sequester carbon, and by providing low-carbon/carbon-free products and services.</p>	<ul style="list-style-type: none"> Reducing energy consumption (greenhouse gas emissions) throughout all of society by reducing the housing related energy use, which has the majority of energy use/ time spent in daily life. Heightening environmental awareness of consumers (residents) Contributing to the reduction of the environmental impact and solutions to climate change by achieving SBT and RE100 Building a sustainable society by providing sustainable architecture Building a new forest value creation business 	<ul style="list-style-type: none"> Increasing cost burden on companies to lower greenhouse gas emissions Rising cost for buyers and declining demand due to rising prices of housing and other products

Management of Material Issue 2 (FY2023)

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

Promotion of Decarbonization

Although greenhouse gas emissions (Scope 1 and 2) amounted to 335,673 t-CO₂e and did not reach the target for fiscal 2023 of 309,800t-CO₂e, we have been able to reduce emissions by 20,000 t-CO₂e since fiscal 2022. The main reason for this is that we were able to reduce the coal co-firing ratio at the Mombetsu Biomass Electric Power Plant, which is the main cause of greenhouse gas emissions, by 4.5 percentage points from 12.0% in fiscal 2022 to 7.5% in fiscal 2023. In fiscal 2024, the final fiscal year in the Medium-Term Management Plan (2022-2024), we aim to achieve 289,469 t-CO₂e in the final year of 2024 (down 21.7% from the fiscal year ended March 31, 2018) by continuing to reduce the ratio of coal co-firing at Mombetsu and promoting convert to renewable energy efforts in order to achieve RE100.

Sumitomo Forestry Group has set a target for ZEH order rate in an effort to reduce Scope 3 greenhouse gas emissions, especially Category 11 (use of sold products), which represents a particularly high proportion of emissions. The ratio of ZEH in the new custom-built detached houses orders increased by 2.5 percentage points from 77.2% in fiscal 2022 to 79.7% in fiscal 2023, and nearly reaching our target of 80% in the fiscal 2024 plan one year ahead of schedule.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

We were able to achieve certain results because we disseminated details of the “Children's Eco Housing Support Program,” which provides subsidies for renovations that save energy in homes by households with children and young couples, and actively utilized the program. The other positive factor was a tailwind from soaring utility costs. We aim to spread ZEH by continuing to educate customers about life cycle costs (LCCs) and propose solutions.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Fixed amount of CO ₂ in domestic company-owned forests(t-CO ₂)	Environment and Resources Division	13,617 thousand	13,847 thousand	○	13,758 thousand
Carbon stock from production forests by overseas afforestation companies(t-CO ₂)		10,133 thousand	9,928 thousand	×	10,133 thousand

[Click here for related information](#)

➤ Sustainable Forest Management

➤ Green Building Initiatives

Promotion of Decarbonization (Scope 1, 2)

Results

Ratings in the table below

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

Indicators for Evaluation		Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Greenhouse gas emissions(t-CO ₂ e) Percentage change from fiscal 2017		All Sumitomo Forestry Group Companies	309,800 ▲16.2	335,673 ▲9.2	△	289,469 ▲21.7
Sumirin Denki subscription rate (%)	Electricity sale after FIT	Housing Division	45.0	50.3	×	45.0
	New owner's purchased power		37.0	3.3	△	50.0
Renewable energy consumption rate [Efforts to achieve RE100] (%)*		All Sumitomo Forestry Group Companies	7.4	5.4	△	35.1

* Percentage of electricity purchased by the Company generated from renewable energy. Excluding offices and other facilities located in New Zealand, which is aiming to achieve RE100 by 2035 as a whole nation.

[Click here for related information](#)

➤ Greenhouse Gas Emissions from Business
Activities

➤ Mitigation of Climate Change



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues -
Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** -
Stakeholder Engagement

Promotion of Decarbonization (Scope 3)

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Percentage of orders for ZEH type houses out of new custom-built detached housings (%)	Housing Division	75.0	79.7	○	80.0
Environmentally sound remodeling order rate for Customers (%)		72.0	75.2	○	75.0
Rate of orders for Environmentally sound products*1(%)		61.0	58.7	△	62.0
[New custom-built detached houses] BELS acquisition rate*2 (%)		98.5	99.0	○	98.5
[House and land package] Environmental equipment (PV / FC) installation rate (green smart rate) (%)		20.0	54.7	○	30.0
Environmentally friendly remodeling order rate for Owners (%)		67.0	61.8	△	70.0
Environmentally friendly remodeling order rate for Customers + Owners (%)		69.3	67.6	△	72.2
[MOCCA (Timber Solutions)] Number of proposals based on basic plan (cases)		26	14	×	28



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Amount of electricity supplied by renewable energy business* ³ (MWh)	Environment and Resources Division	764,701	730,450	x	856,022
Environmental certification number of projects targeted for Edge(Asia) (cases)	Global Construction and Real Estate Division	1	2	○	1

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

*2 At the start of construction of the main unit

*3 The figures are for Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power, Kawasaki Biomass Electric Power, Tomakomai Biomass Power, Kanda Biomass Energy, and Kashima Solar Power Plant. For equity-method affiliates, electricity supply is calculated according to their equity share.

[Click here for related information](#)

➤ Mitigation of Climate Change

➤ Promotion of Net Zero Energy House (ZEH) Specifications

➤ Renovating to Improve Function and Asset Value

➤ Promotion of the Renewable Energy Business

Utilization of Sustainable Forest Resources

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Sales quantity of KIKORIN-PLYWOOD (Month) (m ³)	Timber and Building Materials Division	35,000	24,590	×	35,000

[Click here for related information](#)

➤ Utilization of Sustainable Forest Resources



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

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

Material Issue 3

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

Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.

Related SDGs



Basic Policy

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

The Sumitomo Forestry Group engages in a wide range of businesses in Japan and overseas, including the manufacture and sale of housing construction materials, forest management, renovations, greening business, real estate development, and biomass power generation, with a focus on the detached housing business. Since various resources and materials, mainly wood, are used in each respective business activity, we need to make effective use of our resources and materials, reduce waste, and recycle. We will realize a circular bioeconomy centered on wood by running a wood cycle that cascades utilization of timber, which is a renewable and sustainable natural resource, in the forest, wood, architecture, and the field of energy such as biomass power generation and increasing the value of wood resources. For resources other than wood, we will strive to control, reuse, and recycle waste. We will also continue to investigate sustainability of our supply chain for the sustainable use of resources.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 3	Impact (Opportunities)	Impact (Risks)
<p>To realize a circular bioeconomy by leveraging forests and wood resources</p> <p>Realizing a circular society by making the most of wood, a renewable and natural resource from the forest ecosystem.</p>	<ul style="list-style-type: none"> Protecting resources and reducing the environmental impact by advocating for recycling and zero emissions Reduction of greenhouse gas emissions through the utilization of wood as a substitute Improvement of environmental awareness in supply chain Creation of new markets 	<ul style="list-style-type: none"> Resource depletion, degradation, pollution, and loss of ecosystems due to unsustainable use and disposal of resources Wood resources that are difficult to recycle permanently

Management of Material Issue 3 (FY2023)

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

Reduction and Recycling of Industrial Waste

Total amount of industrial waste discharged from all branches (kg / building) was 2,467kg, lower than the 2,585kg emitted in fiscal 2022, and also lower than the targeted amount (2,573kg). While the rate of decline in emissions has been gradual due to the increased use of pre-cut panels and roof slate, the progress of new measures such as pre-cutting siding and switching to the use of reused curing materials contributed to the reduction of emissions. In fiscal 2024, we will work to further reduce waste at sites by pre-cutting feather pattern materials, ordering appropriate quantities of unprocessed materials, and considering the reuse of tarps.

Sumitomo Forestry's recycling rate at new housing construction sites was 95.1%, falling just short of the plan of 97.0%, but up 0.8 points from fiscal 2022. The main reason was a relative decline in the recycling rate due to the shift to pre-cut materials with a high recycling rate, and it improved from fiscal 2022 thanks to a decrease in composite waste due to thorough separation at construction sites.

In the Mid-Term Management Plan (2022-2024), we aim to achieve 98.0% in fiscal 2024, the final year of the plan, by reducing the co-mingled waste ratio from thorough separation of waste at each site.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Final disposal amount (t) consolidated Percentage change from fiscal 2021	Sustainability Department	20,181 ▲4.1	23,885 13.5	△	19,905 ▲5.4
Recycling rate at new housing construction sites ^{*1} (%)	Housing Division	97.0	95.1	△	98.0
Recycling rate at housing demolition sites ^{*2} (%)		100	99.9	×	100
Recycling rate at the work sites of the renovation business unit ^{*3} (%)		85.0	84.8	△	85.5
Recycling rate at the work sites of the power generation business unit (%)	Environment and Resources Division	98.0	95.1	×	98.0
Recycling rate at overseas manufacturing plants (%)	Timber and Building Materials Division	99.0	95.7	×	99.0
Recycling rate at domestic manufacturing plants (%)		99.0	99.6	○	99.0
Other recycling rate (%)	Timber and Building Materials Division Lifestyle Service Division Tsukuba Research Institute	85.0	76.9	×	86.0
Sustainable timber usage ratio (Overall manufacturing) (%)	Timber and Building Materials Division	100	99	×	100
Total amount of industrial waste discharged from all branches (kg / building) ^{*4}	Housing Division	2,573	2,467	○	2,511
Discharge amount of newly built industrial waste(kg/m ²)		20.1	19.6	○	19.8

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

*2 Includes specific construction materials (concrete, asphalt-concrete, and wood waste) under the Construction Material Recycling Law.

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

*4 Excludes Construction Business Sub-Division.

[Click here for related information](#)

➤ [Resource Recycling Initiatives](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Reduction of Water Consumption

The Sumitomo Forestry Group's total water consumption in fiscal 2023 was 2,916,000 m³, exceeding the target of 2,757,000 m³ by 159,000 m³, but we were able to reduce total water consumption by 21,000 m³ from 2,937,000 m³ in 2022. In fiscal 2022, a large-scale water leak occurred over several days due to a broken groundwater pipe at an overseas manufacturing plant, and there was an increase in water consumption at an affiliated company that operates a golf course because of the increased watering of grass due to a decrease in rainfall. The main reason for the reduced water consumption in fiscal 2023 was the elimination of these factors. In addition, the reduction in water consumption was also due to smaller production and sales volumes at overseas manufacturing plants resulting from shrinking markets. At the elderly-care facilities that we operate, we are promoting water-saving initiatives such as introducing water-saving faucets and automatic sprinklers, and making fine-tuned adjustments to water pressure.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Water consumption (m ³) (consolidated)	All Sumitomo Forestry Group Companies	2,757,494	2,915,826	△	2,777,269

[Click here for related information](#)

➤ [Efficient Use of Water Resources](#)

Management of the Supply Chain

With regard to the "Sustainability procurement survey implementation rate in the supply chain" in the domestic detached houses division, which began in fiscal 2019, we have conducted surveys for more than 90% of our suppliers in terms of material purchases, and we maintained this status in fiscal 2023. Survey results are improving, and the main reasons were to promote understanding of the ESG survey, and the suppliers made efforts based on the feedback from the previous result. Similarly, the domestic distribution department of the Timber and Building Materials Business Division has been conducting the same survey of suppliers since fiscal 2022, and the response rate for fiscal 2023 was 83.5% compared to the target of 85%. Although we fell short of the target, the implementation rate improved by 2.9 points from 80.6% in fiscal 2022.

The number of companies that proposed Environmental Product Declaration (EPD) certification to suppliers was 109 (69.3% of total purchases) compared to the planned 100 (76.0% of total purchases) as a result of aggressive proposals to suppliers. Currently, we are marketing and providing the Japanese version of "One Click LCA," software that visualizes greenhouse gas emissions at the time of construction. We will continue to actively utilize this software and provide training and application support for EPD acquisition in order to market and promote the EPD product.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Sustainability procurement survey implementation rate in the supply chain of the domestic housing department(%)	Housing Division	97.0	97.0	○	97.0
Certification acquisition rate of incoming PKS (%)	Environment and Resources Division	100	100	○	100
Average score rate of "tier 1 suppliers" in ESG Survey	Housing Division	Improvement as compared to previous year	Improvement as compared to previous year	○	Improvement as compared to previous year
Number of EPD acquisition proposals to suppliers (company) Ratio (%)	Timber and Building	30 66.0	109 69.3	○	65 71.0
Sustainability survey response rate to suppliers (sales ratio) (%)	Materials Division	85.0	83.5	△	90.0

[Click here for related information](#)

➤ [Supply Chain Management](#)

➤ [Visualization of CO₂](#)

Utilization of Unused Resources

The amount of unused forest resources we used for biomass fuels and other purposes was 22,595 m³ in fiscal 2023, a large increase compared to 18,022 m³ in fiscal 2022. In response to growing demand for fuel material in recent years, we have asked for cooperation in proactively collecting small-diameter timber in our daily meetings with contractors. In fiscal 2023, a large proportion of fine timber was included in the amount of wood production, which was also a factor in the increase in the amount of unused wood resources.

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

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Unused resources (biomass use) handling volume (m³)	Environment and Resources Division	18,452	22,595	○	19,202

[Click here for related information](#)

> [Utilization of Sustainable Forest Resources](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

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

Material Issue 4

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

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

Related SDGs



Basic Policy

As various social issues such as human rights issues like discrimination and poverty, intensification of disasters, and the spread of infection with the coronavirus disease (COVID-19) become apparent, the tendency toward well-being has increased, and people's living spaces, especially homes, are required to be safe, secure, comfortable and warm. Customer needs have become diverse due to changes in lifestyles and society, such as increasing desire for well-being, shrinking housing needs due to declining population, relocation of housing due to low birth rate and aging population, coexistence with foreigners, and changes in values related to race, religion, ethnicity, nationality, and gender (LGBTQ). It is important for companies to accurately respond to customer needs.

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

Impact on Society and the Environment

Material Issue 4	Impact (Opportunities)	Impact (Risks)
To provide comfortable and secure spaces for society at large Providing safe, comfortable, and secure spaces to society at large.	<ul style="list-style-type: none"> Improvement of customer satisfaction by reducing complaints Ensuring social credibility by improving quality 	<ul style="list-style-type: none"> Responding to changes in demographics and consumer needs



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Management of Material Issue 4 (FY2023)

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

Improving Customer Satisfaction

In the detached houses sector, we conduct questionnaire at the time of moving in as an indicator of customer satisfaction. In 2023, measures for items with a low satisfaction rate were continuously shared and taken together among related departments through monthly satisfaction working group, resulting in 53.5%, exceeding planned 52.0% by 1.5 points.

Concerning items for improvement and issues, we will continue to improve customer satisfaction by sharing information among relevant departments.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Ratio of Implementation of design performance evaluation (%)	Housing Division	99.0	99.8	○	99.0
Ratio of Construction performance evaluations implemented (%)		99.0	99.7	○	99.0
Ratio of Certified as Long-life Quality Housing ^{*1} (%)		95.0	95.9	○	95.0
Questionnaire at the time of moving in (Non-consolidated NPS value ^{*2}) (pt)		52.0	53.5	○	53.0
Improvement of score of customer survey on person in charge of construction ^{*3} (point)		78.0	76.9	△	80.0

^{*1} Limited to private house and applicable floor area or more

^{*2} Net Promoter Score (NPS)

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

^{*3} Evaluation index for Sumitomo Forestry Home Tech only

[Click here for related information](#)

> [Product Safety and Quality Management in the Housing Business](#)

> [Stakeholder Engagement](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

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

Material Issue 5

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

Creating jobs through our businesses and contributing to the development of local communities.

Related SDGs



Basic Policy

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 5	Impact (Opportunities)	Impact (Risks)
To improve the livelihood of the local communities where we operate Creating jobs through our businesses and contributing to the development of local communities.	<ul style="list-style-type: none"> • Correction of economic disparities through regional revitalization • Development of a common awareness of the issues of local communities through communication with local residents • Enhancement of welfare by providing elderly care facilities 	<ul style="list-style-type: none"> • Widening disparities within communities due to provision of disproportionate services and employment • Responding to community rules, customs, and cultures

Management of Material Issue 5 (FY2023)

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

Response to Declining Birthrate and Aging Population

The total number of private-pay elderly care facilities was 1,842 for Sumirin Fill Care and Sumirin Care Life, both of which are nursing care business companies. The number of rooms increased by 78 compared to fiscal 2022 due to the opening of a new facility in Denenchofu by Sumirin Fill Care. We aim to maintain and improve living environment and health of facility users by providing spaces filled with warmth of trees, introducing advanced systems using ICT, and providing expert guidance based on these systems.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2022 value	FY2024 target
Number of rooms at private-pay elderly care facilities (rooms)	Lifestyle Service Division	1,842	1,842	○	1,842

[Click here for related information](#)

> Communication with Our Customers in our
Lifestyle Services Business



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Communication with Local Communities

With regard to communication with local communities, we disclose the number of local personnel employed at the Open Bay Timber (OBT), based in Papua New Guinea as an indicator (the target being increase over the previous year). In fiscal 2022, we increased number of employees to increase production volume and hired more local residents than planned, such as carpenters for construction and improvement of local life infrastructure. However, in fiscal 2023, the number of employees decreased by five due to delay in start of production. In fiscal 2024, we will actively promote employment of human resources by utilizing recruiting services.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Communication with stakeholders related to maintaining SGEN certification (times)	Environment and Resources Division	1 or more	2	○	1 or more
Explanation and communication to local residents when planning a new power plant (times)		1 or more	2	○	1 or more
Year-on-year increase in number of people at OBT (persons) [Recruitment of local human resources to increase production]		+ 17	▲ 5	×	+ 28
Pruning and weeding area at TPF (ha) [Reduce fire risk and improve landscape (pruning and weeding area)]		30	30	○	30

[Click here for related information](#)

➤ Forestry Business Overseas

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Human Rights

In response to further increasing external requirements for human rights, we are strengthening our human rights efforts. In fiscal 2023, we studied operational structure of the Grievance Mechanism* to make sure that it can be comprehensively deployed throughout the Sumitomo Forestry Group.

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

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 target	FY2023 value	FY2024 target
Efforts related to grievance mechanism	Sustainability Department	Range enlargement	Operational structure under consideration	-	Continuous operation

[Click here for related information](#)

[➤ Human Rights Initiatives](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

Material Issue 6 To create a vibrant environment for all workers

Material Issue 6

Material Issue 6 To create a vibrant environment for all workers

Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.

Related SDGs



Basic Policy

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 6	Impact (Opportunities)	Impact (Risks)
<p>To create a vibrant environment for all workers</p> <p>Creating a work environment where everyone throughout the supply chain is safe, healthy and motivated.</p>	<ul style="list-style-type: none"> • Eliminating gender discrimination • Securing better human resources • Enhancing corporate value by improving work productivity • Realizing a diverse society • Ensuring employee health by building a safe, secure workplace (higher satisfaction) • Ensuring safety of employees and subcontractors by eliminating occupational accidents 	<ul style="list-style-type: none"> • Occurrence of occupational injuries • Declining employee satisfaction • Declining productivity • Perception of unfairness and decline in satisfaction due to the provision of treatment and services among stakeholders with different values • Work-life balance and balancing with educational opportunities

Management of Material Issue 6 (FY2023)

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

Work-Life Balance (Workstyle Reform)

Sumitomo Forestry's overtime working hours reduction rate was ▲13.2% compared to fiscal 2017, falling short of the targeted ▲19% reduction. The main reasons were that the percentage of employees coming to the office has increased with the end of the pandemic, and the attendance management system now reflects the operating hours of company issued computers, making it possible to keep more accurate records of working hours. In particular, in detached houses division, where overtime hours are relatively high, we will continue to optimize work flows, assign the right human resources, increase the number of mid-career employees, and promote DX by introducing RPA and AI to reduce long working hours.

Regarding the percentage of male employees taking childcare leave at Sumitomo Forestry on a non-consolidated basis, the take-up rate was 70%, falling short of the targeted rate of 90%. However, this marks a significant improvement from the 49% recorded in fiscal 2022. In addition to the change to a system-based operation that includes requesting a birth plan as well as sharing and confirming the intention to take childcare leave, which led to early guidance and encouragement to relevant employees, the establishment of e-learning for men taking childcare leave, the introduction of case studies on the company intranet, and individual follow-up when applying for the lump-sum childcare support payment led to an increase in the rate of taking childcare leave. As employees' awareness has changed, we will continue to promote various measures for employees to achieve a work-life balance.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Results

Ratings in the table below

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

Indicators for Evaluation		Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Employee satisfaction level (%)	Non-consolidated	Personnel Department	81.0	76.3	×	82.0
	Consolidated in Japan		68.9	59.3	△	71.0
Paid leave usage ratio (%)	Non-consolidated		70.0	69	△	70.0
	Consolidated in Japan		62.6	68.1	○	63.8
Overtime hours reduction rate (%) compared to fiscal 2017	Non-consolidated (FY2017: 45.5H)		▲19.0	▲13.2	×	▲23.0
	Consolidated in Japan (FY2017: 31.1H)		▲13.0	▲11.3	△	▲15.0
Retention rate of new graduates (3rd year after joining the company)*1(%)	Non-consolidated		84.0	83.7	△	85.0
	Consolidated in Japan		78.8	67.5	×	84.5
Culture that does not allow harassment**2(%)	Non-consolidated		78.0	74.4	×	80.0
	Consolidated in Japan		77.7	71.6	△	79.0
Ensuring psychological safety**2(%)	Non-consolidated		73.0	69.5	×	75.0
	Consolidated in Japan		65.5	62.5	△	67.1
Male childcare leave acquisition rate (%)	Non-consolidated		90.0	70.0	△	100
	Consolidated in Japan		39.0	28.0	△	43.0

*1 Calculated as a percentage of the number of new graduate employees who joined the company between April and the following March and who will be with the company on April 1, three years later.

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

[Click here for related information](#)

➤ [Work-Life Balance](#)

Diversity

We manage targets based on the five indicators to encourage women to play active roles in the workplace.

Sumitomo Forestry on a non-consolidated basis fell short of the targets, despite improvements seen since fiscal 2022.

In order to achieve the targets, we will conduct educational activities to look at careers using a long-term perspective. This includes training for all levels of management, i.e., general management candidates for administrative planning positions, new managers and female candidates for leadership positions. We will also continue to hold seminars pairing employees raising a child



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

or children with their supervisor to foster understanding and promote work-life balance, an initiative held since 2022. Going forward, measures will be implemented in the context of human capital management initiatives.

Results

Ratings in the table below

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

Indicators for Evaluation		Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Employment continuation rate after age 60 (retirement extension, reemployment, etc.) (%)	Non-consolidated	Personnel Department	95.0	93.0	×	95.0
	Consolidated in Japan		99.1	87.6	△	98.2
Ratio of female employees to all employees (%)	Non-consolidated		23.9	23.8	△	24.5
	Consolidated in Japan		34.5	35.9	○	34.7
Female officer ratio (%)	Non-consolidated		16.7	13.8	×	19.4
Ratio of female senior managers* ¹ (%)	Non-consolidated		3.3	3.2	△	3.6
	Consolidated in Japan		7.3	7.2	△	7.9
Ratio of female junior managers* ¹ (%)	Non-consolidated		10.0	8.8	△	11.0
	Consolidated		13.3	11.6	△	14.3
Ratio of females to new hires* ² (%)	Non-consolidated		35.0	34.1	△	35.0
	Consolidated in Japan		35.5	41.8	○	35.6
Ratio of disabled employees (%)	Non-consolidated		2.25	2.27	○	2.30
	Group certification		2.45	2.46	○	2.50
	Consolidated in Japan		2.40	2.25	△	2.40

*1 Among managers, supervisors are defined as senior managers and the rest as general managers.

*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.

[Click here for related information](#)

➤ Diversity, Equity and Inclusion

Human Resources Development

Training costs per employee were 117 thousand yen, which did not reach the plan, but improved from fiscal 2022. We expanded self-development options in which a wide range of employees can participate, and the implementation of several projects with a large number of participants led to an overall improvement. In addition to steadily implementing existing training, we will continue to review and expand our training offerings to provide a wider range of learning opportunities going forward.



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

In response to growing environmental awareness, the Sumitomo Forestry Group encourages its employees to take the Certification Test for Environmental Specialists Test (eco kentei) in order to develop the capability to accurately explain the relationship between our business and the environment. Sumitomo Forestry on a non-consolidated basis acquisition rate for fiscal 2023 was 54.4%, falling short of the plan, but up more than 10 points from fiscal 2022. We will continue to promote the acquisition of these certifications by posting details on the company intranet, utilizing our certification acquisition support rules, and distributing textbooks to departments with low participation rates.

Results

Ratings in the table below

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

Indicators for Evaluation		Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Training cost per employee (unit: 1,000 yen)	Non-consolidated	Personnel Department	125	117	△	150
	Consolidated in Japan		57	42	△	56
Training time per employee (hours)	Non-consolidated		18.0	19.6	○	18.0
	Consolidated in Japan		12.8	21	○	13.1
Certification Test for Environmental Specialists acquisition rate (%)		Sustainability Department	60.0	54.4	△	70.0

* Numerical values as of January 1, 2024

[Click here for related information](#)

➤ [Human Resources Development](#)

Occupational Health and Safety

As for the number of occupational injuries, we have set a target of zero serious occupational injuries (occupational injuries resulting in four or more days of absence from work), but in fiscal 2023, these accidents occurred in each business field. Especially at detached house construction sites in Japan, heat stroke and injuries involving crashes and falls increased, resulting in 18 cases of serious work-related injuries lasting four days or more days. However, this was one less than in fiscal 2022. The number of cases of heat stroke fell significantly from 16 in fiscal 2022 to four thanks to our countermeasures to raise awareness among on-site workers, such as showing heat stroke prevention awareness videos and using items to prevent heat stroke. The number of crashes and falls decreased by seven, but there was a fatal accident from a fall during the assembly of scaffolding prior to the start of work. As a countermeasure, we are providing fall prevention courses for contractors who carry out construction work that requires scaffolding, conducting foreman education for site supervisors, and showing orientation videos for all on-site personnel.

In fiscal 2023, the Quality Control and Worker Safety Management Department organized the ISO45001 internal auditor training courses, and 71 employees (66 in the internal auditor qualification course and 5 in the standard explanation course) attended the courses. In addition, we worked to raise safety awareness by evaluating and awarding safety and health activities, among other measures. In the event of a serious occupational injury, we will pursue the cause of the injury, prevent its recurrence, and conduct internal auditing to keep these initiatives in check. We will continue to strengthen our efforts to achieve zero occupational injury



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

throughout the Sumitomo Forestry Group by implementing Group-wide management of occupational injury cases, strengthening safety education in each division and affiliate, and providing support horizontally.

Results

Ratings in the table below



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

Indicators for Evaluation		Managing department		FY2023 target	FY2023 result	FY2023 value	FY2024 target
(1) Number of serious occupational injuries (four or more days of lost worktime) (incidents) * ¹ (2) Number of occupational injuries (one or more days and less than 4 days of lost worktime) (incidents)	Domestic new construction site (contract)	Housing Division	(1)	0	18	△	0
			(2)	16	8	○	14
			Total	16	26	△	14
	Remodeling site (contract)		(1)	0	5	×	0
			(2)	0	4	△	0
			Total	0	9	△	0
	Overseas housing site (contract)	Global Construction and Real Estate Division	(1)	0	7	△	0
			(2)	0	2	△	0
			Total	0	9	△	0
	Domestic group manufacturing companies (employees)	Timber and Building Materials Division	(1)	0	3	×	0
			(2)	0	0	○	0
			Total	0	3	×	0
	Overseas group manufacturing companies (employees / contractors)* ²		(1)	0	12	△	0
			(2)	0	14	×	0
			Total	0	26	×	0
	Domestic forest site (contract)	Environment and Resources Division	(1)	0	0	○	0
			(2)	0	0	○	0
			Total	0	0	○	0
	Overseas afforestation site (contract)		(1)	0	9	△	0
			(2)	0	54	×	0
			Total	0	63	×	0
	Elderly care site	Lifestyle Service Division	(1)	0	5	△	0
			(2)	0	0	○	0
			Total	0	5	△	0

Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

*1 Occupational accident equivalent to a serious occupational injury in Japan's occupational injury classification (four or more days of absence)
*2 Total of 8 consolidated companies of Nelson Pine Industries (NPIL), PT. Kutai Timber Indonesia (KTI), PT. AST Indonesia (ASTI), PT. Sinar Rimba Pasifik (SRP), Canyon Creek Cabinet (CCC), and Vina Eco Board (VECO), Pan Asia Packing (PAP), and PT. Rimba Partikel Indonesia (RPI)

Click here for related information _____

-  [Occupational Health and Safety Management](#)
-  [Targets and Performance Concerning Occupational Injuries](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

Material Issue 7 To create new markets with forests and wood

Material Issue 7

Material Issue 7 To create new markets with forests and wood

Creating new markets that enrich the economy through the resourceful use of forests and wood.

Related SDGs



Basic Policy

Utilization of forests and wood is emphasized in order to enrich the economy while solving various environmental and social issues such as realization of a decarbonization society and a circular economy, conservation of biodiversity, and respect for human rights. In order to deepen and expand utilization of wood and activate functions of forests, creation of new markets that utilize them is also the key. Housing markets in emerging countries such as Asia are growing and, due to the aging of society, elderly care services in developed countries such as Japan are expanding. In addition, the markets for wooden buildings, including medium- to large-scale buildings, as well as other environmentally conscious products and offsetting products are expected to expand due to the growing needs for environmentally conscious products. As market environment changes at a bewildering rate, companies are required to flexibly cope with such changes in the market.

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 7	Impact (Opportunities)	Impact (Risks)
To create new markets with forests and wood Creating new markets that enrich the economy through the resourceful use of forests and wood.	<ul style="list-style-type: none"> Realization of a prosperous society by creating new value 	<ul style="list-style-type: none"> Loss of business opportunities due to delays in responding to expanding markets

Management of Material Issue 7 (FY2023)

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

Development of New Business

In the medium- to large-scale wooden construction business, we participated in a 15-story wooden office development project in Melbourne, Australia in 2021, followed by the development of a 6-story wooden office in the UK, a 3-story wooden office in Atlanta, USA, and a 7-story wooden office in the suburbs of Dallas, USA in 2022. In 2023, in the USA, we began to develop an eight-story large-scale commercial real estate in suburbs of Washington, D.C., a five-story pure wooden structure commercial real estate in suburbs of Denver, Colorado, an eight-story commercial real estate in suburbs of Seattle, and a five-story commercial real estate in suburbs of Dallas, Texas. We plan to continue to actively develop this business.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Development of medium- to large-scale wooden constructions business (US / Australia / Europe)	Global Construction and Real Estate Division	Commercialization	Commercialization	○	Commercialization

[Click here for related information](#)

➤ [Construction and Real Estate Business](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Research & Development

Regarding the number of contracts for joint research partners, the objective is to promote R&D based on knowledge that is not available in-house by establishing cooperative frameworks with public institutions and private research organizations.

The number of contracts in Tsukuba Research Institute in 2023 was 31 (59.6% of all themes), which was less than the planned number, but the ratio of all themes exceeded the planned percentage.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Number of contracts for joint research partners (cases)	Tsukuba Research Institute	36	31	×	38
Ratio of all themes (%)		51	59.6	○	54

[Click here for related information](#)

[Research & Development](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

Material Issue 8 To transform markets through DX and innovation

Material Issue 8

Material Issue 8 To transform markets through DX and innovation

Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.

Related SDGs



Basic Policy

In the fields of forestry and wooden construction business, where tradition and experience have been emphasized, it is necessary to raise economic efficiency and increase added value through market reforms such as DX and innovation, in view of the situation such as decrease and aging of main players, technological advancement and globalization, and future demand expansion. Global acceleration of digitalization in procurement, design and construction of buildings, utilization of technology and AI technology, and digitalization of end consumers, delayed responses can result in cost disadvantages compared to competitors and can lead to loss of customer contact and opportunities to win new customers.

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

Impact on Society and the Environment

Material Issue 8	Impact (Opportunities)	Impact (Risks)
To transform markets through DX and innovation Enhancing economic efficiency and added value through business transformation brought about by DX and innovation.	<ul style="list-style-type: none"> • Improve workability by improving work efficiency • Improve productivity through effective use of data 	<ul style="list-style-type: none"> • Destruction of existing business value through technological innovation • Loss of cost competitiveness with competitors and opportunities to win new customers due to delay in response



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Management of Material Issue 8 (FY2023)

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

DX related

In the timber and building materials distribution sector, delivery slips are sent to customers, and we are working to reduce the use of paper delivery slips and improve the efficiency of paperwork in line with the shift to electric transmission.

In fiscal 2023, 867 companies (introduction rate of 62%) introduced the system, compared to the planned 770 companies (introduction rate of 55%). In the wake of the coronavirus disease (COVID-19) outbreak in fiscal 2020, the need to work in a telework system environment increased employee awareness of data transmission, contributing to higher adoption rates. Reduction of simple input work for documents like delivery slips through the use of digital technologies such as RPA and OCR also progressed steadily. We are currently promoting "RPA Citizen Developer," which allows non-specialist employees to develop RPA systems that were previously developed by professionals with specialized knowledge. IT Division is playing a central role in training employees for RPA development.

The number of facilities with sensor equipment installed in the elderly care business increased by one to 19 with the opening of new facilities in 2023. In fiscal 2024, we plan to continue to promote the introduction of monitoring sensors at all our facilities.

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
Data linkage with customer (company) Adoption rate (%)	Timber and Building Materials Division (IT Solutions Department)	770 55	867 62	○	820 59
RPA and OCR adoption rate (%)		90	86.2	△	100
Number of facilities that have introduced sensor equipment in elderly care business	Lifestyle Service Division	19	19	○	19

[Click here for related information](#)

➤ [Communication with Our Business Partners](#)

➤ [Information Security/DX](#)

➤ [Communication with Our Customers in our
Lifestyle Services Business](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

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

Material Issue 9 To establish a robust business structure

Material Issue 9

Material Issue 9 To establish a robust business structure

Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.

Related SDGs



Basic Policy

Building a strong business system is important for a company to carry out sustainable business amidst a global environment of crises that have a great impact on the economy such as intensification of natural disasters, and financial and geopolitical risks. Continuing business even in the face of unexpected events also contributes to stability of the industry and market as a whole.

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Impact on Society and the Environment

Material Issue 9	Impact (Opportunities)	Impact (Risks)
To establish a robust business structure Contributing to a stable economy by continuously providing value with a structure that is resilient to contingent circumstances.	<ul style="list-style-type: none"> • Building a business foundation by strengthening information security system • Improving employee awareness by establishing an educational foundation • Improving credibility from society by strengthening governance system 	<ul style="list-style-type: none"> • Intensifying effects on business activities due to unexpected circumstances such as natural disasters, infectious diseases, and financial crises

Management of Material Issue 9 (FY2023)

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

Governance /Compliance /Climate change

As a response to governance, an external evaluation of effectiveness of the Board of Directors was completed in February 2023 in response to the results of a survey of all directors and statutory auditors. We continue to conduct same evaluations.

Task Force on Climate-related Financial Disclosures (TCFD) scenario analysis was conducted for two of our core businesses, the Housing Division and the Timber and Building Materials Division, in fiscal 2018, and in fiscal 2022 the analysis was conducted in two divisions, the Global Housing Division and the Environment and Resources Division. From October 2022 to March 2023, we conducted another review of the aforementioned two divisions, the Housing Division and the Timber and Building Materials Division, and together with the Global Housing Division and Environment and Resources Division, risks and opportunities related to climate change were analyzed and countermeasures were considered, at the company-wide level. In fiscal 2024, we plan to formulate and examine strategies based on results of TCFD scenario analysis for each division and reflect them in the next Mid-Term Sustainability Targets (2025-2027).



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - **Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan** - Stakeholder Engagement

Results

Ratings in the table below

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

Indicators for Evaluation	Managing department	FY2023 target	FY2023 result	FY2023 value	FY2024 target
New introduction of business process control (internal control)	Global Construction and Real Estate Division	Continuation	Implementation	○	Continuation
Strengthening information security level of overseas affiliated companies* (%)	IT Solutions Department	50	45	△	100
Implementation of external evaluation of effectiveness of the Board of Directors	General Administration Department	Examination	Continuation	○	Completion
Conduct scenario analysis and disclosure consistent with guidance from the Task Force on Climate-related Financial Disclosures (TCFD)	Sustainability Department	Examining impact of the entire group through re-implementation in two divisions including Timber and Building Materials Division, and Housing and Construction Division	Examining impact of the entire group through re-implementation in two divisions including Timber and Building Materials Division, and Housing and Construction Division	○	Examining reflection of measures taken by the group in the strategy for each business division of the next Mid-Term Management Plan

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

[Click here for related information](#)

➤ [Information Security/DX](#)

➤ [Corporate Governance and Internal Control](#)

➤ [Responding to TCFD and TNFD](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

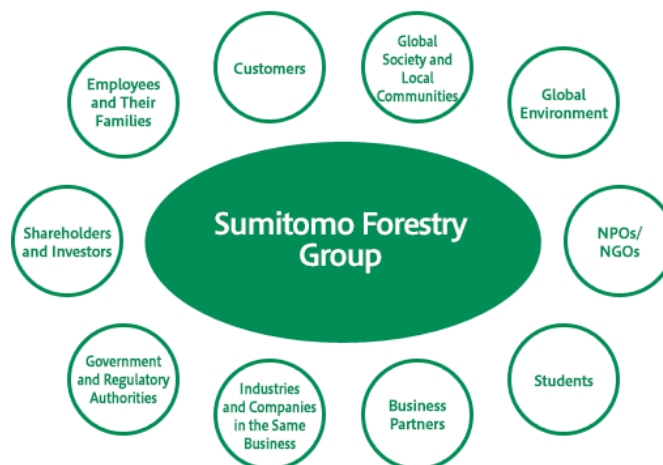
Sumitomo Forestry Group's Sustainability Management

Stakeholder Engagement

Basic Policy

The Sumitomo Forestry Group is involved with various stakeholders because the business activities conducted by the Group are in a broad range of global businesses from the upstream to the downstream with wood—as a renewable natural resource—at the core. Our focus is always on communication as well as taking into account the direct and indirect relationships between stakeholders while we are engaged with our business activities, and sincerely responding to their expectations and requirements.

Stakeholders of the Sumitomo Forestry Group



Responsibilities and Communication Methods

Customers

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

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

Click here for related information

➤ Product and Service Safety as well as the Quality Management

➤ Communication with Our Customers in the Housing Business

Employees and Their Families

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

We believe that working to resolve these challenges is the driving force to improving corporate value and business promotion with positive effects including gaining human resources, improving the motivation of employees, and eliminating risks for employees.

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

Click here for related information

➤ Diversity, Equity and Inclusion

➤ Human Resources Development

➤ Communication with Employees

➤ Work-Life Balance

➤ Occupational Health and Safety Management



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

Shareholders and Investors

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

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

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

[Click here for related information](#)

[Return to Shareholders and IR Activities](#)

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

Government and Regulatory Authorities

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

For example, in the field of housing construction, we must comply with the Building Standards Act as well as a wide range of other laws and regulations. In addition, in terms of forest management, we need to submit various notifications to the government and regulatory authorities because they are projects related to national land.

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

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

Industries and Companies in the Same Business

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

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

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

[Click here for related information](#)

➤ [Contributions to Public Policy](#)

Business Partners

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

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

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

[Click here for related information](#)

➤ [Supply Chain Management](#)

➤ [Occupational Health and Safety](#)



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

Students

The Sumitomo Forestry Group provides information on its philosophy, business models that contribute to the economy, society, and the environment through its core business, various initiatives such as workstyle reform, and its medium- to long-term vision to students who are entrusted with the next generation.

In addition to deepening understanding of Sumitomo Forestry, we are actively engaging in two-way communication using online tools in a rapidly changing environment.

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

[Click here for related information](#)

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

NPOs/NGOs

The Sumitomo Forestry Group works with NPOs and NGOs that have specialized knowledge and understand the situation in the regions where they operate to address social issues such as deforestation, loss of biodiversity, and human rights issues. Through the cooperation with civil society, we fulfill our role for not only the company but also many other people. We expect to produce even greater results toward solving the challenges faced by society rooted in each community.

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

[Click here for related information](#)

➤ [Reinforcing Engagement with NGOs and Other External Stakeholders](#)

➤ [Social Contribution](#)

Global Environment

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

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

Click here for related information

> Mitigation of Climate Change

> Sustainable Forest Management

> Biodiversity Conservation

> Waste Reduction and Recycling

> Social Contribution

Global Society and Local Communities

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

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

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

Click here for related information

> Social Contribution

Grievance Desk

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

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



Corporate Philosophy and Sustainability Management - Sustainability-related Policies and Philosophy - Mid-Term Sustainability Targets and Material Issues - Contributions to the SDGs and Material Issues - Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan -

Stakeholder Engagement

Grievance Desks at overseas forestry companies

In many countries and regions, the land rights of indigenous peoples and local communities are recognized by formal and common law. While forestry projects have the potential to bring jobs and social development to a community, building and maintaining good relationships through communication with these stakeholders is also crucial for the protection of human rights and the sustainability of our businesses.

Indonesia

We implemented and have been operating a grievance mechanism at our forest operations in Indonesia since 2018. We receive comments and requests from residents of local communities, through regular visits or in writing, and respond to them within seven working days as a general rule.

In 2023, PT. Wana Subur Lestari (WSL) and PT. Mayangkara Tanaman Industri (MTI) received 24 comments and requests in total and all were already responded.

Papua New Guinea

At Open Bay Timber Ltd. (OBT) in Papua New Guinea has put in place a complaint box in which anyone from the area within and outside the company operation can post a complaint, requests or comment. Inquiries received in this way from local residents and others in the area are shared internally as needed so that we can undertake appropriate responses.

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

➤ Compliance Hotline

➤ Respect for Human Rights in Overseas Forest
Management



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

Initiatives for Sumitomo Forestry Group's Business and ESG

074	Overall Picture of Our Business
075	Timber and Building Materials Business
079	Housing Business
082	Global Construction and Real Estate Business
086	Environment and Resources Business
090	Lifestyle Services Business
093	Research & Development



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

Initiatives for Sumitomo Forestry Group's Business and ESG

Overall Picture of Our Business

Overall Picture of Our Business

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

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

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



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

Initiatives for Sumitomo Forestry Group's Business and ESG

Timber and Building Materials Business

Business Overview

The Timber and Building Materials Business engages in a wide range of operations from the manufacturing of timber and building materials to their distribution, as the leading timber and building materials trading company in Japan in terms of transaction amount.

Based on a global network built up over years of involvement in developing operations worldwide, the Distribution Business sources stable supplies of high-quality timber from properly managed forests. In Japan, we purchase and sell a wide range of products related to timber and building materials. In recent years, we also handle domestic timber that has reached the harvest stage and wood chips used to fuel biomass power generation expected to see larger demand in the future.

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



Main Business Figures (FY2023 Result)

Recycling rate at manufacturing plants

Japan: **99.6%**

Overseas: **95.7%**

Sustainability procurement survey implementation
rate of suppliers of imported timber

100%

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

Environment

Social

Governance

Related
Information

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

Value Chain of Distribution Business



Verification of Legal Compliance and
Sustainability

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



Procurement

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

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



Commercialization and Delivery

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



Shipping and Sales

The Sumitomo Forestry Group fulfills accountability by encouraging sales of certified timber as well as labeling with considerations to traceability.

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

Environment

Social

Governance

Related
Information

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

Value Chain of Manufacturing Business



Product Development/Raw Material
Procurement

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



Manufacturing

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

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



Shipping

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

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

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

The Timber and Building Materials Business develops a broad range of businesses centered upon wood, which encounter various social issues in each process from procurement through manufacturing and distribution. Additionally, we are moving ahead with initiatives to establish a cyclical resource supply system with the timber industrial complex as a pillar and standardizing carbon neutral design through the expanded adoption of One Click LCA.

The Sumitomo Forestry Group recognizes a broad range of important social issues regarding timber and wood products handled in its distribution businesses from compliance with laws, regulations and social norms to the respect of human rights, securing of occupational health and safety, biodiversity conservation and the consideration of local community. We promote the integration

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

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

of business with ESG by setting targets related to the percentage of sustainable timber and wood products handled and incorporating confirming the sustainability initiatives of suppliers in the business flow.

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

ESG Initiatives in the Timber and Building Material Business



Click here for related information

[Utilization of Sustainable Forest Resources](#)

[Resource Recycling Initiatives](#)

[Occupational Health and Safety](#)

[Safety and Quality of Products and Services](#)

[Supply Chain Management](#)

Top
CommitmentSustainability
Management**Initiatives for Sumitomo
Forestry Group's
Business and ESG**

Environment

Social

Governance

Related
Information

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

Initiatives for Sumitomo Forestry Group's Business and ESG

Housing Business

Business Overview

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



Main Business Figures (FY2023 Result)

Number of buildings sold and delivered in Japan

Custom-built detached house, rental housing, built-for-sale detached housing Total **9,295**houses

Fixed carbon content* **197,247**t-co₂

* Including construction business

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

Environment

Social

Governance

Related
Information

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

Value Chain of the Housing Business



Sales/Product Development

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

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



Design

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



Materials Procurement

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



Construction

The Sumitomo Forestry Group works carefully and efficiently to ensure our daily work's safety and deliver completed buildings to our clients on time.

Therefore, we are building a system to ensure our policies and initiatives are carried out on-site by the construction contractors through implementation of safety training and environmental education.

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

Environment

Social

Governance

Related
Information

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



After-Sales Support

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

Integrated Approach to ESG Initiatives in the Housing Business

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

One of the areas in which we can contribute the most in reducing environmental impact is the reduction of greenhouse gases emissions from housings that people live in. We are also working to realize a decarbonized society. These efforts include recommending ZEH-spec housing that add energy conservation, energy creation, and resilience functions while meeting customer needs, reducing household energy consumption by striving to increase ZEH orders, and launching life cycle carbon minus housing (LCCM).

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

ESG Initiatives in the Housing Business



Click here for related information

➤ Mitigation of Climate Change

➤ Adaption to Climate Change

➤ Contributions to Eco Cities Through Greening

➤ Occupational Health and Safety

➤ Safety and Quality of Products and Services

➤ Communication with Our Customers >
➤ Communication with Our Customers in the Housing Business

Resource Recycling Initiatives > Waste

➤ Reduction and Recycling in the Housing Business

➤ Supply Chain Management

Top
CommitmentSustainability
Management**Initiatives for Sumitomo
Forestry Group's
Business and ESG**

Environment

Social

Governance

Related
Information

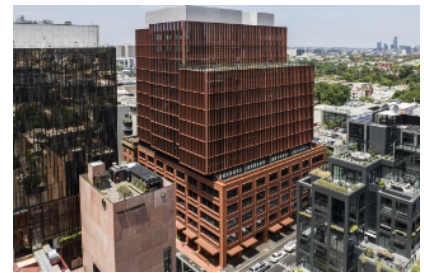
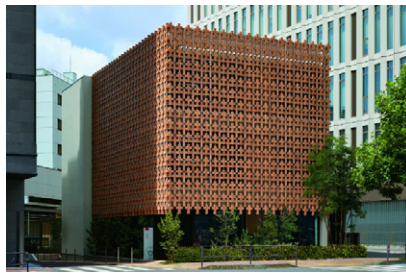
Overall Picture of Our Business - Timber and Building Materials Business - Housing Business - **Global Construction and Real Estate Business** -
Environment and Resources Business - Lifestyle Services Business - Research & Development

Initiatives for Sumitomo Forestry Group's Business and ESG

Global Construction and Real Estate Business

Business Overview

The Sumitomo Forestry Group has been actively entering promising growth markets since launching the housing business in the United States in 2003. Currently, the Housing, Construction and Real Estate Business is expanding even in Australia and Asia. In addition to offering housing and medium- to large-scale wooden constructions that matches the needs of the climate and natural features as well as markets in each region, we promote initiatives to create shared value through our business activities by respecting employees, local residents, corporate organizations, society and every other stakeholder.



Main Business Figures (FY2023 Result)

Housing sold and delivered in the United States and Australia **13,623**houses

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

Environment

Social

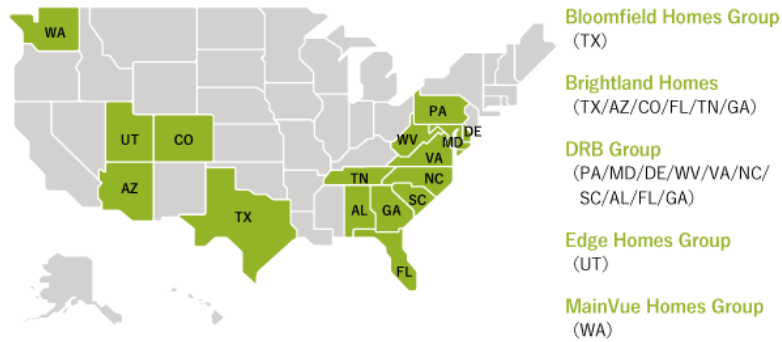
Governance

Related
Information

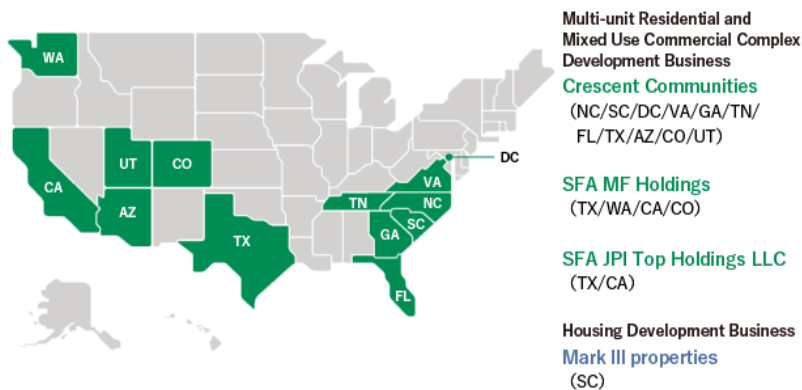
Overall Picture of Our Business - Timber and Building Materials Business - Housing Business - **Global Construction and Real Estate Business** -
Environment and Resources Business - Lifestyle Services Business - Research & Development

Construction and Real Estate Business Development Areas

United States Housing Construction Business Areas



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




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

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

Australia Single Family Homes and Landscape Business Area



Single family homes
(custom-built and
for-sale housing) business
Henley Properties Group
(VIC/QLD/NSW/SA)

Wisdom Properties Group
(NSW)

Single family homes
(custom-built house)
business

Scott Park Group
(WA)

Landscape Business
Regal Innovations
(NSW/ACT/VIC/QLD)

Asian Business Areas



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

Environment

Social

Governance

Related
Information

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

Main medium- to large-scale wooden construction business (excluding Japan)

Country/Region	Title		Building area	Start of construction
Australia (Melbourne)	15-story wooden office	36 Wellington Project	28,865m ²	December 2021
United States (Dallas, Texas)	7-story wooden office	Southstone Yards Project	Approx. 22,548m ²	August 2022
United Kingdom (London)	6-story wooden office	Paradise Project	7,445m ²	March 2023

Integrated Approach to ESG Initiatives in the Global Construction and Real Estate Business

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

In Australia, all-electric appliances and solar panels are standard equipment, adding value from the perspective of reducing environmental impact.

At the same time, we have established a system that enables us to take prompt and reliable action on important matters, including risk assessment in housing and real estate development and ensuring occupational health and safety at work sites, in accordance with Group policies and through communication with Sumitomo Forestry's head office.

ESG Initiatives in the Global Construction and Real Estate Business



Click here for related information

> Development of Environmentally-conscious
Housing Overseas

> Green Building Initiatives

> Safety and Quality of Products and Services

> Medium- to large-scale Wooden
Constructions Business Initiatives

> Human Rights Initiatives

> Risk Management > Risks in Operations

> Overseas Landscaping Businesses



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

Initiatives for Sumitomo Forestry Group's Business and ESG

Environment and Resources Business

Business Overview

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

In Indonesia, Papua New Guinea and New Zealand, we own and manage approximately 240,000 ha of planted forest, including forests which have acquired the Forest Stewardship Council® (FSC) and other third-party forest certifications, which help conserve biodiversity and contribute to the development of local communities.

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



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

Environment

Social

Governance

Related
Information

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

Main Business Figures (FY2023 Result)

Managed and owned forest area

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

Overseas: Approx. **240,000ha**

Wood biomass power generation scale (based on
confirmed projects)

Approx. **252MW**

Value Chain of Forestry Business



Seedling Farming and Cultivation

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

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



Cultivation

The Sumitomo Forestry Group manages a total of approximately 48,000 ha of company-owned forests in Japan and a total of around 240,000 ha of company-owned planted forest area overseas.

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



Logging/Transport

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

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

Environment

Social

Governance

Related
Information

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



Site Preparation

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

Value Chain of the Renewable Energy Business



Procurement

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



Production

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



Power Generation/Wholesales

The Sumitomo Forestry Group is developing energy business by leveraging local characteristics and conditions of each wood biomass power generation area in six regions.

Integrated Approach to ESG Initiatives in the Environment and Resources Business

Forests have multifaceted functions such as water source recharge, global warming prevention, biodiversity conservation, and forest product supply. A sustainability perspective is essential for forest management, maintaining the cycle of planting trees, growing them, harvesting and utilizing them, and planting them again.

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

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

Currently in Japan, planted forests are approaching the harvesting period, and the nation is underway trying to turn forestry into a growth industry by encouraging the use of wood. The stable supply of seedlings for replanting has become a challenge amid expectations of increasing clear cutting while encouraging the use of domestic timber. Our domestic forestry business adopted leading-edge forestry equipment to improve productivity while developing and strengthening seedlings production systems.

In our overseas forestry business, worldwide deforestation and stronger regulations on harvesting natural forest are expected to reduce the supply of natural wood even more. In this business climate, the Sumitomo Forestry Group engages in sustainable forest management and industrial material production harmonized with local communities and the environment. This includes the development of large-scale afforestation projects and the use of logs as raw materials of our manufacturing business. In December 2022, we acquired 100% of the shares of PT. BINA OVIVIPARI SEMESTA (BIOS), a company that owns and manages mangrove forests. By protecting and managing mangrove forests as a conservation forest, we aim to create high quality blue carbon credits.

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

ESG Initiatives in the Environment and Resources Business



Click here for related information

[Promotion of the Renewable Energy Business](#)

[Sustainable Forest Management](#)

[Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas](#)

[Resource Recycling Initiatives](#)

[Respect for Human Rights in Overseas Forest Management](#)

[Occupational Health and Safety](#)

[Examples of Regional Contribution Activities Overseas](#)



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

Initiatives for Sumitomo Forestry Group's Business and ESG

Lifestyle Services Business

Business Overview

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

In addition to elderly care businesses, the Sumitomo Forestry Group is also involved in the VISON lodging and accommodations business launched in Taki-cho, Mie Prefecture, Japan in July 2021. The joint industry, government and academia project takes advantage of local resources with the goal of advancing industry and creating jobs around the keywords of food, nature and health.

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



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

Environment

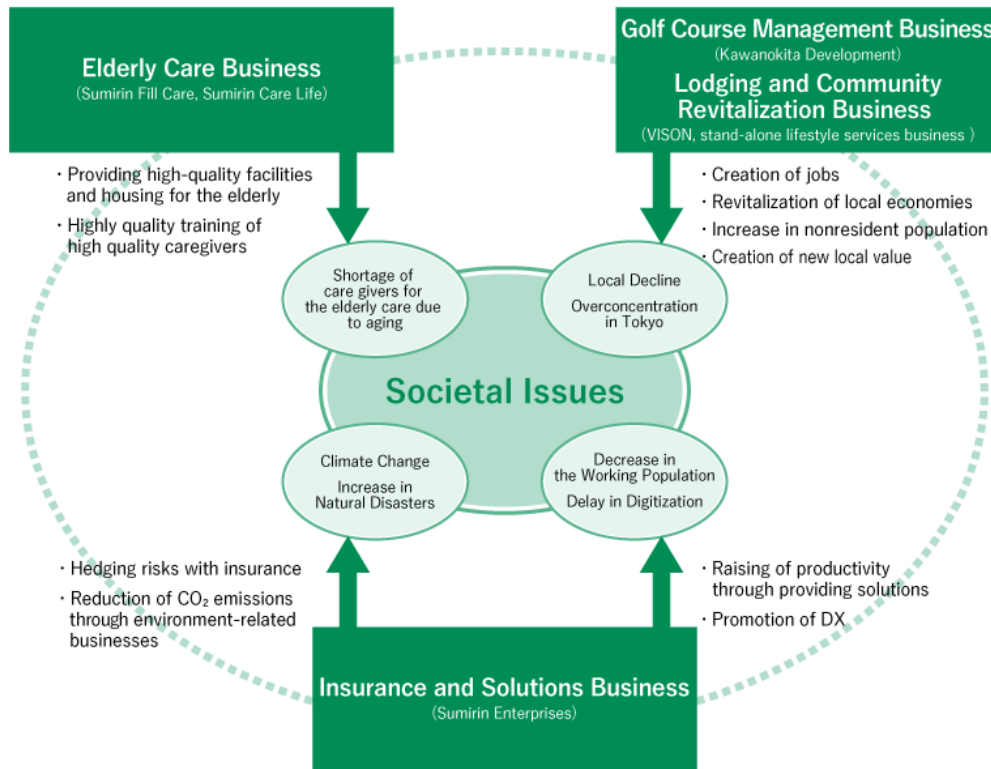
Social

Governance

Related
Information

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

Social Issues and Lifestyle Services Business



Main Business Figures (FY2023 Result)

Sumirin Fill Care

Number of private-pay elderly care facilities **17**

Number of day service sites **3**

Sumirin Enterprises

Insurance business revenue **1,189 million yen**

Number of insurance business site **13**

Number of insurance companies managed **17** (Non-life insurance companies 4, life insurance companies 13)

Sumirin Care Life

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

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

Sumirin Fill Care

Sumirin Fill Care manages 17 private-pay elderly care facilities and other sites mainly in the Tokyo metropolitan area under themes to connect people with the warmth of wood and provide elderly care services suitable for the changing times. By introducing ICT systems, we are looking to increase operational efficiencies, provide services tailored to individual tenant needs, and enhance our hospitality services.

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

Environment

Social

Governance

Related
Information

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

Sumirin Care Life

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

Integrated Approach to ESG Initiatives in the Lifestyle Services Business

The rate at which Japan's population is aging continues to accelerate even after having become a super-aged society in 2010. In October 2022, the aging rate reached 23.0%*, and is estimated to exceed 30% by 2030. This rapidly advancing trend toward a super-aged society is one of the most critical societal issues Japan faces.

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

* Source: The FY2023 Annual Report on the Ageing Society by the Ministry of Health, Labour and Welfare.

ESG Initiatives in the Lifestyle Services Business



Click here for related information

> Resource Recycling Initiative

> Occupational Health and Safety

> Safety and Quality of Products and Services

Communication with Our Customers >
> Communication with Our Customers in the
Lifestyle Services Business

> Business Initiatives That Contribute to
Regional Co-creation

Top
CommitmentSustainability
Management**Initiatives for Sumitomo
Forestry Group's
Business and ESG**

Environment

Social

Governance

Related
Information

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

Initiatives for Sumitomo Forestry Group's Business and ESG

Research & Development

Overview

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



Main Figures (FY2023 Result)

Research and development expenses **2,878**million yen

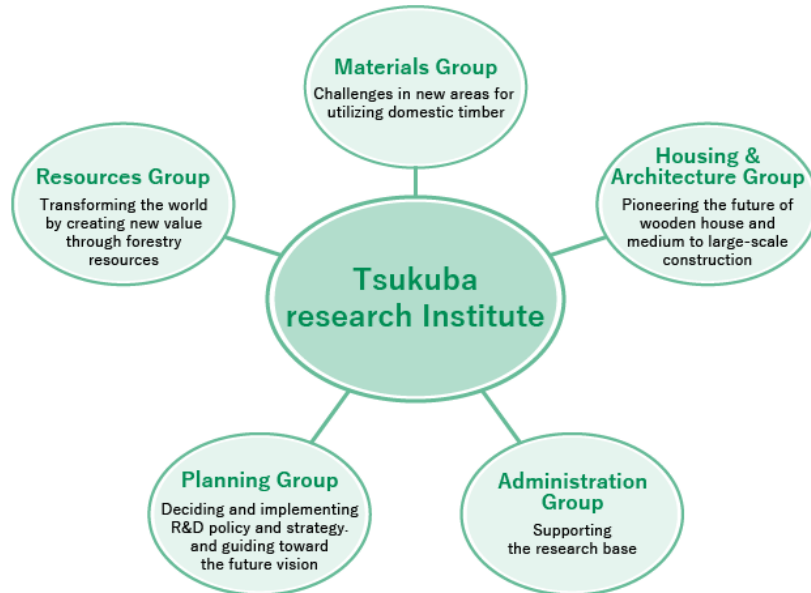
Research and Development System and Fields

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

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

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

Tsukuba Research Institute's Research and Development System and Fields



Click here for related information

➤ [Tsukuba Research Institute Website](#)

Management and management
 responsibility system for public research
 funds, and prevention of research
 misconduct (in Japanese)



Research Results Benefiting People and Society

In 2018, the Sumitomo Forestry Group announced the "W350 Plan," a research and technology development concept that aims to realize a "Timberized Eco City" by 2041, the 350th anniversary of its founding, by transforming the city into a forest through the woodification and use of wood of the surrounding buildings and everything else, with wooden high-rise buildings as the symbol. Then, in February 2022, Sumitomo Forestry announced its long-term vision, "Mission TREEING 2030," which aims to promote decarbonization and realize a circular bioeconomy through upstream to downstream business activities centered on "trees". Tsukuba Research Institute contributes to the realization of the Sumitomo Forestry Group's goals by applying the various knowledge and technologies gained through its research activities to Sumitomo Forestry's business, and by sharing them with people and society.

Click here for related information

➤ [Visualization of CO₂](#)

➤ [Research and development aimed at realizing
a decarbonized society](#)

➤ [Collaborative research on varieties that are
strong in climate change](#)

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources



096	Environmental Management
108	Responding to TCFD and TNFD
140	Responding to Climate Change
190	Sustainable Forest Management
219	Utilization of Sustainable Forest Resources
227	Biodiversity Conservation
246	Resource Recycling Initiatives
264	Pollution Prevention
277	Efficient Use of Water Resources



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Environmental Management

Sumitomo Forestry Group's Environmental Management

Sumitomo Forestry Group's Environmental Management

The Sumitomo Forestry Group advocates contributions to the realization of a sustainable society in its Corporate Philosophy.

The Environmental Policy applies to all stages of product life cycle and all business processes from product and service development, design and manufacturing to material procurement, distribution, waste management, supplier and partner selection, new project launches, and mergers and acquisitions, in all businesses of the Sumitomo Forestry Group to promote businesses that contribute to the realization of a sustainable society by balancing the environment and the economy.

For example, regarding the selection and evaluation of suppliers, a "sustainability procurement survey" is conducted based on our Environmental Policy, and when a new business is started up or a joint venture or acquisition is made, each division performs a risk check from both aspects of the environment and society.

To share and raise awareness of the Environmental Policy among Group employees, it is reflected in employee handbooks, on the website and posters, etc. as well as read at new employee training sessions, ISO 14001 internal environmental auditor training courses and departmental meetings. The Environmental Policy are also posted in meeting rooms, and the environmental approach of the Sumitomo Forestry Group has been shared with business partners.

Sumitomo Forestry Group Code of Conduct applies to not just the Group enterprises but also to the supply chain. The Code of Conduct drives coexistence with the environment and clarifies the approach to advance efforts toward the environment, including all of the business partners of the Sumitomo Forestry Group.

In 2022, Sumitomo Forestry established a long-term vision "Mission TREEING2030", in which ideal image of the group was incorporated into long-term business structure to realize a decarbonized society towards 2030 which is the goal year of the SDGs. We also unveiled "Mission TREEING 2030 Phase 1" (2022-2024), a three year mid-term management plan. As "Further integration of business operations and ESG" is one of the five basic policies, we set and implement Medium-Term Management Plan Sustainability 2024 which includes the sustainability strategy as well as nine newly identified material issues. We will improve our environmental management based on this target.

[Click here for related information](#)

➤ [Corporate Philosophy and Sustainability Management](#)

➤ [New Business Plan Risk Assessment](#)



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Sumitomo Forestry Group Environmental Policy

Through our experience nurturing forests since our founding, Sumitomo Forestry Group has learned to appreciate the wonders of wood and the importance of nature. As a corporate entity with a close affinity to nature, we will pursue business activities that balance both environmental and economic interests and contribute to a sustainable society.

1. Develop business operations centered on wood and forests

We will cultivate forests and their ability to preserve and enhance the rich ecosystem to protect biodiversity, actively utilize timber resources and create new corporate value.

2. Develop and offer environmentally conscious products and services

We will develop and sell products and services that are environmentally conscious throughout the entire product lifecycle.

3. Minimize and improve environmental impact

To minimize and improve environmental impact, we will employ procurement practices that prevent environmental pollution and climate change and promote the effective utilization of natural resources.

4. Ensure strict legal compliance

We will adhere to all environmental laws, rules and regulations, global standards, voluntary standards and accords with stakeholders.

5. Make continual improvements to our environmental management system

We will accurately assess environment-related risks associated with our business activities and with a mid-to-long-term outlook, set and work to fulfill yearly environment goals. In addition, we will regularly evaluate our environmental management system and make continual improvements.

6. Promote environmental education

We will provide environmental education for all parties involved in Sumitomo Forestry Group's business operations and encourage voluntary environmental efforts.

7. Pursue active communication

We will actively disclose information about our environmental policy and initiatives and pursue activities that convey the wonders of trees and forests and the importance of nature.

President and Representative Director
Toshiro Mitsuyoshi

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

Environment

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Environmental Management

Environmental Management Structure

Environmental Management Structure

To ensure that management is practiced in accordance with the Environmental Policy, whose objective is to contribute to the creation of a sustainable society, the Sumitomo Forestry Group has established an environmental management structure with the President of Sumitomo Forestry assuming overall responsibility.

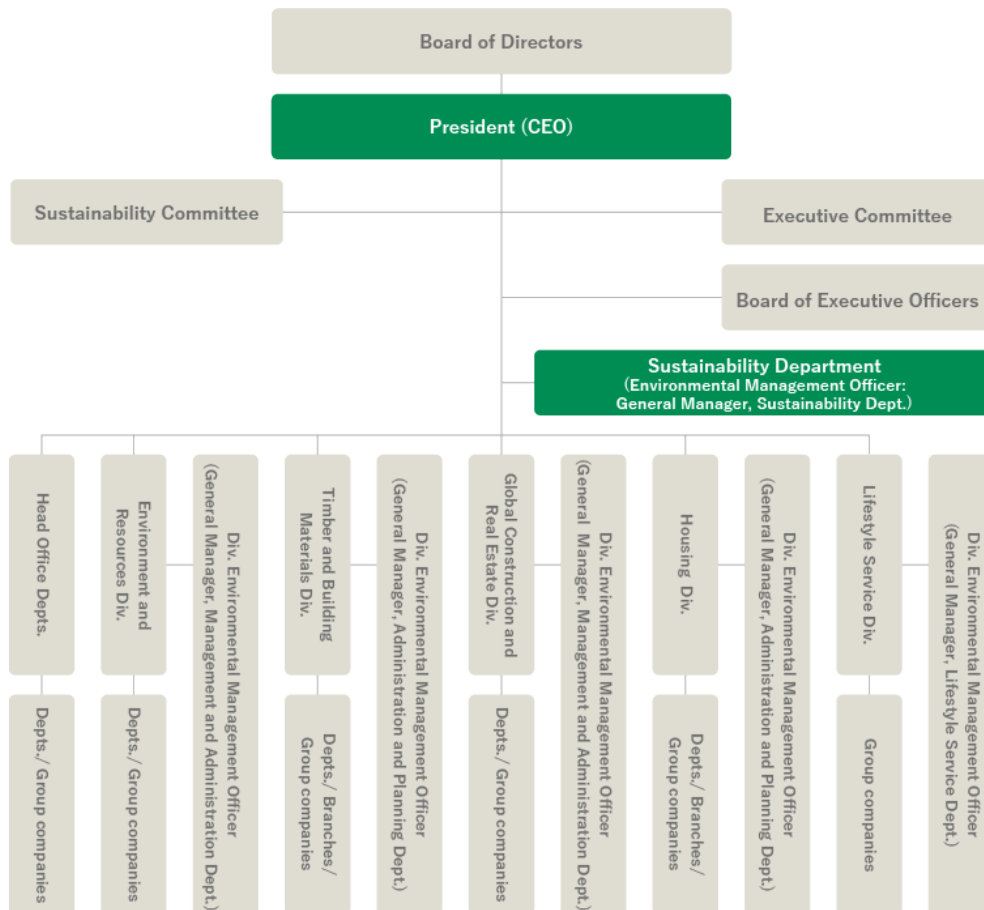
The General Manager of Sustainability Department under the President and Representative Director acts as the Environmental Management Officer to raise the effectiveness of environmental activities by drafting a Sustainability Budget as a quantitative target for each fiscal year for environmental activities that each department of the Group is advancing and by regularly checking progress in with the Sustainability Committee.

In addition, Sustainability Committee reports its findings to the Board of Directors, and the Board of Directors is involved in monitoring environmental performance.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Environmental Management Structure



Click here for related information

[Management of Mid-Term Sustainability Targets](#)

Roles of Environmental Management Personnel

- Group Overall Environmental Representative: President (CEO)
- Group Environmental Management Officer: General Manager, Sustainability Dept.
- Division Environmental Management Officers: General Manager, Administration and Planning Dept. (Timber and Building Materials Div.); General Manager, Administration and Planning Dept. (Housing Div.); General Manager, Management and Administration Dept. (Global Construction and Real Estate Div.); General Manager, Lifestyle Service Dept. (Lifestyle Service Div.)
- Department Environmental Managers: General Managers, presidents of group companies, etc.
- Environmental activity personnel: Environmental promotion personnel



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

ISO14001 Certification

Sumitomo Forestry introduced an environmental management system in fiscal 1995 and acquired ISO14001 certification for its housing operations in fiscal 1997 ahead of other players in the housing industry. Subsequently, other divisions of Sumitomo Forestry also promoted the acquisition of certification, and in fiscal 2002, all divisions of Sumitomo Forestry in Japan had acquired this certification. The scope of certified Group companies has been extended to businesses that have a large influence on the environment, and today the Group has four certified companies in Japan. Progress is also being made on certification of overseas Group companies, focused on manufacturing companies, with six companies already certified.

The scope of consolidated companies to be certified focuses on companies that are engaged in manufacturing business and other businesses that have a large influence on the environment. In fiscal 2023, the certification rate of consolidated organizations was 94.8% (based on sales).

FY2023
ISO14001 Certification Rate
(Based on Sales)

94.8%

Sumitomo Forestry Group ISO14001 Certification

Group companies		Date acquired	Date renewed (valid for three years)
Multi-site Certification at Group Companies in Japan	Sumitomo Forestry Co., Ltd. (excl. overseas operations)	August 2002 ^{*1}	August 2022 ^{*1}
	Sumitomo Forestry Landscaping Co., Ltd.	November 2002 ^{*2}	
	Sumitomo Forestry Crest Co., Ltd.	September 2003 ^{*2}	
	Sumitomo Forestry Home Tech Co., Ltd.	March 2013 ^{*2}	
	Japan Bio Energy Co., Ltd.	August 2014 ^{*2}	
Cohnan Kensetsu Inc.		March 2011	March 2023
Kutai Timber Indonesia (KTI)		August 2001	November 2022
Nelson Pine Industries Ltd. (NPIL)		July 2003	July 2022
PT. Rimba Partikel Indonesia (RPI)		October 2005	October 2023
PT. AST Indonesia (ASTI)	The first factory	January 2007	January 2022
	The second factory	January 2022	January 2022
Vina Eco Board Co., Ltd. (VECO)		March 2014	March 2023
Pan Asia Packing (PAP)		April 2017	April 2023

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Group companies	Date acquired	Date renewed (valid for three years)
Regal Innovations Pty Ltd (Regal)	October 2019	October 2022

*1 Certification was acquired by individual departments and divisions from 1997 before integrated ISO14001 certification was acquired for the entire company

*2 Acquired by inclusion in Sumitomo Forestry's integrated certification

Audits by External Certification Bodies

Companies covered by the multi-site integrated ISO14001 certification in Japan undergo routine reviews conducted once a year by the certification body JIC Quality Assurance Ltd. In fiscal 2023, 36 departments at four companies underwent renewal and transition reviews for the ISO14001: 2015 (JISQ 14001: 2015).

As a result of these reviews, one nonconformity and 71 opportunities for improvement were identified. On August 3, 2023, the companies under review were approved to sustain their registration after the assessment.

For the one nonconformity, we investigated the root causes, implemented measures to prevent recurrence, and horizontally shared the information, including in other branches. For each of the opportunities for improvement, we examined improvement methods and took individual action. Issues common to all Group companies were shared by the Sustainability Department, and the status of improvement was confirmed through internal environmental audits. The audit was conducted with particular attention to the effectiveness of compliance with environmental laws and regulations, compliance mechanisms, and responding (measures) to deal with matters where targets were not achieved.

Internal Environmental Audits

In addition to reviews conducted by external certification bodies, companies covered by the multi-site ISO14001 certification periodically carry out internal environmental audits. These audits are implemented by employees who have passed an exam upon completion of an in-house training course taught by third-party instructors to become internal environmental auditors.

Following the amendments of the international standards in September 2015, requiring these courses be taken and passed by all general managers within the scope of the registration in particular enhances understanding about the revisions to these standards and strengthens leadership. As a result, the number of employees certified as internal environmental auditors has reached a cumulative total of 1,738 (as of the end of fiscal 2023).

Internal Environmental Audits were conducted in 97 departments, focusing on departments that were often highlighted in Internal Environmental Audits in fiscal 2022. With respect to observed nonconformities and improvement proposals, the audited department shall take corrective actions and submit a corrective report based on the reviews to the audit department and the Sustainability Department compiled the audit results and reviewed them with the management rank.

Each of our overseas manufacturing companies has acquired the certification and conducts internal environmental audits.



Top
Commitment

Sustainability
Management

Initiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Compliance and Violations of Environmental Laws

There was one case suspected of being a serious violation of environmental regulations* by the Sumitomo Forestry Group, and we are currently investigating the details. Other than that, there have been no serious violations in the past five years.

* Violation with a penalty or punishment of one million yen or more



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Environmental Management

Environmental Risk Management

Understanding and Responding to Environmental Risks

The Sumitomo Forestry Group is aware of the risk upon our business activities from environmental changes such as climate change or reduced biodiversity and works to gather related information, analyze this information as necessary as a way to evaluate business risks.

We also determined specific measures as evaluation metrics in each department for risk with the potential to arise in daily operations and report on the progress of those measures to the Risk Management Committee each quarter while the Sustainability Committee formulates measures for risk with the potential to arise in the medium to long term. Risks with the potential to high impact business are reported to the Board of Directors to discuss their countermeasures.

[Click here for related information](#)

➤ [Risk Management Framework](#)

Climate Change and Biodiversity-related Risks and Strategies

Responding to Natural Disasters

Damage from a major earthquake, windstorm, flood or other natural disaster could result in significant costs arising from restoring operations at facilities, verifying the safety of delivered housing products, delays in the completion and handover of contracted properties, or other events. Such costs could influence Sumitomo Forestry Group's operating results and financial position.

As countermeasures, Sumitomo Forestry promotes the sale of homes built with highly seismic resistant BF construction method as well as the sale of resilience housing equipped with the functionality to sustain living for a certain period of time even if lifelines are cut. Furthermore, we are building a service framework that aims to provide rapid assistance through IoT technology that rapidly grasps the damage during a disaster in real time.

Responding to Changes in the Wood Cultivation and Procurement Regulations

Sumitomo Forestry Group positions wood as its principal material and product. The risk of higher costs is always present as well as the risk of having to change suppliers in the event of regulations being imposed due to the depletion of wood resources or changes to habitats resulting from climate change and the loss of biodiversity.

Therefore, as a means of diversifying the risk of changes in conditions of wood cultivation and wood procurement regulations, wood is imported from more than 20 countries. In addition, we have representatives in major countries to gather information. We also conduct factory inspections of suppliers by overseas representatives and head office employees to confirm legal compliance

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

and sustainability. We work to procure legally harvested timber throughout the entire Group in accordance with the Clean Wood Act enacted in May 2017, such as becoming the first company to register in Japan.

[Click here for related information](#)

[Distribution Business Initiatives](#)

Setting Carbon Pricing Such as Mandatory Emission Reductions

As reduction of greenhouse gases advances globally, there is the possibility that reduction obligations will be imposed upon businesses in countries where the Sumitomo Forestry Group has bases. If Group companies with bases in these countries are unable to meet reduction obligations, they will be required to purchase emission credits, creating the risk of increased business costs.

In regard to Japan, carbon pricing has also been implemented due to the Tax for Climate Change Mitigation measures enforced in October 2012. Achieving targets outlined in the Paris Agreement could result in changes such as higher taxes and new levies and emissions trading, which could influence business activities and costs.

As a countermeasure, Sumitomo Forestry sets greenhouse gas reduction target for each Group company and department and pursues those reductions based on the numerical targets that are drafted each fiscal year. We are also considering introduction of internal carbon pricing to promote reduction in greenhouse gas emissions and continue sustainable growth.

[Click here for related information](#)

[Material Issue 2 To realize carbon neutrality
by leveraging forests and wood resources](#)

Responding to Energy Supply Shortages

In June 2022, Japan's power crisis has become apparent, as tight supply-demand warning was issued for four consecutive days in the service area of Tokyo Electric Power Company. There is a risk that disruption of power transmission may cause the Sumitomo Forestry Group's exhibition halls and factories to cease operations.

As a countermeasure, Sumitomo Forestry sets greenhouse gas reduction targets for each Group company and department and promotes energy savings while pursuing those reductions based on the numerical targets that are drafted each fiscal year. In addition, solar power generation system is installed on the roofs of exhibition halls and factories responding to energy supply shortages.

Corporate Image Deterioration

Any failure in addressing various risks such as climate change measures and the preservation of biodiversity may be detrimental to the corporate image, directly affecting sales and other performance indicators.

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Sumitomo Forestry comprehensively analyzes and addresses risks from environmental, social and governance perspectives in the short to medium and long term through the Risk Management Committee and Sustainability Committee. We also engage in dialogues with our stakeholders as necessary and provide opportunities for these stakeholders to share their opinions with the Sumitomo Forestry Group.

[Click here for related information](#)

[> Responding to TCFD and TNFD](#)

[> Risk Management Framework](#)

Responding to Environmental Laws and Regulations

The Sumitomo Forestry Group is striving to reduce and to prevent the manifestation of legal risks such as the disposal of industrial waste, soil and water pollution caused by toxic substances, noise and vibration.

Processing of Industrial Waste

Construction-related waste makes up the highest percentage of industrial waste that is illegally dumped in Japan. In terms of the breakdown of illegally dumped industrial waste, 77.9%* of the total is construction waste. Viewing the environmental risks presented by the processing of industrial waste as one of the biggest in terms of the potential impact on society and business, the Sumitomo Forestry Group works to ensure that industrial waste is disposed of appropriately.

Specifically, to comply with the Waste Management and Public Cleansing Act and other related laws and regulations, the Group has established a set of industrial waste management regulations covering appropriate disposal, reduction, recycling and reuse of industrial, as well as manufacturing regulations stipulating standards essential for production activities. In keeping with these regulations, voluntary audits of waste manifests and terms of outsourcing agreements with waste processors are carried out twice a year for each Sumitomo Forestry Group company office in Japan emitting industrial waste. If an audit concludes that corrective action is required, appropriate action is taken and it is subsequently confirmed through reports submitted in line with the industrial waste management system that waste is being properly treated.

In addition, industrial waste managers at each office conduct site checks of contractors' waste treatment plants at least once a year. In fiscal 2023, managers from the Housing Division conducted 513 on-site checks at 533 waste treatment plants run by 367 waste treatment contractors. Divisions other than the Housing Division as well as offices of Group companies are being instructed to continue using waste treatment plants which the Housing Division has already inspected. From fiscal 2024, we will electronically circulate and store site check records and share such information.

To be able to determine whether industrial waste is being processed in an appropriate manner, the Group asks waste treatment contractors to employ electronic manifests. All branches of the Housing Division as well as all contractors accepting industrial waste from new housing construction sites have already introduced electronic manifests. In fiscal 2023, 100% of all manifests, including those for housing demolition waste, were electronic.

In conjunction with this, training is also provided for employees who coordinate the processing of industrial waste. In fiscal 2023, 76 persons participated online training at Group companies in Japan, including newly appointed personnel in charge of industrial waste treatment operations and those responsible for industrial waste management. Furthermore, in April 2020, the Sumitomo

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Forestry Group created an e-learning program on basic waste management to teach the fundamentals of industrial waste management and built a system for employees to undergo this curriculum via the intranet. In order to acquire knowledge necessary for their work, production managers in Housing Division are required to attend e-learning "Points for Construction Waste Management" and pass a test. Trainings on industrial waste are given to new graduates and managers in charge of production.

* From the materials announced by the Ministry of the Environment in 2022

[Click here for related information](#)

> [Waste Reduction and Recycling](#)

Soil Contamination

Soil contamination is difficult to discover as contaminants build up and spread underground out of sight. The Sumitomo Forestry Group implements soil contamination countermeasures for land owned or administered by the Group and conducts voluntary soil contamination studies prior to new land purchases in the subdivision business. We are in compliance on land applicable to the Soil Contamination Countermeasures Act.

The Group's domestic built-for-sale housing business conducts independent surveys of land related to brownfields* and has not purchased or sold any land that has not been through soil contamination measures.

* Land that is not used or underutilized significantly compared to its potential value due to the presence or concern of soil contamination

[Click here for related information](#)

> [Project for Soil Purification Technology and
Environmental Remediation Aided by Plants](#)

Water Pollution

Water pollution creates the risks of human health being directly affected by contamination of drinking water and of contamination affecting the habitats of organisms living in rivers, lakes and seas. Inspections entrusted to external measurement agencies are conducted once every two months and daily water quality tests are done internally through automatic COD measurement devices for the waste water expelled from waste water processing facilities in the Sumitomo Forestry Crest Imari Plant, which is a specified office under the amended Water Pollution Control Act of Japan, and the inspection results are issued to the local municipalities every six months.

In addition, water is also sampled and inspected by the prefecture once a year. Through these measures, all inspections found the level of water pollution to be within the statutory limit for wastewater.

In addition, the Tsukuba Research Institute is considered a specified office under the amended Water Pollution Control Act of Japan and therefore, delivers notification of updates to some testing equipment and new installations according to this law. The Institute also conducts water quality inspections once every month through an external measurement agency to monitor those results and issue reports to Tsukuba City once every six months.

[Click here for related information](#)

> [Management of Water Pollutants](#)

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Contamination by Hazardous Chemical Substances

Contamination caused by hazardous chemical substances leads to risks of a major impact on human health or the environment and the risk of a disaster. The Sumitomo Forestry Group keeps track of amounts of hazardous chemical substances including volatile organic compounds (VOCs) used and discharged as part of appropriate management, meanwhile making an effort to reduce the use of these chemicals.

The Group takes appropriate action in response to the Air Pollution Control Act. Sumitomo Forestry Crest's Niihama Plant equipped with boilers and Kagoshima and Shizuoka plants equipped with incinerator make regular measurements of emission volumes and concentrations of NOx, SOx and soot and dust, and dioxins, respectively, and monitor that these figures are maintained below the statutory limits.

[Click here for related information](#)

[Management of Air Pollutants](#)

Noise and Vibrations

The Sumitomo Forestry Group makes an effort to prevent noise and vibrations during housing construction. When complaints about noise or vibrations are received, the circumstances are recorded and the information is shared with the rest of Group to prevent the occurrence of similar incidents.

Sumitomo Forestry Crest confirms that noise levels within the site boundaries of plants are below the statutory limit by taking regular measurements.

No complaints about noise or vibrations having a major impact on the environment were received from local residents during fiscal 2023.

Global Warming (Addressing the Act on Rational Use and Proper Management of Fluorocarbons)

In April 2015, the Fluorocarbons Recovery and Destruction Law came into force for the purpose of promoting drastic measures over the entire lifecycle of chlorofluorocarbons that have a strong greenhouse effect, from manufacture to disposal.

Since April 2020, regulation based on the law have been further strengthened, and the Sumitomo Forestry Group has taken steps to disseminate the details and take appropriate measures.

In addition, as a manager of specified products, we conducted simple and periodic inspections as planned.

In most cases, the Sumitomo Forestry Group leases its offices as tenants in buildings, therefore, it does not own (or manage) that much commercial refrigeration and air-conditioning equipment (air-conditioners, refrigerators, etc.). Some business sites have construction vehicles that fall under the category of "specified products," such as forklifts, etc. equipped with air conditioners. In response to the enactment of this law, we are conducting periodic simple inspections of the equipment that is using fluorocarbons as a coolant as well as executing legal and periodic inspections for devices with compressors that have 7.5kW or higher rated output.

Furthermore, Sumitomo Forestry promotes the transition to products that do not use fluorocarbons in accordance with the Law on Promoting Green Purchasing when replacing existing equipment or purchasing new equipment.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to TCFD and TNFD

Responding to TCFD and TNFD

Express Its Support of the TCFD and TNFD

Changes in the natural environment, such as climate change and biodiversity, affect the Sumitomo Forestry Group's performance in various ways because its business focuses on forests and trees. For this reason, the Sumitomo Forestry Group has been among the first to respond to the recommendations of international initiatives such as the Task Force on Climate-related Financial Disclosure (TCFD) and Task Force on Nature-related Financial Disclosure (TNFD).

In response to the TCFD recommendations of 2017, the Sumitomo Forestry Group expressed its support for the recommendations in July 2018, and conducted its first TCFD scenario analysis in September 2018 as part of a project supported by Japan's Ministry of the Environment.

On the other hand, as for the TNFD, it took more than two years from the call for its launch at the G7 Environment Ministers' Meeting in May 2019 to the official establishment of the Task Force and Forum. After v0.1 of the TNFD framework beta version was released in March 2022, v0.3 was released in November 2022, reflecting user feedback. Sumitomo Forestry utilized v0.3 to conduct a trial analysis in the area of timber procurement, where the Group has accumulated the most data, and disclosed the results in its Sustainability Report 2023 released in April 2023. In December 2023, after the final recommendations (v1.0) were released by TNFD in September 2023, we announced that we had become an early adopter to the recommendations.

Our response to TCFD and TNFD (chronological timeline)

TCFD	Developments around the world	TNFD
	2017 Jun. TCFD announced its recommendations	
2018 Jul. Expressed its support of the TCFD recommendations Sept. Conducted its first TCFD scenario analysis Covered the following two divisions Timber and Building Materials Business Division Housing Division		

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

TNFD	Developments around the world	TNFD
2019 Jul. First disclosure of information based on the TCFD recommendations in the Sustainability Report, etc.		
2021 Oct. Conducted its second TCFD scenario analysis Covered the following two divisions Environment and Resources Division Global Housing and Real Estate Business Division	2021 Jun. TNFD was established	
2022 May. Compiled and disclosed the results of its second TCFD scenario analysis Sept. Conducted its third TCFD scenario analysis Conducted covering all businesses within the Group	2022 Mar. TNFD released its beta version v0.1 Nov. TNFD released its beta version v0.3	2022 Feb. Participated in TNFD Forum Dec. Conducted trial LEAP analysis based on the TNFD framework beta version v0.3
2023 Apr. Compiled and disclosed the results of its TCFD scenario analysis	2023 Sept. TNFD announced its final recommendations	2023 Apr. Disclosed results of its TNFD analysis Dec. Became a TNFD Early Adopter Conducted TNFD LEAP analyses
	2024 Jan. TNFD announces the Early Adopter program at the WEF in Davos	2024 Apr. Compiled and disclosed the results of its TNFD LEAP analyses

2024

- Incorporate the results of TCFD scenario analysis and TNFD LEAP analysis into the next Mid-Term Management Plan Mission TREEING 2030 Phase 2 (2025-2027)

2025 and beyond

- Start of Mid-Term Management Plan “Mission TREEING 2030 Phase 2 (2025-2027)
 - Management of KPI progress
- Expansion and deepening of the scope of analysis for TCFD scenario analysis and TNFD LEAP analysis



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

In preparing this report, we have referred to the disclosure recommendations in the TCFD and TNFD recommendations and have made every effort to disclose information in all areas.

Recommended disclosure items in the TCFD and TNFD recommendations

Governance	Strategy	(C) Risk Management (N) Management of Risks and Their Impacts	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities, nature-related dependencies, impacts, and risks and opportunities	Disclose the effects of climate-related risks and opportunities as well as nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material	Describe the processes used by the organization to identify, assess, prioritize and monitor climate-related risks as well as nature-related dependencies, impacts, risks and opportunities	Disclose the metrics and targets used to assess and manage climate-related risks and opportunities as well as assess and manage material nature-related dependencies, impacts, risks and opportunities



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
<p>A. Describe the board's oversight of climate-related risks and opportunities, and nature-related dependencies, impacts, risks and opportunities</p> <p>B. Describe management's role in assessing and managing climate-related risks and opportunities, and managing nature-related dependencies, impacts, risks and opportunities</p> <p>C. (N) Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities</p>	<p>A. Describe the climate-related risks and opportunities as well as nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term</p> <p>B. Describe the effect climate-related risks and opportunities as well as nature-related dependencies, impacts, risks and opportunities have had on the organization's business model (N), value chain, strategy and financial planning, (N) as well as any transition plans or analysis in place</p> <p>C. Describe the resilience of the organization's strategy to climate-related and nature-related risks and opportunities, considering different scenarios. (C) Scenarios include scenarios below 2°C</p> <p>D. (N) Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations</p>	<p>A. (C) Describe the organization's process for identifying and assessing climate-related risks (N) Describe the organization's process for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in direct operations (N) Describe the organization's process for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in upstream and downstream value chains</p> <p>B. Describe the organization's processes for managing climate-related risks as well as nature-related dependencies, impacts, risks and opportunities</p> <p>C. Describe how the processes for identifying, assessing, and managing climate-related and nature-related risks is integrated into the organization's overall risk management</p>	<p>A. Disclose the metrics used by the organization to assess and manage climate-related and nature-related risks and opportunities in line with its strategy and risk management process</p> <p>B. (C) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks (N) Disclose the metrics used by the organization to assess and manage its dependence and impacts on nature</p> <p>C. Describe climate-related risks and opportunities and the targets and objectives used by the organization to manage nature-related dependencies, impacts, risks, and opportunities, and the organization's performance relative to them</p>

* Created by integrating the disclosure items listed in the TCFD and TNFD recommendations.

* For items that cannot be integrated, recommended disclosures only in the TCFD recommendations are indicated by (C), and items recommended for disclosure only in the TNFD recommendations are indicated by (N).

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Governance

The Sumitomo Forestry Group responds to climate change and nature related issues primarily at the Sustainability Committee, chaired by the President and composed of members made up of board of directors concurrently serve as executive officers and each divisional head. The Sustainability Committee analyze risks and opportunities of medium to long-term ESG issues related to sustainability of the Sumitomo Forestry Group and formulates and promotes measures and initiatives. The committee members also oversee progress management of the Mid-Term Sustainability Targets, which incorporate business strategies toward achieving the SDGs, monitor implementation and effectiveness of the “Our Values” and Sumitomo Forestry Group Code of Conduct. All activities at committee meetings are reported to the Board of Directors, which are then reflected in business execution.

The Sumitomo Forestry Group Human Rights Policy, formulated in accordance with international standards such as the United Nations Guiding Principles on Business and Human Rights, sets forth the Group's commitment to respect the human rights of all people involved in its business operations, including indigenous peoples, local communities, affected stakeholders, and other stakeholders, which represents a priority in its efforts to address nature-related issues. Similarly, the Sustainability Committee manages the situation in terms of human rights, and reports to the Board of Directors.

In February 2022, we made partial revisions to our executive compensation system to further integrate our business and ESG, and introduced compensation linked to the achievement rate of sustainability indicators. A system, where in the event that Sumitomo Forestry fails to meet its long-term targets for greenhouse gases emissions reduction certified as Science Based Targets (SBT), the amount of remuneration paid will be reduced from the regular stock remuneration amount in accordance with the degree of target performance. Under Mission TREEING 2030, our long-term vision announced at the same time, we created the three-year Mission TREEING 2030 Phase 1 (2022 -2024) of Medium-Term Management Plan, along with the Mid-Term Sustainability Targets, the progress of which we are managing.

Click here for related information

➤ Sustainability Committee

➤ Executive Remuneration

➤ Human Rights Initiatives

➤ Supply Chain Management

Strategy

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) states unequivocally that human activity is warming the air, seas and land, causing extreme weather and increases the frequency of occurrence, and that greenhouse gases emissions are strongly related to changes in ice sheets and sea levels. In addition, according to the report Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy, published by the World Economic Forum in January 2020, more than half of the world's GDP, or 44 trillion US dollars, is nature itself or the services it provides, and loss of nature has a particularly large impact on the agriculture, forestry, fisheries, and construction industries. The international community has proposed the concept of “Nature Positive,” which calls for halting the loss of nature or reversing it by 2030, compared to 2020, and fully restoring it by 2050.

Against this backdrop, society's expectations for the role of forests in absorbing CO₂ and fixing carbon and providing ecosystem services, timber and wood products supplied from sustainable forests, carbon fixation and reduction of greenhouse gas emissions through wooden buildings, and the use of unused forest resources as biomass fuel are increasing.

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

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

In February 2022, we announced Mission TREEING 2030, our long-term vision that incorporates our business concept behind the Sumitomo Forestry Group's ideal vision for 2030, which is also the target year of the SDGs. Mission TREEING 2030 sets out the following four strategies as our business policy: 1. Maximizing the value of forests and the wood to create decarbonization and create a circular bioeconomy; 2. Advancing globalization; 3. Striving for transformation and the creation of new value; and 4. Transforming our business foundation for growth. To achieve this long-term vision, we aim to simultaneously supply value for our planet, value for people and society, and value for the market economy, without compromising on any of these values and by enhancing value in each of these areas.

The Sumitomo Forestry Group contributes to the realization of a carbon neutral and nature positive society, by effectively utilizing forest resources, which are renewable natural resources produced from natural capital, and providing "shared benefit" through forest management, manufacturing and distribution of timber and building materials, and wooden construction and renewable energy businesses.

As for the first phase of our long-term vision Mission TREEING 2030, we have announced a three-year Mission TREEING 2030 Phase 1 (2022 -2024) of Medium-Term Management Plan, which provides the groundwork for our future growth and contribution to decarbonization. FY2024 is the final year of the current plan and the time when we will formulate Mission TREEING 2030 Phase 2 (2025-2027), which will start in FY2025. We will identify forms of contribution to the concept of nature positive through the establishment of a circular bioeconomy.

Management of Risks and Impacts

At the Sumitomo Forestry Group, each department decides on specific countermeasures and evaluation indicators for business risks, and reports progress to the Risk Management Committee on a quarterly basis. The Risk Management Committee is chaired by the President as the highest authority on risk management and consists of executive officers and general managers in charge of the Corporate Planning Department, Personnel Department, Legal Department, IT Solutions Department and Sustainability Department, along with divisional managers of each division and the General Manager of the General Administration Department.

In addition, medium- to long-term risks related to ESG issues are discussed extensively covering the entire value chain by the Sustainability Committee, chaired by the President and whose members consist of executive officers, directors and the divisional managers of each division. The committee meets four times a year. The committee will meet regularly six times a year starting in FY2024.

[Click here for related information](#)

[Corporate Governance](#)

[Risk Management Framework](#)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Management process of business risks



Process for managing medium- and long-term risks in response to ESG issues



Metrics and Targets

The Sumitomo Forestry Group has established long-term targets related to climate change and is promoting initiatives while incorporating them into its Mid-Term Management Plan Mission TREEING 2030 Phase 1 (2022 - 2024) and annual plans. In 2017, the Group declared its intention to formulate SBTs and formulated new Group-wide greenhouse gases emissions reduction target, which were approved as SBTs in July 2018. In September 2021, we submitted an application to the SBT Initiative secretariat to enhance our Scope 1 and 2 greenhouse gases emissions reduction target for 2030 from the previous 21% to 54.6% reduction, which is in line with a 1.5°C reduction in order to expedite our initiatives. In January 2024, in accordance with latest SBT guidance, we re-established our short-term and long-term reduction targets and newly applied for FLAG (Forest, Land and Agriculture) targets. It is expected to be approved by the end of this fiscal year.

Furthermore, we joined RE100, an international initiative aiming for 100% renewable energy for electricity consumption, in March 2020. We are accelerating our initiatives to cut greenhouse gases emissions toward achieving the goal of using 100% renewable energy for electricity used in the Group's business activities and fuel for power generation in our power generation business by 2040. According to the Mid-Term Sustainability Targets (2022-2024) announced in February 2022, each division will set its own target for the ratio of renewable energy procurement and take necessary budgetary measures, including capital investment, to steadily promote initiatives toward achieving RE100.

We also disclose data corresponding to core global metrics and core sector metrics set forth in the TNFD final recommendations.

[Click here for related information](#)

> [Mid-Term Sustainability Targets and Material Issues](#)

> [Mid-Term Sustainability Targets as part of 2024 Mid-Term Management Plan](#)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to TCFD and TNFD

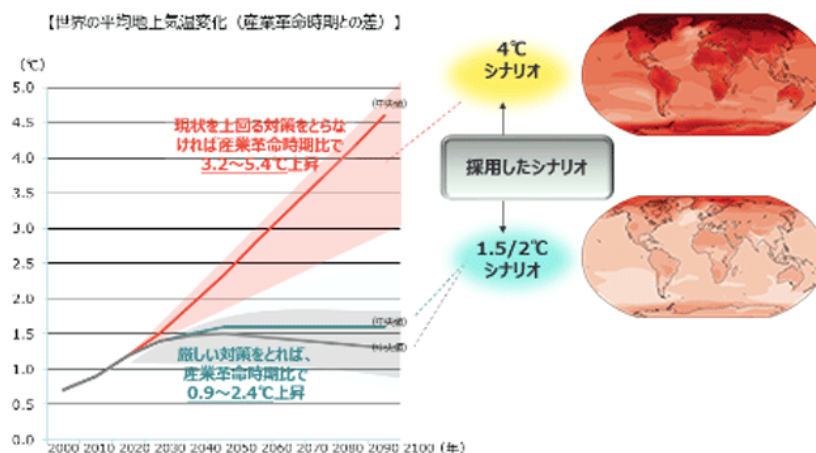
Climate Change Impacts on the Sumitomo Forestry Group (TCFD scenario analysis)

The results of our TCFD scenario analysis* conducted in 2018, 2021, and 2022, respectively, were reported to the Sustainability Committee each time and disclosed in the Sustainability Report. In addition, they will be reflected as numerical targets for each division and headquarters department in the next Mid-Term Management Plan, Mission TREEING 2030 Phase 2 (2025-2027), which will be formulated before the end of FY2024.

* TCFD scenario analysis: We considered the situation in 2030 using two scenarios: the 4°C scenario, in which no further progress is made in tackling climate change, and the 1.5/2°C scenario, in which progress is made in transitioning the society toward decarbonization.

Setting scenario		4°C scenario	1.5/2°C scenario
Social image		A scenario where the status quo is maintained, economic development is prioritized, and global temperature rise and its effects continue to worsen	A scenario in which society as a whole takes a major turn toward decarbonization and succeeds in limiting temperature increases
Reference scenario	For transition risks	Stated Policies Scenario (IEA)	Sustainable Development Scenario (IEA) Net Zero Emissions by 2050 (IEA)
	For physical risks	SSP5-8.5 (IPCC)	SSP1-2.6 (IPCC) SP1-1.9 (IPCC)
Risks & opportunities		Physical risks and opportunities are likely to become apparent	Transition risks and opportunities are likely to become apparent

Source: Compiled from IPCC AR5, AR6, SR1.5, IEA WEO 2020, Net Zero Emission by 2050



Source: Compiled from IPCC SR1.5 and AR6 WG1 SPM



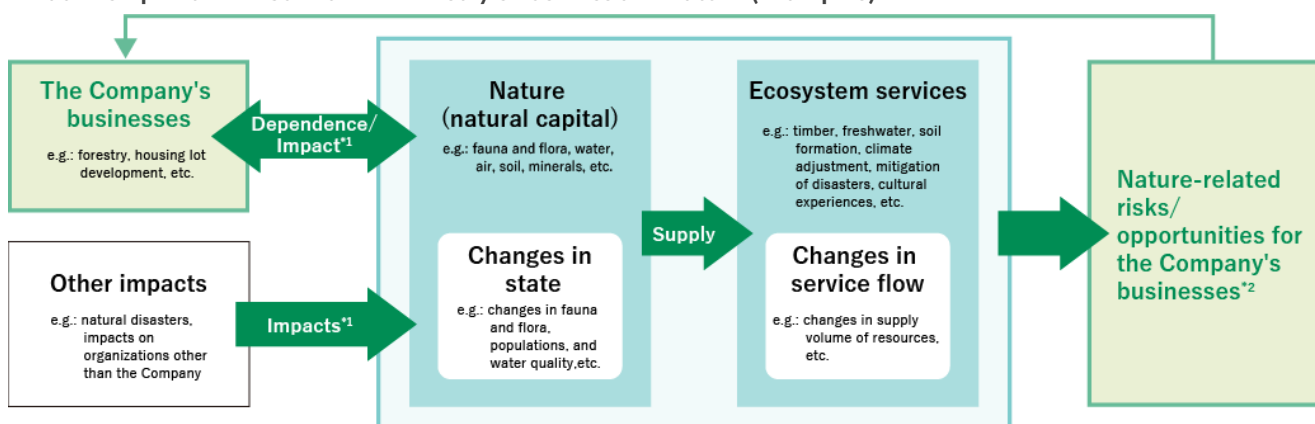
Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Impacts of nature-related issues on the Sumitomo Forestry Group (TNFD LEAP analysis)

From the end of 2023 to 2024, we organized a working group consisting of members from the headquarters and business divisions to conduct an analysis using the LEAP approach* covering our dependence/impact on nature, risks and opportunities. The findings of this working group were compiled in March 2024. The tools used in each process of the LEAP approach are all recommended by TNFD. The results of this analysis will be reflected in the next Mid-Term Management Plan Mission TREEING 2030 Phase 2 (2025-2027), which will be formulated by each division during FY2024.

* LEAP approach: an integrated approach developed by TNFD to assess nature-related issues such as interfaces with nature and dependencies, impacts, risks, and opportunities in a business. Process consists of locate, evaluate, assess and prepare

Relationship between Sumitomo Forestry's business and nature (examples)



*1 Negative impacts: temporary soil degradation due to development

Positive impacts: enhancement of forest ecosystem services through proper management

*2 Risks: landslides in planted forest

Opportunities: monetization opportunities for ecosystem services, higher value-added wood products

Identification of Priority Sites (Locate)

The “Locate” process involved taking a bird's-eye view of the Sumitomo Forestry Group's supply chain, examining interfaces with nature at each business location, and identifying locations that should be prioritized for response.

First, 148 business locations were selected for evaluation in four businesses that are considered to have particularly large interfaces with nature (timber and building materials, housing, construction and real estate, and natural resources and environment) to ensure that the number of locations was not biased toward any particular business from direct operations and locations upstream and downstream in the supply chain of each business.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Business segment	Business	Upstream		Direct operations		Downstream	
		Scope and data source	Number of business sites subject to analysis	Scope and data source	Number of business sites subject to analysis	Scope and data source	Number of business sites subject to analysis
Timber and Building Materials Business	Manufacturing	Supplier list	4	Company's own manufacturing plants	12	Buyers: not subject to analysis because, like the Housing Business, a majority consists of other companies	—
	Distribution	Supplier list	4	Not subject to analysis	—	Buyers: not subject to analysis	—
Housing Business	Custom-built detached houses and subdivisions	Supplier list	4	Subdivision housing areas where we have large blocks	8	Use: Not subject to analysis Waste: Landfills where we dispose of large amounts of waste	10
	Renovation	Same as custom-built detached houses and subdivisions	—	Business sites with orders of 100 million yen or more	5	Use: Not subject to analysis Waste: Same as custom-built detached houses and subdivisions	—
	Greening	Supplier list for materials	8	Green spaces with large areas of environmental greening	20	Use: Not subject to analysis Waste: Same as custom-built detached houses and subdivisions	—



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Business segment	Business	Upstream		Direct operations		Downstream	
		Scope and data source	Number of business sites subject to analysis	Scope and data source	Number of business sites subject to analysis	Scope and data source	Number of business sites subject to analysis
Global Construction and Real Estate Business	Custom-built detached houses and subdivisions	Supplier list for construction materials	6	Custom-built detached houses and subdivision areas in the United States (16 states) and Australia (5 states)	29	Use: Not subject to analysis Waste: Final disposal outside of scope	—
	FITP	Supplier list	2	Panels plant	5	Use: Same as custom-built detached houses and subdivisions	—
	Real estate development	Supplier list for construction materials	1	Development business in Indonesia and Thailand	2	Use: Not subject to analysis Waste: Final disposal outside of scope	—
Environment and Resources Business	Company-owned forests	Uses supplier list for the timber building materials business	—	Company-owned forests in Japan (Hyuga, Mombetsu, Niihama)	14	Use: Not subject to analysis because sales are to the Company's own timber building materials business	—
	Overseas forest management		—	Overseas forest management (New Zealand, Papua New Guinea, and Indonesia)	5	Use: Main buyers	2
	Biomass Power Generation		—	Biomass Power Generation Plant	6	Waste: Main business partners	1
			Total 29		Total 106		Total 13

Next, the location information of the locations was overlaid and evaluated using geographic information systems (GIS) and other tools, and ecosystem information using nature-related risk analysis tools such as ENCORE^{*1}. As a result, of the 148 locations listed above, we narrowed down the list to those that are financially significant or located in ecologically sensitive areas.

For financially significant locations (B in the “Classification of Priority Areas” figure), selection was based on actual conditions, with the basic criterion that one or more of the rating items in ENCORE must be very high, and that the ratio of sales or transaction value to each business must be 10% or more, and that in the event of an emergency it is considered difficult to replace the location within one year.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

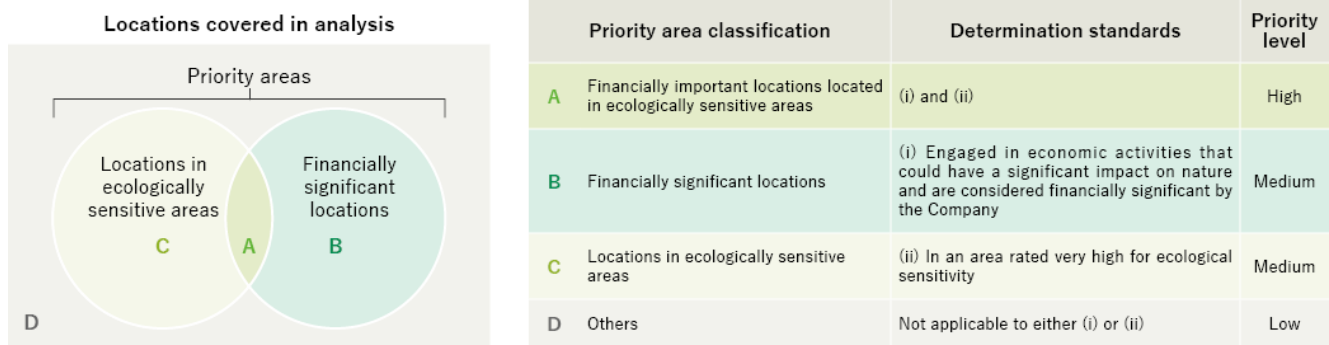
Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

For locations located in ecologically sensitive areas (C in the figure “Classification of Priority Areas”), the sensitivity of the ecosystem in which each location is located was assessed using ENCORE and IBAT^{*2}, etc. to evaluate five requirements ([1] significance of biodiversity, [2] high integrity of the ecosystem, [3] rapid decline in ecosystem integrity, [4] significance of providing ecosystem services and [5] physical water risk) on a five-point scale [1-5]). Locations with an average score of 4 or higher for the five requirements were selected.

*1 ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. A nature-related risk analysis tool developed by the Natural Capital Finance Alliance, an international financial industry organization for the natural capital sector, and others.

*2 IBAT: Integrated Biodiversity Assessment Tool. Integrated Biodiversity Assessment Tool developed by the World Conservation Monitoring Centre of the United Nations Environment Programme and others to integrate biodiversity information globally.

Classification of Priority Areas



As a result, we identified 37 “priority locations” that need to be addressed with priority. In addition, two priority locations considered financially significant and located in ecologically sensitive areas (A in the figure “Classification of Priority Areas”) were identified in overseas forest management PT. Wana Subur Lestari (WSL), PT, Mayangkara Tanaman Industri (MTI), PT. Kubu Mulia Forestri (KMF) of Indonesia and manufacturing plant Kutai Timber Indonesia (KTI) were identified.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

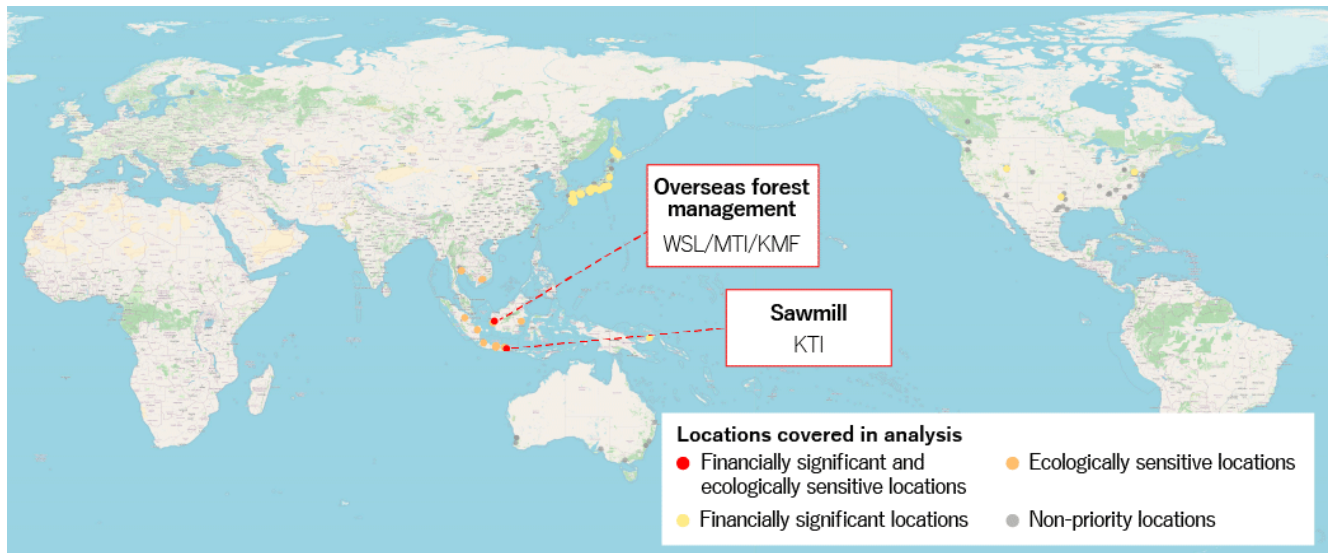
Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Scores for identified priority locations and the sensitivity of the ecosystem in which each is located



	Importance of biodiversity	Ecosystem integrity (high integrity)	Ecosystem integrity (rapid decline)	Importance of providing ecosystem services	Physical water risks	Total assessment
WSL/MTI/KMF	4	5	5	3	5	4.4
KTI	4	3	5	3	5	4.0



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Analysis tools used as an assessment criterion for ecologically sensitive areas

Requirements for ecologically sensitive areas		Overview	Tools used in the assessment ^{*1}
(1) Biodiversity Importance		Areas of biodiversity importance (protected areas, areas of scientific importance, areas with endangered species, etc.)	World Database on Protected Area (WDPA): Comprehensive database of protected areas and other protected areas on land and in the ocean around the world Key Biodiversity Area (KBA): Areas scientifically recognized as having biodiversity importance IUCN Red List of Threatened Species: A list of endangered species from around the world
Ecosystem Integrity	(2) High Integrity ^{*2}	Areas of high ecosystem integrity (the degree to which ecosystem composition, structure, and function are within natural variability)	Biodiversity Intactness Index: an index of ecological integrity from 0 to 1 for sites around the world IUCN Red List of Ecosystem database: a geographic compilation of trends in ecosystem collapse risk by integrating data on ecosystem area and ecosystem integrity
	(3) Rapid Decline ^{*2}	Areas where rapid loss of ecosystem integrity is reducing the resilience of ecosystem service provision	Biodiversity Intactness Index: an index of ecosystem integrity that uses changes in ecosystem integrity to assess changes over time by country (see above for indicators)
(4) Ecosystem Service Delivery Importance ^{*2}		Areas where ecosystem service provision is important, including indigenous communities and local communities	ENCORE: a map showing hotspots of natural capital decline and depletion by location that are important for the provision of ecosystem services LANDMARK: a platform for information on land ownership by indigenous peoples and local residents at various locations around the world.
(5) Water Physical Risk		Areas of high physical water risk, including water use restrictions, flooding, and poor water quality	Aqueduct: a comprehensive water risk score calculated by combining 13 water risk indicators, including water quantity, water quality, and reputational risk at each business site

^{*1} Comprehensive assessment criteria were extracted from the tools described in the TNFD LEAP Guidance based on the availability of data, natural capital to be evaluated, and other factors.

^{*2} For (2) high integrity and (4) significance of providing ecosystem services, a 50 km buffer was established around the location to determine overlap with the data set for assessment. Regarding (3) rapid decline, the year 2000, when our overseas forest management and administration were in full operation, was used as the base year, and the year 2023 was used as the comparison year.

* The table above was compiled based on Guidance on the identification and assessment of nature-related issues: The LEAP approach v1.0.

* Company-owned forests covering large areas were analyzed by establishing centroids and 30-50 km buffers for each geographic mass, with individual centroids for enclaves not included in the buffers, and integrating the results in favor of higher-risk results.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Diagnosing Priority Locations (Evaluate)

The Evaluate process assessed the dependence and impact of the Group's operations on nature at 37 priority locations. Based on ENCORE results from the Locate process and regional characteristics from analytical tools such as Aqueduct and IBAT, we qualitatively assessed the dependence and impact of each priority location. Impacts were evaluated both positively and negatively, including the analytical tools as well as the company's own knowledge through its business. The results of the Evaluate process are shown below.

Business segment	Dependence	Positive impacts	Negative impacts
Timber and Building Materials Business	Timber supply service driven by forest ecosystems Soil maintenance and flood prevention services	(Not applicable because it mainly engages in production activities)	Alteration of surrounding forests and soil degradation due to procurement of logs Water pollution to surrounding water bodies due to wastewater from manufacturing plants
Housing Business, Global Construction and Real Estate Business	Soil maintenance and landslide prevention services	Maintain and improve ecosystem services (rainwater recharge, water purification, habitat provision) by enhancing natural symbiotic functions (greening, water retention/permeable pavement, biodiversity initiatives, etc.) within housing and construction sites	Waste discharge, water use, and invasion of non-native species associated with subdivision development
Environment and Resources Business	Surface water and soil provision service driven by forest ecosystems Raw material supply service for power generation fuel (wood, PKS*, coal) Surface water supply service for steam turbine-based power generation	Maintain and improve ecosystem services (carbon storage, water cycle, disaster prevention, habitat provision) through sustainable forest and peatland management Supporting the demand for wood resources through the use of wood chips in power generation projects promotes sustainable forest management in the region	Impacts on livelihoods of forest-dependent communities Habitat fragmentation for plants and animals due to tree cutting Waste emissions and water and air pollution resulting from power generation facilities

* PKS: Palm Kernel Shell.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Comment from an expert

The Sumitomo Forestry Group reported to and obtained advice from external stakeholder experts on the process of narrowing the Locate and Evaluate processes of the TNFD LEAP approach conducted from December 2023 to February 2024.

■Mutai Hashimoto, Lead, Sustainable Finance, WWF Japan

For many years, Sumitomo Forestry has implemented a procurement policy aimed at avoiding negative impacts on nature in wood procurement, and its disclosures are in line with SBT for Nature's recommended framework for actions to achieve nature positivity (AR3T). Although many of the nature-related opportunities listed have a clear business connection at this point in time, it is expected that the restoration of nature itself will be extracted as a nature-positive opportunity more broadly, and that these opportunities will be linked to business opportunities in the future.



■Makino Yamanoshita, Joint Programme Director, Biodiversity & Forests, Institute for Global Environmental Strategies

While it is academically recognized that climate change measures and the conservation of biodiversity and ecosystem services are interdependent, I found it very interesting that Sumitomo Forestry's efforts to find common analytical results in the analytical process from the business perspective corresponding to the TCFD and TNFD, and to report these results in an integrated manner. As the Company moves ahead with further analysis, there may be a need to consider tradeoffs in addition to synergies. Furthermore, I believe that true nature positive can be achieved by utilizing nature-related information and on-the-ground experience accumulated by Sumitomo Forestry in its overseas forest management operations and other activities at project sites, which are not represented in the database and other information presented by the TNFD, in future TNFD LEAP analyses and by implementing countermeasures.



Main Risks and Opportunities Identified (Assess)

The Assess process identified business risks and opportunities arising from the dependence and impacts on nature determined in the Evaluate process, each of which was qualitatively assessed, with the main ones identified. First, we conducted a risk/opportunity analysis for 25 locations, which were selected evenly from priority locations to avoid bias toward specific businesses. Based on what had already been addressed, a qualitative assessment was made of the remaining risks and the priority of obtainable opportunities.

The residual risks were qualitatively prioritized based on the criteria of “degree of impact” for financial impact on the business and “probability of occurrence” for past cases and existing initiatives. For obtainable opportunities, we qualitatively prioritized them based on the criteria of “business attractiveness” in terms of the amount of increase in market size* by 2030, and “our strength” in terms of our advantage in capturing such opportunities.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

		Size of impact	Probability of occurrence
Definition		Financial impacts in business (sales of business sites and replaceability)	Presence of examples of similar incidents occurring in the past and existing initiatives
Standard	Large	Impacts amounting to 10% or more of the division's sales	No existing initiatives implemented in the past
	Medium	Less than 10%, but difficult to replace within a year/ More than 10% but can be replaced within a year	Occurred in the past but there are existing initiatives in place/ Has not occurred in the past and there are no existing initiatives
	Small	Can be replaced within a year	Has not occurred in the past and there are existing initiatives
		Attractiveness of business	The Company's strengths
Definition		Amount of increase* in market value by 2030	The Company's competitiveness in acquiring opportunities
Standard	Large	30 trillion yen or higher	Has relevant resources and existing initiatives
	Medium	5 to 30 trillion yen	Has relevant resources but no existing initiatives/ Does not have relevant resources but has existing initiatives
	Small	Up to 5 trillion yen	

* Estimated based on Identifying Biodiversity Threats and Seizing Business Opportunities published by AlphaBeta in July 2020 and New Nature Economy Report II: The Future of Nature and Business published by the World Economic Forum in July 2020.

The main opportunities and risks identified in the TCFD scenario analysis conducted over the last year and the main opportunities and risks identified in this TNFD LEAP analysis are as follows.

Forests and trees, the core of Sumitomo Forestry Group's business, absorb and fix atmospheric carbon as they grow, while at the same time nurturing biodiversity and providing ecosystem services. These characteristics led to common or similar results for several items in the TCFD scenario analysis and TNFD LEAP analysis, suggesting that in the Sumitomo Forestry Group's business, efforts toward decarbonization are also expanding nature-related business opportunities.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Division*1	Business		Transition Risks	Physical Risks	Opportunities
Timber and Building Materials Business	Distribution and manufacturing of timber and building materials	C	Cost increase due to introduction of carbon tax and stricter environmental regulations Increased wood procurement costs due to higher reforestation costs	Decrease in value of wood and sales due to growing preference for more robust buildings as a result of more severe disasters	Increase in demand for renovation to environmentally conscious housing due to stricter environmental regulations, and increase in sales of timber and building materials Increase in sales due to development of processing technology for materials for environmentally conscious housing and medium- to large-scale buildings
		C N	Costs increase due to • compliance with stricter laws and regulations related to illegal and unsustainable forest harvesting Costs increase due to higher wood procurement prices in response to increased demand for wood products to promote decarbonization, etc.	Sales decrease and restoration costs increase due to severe flood damage from heavy rain and other factors or due to shutdown of operations Sales decrease and restoration costs increase due to suspension of operations following landslide in planted forests near plants Procurement costs increase due to reduced wood supply resulting from disasters and ecological degradation at procurement sites	Sales increase owing to biorefinery technology and new product development Sales increase due to development of new products for the mass timber market Sales increase due to development of new products that contribute to the circular economy in the construction market
		N	Costs increase to comply with stricter soil and water pollution laws and regulations Sales decrease due to friction with local communities and NGOs caused by the construction of forest roads in areas that affect the surrounding ecosystem Increased costs of dealing with litigation and complying with stricter laws and regulations due to the impact of waste, water use, soil contamination, and land alteration on protected areas, etc.	Sales decrease due to less water available in the surrounding area as a result of reduced water availability Sales decrease due to shutdowns caused by fire, land subsidence, tsunami, and landslides in the event of an earthquake Sales decrease due to shutdown of operations caused by fire and volcanic ash during a volcanic eruption	Procurement costs decrease due to conversion from natural wood to wood from planted forests Reduction of water procurement costs through further water conservation in manufacturing processes and reduced and more efficient water use Costs decrease by maintaining stable raw material procurement in conjunction with resident-involved timber production (social forestry)



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Division*1	Business		Transition Risks	Physical Risks	Opportunities
Housing Business	Custom-built houses, subdivision houses, greening (in Japan)	C	In the short term, technological development costs and construction costs for LCCM housing* and medium- to large-scale buildings will increase The value of wood will decline relatively over the long term due to the advancement of decarbonization technologies for steel, concrete, and other building materials, and sales of wooden buildings will decline	Decrease in sales of timber and building materials due to growing preference for more robust buildings as a result of more severe disasters	Increasing demand and sales of LCCM (Life-Cycle Carbon Minus) homes in response to growing decarbonization orientation Sales increase of environmentally conscious multi-family housing due to customer preferences, policy changes, etc.
		C • N	—	Sales decrease due to construction delays caused by increased disaster risk Increased costs of premium payments to insurance companies due to increased disaster risk	Sales increase due to sales at premium prices in conjunction by enhancing natural symbiotic functions (greening, water retention/permeable pavement, biodiversity initiatives, etc.) within housing and construction sites
		N	Costs increase due to compliance with stricter laws and regulations associated with adverse impacts on surrounding communities and ecosystems due to waste, water use, and soil contamination	—	Reduced industrial waste disposal costs by curbing waste generation and promoting the conversion of waste into valuable resources Costs (e.g., greenkeeping) decrease through green space management with reduced ecological impact (e.g., reduced use of pesticides and fertilizers, less intense pruning, etc.) Sales increase owing to the increased trust of client companies and the realization of long-term contracts as a result of an increase in the number of users from the development of the environmental education business, as well as the identification and protection of rare and native plant species in parks in the designated management operations



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Division*1	Business		Transition Risks	Physical Risks	Opportunities
Global Construction and Real Estate Business	Detached houses business (overseas), building materials manufacturing (United States), real estate development (Japan and overseas)	C	Cost increase due to introduction of carbon tax and stricter environmental regulations Brand value loss due to delay in complying with environmental regulations, stock price slump, and sales decline	Increased material procurement costs due to construction damage, extended construction time, and supply chain disruptions caused by severe disasters Intensifying competition to secure development sites due to a shift in demand to areas with less risk of disasters	Increasing demand for environmentally conscious housing in response to the growing trend toward decarbonization among customers Expansion of the market for medium- to large-scale wooden constructions in response to ESG demand from investors and financial institutions
		C • N	Costs increase due to higher wood procurement prices in response to increased demand for wood products to promote decarbonization, etc.	Increased costs of insurance premium payments for properties under construction due to increased risk of natural disasters	Sales increase owing to the acquisition of new customers who value the natural environment following enhanced natural symbiotic functions (greening, water retention/permeable pavement, biodiversity initiatives, etc.) within housing and construction sites
		N	Increased pollution control costs due to delay in introduction of technologies to reduce environmental impact Costs increase due to delays in introducing technologies to reduce the impact on ecosystems (e.g., noise and vibration control, dust control, planting with native species, etc.)	—	Costs decrease through promotion of efficient construction methods (panelization and trussing) during construction Sales increase from the development of new products reusing waste materials Sales increase owing to improved reputation among customers as a result of procurement of certified wood, use of recycled wood, and certification of plants



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Division*1	Business		Transition Risks	Physical Risks	Opportunities
Environment and Resources Business	Forest management, seedling production, and biomass power generation	C	Decrease in wood production due to stricter forest protection policies Increased cost of installing energy-efficient heavy equipment due to the introduction of carbon taxes and stricter environmental regulations	Increased forest road networks damage and road repair costs due to changes in precipitation and weather patterns Increased forest fires due to higher average temperatures, increased wood procurement and reforestation costs	Increased demand for logs and wood due to customers' preference for decarbonization Increased demand for renewable energy due to strengthened decarbonization policies, and increased sales of biomass-derived energy business
		C N	Costs increase due to • compliance with stricter laws and regulations following the introduction of policies to promote certification of woody biomass feedstock and PKS Costs increase due to higher fuel costs resulting from increased demand and tougher competition for woody biomass feedstock and PKS Costs increase due to further changes in forest management practices to meet the growing demand for sustainable timber Costs increase due to delays in the introduction of efficient and advanced forestry technology	Sales decrease due to shutdown of operations caused by forest fires or landslides	Sales increase from the generation of carbon credits in connection with the promotion of forest and peatland management and forest fund operations
		N	Sales decrease due to unplanned shutdowns following criticism from local communities and NGOs for timber production that violates the rights of indigenous and local people Sales decrease and costs increase as a result of delays in introduction of woody biomass fuels with less impact on ecosystems	—	Sales increase owing to sales of forest management technologies such as remote sensing, drone surveys, satellite applications, etc. Sales increase through payment program development (PES) from companies and local governments that benefit from the forest's public benefits (groundwater recharge, habitat provision, landslide prevention, etc.) Sales increase through the provision of industrial tourism and eco-



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Division*1	Business		Transition Risks	Physical Risks	Opportunities
					<p>tourism products (e.g., sales of products utilizing traditional knowledge and culture)</p> <p>Reduced industrial waste disposal costs by promoting the conversion of incineration ash into valuable resources</p> <p>Sales increase by promoting the credit market through participation in rulemaking for biodiversity credits</p>
Lifestyle Services Business	Nursing home operations and insurance business, etc.	C	Decrease in sales of gasoline card business due to shift from gasoline to electric vehicles	<p>Increase in costs for renovation of owned facilities and BCP response due to the severity of disasters</p> <p>Decrease in customers using owned facilities due to rising temperatures and increased costs for safety considerations</p>	<p>Increase in insurance subscribers, shorter policy periods, more frequent renewals, and sales due to more severe disasters</p> <p>Increase in the number of Sumirin Denki subscribers due to customers' preference for renewable energy</p> <p>Customer acquisition by responding to customers' desire for decarbonization and for safety and security in the face of increasingly severe natural disasters</p>

(C): Items identified only through TCFD scenario analysis

(C/N): Items identified from both TCFD scenario analysis and TNFD and LEAP analysis

(N): Items identified only through TNFD and LEAP analysis

*1 The Lifestyle Services Business underwent TCFD scenario analysis only.

*2 LCCM housing: houses that reduce CO₂ emissions during construction, occupancy, and demolition, and also generate renewable energy using solar power generation, etc., to achieve negative CO₂ emissions over their entire life cycle.

Financial significance analysis (TCFD scenario analysis and TNFD LEAP analysis)

In terms of the TCFD scenario analysis, among the risks and opportunities identified through the business-by-business analysis, some are affecting more than one business, and the business and items experiencing particularly large financial impacts are presented below. The increasing operating costs associated with the introduction of the carbon tax, environmental regulations, and the intensification of weather-related disasters will affect Timber and Building Materials Business and all divisions, while the growing preferences of customers for decarbonization will present opportunities for Environment and Resources Business and all divisions.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

		Factors	Factors of Particular Impact*	Related Business
Transition Risks	Policies and Regulations	Introduction of Carbon Pricing	[Risks] Increase in business costs due to the introduction of carbon tax imposition and emission trading system (Timber and Building Materials, Environment and Resources)	Timber and Building Materials, Housing, Global Construction and Real Estate, Environment and Resources, Lifestyle Services
		Forest conservation policies	[Risks] Increase in wood procurement costs due to payment of logging tax, logging fees, etc. (Timber and Building Materials, Environment and Resources) Increase in domestic wood costs due to the shift of reforestation costs as a result of mandatory reforestation, etc. (Timber and Building Materials)	Timber and Building Materials, Environment and Resources
		Introduction of environmental regulations	[Risks] Governments implement regulations on the use of used vehicles, which will increase the cost of introducing heavy equipment and trucks (Environment and Resources) [Opportunities] Sales increase due to the growing demand for environmentally conscious housing retrofits in response to stricter regulations on buildings (Housing) Increase in sales due to increased demand for environmental certifications/low-carbon housing in response to stricter regulations on buildings (Global)	Timber and Building Materials, Housing, Global Construction and Real Estate, Environment and Resources, Lifestyle Services



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

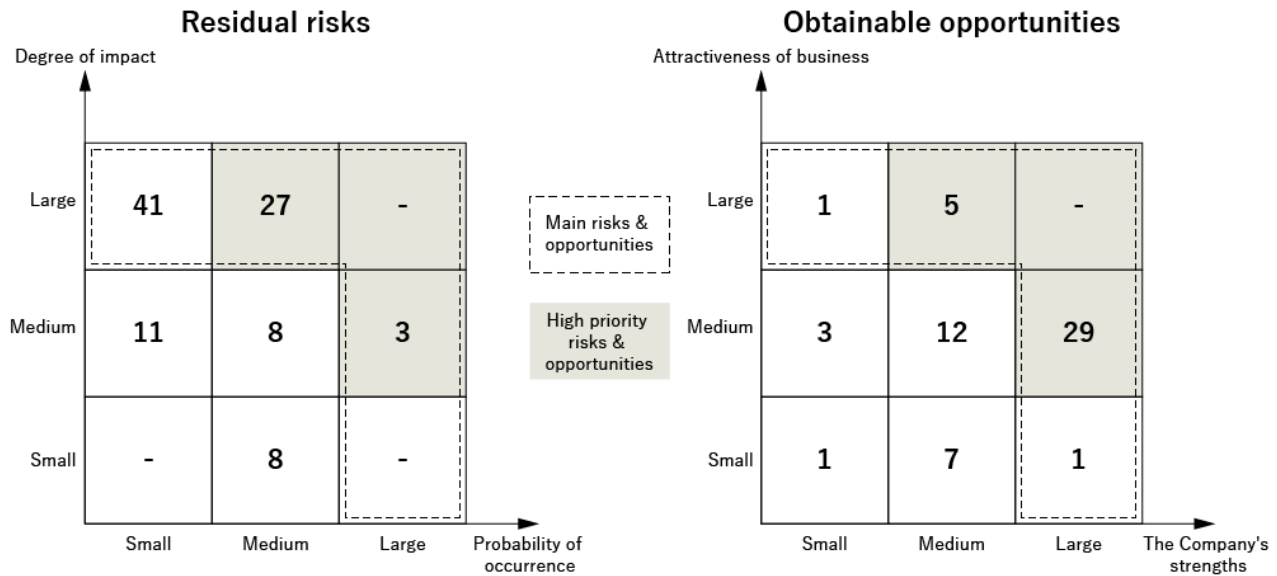
		Factors	Factors of Particular Impact*	Related Business
	Market	Shift in customer orientation toward decarbonized products	<p>[Opportunities]</p> <p>Increase in sales due to increased demand/use of domestic wood by utilizing wood industrial complex and laminated engineered wood plants (Timber and Building Materials)</p> <p>Increase in sales due to higher unit prices for logs and wood, associated with increased demand for renewable raw materials and products (Environment and Resources)</p>	Timber and Building Materials, Housing, Global Construction and Real Estate, Environment and Resources, Lifestyle Services
		Increased cost of raw materials	<p>[Risks]</p> <p>Increase in raw material costs due to higher energy costs (Timber and Building Materials)</p>	Timber and Building Materials, Housing, Global Construction and Real Estate
	Technology	Advances in next-generation technologies	<p>[Risks]</p> <p>Decrease in sales due to lower demand for wood as a result of progress in research and development of decarbonization of steel materials and concrete, which are competitors of wood (Timber and Building Materials)</p>	Timber and Building Materials, Housing, Global Construction and Real Estate, Environment and Resources
Physical Risks	Acute	Intensifying weather disasters	<p>[Risks]</p> <p>Decrease in sales due to increased demand for robust buildings using building materials other than wood and decreased disruption for wooden buildings (Housing)</p> <p>Cost increase due to higher purchase prices caused by supply chain damage (Global)</p>	Timber and Building Materials, Housing, Global Construction and Real Estate, Environment and Resources, Lifestyle Services

* The amount of impact is 10% or more of each division's ordinary income.

In the TNFD LEAP approach, there were 71 remaining significant risks and 36 potential opportunities identified from the qualitative assessment results, of which 30 risks were rated as high priority in terms of “degree of impact” and “probability of occurrence” based on the following qualitative assessment criteria, and 34 opportunities were rated as high priority in terms of “business attractiveness” and “strengths of the company.”



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources



We also attempted to quantify the financial impacts of eight of the above risks and 11 of the opportunities listed in the table below. This includes those that cannot be quantified at this time and those for which quantification has not yet been completed. Among the remaining risks, for example, in the Timber and Building Materials Business, under the scenario of manufacturing sites shutting down due to increased risk of inland flooding caused by climate change, the financial impact of “reduced sales and increased recovery costs due to the shutdown of four direct operation sites” was indicated as significant.

Among the obtainable opportunities, for example, in the same Timber and Building Materials Business, under a scenario where the promotion of wood use is promoted as a policy around the world as a means to achieve carbon neutrality and nature positive, the financial impact of “increased sales from new product development related to the mass timber market, such as CLT” was significant.

Regarding scenarios, we utilize some of the scenario analysis for physical risks from TCFD that has been already conducted, and we plan to conduct a full-scale scenario analysis for TNFD in the future.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Item (risks)			Items for which attempts were made to quantify the financial impacts		Business	Size of impact	Probability of occurrence
Transition Risks	Policies	Change in raw material procurement	Procurement costs for PKS increase due to compliance with stricter laws and regulations following the introduction of policies to promote certification	Short to medium term	Environment and Resources (biomass power generation)		
	Legal responsibilities	Introduction of environmental regulations	Costs increase due to compliance with stricter laws and regulations in response to the use of timber related to illegal and unsustainable forest harvesting	Short term	Timber and Building Materials (manufacturing and distribution)		
	Market	Change in raw material procurement	Costs increase due to higher fuel costs resulting from increased demand and tougher competition for woody biomass feedstock and PKS	Short to medium term	Environment and Resources (biomass power generation)		



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Item (risks)			Items for which attempts were made to quantify the financial impacts		Business	Size of impact	Probability of occurrence
Physical Risks	Acute	Occurrence of disasters	Sales decrease and restoration costs increase due to shutdown of operations caused by severe and more frequent flood damage from heavy rain and other factors	Short to long term	Timber and Building Materials (manufacturing)	Large	Medium
			Sales decrease and restoration costs increase due to suspension of operations following landslide in planted forests near plants	Long term	Timber and Building Materials (manufacturing)		
	Chronic	Occurrence of disasters	Increased costs of insurance premium payments for properties under construction due to increased risk of natural disasters	Short to medium term	Housing (custom-built detached houses), Global Construction and Real Estate (detached and subdivision houses)		
			Sales decrease due to construction delays caused by vulnerable construction infrastructure and increased risk of natural disasters resulting from land modification in the surrounding areas	Long term	Global Construction and Real Estate (detached and subdivision houses and real estate development)		
		Change in raw material procurement	Procurement costs increase due to reduced wood supply resulting from disasters and ecological degradation at procurement sites	Long term	Timber and Building Materials (manufacturing)		



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Item (opportunities)			Items for which attempts were made to quantify the financial impacts		Business	Attractiveness of business	The Company's strengths
Business performance	Market	Expansion of consulting market	Sales increase owing to sales of natural symbiosis site consulting in Japan	Short to medium term	Environment and Resources (company-owned forests in Japan)	Medium	Large
		Expansion of credit market	Sales increase by promoting the credit market through participation in rulemaking for biodiversity credits	Medium to long term	Environment and Resources (company-owned forests in Japan and overseas forest management)		
		Change in wood product market	Sales increase owing to new product development such as biorefinery, CLT or reuse of waste materials, etc.	Medium to long term	Timber and Building Materials (manufacturing)		
	Products and services	Change in wood product market	Sales increase owing to sales of forest management technologies such as remote sensing, drone surveys, satellite applications, etc.	Short to medium term	Environment and Resources (company-owned forests in Japan and overseas forest management)	Large	Medium
		Spread of NbS	Sales increase from the provision of industrial tourism and eco tourism products	Medium to long term	Environment and Resources (company-owned forests in Japan)		
			Sales increase through payment program development (PES) from companies and local governments that benefit from the forest's public benefits	Short to long term	Environment and Resources (company-owned forests in Japan and overseas forest management)		



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Item (opportunities)			Items for which attempts were made to quantify the financial impacts		Business	Attractiveness of business	The Company's strengths
Resource efficiency	Shift to efficient use of resources		Reduction of water procurement costs through further water conservation in manufacturing processes and reduced and more efficient water use	Medium to long term	Timber and Building Materials (manufacturing)	Medium	Large
			Costs decrease due to conversion from natural wood to wood from planted forests	Medium to long term	Timber and Building Materials (manufacturing)		
			Costs decrease through promotion of efficient construction methods (panelization and trussing) during construction	Medium to long term	Global Construction and Real Estate (real estate development)		
			Reduced industrial waste disposal costs by promoting the conversion of incineration ash into valuable resources	Short term	Environment and Resources (biomass power generation)		
	Reputation	Spread of green infrastructure	Sales increase owing to the acquisition of new customers who value the natural environment following enhanced natural symbiotic functions (greening, water retention/permeable pavement, biodiversity initiatives, etc.) within housing and construction sites	Medium to long term	Global Construction and Real Estate (detached and subdivision houses and real estate development) and Housing (custom-built detached houses)		

* All risks and opportunities at direct operation locations are quantified and shaded.

* Short-term: from the present to 2024 (Mission Treeing 2030 Phase 1), medium-term: from 2025 to 2030 (Mission Treeing 2030 Phase 2 and beyond), and long-term: from 2031 to 2050.

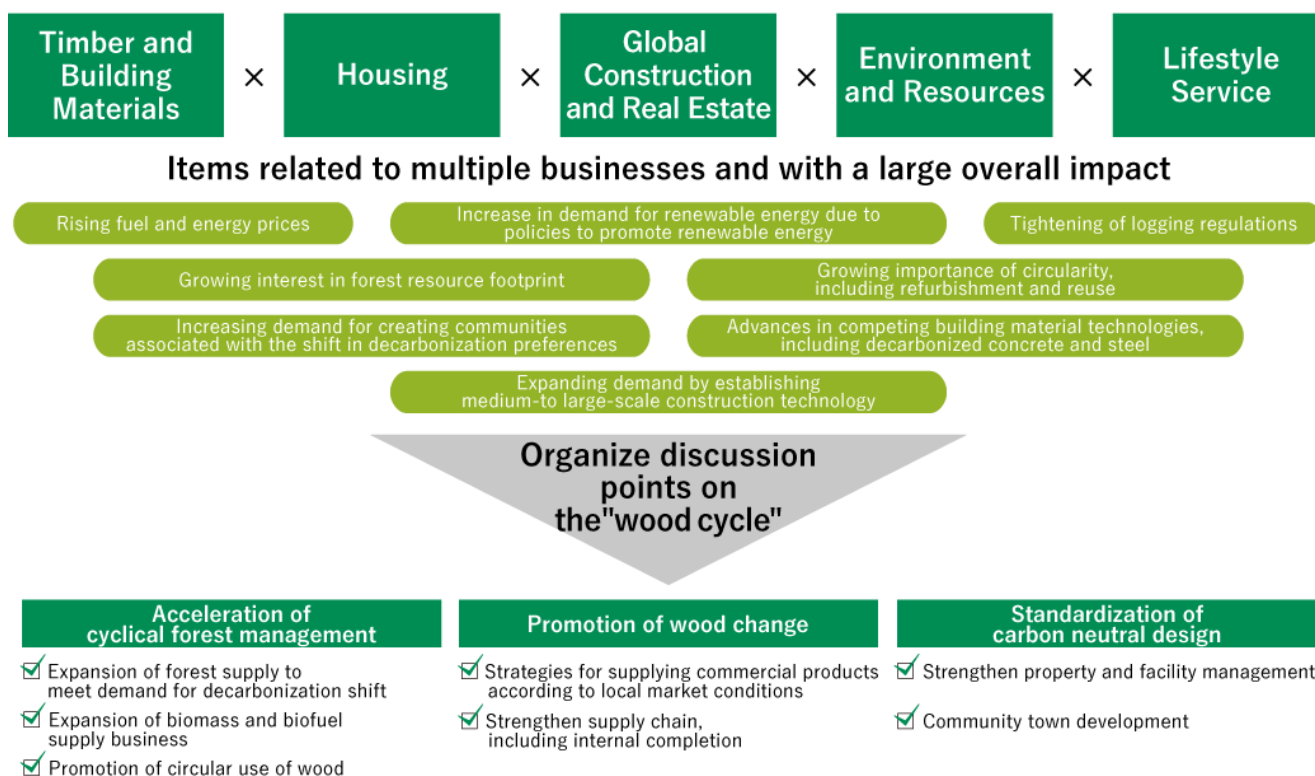
Sumitomo Forestry's Countermeasures (Prepare)

In the TCFD scenario analysis conducted for all divisions from the end of 2022 to 2023, among the risks and opportunities identified in the business-by-business analysis, we identified items that affect multiple businesses. Of these, we identified particularly important items as cross-organizational issues, for which all divisions jointly discussed countermeasures.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Relationship Between Cross-organizational Issues/Countermeasures in TCFD Scenario Analysis and the Wood Cycle



Proposed countermeasures identified through joint discussions with all divisions

Items corresponding "wood cycle"		Cross-organizational issues	Countermeasures
Energy	Forest	Expansion of forest supply to meet demand for decarbonization shift	Development of tree species and forests in response to the decarbonization shift, such as fuel wood and high-strength wood Development of supply and demand for local production for local consumption (secure and consolidate mountain owners)
	Wood	Expansion of biomass and biofuel supply business	Expand applications for wood chips and pellets that can be disposed of or used for biorefinery/SAF fuel by utilizing abundant forest resources and wood technology (considering development of wood-based SAF and challenging a demonstration plant)



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Items corresponding "wood cycle"		Cross-organizational issues	Countermeasures
Materials	Wood	Strategies for supplying commercial products according to local market conditions	In order to standardize decarbonized design for medium- to large-scale buildings, on the basis of implementation and participation in planning activities, define the strategies of each region, select/cultivate company-owned forests, and develop commercial materials
	Wood and Construction	Promotion of circular use of wood	New product design from the perspective of improving the scope and possibility of wood reuse at the time of demolition while lengthening the wood life cycle, and expanding the scope of reuse of demolition materials outside of the Kawasaki Chip Plant (biomass)
Construction	Construction	Strengthen property and facility management	Expanding the stock-type business as building management to reduce GHG emissions after construction, from the viewpoint of building contracting
	Construction	Community townhouse development	Appeal from the perspective of environmental friendliness, in addition to the competitiveness of wood
Overall	Forest, Wood and Construction	Strengthen supply chain, including internal completion	Upstream: the allocation of company-owned forests to be determined in consideration of the position of the forestry fund in the resource strategy, as well as supply chain efficiency Midstream: study and design the location and routing of production and distribution sites in accordance with upstream and downstream supply chain requirements Downstream: establish supply chain requirements by type of new construction, renovation/remodeling, etc., of houses, and coordinate with other departments

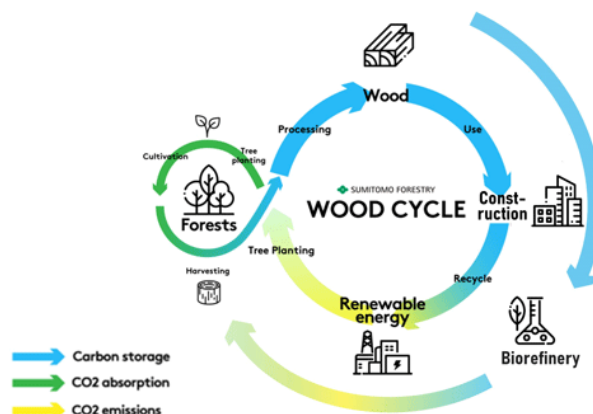
The TNFD LEAP analysis utilizes some of the scenario analysis for physical risks from TCFD that has already been conducted. In anticipation of promoting nature-positive businesses in the next Mid-Term Management Plan Mission TREEING 2030 Phase 2 (2025-2027), we plan to conduct a full-scale scenario analysis of TNFD in the future.

Key measures to address identified priority risks and opportunities include the following.



Environmental Management - **Responding to TCFD and TNFD** - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

		Risks & opportunities	Proposed measures
Timber and Building Materials Business (Manufacturing)	Risks	Sales decrease and restoration costs increase due to shutdown of operations at SRP, ASTI, RPI, and VECO, four sites at high risk of internal flooding as a result of severe flooding from heavy rains, etc.	Consider flood risk when selecting sites for operations and enhance disaster prevention measures Establish a business continuity plan (BCP) in the event of a major disaster and establish a rapid recovery system
Global Construction and Real Estate Business (FITP)	Opportunities	Sales increase and costs decrease owing to development of new products that reuse waste materials and development of technologies for more efficient use of resources, etc.	Promote the development of products that make effective use of resources in cooperation with the recycling industry to differentiate products in the market
Environment and Resources Business (Company-owned forests in Japan, and overseas forest management)	Opportunities	Sales increase owing to sales of smart forest technologies such as remote sensing, drone surveys, satellite applications, etc.	Develop a service package that supports accurate understanding of forest health and resource quantity by utilizing the latest remote sensing, drone survey, and satellite technologies, and propose to improve the efficiency and accuracy of forest management Deploy marketing activities for service packages targeting local governments and companies with large company-owned forests
Environment and Resources Business (Biomass Power Generation)	Risks	Costs increase due to higher fuel costs at Mombetsu Biomass Electric Power Plant and Hachinohe Biomass Electric Power Plant, following increased demand and intensified competition for unused wood chips and imported PKS	Diversify raw material procurement by developing alternative fuels and new sources of supply Utilize long-term and forward contracts to manage the risk of fuel cost volatility



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

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Responding to Climate Change

Greenhouse Gas Emissions from Business Activities

Greenhouse Gas Emissions per Scope Based on the GHG Protocol

The Sumitomo Forestry Group has ascertained the volume of its GHG emissions according to different scopes* based on the GHG Protocol, a set of widely used international accounting tools for quantifying GHG emissions. In light of the increasing demand for renewable energy in recent years, the Sumitomo Forestry Group entered the biomass power generation business in 2011. Since starting operations in 2016, the Mombetsu Biomass Electric Power, a consolidated subsidiary company, has significantly increased Scope 1 and Scope 2 emissions of the Group because coal is used as a secondary fuel to ensure smooth operation and maintenance. In fiscal 2023, Scope 1 and 2 emissions were reduced by 5.7% from fiscal 2022 due to a reduction in coal consumption at Mombetsu Biomass Electric Power. When looking by business, our plants in Japan and the power generation business make up 50.8% while our plants overseas compose 32.3%.

In addition, we began calculating Scope 3 in fiscal 2013. We are aware that the impact of category 11 "Emissions during occupancy of sold detached houses" is particularly significant, and we are working to reduce CO₂ emissions during occupancy by promoting ZEH (Net Zero Energy House) in our housing business. The scope of calculation for Scope 3 was expanded from fiscal 2022. After estimating approximately 100% coverage for the Sumitomo Forestry Group's operations in fiscal 2021, the new scope of calculation excludes items with low emissions which are unlikely to have an overall impact. As a result, the coverage ratio for the conventional calculation scope was around 85.9% in fiscal year 2021, whereas it increased to approximately 96.6% in fiscal year 2023.

We continue to work to achieve the Science Based Targets (SBT) by further reducing greenhouse gas emissions.

* The GHG Protocol requires businesses to disclose their greenhouse gas emissions according to the following categories

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

Scope 2: Indirect GHG emissions from the generation of purchased electricity and heating. e.g.: Emissions from the use of electricity by offices

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

[Click here for related information](#)

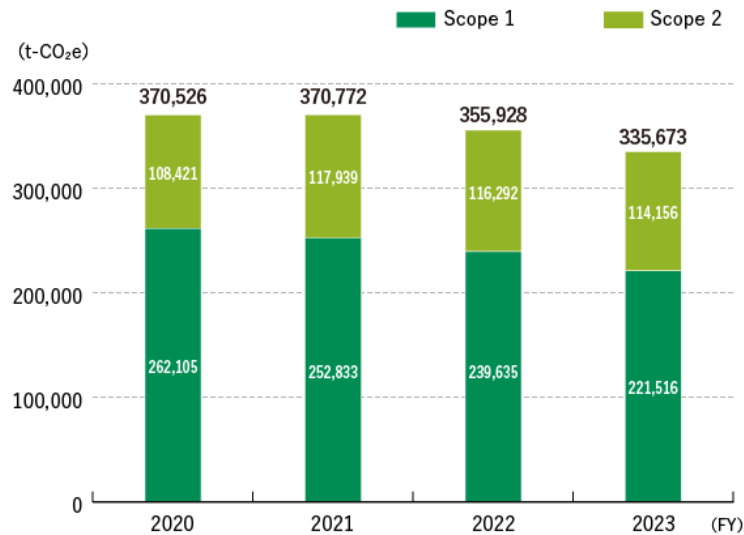
> [Establishment and Certification of Science
Based Targets \(SBT\)](#)

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



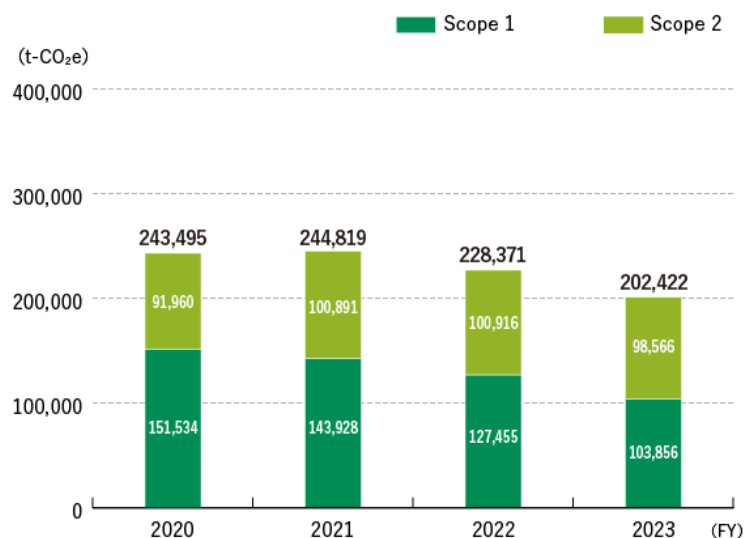
Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Scope 1 and Scope 2 CO₂ Emission Trends



The Sumitomo Forestry Group's greenhouse gas emissions are calculated by using heat conversion factor and carbon dioxide emission factors stipulated in the Act on Promotion of Global Warming Countermeasures, and the heat conversion factor measured at the biomass power generation plant. The greenhouse gas emission factor for biomass combustion is being considered to be changed to the factor used in the National Greenhouse Gas Inventory Report of JAPAN (NIR) submitted by the Japanese government under the United Nations Framework Convention on Climate Change (UNFCCC), and to exclude the equity-method affiliates currently included in the scope of calculation; the emissions calculated using this factor are also disclosed for reference.

(Reference) Changes in Scope 1 and 2 emissions, calculated using the change in emission factor for biomass combustion and excluding equity-method affiliates



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

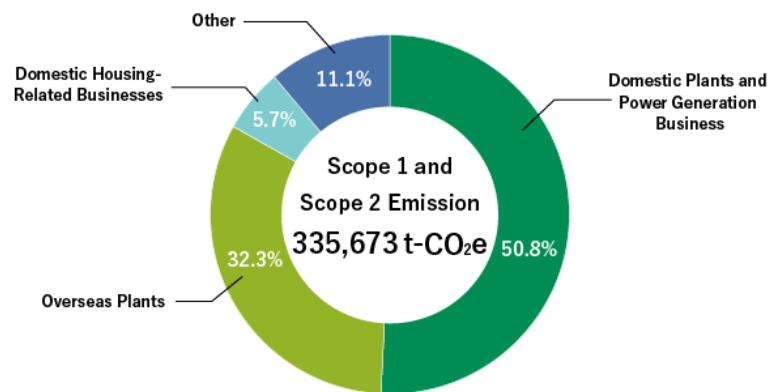
Social

Governance

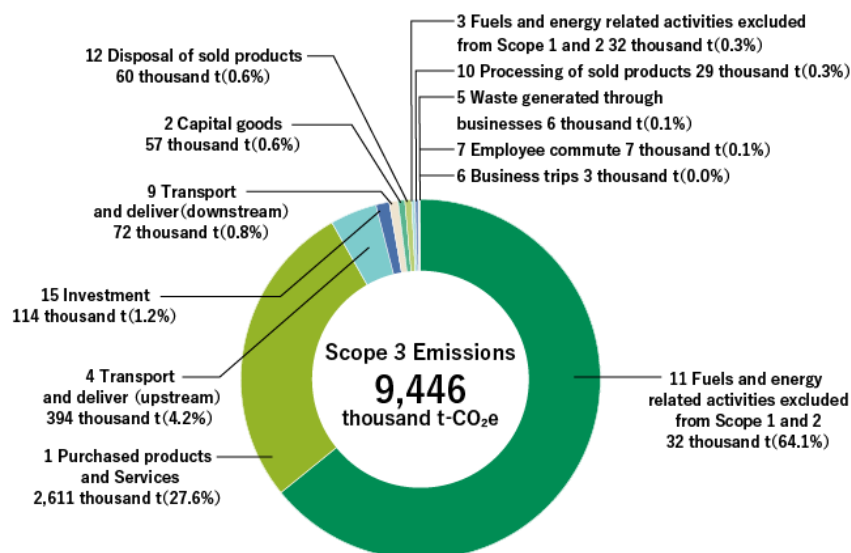
Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Scope 1 and 2 Breakdown by Business (FY2023)



Scope 3 Emissions by Category





Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Scope 3 Emissions by Category (three years)

(thousand t-CO₂e)

Category	Boundary of Emissions included in the Category	FY2021	FY2022 ^{*2}		FY2023 ^{*2}	
			Former scope ^{*2}	Revised scope ^{*2}	Former scope ^{*2}	Revised scope ^{*2}
1 Purchased products and services ^{*1}	Emission from upstream of products and services purchased by Sumitomo Forestry	2,458	2,613	2,787 (2,780)	2,611	2,736 (2,727)
2 Capital goods	Emissions from upstream of purchased equipment	31	47	47	57	57
3 Fuels and energy related activities excluded from Scope 1 and 2	Emissions from the upstream of purchased fuels, electricity, heat capacity, and water	34	33	33 (32)	32	32 (30)
4 Transport and deliver (upstream)	Emissions from Sumitomo Forestry distribution from suppliers of purchased products and services in (1) and emissions due to logistics services other than (1) for costs incurred by Sumitomo Forestry	432	446	446 (439)	394	400 (393)
5 Waste generated through businesses	Emissions from waste treatment and its transport	6	7	7 (7)	6	6 (6)
6 Business trips ^{*3}	Emissions related to business trips of employees such as use of public transportation and accommodation	2	2	2	3	3
7 Employee commute ^{*4}	Emissions from employee commuting	6	6	6	7	7
8 Leased property (Upstream)	(Emissions from use of upstream leased property such as office building, heavy machinery, vehicles, and facilities are included in Scope 1 or 2)	-	-	-	-	-
9 Transport and deliver (downstream)	Emissions during transport of products sold	96	87	87 (81)	72	86 (80)
10 Processing of sold products	Emissions from processing of logs into plywood as well as of sold pre-cut processing of sold lumber	52	42	42	29	83



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Category	Boundary of Emissions included in the Category	FY2021	FY2022 ^{*2}		FY2023 ^{*2}	
			Former scope ^{*2}	Revised scope ^{*2}	Former scope ^{*2}	Revised scope ^{*2}
11 Use of sold products	Emissions during use of detached houses sold	6,534	5,937	6,816 (6,524)	6,059	6,994 (6,695)
12 Disposal of sold products	Emissions from demolition and disposal of detached houses sold by the Company	65	59	59	60	65
13 Leased property (downstream)	(Tenants must belong to the Group and the figures are included in Scope 1 and 2 of the Group)	-	-	-	-	8
14 Franchised	(excluded)	-	-	-	-	-
15 Investment	Emissions from the investees (based on the Company's proportional share)	120	120	120	114	114
Total		9,835	9,400	10,453 (10,139)	9,446	10,592 (10,269)

*1 The calculation method for Category 1 emissions of Scope 3 was revised to apply Accounting Standards for Revenue Recognition (Corporate Accounting Standard No.29) as of fiscal 2019 (retroactively reflected in the values for fiscal 2019). In fiscal 2021, the scope of application of the Accounting Standard for Revenue Recognition was reviewed and the method of calculating Scope 3 Category 1 was revised again

*2 Since the scope of calculation was expanded from fiscal 2022, figures calculated within the previous scope and figures calculated by revising the scope are shown together. The greenhouse gas emission factor for biomass combustion is changed to the factor used in the National Greenhouse Gas Inventory Report of JAPAN (NIR) submitted by the Japanese government under the United Nations Framework Convention on Climate Change (UNFCCC) and to exclude the equity-method affiliates currently included in the scope of calculation. The emissions calculated using this factor are also disclosed for reference, shown in parentheses

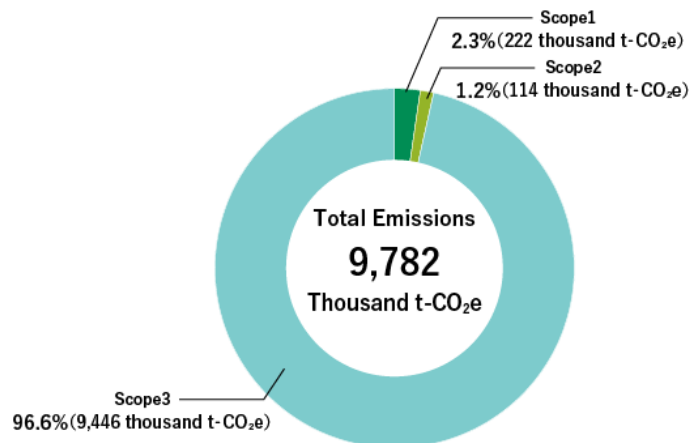
*3 From fiscal 2021 onward, a percentage decrease in travel costs was applied to reflect the impact of coronavirus disease (COVID-19) in the calculation

*4 From fiscal 2021 onward, a percentage decrease in attendance was applied to reflect the impact of the COVID-19 in the calculation

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

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

FY2023 Total Greenhouse Gas Emissions Accrued from Corporate Activities



Click here for related information

- > [Boundaries and Methods of Greenhouse Gas Emissions Calculation](#)

Energy Used in Business Activities and the Adoption of Renewable Energy

Energy consumption by the Sumitomo Forestry Group in fiscal 2023 was 2,862,493 MWh*, the same level as the previous year. With regard to energy consumption in businesses other than power generation, we are striving to reduce energy consumption through various energy conservation activities. In addition, the adoption rate of renewable energy in fiscal 2023 is 78.1%.

* Energy input in the Balance of Input & Output is calculated in TJ based on the Ministry of the Environment's "Environmental Reporting Guidelines." Both calculated from the same energy use

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

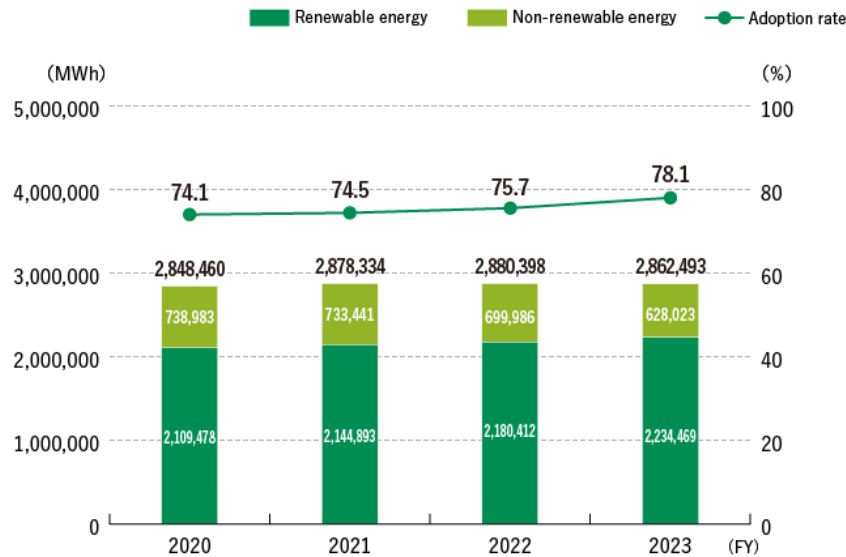
Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Energy Consumption and Renewable Energy Usage Trends



[Click here for related information](#)

> Aiming for 100% Renewable Energy and
Joining the RE100

> Balance of Input & Output

Reducing Greenhouse Gas Emissions

All business sites of Group companies in Japan disposed of standard settings for gasoline vehicles in fiscal 2019 and have been advancing the introduction of fuel-efficient vehicles. To date, 428 of the 463 company-owned vehicles introduced during 2023 were fuel-efficient vehicles (Introduction ratio of fuel-efficient vehicles: 92.4%).

The Group will continue to reduce greenhouse gas emissions by such means as reducing prolonged working hours and raising awareness among employees.

Reducing greenhouse gas emissions from transportation

Under the revised Act on the Rational Use of Energy in Japan, consigners*¹ are required to reduce per-unit energy consumption by an annual average of 1% or more in the medium to long term in relation to the transportation of goods. Sumitomo Forestry, Sumitomo Forestry Crest and Sumitomo Forestry Wood Products fall under the category of "specified consigner" (annual freight transportation volume is 30 million ton-km*² or more), obligating them to submit reports to the Japanese Government. Sumitomo Forestry therefore sets a target each fiscal year to reduce per-unit energy consumption*³ in transportation by 1% or more compared to the previous year. Sumitomo Forestry Crest and Sumitomo Forestry Wood Products also set targets to reduce per-unit energy consumption compared to the previous year.



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

In fiscal 2022, Sumitomo Forestry's per-unit energy consumption was 101.8% compared to the previous year and Sumitomo Forestry Crest's was 112.3%. Sumitomo Forestry Wood Products' was 138.6%, all falling short of their targets.

As reasons for not achieving the target, Sumitomo Forestry said, "We lost business with companies that had less emissions and big handling volume." Sumitomo Forestry Crest said, "Although amount of transportation decreased, impact of revision in factor reveled to energy consumption calculation remained, price pass-through of sales was unable to keep up with year-on-year change in energy consumption." Sumitomo Forestry Wood Products said, "In the aftermath of the Wood Shock, concerns over the supply of imported timber increased, and demand for substitute domestic timber increased. As a result, lots of long-distance transportation from source of supply to supplier."

In the future, we will work with transporters to further reduce CO₂ emissions by improving loading efficiency, modal shift from trucks to rail and ship transport, and waste transport using return trips for building material deliveries.

*1 Cosigners as defined in the Act on the Rational Use of Energy in Japan is someone who transports cargo to carriers for our businesses

*2 Freight transportation volume (ton-kilometers) = freight weight (tons) × distance travelled (km)

*3 Sumitomo Forestry and Sumitomo Forestry Wood Products measure energy consumption per unit of volume handled. Sumitomo Forestry Crest measures energy consumption per unit of net sales

Energy consumption for transportation (FY2022)*

	Energy Use (Crude Oil Equivalent)	CO ₂ Emissions	Energy Consumption Per Unit
Sumitomo Forestry	1,570kL	4,182t-CO ₂	0.00205kL/m ³ (Ratio to Previous FY: 101.8%)
Sumitomo Forestry Crest Co., Ltd.	2,232kL	5,941t-CO ₂	0.0000721kL/1,000 Yen (Ratio to Previous FY: 112.3%)
Sumitomo Forestry Wood Products Co., Ltd.	2,419kL	6,468t-CO ₂	0.000927kL/m ³ (Ratio to Previous FY: 138.6%)

* Calculation period is "fiscal year (April to March)" / April 2022 to March 2023 as specified in Act on the Rational Use of Energy in Japan

Establishment of an Efficient Delivery

Sumitomo Forestry is reducing the CO₂ emissions in its transportation processes by bringing together materials for Sumitomo Forestry homes from multiple manufacturers momentarily at relay centers in approximately 30 locations throughout Japan with a system to consolidate and transport shipments.

Home Eco Logistics takes on logistics operations for the Sumitomo Forestry Group with the housing business at the core and also actively puts forward proposals for efficient logistics operations to material manufacturers, housing builders, housing construction companies and building material distributors. There are approximately 90 logistics contractors as of December 2023, excluding the Sumitomo Forestry Group. We also provide logistics support through a delivery matching system that directly connects shippers with drivers and carriers via the web, improving the efficiency of delivery request operations and providing emergency delivery services. As of December 2023, approximately 190 companies (approximately 270 on a location basis) are using this service.


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

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

In the future, we will actively strive in cooperative distribution through multiple companies because of insufficient shipment capacity forecast due to a decrease in the amount of new housing construction.

Modal Shift in Tree Transportation

In March 2022, Sumitomo Forestry Landscaping, in collaboration with Nippon Freight Railway Company, Kawasaki Kinkai Kisen Kaisha, Ltd. and Nippon Express Co., Ltd. started full-scale operation of "Green Delivery Service." "Green Delivery Service" is a tree delivery service that aims for low-carbon by modal shifting from trucks to railroads and ships for trunk line transportation. In fiscal 2023, we transported trees from southern Kyushu to Tokyo metropolitan area five times by railroads and 102 times by ship (including several routes and shipping companies). We will continue to promote modal shift to reduce CO₂ emissions and address the Year 2024 issue for long-distance drivers.



"Green Delivery Service®" transportation by ship



Scene of tree delivery



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to Climate Change

Boundaries and Methods of Greenhouse Gas Emissions Calculation

The data collection period for fiscal 2023 is from January to December 2023.

Boundary of Greenhouse Gas Emissions (Organizational Range)

Unless otherwise noted, the greenhouse gas emissions presented in this report are for domestic and foreign consolidated subsidiaries and affiliates with substantial influence on management decision-making. Furthermore, the boundaries of calculating the greenhouse gas emissions by scope are as shown below.

- Scope 1, 2 and 3
Domestic and foreign consolidated subsidiaries and affiliates with substantial influence on management decision-making.

[Click here for related information](#)

[List of Applicable Companies](#)

Types of Greenhouse Gases Subject to Data Collection

The types of greenhouse gases collected for this report are carbon dioxide, methane and dinitrogen oxide. Moreover, hydrofluorocarbons are not subject to data collection if in trace amounts (less than 1%).

Scope 1 Emissions

The greenhouse gas emissions both inside and outside of Japan are calculated by using heat conversion factor and carbon dioxide emission coefficients stipulated in the Act on Promotion of Global Warming Countermeasures, and the heat conversion factor measured at the biomass power generation plant.

The waste used for energy at manufacturing plants (wood waste and waste plastics) and wood pellets are also converted to amount of heat, and the greenhouse gas emissions (CO₂e) are calculated using the CH₄ and N₂O emission coefficients stipulated in the Act on Promotion of Global Warming Countermeasures.

The greenhouse gases emission coefficient for biomass combustion is being considered to be changed to the coefficient used in the National Greenhouse Gas Inventory Report of JAPAN (NIR) submitted by the Japanese government under the United Nations Framework Convention on Climate Change (UNFCCC), and the emissions calculated using this factor are also disclosed for reference.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Scope 2 Emissions


The greenhouse gas emissions caused by use of purchased electricity in Japan are calculated by the carbon dioxide emission coefficient for each power provider stipulated in the Act on Promotion of Global Warming Countermeasures. In addition, the performance of January to December 2023 is calculated using the emission coefficient for each power provider for submission in 2024.

The greenhouse gas emissions due to the use of purchased heat are calculated by the emission coefficient stipulated in the Act on Promotion of Global Warming Countermeasures.

The greenhouse gas emissions caused by use of purchased electricity overseas in fiscal 2023 are calculated by the latest emission coefficient (2021) of each country according to the IEA Emission Factors 2023 issued by the International Energy Agency (IEA). However, Canyon Creek Cabinet Company in the United States uses market-based emission coefficient.

[Click here for related information](#)

Ministry of the Environment Calculation

> and Reporting of Greenhouse Gases (in 
Japanese)

Scope 3 Emissions

Category 1. Purchased goods and services

■ Portion of outside contracts during construction of wooden detached houses

$\sum (\text{energy use during on-site construction per home} \times \text{emissions coefficient by energy source}) \times \text{Portion of outside contracts used in houses completed in the current fiscal year}$

■ Purchased products

$\sum (\text{Quantity and amount (excluding tax) of procured product or sales} \times \text{Emissions per weight or per price})$

Overseas companies handling housing sales: Sales per unit of housing in Japan is calculated and multiplied to the sales of each overseas company.

Domestic companies handling timber and building materials: Sales per unit of timber and building materials in the Timber and Building Materials Business is calculated and multiplied to the sales of each affiliate company.

Furthermore, emission calculations have been excluded from any sales of Timber and Building Materials Division recognized as sales made only from fees when arranging goods or services provided through another interested party.

[2022 Expansion Scope]

■ Products purchased for apartments and medium to large scale buildings, and the portion of outside contracts during construction

$\sum (\text{Total floor area of apartments and medium/large scale buildings} \times \text{Emission intensity per floor area})$

■ Products purchased for custom-built detached houses

$\sum (\text{Quantity and amount (excluding tax) of procured product or sales} \times \text{Emissions per weight or per amount})$

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

■ Portion of outside contracts during construction for remodeling, housing exteriors construction, and other construction work
 $\Sigma (\text{Outsourcing cost (excluding tax)} \times \text{emission intensity per amount})$

■ Portion of outside contracts for forestry business
 $\Sigma (\text{Domestic harvest volume} \times \text{Intensity per harvest volume}) + \Sigma (\text{Overseas harvest volume} \times \text{Intensity per harvest volume by country})$

Category 2. Capital goods

$\Sigma (\text{Capital goods procurement value by all Group companies (excluding tax)} \times \text{Per unit emissions by industrial division})$

Category 3. Fuel- and energy-related activities (not included in scope 1 or scope 2)

■ Procurement

$\Sigma (\text{Energy and water use} \times \text{Per unit emissions of energy source})$

■ Transport from retailers

* The target of calculations is the use on operational sites such as plants

$\Sigma (\text{Energy use (weight conversion)} \times \text{Estimated transport distance} \times \text{Per unit use of fuel in ton-kilometers} \times \text{emissions coefficient})$

* Calculation based on transportation scenario

Category 4. Upstream transportation and distribution

■ Transport in Japan

$\Sigma (\text{Amount procured by each plant} \times \text{Estimated transport distance} \times \text{Per unit use of fuel in ton-kilometers} \times \text{emissions coefficient})$
 Emissions related to owner shipments (value to report based on the energy saving law; however, this excludes waste transport)

* Waste transport is included in Category 5

■ Transport by sea

$\Sigma (\text{Amount of import products procured} \times \text{Distance to transport by sea from the country of procurement} \times \text{Per unit emissions of ship transport})$

[2023 Expansion Scope]

■ Transportation of purchased products from custom-built detached houses and spec homes

$\Sigma (\text{Procurement volume of each house} \times \text{estimated transportation distance} \times \text{emission intensity of vehicle transportation})$

■ Transportation of purchased products for renovation business

$\Sigma (\text{Procurement value} \times \text{logistics cost ratio} \times \text{emission intensity per amount})$

Category 5. Waste generated in operations

$\Sigma (\text{Amount of emissions by type of waste} \times \text{Per unit emissions by the type of waste or processing method})$

Category 6. Business travel

Number of employees of all Group companies \times Per unit emissions during business trips

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Category 7. Employee commuting

■ Type of transportation: Train/bus

Number of employees of all Group companies × Per unit emissions during commute

* Per unit emissions during commute: Calculated from the emissions during commute of Group companies in Japan

■ Type of transportation: Automobile

Number of employees of all Group companies × Per unit emissions during commute by automobiles

* Per unit emissions during commute: Calculated by dividing the costs of commuting by automobiles by average unit price of gasoline of that fiscal year, and then multiplying the emission coefficient of burning gasoline

* Emissions during commute using employee-owned vehicles is included in Scope 1

Category 9. Downstream transportation and distribution

■ Wood yard pick up such as the plywood or fiberboard that is sold

Σ (Sales volume × Estimated transport distance × Per unit fuel use in ton-kilometer × emissions coefficient)

* Calculation based on transportation scenario

[2023 Expansion Scope]

■ Free on Truck for sold materials and lumber

Σ (Sales volume × estimated transportation distance × emission intensity of vehicle transportation)

Category 10. Processing of sold products

■ Plywood work and Precut factories

Σ (Sales volume of log and timber × Per unit emissions during processing)

* Per unit is based on the LCA procurement implemented in the past by the company

[2023 Expansion Scope]

■ Plywood and precut processing of logs and lumber sold by affiliates

Σ (Sales volume of log and timber × Per unit emissions during processing)

Category 11. Use of sold products

■ Emissions during habitability

Σ (Annual energy use per household × Emissions coefficient by energy source) × Years of residence period × Number of houses completed by construction method and region for fiscal year

* Emissions related to renovations are omitted because there is a possibility to count a portion of Scope 1 and Scope 2 emissions twice for affiliate companies engaged in the renovations business (Sumitomo Forestry Home Tech)

* Energy use per household (electricity/city gas):

In Japan: Calculated by using the Building Research Institute's energy consumption performance calculator program

Overseas: Average of dividing amount of fuel and electricity used per state released by the government by number of households

[2022 Expansion Scope]

Σ (Total floor area of medium/large scale buildings × Years of residence period × Emission intensity per floor area)

Σ (Total floor area per apartment × Emissions coefficient per floor area) × Years of residence period × Number of houses completed by type in the current fiscal year

Σ (Annual energy use per detached house × Emissions coefficient by energy source) × Years of residence period × Number of

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

houses completed in the current fiscal year by region

Σ (Annual energy consumption of gas appliances installed during remodeling x Emission coefficient x Useful life)

[2023 Expansion Scope]

Σ (Biomass fuel sold x emission coefficient)

Category 12. End-of-life treatment of sold products

■ Emissions during demolition

Σ (Fuel use during demolition per household x Emissions coefficient by fuel type) x Number of houses completed for the current fiscal year

* Fuel use during demolition per household (diesel/gasoline):

Estimated based on sample surveys conducted by Sumitomo Forestry related to the fuel use in model house demolition in 2006

■ Emissions during disposal (including transport)

Σ (Amount of waste during demolition per household x Per unit emissions by volume reduction rate, disposal rate, recycling rate for each type of waste x Per unit emissions by type of waste or processing method) x Number of houses completed in the current fiscal year

* Amount of waste during demolition per household:

The amount of waste produced during demolition annually by Sumitomo Forestry Group for fiscal 2006 is calculated by converting the equivalent building weight of the standard plan (floor area:147m²) of Sumitomo Forestry for fiscal 2010

[2023 Expansion Scope]

■ Emissions from demolition and disposal of spec houses and rental housing

Σ (Emission coefficient at the time of demolition or disposal per floor area x total floor area in current fiscal year)

■ Emissions from demolition of medium - to large-scale construction

Σ (Emission coefficient at the time of demolition per floor area x total floor area in current fiscal year)

■ Emissions from disposal of medium - to large-scale construction

Σ (Amount of waste at the time of demolition per construction unit x emission intensity by type of waste) x Number of houses completed in current fiscal year

Category 13. Leased property (downstream)

[2023 Expansion Scope]

■ Emissions during operation of rental properties

Σ (Floor area of rental properties x emission intensity by use of building or per unit area)

■ Emissions during use of general rooms of elderly care facilities

Σ (Floor area of general rooms of rental properties x emission intensity by use of building or per unit area)

Category 15. Investments

Σ (Scope 1 and 2 emissions from companies the Group invests x Equity interest of Sumitomo Forestry Group)

* Scope 1 and 2 emissions are the public values from the company the group invests or the values released in the Act on Promotion of Global Warming Countermeasures

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to Climate Change

Mitigation of Climate Change

Approach to Use 100% Renewable Energy

In order to achieve 100% renewable energy for the electricity for Sumitomo Forestry Group's operations, we are planning to utilize Sumirin Denki, which we started in 2019, and install solar power generation systems at our domestic and overseas plants. Furthermore, we will consider a diverse range of procurement methods that take advantage of programs in each country we operate while aiming to use 100% renewable energy.

Utilizing Sumirin Denki Solar Power Generation for Domestic Electricity Use

Sumitomo Forestry started the "Sumirin Denki" service in November 2019 for owners of Sumitomo Forestry homes and owners who have solar power installed by Sumitomo Forestry Home Tech's homes. The service offers surplus electricity purchase and power supply agency sales for owners whose solar power generation purchase period expires under the feed-in tariff (FIT) for renewable energy.

We are working to allocate this "Sumirin Denki" to the electricity used by Sumitomo Forestry Group in Japan. We promote the RE100 initiative by utilizing the surplus solar power purchased from the owners with "Sumirin Denki" at our offices and model homes. As of December 2023, the number of contracts was 4,891, an increase of 1,830 from fiscal 2022. Furthermore, we have been supplying renewable energy electricity purchased from owners to exhibition halls and some sales offices nationwide (217 exhibition halls and 7 sales offices as of December 2023) since 2023. In the future, we will accelerate the promotion of the "Sumirin Denki" services to the owners and strive to increase the availability of renewable energy.



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Expanding the Use of Renewable Energy at Manufacturing Plants

As Sumitomo Forestry Group, our manufacturing facilities account for about 34% of our total greenhouse gas emissions. To achieve RE100, it is vital that we conserve energy and expand the use of renewable energy in our factories.

In September 2020, Sumitomo Forestry Crest Kashima Plant, which manufactures interior materials for houses, introduced solar power generation under the PPA (Power Purchase Agreement) model*. We purchased non-fossil certificates with tracking for electricity not generated by solar power, and Kashima and Imari plants have achieved RE100 and Shizuoka plant RE50 as of December 2023. These initiatives contributed to a reduction of 1,969 t-CO₂ emissions in fiscal 2023. We are also promoting introduction of renewable energy at our overseas manufacturing sites. AST Indonesia, our manufacturing sites in Indonesia, has completed installation of a “2.2 MW roof-mounted solar power generation system.” It was selected as a JCM model project by Ministry of the Environment in fiscal 2021, and started to operate in March 2024. It covers 20% of power consumption of the plant and allows for a reduction in greenhouse gases of 1,600t CO₂/year.



Exterior view of the Kashima Factory



AST Indonesia plant / Roof-mounted solar power generation system

Both in Japan and overseas, the Sumitomo Forestry Group is considering the installation and expansion of solar power panels in our manufacturing sites in an ongoing effort to increase the ratio of renewable energy.

* A system whereby a host loans out factory rooftop space to a power generation company to install solar power generation panels and then purchases the electricity generated from these panels for its own use

Overseas Sites Initiatives

Nelson Pine Industries (NPIL), which manufactures and sells MDF (medium density fiberboard), single plate, and LVL (laminated veneer lumber) in New Zealand uses the most electricity in the Sumitomo Forestry Group. In New Zealand, a high ratio of power composition is from hydropower, geothermal power and other forms of renewable energy, and was approximately 80% as of 2021. The New Zealand government has set out a goal for 100% renewable energy by 2035, and NPIL expects to have 100% renewable energy by that time.

Other manufacturing sites in Southeast Asia are also seeing a growing trend toward introduction of renewable energy, and we are promoting introduction of solar power generation systems at our own plants in Indonesia and Vietnam. In the United States and Australia where we are primarily involved in the housing business, we plan to steadily transition to renewable energy thanks to the ability to procure renewable energy at low cost and the issuance of sufficient renewable energy certificates.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Promotion of the Renewable Energy Business

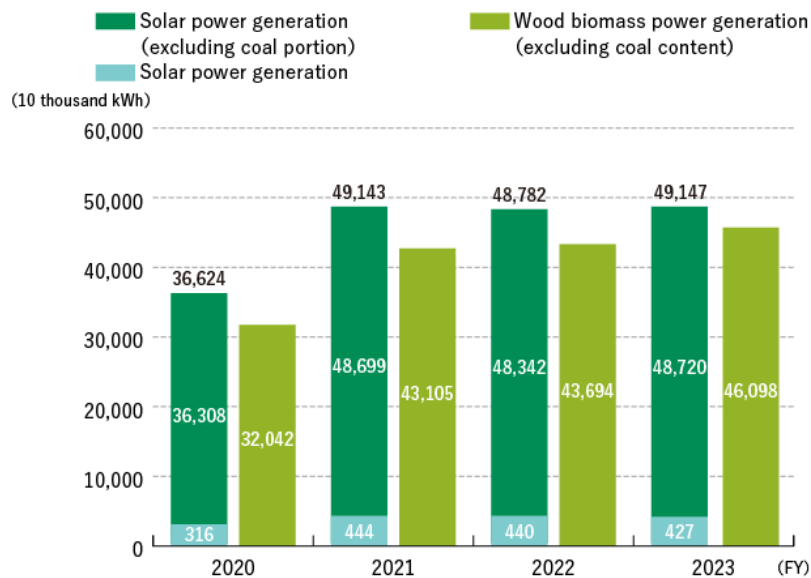
The Sumitomo Forestry Group is advancing renewable energy generation businesses, including solar power generation as well as wood biomass power generation that chips and uses scrap construction wood in addition to unused forest resources and other such materials as fuel. In 2023, the total amount of electricity generated was 491.47 million kWh (including from coal), a decrease of 0.7% from 2022.

Effect of CO₂ emission reduction through
power generation in fiscal 2023*

93,877 t-CO₂e

* CO₂ emission reductions compared to the electricity purchased from power companies. These emissions are calculated using the CO₂ emission coefficients of mainly Hokkaido Electric Power and Tohoku Electric Power.

Trends in the Amount of Renewable Energy Generation^{*1*2}



*1 The amount of electricity generated by wood biomass power generation is only from Sumitomo Forestry's consolidated subsidiaries

*2 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

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Wood Biomass Power Generation Business

The Sumitomo Forestry Group operates wood biomass power generation facilities that are fueled by recycled chips primarily using leftover from construction as raw materials, wood not suitable as a building material, and thinning leftover in forests and other unused forest resource.

The CO₂ emitted by burning wood does not contribute to CO₂ in the atmosphere as part of the life cycle of the trees because the CO₂ in the atmosphere is absorbed through photosynthesis as the trees grow (concept of carbon neutrality).

Therefore, the Group has been engaged in wood biomass power generation as a type of business that contributes greatly to the advancement of forestry, such as the effective use of wood, mitigation of CO₂ emission and furthermore, the maintenance of local forest environments.

In February 2011, the Sumitomo Forestry Group entered this sector with the operation of the urban-oriented Kawasaki Biomass Electric Power (generation capacity: 33 MW), which primarily uses scrap construction wood as fuel. In December 2016, we started commercial operation of Mombetsu Biomass Electric Power (generating capacity of 50 MW), which is fueled mainly by unused wood from forests in Japan, followed by Tomakomai Biomass Power Generation Plant (generating capacity of 6.2 MW) in April 2017, Hachinohe Biomass Power Generation Plant (generating capacity of 12.4 MW) in April 2018, and Kanda Biomass Power Generation Plant (generating capacity of 75 MW) in June 2021.

Morinomiya Biomass Power Generation Plant (generation capacity 75 MW), starting to operate in November 2023, bringing total power generation capacity of wood biomass power generation plant to approximately 251.6 MW, which means approximately electricity supply to 555,000 households. This plant is under management of the Sumitomo Forestry Group.

Drawing on past experience in the wood biomass power generation business, the Group will continue to expand renewable energy business operations suited to local conditions and other requirements.



Mombetsu Biomass Electric Power



Hachinohe Biomass Electric Power



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Sumitomo Forestry Group's wood biomass power generation business

Title	Location	Power generation capacity	Start of operations	Main features
Kawasaki Biomass Electric Power Co., Ltd. (Joint investment with Sumitomo Joint Electric Power Co., Ltd. and Fuluhashi EPO Corporation)	Kanagawa Prefecture Kawasaki City	33MW	February 2011	<ul style="list-style-type: none"> • Largest biomass power generation facility in Japan that primarily burns scrap wood as fuel • Utilizes recycled chips produced from construction debris and waste pallets from Tokyo and surrounding suburbs, as well as pruned branches • Equipped with environmental mechanisms, such as flue gas desulfurization equipment, an exhaust gas denitrizer and a bag filter, the urban-sourced biomass power generation plant clears Kawasaki City's strict environmental standards
Mombetsu Biomass Electric Power Co., Ltd.* (Joint investment with Sumitomo Joint Electric Power Co., Ltd.)	Hokkaido Mombetsu City	50MW	December 2016	<ul style="list-style-type: none"> • Unused wood and forest material is primarily procured from within a 75km radius of the power plant and turned into chips at an adjacent plant before being used as fuel. • Palm kernel shell, plus some coal is also partially used as an auxiliary fuel
Tomakomai Biomass Power Co., Ltd. (Joint investment with Mitsui & Co., Ltd., Iwakura Corporation and Hokkaido Gas Co., Ltd.)	Hokkaido Tomakomai City	6.2MW	April 2017	<ul style="list-style-type: none"> • All of the fuels are from unused forest resource in Hokkaido.
Hachinohe Biomass Electric Power Co., Ltd.* (Joint investment with Sumitomo Osaka Cement Co., Ltd. and East Japan Railway Company)	Aomori Prefecture Hachinohe City	12.4MW	April 2018	<ul style="list-style-type: none"> • Unused forest resource from forestlands in the Sanpachi-Kamikita-Shimokita region of Aomori Prefecture, timber offcuts, and railway forest thinnings from the nearby railway lines will be used as the main source of fuel • Some palm kernel shell will be used

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Title	Location	Power generation capacity	Start of operations	Main features
Kanda Biomass Energy K.K. A joint capital venture between RENOVA Inc., Kyuden Mirai Energy Co. Inc., and Mihara Group K.K.	Fukuoka Prefecture Miyako District	75MW	June 2021	<ul style="list-style-type: none"> Fuel uses thinnings and unused forest resource from northern Kyushu in addition to pellets and palm kernel shell
Morinomiya Energy G.K. Joint venture with RENOVA Inc., United Corporation.	Miyagi Prefecture Sendai City	75MW	November 2023	<ul style="list-style-type: none"> Fuel uses pellets and palm kernel shell

* A consolidated subsidiary of Sumitomo Forestry

Solar Power Generation Business

Sumitomo Forestry owns a solar power generation facility that can generate 3.4 MW in Kashima City, Ibaraki Prefecture.

For some solar panel mounts, we have adopted original wooden mounts mainly made of domestically produced cedar wood to reduce the environmental load of power generation facilities and expand the use of wood.

In fiscal 2023, the combined output of power generation was 4,270,000kWh.



Solar panels and environmentally conscious wooden frames

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

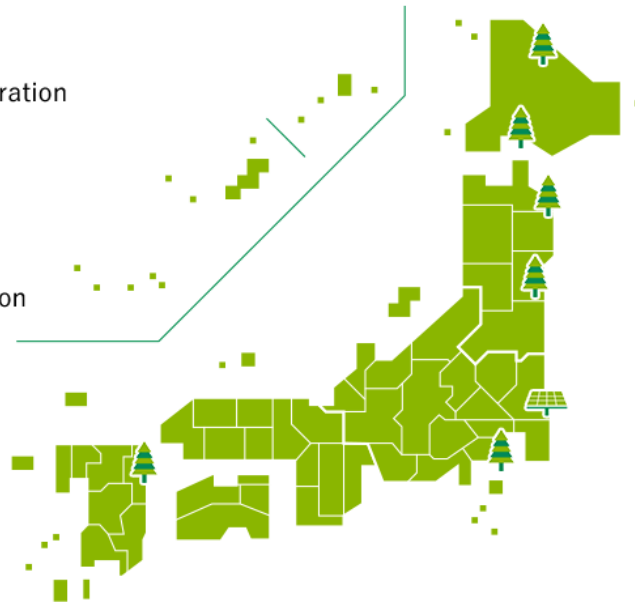
Power plant location for renewable energy business



Biomass power generation
251.6MW



Solar power generation
3.4MW



Promoting the Use of Unused Forest Resource

Unused forest resource is left-over wood not suitable as a building material or wood from thinning in forests. Although demand for pulp for papermaking has been sluggish, wood biomass power generation plants are operating in each area and the demand for wood biomass is growing following the adoption of the Feed-in Tariff for Renewable Energy law (FIT). By using unused forest resource, we can expect an effective increase in the value of forests while also promoting renewable energy. In fiscal 2023, the Group used 382,000 tons of unused forest resource at its power plants. We will continue to work on building up systems for the efficient, stable collection of unused forest resource.

Amount of unused forest resource from
domestic forest (2023)

382,000tons



Unused forest resource



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Promotion of Net Zero Energy House (ZEH) Specifications

The household sector in Japan still has high level emission of CO₂ although the trend has slowed down. In the Plan for Global Warming Countermeasures and the Sixth Strategic Energy Plan approved by the Cabinet in October 2021, the Japanese government declared that "the government will raise energy conservation standards in stages and raise inducement standards and top-runner standards for Housing and Construction to ensure the level of energy conservation performance of ZEH*¹ and ZEB standards for new Housing and Construction to be built in fiscal 2030 and after", and "the government will ensure the level of energy conservation of ZEH and ZEB standards for the stock average of housing and buildings by 2050".

Percentage of orders for ZEH type houses out
of new custom-built detached housings* (FY
2023)

79.7%

* Indicators for Evaluation of Mid-Term
Sustainability Targets as part of 2024 Mid-Term
Management Plan (Data collection period:
January to December 2023)

ZEH contributing to realization of sustainable society

ZEH is a scheme for housing to provide less than zero annual net primary energy consumption by combining equipment to generate energy such as high thermal insulation efficiency, energy-saving equipment, and solar energy creation.

This standard responds to many of the Sustainable Development Goals, including not only Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all and Goal 13: Take urgent action to combat climate change and its impacts but also Goal 3: Ensure healthy lives and promote well-being for all at all ages and Goal 12: Ensure sustainable consumption and production patterns. The standardization of ZEH will contribute to building a sustainable society.

Integration of various technologies

Sumitomo Forestry has long used "wood," which are renewable natural resources and absorb and fix CO₂ in the process of growth, as the principal structural members, and adopted a unique design method, "Ryoonbo," that utilizes the blessings of nature such as the wind and the sun and provided housing where people can live comfortably throughout the year. The Company's expertise in utilizing these unique characteristics of wood and blessings of nature together with its technologies for the reduction of energy consumption, such as improvements in thermal insulation as well as the adoption of energy-saving equipment, and its technologies for the smart use of energy, such as equipment for generating and storing energy and HEMS*².

The Mid-Term Sustainability Targets has set a target for the ZEH order ratio for newly built custom-built homes, which increased by 2.5 percentage points from the previous fiscal year to 79.7% in fiscal 2023.

With respect to new custom-built detached houses, we will promote the spread of ZEH with the basic specifications of further strengthening heat insulation

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

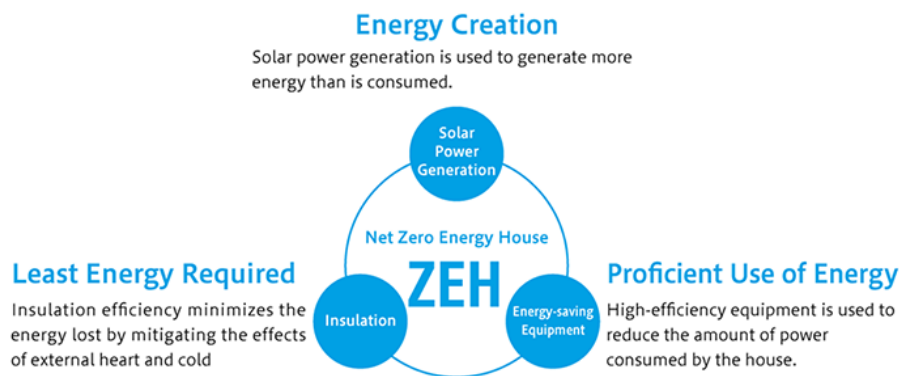
Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

performance of buildings and its openings and installing a solar power generation system.

*1 Compliant with reinforced hull standards and 20% reduction from the current energy conservation standards excluding renewable energy

*2 Home Energy Management System. A system whereby residents can visualize the amounts of energy they generate and use

*3 Including Nearly ZEH, Small ZEH Oriented, Heavy Snow ZEH Oriented



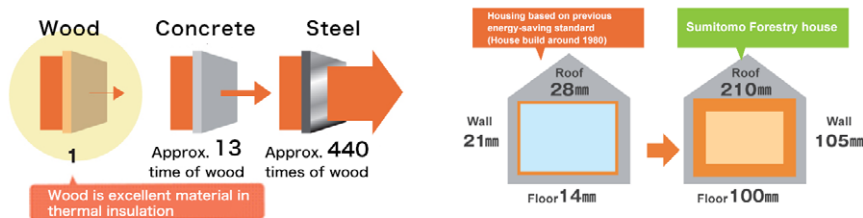
Click here for related information

> "Ryoonbo" Design Method (in Japanese)

> Management of Key Issue 2

Wooden Houses with Superior Insulation

If the thermal conductivity of wood is 1, the thermal conductivity of concrete would be almost 13 and steel upwards of 440. Wood as a material is a superior insulator to mitigate the transfer of heat. In addition, Sumitomo Forestry uses high-performance 24K glass wool thermal insulator (high-end product) based on its own unique standards.



Comparison of Materials by Thermal Conductivity

Unique Standards of Thermal Insulators of Sumitomo Forestry

Adoption of "360° TRIPLE Insulation Standards"

Sumitomo Forestry has adopted 360° TRIPLE Insulation as a standard that enhances the insulation efficiency of new custom-built detached houses (excluding fireproof specifications). In addition to offering high-performance thermal insulation materials, the standard provides all-around insulation for buildings as a whole from structural members to windows with high thermal performance to realize affordable yet comfortable lifestyles.



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

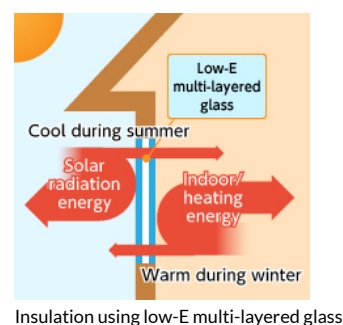
360° TRIPLE Insulation creates a living space that stays cool in the summer, warm in the winter and increases energy-saving performance. This specification corresponds to ZEH level of BELS* (Building Energy Saving Performance Labelling System) promoted by the government.

Sumitomo Forestry applies for BELS for all of new custom-build detached houses. BELS is a labeling system with which a third party evaluation organization evaluates and certifies the energy efficiency of new and existing structures using an index indicating the energy performance and asset value of each building. Our initiative strives to make Sumitomo Forestry the first major housing manufacturer to have every building BELS-certified. In fiscal 2023, the BELS certification rate (at the start of construction of the main unit) was 99.0%. Sumitomo Forestry homes enhancing insulation efficiency deliver assured safety and comfort proven by the BELS certification.

* One of the third party certification systems based on "Guidelines for energy efficiency Labeling System for Sales and Rental of Buildings under building section of Act on the Rational Use of Energy" established by Ministry of Land, Infrastructure, Transport and Tourism. The system is operated by the Association for Evaluating and Labeling Housing Performance. This system objectively evaluates energy efficiency to label star rating. BELS stands for the Building-Housing Energy-efficiency Labeling System.

Adoption of Glass with Superior Heat Insulation Properties

Windows cause the greatest loss of heat in living spaces. Shielding interior spaces from heat in the summer and preventing heat from escaping in the winter is vital. As windows cause the largest heat loss, Sumitomo Forestry uses low-E multi-layered glass with argon gas inside. Argon gas is injected between the multi-layers of glass to mitigate heat transfer to the air while the panes are coated with special metal film. The superior thermal insulation and insulation properties shield interior spaces from heat in the summer and prevent heat from escaping in the winter.



[Click here for related information](#)

> [Thermal Insulation of Sumitomo Forestry houses \(in Japanese\)](#)

Trends in Installation Rates of Environmentally-conscious Equipment (based on number of houses)*¹

	FY2020	FY2021	FY2022	FY2023
Solar power generation systems	57%	68.9%	78.1%	78.9%
Ene-Farm units	27%	25.5%	20.5%	—
Eco One	15%	19.4%	24.4%	—
Ene-Farm & ECO ONE* ²	—	—	—	43.9%
Environmentally conscious equipment installation rate	70%	78.2%	84.6%	86.2%

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

*² From fiscal 2023, combined installation rate of Ene-Farm and Eco One is shown.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Launched Life Cycle Carbon Minus Housing

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.

LCCM housing is a house that reduces CO₂ emissions during construction, occupancy, and demolition, and also generate renewable energy using solar power generation, etc., to achieve negative CO₂ emissions over their entire life cycle. Sumitomo Forestry's LCCM housing is a wooden house, which has little CO₂ emissions from raw material procurement to construction, and reduces more CO₂ by using domestic timber as the main body of the structural framework that utilizes renewable biomass fuel in the timber drying process. In addition, Sumitomo Forestry's proprietary Big Frame (BF) construction method allows for flexible adaptation to future changes in floor plans, and the building achieves life cycle carbon minus by reducing total CO₂ emissions during construction, renovation, and demolition*, utilizing renewable energy from solar power generation, and devising a design that controls light and heat. The strong structural framework fixes approximately 20% more carbon than traditional construction methods, contributing to a decarbonized society through long-term carbon fixation.

Furthermore, we have started to make proposals based on the "Environmental Contribution Presentation Sheet" for houses that nurture forests. By making it possible to easily calculate "carbon storage" and "area equivalent to reforestation" at design stage, we aim to visualization of "environmental contribution."

In order to advocate these initiatives, "environmental contribution" is posted at each exhibition hall.

* Calculated using the LCCM housing basic requirement (LCCO₂) compliance assessment tool created by Japan Sustainable Building Consortium



LCCM housing model home (Yonago model home)

Converting rental apartment house to ZEH and sales of wooden apartments started

Sumitomo Forestry is promoting ZEH-M ("Net Zero Energy Mansion")*¹ in all of its Forest Maison apartments to achieve a comfortable indoor environments and significant energy efficiency performance. ZEH-M with improved energy efficiency based on specifications for the ZEH level of BELS promoted by the government will be acquired for all buildings. We will also promote the installation of solar power generation systems to reduce CO₂ emissions during daily life.

In May 2023, Forest Maison, a commercial real estate development, adopted 360° triple insulation, which is the same as that of detached houses products. It achieves performance that exceeds ZEH-M Oriented standard, which significantly improves the insulation performance of the home, maintains a comfortable indoor environment by installing highly efficient equipment, and reduces the primary energy consumption of the entire building, including common areas, by 20% or



Exterior image of Forest Maison GRANDE

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

more*2. Furthermore, a rental wooden apartment "Forest Maison GRANDE" equipped with solar power generation panels which promotes zero energy for each dwelling unit, was released in November, 2023. With less CO₂ emissions (embodied carbon) at the time of manufacturing and construction than RC and steel apartments, and carbon storage effect of wood, wooden apartments reduce burden on environment.

*1 Acronym for Net Zero Energy House Mansion. An apartment house that improves the insulation and energy efficiency performance, generates energy through solar power generation, etc., and achieve a "zero" balance of primary energy consumption (air conditioning, hot water supply, lighting, ventilation) per year.

ZEH standards for multi-family housing set by the government, which are classified into four categories according to the primary energy consumption reduction rate: "ZEH-M," "Nearly ZEH-M," "ZEH-M Ready," and "ZEH-M Oriented"

*2 Comparison with the standard primary energy consumption for "heating," "cooling," "ventilation," "lighting," and "hot water" according to the 2016 Energy Efficiency Standards

Renovating to Improve Function and Asset Value

Sumitomo Forestry Home Tech promotes energy-saving, vibration control and seismic renovation (performance-improving renovation) mainly for houses before the revision of seismic resistance standards in 1981. Regarding energy-saving renovation, we announced development of an "insulation renovation work proposal system" using AI to improve energy efficiency of existing houses in December 2023. We aim to improve residents' quality of life and realize well-being by improving living environment such as maintaining a comfortable state for a longer period with less primary energy by promoting insulation renovation work.

In recent years, the need for safe and secure housing has been increasing due to concerns over intermittent earthquakes. We will provide safe and secure housing by actively promoting vibration control and seismic renovation centered on "dual construction method for vibration control and seismic resistance"* using original seismic damper.

We will contribute to realization of a decarbonized society by promoting renovation with improved performance that combines energy conservation, vibration control and seismic technology to improve comfort of houses, reduce primary energy consumption, and extend lifespan of buildings.

* This is a construction method using damping devices with hydraulic dampers which are also used in high-rise buildings, and a "seismic damper model S" developed for 2-story houses using conventional post-and-beam construction method. It absorbs and reduces shaking of earthquakes, prevents deformation of buildings and is also strong against repeated aftershock vibrations

Environmentally conscious renovation

Sumitomo Forestry Home Tech has set the goal of "improving the rate of orders for environmentally conscious renovations" in Mid-Term Sustainability Targets 2024 with fiscal 2024 as target year.

In fiscal 2023, the four works of seismic construction, structural reinforcement work, heat insulation renovations, and smart material installation on general housing (other than owners of Sumitomo Forestry homes), and the total order ratio of 75.2%, compared to 64.6% in the previous fiscal year.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

On the other hand, the four works of seismic construction, exterior work, heat insulation renovations, and smart material installation on Sumitomo Forestry homes, and the total order ratio of 61.8%, up from 60.7% in the previous fiscal year.

* Solar power generation systems, storage batteries, Ene-Farm units, etc.

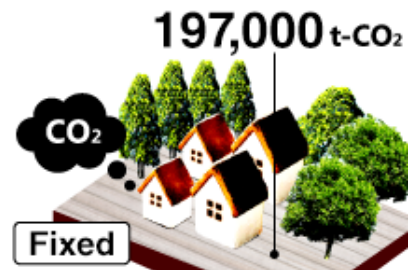
[Click here for related information](#)

[> Management of Key Issue 2](#)

Carbon Stock in the Housing and Construction Business

Trees retain CO₂ as carbon even after they are turned into products. Constructing wooden houses can therefore be likened to building forests in the city. The total domestic carbon stocks* in timber that was used in the housing and construction business in fiscal 2023 reached 197,000 t-CO₂. Sumitomo Forestry Group is contributing to a decarbonized society by increasing carbon stock in forests and cities.

*1 CO₂ fixation is calculated by categorizing the actual amounts of timber used per tree species for custom-built detached house, rental housing, spec homes, Construction Business, and calculating carbon content from the specific gravity of each tree species



Carbon stock of the timber used in the housing and construction business in Japan in fiscal 2023

Development of Environmentally-conscious Housing Overseas

Australia

Henry Properties, as a major home builder company in Australia engages with a variety of initiatives to reduce environmental impact, including development of the first zero emission house*¹ for general consumer. Furthermore, in an all-electric house equipped with solar panels whose sales are promoted by Henry, heating and lighting expenses can be saved by up to 75%, and "amount of CO₂ emission when living" can be reduced by up to 100%.



Houses with solar panels

It was also the first company that launched a new residential product, "Mainvue," that complies with the Energy Rating*² 7-star standard. Mainvue achieves a 7-star by allowing changes to floor plan that maximize energy efficiency. Henry will continue to be a driving force to improve energy efficiency of country's housing industry.

*¹ Environmentally-conscious housing expected to have an energy-saving effect of more than 70% compared to conventional housing.

*² An evaluation metric of the energy burden for heating and cooling the inside of a building in Australia. Insulation, windows, the type, size and orientation of the building, and the climatic zone are all items included in this metric.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Indonesia

Sumitomo Forestry strives to standardize decarbonized designs in Indonesia and other Asian countries. In detached housing business, we are developing environmentally sound houses and working to acquire "EDGE certification^{*1}," which evaluates environmental performance of buildings.

Sumitomo Forestry has introduced design and construction technologies cultivated in Japan and overseas to spec homes in Depok City near Jakarta, Indonesia, to provide a comfortable and safe house that is resistant to disasters. We are proceeding with environmentally sound development, including decision to install solar panels as standard equipment.



Image of development at Depok

Besides, we launched a spec home business in Bogor City of India that uses solar panels as standard equipment in 2023. In spec home business in Bogor City, based on design approach of "Ryouonbou natural heating and cooling system^{*2}" which utilizes knowledge of Japan's housing business, we create a comfortable living environment by shielding sunlight with deep canopies and eaves, and adjusting temperature inside and on the premises by utilizing natural ventilation and planting. In addition, we will reduce CO₂ emissions (operational carbon) during living by creating energy with solar panels. Furthermore, instead of bricks, which emit a large amount of CO₂ during manufacturing, we use autoclaved aerated concrete blocks^{*3}, which have a low environmental impact, to reduce CO₂ emissions (embodied carbon) during construction. These initiatives have accelerated decarbonization in Asian businesses.

^{*1} A building environment certification developed by the World Bank's IFC and used mainly in developing countries. It is necessary to reduce energy consumption during construction, energy and water consumption in life by 20% or more compared to buildings with local general specifications.

^{*2} A design method developed by Sumitomo Forestry that utilizes natural blessings of wind, sun, and greenery to create comfort of summer breezes and winter sunshine. While considering surrounding environment of each site, the design leverages characteristics of wind flow, sunshine and greenery to create a comfortable home that does not depend on heating and cooling equipment.

^{*3} Autoclaved lightweight aerated concrete refers to high-temperature, high-pressure and high-humidity curing.

Visualization of CO₂

Research & Development

In order to clarify the value of wood constructions and wood materials, and to contribute to the realization of a decarbonized society by further enhancing their value, Sumitomo Forestry is developing One Click LCA, software that efficiently visualizes CO₂ emissions (embodied carbon) when building. We are working on development to optimize operation of One Click LCA in Japan.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

In addition, we have realized a reduction in CO₂ emissions during operation by energy creation through solar panels on rooftop, using an air conditioning system that uses wood pellets, which are renewable energy fuel, and using natural energy such as daylight and natural ventilation, at New Research Building of Tsukuba Research Laboratories, which was completed in 2019. Based on actual operation data, we have improved various control algorithms to make more efficient use of natural ventilation and wood pellets, and are promoting further reductions in energy consumption.

Estimating Carbon Storage in Wooden Buildings

Tokyo University of Agriculture and Technology has published a study in the open access journal Scientific Reports on a method for estimating carbon storage in wooden buildings constructed by the private sector over the past 50 years.

At the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP17) held in 2011, it was agreed* that changes in carbon stocks within Harvested Wood Products (HWP) should be accounted for as greenhouse gases absorption or emissions by each country. HWP are important for climate change mitigation because they continue to store carbon after they are harvested from the forest.

In order to make effective use of HWP, it is first necessary to accurately determine their carbon storage. This study focused on wooden buildings, which store the most carbon of all HWP applications, and examined methods for estimating HWP carbon storage in buildings constructed by companies.

Building data was provided by Sumitomo Forestry, and both parties jointly verified the estimation method. The results of this research will allow us to understand and estimate the carbon storage capacity of wooden buildings with greater accuracy. In addition, Sumitomo Forestry's wooden houses have been shown to store carbon over the long period of time.

We have used the results to update carbon storage from housing starts in fiscal 2023.

* In the second commitment period of the Kyoto Protocol, the rule to evaluate and account for changes in the carbon content of HWP (carbon storage effect) is permitted. The HWP calculation rules apply to "wood," "wood panels," and "paper" produced from cultivated forests under "forest management" in Japan

Visualization of CO₂ emissions throughout the entire supply chain

Visualization of CO₂ Emissions During Construction

In August 2022, Sumitomo Forestry began selling the Japanese language "One Click LCA", software that visualizes CO₂ emissions and other data from buildings, as the sole distributor in Japan.

"One Click LCA" is used in 140 countries, mainly in Europe, and is compatible with international ISO standards and more than 60 green building certifications worldwide. It is possible to precisely calculate CO₂ emissions (embodied carbon) from procurement of construction materials used for buildings, transportation, construction, repair, disposal to recycling.

It is reported that the construction sector accounts for about 37%* of global CO₂ emissions. About 70% of these are CO₂ emissions from living (operational carbon) and the remaining 30% are CO₂ emissions from building (embodied carbon). CO₂ emissions from living spaces have been reduced through the spread of ZEH and ZEB, and the urgent issue going forward is to reduce CO₂ emissions from construction. When calculating CO₂ emissions during construction, it is necessary to calculate environmental impact throughout the entire life cycle of building. Sumitomo Forestry contributes to visualization and reduction of CO₂ emissions in construction industry through spread of "One Click LCA".

CO₂ emissions from products at stage of procurement of building materials have the greatest impact on CO₂ emissions from buildings. As a mechanism for visualizing CO₂ emission amount of a product, there is an environmental labeling system EPD

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

(Environmental Product Declaration). EPD is an abbreviation of Environmental Product Declaration, which is an ISO-compliant environmental certification label for calculating environmental impact of the entire life cycle of a product from procurement of raw materials to disposal thereof, and quantitatively indicating environmental load of the product, including amount of CO₂ emissions.

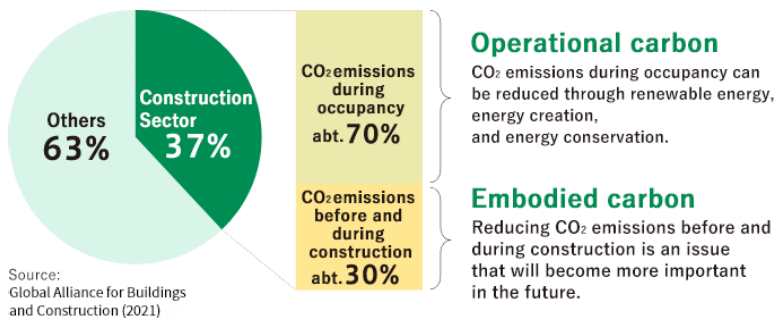
EPD acquisition support

In February 2023, Sumitomo Forestry started a business of acquiring and supporting an environmental labeling system EPD*² for lumber and building material manufacturers. By utilizing the "EPD generator" provided by One Click LCA, EPDs of all products related to construction can be smoothly acquired.

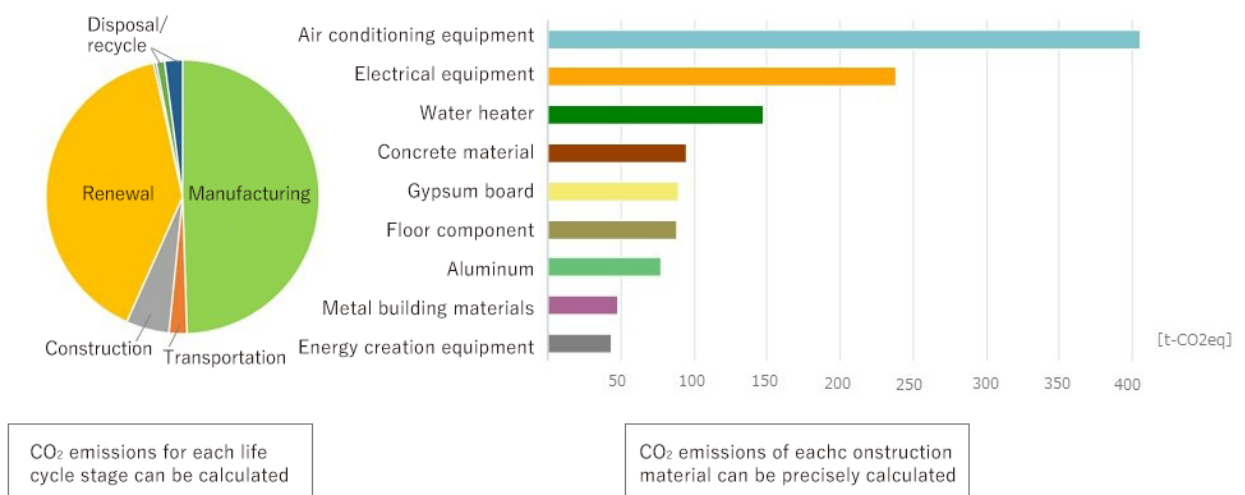
In addition, Sumitomo Forestry has started a CO₂ calculation service for buildings by "One Click LCA" for tenants, developers, and construction companies. In response to increasing demand for LCA in building industry, we utilize knowledge of Sumitomo Forestry's LCA experts to calculate and report the calculation results for each project. Currently, we have received many requests for calculation from customers.

* Source: Global Alliance for Building and Construction (2021)

Global CO₂ Emission Rates by Industry



Example of calculation with "One Click LCA"



* Source: The above graph is the result of our own calculations using "One Click LCA" based on the data published in the "Fiscal 2007 Report on the CO₂ Reduction Demonstration Work for the Promotion of Wood Use and Energy Saving" released by the Forestry Agency in March 2008.

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

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Visualization in Investment

Sumitomo Forestry is considering the introduction of internal carbon pricing in order to use greenhouse gas emissions as one of the criteria when deciding whether or not to invest in a project.

Investment in Japan Green Investment Corp. for Carbon Neutrality

Sumitomo Forestry has invested in Japan Green Investment Corp. for Carbon Neutrality (JICN), which was established in October 2022 based on the Act on Promotion of Global Warming Countermeasures.

JICN develops fund business with capital from government fiscal investment and loans and private investment, and encourages private companies to invest in decarbonization by investing in and financing projects that contribute to decarbonization. The Sumitomo Forestry Group supports the purpose of JICN's activities and has invested in JICN because the Group believes that the growth of the decarbonization-related market will lead to expanded business opportunities. We will also accumulate information and knowledge on advanced cases in the decarbonization field supported by JICN in order to create future business opportunities for our Group.



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to Climate Change

Adaption to Climate Change

Basic Policy

In recent years, large-scale natural disasters such as earthquakes, tsunamis and typhoons have increased and are causing significant economic damages, ultimately threatening our society and living.

By providing safe and reliable housing, Sumitomo Forestry wants to contribute to protecting people's lives and lifestyles.

Building Internal Systems to Adapt to Climate Change

Initiatives of the Disaster Prevention Department

Disaster Recovery Guidelines were put in place in the Housing Division and measures and action guidelines for operations were defined to quickly and accurately respond to damages from natural disasters to our home owners as they become more prevalent due to climate change. As one of the measures, the Disaster Prevention Department, established in 2020, has instructed each branch and Group companies to implement disaster prevention measures on a regular basis. In the event of an emergency, we will direct relevant departments and affiliates and work to minimize the damage caused by disasters.

In cooperation with branch office affected by hailstorm that occurred in Gunma Prefecture in July, 2023, we sent out on-site inspection equipment, inspected homes of customers who had suffered damage at an early stage, and supported prompt start of restoration work. At the time of flood damage in Ibaraki, Chiba due to Typhoon No.13, an instruction is given to affected branch to support their response.

IoT Utilization for Disaster Recovery Support

Issues in Promptly Grasping the Disaster Situation

While Japan has experienced many earthquakes, in recent years, climate change has made natural disasters more severe with intense rainstorms, typhoons and other natural disasters causing extensive and frequent damage. In monetary terms, the total cost of damage caused by natural disasters in Japan from 1991 to 2018 reached \$446.63 billion*.

The bigger the disaster, the longer the recovery efforts, and it now takes more time to assess the situation as well. For the Kumamoto earthquake that occurred in April 2016, it took about one and a half months for the government to conduct emergency safety assessment of buildings aimed to prevent secondary disasters. Disaster victims expressed their anxieties as "it takes too much time to get the information we need", which highlights one of the biggest hurdles in speedy recovery efforts.

* Created by The Small and Medium Enterprise Agency using the Centre for Research on the Epidemiology of Disasters database (EM-DAT)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Quickly Gathering Data About Damaged Homes Using Sensing Technologies

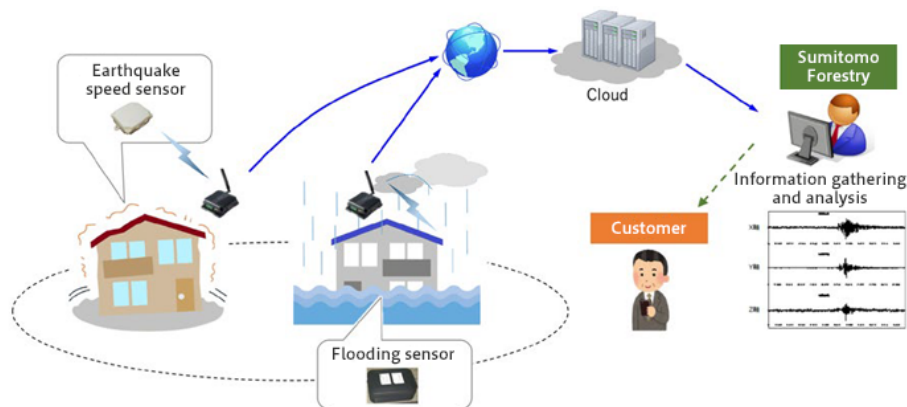
Sumitomo Forestry is responding to such issues by developing services that promote quick recovery after disasters. Since 2017, we have been working on proving test of an IoT service that utilizes the analysis technology using sensor to measures, collects, and analyzes the condition of buildings. We place several sensors throughout a house to acquire data, such as the magnitude of an earthquake's tremors, flooding or other conditions, and gather this data through a network to analyze. At our Tsukuba Research Institute, we combine this data with the vast amount of seismic resistance data of wooden houses to facilitate high-precision analysis.



A sensor installed inside a wall of a house

By December 2023, the program has been deployed in 98 locations nationwide, and data is being collected on an ongoing basis. We also studied the use of the data, such as using the obtained data for prompt loss appraisals in cooperation with non-life insurance companies. In fiscal 2024, we will develop a mechanism to automatically determine degree of damage to buildings based on data collected so far. We will continue to study the practical application of this new service to protect the safety and security of our customers in the event of a disaster.

Overview of How Data Is Collected



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Supporting the Speedy Recovery of Home Owners and Regions Affected by Disasters

If the practical application of sensor installation in homes can be used remotely to determine the level of damage, we will be able to more quickly grasp, report and respond to the situation and arrange for repairs or other work to provide our customers the support they need. As engineers would no longer have to check each and every house on site, it would resolve the problem of taking too much time and can even be used for areas made inaccessible after a major disaster.

In addition, by utilizing this gathered data in different ways, we can develop new services that would give more people a sense of security. For example, we could collaborate with casualty insurance companies to provide quick damage assessments necessary for insurance benefits, which would help people rebuild their lives more quickly.

In addition, we could provide data to customers and local municipalities for emergency risk assessments that would help prevent secondary disasters. Furthermore, our data analysis results could promote development of technologies that enhance earthquake resistance and durability.



One example of how gathered data can be utilized

Housing Sales Adapted to Climate Change

"Sumitomo Forestry Homes" Resistant to Various Disasters

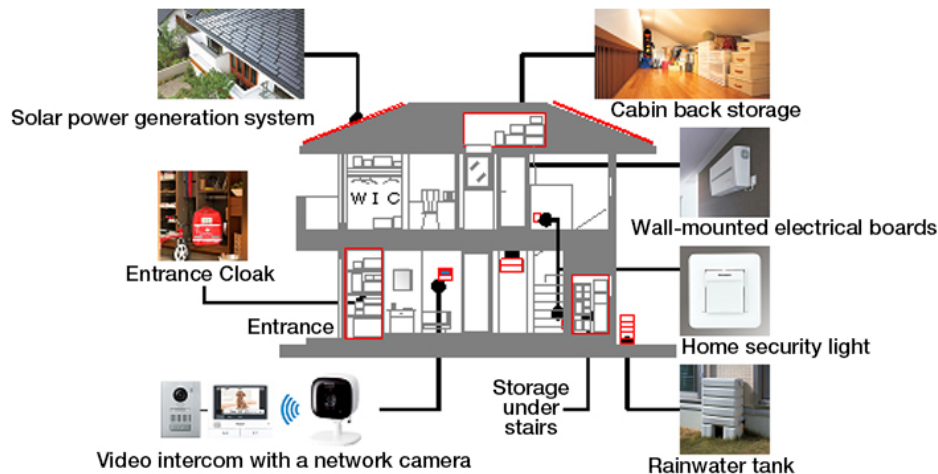
Sumitomo Forestry's wooden houses are characterized by their unique Big-Frame (BF) construction method. The construction method uses the principal structural members, which are about five times thicker than a regular pillar and fixed with strong metal, and has high seismic and wind resistance. In the seismic resistance experiment with a full-scale model of a three-story house, we have confirmed that it withstands the same level of the Great East Japan Earthquake and aftershocks that repeatedly strike. In addition, our houses can withstand winds of 88m/second, much higher than Typhoon Faxai (highest wind speed: 57.5m/second) that hit the Tokyo metropolitan area in 2019. Furthermore, in terms of fire resistance, the standard specifications are compatible with "houses with a semi-fireproof structure under the ministerial ordinance".

We ensure the safety of residents with our proprietary BF construction method that boasts outstanding strength, and with attached facilities such as a solar power generation system and rainwater tank, etc., and satisfying stockpile space which enable to live for a certain period of time until restoration even when the lifeline is interrupted. By selecting a video door phone with a network camera, residents are able to check the situation of their houses remotely in the event of a disaster. In addition, securing of stockpile space is useful for organizing belongings in the daily life, and the original built-in furniture ensures safety by preventing falls in the event of an earthquake, and can also make the room a harmonious and organized space.



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Housing Using the BF Construction Method Stands Up to Disasters and Enhances Daily Comfort



The Thinking Behind Taking Evacuation living at Home

Many people who come through a large-scale disaster often find themselves falling ill due to the stress of living in an evacuation shelter even if they survived the disaster. It may also take days to restore lifelines such as electricity and water.

To solve these problems, there is a tactic called "evacuation living at home", using one's home as an evacuation site.

Sumitomo Forestry provides various readiness based on the seismic resistant BF construction method and ZEH performance. The high insulation efficiency of the ZEH specifications enables an energy-saving living, while securing electricity of solar power generation systems, household fuel cells, storage battery systems, etc. In addition, it supports "evacuation living at home" with various resilience-compatible specifications such as a slate roof that can handle strong winds, a short circuit fire alarm that prevents fires from a short circuit, a home security light that can also be used as a flashlight in the event of a power outage, a rainwater storage tank that can be used as domestic water when water is cut off.

Strengthening of Resilience

Sumitomo Forestry Homes have continued to demonstrate further resilience against unprecedented natural disasters with technologies leveraging the properties of wood and performance backed by a wide range of testing. Our recommended settings are with resilient materials to allow residents easier living at home after disaster strikes.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

The Three Keys of Strengthening Resilience

- Seismic Resistant BF Construction Method
- Ministerial ordinance on semi-fireproof houses for fire resistance (prevents catching fire from outside or spreading fires inside rooms with wall and ceiling materials that have high fire resistance as well as a fire-stop structure)
- Roof construction with specifications to stand up to strong winds and sleeves with basal tunnels for disasters are set to ensure readiness against unprecedented disasters for its "strong rain and wind resistance".

In 2020, we included the specifications below as part of our recommendations to improve resilience performance.

- Rainwater Tank
- Slate roofs with specifications for strong winds
- Drain sleeves with basal tunnels for disaster (allows for initial recovery by putting in place a sleeve to drain water pooling in the foundation in case of below floor and above floor level flood)
- Home security lights (night lights to use as security lights during power outages, or can be removed and used as portable lights in an emergency)
- Short circuit fire alarms (sounds an alarm to alert residents of an abnormality in the event of a short circuit)

We will continue to provide safer Sumitomo Forestry Homes for home owners to feel peace of mind.

Regional Disaster Prevention in Community Development Business

Initiatives to strengthen resilience

Regarding community development project of Sumitomo Forestry, when planning a donated park according to business scale, efforts in developing donated park of which its infrastructure is insufficient in region are made to strengthen resilience between newly created "town" and peripheral existing "town." The goal is to "provide a safe and secure town not only for new residents but also for local residents." From perspective of disaster prevention, we will develop areas according to conditions of planned sites, such as open spaces where people can temporarily evacuate, facilities for distributing meals, securing water for daily life, and installing sewage manholes. Through community development projects, we will foster a sense of security in people's lives as a place for mutual assistance that "fosters connections between people and communities".

Forest Garden National Kiginosono Park

In Forest Garden National Kiginosono Park, a project of the Sumitomo Forestry Group, local governments did not have existing disaster prevention warehouses or evacuation sites. Therefore, we provided a park specialized in disaster prevention equipment as a temporary base for nearby residents to evacuate to in the event of a disaster. We have set up a disaster prevention warehouse, disaster prevention wells, manholes for sewage, furnace benches, pergola*, etc. in the park. In addition, many trees from existing thicket were transplanted to the park in order to utilize native species and reduce environmental burden. We built a park rich in nature by minimizing changes in habitat environment of insects and birds that originally lived there.

* A shelf in which climbing plants can crawl. They are often installed on a bench in a park.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources



Forest Garden National Kiginosono Park



イロハモミジ



シラカシ



ヤマボウシ

Tree species of Forest Garden National Kiginosono Park (Partial)

Approach to strengthening disaster prevention resilience

Disaster prevention well, stove bench etc. Disaster prevention countermeasures in the event of emergencies

The park is equipped with a disaster prevention well, a stove bench, and a disaster prevention stock warehouse in case of disasters. As a place of "mutual assistance" that fosters connections between different people and the city, we will foster a sense of security in our lives.



Image of disaster prevention well



Image photo



Image of stove bench

Forest Garden National Kiginosono Park

Collaborative Research on Varieties That Are Strong in Climate Change

In October 2022, "Climate Change-Adaptive Breeding Project (Tropical Forest Resilience Project)" for forests in Indonesia went into full-scale operation. This project is a joint project between industry, government and academia in Japan and Indonesia. As the only private company participating from Japan, Sumitomo Forestry is working with universities and research institutions in both Japan and Indonesia to jointly research and develop varieties that are resilient to climate change, with an aim of enhancing resilience of forestry and realizing sustainable forestry.

In Indonesia, there are concerns that climate change will cause a further decrease and degradation of forests, including tropical

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

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

forests. Through this project, we will develop a technology to select and increase trees adaptive to climate change for key tree species in Indonesia. Sumitomo Forestry is responsible for growth of trees and production of seedlings selected using techniques such as tissue culture based on PT. Kutai Timber Indonesia (KTI), a manufacturing subsidiary in Indonesia. At afforestation stage, we conduct simulations of environmental changes caused by climate change and plant selected superior trees to improve and strengthen functions of forests as sinks and reservoirs of CO₂. Promoting cultivation of forests that are highly adaptive to climate change through these efforts is expected to have positive effects on local society and economy through restoration of ecosystem functions and production of timber in the future. It will also promote formation of a social consensus in Indonesia that encourages tree planting.



Raising seedling cultivation and planting trees at KTI

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to Climate Change

Participation and Sponsorship to Climate Change-Related Initiatives

Express Its Support of the TCFD and TNFD

Click here for related information

➤ Express Its Support of the TCFD and TNFD

Establishment and Certification of Science Based Targets (SBT)

As the impact of climate change becomes more urgent globally, companies are being asked to reduce their emissions of greenhouse gases. The Sumitomo Forestry Group has established Group-wide greenhouse gases reduction targets (Scope 1, 2, and 3) for the target year of 2030 and the targets were approved as SBT in July 2018. In order to accelerate our decarbonization efforts, we have raised our greenhouse gases reduction targets (Scope 1 and 2) from 21% to 54.6%, which aligns with the 1.5°C target, with a view to achieving net zero emissions by 2050. The target is set in the medium-term management plan that starts in 2022. In order to ensure the implementation of these efforts, we also formulated a transition plan through 2030 to achieve the 2030 target and realize a carbon-neutral society by 2050.

The Sumitomo Forestry Group is striving to reduce greenhouse gas emissions and taking measures to mitigate climate change for achieving SBT such as thorough energy saving activities and promotion of renewable energy use. In January 2024, in accordance with latest SBT guidance, we re-established our short-term and long-term reduction targets and newly applied for FLAG (Forest, Land and Agriculture) targets. It is expected to be approved by the end of this fiscal year.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Sumitomo Forestry Group's SBT

2°C target (SBT approved)

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

1.5°C target (SBT application pending)

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

Achievement of 2030 targets (Scope 1 and 2: down 54.6% by 2030 compared to 2017) and path to carbon neutrality*¹ (summary version)

Items	Measures (Greenhouse Gases Reduction Items)	Greenhouse Gases Emissions Reduction Rate	Impact on profit/loss* ² (million yen / year)	Note
	Electricity from renewable energy sources (RE100); excluding New Zealand	▲ 26.9%	▲ 95	The profit/loss impact is calculated as when everything is procured with renewable energy certificates (price fluctuates depending on the time of year, required quantity, etc.)
	Priority 1: Installation of solar power generation equipment			Installation at own facility, including PPA model
	Priority 2: Purchase of RE100 compliant electricity			Procurement through Sumirin Denki in Japan
	Priority 3: Purchase of renewable energy certificates			



Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Items	Measures (Greenhouse Gases Reduction Items)	Greenhouse Gases Emissions Reduction Rate	Impact on profit/loss*2 (million yen / year)	Note
Measures to achieve 54.6% reduction compared to 2017	Reduction of coal co-firing rate for Mombetsu Biomass Electric Power (10% to 0%)	▲ 10.2% ~ ▲ 25.8%	+20 ~ ▲ 181	
	Introduction of electric vehicles in company-owned vehicles in Japan (powered by RE100-compatible electricity)	▲ 2.8%	258	The profit/loss impact is the only difference between increased electricity consumption and reduced gasoline and diesel fuel consumption. Excluding vehicle price increases and the cost of installing recharging facilities.
	Introduction of electric vehicles for sales personnel's private cars for sales use (in Japan) (powered by RE100-compatible electricity)	▲ 0.3%	22	Assuming a 30% adoption rate in 2030 to achieve the Japanese government's goal of 100% electric vehicles in new car sales by 2035.
	Subtotal	▲ 40.0% ~ ▲ 55.6%	+4 ~ +205	With coal co-firing rate at Mombetsu Biomass Electric Power 10%: down 40.0% (additional 14.6 reduction required); 0%: down 55.6% (target achieved with 1.0 % in excess)
	Reduction of coal co-firing rate for Mombetsu Biomass Electric Power (10% to 0%): additional reduction	▲ 15.6% ~ ▲ 0%		
	Electrification of energy other than electricity (RE100 compatible electricity), etc.	▲ 9.2%		
	Manufacturing plants, etc.: equipment, heavy machinery, vessels, boilers, backup power sources, etc.	▲ 4.4%		
	Introduction of electric vehicles for sales personnel's private cars for sales use: 100%	▲ 1.7%		

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Items	Measures (Greenhouse Gases Reduction Items)	Greenhouse Gases Emissions Reduction Rate	Impact on profit/loss*2 (million yen / year)	Note
Additional measures to achieve the 2030 target or to become carbon neutral	Heating of offices and exhibition halls, and laboratory experiments, etc.	▲ 0.9%		
	Introduction of electric vehicles in company-owned vehicles (overseas)	▲ 0.8%		
	Use of natural gas in nursing homes	▲ 0.7%		
	Forestry Business: Heavy equipment, motor boats, fuel for power generation, etc.	▲ 0.5%		
	Biomass power generation/start at power generation	▲ 0.2%		
	Biomass power generation/wood fuel (dinitrogen monoxide, methane)	▲ 31.6%		Consideration of creating new credits using BECCS*3, offsetting by forests, etc.
	Manufacturing facilities/biomass boilers, etc. (dinitrogen monoxide, methane)	▲ 1.2%		Same as above
	New Zealand (country) electricity RE100 conversion	▲ 2.4%		Target: to be achieved in 2035
	Performance and business growth			In principle, increase will be absorbed by each division unit, since business conditions nor scale (emission volume) are unknown.
	Emission trading			Consider trading of emission credits based on achievement of SBT lines at division unit level, if necessary.
	Subtotal	▲ 60.0% ~ ▲ 44.4%		
	Total	▲ 100%		

*1 Transition plan formulated by Sumitomo Forestry to achieve the fiscal 2030 target set in the Medium-Term Management Plan.

*2 Impact on profit/loss excludes personnel and other indirect expenses.

*3 Bioenergy with Carbon Capture and Storage. Technology to capture CO₂ emitted during the use of biomass fuels and store it underground.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

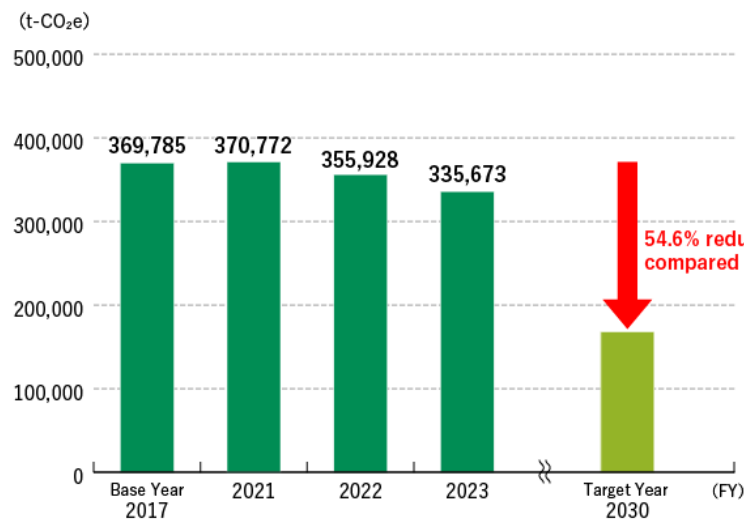
Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Progress Towards the SBT

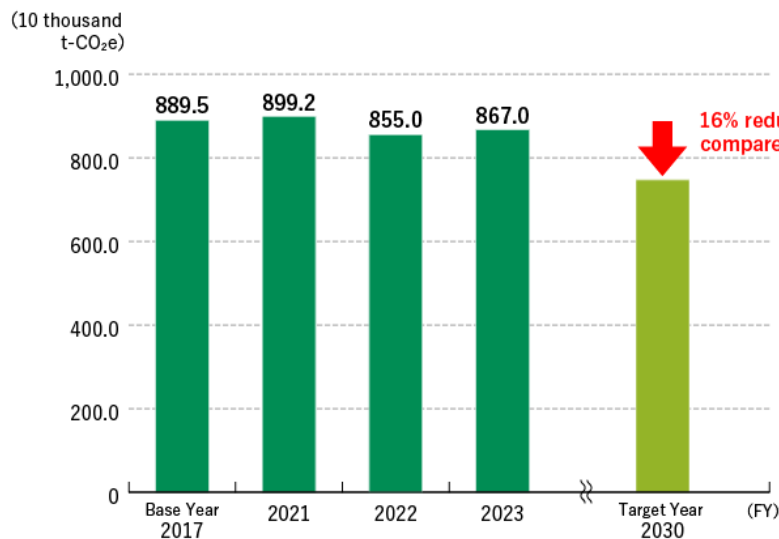
In fiscal 2023, Scope 1 and 2 emissions decreased by 5.7% from fiscal 2022 due to a reduction in coal consumption at the Mombetsu Biomass Electric Power. Scope 3 emissions increased 1.3% from fiscal 2022 due to an increase in the number of units sold and delivered in the construction and real estate business (Australia).

Progress toward our science-based reduction target: Scope 1 and 2^{*1*2}



Progress toward our science-based reduction target: Scope 3 (Category 1 and 11)^{*1*2}

16% reduction of total greenhouse gas emissions from Category 1 and 11 compared to 2017 by 2030



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

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

*1 The calculation method for Category 1 emissions of Scope 3 was revised to apply Accounting Standards for Revenue Recognition (Corporate Accounting Standard No.29) as of fiscal 2019.

*2 Data collection period for the total emissions is from January to December of each year since fiscal 2020.

[Click here for related information](#)

[> Management of Material Issue 2](#)

Participation in Race to Zero

Race to Zero is an international campaign calling on companies, municipalities, investors, universities, and other nongovernmental actors around the world to commit to halving their emissions by 2030 and achieving virtually zero greenhouse gas emissions by 2050, and to take immediate action to achieve this goal.

Sumitomo Forestry participated in the Race to Zero through Business Ambition for 1.5°C in September 2021, ahead of the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) held in Glasgow, UK. By signing the Business Ambition for 1.5°C, we are declaring our commitment to net zero by 2050, and our participation in Race to Zero was announced at COP26, held in October through November 2021.

Aiming for 100% Renewable Energy and Joining the RE100

The Sumitomo Forestry Group positions the realization of carbon neutrality by leveraging forests and wood resources as one material issue that needs to be addressed and strives to engage in energy-saving activities and use of renewable energy. As part of these initiatives, we joined the international RE100* initiative that aims for 100% of electricity used to be from renewable energy in March 2020 to accelerate our efforts to reduce greenhouse gases.



By 2040, we aim to utilize 100% renewable energy for the electricity used for our Group business activities and for the fuel for our power generation operations.

* RE100 is an international initiative run jointly by The Climate Group, a global environmental NGO.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Progress Towards the RE100 Goal

In fiscal 2023, amount of renewable energy introduced in the electricity used in Sumitomo Forestry Group's business activities resulted in 19.6% of the total amount of electricity used by the entire Group, such as solar panels installed in model homes and for private use of power generated by biomass power generation plants (including adjacent wood chip manufacturing plants for fuel), etc. This is an increase of 2.1 percentage points from fiscal 2022. In addition, ratio of biomass-derived fuel to the fuel consumption of the power generation business is 94.0% (calorific value conversion).

Renewable energy consumption rate within the
power consumption of the entire group
(FY 2023)

19.6%

In the Mid-Term Sustainability Targets 2024 announced in February 2022, we have set a goal of reaching 100% renewable energy for our business operation by 2030 for the part achievable on our own, and the target for fiscal 2024 is 35.1%.

* Excluding offices and other facilities located in New Zealand, where the national government is aiming for RE100 in 2035 (with actual achievement of 5.4% in fiscal 2023).

Participation in the GX League

In order for Japan to achieve carbon neutrality in 2050 and contribute to global carbon neutrality while enhancing industrial competitiveness, it is important for companies and others to lead the transformation of the entire economic and social system (GX: Green Transformation), including stakeholders other than themselves.

In February 2022, the Ministry of Economy, Trade and Industry (METI) announced the "GX League Basic Concept". The GX League is a forum for companies that are taking on the GX challenges and aiming to achieve sustainable growth in the present and future society to collaborate with a group of companies, government, and academia that are making similar efforts. Under Emissions Trading Scheme (GX-ETS), participating companies set their own emission reduction targets, disclose their progress, and work to achieve targets.

Sumitomo Forestry has been participating in the GX League since 2023 and has been making efforts to reduce emissions.

[Click here for related information](#)

➤ [Participation and Sponsorship of Initiatives](#)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Responding to Climate Change

Green Building Initiatives

Green Building Initiatives

The Sumitomo Forestry Group is promoting real estate development aiming at net zero carbon to realize a decarbonized society.

In addition to the environmental performance of the project, such as the carbon storage effects of wood, we are promoting a design that takes into consideration the convenient location, health of employees, and comfort of work. The Company aims to obtain environmental certifications related to green buildings such as LEED^{*1} and WELL^{*2}, a health-conscious office certification, to provide offices with high social and environmental added value.

^{*1} An environmental performance evaluation system for buildings and site use developed and operated by The US Green Building Council (USGBC)

^{*2} WELL Building Standard. A building evaluation system that focuses on people's health and comfort. The functions that affect wellbeing are certified in four levels based on the scores obtained after a documentary and on-site audit based on 10 concepts

Examples of Initiatives in the United States

ESG-Conscious Office Development Project in Texas

In December 2022, Sumitomo Forestry, together with IINO KAIUN KAISHA, LTD. and Kumagai Gumi Co., Ltd., participated in the development of a seven-story wooden ESG-conscious office building near Dallas, Texas, in the United States. These three companies, established a special purpose company (SPC) with Crow Holdings, a leading developer in the United States, to construct a large-scale wooden office building of mass timber construction^{*1}.



According to estimates using the "One Click LCA"^{*2} software that can visualize CO₂ emissions, the CO₂ emissions when built compared to the RC structure can be reduced by about 2,600 tons, and the wood used for the building materials fixes about 3,800 tons of carbon^{*3}. The use of mass timber will streamline work at the construction site and shorten the construction time compared to RC construction.

The company also aims to obtain LEED environmental certification and Fitwel^{*4} wellness certification, and will provide socially and environmentally added value offices to ESG-conscious tenants.

^{*1} Architecture using engineered wood, which is a relatively high-mass material made from multiple pieces of wood

^{*2} Software for which Sumitomo Forestry has concluded a sole agency agreement in Japan. CO₂ emissions during procurement of raw materials for construction, processing, transportation,

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

construction, renovation, and disposal (CO₂ emissions during construction) can be calculated precisely

*3 CO₂ emissions during constructing the office and parking lot building were estimated. Major structural components such as framing, curtain wall, and foundation were evaluated based on construction drawings. Carbon storage amount is estimated for office building

*4 A system developed by the General Services Administration (GSA) and the Centers for Disease Control and Prevention (CDC) to evaluate and certify the health and working environment of building users

Development of Environmentally Sound Multi-Family Housing near Seattle

In July 2023, Sumitomo Forestry, together with Fuyo General Lease Co., Ltd. and Odakyu Electric Railway Co., Ltd, participated in development of an eight-story commercial real estate in Shoreline City, near Seattle, Washington, with Trammell Crow Residential, a leading developer in the United States.

The 2nd basement to the 3rd floor above ground of the property are reinforced concrete (RC) structures, and the 4th to 8th floors are wooden structures with wood-frame construction. Compared with steel (S) construction and RC construction, wooden construction produces less CO₂ emissions (embodied carbon) during construction, and contributes to decarbonization because wood continues to fix carbon at a stable level for a long time.



Property image

Commercial real estate development near Denver, Colorado

In September 2023, Sumitomo Forestry, together with: Chuo-Nittochi Co., Ltd., and leading developer Trammell Crow Residential, participated in development of a five-story pure wooden structure commercial real estate development near Denver, Colorado, USA.

Wood is also used for the interior, providing a high-quality residence with a wooden feel. In general, wooden constructions are characterized by less CO₂ emissions (embodied carbon) when they are built compared to steel and reinforced concrete buildings. In addition, wood fixes absorbed CO₂ as carbon inside, and harvested wood products (HWP) continue to fix carbon for a long period of time. By utilizing a large amount of wood in this property, both provision of a high-quality residence and contribution to a decarbonized society will be achieved.



Property image

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Development of large commercial real estate near Washington, D.C.

In November 2023, Sumitomo Forestry, together with Tokyo Tatemono Co., Ltd., Chuo-Nittochi Co., Ltd., and Fairfield Residential Holdings LLC, a leading U.S. developer, participated in development of an eight-story commercial real estate in suburbs of Washington, D.C.

The property has a hybrid structure in which the lower third floor is made of reinforced concrete (RC) and the upper fifth floor is made of wood, and is both economical and environmentally sound. A wooden two-by-four construction method using standard products of 2×4 or 2×6 timber materials similar to a detached house is adopted, and the cost is suppressed as compared with the case where the whole building is made of RC construction. This property using a large amount of wood continuously fixes carbon for a long period of time, thereby contributing to realization of a decarbonized society.



Property image

Development of logistics facility in Virginia

Crescent Communities, LLC, a wholly owned subsidiary of Sumitomo Forestry, has decided to develop a logistics facility near Richmond, Virginia, USA.

Impact of this property on environment such as CO₂ emissions during construction is quantified and evaluated through life cycle assessment of building using "One Click LCA" software. We also aim to acquire LEED environmental certification for our buildings and promote environmentally sound development.



Property image

Examples of Initiatives in the United Kingdom

Environmentally Conscious Office Development Project in London

In February 2022, Sumitomo Forestry formed a joint venture with the U.K. real estate developer Bywater Properties Limited to participate in a six-story wooden environmentally conscious office development project in London.

The estimated CO₂ emissions of the project during the procurement of raw materials, processing, transportation, construction, renovation, and disposal (embodied carbon) is approximately 491 kg CO₂e/ per unit floor area (m²). The property is expected to achieve a reduction of approximately 35% in CO₂ emissions by 2025, five years ahead of the 2030 target of 750 kg CO₂e/m² set by the Royal Institute of British Architects (RIBA*¹), making it a pioneering initiative in the United Kingdom. We are also working to reduce CO₂ emissions during building use (operational carbon) by designing buildings to energy conservation



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

and energy creation specifications and combining this with the use of renewable energy.

The project plans to obtain BREEAM^{*2} environmental certification, WELL health-conscious office certification, and WIRED SCORE^{*3} smart building certification.

Sumitomo Forestry will continue to deepen the knowledge of advanced environmental measures and develop medium- to large-scale wooden constructions overseas in order to realize a decarbonized society.

^{*1} Royal Institute of British Architects. An association of leading British architects. Developing guidelines for setting, designing, and evaluating sustainability in architecture, and other activities

^{*2} BRE Environmental Assessment Method. A method for evaluating the environmental performance of buildings, developed in 1990 by Building Research Establishment (BRE) and Energy and Environment (ECD), an energy and environment consultant

^{*3} An evaluation system that ranks internet connectivity in real estate. It has been introduced in 36 countries and is evaluated based on indicators such as comfort and stability of Internet connection and usage environment

Examples of Initiatives in Australia

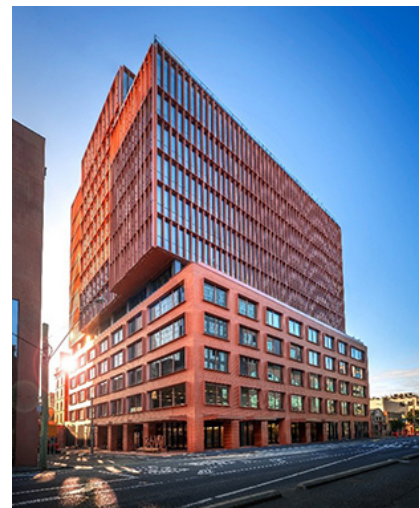
Participated in the 15-story Wooden Office Development Project, the Tallest Building in Melbourne

Sumitomo Forestry, together with NTT Urban Development Corporation, started initiatives to realize Net Zero Carbon Building^{*1} through a large developer Hines Co., Ltd., which develops globally, and completed a large-scale wooden office in Collingwood near Melbourne City, Australia in October 2023.

This property has a mixed RC and wooden structure with 15 floors above ground and 2 floors below ground (7 to 15 floors are wooden), and is the highest wooden office in Melbourne, Australia^{*2}.

Through this project, in addition to achieving the highest level of Green Star environmental certification in Australia (6 stars), we aim to obtain Net Zero Carbon certification based on the Carbon Neutral Standard for Building, an Australian standard. We also estimate that approximately 4,000 m³ of wood will be used in the structural frame, fixing approximately 3,000 tons of carbon (on a CO₂ basis). Including this fixed amount, the CO₂ (Embodied Carbon) emitted during the construction of the building (in the process of raw material procurement, manufacturing, construction, demolition, etc.) is equivalent to a reduction of approximately 40% compared to the case where the entire structure is made of RC (reinforced concrete).

This project is an advanced development that combines the effective use of wood, which has a carbon fixation function, with energy saving, energy creation,



Exterior view of Building



Exterior view of Building

Environmental Management - Responding to TCFD and TNFD - **Responding to Climate Change** - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

and use of renewable energy in buildings, and realizes WGBC*³ target of zero operational carbon in all new buildings by 2030 five years ahead of schedule.

*1 The building is designed to save or create energy, and CO₂ (operational carbon) emissions from building use are reduced to virtually zero through a combination of renewable energy use and offsets using carbon credit

*2 Survey by Wood Solutions, an organization affiliated with the Australian Government (March 2024)

*3 WGBC: World Green Building Council, a member of the UN Global Compact and a global action network of about 70 green building councils around the world

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Sustainable Forest Management

Sustainable Forest Management

Basic Policy

In addition to supply function of producing wood, forests have diverse public benefits such as water source recharge, prevention of landslides, CO₂ absorption and fixation as a countermeasure to global warming, preservation of biodiversity, and recreation.

The Sumitomo Forestry Group advances sustainable forest management both in Japan and overseas to ensure that wood resources will be available in perpetuity while preserving these public benefits of forests. In addition, we are promoting acquisition of forest management certification in Japan and overseas in each business of upstream forest management, midstream timber distribution and manufacturing, and downstream wooden construction.

In our domestic forestry business, we will pursue profitability through wood production in Company-owned forests, while at the same time practicing sustainable forest management that ensures legality and takes biodiversity and local culture into consideration, and obtain and maintain 100%*¹ forest certification in forests subject to certification.

As for the overseas forestry acquisition, below are the guiding principles for selection when obtaining new forests areas.

1. Forests areas that have good relationships with surrounding villages and local communities.
2. Forest areas where HCVA*², HCSA*³ and FPIC*⁴ can be implemented, environmental risks can be eliminated, and no environmental problems were identified in the past.
3. Forest areas with third-party forest certification (FSC®-FM is preferable and FSC-CW and PEFC certification are acceptable as well).

*¹ Except for land leased to Kawanokita Development and surrounding forests

*² High Conservation Value Assessment: inspection and assessment to establish conservation policies for areas specified as having high conservation value, such as rare flora and fauna habitat

*³ High Carbon Shock Assessment: inspection and assessment to specify and restrict development in areas with high carbon absorption volumes so that the volume of carbon retained by forests does not decline when forest land is converted to other uses

*⁴ Free Prior Informed Consent: Prior sharing of information and consensus formation with indigenous people and others in cases where there is likelihood that operations could impact the lands, territories or resources of indigenous people

[Click here for related information](#)

➤ [Sumitomo Forestry Group Human Rights
Policy](#)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

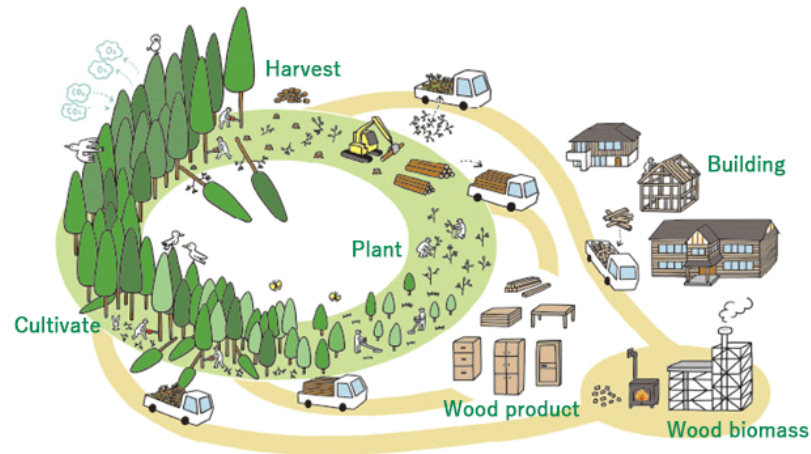
Social

Governance

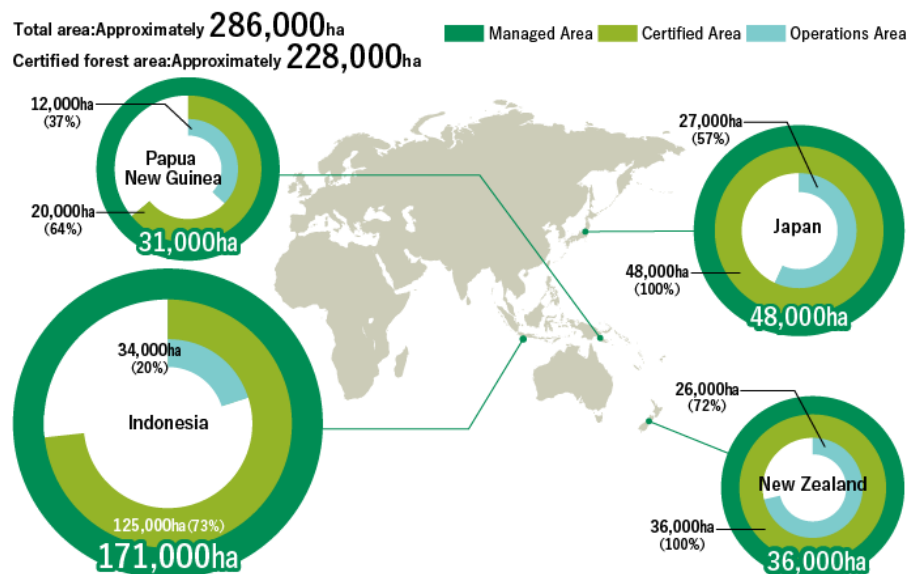
Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Forest Management and Wood Usage



Forest management, certification, and operations area in FY2023



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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources



Company owned forests in Shikoku



Planted forest in New Zealand



Planted forest in Papua New Guinea



Planted forest in Indonesia



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Area of Forest Managed and Owned by the Sumitomo Forestry Group

As of December 31, 2023

Country	Managed Area (ha)	Certified Area (ha)	Operations Area (ha)	Forest certification system* ¹	Certification Number	Certification Issuing Body	Afforestation Area for Social Forestry* ³ (ha)
Japan	48,029	48,029	27,156	-	-	-	0
Sumitomo Forestry	48,029	48,029	27,156	SGEC	JAFTA-010	Japan Forest Technology Association (JAFTA)	0
Indonesia	170,962	124,890	34,210	-	-	-	10,940
PT. Mayangkara Tanaman Industri (MTI)	104,664	74,870	10,534	PHPL* ²	015.4/EQC-PHPL/IX/2018	PT. Equality Indonesia	0
PT. Wana Subur Lestari (WSL)	40,750	40,750	11,451	PHPL* ²	10-PHPL-006	PT Almasentra Sertifikasi	0
PT. Kubu Mulia Forestry (KMF)	9,270	9,270	5,688	PHPL* ²	IMS-SPHPL-009	PT Inti Multima Sertifikasi	0
PT. BINA OVIVIPARI SEMESTA (BIOS)	9,738	0	0	-	-	-	-
PT. Kutai Timber Indonesia (KTI)	6,488	0	6,488	-	-	-	7,208
Koperasi Serba Usaha Alas Mandiri KTI (KAM KTI)	0	0	0	-	-	-	1,005* ⁴
Koperasi Bromo Mandiri KTI (KBM KTI)	0	0	0	-	-	-	1,330* ⁵

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Country		Managed Area (ha)	Certified Area (ha)	Operations Area (ha)	Forest certification system*1	Certification Number	Certification Issuing Body	Afforestation Area for Social Forestry※3 (ha)
PT. Rimba Partikel Indonesia (RPI)		52	0	49	-	-	-	417
Vietnam		0	0	0	-	-	-	980
	Vina Eco Board Co., Ltd.	0	0	0	-	-	-	980
Papua New Guinea		31,260	19,920	11,618	-	-	-	0
	Open Bay Timber Ltd. (OBT)	31,260	12,854	11,618	FSC®	NC-FM/COC-005600	Preferred by Nature	0
			7,066		FSC®	NC-CW/FM-003093	Prefferd by Nature	
New Zealand		35,549	35,549	25,507	-	-	-	0
	Tasman Pine Forests Ltd. (TPF)	35,549	35,549	25,507	FSC®	SGS-FM/COC-010806	SGS South Africa (Pty) Ltd	0
Total		285,800	228,388	98,491	-	-	-	10,940

*1 Forest Management (FM) certification authenticates sustainable forest management by having a third-party inspect based on objective indicators with focus on: (1) compliance with laws and system frameworks, (2) forest ecosystem and biodiversity maintenance and conservation, (3) respect for rights of indigenous people and local communities, (4) maintenance and enhancement of forest productivity

*2 Pengelolaan Hvtan Produksi Lestari (PHPL) is an Indonesian certification of sustainable production forest maintenance

*3 Area of planted forest was calculated using the actual number of seedlings distributed and the number of seedlings planted per hectare (The number of trees planted per hectare is planned annually for each tree species)

*4 [Forest certification system] FSC® [Certification number] SA-FM/COC-002083 [Certification body] Soil Association

*5 [Forest certification system] FSC® [Certification number] SA-FM/COC-005493 [Certification body] Soil Association

*6 Managed area based on forest fund (as of February 2024) 45,600 hectares

*7 Planted Forests in Australia (as of February 2024): 957 hectares

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Seedling Farming and Cultivation

Securing superior seedlings is a crucial first step toward sustainable forest management. Stable production of superior seedlings enables appropriate forest establishment. Sumitomo Forestry was the first to modernize seedling production. We are contributing to the sustainability of forest resources and active resource production through facility-based nursery seedlings cultivated in under appropriate environmental management. In Japan, in fiscal 2019, we opened our sixth production facility in Minamiaizu Town, Fukushima Prefecture, which is capable of producing 1.9 million seedlings per year and supplying them to our own company-owned forests as well as to national forests and privately-owned forests throughout Japan. Overseas, in Indonesia and Papua New Guinea, we produce our own seedlings for planting. Our sustainable forest management garden vegetation, cultivates, harvests, and reforestation in New Zealand and every other region where we do business.

Cultivation

The Sumitomo Forestry Group manages a total of approximately 48,000 hectares of company-owned forests in Japan and a total of around 240,000 hectares of company-owned planted forest area overseas. We strive to maintain and improve the forest's public benefits by implementing appropriate management for forest growth in these forests, such as afforestation, clear underbush, pruning, and thinning.

Carbon stocks^{*1} of company-owned forests in Japan at the end of fiscal 2023 were 13.84 million t-CO₂ (+120,000t-CO₂ from the previous fiscal year). Carbon stocks at overseas planted forests were 51.91 million t-CO₂ (-730,000t-CO₂^{*2}).

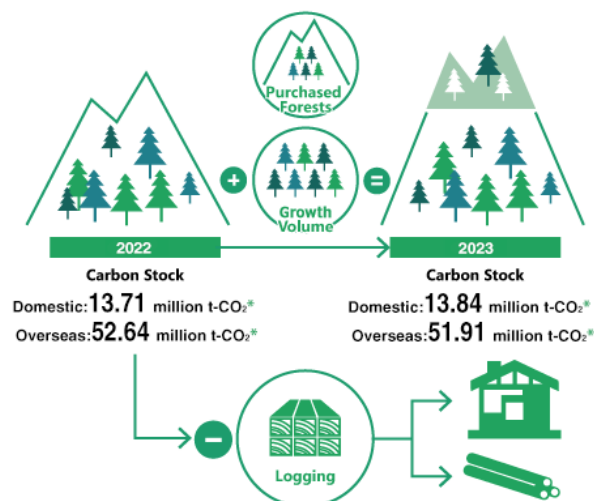
^{*1} Formula to Calculate Carbon Stock

Stem volume per hectare of forest × biomass expansion factor × (1 + ratio of underground area to aboveground area) × volume density × carbon content × CO₂ conversion factor

Parameters such as Stem volume and expansion factor are based on own plot data for domestic forests, WSL, and MTI, while OBT and TPF refer to standard values of each country, etc. For protected forests in overseas forests, carbon fixation is assumed to be zero for non-forested and low accumulation areas such as rivers, lakes, roads, etc., and degraded forests in WSLs and MTI.

^{*2} Decrease due to revision of method for calculating carbon storage in Indonesian production forests

Carbon Stock of Forests in Japan and Overseas



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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Logging and Usage

The Sumitomo Forestry Group logged approximately 205 hectares of trees in Japan and approximately 7,469 hectares of trees overseas in fiscal 2023 in forests it owns or manages based on long-term logging plans. Harvested wood are milled and processed before finally reaching the market as products such as housing and furniture. In the case of wood turned into structural members for housing, the products are used for several decades. Even after being dismantled or at the end of their product life, wooden construction and timber and wood products can be reused as fiberboard or other wood materials in construction or as raw material for making paper, and all that time it will continue to retain CO₂. The CO₂ released when wood is ultimately burned as a wood fuel is what has been absorbed from the atmosphere as trees grow, and therefore it does not represent an increase in CO₂ in the atmosphere over the life cycle of the tree.

Click here for related information

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

Reforestation

Harvesting and using wood alone will lead to a diminishing of forest resources that will be used to produce wood products. The Sumitomo Forestry Group therefore promotes sustainable forest management by always planting new trees after logging.

In fiscal 2023, we planted forests on 164 hectares in Japan, and on 7,326 hectares overseas. The newly planted trees will absorb CO₂ during their growth and retain it as carbon.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

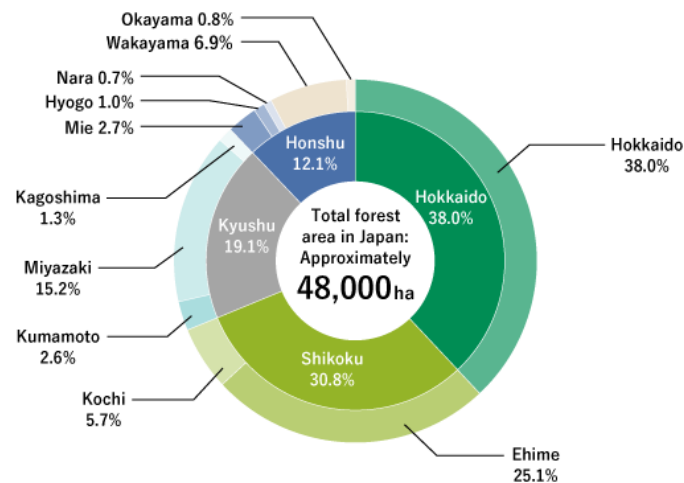
Sustainable Forest Management

Protecting Domestic Forest Resources

Basic Policy

In recent years, there has been concern in Japan that the deterioration of planted forests such as Japanese cedar and Japanese cypress throughout the country is impairing public benefit of forests, such as water source recharge. It is said that the profitability of the forestry industry has deteriorated due to low lumber prices, which has made it impossible to properly care for the forests, such as by thinning. In order to prevent further devastation of forests by revitalizing the forestry industry, the government of Japan has set a goal of raising wood self-sufficiency rate to roughly 50% by 2025. Sumitomo Forestry will contribute to achieving the Japanese government's goal by expanding the area of managed forests, introducing smart forestry, propagating fast-growing trees, developing afforestation and silviculture technologies, expanding its container nursery business, and promoting solution businesses that utilize ICT.

Breakdown of Company-Owned Forests (as of December 31, 2023)



Preserving and Increasing Forest Resources Through Management of Company-Owned Forests

The Sumitomo Forestry Group owns a total of approximately 48,000 ha (about 1/800 of the national land area) of forest land area. Company-owned forests are categorized as either "working forests", where the production of wood is the priority, or "conservation forests", where environmental conservation is the focus.

Sumitomo Forestry acquired a forestry certification from Japan's Sustainable Green Ecosystem Council (SGEC) ^{*1} for all company-owned forests ^{*2} in 2006 and third-party evaluations have confirmed that the forests are being properly managed,

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

including with regard to measures to conserve biodiversity. New forest purchases after the acquisition of the forest certification have each been under evaluation for certification and our certification rate is 100%.

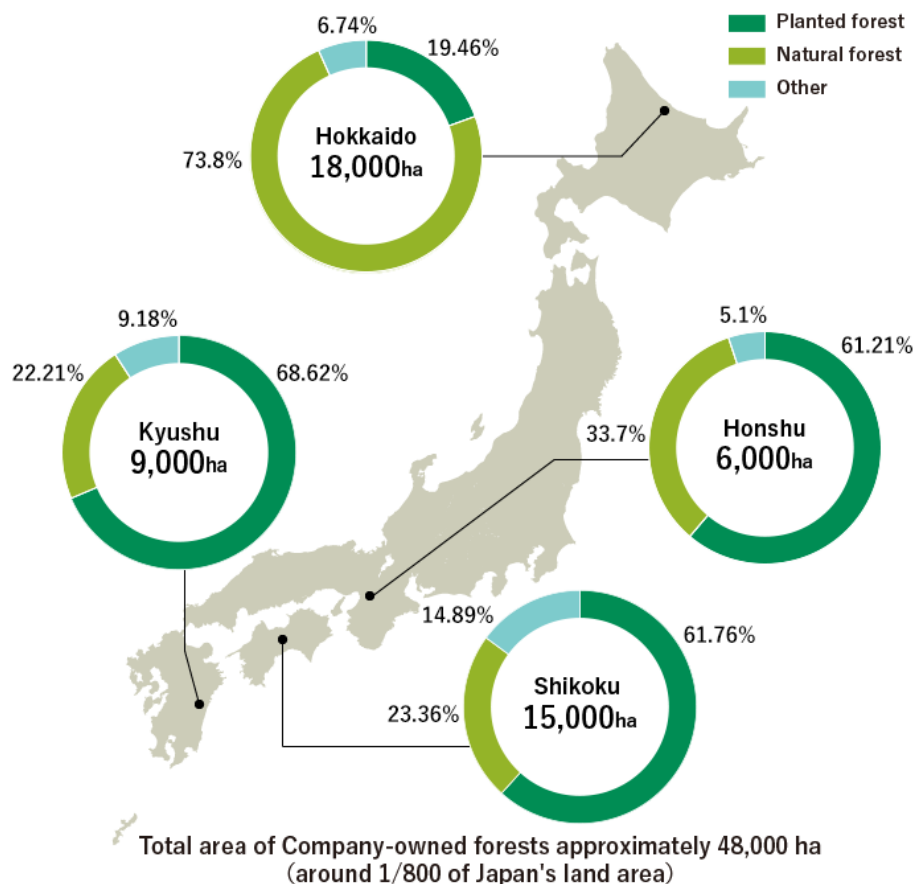
Forest operations include appropriate thinning, which helps to preserve and increase forest resources, while taking into consideration the surrounding environment including the ecosystem. Sumitomo Forestry also aims for highly productive management of its forests based on operational plans that follow the principle of performing the appropriate management for the appropriate tree species on the suited land.

*1 Japan's own forestry certification system through which forest management is verified as sustainable by third parties. Certification is based on seven criteria that include the preservation of biodiversity and the conservation and maintenance of soil and water resources. Due to the June 2016 approval of mutual recognition of the PEFC^{*3} international forest certification system, international recognition has increased.

*2 The forests owned by Sumitomo Forestry exclude the lands leased to Kawanokita Development Co., Ltd., which is a Group company responsible for operating a golf course, and the surrounding forest. Newly purchased forests are excluded because they underwent expanded inspections during the subsequent fiscal year.

*3 The Programme for the Endorsement of Forest Certification Schemes is an international NGO that mutually authenticates certification standards created in each country and region as criteria to be shared internationally. 44 national and regional forest certification schemes are mutually recognized with PEFC (from PEFC HP)

Distribution and Area of Company-Owned Forests (as of December 31, 2023)



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Forest Revitalization Initiatives

Seedling Production for Regional Revitalization

An increasing number of municipalities are working to foster forest resources that are not yet effectively utilized and to revitalize the forestry industry as one part of regional revitalization measures. Furthermore, the area of reforestation after clear cutting is increasing as the coniferous trees planted after World War II have entered the harvest season. It is desirable to establish a stable supply system for seedlings, but it is expected that the supply will become insufficient in the future due to a decrease in the number of growers.

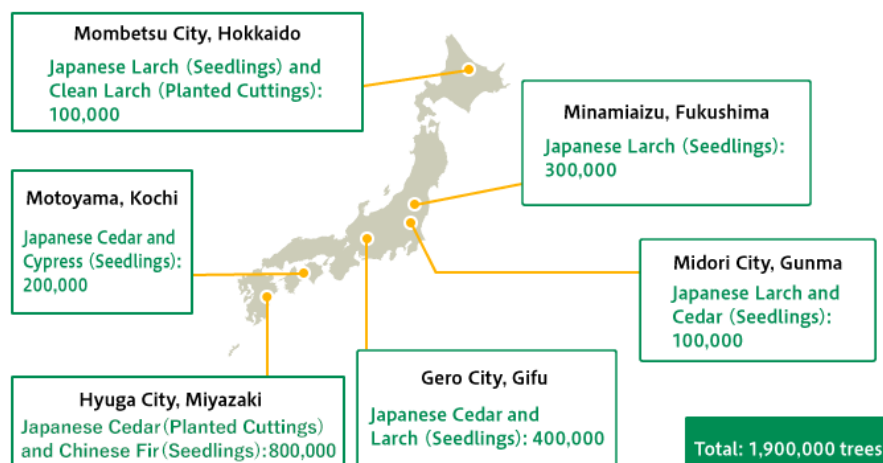
Sumitomo Forestry was one of the first companies to modernize containerized nursery seedlings production and began operating facility-based nursery tree production establishments by utilizing its own research and development of production technology. By controlling temperature and humidity in the facilities, we are able to produce seedlings year-round, dramatically increasing production per unit area compared to conventional open-air seedling cultivation. We are also linking to local municipalities to contribute to the revitalization of the region by establishing greenhouses with local employment as well as the development and standardization of new technology related to seedlings cultivation.

Cultivating Sumitomo Forestry Seedlings Throughout Japan

We opened a facility-based nursery seedlings production establishment in Hyuga City, Miyazaki Prefecture in 2012, followed by another facility in Mombetsu City, Hokkaido. We opened production facilities in Gero City, Gifu Prefecture in fiscal 2016, Motoyama Town, Kochi Prefecture in fiscal 2017, Midori City, Gunma Prefecture in fiscal 2018, and Minamiaizu Town, Fukushima Prefecture in fiscal 2019. Currently, we have a system capable of producing 1.9 million seedlings per year nationwide.

In addition to seedlings production at our own facilities, in fiscal 2021 Sumitomo Forestry provided technical assistance in Nichinan Town, Tottori Prefecture. In fiscal 2022, we increased the number of seedlings consigned for production and strengthened our system for stable supply of seedlings. In fiscal 2023, we expanded development of seed orchard for specified mother trees and accelerated efforts to supply seedlings to meet demand, including countermeasures against pollen.

Sumitomo Forestry's seedlings production systems



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Efforts in Fast-Growing Trees

Sumitomo Forestry has begun efforts in fast-growing tree forests that are gaining more attention in recent years. Fast-growing trees are those that grow faster than Japanese cedar and Japanese cypress and can be harvested in a shorter felling season, and include Chinese fir, bead trees, and willow trees.

The Hyuga Forestry Office is conducting test plantings of Chinese fir in company-owned forests in Kumamoto and Miyazaki prefectures. This test monitors aspects that include the reduction in weeding and a growth comparison with Japanese cedar through growth surveys and other research to examine the potential as a new tree species for garden vegetation.

In addition, the Environment and Resources Division and the Tsukuba Research Institute are cooperating to plan the planting of fast-growing broadleaf trees suitable for fuel material.



Chinese fir

Development of a Forestry Transport Drone

Workers are currently carrying seedlings weighing roughly 10 kg on their back when planting Japanese cedar, Japanese cypress and other tree species. Particularly in Japan, the terrain is quite hilly and places a huge physical burden on workers, which makes it difficult to secure a labor force.

That is why Sumitomo Forestry has been advancing the development of drones to transport these seedlings jointly with drone manufacturers and distribution companies that have proven themselves in the agricultural field. Repetitive proof-of-concept tests were conducted in company-owned forests by flying drones safely over complex terrain and in harsh weather to ensure safe drone flight and reliable unloading of seedlings. Based on these tests and various improvements, sales of the Morito Forestry Drone to transport seedlings began throughout Japan in fiscal 2020.



Forestry transport drone 'morito'

In the course of our sales activities, we have learned that there is a growing need in the field to transport not only seedlings, but also heavy materials such as those used to prevent damage by animals, which has been on the rise in recent years. Therefore, we made improvements with a view to transporting forestry materials, and upgraded the machine to be able to transport heavy materials in fiscal 2022. The maximum loading capacity is now 25 kg, up from 8 kg in the previous model. In fiscal 2023, we produced a promotional video as part of our initiatives to promote sales.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

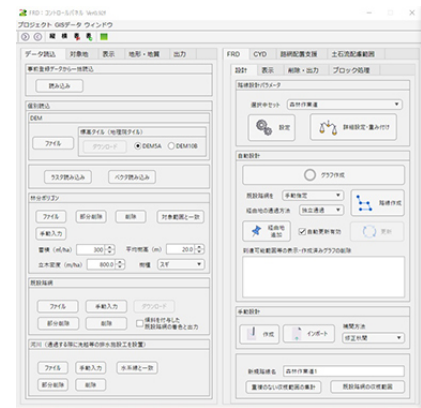
FRD Forestry Roadway Design Support System

Current Status of Strip Road Design in Japan

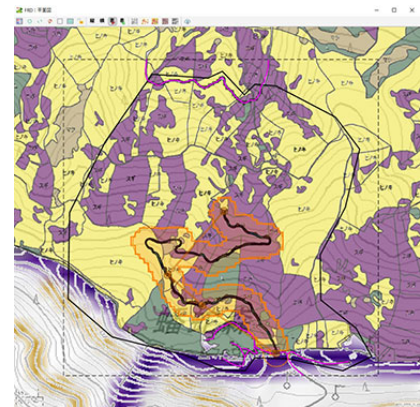
Forests in Japan often have insufficient forest roads or strip roads in place which prevent smooth management of forests and transport of the wood that is harvested. Currently, when constructing forest roads or strip roads, lines are drawn by hand over a paper topographical map before visiting the site to see if that plan for the road network can be executed according to the proposed alignment. This process of examination is usually done over and over again. The reality is that the process of creating the line drawn plans and checking and verifying on site relies heavily on personal intuition and experience, and takes a great deal of time and labor.

Forestry road networks design using FRD

FRD is a software co-developed with Mr. Hiroaki Shirasawa (currently Forestry and Forest Products Research Institute) to support road network design. It is used to design forest road networks, such forest roads and strip roads after utilizing precise topographic data obtained by airborne laser mapping. The main feature is a function for automatic design able to automatically create the line drawings by inputting the site of departure and destination in the operation screen. This feature creates line drawn plans that can be maintained at low cost based on parameters, including requirements such as longitudinal slope and the curvature radius, width, and operation costs specified in advance. In addition, we have devised a way for software to recognize dangerous terrain. This software packs the right features necessary for the job, such as allowing the design of safety lines that are less likely to break and safer, avoiding potential collapse and other circumstances when creating a plan. The on-site exploration of the line drawn plans for roadways designed in the software offers efficient on-site verification. In fiscal 2023, we upgraded the system to make it more user-friendly by adding a function to analyze amount of resources that can be collected from designed road network. We also held webinars for existing users to introduce good practices and disseminate the new version as follow-up.



FRD control panel



Forest road design to avoid dangerous places (in red frame)

Spreading the Use of the Winch-Assist Type Forestry Work Equipment

In fiscal 2023, Sumitomo Forestry demonstrated a winch-assist forestry machine (tether) developed jointly with Nippon Caterpillar LLC and other companies in Yamanashi Prefecture and Yamaguchi Prefecture using subsidies from Japan Forestry Mechanization Association.

The Tether is forestry machinery that assists heavy equipment for logging and hauling out on sloping terrain, pulling the heavy equipment by wire to maintain a



Work using Tether


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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

stable posture of the heavy equipment. Forestry operations using heavy machinery will be possible on slopes where heavy machinery could not be used previously, which is expected to improve security and productivity.

We will continue to use the machine to improve the safety of forestry operations on sloping terrain and to realize environmentally conscious forestry.

Improvement and Diffusion of Remote Clear Underbush Cutters

In collaboration with the Japan Federation of Forestry Cooperative Associations and the Norinchukin Bank, we are conducting demonstration tests of remote clear underbush cutters for the forestry industry.

The remote type clear underbush cutters reduces the workload of clearing the ground and cutting the undergrowth at the time of planting, and improves work safety by replacing the conventional hand-held type clear underbush cutters. We are working to improve and popularize remote undergrowth cutters for forestry. In fiscal 2023, we introduced them to our company-owned forests. In addition, with an aim of promoting reforestation and securing successors, we held tours throughout Japan and participated in forest-related exhibitions.



Work view of remote clear underbush cutters



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Sustainable Forest Management

Forestry Business Overseas

Basic Policy

The Sumitomo Forestry Group is expanding its forestry business in consideration of local communities and the environment. The Group contributes to a stable supply of wood and regional economic development while maintaining the wider environment through management of "Economic Forests" which are planted forests for wood production, the preservation of "Protected Forests", which are responsible for ecosystem conservation and CO₂ absorption and fixation, and coexistence with surrounding "Local Communities".

Overseas Managed Afforestation Area (unit: ha)

Country	Name of Forestry Business	Managed Area	Operations Area	Afforestation Area in FY2023	Logged Area in FY2023
Indonesia	PT. Mayangkara Tanaman Industri (MTI)	104,664	10,534	1,959	1,850
	PT. Wana Subur Lestari (WSL)	40,750	11,451	2,288	2,941
	PT. Kubu Mulia Forestri (KMF)	9,270	5,688	1,588	1066
	PT. Kutai Timber Indonesia (KTI)	6,488	6,488	312	281
	PT. BINA OVIVIPARI SEMESTA (BIOS)	9,738	0	0	0
	Subtotal	170,910	34,161	6,148	6,138
Papua New Guinea	Open Bay Timber Ltd. (OBT)	31,260	11,618	329	282
New Zealand	Tasman Pine Forests Ltd. (TPF)	35,549	25,507	850	1049
Total		237,719	71,286	7,327	7,469

Forestry Business Overseas

The Sumitomo Forestry Group is expanding three approaches to conducting forestry business; industrial tree plantation, environmental reforestation, and social forestry. The purpose of industrial tree plantation is to produce wood and increase the supply of afforestation wood (raw material). By zoning its managed land appropriately, the Group aims to achieve both the conservation of valuable ecosystems and the development of local communities through forestry business.

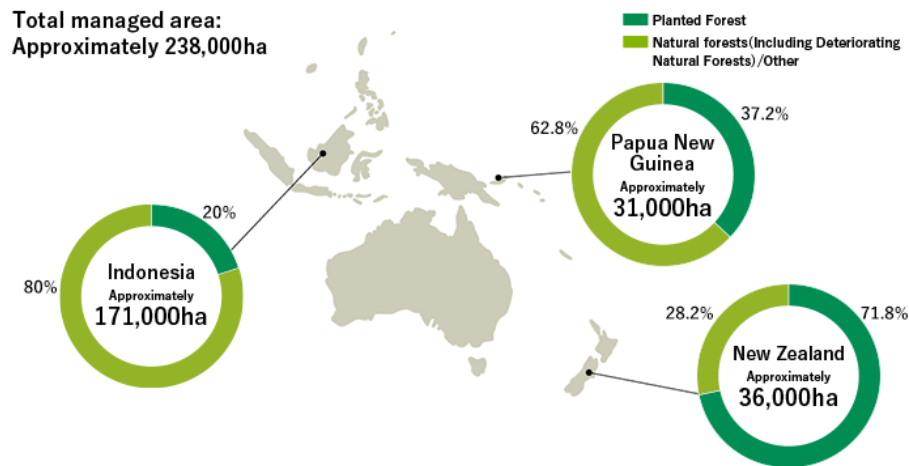
In addition, the Group also conducts environmental reforestation, planting trees for environmental conservation. It aims to contribute to environmental conservation through the expansion of forested areas and the fulfillment of the ecosystem services function of forests, by actively planting trees on land where natural regeneration would otherwise be difficult. The Group has also



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

been engaged in "social forestry" which shares the economic benefits of afforestation with local communities while enlisting the cooperation of local residents.

Distribution and Area of Overseas Forestry Business Sites (as of end of December 2023)



Forest Certification and Sustainable Forestry Business

Of an approximately 31,000-hectare planted forest owned and managed by Papua New Guinea's Open Bay Timber (OBT), about two-thirds, or 20,000 hectares, has received FSC® forest certification*. After harvest, the company ensures afforestation is carried out, and in fiscal 2023, 375 hectares of trees were planted.

The entire area of approximately 37,000 hectares managed by Tasman Pine Forests Ltd. (TPF) in New Zealand has been FSC®-FM certified. In fiscal 2023, TPF implemented 850 hectares of afforestation.

We will continue to practice sustainable forest management that lays basis for communities and environment to function in harmony.

* OBT: CW certification FSC-C019117, FM certification FSC-C103694, TPF: FM certification FSC-C132002

Forestry Business in West Kalimantan, Indonesia (Industrial Tree Plantation)

In 2010, Sumitomo Forestry established PT. Mayangkara Tanaman Industri (MTI) and PT. Wana Subur Lestari (WSL) in collaboration with Alas Kusuma Group, an Indonesian forest management and plywood manufacturing company. They have been developing large-scale afforestation projects in West Kalimantan Province under "License for Industrial Afforestation and Timber Product Utilization Project (UPHHK-HTI)*1" issued by the Indonesian Ministry of Environment and Forestry. Regarding management form, investment ratio was sequentially increased, and WSL and MTI became 100% subsidiaries of the Sumitomo Forestry Group in July 2021.

In addition, since 2020, we have started forestry business at Kubu Mulia Forestry (KMF), which is close to WSL and MTI.

Background

Afforestation sites of WSL/MTI/KMF covers areas in which forest degradation has advanced due to commercial harvesting from the 1960s to the mid-1990s in addition to repeated illegal logging and slash-and-burn farming practices.

We believe that from an ESG perspective, it is a very significant business to responsibly conserve forests with high conservation

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

value and provide local residents with an economic foundation through our business, while producing wood as a profit-making activity on these types of lands.

The land used in these operations locates in tropical peatlands which play an extremely vital role in the carbon and water cycle on a global scale.

Sustainable Forest Management

We launched these operations by conducting topographical surveys, and boring tests to understand the peat distribution, over five years. We also entered into an advisory agreement with the International Finance Corporation (IFC), the World Bank's group institute, in 2012. In accordance with the concept of High Conservation Values Forests (HCVF)*³, Sumitomo Forestry conducted assessments on its operational properties with the IFC and investigated whether the property use plan is implemented as stated and adequate consideration is made for biodiversity and livelihood of local residents. The reports of the investigation results were audited by a third-party organization, and valuable comments made by stakeholders on the report were adapted in the business plan. Our Group also held public hearings in 2013 where stakeholders such as local residents, companies in the communities, academics, NGOs, and government officers were invited to share the results of the investigations.

Our employees' unified efforts have succeeded in building a unique peatland management model that stabilizes the underground water level throughout one year. Stabilization of the underground water level reduces greenhouse gas emissions and forest fires, while maintaining proper hydrological cycles, thereby making a significant contribution to climate change mitigation. Our peatland management model has been highly praised worldwide.

These and surrounding areas also isolate ecosystems where rare plant and animal species live in an island-like shape. To prevent this type of isolation, the Sumitomo Forestry Group works together with neighboring local business proprietors to preserve the entirety of the ecosystem.

The Sumitomo Forestry Group captures tropical peatlands and the ecosystems living throughout the peatlands as one type of important natural capital. In the future, businesses achieving a balance between industrial tree plantations and environmental protection will enhance value as natural capital and help resolve global issues.

*1 Issued by the Indonesian government, this is a business license to engage in industrial tree plantation operations in Indonesia.

*2 A generic term for plants that grow in water areas where seawater and freshwater mix in tropical and subtropical regions. It is said that there are 110 or more kinds of constituting plants

*3 In considering the value of forests, it goes beyond their value as absorbers of greenhouse gases, outlining methods of extracting each one of the many aspects of value forests contain. These aspects include their value as habitats of rare, endangered animal species, as water resources, as providers of essential natural services such as soil erosion control, and as land that has an intimate relationship with the lifestyles and cultures of local communities.

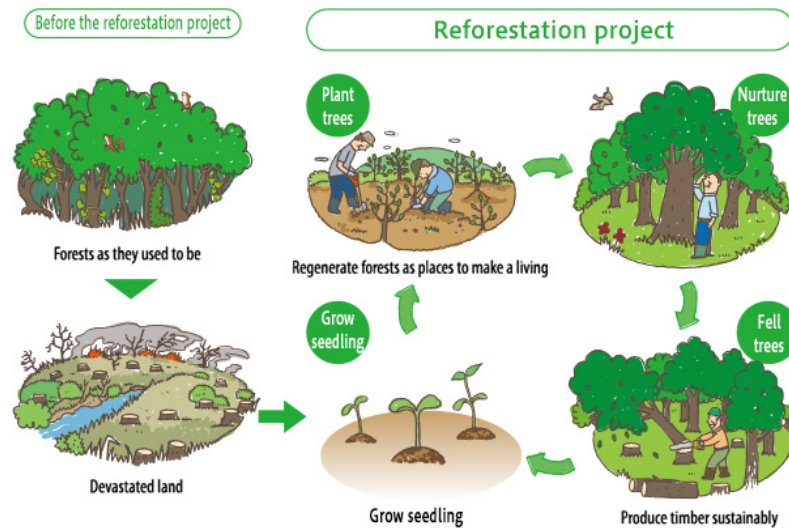
Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources



History of Enhancing the Value of Natural Capital

2017	<ul style="list-style-type: none"> Entered into a Memorandum of Understanding (MOU) with the Indonesian Ministry of Environment and Forestry for a pilot project that aims to examine unique water level management technologies to sustainably manage peatlands and establish peatland management models in Indonesia. The term of this project is set for five years. The project is conducted with the cooperation of the Ministry of the Environment and Forestry as well as the Peatland Restoration Agency. The peatland management technology from this project was introduced as an example of excellent, leading-edge peat management at the November 2017 United Nations Climate Change Conference (COP23) held in Bonn, Germany.
2018	<ul style="list-style-type: none"> The Group formulated a grievance mechanism with the help of the IFC. Together with the University of Indonesia, we also conducted a social survey of operational and surrounding areas on a three-year plan. We reported on peatland management technology at the 24th Conference of the Parties (COP24) to the United Nations Framework Convention on Climate Change in Poland in December.
2019	<ul style="list-style-type: none"> We announced initiatives related to WSL peatland management and forestry business at The Seventh Tokyo International Conference on African Development (TICAD7) held in Yokohama in August. We introduced that tropical peatland forest not only acts as the lungs of the Earth but also a heart that circulates water around the globe. We also announced a peatland management system that prevents fires at a side event of the United Nations Climate Action Summit held in New York in September. At the United Nations Climate Change Conference (COP25) held in Madrid in December, we presented water management technologies and the preservation of rare species.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

2020	<ul style="list-style-type: none"> The Global Landscape Forum held by the United Nations Environment Programme introduced the Sumitomo Forestry peatland management concept to not only address the issue of carbon emissions in peatland management but also consider forest, agricultural and food shortage issues as a main theme. We contributed essays about the expertise in peatland management which we have cultivated thus far and took charge of organizing the technical peatland management guidebook published by the International Peat Society (April 2021). Sumitomo Forestry also launched a counsel together with the IDH - The Sustainable Trade Initiative, an international organization, to improve assessment methods of natural capital and enhance added value.
2021	<ul style="list-style-type: none"> We gave presentations at the Japan Pavilion, Indonesia Pavilion, and Peat Pavilion at the 26th Conference of the Parties (COP26) of the United Nations Framework Convention on Climate Change (UNFCCC) in Glasgow in November.
2022	<ul style="list-style-type: none"> At the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) held in Egypt in November, we made a presentation at the Japan Pavilion and introduced technologies that could help solve the problem of underestimated forest and peatland loss in tropical countries and our approach to maximizing the value of natural capital.
2023	<ul style="list-style-type: none"> At the 28th Conference of Parties to the United Nations Framework Convention on Climate Change (COP28) held in the United Arab Emirates in November, we made presentations at three pavilions: Tech for Transition, Land and Drought Pavilion, and the Asian Development Bank Pavilion. We introduced our initiatives for peatland management in Indonesia using AI and remote sensing technologies.

Forest Fire Prevention Measures at Each Work Site

Indonesia

Conventionally, reforestation in peatlands* was done by managing the water level with drainage to push water out of the soil. However, while drainage-type water level management works well for plants, it has dried out the land, decomposing organic matter in peat soils and releasing greenhouse gases, as well as leading to large peat fires that are difficult to extinguish.

WSL and MTI, on the other hand, manage stored water levels based on precise surveys and peat studies. This maintains a water level that allows plants to grow and also prevents the land from drying out.

Real-time measurements of peat thickness have shown that peat thickness has not decreased in the long term as a result of previous efforts. In other words, it reduces peat-related greenhouse gas emissions while also helping to avoid fires.

The Sumitomo Forestry Group has also continued to develop the infrastructure technology necessary to manage peatlands since launching the business. The concept is simple, low cost and easy maintainability, which aims to establish management technology that can be broadly expanded in rainforest peatlands throughout Indonesia and the rest of the world. As an alternative means to carry out massive amounts of surveys, we are striving to develop technology using drones and AI.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

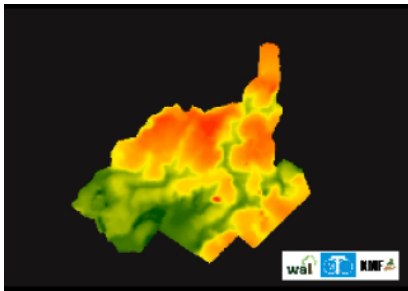
Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Regions where peatlands thrive, such as the Amazon, the Congo Basin, and Indonesia, have the most rainfall throughout the world. The soil of peatlands is made up of 80% to 90% water. Tropical forests and peatlands act as a pipeline dispersing water into the air from a large amount of rainwater accumulated in the ground during the monsoon season through evaporation. The tremendous evaporation from these rainforests and peatlands has the potential to act as a necessary water cycle function at global scale. The collapse of the world's water cycle will result in abnormal weather and adversely impact agriculture, which will cause even greater food shortage issues. Sumitomo Forestry advocated the importance of proper tropical forest and peatland management because these regions act as the heart of the Earth circulating water throughout the planet at our presentation at The Seventh Tokyo International Conference on African Development (TICAD7) held in Yokohama in August 2019.

* Characteristics of the peat soil found in the peat swamps is known to emit enormous amounts of greenhouse gases, typically carbon dioxide and methane gas, if the soil was inappropriately exploited. Owing to joint researches by Japanese and Indonesian academic institutes, our operations take into consideration minimizing greenhouse gas emissions that accrue as the peaty soil dissolves during exploitations.



Landscape management of forestry business
designed based on detailed data



Monitoring the water level in peatlands



Papua New Guinea

Open Bay Timber (OBT) keeps track of the fire hazard levels by analyzing temperature, rainfall, and humidity every day, as well as by preparing firebreaks and organizing forest residues to prevent the spread of fire on the planted forest. In areas with a high risk of fire, patrols of work sites are increased from once to twice a day to meticulously check for signs of fire. We have had no cases of forest fires under our management in 2023 thanks to these initiatives.

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

New Zealand

TPF is working with Fire and Emergency New Zealand (FENZ), local municipalities, neighboring forestry associations and other relevant agencies to continuously conduct awareness-raising activities about fire in the local community in addition to taking other proactive fire prevention measures. Specific measures include setting up a Fire Index bulletin board that shows the fire risk level, distribution of leaflets to evoke caution in the local community, the creation of a system to always have fire-fighting helicopters on standby when the risk of fire is high, stockpiling of fire extinguishing agent, appropriate placement and management of water ponds, focused pruning of wood edges to prevent the spread of fires, fire-fighting equipment acquisition and training, conducting patrols, and preparation of forest roads. On days with a significantly high risk of fire, we also implement a wide range of regulations from time restrictions for harvesting work to rules on when people have recreational access to the mountains. We have had no cases of forest fires under our management in 2023 thanks to these initiatives.

Mangrove conservation business

In December 2022, Sumitomo Forestry acquired 100% of PT. BINA OVIVIPARI SEMESTA (BIOS), which owns and manages 9,738 hectares of mangrove forests, making it a wholly owned company. This business aims to create high-quality blue carbon credits by maintaining and managing mangrove forest, which is a globally valuable ecological system, as a “conservation forests” rather than an “working forests” that undergoes a cycle of logging and afforestation.

We will utilize the know-how we have cultivated over many years in sustainable management of peat lands in West Kalimantan Province to engage in wide-area ecosystem conservation projects, regarding mangroves on border between sea and land and peatlands and tropical forests in inland areas as continuous ecosystems. By doing this, we will realize Nature Positive* through maintenance of biodiversity, water purification, and improvement of water retention and water circulation functions.

* Stop and reverse biodiversity loss and put it on a recovery track



Full view of mangrove forest of BIOS



Mangrove conservation business

[Click here for related information](#)



[Biodiversity Conservation in Planted Forests
Overseas](#)

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Forestry fund operation

Eastwood Forests, LLC ("EF"), a U.S. - based forest asset management company under umbrella of Sumitomo Forestry, established Eastwood Climate Smart Forestry Fund I in June 2023. Ten Japanese companies are participating in this Fund, with an asset size of approximately 60 billion yen*¹ and a 15-year investment period. Through mechanism of the fund, the forest is appropriately managed in areas and fund scales which cannot be individually realized, and CO₂ absorbing and fixing function of the forest is maximally utilized to contribute to the realization of the decarbonization society.

This fund acquires forest assets mainly in the United States and Canada where market and system of forest asset transactions are established, and sells wood and carbon credits obtained through continuous forest management. Fund management, including acquisition and sale of forest assets and forest management, is handled by EF, which has knowledge and experience in formation and management of forest funds in the United States. Furthermore, SFC Asset Management, which is a 100% subsidiary company of Sumitomo Forestry, supports funds from the Japanese side with respect to fund composition and post-composition communication with investors.

*1 1 USD = 144.46 yen (calculated based on exchange rate on July 3, 2023)



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Sustainable Forest Management

Afforestation Consultancy

Domestic Case Example

Supporting the Creation of a Forest and Forestry Master Plan for Itoshima City, Fukuoka Prefecture

Sumitomo Forestry is providing consulting in planning of forest maintenance and forestry development conducted by local municipalities by taking advantage of its wealth of knowledge in forest management cultivated in company-owned forests over a long period of time. As part of these efforts, we supported the creation of a Forest and Forestry Master Plan in Itoshima City, Fukuoka Prefecture as an initiative to use local forest resource since January 2016.

Positioning of the Master Plan

For methods to create this master plan, we are zoning areas that consider attributes such as the growth rate and accessibility of forests as well as the environmental conservation functions after grasping the amount of forest resources within the city limits through aerial laser measurement. Sumitomo Forestry formulated a harvesting plan and a plan for forest road networks that would be optimal to haul wood cultivated in the forest out by defining policies for conducting operations in the forest for each zone. Moreover, we also examined the systems to build to execute measures in line with this master plan.

Creation of Master Plan

For methods to create this master plan, we are zoning areas that consider attributes such as the growth rate and accessibility of forests as well as the environmental conservation functions after grasping the amount of forest resources within the city limits through aerial laser measurement. Sumitomo Forestry formulated a harvesting plan and a plan for forest road networks that would be optimal to haul wood cultivated in the forest out by defining policies for conducting operations in the forest for each zone. Moreover, we also examined the systems to build to execute measures in line with this master plan.

In 2023, based on prepared master plan, a detailed five-year logging plan was created, and support is provided to make sure this master plan is contributing to regional forestry promotion.

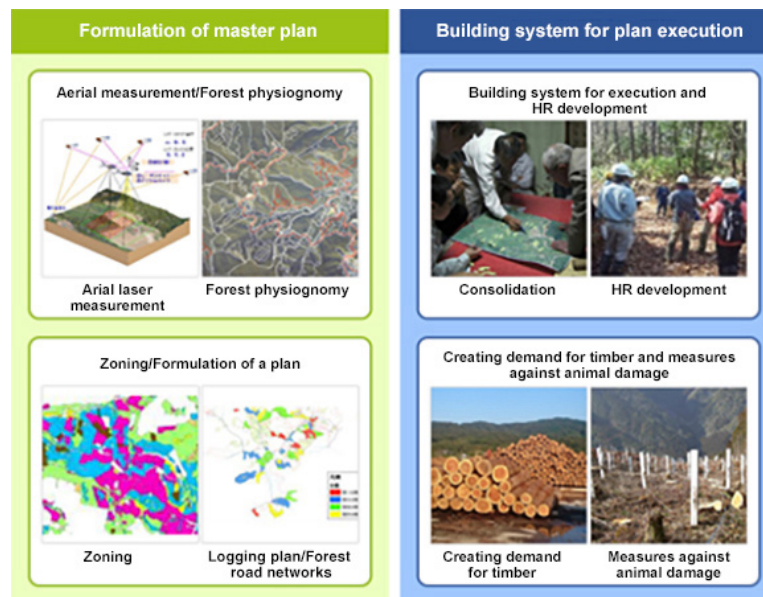
Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources



Comprehensive Partnership Agreement to Turn Forestry to a Growth Industry with Nagato City, Yamaguchi Prefecture

Sumitomo Forestry entered into a comprehensive partnership agreement to turn forestry and timber industry to a growth industry with Nagato City, Yamaguchi Prefecture in September 2019 for the purpose of promoting development of the forest and timber industry in Nagato City in order to revitalize the local economy.

Past Initiatives

In April 2017, the Forestry Agency selected Nagato City was selected as a region to turn forestry and timber industry to a growth industry by the Forestry Agency and has worked toward that goal. The Nagato City launched a committee to promote turning forestry and timber industry to a growth industry with various subcommittees to conduct repeated assessments through local representatives and experts toward revitalization of forestry. As a result, Nagato City and other local relevant bodies took the lead in establishing Refore Nagato in July 2020 as a general incorporated association to handle local forest management.

Effects of the Comprehensive Partnership Agreement

The partnership agreement between Sumitomo Forestry and Nagato City aims to increase local production of logs, secure and train forestry workers, and expand wood demand. By treating the forests throughout Nagato City as a single entity, we will also execute efficient forest maintenance and promote sustainable forest management to further turn forestry to a growth industry.

In 2023, we conducted on-site proof of concept, surveys, and proposals to study branding for the utilization of city-grown timber in the city, and to expand material production, and insuring demand for timber through the use of smart technology and other means.

Partnership Agreement Overview

- Promote harvest and replanting
- Stably produce and use container seedlings

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

- Develop and standardize container seedling production technology and train business operators
- Establish and manage organizations central to forest management
- Identify the quantity of forest resources and the intention of forest owners
- Adopt and effectively utilize ICT in forestry and wood industries
- Adopt and effectively utilize forestry machinery in forest
- Take advantage of business approaches that heighten motivation of forest owners and forestry businesses
- Secure human resources and support their retention in forestry and wood industries
- Build a cooperative supply chain with local city sawmills and other forestry businesses
- Drive demand for locally produced wood both inside and outside of the city

Promotion of Forests and Forestry DX in Maniwa City, Okayama Prefecture

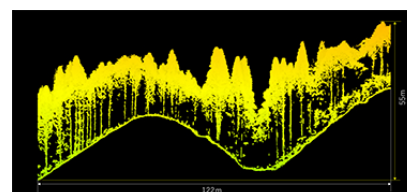
Since June 2023, we have been implementing “Forestry DX Promotion Business” under contract business in Maniwa City, Okayama.

Business Purpose

Our expectation for Maniwa City, a place short of forest management personnel, is that staff of city government and forestry association will be able to autonomously use digital data to promote efficient and systematic forest maintenance. This business aims to systematize a method of creating a forest maintenance plan after setting a model region and maintaining digital data, and to spread the method to respective staffs.

Details of Initiatives

In this project, we selected a model area in Maniwa City and obtained highly accurate forest resources by laser measurement. After utilizing these data and taking disaster resilience and economic efficiency of forestry into consideration, zoning was carried out to classify roles of forests, such as forests recommended for reforestation and forests to be converted into mixed conifer and broadleaf forests. Based on the zoning results, priorities for clearcutting and thinning were set from a long-term perspective and incorporated into specific forest maintenance plans. After discussing this series of works with staff of city government and forestry association, we organized it as a method unique to Maniwa City. We hope that results of this project will accelerate forest maintenance in Maniwa City.



Cross-Section of a stand obtained by laser measurement

Started Collaboration to Provide Services for a Forest Value Creation Platform

Sumitomo Forestry and NTT Communications Corporation (NTT Com) have launched a collaboration to provide a platform service to revitalize creation and distribution of forest carbon credits under J-Credit Scheme^{*1}.

Under concept of “connecting forests and society”, this collaboration will utilize cloud-based services including GIS^{*2} to integrate and manage domestic forest resource information and location information on the platform, and develop services for forest owners who are credit creators, screening organizations, and credit buyers. This is the first initiative in Japan to comprehensively support creation, screening, and transaction matching of forest carbon credits.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Sumitomo Forestry's extensive know-how in value chain related to "tree" and forest management will be combined with specialized ICT technology of NTT Com to create high-quality*³ carbon credits and promote the distribution of highly transparent*⁴ carbon credits. Prior to this service, we started a proof of concept (PoC) for credit creators and buyers in April 2023. Both companies aim at realization of decarbonization society and maximize of forest value through this collaboration.

Background and History

In addition to reduction of CO₂ emissions, carbon credit offsets are becoming increasingly important, such as start of the GX League*⁵ activity in 2050 with integration of obstetrics and governments toward carbon neutral. In August 2022, the J-Credit Scheme was revised to make it easier to obtain credit certification for afforestation after logging. As a result, it is expected that the amount of forest carbon credits issued will increase.

On the other hand, amount of forest carbon credits issued and used in Japan is small compared to credits derived from renewable energy and energy conservation. In order to revitalize the creation and distribution of forest carbon credits, it is important to solve the problems faced by the three parties: credit creators, assessment institution, and credit buyers.

Challenges

Credit creator	<ul style="list-style-type: none"> • It is difficult to understand J-Credit Scheme and application process for issuing a credit card is complicated • Long-Term appropriate project management and reporting is a great burden • There is no direct connection with credit buyer, and it is difficult to find a buyer
Designated Operational Entity	<ul style="list-style-type: none"> • Examination work including preparing some unformatted documents is complicated
Credit buyer	<ul style="list-style-type: none"> • It's difficult to find a credit (area, amount, etc.) you want to buy • There are cases where trading procedure is difficult because proper price is not known due to transaction between creator and buyer • It is unclear whether forests of bought forests carbon credits are properly managed even after the issuance of credits (traceability)



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Overview of this collaboration



By utilizing information from Forest Value Creation Platform to support creation and distribution of forest carbon credits, we will solve problems of credit creators, buyers, and designated operational entity.

Content of Service

- Management of information on forest management projects (forest management, afforestation and reforestation activities) including map information and images: ① ② ③ ④
- Credit issuance support for forest owners and forestry entity: ①
- Improving efficiency of examination work by bettering list of documents necessary for credit certification and monitoring after creation: ②
- Provision of highly transparent trading opportunities through disclosure of various data on credits: ③
- Promotion of matching between credit creators and buyers by improving searchability of forest carbon credits demanded by buyers: ③

	Classification of Services	Provided Value	Credit Creator	Designated Operational Entity	Credit Buyer
①	Issuance support	Simplify project registration and monitoring	○		
②	Validation & Verification support	Improve efficiency of validation and monitoring examining		○	
③	Transaction matching	Disclose a variety of information related to credit and encourage highly transparent trading of credit	○		○

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

	Classification of Services	Provided Value	Credit Creator	Designated Operational Entity	Credit Buyer
④	Carbon utilization support	Utilize a purchased credit in PR			○

*1 A scheme in which national government certifies amount of CO₂ emissions reduced through introduction of energy-saving equipment and use of renewable energy, as well as amount of CO₂ absorbed through appropriate forest management as credits

*2 Geographic Information System. It visualizes geographic information on a computer map (digital map) and uses it to derive information relationships, patterns, and trends in an easy-to-understand manner.

*3 Forest carbon credits not only contribute to prevention of global warming by absorbing greenhouse gases, but also prevent sediment disasters, water source recharge, and conserve biodiversity.

*4 Carbon credit means "maintenance of carbon sequestration in the future (persistence)" required for forest carbon credits. Through this platform, which visualizes information on a map, we monitor whether forests are subject to carbon credits purchased in this platform are properly managed and ensure their persistence.

*5 A forum to drive transformation of the entire economic and social system (GX: Green Transformation), in which a group of companies actively engaged in GX will discuss about transformation of the entire economic and social system and practices for creation of new markets together with players who are taking on challenge toward the GX with for cooperation between a group of companies and the government, universities, and academic institutions.

Overseas Case Example

Corporate needs for forest management are diverse. In recent years, a considerable number of companies have been conducting forest conservation and planting activities in developing countries to mitigate the impact on forests in overseas countries and regions where they engage in business activities, and to otherwise fulfill their corporate social responsibilities.

Drawing on its knowledge of forest management in Japan and overseas, Sumitomo Forestry implements its consulting business for the restoration of degraded forests in tropical regions, the rehabilitation of biodiversity, and for the protection and cultivation of forests that takes into account local communities.

Wildlife Conservation Forest Restoration and Regeneration Business

Mitsui Sumitomo Insurance Co., Ltd. has been involved since 2005 in efforts to restore the devastated forests in the Paliyan Wildlife Sanctuary (Gunung Kidul Regency in the Special Region of Yogyakarta) in Indonesia. Sumitomo Forestry has provided associated consulting services.

During the first phase of activities to March 2011, around 300,000 trees were planted on 350 hectares of land. As a second phase of activities since April 2011, Sumitomo Forestry has been organizing agricultural societies to improve the livelihoods of the local people, providing support for an agricultural guidance program aimed at improving the livelihoods of local residents, the establishment of an inclusive organization to examine ways of managing protected forests, and an environmental education program in cooperation with local schools. As a third phase of activities since April 2016, we have been supporting additional planting in areas with few trees in protected forests as well as social forestry through local



Local Agricultural Society Members Cultivating Seedlings to Distribute as Social Forestry

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

communities around protected forests. We also cultivated seedlings to be distributed as social forestry. At present, we are in the fourth phase of this project. We have established afforestation technology for 25 native species growing in the karst plateau, which has been designated as a UNESCO World Geopark. Through this project, we are supporting afforestation and nurturing of native species in surrounding communities, as well as afforestation and cultivation of native species at local elementary schools and special schools. Recently, we have been providing seedlings and know-how to local governments for afforestation of native species.



Distributing seedlings to local residents

As part of this project, the Company has also opened the doors to its planted forest, seminar house and other related facilities in a positive effort to make information on its experiences and know-how on forest restoration available to the public.

Toward the Commercialization of "Tropical Peatland Consulting" and "High-Quality Carbon Credits Generation"

Sumitomo Forestry and IHI Corporation established NeXT FOREST in February 2023 to provide consulting services for appropriate management of tropical peatlands and to create high-quality carbon credits*¹ by appropriately evaluating value of natural capital, such as amount of carbon accumulated in forests and soils.

Sumitomo Forestry has developed management technologies and ground-based measurement data for forests in Japan and overseas, as well as tropical peatlands in Indonesia. IHI Corporation has developed technologies for the use of satellite data and weather observation and prediction technologies through its long experience in space development. Combining these strengths, Sumitomo Forestry and IHI have launched a consulting business to promote appropriate management technologies for tropical peatlands worldwide. We will also develop a method for precisely evaluating and monitoring amount of CO₂ absorbed by vast forests. In 2023, we developed an initial AI model for tropical peatland management. Introduction of this technology makes it possible to use AI to predict groundwater levels, which only Sumitomo Forestry's experienced engineers can do. In the future, we will use this AI model to contribute to CO₂ emissions and forest fire control in Indonesian and other tropical peatlands. In addition to the value of carbon absorption as a measure against climate change, we will also aim to create "High-Quality Carbon Credits" by adding value as "Natural Capital"*² such as biodiversity and water cycle conservation, as well as contribute to local communities.

*1 A tradable Greenhouse Gases Emissions Reduction Certificate. Emissions are considered as credits when dispersed within enterprises or globally, and the trade unit is 1t-CO₂.

*2 For example, trees absorb CO₂ and provide clean water, and nature as a stock (capital) that provides valuable services.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - **Sustainable Forest Management** -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Sustainable Forest Management

Reforestation Activities Contributing to the Society

Reforestation Activities Contributing to the Society

Distribution of Free Seedlings and Buy Back Guarantee of Logs

The manufacturing subsidiary PT. Kutai Timber Indonesia (KTI) in Indonesia and the manufacturing subsidiary Vina Eco Board Co., Ltd. (VECO) in Vietnam distribute seedlings free of charge to local residents with the guarantee that they will buy the logs as raw material at market prices after growth. In 2015, KTI's aforementioned operations were recognized by the Indonesia Ministry of Environment and Forestry and awarded the Minister's Prize for contributing to local communities by generating stable income while protecting communal societies as well as environments.

VECO also continues to distribute free seedlings produced by itself to farmers of local communities. Every year, we distribute about 500,000 seedlings to them, mainly acacia trees, and buy their grown logs at market prices.



Local KTI staff celebrate the Minister's Prize

Number of Seedlings Given to Local Communities

Company Name	FY2023 result
KTI	540,000 trees
VECO	541,000 trees

Promoting Certification of Forests Together With Local Communities

KTI organized Koperasi Serba Usaha Alas Mandiri KTI (KAM KTI)*, which is a community forestation cooperative association. In 2008, 152 hectares of planted forest were FSC®-FM certified, and in 2017, 206 hectares of Koperasi Bromo Mandiri KTI (KBM KTI)*, another forestation cooperative, received the same certification. As of end of 2023, KAM-KTI had 1,005 hectares of certified forests and KBM-KTI had 1,330 hectares of certified forests, for a total of 2,335 hectares. Same as last year, supply of logs to KTI continues. We will increase supply of FSC-certified timber and at the same time further strengthen manufacture and sale of products with high environmental value.



View of Planted Forest

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

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Utilization of Sustainable Forest Resources

Utilization of Sustainable Forest Resources

Utilization of Japanese Timber

In Japan, the public and private sectors are working together to increase the self-sufficiency rate of domestic wood in order to achieve carbon neutrality and a decarbonized society by 2050.

Initiatives to Promote the Use of Domestic Timber in Kyushu

In February 2022, Sumitomo Forestry concluded a basic location agreement with Shibushi City, Kagoshima Prefecture, regarding business verification in the city. This Shibushi project is the first step toward the establishment of a timber industrial complex, which is Sumitomo Forestry's concept for promoting "wood change".

In 2020, wood shortages and soaring prices – in other words, a wood shock, occurred globally due to increased demand for housing construction in the United States and a container shortage caused by the spread of coronavirus disease (COVID-19). Japan, which relies on imports for approximately 60% of its wood supply, is greatly affected by imports in terms of both price and volume, making the promotion of the use of domestic timber a national challenge. In order to promote the use of domestic timber, it is necessary to establish a stable supply system that will ensure business profitability for everyone from forestry workers to timber manufacturers, processors, and builders.

Aiming to Establish a Timber Industrial Complex to Promote the Use of Domestic Timber

In order to solve these issues, Sumitomo Forestry is considering the construction of a new plant to process low-grade timber*, which is currently exported as logs from the Port of Shibushi, into high-strength structural materials with added values, aiming for a stable supply to the domestic market and export of products from the Port of Shibushi to Asia and North America.

By establishing a timber industrial complex based on the cascade use of domestic timber, Sumitomo Forestry will raise productivity of its timber manufacturing and ensure a stable supply of timber products, thereby strengthening its price competitiveness. In addition, we will promote the creation of employment opportunities for forestry workers by increasing the added value of wood, the use of domestic timber, and contribute to decarbonization by increasing the period of carbon storage.

* Timber that cannot be used for lumber or plywood due to size, crook, knots, rottenness, etc. and is exported.

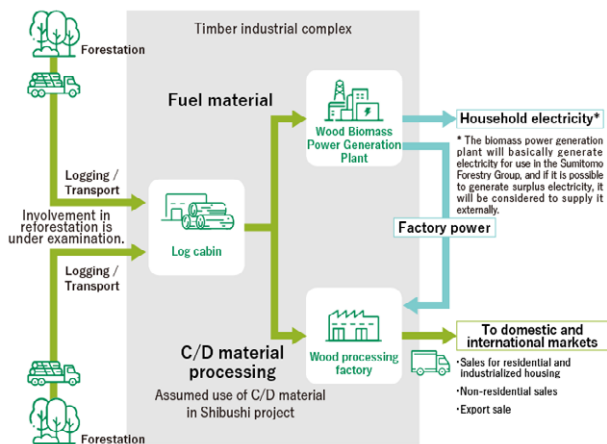
Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

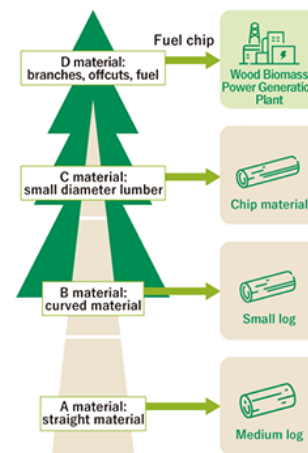
Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources



Shibushi project overview



Flow of the cascade use

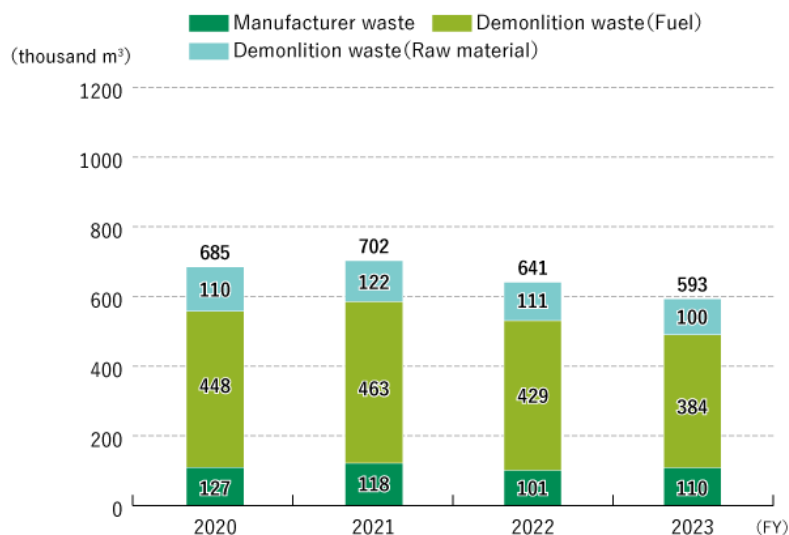
Utilization of Wood Resources

Recycling of Wood Resources into Chips

The Sumitomo Forestry Group contributes to resource recycling through its wood chip operations, whereby offcuts generated during the wood milling process and wood waste from new housing construction and demolition sites are turned into wood chips to be used as a raw material for products such as paper and particle board, and also as a fuel for power-generating boilers or other equipment.

As demand for the supply of fuel for biomass power generation continues to rise, we aim to further expand the handled volume of fuel applications by using not only offcuts and wood waste but also thinnings and other unused forest resource.

Handling Volume of Wood Chips*



* 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.

[Click here for related information](#)

➤ Promotion of renewable energy business

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Promotion for Sales of KIKORIN-PLYWOOD

The Sumitomo Forestry Group has set a target for the percentage of procurement of imported wood board products, such as plywood, that are made of certified timber and planted forest wood, and has been working to expand sales of these products. Among these products, JAS Plywood that uses 50% or more FSC-certified or PEFC-certified timber and sustainable planted forest wood is marketed as "KIKORIN-PLYWOOD," and some of its revenue is invested in forestry business implemented in Indonesia. This product made using 50% or more certified timber or planted forest wood, was praised as being environmentally conscious. It received an encouragement prize in the 1st EcoPro Awards* on September 2018. From fiscal 2021, the definition of "KIKORIN-PLYWOOD" has aligned with Sumitomo Forestry Group's Wood Procurement Standards as "plywood using 100% of sustainable certified timber," and we will strive to further expand sales. Sales performance in fiscal 2023 under new definition are 295,691m³.



KIKORIN-PLYWOOD



* Hosted by the Japan Environmental Management Association for Industry. It was established in fiscal 2004 in order to help further develop and spread the use of Japanese eco-products by broadly communicating information about eco-products among current and prospective clients while also supporting the efforts of the relevant suppliers. The EcoProducts Awards were renovated in fiscal 2018, now presented as the EcoPro Awards.

Medium to Large-Scale Wooden Construction Business Initiatives

Sumitomo Forestry has been engaging in forest management for more than 330 years. In addition, we create living spaces which take advantage of wood through our expertise in the various properties of wood worldwide. The development of a truly broad scope of experience, knowledge and technology promotes the Construction (Timber Solutions) Business specialized in proposing wooden non-residential medium- to large-scale construction. Trees absorb CO₂ from the atmosphere through photosynthesis and continue to fix it as carbon even after being harvested as wood products, so expanding the use of wood in this way will contribute to building a decarbonized society. In recent years, in 2017, Sumitomo Forestry formed a business and capital alliance with Kumagai Gumi, which has a large number of construction achievements in the civil engineering and building business fields in Japan and abroad. In 2021, we integrated Cohnan Kensetsu Inc. into the Group, which has expertise in steel/reinforced concrete construction and management of construction. Combining their expertise with Sumitomo Forestry's wooden constructions and interior/exterior use of wood technologies, we will expand into medium- to large-scale wooden constructions and other non-residential fields. The MOCCA (Timber Solutions) business will also contribute even more to the realization of a sustainable society in harmony with the environment and economy by sharing a culture of wood and revitalizing forestry.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Medium- to large-scale Wooden Constructions Brand "with TREE"

In 2021, Sumitomo Forestry and Kumagai Gumi launched the "with TREE," a brand of medium- to large-scale wooden constructions. The concept is "architecture good for both the environment and your health." We provide new value created by "wood" in urban architecture and promote MOCCA (Timber Solutions) business in medium- to large-scale constructions. The project will combine Sumitomo Forestry's knowledge of forests and wood with Kumagai Gumi's knowledge of steel frame, RC, and large-scale construction to strengthen the cooperative framework. We have launched this brand as an initiative in the field of medium- to large-scale wooden constructions, which has been the mainstay of our collaboration since the business and capital alliance in 2017, and we will propose to enhance "environmental value" and "health value" from material procurement to construction and consulting.

Construction of "with TREE" Completed in Sapporo

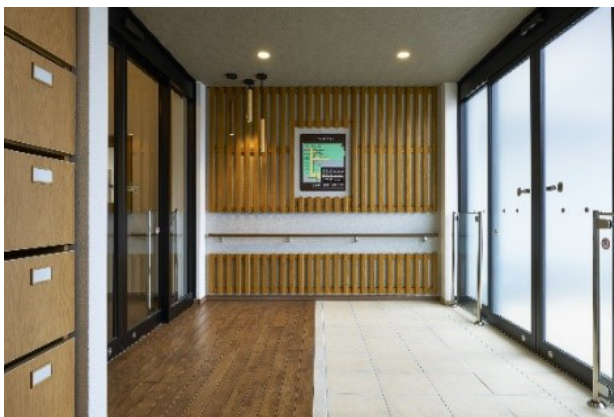
On March 6, 2023, Sumitomo Forestry and Kumagai Gumi completed the KAGA Project, a 10-story fire-resistant wooden building with first basement. It was the first project of the "with TREE" medium- to large-scale wooden constructions brand. The upper floors are made of hybrid laminated engineered wood, and Hokkaido Japanese larch is used as cladding for pillars and beams to help revitalize the domestic forestry industry. Trees absorb CO₂ from the atmosphere through photosynthesis and continue to fix it as carbon even after being harvested as wood products. Sumitomo Forestry will contribute to the realization of a decarbonized society through woodification and use of wood of medium- and large-scale buildings.



Exterior view of KAGA Project

Completion of Sumitomo Forestry's First Four-Story Fire-Resistant Wooden Nursing Home

In May 2023, Sumitomo Forestry completed construction of the Nishi-Tokyo Project, the first four-story fireproof private elderly care facilities with nursing care designed and constructed by Sumitomo Forestry. Office and dining room on the first floor is an open space that takes advantage of characteristics of RC construction, living rooms on the second to fourth floors have the same floor space taking advantage of characteristics of two-by-four construction method. All stairs from the second floor to the fourth floor are made of wood to reduce burden on body and contribute to improving hospitality of users. Effect of alleviating human beings' psychological and physical stress of the "wood" enhance the comfort of the building space.



Entrance



Full view

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Completion of Joto Techno Development Test Center, First JV with Cohnan Kensetsu Inc.

After Cohnan Kensetsu became a part of the Sumitomo Forestry Group in January 2021, first design and construction project by joint venture of these two companies was completed. Joto Techno Development Test Center is a three-story steel structure. Part of conference room and entrance are made of wood, creating a comfortable space that makes use of relaxing effect of wood, humidity control, and antibacterial action. Layout of facility, such as usability of test machine and flow of researchers, was designed with reference to Tsukuba Research Institute, which is responsible for research and technological development of Sumitomo Forestry. Part of rooftop is greened as a place of relaxation for employees. We will continue to promote use of wood in medium-to-large-scale buildings by combining Cohnan Kensetsu's knowledge of steel frame construction and management of construction with Sumitomo Forestry's use of wood technology.



Appearance



Entrance

Construction of Sumitomo Pavilion at Expo 2025 Osaka started

A property of JV between Sumitomo Mitsui Construction Co., Ltd. and its partner was started in December 2023. This design has an impact that reminds you of peak of Mt. Besshi, which is foundation of Sumitomo's development.

This pavilion is a two-story steel-framed and partly wooden pavilion with a total floor area of approximately 2,700 m². Plywood cut from company-owned forests is used for exterior walls and roof.

In EXPO 2025 Osaka Kansai, use of wood is delivered to all visitors as a symbol of wood utilization.



Sumitomo Pavilion at Expo 2025 Osaka (Image)

Construction of Shibaura PJ, Minato started

In April 2023, construction of a nine-story RC, S and wooden property designed and constructed in a joint venture with MAEDA CORPORATION started.

Incorporating wood into RC structure creates a spacious space without wooden seismic walls while maintaining its seismic resistance. Wood is used in particular for the exterior walls, which are easy to notice, to give users a sense of secureness of wood.

As a residence rooted in people's lives, we aim to realize a decarbonized society.



Shibaura PJ, Minato (Image)

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Building No. 15, Yotsuya Campus, Sophia University Completed

Building No. 15, Yotsuya Campus, Sophia University, designed and constructed by Sumitomo Forestry, was completed in June 2022.

The three-story wooden, fire-resistant structure reduces CO₂ emissions during the manufacture of materials for the structural framework compared to similar facilities built with general reinforced concrete or with steel frames*¹ by 15% and 20% respectively. The structural framework uses 111.85 m³ of wood and stores about 84 tons of carbon (on a CO₂ basis), equivalent to the carbon storage of about 280 trees*² of 40-year old Japanese cedar. This facility will lead to the "transform cities into forests," contributing to the achievement of the SDGs and the realization of a decarbonized society.

The facility received numerous awards, including the Encouragement Prize at the Wood City TOKYO Model Architecture Award in January 2023 and the Wood Utilization Contest in March 2023.

*1 The number of members of the facility's structural framework was calculated based on structural calculations when the facility's structural framework was made of reinforced concrete and steel, and the results were compared with the respective CO₂ emissions calculations.

*2 Forestry Agency's guidelines for calculation and indication of carbon storage of wood used for buildings Calculated with reference to Forestry Agency website.



Exterior view of Building No. 15



Interior view of Building No. 15

[Click here for related information](#)

[External Recognition](#)

Wooden Post Office with CLT

Sumitomo Forestry constructed Maruyama Post Office (Minamiboso City, Chiba Prefecture), the first post office in Japan to utilize cross-laminated timber (CLT)*¹. Maruyama Post Office is the first of the environmentally sound post offices ("+" (Plus) Eco Post Offices") promoted by the Japan Post Group, which aims to achieve carbon neutrality, and opened in March 2022.

The exterior walls are made of "yakisugi"*² cedar wood produced in Chiba Prefecture. The building is loved by the community for its yakisugi production with local children as a workshop event.

In addition to utilizing "wood" as a recyclable resource, we have also installed a private power generation system using solar power.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

The facility received the Encouragement Award of the Japan Wood Design Award (Review Committee Chair Award) in 2022 and Chiba Archi Award in March, 2023.

*1 Cross-laminated timber. Thick panels made by laminating long planks of wood in alternating lengths and widths, providing superior strength and thermal insulation.

*2 A "burnt cedar board" is a wood board whose surface is burnt and carbonized. Its carbonized layer is fireproof, antiseptic, and termite-proof.



Exterior view of Maruyama Post Office



Produced Yakisugi

[Click here for related information](#)

➤ External Recognition

Research and development aimed at realizing a decarbonized society

The Sumitomo Forestry Group announced its W350 Plan in 2018 and Mission TREEING 2030 in 2022. In order to contribute to the achievement of Sumitomo Forestry's goal of decarbonization and the realization of a circular bioeconomy not only through housing and construction, but also through various upstream and downstream business activities centered on "wood", Tsukuba Research Institute will promote research and development with the aim of realizing a Timberized Eco City that turns cities into forests through various future technologies, including innovative construction technologies, new wood materials and new tree species.

By implementing the results of our research and development into society, we will revitalize the forestry industry with increased demand of wood and mitigate climate change with increased CO₂ fixation, etc.; thus, we will contribute to invigorate the community and to realize coexistence with the global environment.



Image of "Timberized Eco City" (Created by Tsukuba Research Institute)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Partially Implementing the Results of R&D

One of the new technologies developed by Tsukuba Research Institute, a hybrid laminated engineered wood perforated beam*, of one-hour fire-resistant structure, has been adopted for the KAGA Project, which is under construction by a joint venture between Sumitomo Forestry and Kumagai Gumi.

The KAGA project is using hybrid laminated engineered wood on the 7th through 10th floors, and by using Hokkaido Japanese larch for the timber, the project is helping to revitalize the domestic forestry industry. The beams are made of hybrid laminated engineered wood perforated beams, which allow pipes to penetrate directly through the beams, thus ensuring a higher ceiling height than conventional hybrid laminated engineered wood beams, and increasing the degree of design freedom. It also eliminates the need to install bulky materials for equipment piping, leading to lower overall construction costs and expanded versatility.

The wood used for the facility's structural framework is 39.9 m³, with about 31.8 tons of carbon storage (on a CO₂ basis). This is equivalent to the amount of CO₂ absorbed by a Japanese larch forest approximately 7.2 times the size of the planned site (139.05 m²). These facilities will transform the city into a forest and help create a decarbonized society.

* The new certification was jointly obtained by adding the beam penetration technology developed by Sumitomo Forestry to the one-hour fire-resistant certified beams of hybrid laminated engineered wood for which Japan Laminated Wood Products Association has obtained ministerial certification.

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
 Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
 Efficient Use of Water Resources

Biodiversity Conservation

Policies for Biodiversity Conservation

Declaration of Biodiversity and Biodiversity Action Guidelines

Sumitomo Forestry established its policy on Biodiversity Conservation in Company-owned Forests in Japan in fiscal 2006, and its Wood Procurement Philosophy and Policy in fiscal 2007. The Company also revised its Environmental Policies in fiscal 2007 to incorporate biodiversity considerations. Then in March 2012, the Sumitomo Forestry Group established its Declaration of Biodiversity, setting out the Sumitomo Forestry Group's understanding of and stance on biodiversity; Biodiversity Action Guidelines, specifying an internal set of guidelines; and Biodiversity Long-Term Targets as specific goals of activity.

In July 2015, the Group initiated the Sumitomo Forestry Group Environmental Policy, bringing together the Environmental Philosophy*, the Environmental Policies, the Sumitomo Forestry Group Declaration of Biodiversity, and the Sumitomo Forestry Group's Biodiversity Action Guidelines. Therefore, the efforts in biodiversity are also operated based on the policies integrated in the Sumitomo Forestry Group Environmental Policy.

* The Sumitomo Forestry Group formulated the Environmental Philosophy in 1994 and the Environmental Policies in 2000

[Click here for related information](#)

> [Sumitomo Forestry Group Environmental
Policy](#)

Company Structure for Biodiversity Conservation

In accordance with our environmental management structure, the Representative Director and President is the person in charge of the Sumitomo Forestry Group's biodiversity conservation initiatives, and the Executive Officer in charge of the Sustainability and the General Manager of the Sustainability Department manage the Sumitomo Forestry Group company activities.

Commitment to Protected Areas

To manufacture and secure wood resources, the Sumitomo Forestry Group owns or manages many forests both in Japan and overseas. None of these forests is located in areas designated as world heritage sites.

Furthermore, we have not and will not operate in areas designated as world natural heritage sites. Regardless of land ownership, national parks in Japan, which has a small land area, operate under the Regional Natural Park System and many national parks include private property. A portion of Sumitomo Forestry's Company-owned forests are located inside national park areas, and as is the case for other areas designated as protected forests etc., we operate in strict compliance with all legal regulations.

Furthermore, in terms of risk assessment, in areas determined to be important from a biodiversity perspective, we not only strictly adhere to all legal regulations, but also work to mitigate our impact through reevaluation, minimization, revitalization, offsetting and other efforts.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

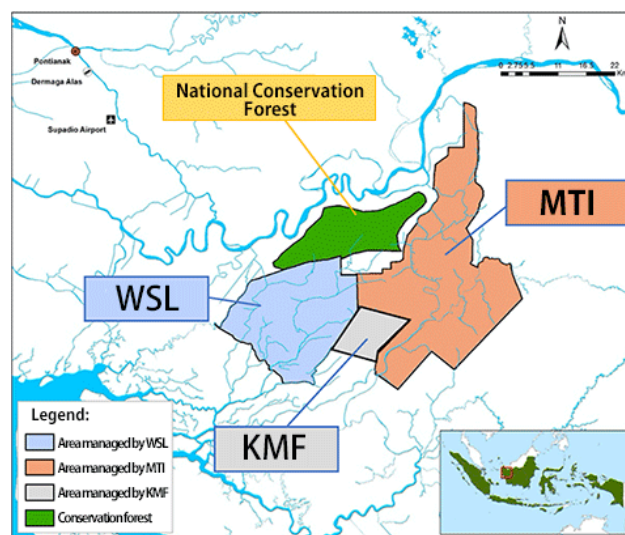
Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

We manage approximately 48,000 hectares of Company-owned forests in Japan and approximately 240,000 hectares of forests overseas. These managed forests are categorized as "Conservation Forests" and "Working Forests" etc. In both Japan and overseas, "Conservation Forests" are, in principle, natural protection areas where no operations are carried out.

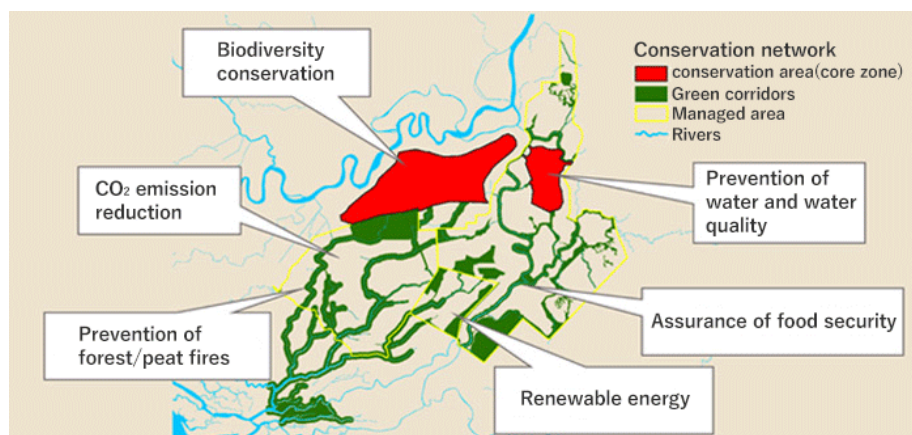
Zoning Management According to Forest Purpose

The borders of these lands set by the government do not always match the boundaries of the ecosystem. The Indonesian subsidiaries PT. Wana Subur Lestari (WSL), PT. Mayangkara Tanaman Industri (MTI), and Kubu Mulia Forestry (KMF) conducted thorough animal and plant surveys that included conservation forest neighboring areas under governmental management before defining preservation areas and business areas. WSL and MTI also worked with local organizations to build a conservation network that defines a net of green corridors to prevent closed off islands which would isolate the regions where orangutans, long-nose monkeys and other rare flora and fauna live.

Forest Management Area in Indonesia



Conservation Network



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

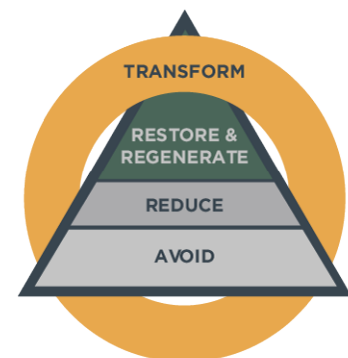
Evaluation of Initiatives by Stakeholders

The concept and specific initiatives of the Conservation Network proposed by WSL and MTI are attracting attention at home and abroad as a rare global initiative. At the 25th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP25) in Madrid, Spain in 2019, we presented as a representative of the private sector at the Indonesia Pavilion and were highly appreciated by international organization representatives, researchers, and NGOs. We also presented our technical approach to the challenges surrounding tropical forests and our initiatives at COP27, held in Sharm El Sheikh, Egypt, in 2022, and COP28, held in Dubai, United Arab Emirates, in 2023.

In addition, in our urban landscaping business, we are striving to improve the quality of our greening efforts through third-party certification by actively encouraging our customers to register for "Ikimono Kyosei Jigyousho" certification set by the Association for Business Innovation in Harmony with Nature and Community (ABINC) or the Social and Environmental Green Evaluation System (SEGES) green certification implemented by the Organization for Landscape and Urban Green Infrastructure.

Actions for Biodiversity Conservation

In order to achieve coexistence and symbiosis with nature, the Sumitomo Forestry Group has set numerical targets based on material issues in Sustainability section of Mid-Term Sustainability Targets and is managing progress toward achievement of Nature Positive, which aims to reduce natural losses to zero and turn nature on a recovery track, by 2030. The Sumitomo Forestry Group's initiatives, including these, are organized in accordance with the framework of actions to achieve nature positivity recommended by SBT for Nature, as follows.



Source: Science Based Targets Network, 2020.
"Science-Based Targets for Nature: Initial
Guidance for Business Executive Summary



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

	Basic Policy	Initiatives and Commitments
Avoidance	The Sumitomo Forestry Group has formulated the Sumitomo Forestry Group Procurement Policy and Wood Procurement Management Regulations, and procures only sustainable timber and wood products that conform to these policies, avoiding the use of problematic timber and wood products. In our forestry business, we manage forests separately as "working forests" for wood production and "conservation forests" for environmental conservation, avoiding business in areas where biodiversity must be preserved. In company-owned forests in Japan, the company has also created the Riparian Forest Management Manual to ensure restricted operations in areas around bodies of water that are rich in biodiversity.	<ul style="list-style-type: none"> • Annual Sustainability Procurement Survey in supply chain • Wood Procurement Committees are held four times a year • Certification acquisition rate of incoming PKS (100% in FY2024 target) • Securing ratio of conservation forests in company-owned forests (more than 30% in FY2024 target) • Prepared the Sumitomo Forestry Red Data Book and Riparian Forest Management Manual, and implemented appropriate management and conservation. • Conduct mangrove conservation project in Indonesia • Initiatives toward Net Zero Greenhouse Gas Emissions • Conservation Activities for the National Natural Monument "Tsugazakura (Phyllodoce nipponica) Community of Mt. Dozan", a company-owned Forest in Niihama, Ehime Prefecture, and Registration as a Natural Symbiosis Site in the Ministry of the Environment
Reduction	By promoting the recycling of wood, we aim to reduce resource consumption and increase efficiency, thereby realizing a circular bioeconomy and reducing the burden on nature. In our forestry business, we advance sustainable forest management to ensure that wood resources will be available in perpetuity while preserving public benefits of forests, including biodiversity conservation.	<ul style="list-style-type: none"> • Development of wood cycle (acceleration of cyclical forest management, promotion of wood change, each business based on standardization of carbon neutral design) Examples: Establishment of forestry fund, NeXT FOREST (an AI model that contributes to CO₂ emissions and forest fire control in tropical peatlands), establishment of timber industrial complex, wood change (replacement of steel, concrete, fossil fuels, etc. with wood), promotion of OneClickLCA and environmental labeling EPD (visualization of CO₂ emissions during construction) • Final disposal of industrial waste (reduction rate compared to FY2021: 5.4%; reduction planned for FY2024) • Recycling rate at new housing construction sites (FY2021 result: 95.1% against FY2024 plan: 98.0%) • Recycling rate of waste at manufacturing plants (FY2021 results: overseas 98.5%, domestic 99.1% against FY2024 plan: 99.0%/99.0%) • Unused resources (biomass use) handling volume (planned for FY2024: 19,202 m³) • Domestic and overseas forest certified area (FY2021 actual 221,971 ha against FY2024 plan 242,493 ha) • Maintaining 100% SGEC certified area (company-owned forests in Japan)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

	Basic Policy	Initiatives and Commitments
Restoration and reproduction	We are engaged in activities to restore and regenerate biodiversity that has been lost or threatened with loss, in our core business of urban and residential landscaping business and in social contribution activities that utilize management resources cultivated through our business activities.	<ul style="list-style-type: none"> • Increase in the number of native tree species sold (465,000 in FY2021 against 500,000 planned for FY2024), and promotion of "Harmonic Plants®" that sets guidelines for the selection of tree species, mainly native species, according to the target sites for afforestation • Promote acquisition of ABINC certification for urban landscaping business, etc. • Mt. Fuji Manabi no Mori project to restore 30ha of typhoon-damaged national forest at the foot of Mt. Fuji • Carried out the Oku-Matsushima Nature Restoration Volunteer Program, a tree-planting activity to restore the tsunami-devastated coastal area at the time of the Great East Japan Earthquake
Reform	We participate in and communicate our opinions on the activities of domestic and international rulemaking, industry associations, and related organizations regarding nature and biodiversity, and support the activities of NGOs and other organizations.	<ul style="list-style-type: none"> • Participated in TNFD Forum • Joined the WBCSD Forest Solutions Group and got involved in the process of developing the Nature Positive Roadmap (to be released in 2022) and the TNFD Forest Sector Guidelines (to be released in 2023). • Signing of the commitment of Business for Nature's "Call to Action" and "COP15 Business Statement for Mandatory Assessment and Disclosure • Participation as a pilot company in the development of new guidelines for GHG protocols to calculate GHG removals and emissions from biological and soil-based sources • Participation in the 30 by30 Alliance led by the Ministry of the Environment • Served as vice-chairperson of the Keidanren Nature Conservation Council and joined the Japan Business Initiative for Biodiversity (JBIB)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Biodiversity Conservation


Participation and Sponsorship of Biodiversity Conservation-related Initiatives

Support of Related Initiatives and Cooperation with Organizations

Sumitomo Forestry participates in many organizations that are actively involved in biodiversity conservation. In the Keidanren Nature Conservation Council, the chairperson of Sumitomo Forestry serves as vice-chairperson and sends members to the planning subcommittee, which is responsible for its operation. In June 2020, Sumitomo Forestry committed to the Keidanren Declaration of Biodiversity and Action Policy (Revised Edition) proposed by the Keidanren Declaration on Biodiversity Initiative. In 2023, we participated in a working group that prepared a revision proposal for Declaration of Biodiversity by Keidanren. We also participate in the Japan Business Initiative for Biodiversity (JBIB) and conduct joint research on corporate biodiversity initiatives in subcommittee meetings.

In addition, Sumitomo Forestry Landscaping is striving for the registration of "Ikimono Kyozone Jigyousho®" certification for Sustainable Business Sites promoted by the Association for Business Innovation in harmony with Nature and Community (ABINC) and the SEGES Green Certification promoted by the Organization for Landscape and urban Green Infrastructure for properties undertaken with the environmental greening business. Moreover, the Chief Corporate Advisor of Sumitomo Forestry acts as the chairman of the Organization for Landscape and Urban Green Infrastructure.

[Click here for related information](#)

➤ [Japan Business Initiative for Biodiversity \(JBIB\)](#) 

Express its support of the TCFD and TNFD recommendations

[Click here for related information](#)

➤ [Responding to TCFD and TNFD](#)

Participation in World Business Council for Sustainable Development (WBCSD)

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

Sumitomo Forestry joined the Forest Solution Group (FSG), an internal initiative of the WBCSD, in January 2019 and joined the WBCSD in January 2020. In addition, Sumitomo Forestry has participated in the development of the Forest Sector SDG Roadmap (July 2019) to achieve the Sustainable Development Goals (SDGs) as well as the Forest Sector Net Zero Roadmap (November 2021) for a low carbon economy. In January 2022, Sumitomo Forestry took part as the only Japanese company in formulating the Forest Sector Nature-Positive Roadmap.

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

In fiscal 2023, as a member of Forest Solutions Group, an internal initiative of WBCSD consisting of 15 global companies in forest sector, we were involved in formulation of draft guidance of TNFD for forest sector (announced in December 2023).

[Click here for related information](#)

> [Corporate Philosophy and Sustainability
Management](#)

Participation in Drafting the Guidelines for Private Sector Engagement in Biodiversity

The Ministry of the Environment drafted the Guidelines for Private Sector Engagement in Biodiversity (Ver. 1) in 2009 for business proprietors as a means to advance biodiversity conservation and sustainable use with recognition that corporate activities play a vital role in those efforts. Sumitomo Forestry was involved in drafting these guidelines as a member of the investigative committee.

The Guidelines for Private Sector Engagement in Biodiversity brings together basic information and approaches necessary to conserve biodiversity and reduce loss in a way that is easy for private sector organizations not yet addressing biodiversity issues to understand while also offering a means for business proprietors already engaged in efforts to play an even more effective role.

In December 2017, the second version was released in light of growing interests and expectations about conserving biodiversity driven by the SDGs and other international targets. These guidelines presented the sustainable wood procurement of Sumitomo Forestry as one excellent example initiative.

[Click here for related information](#)

[Guidelines for Private Sector
> Engagement in Biodiversity \(Second
Edition\)](#)



Signing of Commitment to the Business for Nature's Call to Action

Business for Nature is a global business coalition founded in July 2019 for the purpose of bringing together the voices of business and conservation organizations and forward-thinking companies as one to amplify their call to governments. In May 2020, the Coalition devised a Call to Action to encourage the adoption of legislation to reverse nature loss in this decade when formulating the Post-2020 Global Biodiversity Framework. Sumitomo Forestry signed its commitment to the Call to Action in September 2020.

[Click here for related information](#)

> [Business for Nature "Full list of Call to
Action signatories"](#)





Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Biodiversity Conservation

Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas

Biodiversity Conservation in Company-Owned Forests in Japan

Our Policy on Biodiversity Conservation applies to the company-owned forests in Japan. We conserve "diversity of ecosystems" through proper management of conservation areas and consideration of forest continuity, "diversity of species" through protection of rare plants and animals, and "genetic diversity" through maintenance of wildlife populations. In keeping with these policies, forests are subject to appropriate zoning and management according to certain criteria, such as the increment of trees. We also strive to prepare an endangered species list and a waterside forest management manual, and check for rare species when clear-cutting and opening work roads.

Policy on Biodiversity Conservation in Company-Owned Forests in Japan (Excerpt) (June 2006)

1. Diversity of ecosystems

We will properly manage strictly protected areas designated under the Natural Parks Law of the Japanese government and other legislation in a manner stipulated by the law. In other areas, we will ensure continuity of forests by limiting the area of forest harvested, particularly when clear cutting is conducted.

2. Diversity of species

We will work to prevent a decline in the number of species existing in natural forests by refraining from expansive planting projects and other extreme activities involving the replacement of species that would have a major impact on existing ecosystems. We will also give the utmost consideration to the protection of rare flora and fauna in all operations, making reference to the Sumitomo Forestry Red Data Book.

3. Genetic diversity

Genetic variation and the maintenance of populations to support them are challenging. However, analysis is complicated and therefore we will closely watch monitoring activities carried out by government and public institutions and their findings.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Creation of the Sumitomo Forestry Red Data Book

Sumitomo Forestry creates a Sumitomo Forestry Red Data Book listing flora and fauna at threat of extinction which may exist in company-owned forests and distributes it to employees and contractors involved in forest management. By carrying the book with them during operations, personnel can refer to the opinions of specialists when they come across flora and fauna included in the book and manage them appropriately. While using the latest version of this book, we will continually advance measures focused on biodiversity and update the content of the text as necessary.



Sumitomo Forestry Red Data Book

Creation of the Riparian Forest Management Manual

The Company has also used the Riparian Forest Management Manual to ensure the appropriate management and preservation of areas around bodies of water that are rich in biodiversity. Riparian forest management areas are registered in database. When conducting forest management, "Riparian Forest Management Manual" should be used to determine whether or not to conduct operations and to allow operations to start after confirming consideration for riparian forest.

Wildlife Monitoring Surveys

Sumitomo Forestry monitored wildlife inhabiting company-owned forests. Surveys were conducted in four areas-Mombetsu (Hokkaido), Niihama (Shikoku), Hyuga (Kyushu) and Kinki region (Honshu). The results were used to create basic reference materials relating to biodiversity and to ascertain the impact of forestry on the surrounding environment over the long-term.

Nine surveys were conducted from 2008 to 2016. The results of the surveys showed that the number of population and species of mammals and birds change during the gradual transition of small clear-cut areas to forest, indicating that biodiversity is maintained by forestry.

While a number of species decline temporarily, small size of clear-cut areas has been shown to distribute places suitable for umbrella species* such as hawks and land appropriate for hunting in a mosaic shape in addition to realizing a favorable environment for life such as the species above to thrive.

We will continue to work on operations that can appropriately maintain the environmental conservation and biodiversity conservation functions in company-owned forests, based on the monitoring results.

* Consumers at the top of the food chain, the ecological pyramid structure in the area

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources



Japanese deer confirmed in Niihama (Shikoku) forests in fiscal 2016



Japanese monkeys confirmed in Niihama (Shikoku) forests in fiscal 2016

Appropriate Control of the Deer Population

Due to recent increase in wild deer throughout Japan, there are concerns about increased damage to forestry, such as damage to young leaves and bark, and loss of biodiversity and soil runoff due to loss of vegetation caused by damage to herbaceous plants on the forest floor. By capturing and exterminating deer and installing tree shelters and protective nets to protect garden vegetation, the Sumitomo Forestry Group is contributing to prevention of feeding damage caused by deer, growth of healthy forests, conservation of biodiversity by maintaining a variety of forest floor vegetation, and prevention of local disasters by preventing soil runoff. Tree shelters are effective against damage of animals other than deer, and contribute to comprehensive forest management for next generation through sustainable growth of forests. In fiscal 2023, we sold and installed approximately 100,000 tree shelters inside and outside the company, which are used in forests throughout Japan.

Sumitomo Forestry's company-owned forest certified as a natural symbiosis site

In fiscal 2023, a part of Sumitomo Forestry's company-owned forest in Niihama City, Ehime Prefecture, was designated as a "natural symbiosis site." "Natural symbiosis site" is an initiative promoted by the Ministry of the Environment to achieve the "30by30" target for "Nature Positive". It certifies areas where biodiversity is conserved by private companies, such as Satochi-satoyama and corporate forests.

There is a community of rare alpine plants "Tsugazakura (*Phyllodoce nipponica*) in this certified area. Tsugazakura (*Phyllodoce nipponica*) is a small evergreen shrub of the *Phyllodoce* family *Ericaceae*, which has narrow leaves similar to Southern Japanese hemlock (*Tsuga sieboldii*) and produces cherry-red bell-shaped flowers in mid to late May. It is considered to be a species started in the ice age, and is highly valuable in terms of plant geography, ecology, and genetics because it is native species growing naturally in southern limit. In 2019, the "Tsugazakura (*Phyllodoce nipponica*) of Mt. Douzan" was designated as a natural monument.

In 1996, Sumitomo Forestry formed Tsugazakura (*Phyllodoce nipponica*) Nature Conservation Council with Niihama City and other local entities, and has since been engaged in conservation activities with local mountaineering organizations. In addition, Tsugazakura (*Phyllodoce nipponica*) of Mt. Douzan Preservation and Utilization Plan Committee, which includes experts, formulated a 10-year conservation plan starting in fiscal 2024. We will continue to engage in conservation activities involving local related parties.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources



Tsugazakura (*Phyllodoce nipponica*) of Mt. Douzan
(provided by Niihama City, photographed in May
2018)



Tsugazakura (*Phyllodoce nipponica*), an
endangered species in the Ehime Red Data Book
(provided by Niihama City, photographed in May
2022)



30by30 Alliance logo

Biodiversity Conservation in Planted Forests Overseas

Initiatives in Indonesia

More than half of living species throughout the world live in rainforests, which are said to be the treasure troves of life. However, rainforests are slowly disappearing today due to a variety of issues from disordered development and illegal logging to forest fires. The Sumitomo Forestry Group subsidiary companies PT. Wana Subur Lestari (WSL), PT. Mayangkara Tanaman Industri (MTI) and Kubu Mulia Forestry (KMF) conduct operations balancing working forests and environmental conservation in the West Kalimantan province of Indonesia.

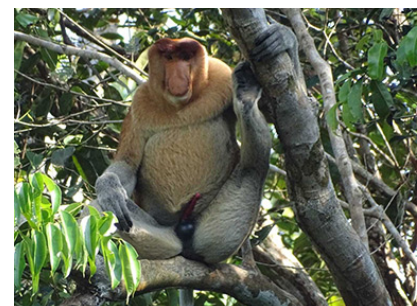
Before starting afforestation business for this industry, we conduct precise measurements and surveys to determine conservation areas, buffer zones and forestation areas. Conservation areas are subject to regular animal and plant surveys. In addition to population monitoring of orangutans and proboscis monkeys, which are rare animals, studies are conducted on fruit-bearing trees, their source of food.

Observations in the dark for the numerous animals active in the early morning or late at night require proficient skills. Sumitomo Forestry is attempting to directly observe proboscis monkeys and orangutans in the early morning and night by setting up automatic photography using camera traps or drones equipped with heat sensors. Camera traps installed in conservation areas photographed 44 species and 808 animals in 2023.

We photographed an adult orangutan with its child for the first time in fiscal 2019 and confirmed a higher population than in surrounding areas in fiscal 2020. These results verify the growing orangutan population.



Direct Observation of Animals Using Heat Sensors



Long-nosed monkey observed by WSL
(photographed in 2023)

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources

Peatlands store a tremendous amount of water. Sumitomo Forestry surveys not only ecosystems on land but also in aquatic habitats due to concerns about the impact of our operations on rivers. In the lower basin of an area managed by WSL, we have discovered a habitat of Irrawaddy dolphins, which are designated as an endangered species. Examples of monitoring surveys of aquatic creatures in rainforest peatlands are few and far between. These Sumitomo Forestry surveys are pioneering the work worldwide.



List of Aquatic Creatures Discovered Through the Survey

Initiatives in New Zealand

Sumitomo Forestry strives to protect Kea (Large Parrot Species), which is a parrot unique to the South Island of New Zealand. Kea is the only parrot in the world to live in mountainous areas, and it is considered one of the smartest birds on the planet. It is a bird that is protected as an endangered species (about 5,000 birds throughout New Zealand), and adored by the people.

It has been confirmed that it nests in a drainpipe in forest of Tasman Pine Forests Ltd. (TPF), a subsidiary of the Sumitomo Forestry Group. In cooperation with the Kea Conservation Trust, we strived to set up traps and fences around the area to protect eggs from natural enemies. As a result, it was confirmed that one chick had hatched in 2021 and three in 2022. In 2023, it was confirmed that a new nest was built, and protective activities were carried out. We will continue these activities in the future.



Kea (Large Parrot Species)



Chicks found in TPF forests

[Click here for related information](#)

> [New Zealand Department of Conservation Homepage](#)





Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Biodiversity Conservation

Contributions to Eco Cities Through Greening

Basic Policy

The use of as many plants as possible which are native to the region in property development is a growing trend as society shifts toward a goal to co-exist with nature.

In the midst of these trends, Sumitomo Forestry Landscaping has defined Harmonic Plants® guidelines for selecting plants species based on greening areas with the concept that using indigenous and local species in greening plans is in the best interest of natural revitalization. The Company has been promoting this model up until now.

Importance of plant selection for landscaping

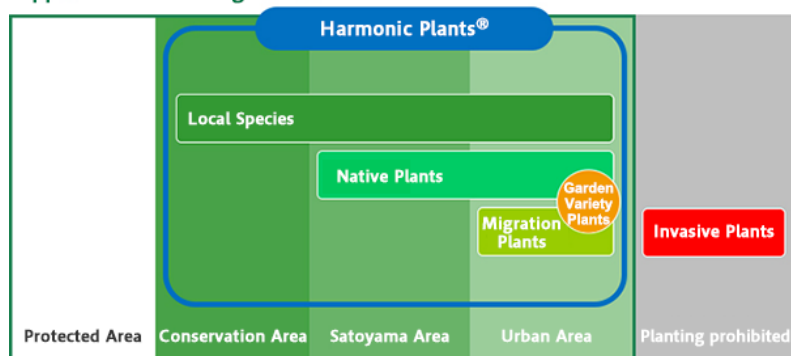
There are plants that have grown in Japan since long ago (native plants) and plants that have come to Japan from abroad (migration plants) for trees. Among these migration plants, there are species that will overrun areas where native plants live due to their characteristics, which endanger the biodiversity of the region (invasive plants*).

Garden vegetation plans are separated into four areas that take into account the conservation level (protected areas, conservation areas, satoyama areas, urban areas) to select plant species based on these areas. For example, in urban areas when building gardens for residences, the colorfulness is represented by selecting a balance of greening plants from non-invasive migration plants around a main selection of native plants, including garden variety plants. In addition, the Group has in place a policy of not using invasive plants that clearly have an adverse impact on local ecosystems and a division responsible for coordinating technology at Sumitomo Forestry Landscaping Co., Ltd. checks that such species are not used.

* Specified alien species and alien species requiring caution as stipulated by the Invasive Alien Species Act

Approach to Planting Areas

Approach to Planting Areas



Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Contributions to Property Development

Forest Garden Hadano Receives the First ABINC Certification As a Detached Housing Complex

Sumitomo Forestry strives in the residential property development business by providing roughly 350 high-quality single-family spec homes each year through technical expertise accumulated in new custom-built housing and landscaping businesses. We develop long-lasting properties by taking advantage of nature with the goal of realizing a sustainable and prosperous society.



Property Design of Forest Garden Hadano

Forest Garden Hadano, a detached housing complex in Hadano City, Kanagawa Prefecture, received the first ABINC (Association for Business Innovation in harmony with Nature and Community) certification under the detached housing complex and city area category in 2018. The ABINC certification system certifies results of biodiversity preservation activities of companies to promote coexistence of nature and people. The certification began the certification of office buildings and commercial facilities from 2014 and has expanded its scope to include housing complexes and factories. Furthermore, detached housing complex and city area category and logistic facilities have been newly added.

The property design of Forest Garden Hadano is green property that coexists with life. It realizes rich greenery through the use of local tree species and Harmonic Plants®. Consideration toward sustainable circulation of water utilizing spring water was one of the major factors of receiving the certification.

Elderly care facilities in which building and landscape coexist in harmony with nature

In 2023, Grand Forest Denenchofu, a private nursing home, which boasts a lush and pleasant living environment opened in Denenchofu, based on the concept of "coexistence with natural environment." We have created a characteristic garden so that residents, who spend most of their lives in the building and tend to have fewer opportunities to feel nature, can feel nature and live a healthy and comfortable life. On the first floor of the building, there is a large opening and stairwell, which is integrated with courtyard, creating a space where you can feel as if you were in nature surrounded by greenery. There is an ornamental flower bed and a vegetable garden to grow vegetables on the rooftop, so that you can use it as a place of open communication under the sky. Garden vegetation is designed to allow visitors to feel changing of the seasons and appearance of living species by planting colorful flowers, fruit and healing plants, mainly local species. Environmentally sound plans have been highly praised and ABINC certification has been obtained to certify results of biodiversity conservation initiatives.


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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources



Grand Forest Denenchofu



UR Urban Renaissance Agency Tokiwadaira Danchi Community connected with greenery

The UR Tokiwadaira Danchi, located in Matsudo city, Chiba prefectures, covers an area of approximately 20 hectares. More than 60 years have passed since its construction, and it has grown into a rich green space with approximately 4,300 high trees. In order to promote communication among residents of the complex and other local residents, the Urban Renaissance Agency organized a garden tour in characteristic green areas of the complex and a photo exhibition of the complex's greenery surroundings. This garden tour, which has been held twice a year (spring and autumn) since fiscal 2021, has become a very popular activity. It has provided an opportunity for participants to rediscover the appeal of the complex while providing an opportunity for active communication. We also strive to expand the community through garden tours for local elementary schools and partnerships with universities and other companies in the city. We will continue to use lush green environment as a place for communication with residents of the complex and for environmental education for local elementary school students. Sumitomo Forestry Landscaping supports planning and management of utilization of this green space.



Garden Tour "Picking and Eating fruit of *Morus bombycis*"


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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources



Garden Tour for Elementary School Students:
"Measuring Trunk Circumference with Everyone"

Awarded the Silver Prize at the National Urban Greening Sendai Fair

At the 40th National Urban Greening Sendai Fair held in 2023, Sendai Branch of Housing Division of Sumitomo Forestry and Sumitomo Forestry Landscaping jointly participated in the garden exhibition contest and won the Silver Prize for "Forest Work Table," which allows visitors to feel breath of nature.

The award-winning work created a biophilic design space that is comfortable for people, with a wooden roof-shaped arch and deck that people relieve themselves on, and a terrarium that echoes sound of water on a table with sunlight seeping through the trees. This product is made with consideration for the support of local industries. For example, "Akiho stone," which is a material produced in local prefecture, is used. Besides, many species native to mountains and fields of Sendai City are used for plants, and grass from "Kibo no Shiba PJ," which is a restoration business of the devastated coastal area of Higashi-Matsushima City, is used for lawn.



Award-winning work

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Education for Biodiversity Conservation

Publish of an Illustrated Guide to Home Trees Revised Edition

A total of 46,000 copies of Sumitomo Forestry Landscaping's "An Illustrated Guide to Home Trees" have been printed since the first edition published in 2013, with two revisions afterwards. An Illustrated Guide to Home Trees introduces more than 500 types of garden trees that add color to our lives. This book provides information such as time of flowering and autumn leaves and the area where planting is possible to let people know attractiveness and characteristics of each tree.

The revised edition I was published in March 2017, following the establishment of the Invasive Alien Species List by the Ministry of the Environment and the Ministry of Agriculture, Forestry and Fisheries, and taking into account further impacts on the ecosystem. We also restructured Sumitomo Forestry Landscaping's own criteria for invasive species.

The revised edition II was published in March 2021 with partially altered content in response to the modification to the Plant Variety Protection and Seed Act and the addition of original varieties, and contains 508 species, including six original varieties.



(1) Revision of descriptions in response to the revision of the Plant Variety Protection and Seedling Law

The "Variety Registration Number" and other information were added to the original trees for sale and the trees registered as varieties in the illustrated book in compliance with the modification of the Seed and Seedling Law, as registered varieties are now obliged to be labeled.

(2) SDGs (Sustainable Development Goals) initiatives were added

Through its green business, Sumitomo Forestry Landscaping Co., Ltd. is implementing initiatives in line with the SDGs, such as protecting biodiversity through the concept of "Harmonic Plants" in the consideration of sustainability, and creating comfort, enjoyment, and beauty in society by constructing homes and communities that harness the "Power of Greenery". We are putting these initiatives into action. These initiatives have been included in this revision.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Recognition of Contributions to Environmental Consciousness

Sumitomo Forestry Landscaping has begun assessing carbon storage by trees in residential gardens as part of its efforts towards a decarbonized society. Trees play an important role towards a decarbonized society as they can absorb CO₂ during their growth and continue to fix it as carbon.

Combined with Harmonic Plants®, a guiding principle of Sumitomo Forestry Landscaping, the aim is to create gardens that take into account local biodiversity, while also looking at the environment of the entire planet.

At Sumitomo Forestry's model house in Yonago, plantings were mainly of native species in accordance with the Harmonic Plants® guidelines. As a model case for LCCM housing, carbon storage in gardening was also assessed.

The amount of carbon storage was calculated for trees, wooden decks and wooden fences as materials that can be used for carbon fixation in gardening. The garden at the Yonago model house fixes approximately 6.2 tonnes of CO₂ equivalent (equivalent to the carbon storage of about 21 trees of 40-year-old cedars in an planted forest).

In the future, the system will be developed to enable simpler assessment, and preparations will also be made to enable recognition of the fixed volume that increases as properly managed trees grow.



Yonago model house

[Click here for related information](#)

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

Overseas Landscaping Businesses

Expansion of Landscape Business in Australia

In 2022, Sumitomo Forestry acquired Regal Innovations, a landscape business* in Australia, as a subsidiary. The Company is also involved in leading development and construction projects in urban Sydney, and efforts to address environmental issues through the creation of landscapes in harmony with nature in the design and construction of commercial areas, public facility housing exteriors, green zones and parks. In 2023, "The Drying Green", an urban park in Sydney, for which our company was in charge of implementation design and construction, won a Gold Prize in the Australian Good Design Prize. The entire site, looking like a folded paper, creates a three-dimensional terrain with mountains and valleys. It is designed so that slope created by the three-dimensional terrain captures warm winter sunlight into grass area while blocking sight line and noise from the park surroundings. In addition, a large green space has been secured by wall greening to create a comfortable space. For wall surface greening, the knowledge of Regal Innovations, which has abundant construction results, such as a technique for supplying sufficient oxygen to the roots of plants and a device for improving the efficiency of construction and maintenance, is utilized. Technological exchange between Japan and Australia has also begun, including the sharing of garden vegetation and green space management know-how by Sumitomo Forestry Landscaping, and design proposals for landscape design. In the future, we will combine this with our construction and real estate business to promote more environmentally sound development in Australia and other countries.

* Landscaping projects collectively, including housing exterior works in residential areas and urban and infrastructure developments

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - **Biodiversity Conservation** - Resource Recycling Initiatives - Pollution Prevention - Efficient Use of Water Resources



Barangaroo District Park area, Sydney



"The Drying Green," an urban park in Sydney



"The Drying Green," an urban park in Sydney



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Resource Recycling Initiatives

Waste Reduction and Recycling

Basic Policy

The Sumitomo Forestry Group makes efforts in attaining zero emissions and reducing industrial waste generated, at the same time as promoting reuse and recycling for each operational process in accordance with the Sumitomo Forestry Group Environmental Policies in order to build a sustainable and recycling-oriented society. Our priority is to realize a circular bioeconomy by leveraging forests and wood resources, and we are promoting initiatives to reduce environmental impact, such as protecting resources by advocating for recycling and zero emissions. The Sumitomo Forestry Group has also established measures in each of its divisions to achieve these priority targets. We will check the progress of the plan each fiscal year, and by fiscal 2024, the final year of the Medium-Term Management Plan, we aim to reduce the Group's total final processing amount by 5.4% from the fiscal 2021 level, to 19,905 tons.

[Click here for related information](#)

Material Issue 3 To realize a circular

➤ bioeconomy by leveraging forests and wood
resources

Initiatives to Achieve Zero Emissions

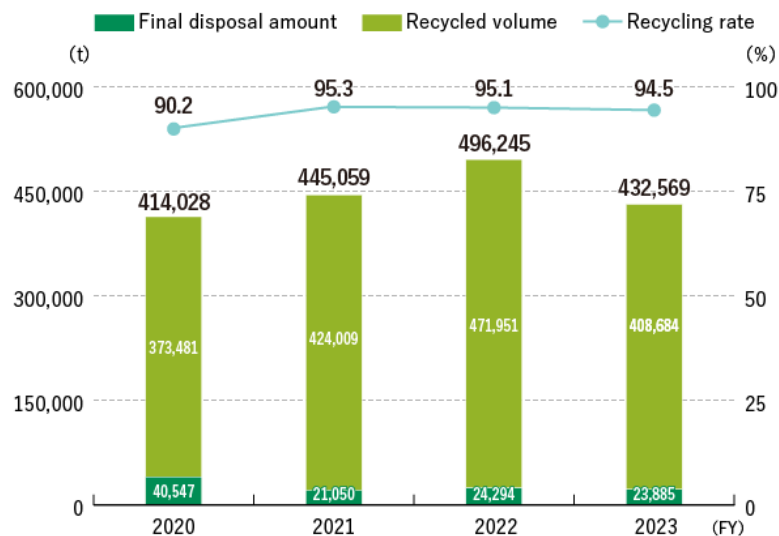
The Sumitomo Forestry Group defines achievement of zero emissions as a recycling rate of 98% or more using no simple incineration or landfill for all industrial waste produced by each business site. Based on this definition, domestic manufacturing facilities achieved zero emissions in fiscal 2009 while new housing construction sites achieved zero emissions in metropolitan areas in fiscal 2012. Our overseas manufacturing plants achieved zero emissions in fiscal 2020.

In addition, we aim to achieve zero emissions through more detailed management by dividing them into seven categories of new housing construction sites, domestic manufacturing plants, power generation business, remodeling and renovation business, overseas manufacturing plants, demolition work sites, and other business in consideration of status of business activities and waste generated. In fiscal 2023, we achieved zero emissions at our domestic manufacturing plants.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Trends in Waste Generated and Recycling Rate*



* Figures for Cohnan Kensetsu Inc. are included from fiscal 2022

Initiatives for Knowledge Acquisition of Waste Managers

The Sumitomo Forestry Group is taking steps to acquire knowledge so that each person in charge can properly deal with industrial waste generated at construction sites as well as waste generated at offices.

The Housing Division has launched a new e-learning course titled "Key Points for Construction Waste Management," which all managers in charge of production departments at branches must take. In response to stricter regulations on asbestos, we have also established an e-learning course on "Preliminary Investigation of Asbestos" and "Waste Management Basics" to promote the acquisition of knowledge on waste generated from offices. In addition, Sumitomo Forestry distributes a monthly "Safety, Environment and Quality Inspection Department Information" to its branches to keep them up-to-date on the latest information, and also provides guidance and education to construction subcontractors and demolition companies.

Formulating Standards to Handle Plastics

Plastics spread throughout society quickly and brought convenience and other benefits to our lives. However, the reuse and material recycling rate of plastics is still low in the world, compared to other materials. Pollution problems caused by plastics waste flowing into our oceans have become a global issue. The Sumitomo Forestry Group set measures to respond to the issue of plastics in August 2019, and it has been raising awareness in all relevant departments. We are looking into any and all alternatives to plastic goods for novelty item, stationary supplies and even packaging. We have put in place various initiatives from using cans instead of plastic bottles for vending machines and drinks stored at the company unless for a special reason, such as disaster prevention, to not passing out drinks in plastic bottles during meetings. We have also reflected and revised measures for handling plastics in the "Sumitomo Forestry Group Green Purchasing Guidelines".

Compliance with the Plastic Resource Circulation Act

On April 1, 2022, the Plastic Resource Circulation Act came into effect.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention - Efficient Use of Water Resources

This act is designed to promote plastic resource recycling efforts (3R+Renewable) by all entities involved in the design, manufacturing, sale, and supply of plastic products, as well as the discharge, collection, and recycling of waste.

For "high-volume emitting businesses" that emitted 250 tons or more in the previous fiscal year, information on the status of target achievement must also be included and disclosed on the internet or other media (applicable to Sumitomo Forestry, Sumitomo Forestry Home Tech, and Sumitomo Forestry Crest).

Status of Target Initiatives and Measures in Target Divisions

Division	Project	Indicators for Evaluation	FY12/22 (Results)	FY12/23 (Results)	FY12/24 (Estimated)
Sumitomo Forestry (Housing)	Emission suppression	Plastic waste emissions (t)	272 kg/building	286 kg/building	270 kg/building
	Recycling	Continue to promote recycling into solid fuel (RPF), etc.			
	Measure	Verification of use of reuse protective sheet is started in some areas. We developed a pre-cutting under-floor insulation to reduce plastic waste emissions.			
Sumitomo Forestry Home Tech	Emission suppression	Emissions per unit of completed construction	0.0297t/million yen	0.0216t/million yen	Reduced from the previous fiscal year
	Recycling	Recycling rate	81.6%	82.50%	Improved from the previous fiscal year
	Measure	Regarding the suppression of occurrence, we will discuss the reduction of plastic packing materials from suppliers, and work on the use of on-site reuse of protection materials. Regarding recycling, we will strive to further improve recycling rate by discussing disposal methods, etc. with intermediate treatment contractors.			
Sumitomo Forestry Crest	Emission suppression	Plastic waste emissions (t)	235.9t	224.9t	222.7t
	Recycling	Amount of plastic waste landfilled (t)	2.8t	2.9t	1.5t
	Measure	Regarding suppression of occurrence, we will work to reduce in-process spoilage and number of returned products due to mistakes in arrangements. To reduce emissions, we will reduce amount of packaging materials by consolidating number of product parts and packing materials.			

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Resource Recycling Initiatives

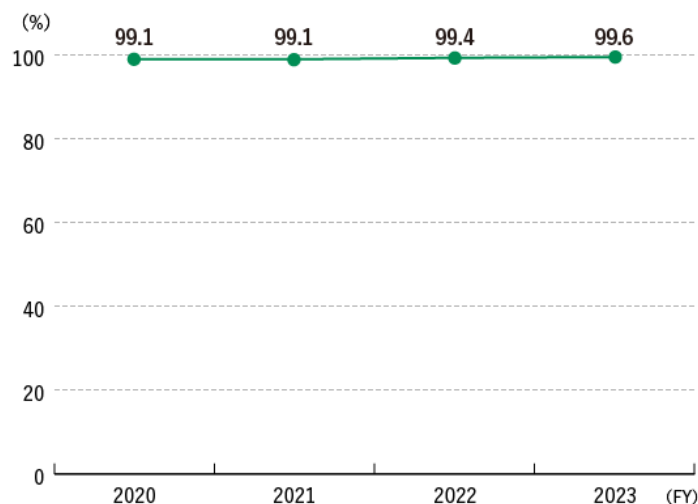
Waste Reduction and Recycling in the Manufacturing Business

Initiatives at Domestic Manufacturing Facilities

The Sumitomo Forestry Group is making ongoing efforts to reduce waste emissions, for example by tightening the sorting of industrial waste at each manufacturing plant, promoting its effective use as resources without simple incineration (thermal use), and selling it for a profit. The Sumitomo Forestry Group managed to achieve a recycling rate of 99.6% against the target of 99.5% in fiscal 2023. Zero emissions (recycling rate of 98% or more) were achieved at offices of Sumitomo Forestry Crest, Sumitomo Forestry Landscaping and Agro-Products division.

Recycling Rate at Domestic Manufacturing Plants*

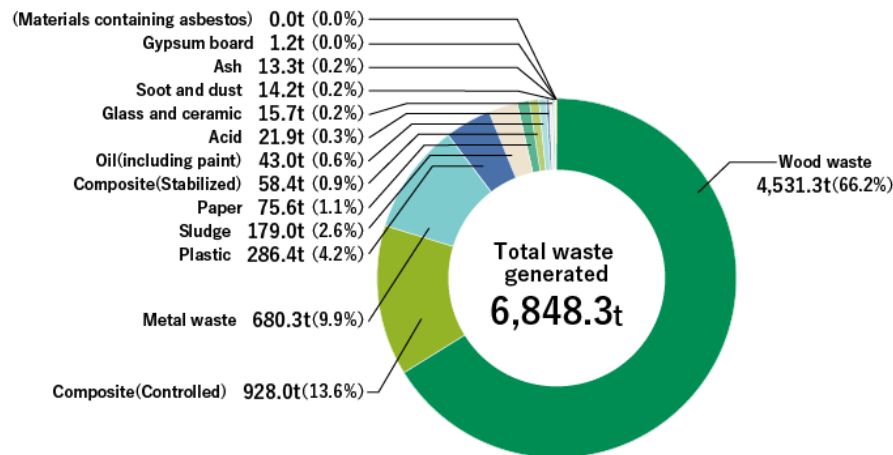
(Sumitomo Forestry Crest, the Agro-Products division of Sumitomo Forestry Landscaping, Japan Bio Energy, Okhotsk Bio Energy, Michinoku Bio Energy)





Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Breakdown of Waste Generated at Domestic Manufacturing Plants (FY2023)



Initiatives at Overseas Manufacturing Plants

Eight major overseas manufacturing plants* are promoting zero emissions. Offcuts generated at plywood and building materials mills is reused as raw material for wooden board mills, and at wooden board mills, waste wood from the manufacturing process is reused as fuel for heat sources in the drying and thermal pressing processes. We also promote zero-emission activities by making effective use of all types of wood waste, such as using the offcuts generated at our wooden mills for novelty goods.

In fiscal 2023, recycling rate was 95.7%, against our target of 98.0%, and we were unable to achieve zero emissions. Main factor that could not be achieved is that in Kutai Timber Indonesia (KTI) which is a subsidiary manufacturing company of Indonesia, with promotion of use of wood from planted forest, there has been an increase in those which cannot be used as a boiler fuel for private use. Because of its high water content and low combustion efficiency, KTI is unable to use a large amount of wood from planted forest at one time. This has led to an increase in incineration and landfill waste, resulting in a lower recycling rate.



Recycling by sorting waste



Recycling by sorting waste manufacturing as raw materials for novelty goods

* Indonesia: PT. Kutai Timber Indonesia, PT. Rimba Partikel Indonesia, and PT. AST Indonesia

New Zealand: Nelson Pine Industries Ltd.

Vietnam: Vina Eco Board Co., Ltd.

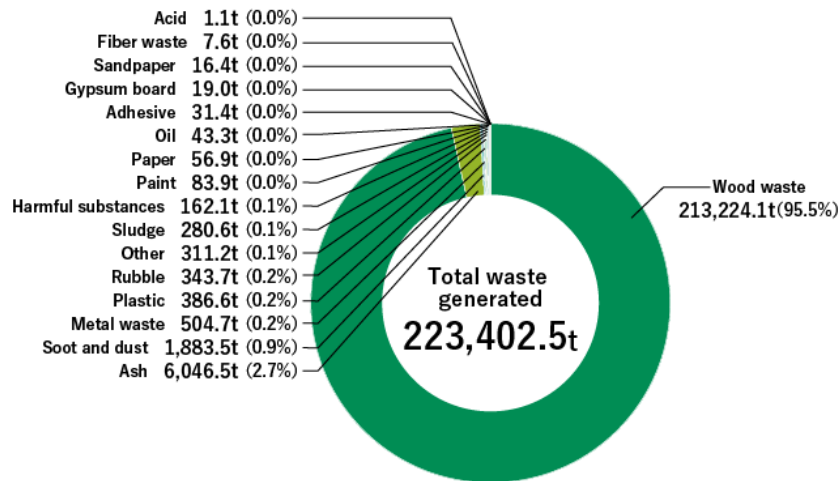
United States: Canyon Creek Cabinet Company

Thailand: Pan Asia Packing Ltd.

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

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
 Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
 Efficient Use of Water Resources

Breakdown of Waste Generated at Overseas Manufacturing Plants (FY2023)



[Click here for related information](#)

➤ [Waste Reduction and Recycling](#)

Japan Bio Energy Recognized as Superior Industrial Waste Disposal Operator

Japan Bio Energy, which manufactures and sells wood biomass chips, has been recognized as a superior industrial waste disposal operator since 2016 by Kawasaki City.

The system to recognize superior industrial waste disposal operators evaluates and certifies superior industrial waste disposal operators through the prefecture or city. In order to receive this recognition, the business must satisfy a full set of criteria including legal compliance, business transparency, efforts in environmental conscious, and a healthy financial strength. The validity of certification in industrial waste disposal is extended from five to seven years by receiving recognition through this system. In addition, current waste disposal business license and certification as a superior industrial waste disposal operator were renewed in May 2023.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Resource Recycling Initiatives

Waste Reduction and Recycling in the Housing Business

Efforts at New Housing Construction Sites

Reduction Rate of Industrial Waste Generated at New Housing Construction Sites

Since 2014, Sumitomo Forestry has launched a "waste reduction working" by personnel in charge of product development, material procurement, production control, and environment department, and has devised and implemented many measures to reduce waste at new construction sites.

We discovered two-thirds of all our waste is made up of wood waste, gypsum board and cardboard from detailed data about the waste that is produced aggregated from the industrial waste management system used under this inter-region certification, which has been in operation since 2012. We have worked to reduce waste by concentrating on these three primary forms of waste.

Promote Pre-cutting of Construction Materials

The Mid-Term Sustainability Targets of the Sumitomo Forestry Group set a target of reducing the amount of industrial waste generated per building from new housing construction sites to 2,511 kg/building by fiscal 2024. In fiscal 2021, we began to use pre-cut roofing slates and Kizure Panels at our branches and offices nationwide, and this has gradually had a positive effect on reducing industrial waste emissions. In fiscal 2023, among the well-established pre-cut operations, it has become possible to handle sloped roof shapes with roof slate material that was not possible to pre-cut in the past, and industrial waste emissions steadily decreased to 2,467 kg per building, exceeding the fiscal 2023 target of 2,709 kg.

With respect to Kizure Panels and roof slate material, we are seeing steady results, reducing them by 80kg/building and 170 kg/building, respectively. In addition, in fiscal 2023, we expanded the area of operation for pre-cutting of siding, and the reduction effect from this has steadily increased. At 550 kg per building, the weight of waste from siding is considerable and the number of projects using siding continues to increase with each passing year. As a result, we expect to further reduce industrial waste emissions through expanded operation of pre-cutting in the future.

In addition, at construction sites, we aim to reduce industrial waste emissions by 2.5% from the actual emissions in fiscal 2023 by promoting the use of reusable protection materials and ordering appropriate quantities of construction materials to prevent the generation of surplus materials, etc.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Reduction Rate of Industrial Waste Generated at New Housing Construction Sites (Per Household)

	Total Emissions (kg)	Reduction Rate (Compared to Baseline)
FY2017 (Baseline)	3,325	-
FY2021 result	2,736	▲ 18%
FY2022 result	2,585	▲ 22%
FY2023 result	2,467	▲ 26%

Initiative for Recycling of Industrial Waste Generated at New Housing Construction Sites

Sumitomo Forestry meticulously sorts waste produced on new housing construction sites. We will raise awareness through mediums such as posters including specific waste information to make sorting of the 11 categories of waste easier. We have also engaged in efforts to reuse rather than dispose of wood base and packing materials used when transporting pre-cut structural and other materials.

In fiscal 2023, the operation of pre-cutting of Kizure Panels and roof slates progressed, and the generation of industrial waste of wood waste and slates, which used to be recycled, decreased, and this affected the recycling rate that it declined and stagnated at 95.1%, compared to the recycling rate target of 98%.

Currently, the Sumitomo Forestry Group sets a goal of achieving 98% waste recycling rate for new housing construction sites by fiscal 2024 as part of the Mid-Term Sustainability Targets.

In fiscal 2024, we will reduce composite waste and improve the recycling rate by further enforcing separation of waste on site. We will also work to expand the adoption of new recycling treatment plants.



Posters About Sorting Industrial Waste

Waste Recycling Rate at New Housing Construction Sites*

	Recycling Rate
FY2017 (Baseline)	92.5%
FY2020 result	95.2%
FY2021 result	95.1%
FY2022 results	94.3%

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

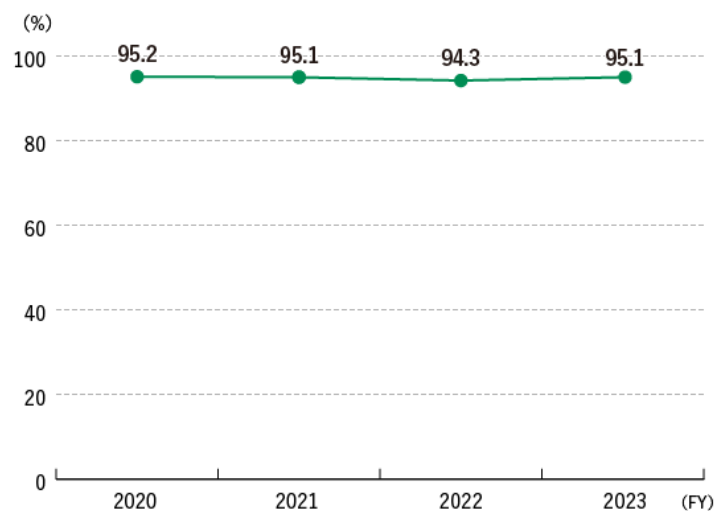
Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

	Recycling Rate
FY2023 results	95.3%

* Housing Division only

Recycling Rate at New Housing Construction Sites (Housing Division, Construction Business Sub-Division, Sumitomo Forestry Landscaping, Sumitomo Forestry Home Engineering)



Acquisition of the Inter-Region Recovery and Recycling Certification by the Ministry of Environment

Sumitomo Forestry has been certified by the Ministry of the Environment under Inter-Region Recovery and Recycling Certification. This certification makes it possible for non-industrial waste companies to transport industrial waste, and we have built our own industrial waste recycling system.

Our industrial waste management system for new housing construction sites helps contribute to the rationalization of waste disposal by using returning transportation for collecting waste while also securing traceability by applying bar codes to waste and collecting accurate data about the volume of waste generated.

Operations at the Metropolitan Area Recycling Center

Sumitomo Forestry has used the acquisition of the inter-region recovery and recycling certification to establish the Metropolitan Area Recycling Center in Kazo, Saitama Prefecture for advanced sorting and data collection. The Metropolitan Area Recycling Center has been collecting and processing waste produced by new housing construction sites of the metropolitan and five prefectures of Kanto (Metropolitan Tokyo, Kanagawa, Saitama, Ibaraki, Tochigi, and Gunma prefectures).



Metropolitan Area Recycling Center

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

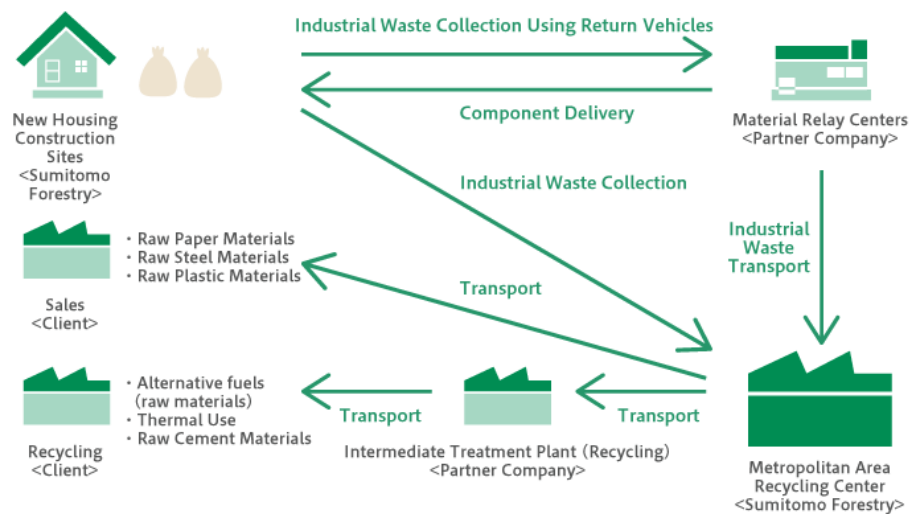
Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

The Metropolitan Area Resource Recovery Center collects detailed data regarding waste generation conditions and trends by specification, construction contractor, and region, and utilizes the data in product development, material procurement, and production management departments for use in waste reduction initiatives.

This initiative works to expand operation under the certification even in regions outside the metropolitan area. Currently, the system is in operation at branches except in the San-in area. In the same way data is collected by the Metropolitan Area Recycling Center, we can also gather data on the level of waste produced throughout Japan. The analysis of this data helps us reduce waste because we can discover trends in the amount and type of waste according to building specifications and construction conditions in each region.

Flow of Industrial Waste Collection Using the Inter-Region Recovery and Recycling Certification

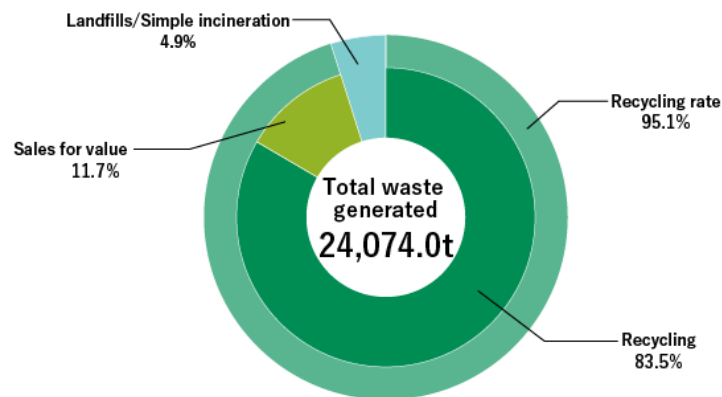




Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Breakdown of Waste Generated by Disposal Process for New Housing Construction Sites (FY2023)

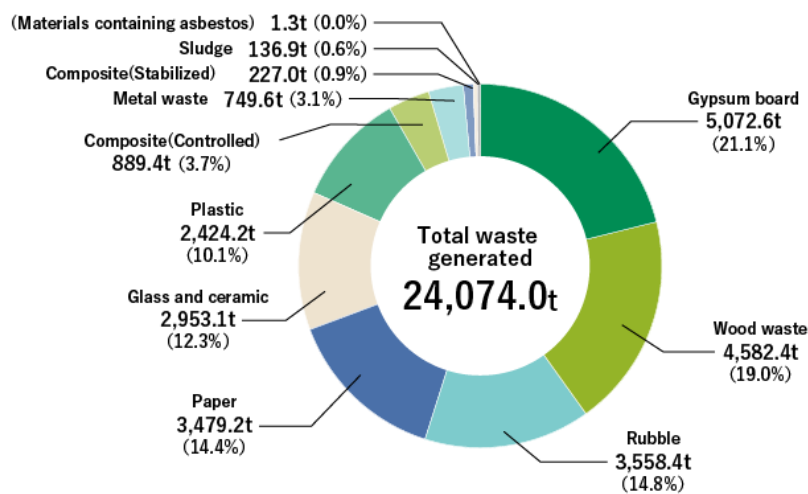
(Housing Division, Construction Business Sub-Division, Sumitomo Forestry Landscaping,
Sumitomo Forestry Home Engineering)





Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Breakdown of Waste Generated at New Housing Construction Sites (FY2023) (Housing Division, Construction Business Sub-Division, Sumitomo Forestry Landscaping, Sumitomo Forestry Home Engineering)



Efforts at Demolition Housing Sites

Sumitomo Forestry was promoting resource recycling even before the enactment of the Construction Material Recycling Law implemented in 2002 by ensuring that materials were properly sorted during demolition prior to the construction of a new house and that waste remained sorted for processing afterwards. Since the enactment in 2002, the Company has recycled the items required under the Law (wood waste, concrete, etc.), sorting them at the sites where the waste is generated. In recent years, demolition work of housing built using construction materials containing asbestos has increased, and revised law related to asbestos have also been enacted in 2020. Sumitomo Forestry especially strives for uncompromising compliance to removal method, processing guidance and management of construction materials containing asbestos.

The recycling rate for concrete was almost 100% in fiscal 2023, as it was the previous year. We also maintain a high recycling rate for wood waste by removing extraneous matter.

Waste Management for Demolition Work

We are strengthening management by building a system able to confirm the type, quantity and packaging of waste to transport from demolition work sites using mobile phones and smartphones which is adopted by our demolition partners.

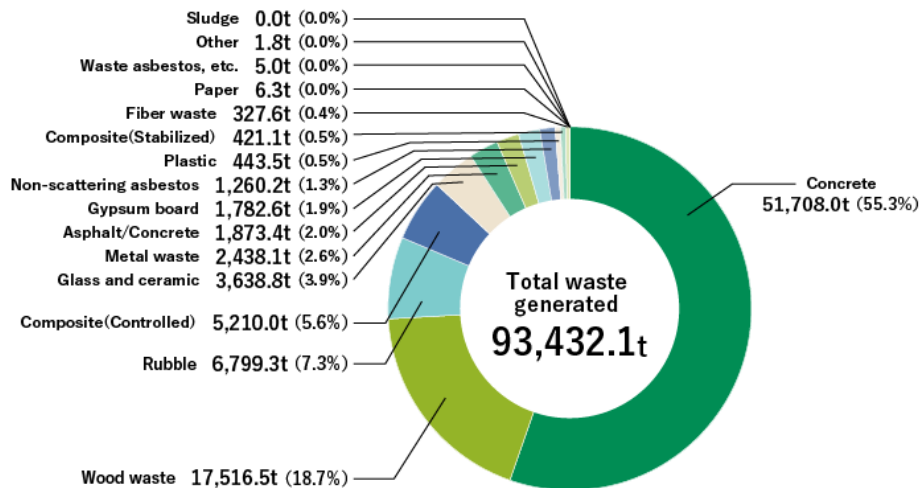
Recycling rate at
housing demolition sites

96.6%



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Breakdown of Demolition Waste Generated (FY2023)



Launch of Industrial Waste Management Centers

Sumitomo Forestry opened three industrial waste management centers throughout Japan in fiscal 2021. We will work to eliminate industrial waste risks nationwide through unified and highly accurate management by personnel specializing in industrial waste management operations. These management processes include precise process confirmations and deadline management from electronic manifest registration of industrial waste produced throughout Japan through the final disposal obligations of the entity producing the emissions. These management practices strictly adhere to laws and regulations, such as checking information registered in the electronic manifest against the outsourcing contract and updates to outsourcing contracts.

Remodeling and Renovation Business Initiatives

We are working to reduce waste generated on remodeling and renovation sites by using reusable protective materials.

Sumitomo Forestry Home Tech recycles wood waste materials generated at its renovation sites.

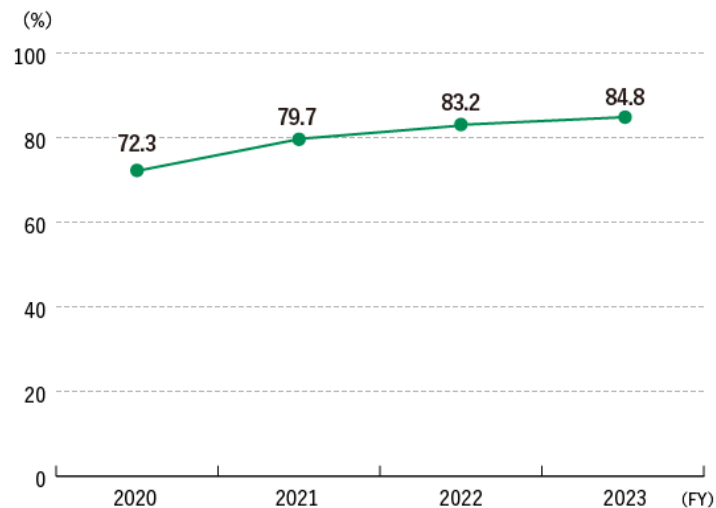
Our Group also strives to effectively use resources, such as the initiative to operate a material recycling route to reclaim wood waste from metropolitan areas as raw materials for particle board that started in fiscal 2014. In addition, we will provide focused guidance and education to sites with low recycling rates, strengthen sorting, and promote outsourcing to disposal sites with high recycling capacity.

Guidance on on-site sorting and enhanced sorting at disposal sites resulted in a recycling rate of 84.8% in fiscal 2023



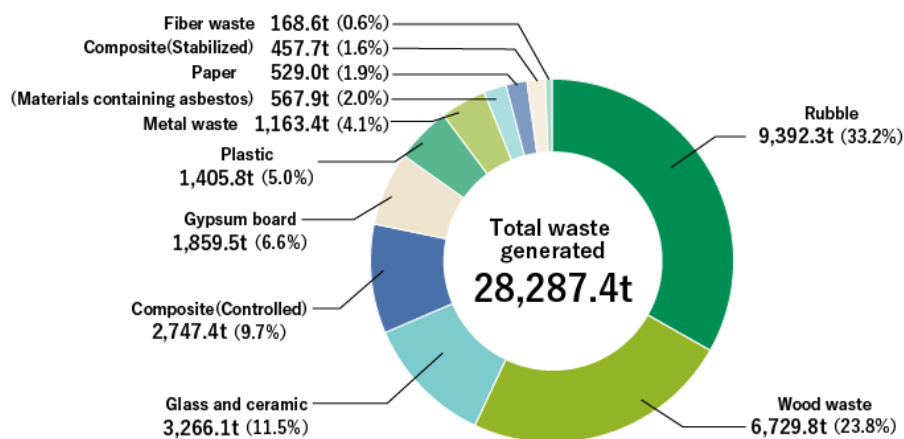
Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Trends in Recycling Rates in the Renovation Business*



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

Breakdown of Waste Generated at Renovation Business Operations (FY2023) (Sumitomo Forestry Home Tech)



Work with Construction Contractors

Sumitomo Forestry publishes monthly safety, environment and quality inspection information that includes information and topics about safety and the environment to help avoid industrial waste-related risks by repeatedly raising awareness at branches and construction contractors.



Top
Commitment

Sustainability
Management

Initiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Education for New Construction and Demolition Contractors

Sumitomo Forestry provides education to new construction contractors and conducts comprehension tests about industrial waste. Demolition contractors report about industrial waste to each office and branch from the start of demolition work to its completion as a construction management record according to a manual. Each office and branch verifies these construction management records and provides guidance for corrective actions if any inconsistencies are found.



Top
Commitment

Sustainability
Management

Initiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

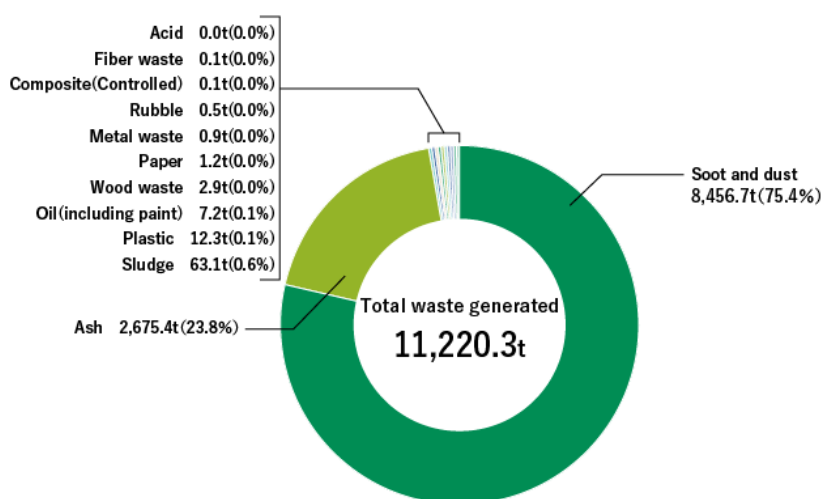
Resource Recycling Initiatives

Waste Reduction and Recycling in the Power Generation Business

Power Generation Business Initiatives

In power generation business operations, incineration ash emitted by biomass boilers is blended with quicklime for reuse primarily as a forest roadbed material. In fiscal 2018, it was manufactured under the product name Rovander, and received approval as a Hokkaido Government-certified Recycled Product. In fiscal 2023, recycling rate was 95.1%.

Breakdown of Waste Generated at Power Generation Business Operations (FY2023) (Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power)



[Click here for related information](#)

[Waste Reduction and Recycling](#)


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

[Environmental Management](#) -
 [Responding to TCFD and TNFD](#) -
 [Responding to Climate Change](#) -
 [Sustainable Forest Management](#) -
 [Utilization of Sustainable Forest Resources](#) -
 [Biodiversity Conservation](#) -
 [Resource Recycling Initiatives](#) -
 [Pollution Prevention](#) -
 [Efficient Use of Water Resources](#)

Maintenance of Forest Roads, etc. Using Rovander Foundation Filler Made with Incineration Ash

At Mombetsu Biomass Electric Power, incinerator ash emitted by the biomass boiler is used to manufacture foundation fill material (product name "Rovander") for forest roads. This environmentally-conscious product is aimed at building a cyclical operation in which the amount of waste is controlled, reducing environmental impact by helping maintain forests using a by-product of power generated with forest resources.

In addition, Rovander has been recognized as meeting environmental safety standards, and is a Hokkaido Government-certified Recycled Product.



Road Laid with Rovander Wood from Log Storage



北海道認定リサイクル製品

The Hokkaido Government-certified Recycled Product mark



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - **Resource Recycling Initiatives** - Pollution Prevention -
Efficient Use of Water Resources

Resource Recycling Initiatives

Waste Reduction and Recycling in the Other Businesses

Other Business Initiatives

At waste-generating locations of enterprises such as Distribution Business, Renovation Business, Research Institutes, and Lifestyle Services Business, we are implementing initiatives to reduce amounts of waste generated.

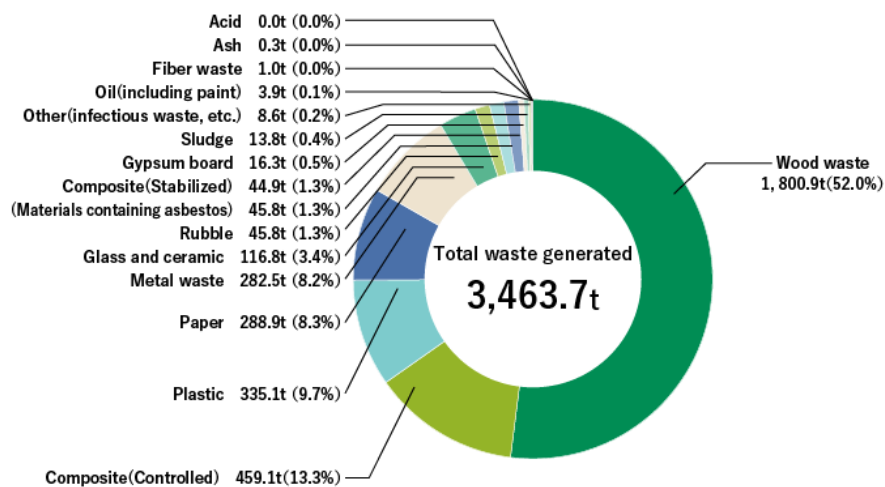
Waste Reduction in the Distribution Business

In the Distribution Business, we transport wood imported from overseas aboard ships. Previously, wood was transported aboard bulk carriers secured by plywood and other materials. In recent years, however, we have changed our transportation method to container ships, allowing us to simplify crating and reduce the amount of wood waste generated.

Recycling at Research Institutes

Sumitomo Forestry's Tsukuba Research Institute generates a variety of waste materials as a result of various tests. The majority of the waste consists of wood, and is reused as particle board raw material and fuel for biomass power generation. In addition, the chemical substances used in the experiment are outsourced to specialized dealers in industrial waste treatment to prevent leakage to the outer environment, where they, including the hazardous ones, will be treated according to their properties and rendered harmless. The residue is recycled as raw materials for cement, etc.

Breakdown of Waste Emissions from Other Business (FY2023)



[Click here for related information](#)

➤ [Waste Reduction and Recycling](#)



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Pollution Prevention

Pollution Prevention

Management of Chemical Substances

Management of Chemical Substances at Plants in Japan

The Sumitomo Forestry Group manages hazardous chemical substances at each of three relevant Sumitomo Forestry Crest plants (Kashima Plant, Niihama Plant, Imari Plant) in accordance with the Pollutant Release and Transfer Register Law in Japan.

Management Table of Chemical Substances at Plants in Japan (FY2023)

Applicable Company	Applicable Department	Substance No	Name of Chemical Substance	Total Use (kg/year)	Total Released (kg/year)				Total Transferred (kg/year)		Conversion into Products (kg)
					Air	Water	Soil	Landfill Disposal	Sewerage	Outside Plant Premises	
Sumitomo Forestry Crest	Kashima Plant	186	Methylene chloride (dichloro methane)	3,340	1,425	0	0	0	0	1,915	0
		448	Methylenebis (4,1-phenylene) diisocyanate	1,284	0	0	0	0	0	22	0
		Subtotal		4,624	1,425	0	0	0	0	1,937	0
	Niihama Plant	186	Methylene chloride (dichloro methane)	2,665	1,606					1,059	0
		Subtotal		2,665	1,606	0	0	0	0	1,059	0



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Applicable Company	Applicable Department	Substance No	Name of Chemical Substance	Total Use (kg/year)	Total Released (kg/year)				Total Transferred (kg/year)		Conversion into Products (kg)
					Air	Water	Soil	Landfill Disposal	Sewerage	Outside Plant Premises	
	Imari Plant	4	Acrylic acid and water-soluble salts	12,430	0	0	0	0	0	0	12,430
		7	n-Butyl acrylate	12,984	0	0	0	0	0	36	12,948
		84	Glyoxal	3,219	0	0	0	0	0	6	3,213
		134	Vinyl acetate	1,881,374	2,173	93	0	0	0	68	1,879,040
		349	Phenol	35,280	0	0	0	0	0	11	35,269
		395	The water-soluble salts of peroxy disulfuric	3,147	0	0	0	0	0	8	3,140
		407	Poly (Oxyethylene) = Alkylether (alkyl group: C12 ~ C15)	3,541	0	23	0	0	0	10	3,508
		411	Formaldehyde	109,254	33	0	0	0	0	170	109,051
		448	Methylenebis (4,1-phenylene) diisocyanate	8,600	0	0	0	0	0	43	8,557
		565	Acrylic acid polymer	2,706	0	7	0	0	0	6	2,693
Subtotal				2,072,535	2,206	123	0	0	0	357	2,069,849
Total				2,079,824	5,237	123	0	0	0	3,353	2,069,849

Management of Chemical Substances at Plants Overseas

Chemical substances, including adhesives and coatings, in the table below are managed at overseas plants in accordance with the management regulations for chemical substances in each country.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Management Table of Chemical Substances at Plants Overseas (FY2023)

Applicable Company	Country	Name of Chemical Substance	Total Use(t/year)	Total Released (t/year)		Total Transferred(t/year)
				Air	Waters, etc.	Waste Processing
KTI	Indonesia	Adhesives at MA, UA, etc.	19,603	-	-	49
ASTI	Indonesia	Styrene, xylene, solvents	266	-	11	25
RPI	Indonesia	Isocyanate/Formaldehyde	507	-	-	0
SRP	Indonesia	Curing agents, paints, dyes, etc.	144	-	-	18
NPIL	New Zealand	Curing agents, paints, dyes, etc.	302	-	-	0
VECO	Vietnam	Isocyanate/Formaldehyde, etc.	579	-	-	0
CCC	United States of America	MEK, alcohols, etc.	367	354	-	13
PAP	Thailand	Adhesives, Colorants	16	-	-	2
Total			21,784	354	11	107

Management of Air Pollutants

Management of Air Pollutants at Plants in Japan

The Sumitomo Forestry Group periodically conducts atmospheric emission concentration tests for dioxins, NOx, SOx, and smoke dust for each relevant plant at Sumitomo Forestry Crest (Kashima Plant, Shizuoka Plant, and Niihama Plant), the Shinshiro Plant at Sumitomo Forestry Landscaping, and at the Mombetsu and Hachinohe Biomass Electric Power in accordance with the Air Pollution Control Act as well as local regulations. In fiscal 2023, emissions concentration testing results were all within the relevant standard values.

Management Table of Air Pollutants at Plants in Japan (FY2023)

Applicable Company	Applicable Department	Measured Substances	Unit	(Baseline)	Measured Concentration	Emissions to the Air (mg-TEQ)
Sumitomo Forestry Crest	Kashima Plant	Dioxin	ng-TEQ/m ³	5	0.084	2.7
	Shizuoka Plant	Dioxin	ng-TEQ/m ³	5	0.38	2.53



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Applicable Company	Applicable Department	Measured Substances	Emissions to the Air(kg/year)	Unit	(Baseline)	Measured Concentration	Dry gas flow rate (Nm³/h)
Sumitomo Forestry Crest	Niihama Plant (Wood Waste Boiler)	Sulfur oxides (SOx)	258.4	m³N/h	0.49	0.05	8,450
		Nitrogen oxides (NOx)	1,192	ppm	350	34	8,450
		Soot and dust	73.2	g/m³N	0.3	0.005	8,450
	Imari Plant	Sulfur oxides (SOx)	975	m³N/h	-	* There are no standards on the measurement frequency because this is a small-size once-through boiler.	-
The Agro-Products division of Sumitomo Forestry Landscaping	Shinshiro Plant	Sulfur oxides (SOx)	26.54	ppm	0.49Nm³/h	Less than 1.2	8,190
		Nitrogen oxides (NOx)	317.88	ppm	200	20	8,190
		Soot and dust	348.28	g/m³	0.2	0.045	8,190
Mombetsu Biomass Power Plant		Sulfur oxides (SOx)	36,673	m³N/h	373	1.6	189,000
		Nitrogen oxides (NOx)	209,050	ppm	250	69	189,000
		Soot and dust	1,362	g/m³N	0.1	0.0016	189,000
Hachinohe Biomass Power Generation Plant		Sulfur oxides (SOx)	681	m³N/h	32.3 (K=60)	0.03	71,333
		Nitrogen oxides (NOx)	74,968	ppm	250	63.8	71,333
		Soot and dust	0	g/m³N	0.3	0	71,333

Management of Air Pollutants at Plants Overseas

At overseas plants, the Sumitomo Forestry Group measures the concentration of NOx, SOx and smoke dust in Indonesia and Vietnam as well as VOC emission in the United States of America in accordance with the regulations of each country and region. In fiscal 2023, emissions concentration testing results were all within the relevant standard values.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Management Table of Air Pollutants at Plants Overseas(FY2023)

Applicable Company	Country	Measured Substances	Unit	(Baseline)	Measured Concentration
KTI	Indonesia	CO (Carbon monoxide)	μgr/Nm ³	10,000	4,464
		SO ₂ (sulfur dioxide)	μgr/Nm ³	150	38
		NO ₂ (nitrogen dioxide)	μgr/Nm ³	200	34
		Pb (lead)	mg/Nm ³	2	0.1
		HC (hydrocarbon)	μgr/Nm ³	160	22
		O ₃ (Ozone)	μgr/Nm ³	150	48
		Soot and dust	mg/Nm ³	230	24
RPI	Indonesia	Sulfur oxides (SOx)	mg/Nm ³	800	8.3
		Nitrogen oxides (NOx)	mg/Nm ³	1,000	443.5
		Soot and dust	mg/Nm ³	350	516.7
ASTI	Indonesia	CO (Carbon monoxide)	mg/Nm ³	29	1.1
		SO ₂ (sulfur dioxide)	mg/Nm ³	0.25	< LoD
		NO ₂ (nitrogen dioxide)	ppm	0.2	0.015
		H ₂ S (Hydrogen sulfide)	ppm	1	< LoD
		NH ₃ (Ammonia)	mg/Nm ³	25	0.195
		TSP (Debu Total)	mg/Nm ³	5	0.15
SRP	Indonesia	CO (Carbon monoxide)	ppm	10,000	< 1,145
		SO ₂ (sulfur dioxide)	mg/m ³	150	33.9
		NO ₂ (nitrogen dioxide)	ppm	200	28.6
		O ₃ (Ozone)	ppm	150	26.1
VECO	Vietnam	Sulfur oxides (SOx)	mg/Nm ³	500	13.1
		Nitrogen oxides (NOx)	mg/Nm ³	850	141
		Soot and dust	mg/Nm ³	200	143
		CO (Carbon monoxide)	mg/Nm ³	1,000	57
		Formaldehyde	mg/Nm ³	20	0
CCC	United States of America	Volatile organic compounds (VOCs)	lbs	200,000	174,581
PAP	Thailand	Dust (TSP)	mg/m ³	0.33	0.022
		Formaldehyde	ppm	0.75	0.1



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** - Efficient Use of Water Resources

Management of Water Pollutants

Management of Water Pollutants in Japan

The Sumitomo Forestry Group conducts periodic water quality concentration tests of waste water at the Tsukuba Research Institute, all plants of Sumitomo Forestry Crest (Kashima Plant, Shizuoka Plant, Niihama Plant, Imari Plant), Mombetsu Biomass Power Generation Plant and Hachinohe Biomass Power Generation Plant in accordance with the Water Pollution Control Act of Japan. Measured concentrations at the Kashima Plant have been affected by slags* in the soil since the land was purchased (when the Kashima Plant was built), causing the land to rise and water quality concentrations (PH values) to exceed the regulated values, but measurements continue to be carried out to determine the values. All other plant measured concentrations were below regulation threshold.

* General term for unwanted components that are separated during the smelting of minerals. Also known as slag.

Management Table of Water Quality at Plants in Japan (FY2023)

Applicable Company	Applicable Department	Test Items	Unit	(Baseline)	Measured Concentration
Sumitomo Forestry	Tsukuba Research Institute	pH	pH	5 ~ 9	7.75
		BOD (Biochemical Oxygen Demand)	mg/L	< 600	70.25
		COD (Chemical Oxygen Demand)	mg/L	-	-
		SS (Suspended Solids)	mg/L	< 600	73.33
		Normal hexane extracts (mineral oils)	mg/L	≤ 5	< 1
		Normal hexane extracts (animal and vegetable oils and fats)	mg/L	≤ 30	2.67
		Iodine consumption	mg/L	≤ 220	12.08
		Phenol content	mg/L	≤ 5	< 0.025
		Cyanogen compound	mg/L	≤ 1	< 0.1
		Copper content	mg/L	≤ 3	0.01
		Zinc content	mg/L	≤ 2	0.03
		Soluble iron content	mg/L	≤ 10	0.04
		Soluble manganese content	mg/L	≤ 10	< 0.02
		Benzene	mg/L	≤ 0.1	< 0.001
		Boron and other compounds	mg/L	≤ 10	0.04
		Fluorine and other compounds	mg/L	≤ 8	< 0.17



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Applicable Company	Applicable Department	Test Items	Unit	(Baseline)	Measured Concentration
Sumitomo Forestry Crest	Kashima Plant	pH	pH	5.8 ~ 8.6	12.6
		BOD (Biochemical Oxygen Demand)	mg/L	-	2.2
		COD (Chemical Oxygen Demand)	mg/L	5	4.2
		SS (Suspended Solids)	mg/L	5	< 1
		Normal hexane extracts	mg/L	1	< 0.5
		Total Phosphorus	mg/L	-	< 0.02
		Total Nitrogen	mg/L	-	2.9
	Shizuoka Plant	pH	pH	5.8 ~ 8.6	7.3
		BOD (Biochemical Oxygen Demand)	mg/L	≤ 160	7.4
		COD (Chemical Oxygen Demand)	mg/L	-	-
		SS (Suspended Solids)	mg/L	≤ 200	1.6
	Niihama Plant	pH	pH	5.8 ~ 8.6	6.7
		BOD (Biochemical Oxygen Demand)	mg/L	-	-
		COD (Chemical Oxygen Demand)	mg/L	160	8.6
		SS (Suspended Solids)	mg/L	200	21
	Imari Plant	pH	pH	5.8 ~ 8.6	7.9
		BOD (Biochemical Oxygen Demand)	mg/L	-	-
		COD (Chemical Oxygen Demand)	mg/L	70	11.7
		SS (Suspended Solids)	mg/L	70	4.8
Mombetsu Biomass Power Plant		pH	pH	5 ~ 9	7.9
		BOD (Biochemical Oxygen Demand)	mg/L	1,000 mg/L or less over five days	2.1
		SS (Suspended Solids)	mg/L	1000	1



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Applicable Company	Applicable Department	Test Items	Unit	(Baseline)	Measured Concentration
Hachinohe Biomass Power Generation Plant		pH	-	5.8 ~ 8.6	7.95
		BOD (Biochemical Oxygen Demand)	mg/L	30 mg/L or less (Daily average of 20mg/L or less)	0.58
		SS (Suspended Solids)	mg/L	40 mg/L or less (Daily average of 30mg/L or less)	9
		Normal hexane extracts	mg/L	≤ 5	1

Management of Water Pollutants Overseas

The Sumitomo Forestry Group conducts concentration tests of water pollutants at overseas plants in accordance with the water quality regulations for wastewater in each country. In fiscal 2023, the regulation threshold for suspended solids (SS) concentration at Pan Asia Packing Ltd. was exceeded. Pan Asia Packing Ltd. only discharges domestic wastewater, and it addressed this situation by embedding a device that filters food waste in front of the pipes. The company plans to replace aging pipes to improve the SS concentration.

Management Table of Water Quality at Plants Overseas (FY2023)

Applicable Company	Country	Test Items	Unit	(Baseline)	Measured Concentration
KTI	Indonesia	pH	-	6 ~ 9	8.2
		BOD (Biochemical Oxygen Demand)	mg/L	75	6
		COD (Chemical Oxygen Demand)	mg/L	125	19
		TSS (Suspended Solids)	mg/L	50	2
		NH ₃ -N (Ammonia concentration)	mg/L	4	3
		Fenol (Fenol concentration)	mg/L	0.25	0.001
RPI	Indonesia	pH	-	6 ~ 9	7.9
		BOD (Biochemical Oxygen Demand)	mg/L	75	13
		COD (Chemical Oxygen Demand)	mg/L	125	44
		TSS (Suspended Solids)	mg/L	50	14.7



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Applicable Company	Country	Test Items	Unit	(Baseline)	Measured Concentration
ASTI	Indonesia	pH	-	6 ~ 9	7.76
		BOD (Biochemical Oxygen Demand)	mg/L	50	14
		COD (Chemical Oxygen Demand)	mg/L	100	40
		Soluble iron content	mg/L	5	0.2
		Soluble manganese content	mg/L	2	0.02
		Copper content	mg/L	2	< 0.04
		Zinc content	mg/L	5	0.45
		Chromium hexavalent compound	mg/L	0.1	0.025
		Chromium compound	mg/L	0.5	< 0.108
		Cadmium compound	mg/L	0.05	0.003
		Lead compound	mg/L	0.1	0.0023
		tin compounds	mg/L	2	< 0.0015
		Hydrogen sulfide compound	mg/L	0.05	0.0017
		Nitrate compound	mg/L	20	0.22
		Nitrite compound	mg/L	1	0.08
		Mercury	mg/L	0.002	0.00089
		Fenol (Fenol concentration)	mg/L	0.5	< 0.005
VECO	Vietnam	Rainwater Treatment in Logyard			
		pH	-	5 ~ 9	7.21
		BOD (Biochemical Oxygen Demand)	mg/L	200	63.17
		COD (Chemical Oxygen Demand)	mg/L	300	155.33
		SS (Suspended Solids)	mg/L	200	15.67
		Nitrogen compound	mg/L	60	4.42
		Phosphate compound	mg/L	10	1.87
		Wastewater treatment plant			
		pH	-	5 ~ 9	7.185
		BOD (Biochemical Oxygen Demand)	mg/L	200	28.625
		COD (Chemical Oxygen Demand)	mg/L	300	55.3
		SS (Suspended Solids)	mg/L	200	27.5
		Nitrogen compound	mg/L	60	19.25
		Phosphate compound	mg/L	10	1.6175



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Applicable Company	Country	Test Items	Unit	(Baseline)	Measured Concentration
NPIL	New Zealand	pH	-	6 ~ 9	7.3
		BOD (Biochemical Oxygen Demand)	mg/L	2,350	1,538
		COD (Chemical Oxygen Demand)	mg/L	6,400	3,615
		SS (Suspended Solids)	mg/L	650	309
PAP	Thailand	pH	-	5.5-9.0	7.4
		BOD (Biochemical Oxygen Demand)	mg/L	500	36.2
		COD (Chemical Oxygen Demand)	mg/L	750	275
		SS (Suspended Solids)	mg/L	200	238

Appropriate Disposal of Building Materials Containing Asbestos

The Sumitomo Forestry Group has secured the proper disposal routes for asbestos. At Sumitomo Forestry, credential holders conduct preliminary surveys on all construction works subject to regulations to determine whether or not asbestos-containing building materials are present. In particular, the basis for determining the presence of asbestos is made clear, and results are reported to the asbestos preliminary survey results reporting system. At demolition sites, guidance is given and measures are implemented to prevent the release of asbestos into the air and to ensure that it is disposed of properly.

The Group is also engaged in proper disposal of asbestos in the buildings of the various Group companies based on the law. The persons in charge of the sales, design, and production groups involved in demolition work have taken e-learning on the preliminary survey of asbestos to enhance their knowledge.

Storage and Proper Disposal Polychlorinated Biphenyl Waste

The treatment of polychlorinated biphenyl (PCB) contained in equipment such as spent high-voltage capacitors, was completed in Japan in fiscal 2021 in accordance with the Law concerning Special Measures for Promotion of Proper Treatment of PCB Wastes.

Disposal Status of Polychlorinated Biphenyl (PCB) Waste*1

Applicable Company	Applicable Facility	Total Disposal in FY2020 (kg)	Total Disposal in FY2021 (kg)	Total Disposal in FY2022 (kg)	Total Disposal in FY2023 (kg)
Sumitomo Forestry Crest	(Former) Nagoya Plant*2	0	1,515	0	0

*1 The total disposal amount is based on the disposal notification and includes the weight of the storage container.

*2 The (Former) Nagoya Plant was closed in end of June 2015.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Management Status of Polychlorinated Biphenyl (PCB)*¹

Applicable Company	Applicable Facility	FY2022 Onward Estimated Processing (Units)	FY2023 Onward Estimated Processing (Units)	Management Status
Sumitomo Forestry Crest	(Former) Nagoya Plant* ²	0kg	-	Stabilizers disposal complete: January 07, 2021
ASTI	ASTI Plants	74kg	102kg	Electrical Boards
RPI	RPI Plants	131kg	131kg	Power receiving board

*¹ The equipment included above is equipment currently in use or in storage which is being evaluated for processing

*² The (Former) Nagoya Plant was closed in end of June 2015.

Management of Fluorocarbon Emissions

The Sumitomo Forestry Group is managing fluorocarbon emissions related to the fluorocarbon gases that are used as coolants by equipment such as air-conditioning and refrigeration at affiliate companies, and for testing equipment at the Tsukuba Research Institute, through periodic inspections of fluorocarbon emissions in accordance with the Act on Rational Use and Proper Management of Fluorocarbons enacted April 2015. There was no CFCs leakage in fiscal 2022.

* Data collection period: April 2022 to March 2023

[Click here for related information](#)

[> Environmental Risk Management](#)

Amount of Pesticide and Fertilizer used in Forests

FY2023		
Amount of Pesticide used in Forests* ¹	Herbicide* ²	8,154kg
	Bactericide	173kg
	Insecticide	292kg
	Fungicide	910kg
Amount of Fertilizer used in Forests (nitrogen and phosphorous)* ¹	Nitrogen fertilizer* ³	4,701kg
	Phosphorous fertilizer* ³	3,615kg

*¹ Scope of tabulation: nursery fields in Japan and overseas forests (OBT, WSL, MTI, KMF, TPF)

*² Terbutylazine, etc., are mostly found in New Zealand, but are used in accordance with FSC standards.

*³ All nursery fields. No spraying on forestland

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management - Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** - Efficient Use of Water Resources

Project for Soil Purification Technology and Environmental Remediation Aided by Plants

In re-using the site of an old factory there is often the environmental impact associated with soil contamination and the cost burden of any remedial measures, which has become a problem as brownfields*. Under the revised Fire Service Act of Japan, gasoline stations are now obliged to repair any underground tanks that have lain under the ground for more than 40 years, and as a consequence of this, it is expected that between 1,000 and 2,000 stations will close down each year.

In order to meet the demand for environmental remediation and measures dealing with soil contamination, the Sumitomo Forestry Group has been working on cleansing contaminated soil by using the functions of plants (phytoremediation). As part of this, during fiscal 2012, in collaboration with ENEOS (JX Nippon Oil & Energy Corporation at the time), the Group developed a method for purifying soil contaminated with oil using Burning Field, a variety of Japanese lawn-grass independently registered by the Group.

One of the functions possessed by the variety of Japanese lawn-grass used in this method is that the nutrients transpiring from its roots activate microorganisms in the soil, and the upshot of this is that it has the potential to inexpensively reduce the oil content in polluted soil. The purification has completed at five gasoline stations or oil depots by fiscal 2023.

In fiscal 2013 and 2014, the Ministry of the Environment conducted a study on low-cost, low-impact technologies for surveying and for counteracting contaminated soil in addition to presenting the Environmental Measures Exemplary Efforts Awards (Minister of the Environment Award) in 2013. The study found that oil-degrading microorganisms tend to become more active, and were recognized as having potential to be applied at sites heavily contaminated with oil. Received the Good Design Award in October 2018 from the Japan Institute of Design Promotion. In March 2020, the Burning Field®, an enhanced variety of Japanese lawn-grass was registered with the Ministry of Land, Infrastructure, Transport and Tourism's New Technology Information System (NETIS). NETIS is a new technology information system designed by the Ministry of Land, Infrastructure, Transport and Tourism to share and provide information for use of new technologies. The use of NETIS-registered technology scores additional points for general evaluation at the bidding stage or construction performance evaluation during the usage stage, which is expected to raise awareness and standardize these new technologies at contractors involved in public works projects.



Grass laid on the site where a gasoline station once stood



Top
Commitment

Sustainability
Management

Initiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - **Pollution Prevention** -
Efficient Use of Water Resources

Moving forward, by steadily producing results in soil purification based on this technique, the Group will continue to help resolve the nationwide problem of oil contamination.

* Land that is not used or underutilized significantly compared to its potential value due to the presence or concern of soil contamination.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -

Efficient Use of Water Resources

Efficient Use of Water Resources

Efficient Use of Water Resources

Reduction of Water Consumption in Business Activities

Around the world, there is a growing sense of crisis over water shortages. It is expected that this problem will become more and more urgent as the demand for water rises with population increase and economic growth in developing countries.

The primary businesses of the Sumitomo Forestry Group include the Timber and Building Materials Business and the Housing Business, which operate on a business model that does not use a high-volume of water. However, our businesses are expanding into sectors that do use water as a valuable resource. Our policy is to reduce the amount of water used with emphasis on these businesses while conducting risk assessments and examining countermeasures for problems that arise.

Management of Water Use in Business

In addition to manufacturing plants inside and outside Japan, since fiscal 2012, the Sumitomo Forestry Group has begun examining the consumption of water and the associated sources at bases where actual water usage is measurable, such as at buildings owned by the Sumitomo Forestry Group. We discovered 91.8% of water use is at eight group companies which make up 7.2% of the consolidated net sales by analyzing the water use of all Group companies in fiscal 2016. Therefore, we have positioned these eight companies as important water management companies and first conducted risk assessments for water use at five companies in Japan and brought together specific measures to address any cases of insufficient water. The Sumitomo Forestry Group has also begun to grasp the actual state of water use even at three overseas companies that use large amounts of water.

From fiscal 2016 to fiscal 2018, our water consumption increased significantly due to the operation of the Mombetsu Biomass Power Generation Plant and Hachinohe Biomass Power Generation Plant. Biomass power generation leads to increased water usage because power is generated by burning wood and other biomass fuel to boil water and create steam for powering turbines.

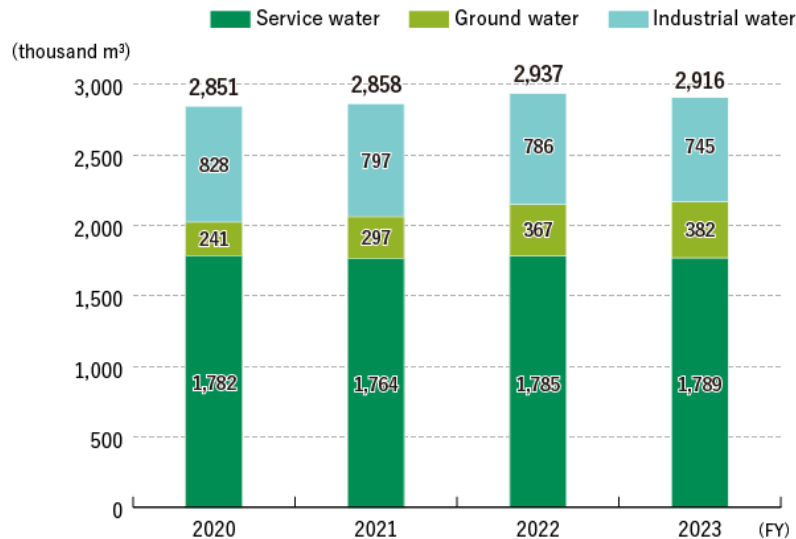
The Mid-Term Sustainability Targets set targets for Group-wide water consumption and manages progress. In fiscal 2023, the Group's total water consumption was 2,916 thousand m³. 22 thousand m³ less than in 2022. Adjustment in production of overseas manufacturing factories and suppression in use of water were main reasons. At Sumitomo Forestry Crest's Imari Plant, thorough water-saving measures to recycle industrial water and the replacement of waste fluid treatment equipment have led to a steady reduction in water consumption. At the Mombetsu Biomass Electric Power, an activity target was set to reduce water consumption in production activities, and the monitoring and management of water consumption was strengthened. In the future, efforts will be made to reach the 2024 target figure of 2,777 thousand m³ or less.

Sumitomo Forestry conducts sample surveys of water used by partner companies at on-site construction of houses in fiscal 2015 to grasp the water consumption in the supply chain, which found the volume of water used per 1m² of floor area is approximately 0.0887m³.



Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -
Efficient Use of Water Resources

Water Consumption* (consolidated)



Water Consumption per Department*

	Office Departments in Japan, etc. (Unit:1,000m³)			Plants and Power Generation Business Departments in Japan (Unit:1,000m³)			Overseas Plants (Unit:1,000m³)			Total (Unit:1,000m³)
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2023
Service water	87	80	102	1,337	1,341	1,337	340	364	350	1,789
Ground water	52	54	52	8	8	13	238	305	318	382
Industrial water	113	124	113	431	416	418	253	246	214	745
Total	252	258	266	1,776	1,765	1,768	831	912	882	2,916

* Covers sites where actual water consumption is measurable, such as at buildings owned by the Sumitomo Forestry Group.

Efforts in Sumitomo Forestry Crest

The Imari Plant of Sumitomo Forestry Crest, which manufactures such products as synthetic resin adhesives, uses industrial water to cool its manufacturing equipment. Afterwards, this water is reused to dilute factory wastewater and for other purposes as a water-conservation measure. In addition, from fiscal 2018, wastewater (coagulation sedimentation treated water) is further treated biologically to control the amount of water necessary for dilution for factory wastewater water quality management. This and other new water-saving measures led to an industrial water usage of 54,750m³ in fiscal 2023, a 63% decline compared to fiscal 2018.

Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG**Environment**

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -

Efficient Use of Water Resources

Biological processing facility (aeration blower)



Biological processing facility (aeration tank)



Measuring the COD of effluent

Measures Used at the Sumitomo Forestry Crest's Imari Plant for Saving Water

- Subjecting waste water (after processing for coagulating sedimentation) to further biological processing*¹ makes it possible to restrict the water used for dilution in plant waste water quality management (approximately 350m³/day).
- Maintain water-quality control by measuring COD*² and treat wastewater using only the minimum amount of water necessary.
- After water is used to cool manufacturing equipment, it is used to dilute plant waste water.
- Improve the proportion of rainwater used, such as by upgrading the pumps used for collecting rainwater.

*¹ Beneficial microorganisms are supplied with air (oxygen), whereupon they absorb and break down organic substances, lowering COD values.

*² Chemical Oxygen Demand (COD): An indication of the amount of oxygen required to oxidize an organic compound in water; one of the most important indicators of water quality.

Housing Business Initiatives

Water-saving toilets, showers, and water faucet are recommended as standard equipment for new custom-built detached houses. Since 2016, we have been making efforts including installation of rainwater tanks to part of commercial products, and improving customers' awareness of water saving and creation of related product line-up.

Water Intake Amount from Areas with Water Stress

FY2023	
Water intake amount from areas with water stress*	521,757m ³

* Water intake amount data (KTI, ASTI, VECO) of sites determined to be Sensitive sites in Locate phase of TNFD and LEAP analysis



Top
Commitment

Sustainability
Management

Initiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

Governance

Related
Information

Environmental Management - Responding to TCFD and TNFD - Responding to Climate Change - Sustainable Forest Management -
Utilization of Sustainable Forest Resources - Biodiversity Conservation - Resource Recycling Initiatives - Pollution Prevention -

Efficient Use of Water Resources

Participation in Relevant Incentives

The Sumitomo Forestry Group provides answers to the CDP Water Security questions and discloses more detailed information about efforts on risks related to water since fiscal 2017.



Top
Commitment

Sustainability
Management

Initiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution



282 Human Rights

290 Diversity, Equity and Inclusion

314 Work-Life Balance

329 Occupational Health and Safety

361 Safety and Quality of Products and Services

385 Communication with Our Customers

396 Business Initiatives That Contribute to Regional Co-creation

398 Supply Chain Management

423 Social Contribution



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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. 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. In April 2023, we revised Sumitomo Forestry Group's Human Rights Policy in order to make it more compliant with international guidelines. This revision was made based on opinions of third parties, in order to ensure that our business partners are committed to respecting 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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. 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

- 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.

- 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

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

< 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^{*1}
- Respect for the rights of women^{*2}
- Respect for the rights of children^{*3}
- Respect for the rights of minority groups
- Respect for the rights of elderly people
- Respect for the rights of migrants and refugees^{*4}
- 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

< 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](#)

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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 2023, the Sumitomo Forestry Group conducted an annual survey on human rights training and the relevant help desks for 64 primary Group companies in Japan and overseas (30 companies in Japan and 34 companies overseas). As a result, 55 of these companies are conducting human rights training and 53 have setup a help desk while 60 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.

In fiscal 2023, there was no report of human rights abuses violating our 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 approximately 400 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.

[Click here for related information](#)

> Supply Chain Management in Distribution
Business

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.)".

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

Regarding the identified risks, we take measures to reduce and correct risks for each business. 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 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.

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.

[Click here for related information](#)

[New Business Plan Risk Assessment](#)

Operation and Maintenance of the Grievance Mechanism

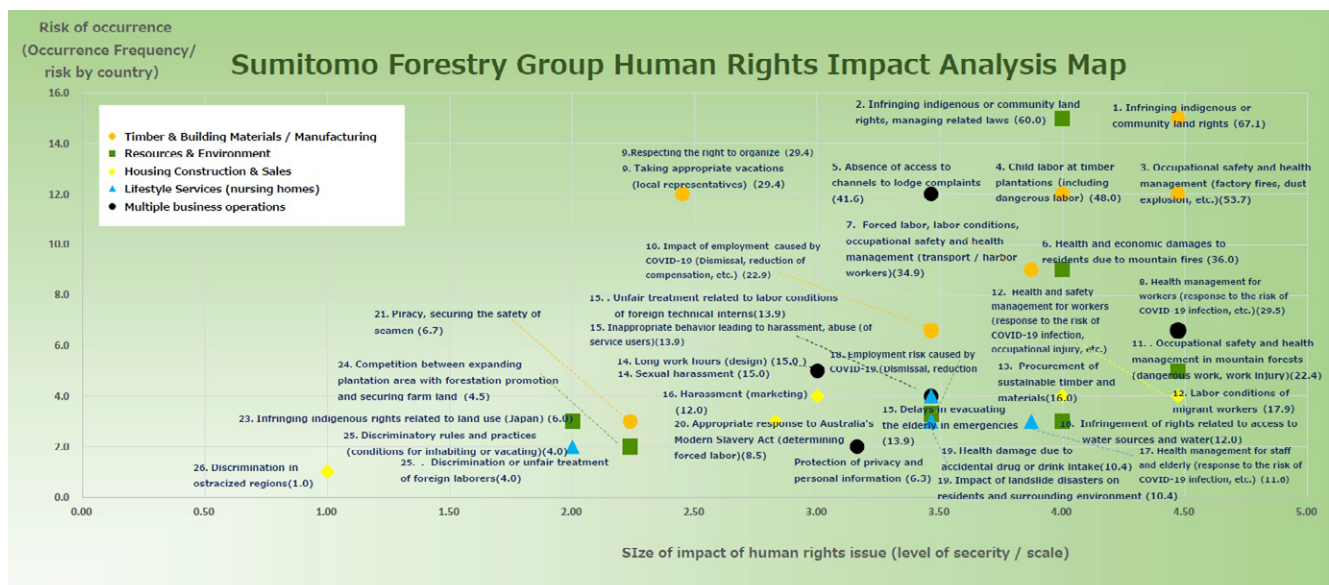
Sumitomo Forestry recognizes the importance of the grievance mechanism (complaint handling mechanism) and offers grievance hotlines. We will continue to develop internal and external hotlines to help prevent human rights violations and take necessary measures to remedies when human rights violations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

[Click here for related information](#)

[Grievance Desk](#)

[Compliance Hotline](#)

Sumitomo Forestry Group Human Rights Impact Analysis Map



(Revised in July 2020)

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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, we conducted an inspection in association with International Finance Corporation (IFC), the World Bank group institute in 2012. This inspection examined whether the land use plan for the business site was appropriately implemented and whether sufficient consideration was given to the lives of the local residents, in accordance with a concept of protection of rights of inhabitants and cultural heritages.

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, with the help of IFC, a "Grievance mechanism" was established to collect opinions of local residents, either in writing or face-to-face, and to provide responses based on management approval.

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. Opinions posted in 2023 included several requests for benefits. We carefully examine the content and take appropriate action when necessary. We accept consultation from not only our employees but also local residents through complaint box. The existence of a mechanism that allows residents to communicate their own opinions can lead to enhanced trust in 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.

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 2023, 12,533 employees of whom 5,723 and 6,810 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.

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2023, we reviewed five 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](#)



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion

Basic Policy

The Sumitomo Forestry Group has positioned diversity equity inclusion (DEI) as one of important elements for development of its business based on one of Our Values: "We promote a free and open-minded corporate culture that respects diversity."

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](#)

Promotion System

Workstyle Diversification Department, an independent organization within the Personnel Department, cooperates with each department to ensure a diverse range of employees, including female employees, re-employment of retirees, employees with disabilities, and LGBTQ people, can work actively and achieve work-life balance in accordance with their individual circumstances.

In April 2024, the Sumitomo Forestry Group issued a "Sumitomo Forestry Group Declaration on DEI". We aim to reinforce the understanding of DEI by promoting its principles within the company.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

The Sustainability Committee, consisting of Directors who concurrently serve as Executive Officers and Divisional Manager, being chaired by the President, manages progress of Mid-Term Sustainability Targets.

Sumitomo Forestry Group Declaration on Diversity, Equity and Inclusion

Sumitomo Forestry Group regards DEI (diversity, equity and inclusion) as a key element in developing its businesses. To create new value and pursue further innovation, we are committed to promoting DEI.

Diversity:

We shall accept, embrace and respect the diversity of each individual in terms of gender, age, nationality, ethnicity, race, place of origin, religion, beliefs, disability status, sexual orientation, gender identity, as well as workstyle, career path, values and other qualities.

Equity:

By providing the best resources and opportunities according to each individual's circumstances, we shall create a fair environment where everyone can unharness their abilities.

Inclusion:

Inclusion is when individuals feel safe to voice their opinions because they know they are respected. By supporting and cooperating with each other and by building a sense of unity, we shall work together in ways that bring out our fullest potential.

President and Representative Director
Toshiro Mitsuyoshi

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.

In fiscal 2013, we announced "Sumitomo Forestry Group Declaration on Empowering Women" to entire group under name of our president. Since then, we have been making efforts in accordance with the policies stated in this declaration.

Since April 2024, under Sumitomo Forestry Group Declaration on DEI, we have been working on DEI promotion initiatives by evolving the concept of empowering women.

Percentage of Female employees in
management positions
FY2023 target
(Non-consolidated)

At least **7.4%**

Percentage of Female employees in
management positions
As of December 31, 2023
(Non-consolidated)

6.8%



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Development of Numerical Targets for Promotion of Women to Management Positions

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 6.8% by the end of 2023.

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.

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.

[Click here for related information](#)

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)



Training for Home Advisors

Regular training is provided for home advisors working at model homes. By using videos and operation manuals that summarize details of operations and points of customer support, we follow up on them so that they can be connected to practical operations as contact of "Sumitomo Forestry homes."

In addition, for new trainers, we provide training that includes an overview of the company, the basics of customer service, telephone service, etc. This is to ensure they understand the guidance and training program for new home advisors, and are able to conduct training for incoming employees based on the trainer's guide.

In fiscal 2023, a total of 56 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. Therefore, we have conducted new training primarily for 13 female sales representatives in Tokai area who are 2-10 years tenure with the company. This training aimed at acquiring sales skills, interacting with senior employees within such area, and raising their motivation.

During the training, participants expressed their desire to learn that there are stories that only women can talk about and that they can take advantage of them, and to use career of their senior employees as a model to motivate them in the future.

In addition, we plan to exchange information online so that we can solve problems for retention of female sales representatives in the future.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Initiatives Aimed at Increasing the Motivation

In a housing maker information exchange meeting in which Workstyle Diversification Department participates, a joint host is held once a year for each of a female business job meeting and a female engineer meeting.

Since this job category has small number of female employees in the industry, the purpose of such activities is to raise motivation and lead to active participation by sharing role models across the entire industry beyond company boundaries, and by interacting with employees facing similar challenges.

Due to the COVID-19 pandemic, this activity could not be held from 2020. It resumed in 2023 after a four-year hiatus. Eleven employees participated in the Female Sales Staff Exchange Meeting and two in the Engineer Exchange Meeting.

At the exchange meeting, case studies of role models were presented and group discussions were held. Participants commented that "Hearing story of a person who is working hard as a manager at another company served as a reference for my future career," and "It gave me an image that I could overcome life events and continue working ", and it contributed to improve their motivation.

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 (once a year), training for female leaders (once a year)
Administrative planning staff	Career Advancement Training (1 time a year)

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 millstone throughout life.

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

Environment

Social

Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

LGBTQ initiatives

Sumitomo Forestry is promoting training and the establishment of systems and mechanisms to support LGBTQ initiatives. This is part of DEI promotion, which emphasizes understanding others and respecting individuals.

Fostering Employee Awareness

Training was conducted under a three-year plan. In 2021, training was provided to executives, employees of Personnel Department, and General Administration Department. In 2022, training was provided to all site managers and general affairs managers. In 2023, training was provided to all group managers in Housing Division. In addition, all employees are required to attend e-learning.

In addition, we are continuously posting various measures and participation information for LGBTQ-related events on our internal website to raise employee awareness and increase the number of "allies (people who understand and support LGBTQ)". In 2023, we created an original Allies sticker and distributed it to employees.

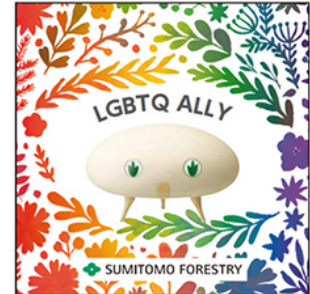
Creation of a Structure

In January 2022, we established "Partnership System Regulations" to provide same in-house systems and benefits for same-sex and de facto partners as those of spouses. As a result, special leave, childcare and nursing care systems, and regulations on condolence and celebration payments are applied to registered partners and their children and parents.

By accepting same-sex partnerships, which are currently not stipulated by law, and applying an internal system, we have created an environment in which employees can work with peace of mind and can continue to play an active role in the future even when they have life events such as childcare or elderly care with their partner. In addition, as a new family style that is not bound by legal marriage is expanding, partners in de facto marriages have been added to the scope of these regulations.

We have also set up an External Consultation Desk where employees can consult with counseling specialists anonymously.

Being praised by these efforts, Sumitomo Forestry was awarded the highest Gold Rating in the PRIDE Index, which evaluates LGBTQ initiatives in the workplace, for two consecutive years in 2022 and 2023. We will continue to work to create an environment where everyone can work comfortably and actively.



Sumitomo Forestry Original Allies
Sticker

Related Information

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

> Awarded gold for two consecutive years in the PRIDE Index, which evaluates LGBTQ initiatives in the workplace (Japanese)

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

Environment

Social

Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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, 2023 was 2.46%^{*1}. 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^{*2} since fiscal 2018. Every year, all employees except the person on leave take 3rd grade course. In fiscal 2021, we became the first company in the housing industry achieving a 100% attendance rate. Since then, this program has been implemented for newly hired employees to encourage all employees to acquire the certification^{*3}. 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, 2023
(Non-consolidated^{*3})

2.46%

^{*1} The calculation is the sum of Sumitomo Forestry, subsidiary Sumirin Wood Peace as well as the affiliated Group company Sumirin Business Services

^{*2} 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

^{*3} By December 2023, 5,683 employees except childcare leave employees, long-term leave employee, employees seconded to partner companies and etc. completed the course.

Employment of Persons with Disabilities (Non-Consolidated)*

	FY2020	FY2021	FY2022	FY2023
Ratio of Disabled Employees (%)	2.25	2.38	2.40	2.46

* 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 2023, Sumirin Wood Peace employs 12 people with disabilities. In the future, the Company will further this recruitment and ensure business continuity.



State of wood product processing

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

Environment

Social

Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Selective Retirement and Re-employment of Retirees

Introduction of Selective Retirement System

Sumitomo Forestry introduced a Selective Retirement Age 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.

Percentage of Re-employment before introduction of Selective Retirement has remained at about 80%, although it varies from year to year. On average, more than 90% of employees continue to work after reaching age of 60.

Result of those who reached the age of 60 (full-time employees) in 2022 is 88.9% (including re-employment of 5 retirees).

Re-employment of Retirees

Sumitomo Forestry adopted a system for the re-employment of retirees in fiscal 2006 whereby its 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 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, our reemployment rate after selective retirement has reached 100%.

After introduction of selective retirement, number of employees who select retirement before 65 years old due to their own circumstances and desire re-employment increases. We listen to needs of their department and wishes of employee, and respond individually as necessary, for example, by reducing number of working days after the second year. Employees of senior generation play an active role by flexibly coping with the contract condition without fixing contract condition.

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, 109 employees have registered as senior human resource assets, of whom 76 are still working as of December 31, 2023.

Among them, there are 12 persons aged 70 or older (including working in our group companies).



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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, 17 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 11 workers to permanent employee status in fiscal 2023.

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

Number of Partner Employees Promoted to a Permanent Employee*

F2020	F2021	F2022	F2023	F2024
12	17	13	12	11

* As of April 1 of each fiscal year

Number of Challenged Employees Promoted to a Permanent Employee*

FY2020	FY2021	FY2022	FY2023	FY2024
1	0	1	2	3

* As of April 1 of each fiscal year



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Diversity, Equity and Inclusion

Human Resources Development

Basic Policy

In order to achieve Mission TREEING 2030 and realize sustainable management, Sumitomo Forestry has established human resource strategies based on three pillars: "Securing and developing human resources who will transform and create businesses," "A system to maximize employee performance and a free and open corporate culture," and "Promotion of health management." In addition, as the basic policy for human resource development, we have set forth to "nurture employees who learn by themselves, think about the essence of things, and take action on their own," and "goal of creating a workplace culture in which employees can work open minded and energetic." By supporting growth of employees with high morale and pride, and by fostering an open minded and energetic culture, we aim to realize our corporate philosophy.

Promotion System

Sumitomo Forestry Business (SBC) Institute, Personnel Department is in charge of planning and promoting human resource development initiatives throughout the entire company. It assigns personnel in charge of human resource development to each division and Group company, conducts training to acquire knowledge and skills required by each business, and plans human resource development measures.

Sumitomo Forestry Business Institute, Personnel Department

This institute makes efforts to serve Sumitomo Forestry employees ranging from new recruits to middle management and management level employees, with a goal of 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, 4. train management, and 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.

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

Environment

Social

Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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.

Human Resource Development System at Sumitomo Forestry Business (SBC) Institute, Personnel Department

Under a theme of "nurture employees who learn by themselves, think about the essence of things, and take action on their own," and "goal of creating a workplace culture in which employees can work open minded and energetic," Sumitomo Forestry Business Institute of the Personnel Department has increased training programs to not only include "hierarchical" and "selective" training, but also more "self-development" 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 2023, 527 employees of whom 268 and 259 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 knowledge and management skills

We support employees' learning by respecting their autonomy at Sumitomo Forestry Business Institute of the Personnel Department. In addition to 200 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 approximately 9,500 courses (all external courses). Moreover, we have established a system to subsidize 50,000 yen for external training courses not designated by the company. In fiscal 2022, a total of 926 employees participated in such training, and 1,847 employees participated in fiscal 2023.

In hierarchical training program, new general managers are given training to learn their attitudes and roles and to develop a broader perspective. In fiscal 2023, 13 new supervisors participated. We have conducted evaluator training for 60 employees in fiscal 2023 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 60 first-time evaluates in fiscal 2023, to assist them accurately grasp and practice the evaluation results. We also conduct aptitude assessments for employees who wish to assume management positions to clarify their own strengths, weaknesses, and characteristics, thereby determining the direction of necessary skill development. In fiscal 2023, this program was conducted for 83 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.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 who have been posted overseas, provide 1-on-1 guidance to employees who would like to 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, we have been implementing a program dealing with international affairs in general 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 100 employees have graduated, with 36 of those trainees participating in fiscal 2023. (118 employees are working abroad as of December 1, 2023, including those preparing to leave for their post)

4. Nurture management human resources

Sumitomo Forestry conducts selective training for employees who are at least 35 years old. In fiscal 2022, 56 employees participated in 15 programs, and in fiscal 2023, 53 employees participated in 11 programs, focusing on management leader development training and middle reform-oriented training.

5. The realization of an open minded and energetic work environment

Since fiscal 2021, Housing Division has been implementing the "three-star Project" with the goal of creating a workplace culture in which employees can work open minded and energetic.

Aim of the three-star Project is to create a branch that is as dynamic as a three-star store, highly regarded by customers, and deeply rooted in local community. By fiscal 2022, 122 young employees from 10 branches had participated in the project, and in fiscal 2023, 233 employees from 22 branches participated. During workshops of six month, we discussed what each branch should be and what we should do to realize it, and examined specific measures. The knowledge obtained from the training was immediately applied to their work. In the future, we plan to expand the project gradually to a total of 62 branches.

In addition, since fiscal 2021, we have been conducting psychological safety training for General Manager and new general managers of Housing Division in order to create an open workplace where free and open discussion can take place. In fiscal 2023, 174 employees participated.

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 2023, the content of the programs was standardized and conducted online training at each company, while connecting Group companies online for some programs, with 458 employees taking part.

In addition, we also conduct self-development seminars to learn about changes in the world in a timely manner. In fiscal 2023, we held an online seminar by a well-known lecturer in the field of DX, and 139 employees participated. In fiscal 2023, a total of 256



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

employees from 12 domestic Group companies participated in this program.

Moreover, 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 164 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 (FY2023)

Level/grade	Post 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	<div>Next generation leader development</div> <div>Management Leadership Training</div> <div>Transformational middle training</div> <div>Strategy-building skill training</div> <div>Engineer management training</div> <div>Financial leadership training</div> <div>Leadership training</div> <div>Liberal arts training</div> <div>Dispatch to Japan Management Association, Japan Productivity Center, Keio MCC and Globis</div> <div>(Joint Group training)</div> <div>Program to strengthen logical thinking</div> <div>Group exchange training</div> <div>Cross-industry exchange training</div>	<div>Sumitomo Forestry Business Institute courses</div> <div>External extension courses</div> <div>Designated courses</div> <div>Undesignated courses</div> <div>Annual subsidy up to 50,000 yen for external training and language courses found independently by employees</div>	<div>Knowledge (legal, financial, accounting, labor, harassment, mental health, etc.)</div> <div>Management skills (team management, coaching, etc.)</div> <div>Business skills (writing, logical thinking, marketing, etc.)</div> <div>Common (history and corporate philosophy of Sumitomo Forestry, legal compliance, the environment and information security)</div>
	M5		Branch manager training			
	M4	E4	Training for new managers			
	M3	E3	Evaluator training			
	M3S	E2	Multiple evaluation feedback training			
	M2S	E1	E2 grade aptitude training			
Staff track			New Manager Training			
	S4		OJT trainer training	Training for who have changed job categories Training for mid-career hires who join the company Training for mid-career employees/those who have changed job categories	S4 S3	S2
	S3		Training for 5th year general management			
	S3		(All job categories) Training for 5th year graduates			
	S2		Training for 3rd year general management			
	S2		Training for the second year of employee			
S2		Training for the first year of employee				
Proposed recruits			(All job categories) New employee training			
			Follow-up training for proposed graduate recruits	* Training available to Group company employees		



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Number of Employees Attending Main Training Programs(FY2023)

Training program	Number of people attending (Non-consolidated) (Persons)	Number of people attending (Group companies) (Persons)	Total
Hierarchical training (27 courses)	1,358	229	1,358
Selective training (30 courses)	187	27	214
Self-development training (303 courses)	1,847	0	1,847
e-learning (9 mandatory courses)	5,723	6,810	12,533

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

	FY2020 ^{*1}	FY2021	FY2022	FY2023
Hours of training received per employee	10.5	13.0	15.5	19.6
Expenditure on training per employee (yen)	59,000 (77,000) ^{*2}	77,473	105,628	116,768 ^{*3}

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

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

^{*3} Expenditure on training for fiscal 2023 (Non-consolidated) is 611 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 138 qualifications. In fiscal 2023, 1,067 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 26 employees satisfied the criteria in fiscal 2023. 24 employees obtained second-class architect licenses under the guidance of the Human Resource Development Department in fiscal 2023.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Introduction of in-house qualification system in Sumitomo Forestry Home Tech

Sumitomo Forestry Home Tech introduced an in-house qualification system, the "Structural Diagnosis Master" in fiscal 2021 and "Seismic Diagnosis Master" in fiscal 2022. 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 2023, the third and fourth tests of the structural diagnosis master and the second test of seismic diagnosis master were conducted. 655 employees took the exam and 360 passed. A total of 587 employees (72% of eligible employees) have acquired in-house qualifications.

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.

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.

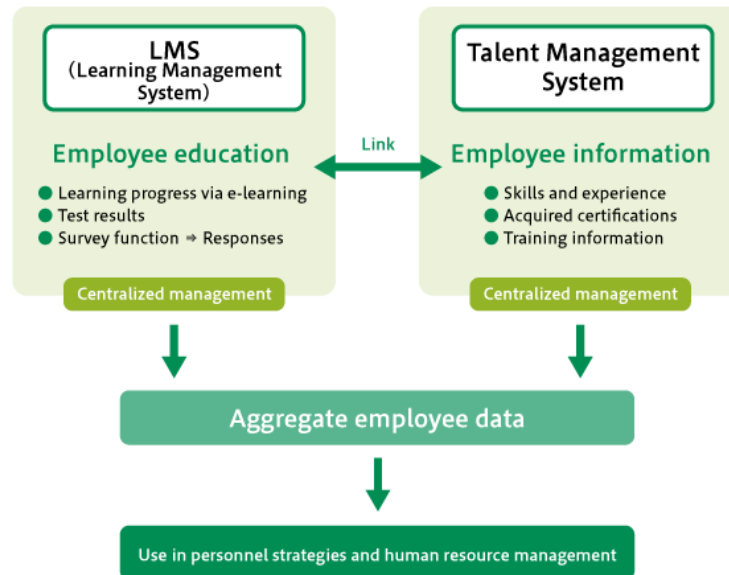
Flipped Classroom Using Videos

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 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.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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.

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 have established a hybrid training management approach that combines small scale face-to-face training and

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

Environment

Social

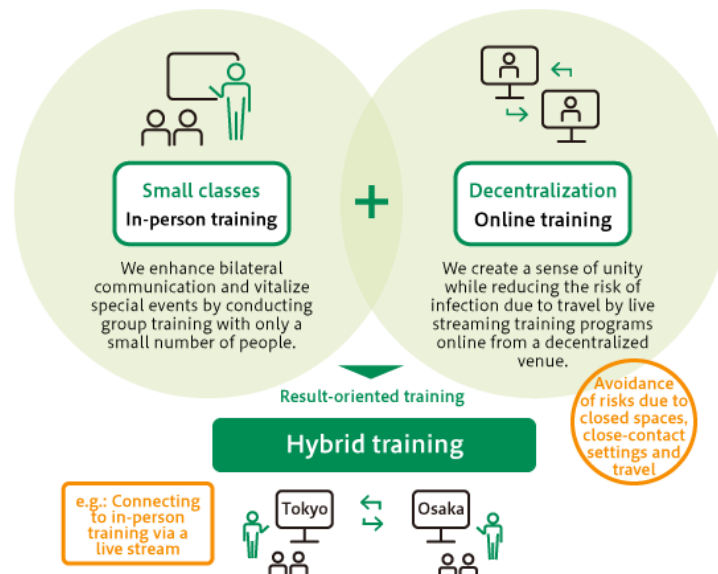
Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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



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.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2021, we have implemented "Needs-Based Sales Training" for up to the fifth year of new-graduate-employees who are in sales and design up. 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 lead 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 up 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. In December FY2023, as compared with December FY2021 in which the training was started, number of low-price orders received by periodic maintenance was decreased, but number of high-price orders received which led to solution of each problem by the proposal was increased by 45%. 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 turnover ratio as well.

In fiscal year 2023, 301 employees in the company participated in this training.

Promotion of Certifications Acquisition

Sumitomo Forestry encourages and supports employees to acquire certifications necessary for its business operations and promotes skilling up to secure sufficient certified personnel. Qualified workforce would lead to higher business performance and to improved customer satisfaction. For instance, in the Housing Division, sales personnel are encouraged to acquire the certifications of Real Estate Transaction Specialist and the Level 2 Financial Planner to enable them to provide consulting sales in financial and legal aspects. The average number of orders received by sales personnel in their second and third years with certifications is almost twice as much as by those without.

In fiscal year 2023, 276 employees in the Housing Division participated in these certification acquisition support programs.

The latest results of this support are as follows.



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Real Estate Transaction Specialist

	FY2020	FY2021	FY2022	FY2023
Number of examinees	198	142	194	106
Number of successful candidates(Number of sales positions obtained)	24 (414)	25 (440)	29 (470)	19 (496)
Passing rate	12%	18%	15%	18%

Level 2 Financial Planner

	FY2020	FY2021	FY2022	FY2023
Number of examinees	150	120	146	120
Number of successful candidates(Number of sales positions obtained)	25	40 (260)	41 (306)	33 (310)
Passing rate	17%	33%	28%	27%

First-class construction management technician

		FY2020	FY2021*	FY2022	FY2023*
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 and fiscal 2023.

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

		FY2020	FY2021	FY2022	FY2023
Second-class architects	Subject passing rate	100%	100%	100%	91%
	Passing rate of drawing	89%	84%	81%	66%
Second-class architects (Subject)	Subject passing rate	30%	30%	31%	26%

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

Environment

Social

Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2023, the school had another 97 new enrollments.



Practical training in construction of a house

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

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

	FY2020 (33rd graduating students)	FY2021 (34th graduating students)	FY2022 (35th graduating students)	FY2023 (36th graduating students)
Number of new students	61	69	84	97
Number of graduates	60	63	-	-
Students who acquired the 2nd class carpenter license	60	62	-	-
Students who acquired the 2nd class plasterer license	3	4	5	-



Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Diversity, Equity 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.

At Sumitomo Forestry, we also conduct multi-faceted evaluations (360 Degree Evaluation) in which employees are evaluated in a "one-to-many" relationship with the people who work with them, rather than a "one-to-one" relationship between supervisors and subordinates. In fiscal 2023, these were mainly conducted for employees in charge of organizational management, specifically 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 2024, we introduced new value evaluations (performance evaluations) that focus on increasing the added value of individual employees and evaluating their acquisition and utilization of skills. The evaluation criteria will be clarified as a definition of the ability grade for each job type and grade, and the growth of each employee will be absolutely evaluated against these criteria.

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.

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

Environment

Social

Governance

Related
Information

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Casual Discussions with President Mitsuyoshi

At the Sumitomo Forestry Group, Casual Discussions have been held on a regular basis to foster communication between the President and frontline employees. In 2023, these discussions were held at four locations, including the Nishikyushu Branch of the Housing Division (Saga and Nagasaki sales offices), the Nara Branch, and the Kyoto Branch.

From 2024, we plan to hold these discussions at six branches and sales offices nationwide under the title of "Casual Discussions with President Mitsuyoshi." The President will explain the Sumitomo Forestry Group's value chain, the Wood Cycle, and answer questions from employees. By sharing the content of these meetings throughout the company, we aim to promote mutual understanding, foster a deeper understanding of the Wood Cycle, and increase employee motivation through dialogue between the President and employees.



Casual discussion with president Mitsuyoshi in progress

Employee Satisfaction Survey

Sumitomo Forestry conducted the 13th employee satisfaction surveys in July 2023.

The survey asked 85 different questions in 10 categories: work, work load, workplace, supervisor, evaluation/ treatment/skill development, career, management and vision, customer first, compliance and satisfaction.

The questionnaire targeted 5,344 full-time and fixed-term employees with a response rate of 96.4%.

As a result of the survey, when asked whether they were satisfied working for Sumitomo Forestry, 76.3% of employees answered either "absolutely" or "somewhat agree".

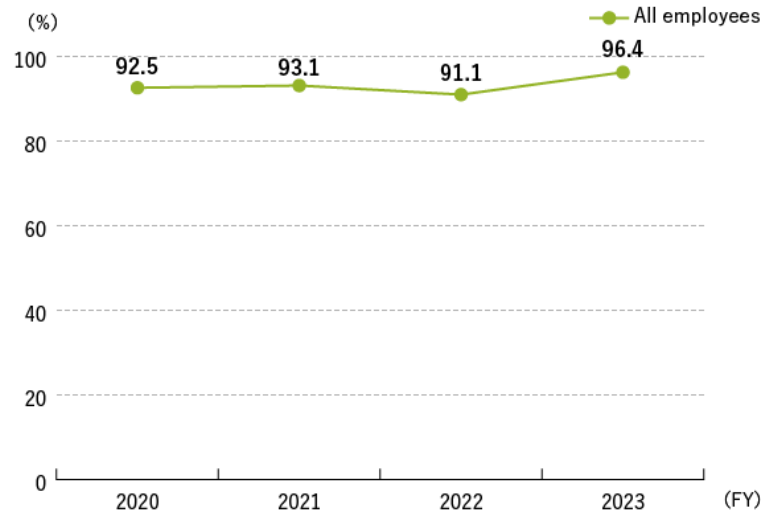
Furthermore, this survey was also jointly conducted at 26 Group companies in Japan since 2019. The questionnaire targeted 12,752 fixed-term employees (including some part-time employees) with a response rate of 90.3%.

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

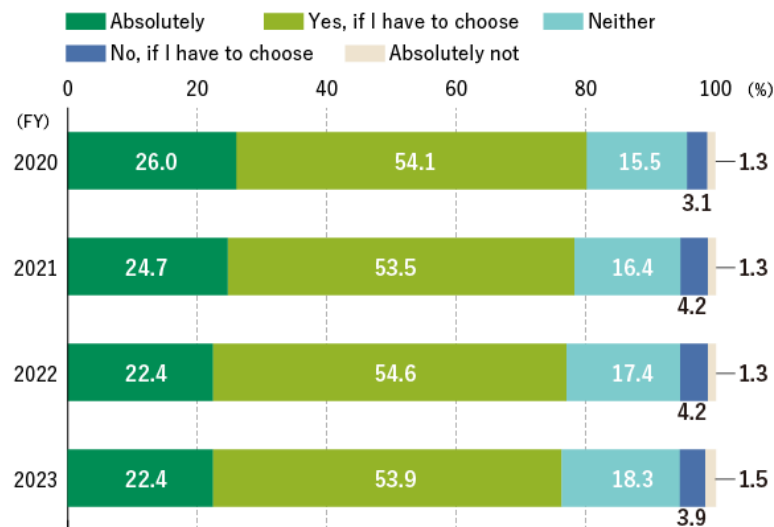


Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Employee Satisfaction Survey Response Rate (Sumitomo Forestry)



Employee Satisfaction Survey Trends (Sumitomo Forestry)



Relationship with Labor Unions

Sumitomo Forestry has a labor union based on a union shop system. The scope of union members is determined based on the collective bargaining agreement concluded between the Company and the Sumitomo Forestry Labor Union. As of January 1, 2024, 100% (3,915 employees) of eligible employees are members of the labor union.

Human Rights - **Diversity, Equity and Inclusion** - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

In addition, in the labor agreement, the Company recognizes the freedom of union activities and the right to collective bargaining, and promises to strive to stabilize the lives of union members and to maintain and improve working conditions, including wage regulations, through meetings with management, which are composed of members from both labor and management.

In fiscal 2023, the Labor Union Executive Department engaged in lively discussions with the company on behalf of union members in preparation for the introduction of the new personnel system, and after reflecting some of the opinions of union members, the new personnel system was rolled out in January 2024.



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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, health care 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 has established "reducing long working hours through workstyle reforms" as a critical target in the Mid-Term Sustainability Targets. The Group has been working toward achieving this goal by the fiscal year ending December 31, 2024. Each division and consolidated Group company in Japan confirms the performance toward achieving these targets every fiscal year.

As one of measures against long working hours, a system for linking a PC log to an attendance system was introduced in December, 2022, and application and approval of accurate working hours have been thoroughly advanced.

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

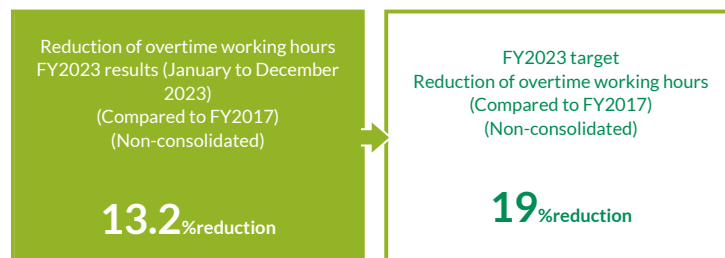


Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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.

[Click here for related information](#)

> **Material Issue 6** To create a vibrant
environment for all workers



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
(2023)
(Non-consolidated)

69.0%

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 2023 was 69.0 percent as a result of these initiatives.

Results of Paid leave usage ratio (non-consolidated)

	2020	2021	2022	2023
Paid leave usage ratio (non-consolidated) (%)	60.7	64.1	68.4	69.0

* 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



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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. We have also established a "refresh leave" to make it easier for employees to take consecutive holidays according to their schedule, and encourage employees to take consecutive paid holidays, creating an environment that makes it easier for employees to take holidays.

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.

Family Friendly Day Leave Acquisition Rate (Non-consolidated)

	2020	2021	2022	2023
Percentage of Family Friendly Day Leave takers (%)	30.5	26.6	31.2	34.0

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 eighth 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)



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. In addition, we have established an internal contact where childbirth plans can be easily registered.

After registration, necessary materials, such as the "Handbook for Supporting Work and Childcare Balance," which summarizes various information, and guidebook on childcare-related systems, will be sent to their supervisor. While checking these materials with their supervisors, we will interview them about their childcare situation and childcare leave.



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

After the interview, the employee's intention to take childcare leave and the supervisor's comments are entered into the above system again, and Workstyle Diversification Department follows up with the employee according to the content.

In addition, it is mandatory for eligible employees and their supervisors to attend e-learning courses on male childcare leave.

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. 98 male employees took childcare leave in fiscal 2023.

Roundtable Discussion for Employees on Childcare Leave

Since 2021, Sumitomo Forestry has been holding online discussion every March for employees who are scheduled to return to work from childcare leave (in 2023, it was also held in October). 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

Since 2020, Sumitomo Forestry has been holding pair seminars every autumn for employees returning from childcare leave and their supervisors. At the seminar, lectures were given on social situation surrounding childbirth and childcare, balance between work and childcare, future careers, etc. Messages from senior employees who are raising children were introduced, and group discussions were held among participants. It is an opportunity that offers a chance for supervisors and the individual raising a child to think about the actions they 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.

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 systems related to childcare and Elderly Care (FY2023)

Program	Details of system	Statutory standards
Maternity leave before and after childbirth	42 days before childbirth (98 days of multiple pregnancy) and 56 days after childbirth Unpaid (Maternity allowance is paid by health insurance society)	42 days before childbirth (98 days of multiple pregnancy) and 56 days after childbirth



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Program	Details of system	Statutory standards
Maternity Health Management Leave	Female employees who are pregnant or is in a state of less than one year after childbirth <u>can use this service in 30-minute increments for up to 10 days per pregnancy if they undergo a medical examination for pregnant women or feel unwell due to pregnancy or childbirth</u> Full pay	Necessary time must be secured for female employees to receive health guidance and medical examinations for expectant and nursing mothers
Spouse Childbirth Leave	<u>Spouse childbirth leave may be taken for five days within two weeks from childbirth of a spouse</u> Full pay	No legal provisions
Childcare leave at birth (Father's parental leave)	Leave up to four weeks within eight weeks of birth of child, can be taken in two installments <u>In the case of taking leave in installments, applications can be made both collectively and individually</u> Unpaid (Childcare leave benefits is paid from employment insurance if requirements are satisfied)	Leave up to four weeks within eight weeks of birth of child, can be taken in two installments In the case of taking leave in installments, a collective application is required
Childcare leave	Up to two installments may be taken within <u>period until March 31 immediately after the child becomes two years old</u> <u>It can be extended for another 14 days only for reason of gradual entry</u> Up to first 5 days from start of childcare leave, full pay should be paid (both times) Unpaid after the 6th day (Childcare leave benefits will be paid from employment insurance if the requirements are met)	This leave can be taken until the child becomes one year of age (or one year and six months of age, or until the child becomes two years of age under special circumstances) (unpaid)
System for shorter working hours for childcare	<u>During period from pregnancy to the end of the sixth grade of elementary school</u> , it is possible to use short-time work, four-day workweek, exemption from overtime work, restriction on statutory overtime work, and restriction on late-night work	During period until the child becomes three years old, a reduced working hours with six prescribed working hours per day is available Exemption from overtime work, restriction on statutory overtime work, and restriction on late-night work may be used until the child enters elementary school



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Program	Details of system	Statutory standards
Core time reduction for the flextime system	<u>Until the child completes the sixth grade of elementary school, employees may reduce the end of core time in 30-minute up to one-hour increments</u>	No legal provisions
Leave to care for child and attend special events	In the event of illness or injury of a <u>child before the end of the sixth grade of elementary school, employees with one child can take 10 days per year, and employees with two or more children can take 15 days per year in 30-minute units (full pay)</u> <u>Of which, up to five days may be used for attending special events with their child (ten days for two or more children)</u> Employees who have two or more children <u>may use up to 10 days to take care of their children even if they have used five or more days for special events</u> (however, leave that exceeds 15 days is unpaid)	5 days per year per employee for children under elementary school age, up to 10 days per year (unpaid) for children with 2 or more employees, on a daily or hourly basis
Childbirth support leave	<u>Special leave other than annual paid leave that can be used when attending a hospital for fertility treatment</u> <u>Full pay</u> <u>30 minute or one day increments, up to 5 days leave per year, can is available</u>	No legal provisions
Family care leave	<u>Up to 365 days</u> per eligible family member <u>can be requested multiple times</u> <u>50% payroll up to the first 7 days from the start of absence from work</u> , and no payroll after the 8th day (if the requirement is satisfied, the family care leave benefit is paid from the employment insurance)	Up to three installments may be taken within a total of 93 days per eligible family member (unpaid)
System for shorter working hours for elderly etc.	Short-time work and <u>four-day workweek</u> can be used multiple times within 3 years from start of use per eligible family member Exemption from overtime work, restrictions on statutory overtime work, and restrictions on late-night work can be used until reason for nursing care is resolved	At least twice within the first three years of use, in addition to family care leave

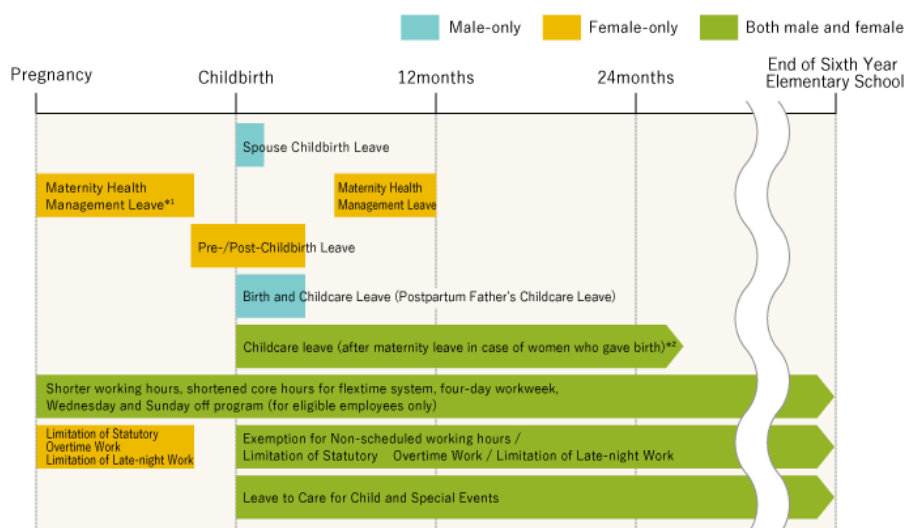


Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Program	Details of system	Statutory standards
Nursing care leave (Family illness and injury)	<u>10 days per year per eligible family member,</u> <u>15 days per year for two or more family</u> <u>members, of which up to 5 days can be taken</u> <u>due to injury or illness of family members</u> <u>Available in 30-minute increments (full pay)</u>	5 days per year per eligible family member, 10 days per year for 2 or more members Available on an hourly basis (unpaid)

* Underlined portions indicate content of the company's system that exceeds relevant laws.

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

Family Care Support Program Performance (Non-consolidated)

	FY2020	FY2021	FY2022	FY2023
Family care leave (Persons)	2	2	1	3
Number of family support program users (Persons) (Flextime System, Shorter Working Hours, Four-Day Work Week, etc.)	4	1	1	3

Sumitomo Forestry Holds Seminar to Support Balancing Work and Family Care

Beginning in 2021, Sumitomo Forestry is holding online seminars and individual consultations twice a year in July and December to help people balance work and nursing care. The goal is to create an environment where people can balance work and family life



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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. In 2023, we returned to the basics again. In July, we held "Secrets to Balancing Work and Family Care." In December, we held "Balancing Work and Family Care Despite the Coronavirus Pandemic: What can be done to prevent nursing care." About 50 to 150 employees, including those who are already taking care of family members, those who want to start preparations, and those who want to learn for their subordinates and colleagues, take this course each time. 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.

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.

In January 2022, we abolished existing telecommuting rules and established Teleworking Regulations. Under the former telecommuting rules, employees who have been with the Company for less than three years, management supervisors, and fixed-term employees were excluded from scope of the rules. However, the Teleworking Regulations cover all employees and have been developed by adding the provisions on satellite office work and mobile work. Based on experience of company-wide teleworking during the novel coronavirus pandemic, it has been developed for the purpose of improving work-life balance and raising productivity. It can be used by all employees up to two days a week. 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.

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

Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2023, a total 55 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.



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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

[Click here for related information](#)

> [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, as well as to prevent absenteeism^{*1} due to injury or illness, and avoid reduced labor productivity caused by presenteeism^{*2} from poor physical or mental health.

Sumitomo Forestry maintains a 100% medical examination rate for regular health checkup which are vital to preventing illness. In addition, we have a system in place that offers regular health checkup, stress check aftercare, and consultations with industrial physicians during overwork and other stressful situations, which are also available to employees working at sites with a small number of staff through the appointment of industrial physicians even at locations with less than 50 employees. For those with



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

abnormal test results, the health supervisor and industrial physician at each site recommend that they undergo medical examinations or check the status of their hospital visits. Additionally, working with the health insurance society, we encourage employees eligible for specific health guidance to participate in programs. The specific health guidance implementation rate was 0.7% in fiscal 2021, 28.8% in fiscal 2022, and 12.7% in fiscal 2023. A clinical psychologist and public health nurse are assigned to 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.

*1 The state in which a person finds it difficult to work because a physical or mental disorder causes them to be late to work, leave work early, be absent from work and/or take unpaid leave.

*2 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.

Trend in health checkup results*

	FY2020	FY2021	FY2022	FY2023
Health checkup results (%)	3.2	4.8	5.9	3.2

* Among the results of the health checkup, the five items of blood pressure, glucose metabolism, lipid metabolism, liver function, and anemia are priority management items, and the percentage of employees who fall under any of the five items

Trend in smoking rate

	FY2020	FY2021	FY2022	FY2023
Smoking rate (%)	22.9	22.0	21.3	21.5

Trend in regular exercise rate*

	FY2020	FY2021	FY2022	FY2023
Regular exercise rate (%)	-	-	-	61.1

* Trend in the percentage of respondents who answered "yes" to the question "Do you exercise or play sports at least 1 time a week (regardless of how long)"?

[Click here for related information](#)

[Health Management Strategy MAP](#) 

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

Environment

Social

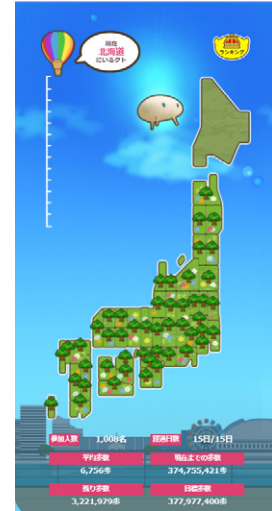
Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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. The 2023 spring event was attended by 1,041 people across the Group. The event was a continuation of the same event held in the autumn of 2022 and featured the theme "Part 2: Let's Walk Across Japan! Sumitomo Forestry Group Greenery Promotion Walking Event." The idea is that for every step a participant takes, a tree is planted on a virtual map of Japan. At the 2023 spring event, participants aimed to reach Hokkaido from Tokyo, where the 2022 autumn event reached. After the event, approximately 80% of participants responded that they were "very satisfied" or "satisfied," and an increasing number of employees have made exercise a routine as a result of the event. The number of Group companies participating increases with each passing year, making the event established throughout the Group. Going forward, we plan to continue holding this event.



Spring 2023 Walking Event

Health Literacy

Sumitomo Forestry 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. We will continue to hold Health Live Seminars in the future.

Health Literacy Education

So that each and every employee can work vigorously and in good health,, Sumitomo Forestry provides e-learning and video content that can be viewed at any time on a smartphone or other device with the goal of encouraging employees to take a greater interest in their own mental and physical health, make efforts to improve lifestyle habits, maintain and improve health, and raise productivity. In fiscal 2023, based on the overall trend of results for employee health checkups and stress checks, we created an original e-learning program that incorporates content covering certain issues, such as sleep, diet, and exercise. We have made this program mandatory for all employees in order to raise awareness of health. The participation rate in fiscal 2023 was 92.4%.

In addition, as a measure to address women's health issues, we have participated in the Kenko Kigyokai, an external organization, every year since 2016. In fiscal 2023, we were active every month as leader of the organization's Women's Health Subcommittee. By disseminating reports on our activities within the company, we are raising awareness of women's health.



E-Learning for all employees



Kenko Kigyokai



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

Seminars for Health Supervisors

Sumitomo Forestry conducted two online practical seminars for health supervisors in April and July 2023. In April, 114 employees took part in the seminar, where they confirmed internal rules and regulations to solidify the occupational health and safety system (build a collaborative system) and improve the practical skills of industrial health personnel. In July, 77 employees participated in the seminar and learned how to use the health management system operated in-house. 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

Eliminating Absenteeism and Presenteeism

We are implementing various initiatives to maintain and improve the health of our employees, using absenteeism and presenteeism as indicators. Regarding presenteeism, since the measurement method was changed from the WHO-PHQ method to the University of Tokyo's one-item version in fiscal 2023, it is not possible to compare the previous year, but we will continue to monitor the trend in the future, including the status of absenteeism since the COVID-19 pandemic.

Trend in absenteeism*

	FY2020	FY2021	FY2022	FY2023
Absenteeism (days)	2.06	2.64	2.70	2.87

* Calculated by dividing the total number of days absent due to personal injury or illness (including paid leave taken) from January to December each year by the number of employees at the end of each year

Trend in presenteeism

	FY2020	FY2021	FY2022	FY2023*
Presenteeism (%)	61.6	62.2	62.8	81.1

* In fiscal 2023, the measurement method was changed from the WHO-PHQ method to the University of Tokyo one-item version

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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.

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.



Line care training for new general managers



Human Rights - Diversity, Equity and Inclusion - **Work-Life Balance** - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 272 employees in all departments, including general managers (mandatory), other managers and supervisors (voluntary) in order to raise awareness about building an even more vibrant workplace environment in 2023. 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

	FY2020	FY2021	FY2022	FY2023
Stress Check Response Rate (%)	96.4	94.5	96.6	97.3

Trend in the ratio of high stress employees found in stress checks*

	FY2020	FY2021	FY2022	FY2023
Ratio of high stress employees (%)	10.1	11.0	11.0	10.4

* Ratio of high-stress employees: Calculated in accordance with the calculation method indicated by the Ministry of Health, Labour and Welfare in the "Implementation Manual of the Stress Check Program Based on the Industrial Safety and Health Act" (the ratio of high-stress employees is about 10% of the total).



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety

Occupational Health and Safety Management

Basic Policy

The Sumitomo Forestry Group has established the Sumitomo Forestry Group Occupational Health and Safety Policy in order to further improve occupational health and safety activities in its corporations. 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

quality management systems at 73 Group divisions in Japan and overseas in fiscal 2023 and presented the findings at the Sustainability Committee and other entities.

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

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

Occupational Health and Safety Management System in Forestry Business

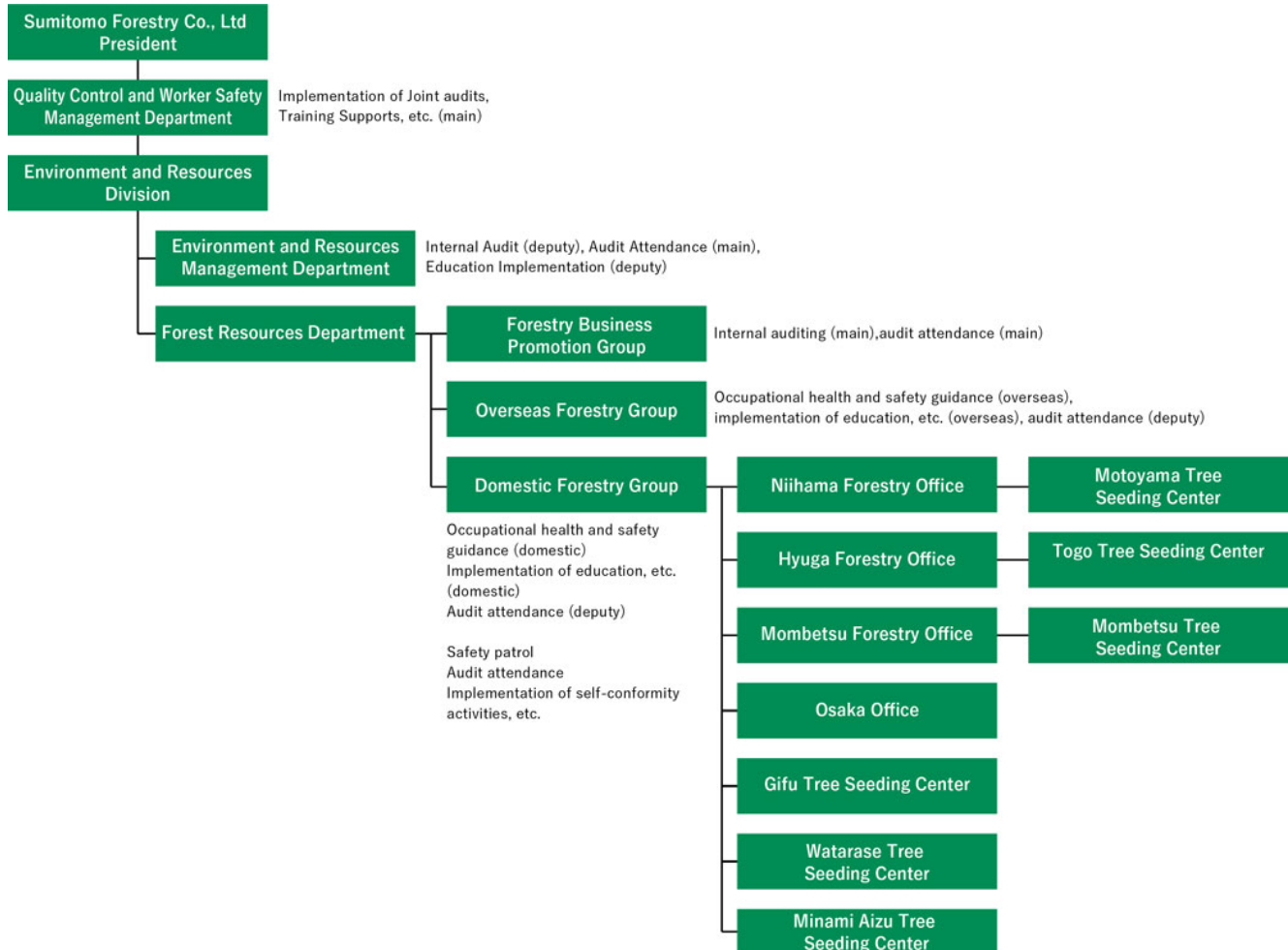
Forest Resources Department is promoting establishment of an Occupational Health and Safety Management System (ISO 45001) and acquiring ISO 45001 certification step by step to ensure a safe working environment. In fiscal 2024, Mombetsu Forest Office and Mombetsu seedling cultivation center plan to acquire certification, and Osaka Forest Office and Watarase seedling cultivation center plans to declare their own conformance*. In each office, a safety conference and safety patrol are periodically held to exterminate occupational injury.

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



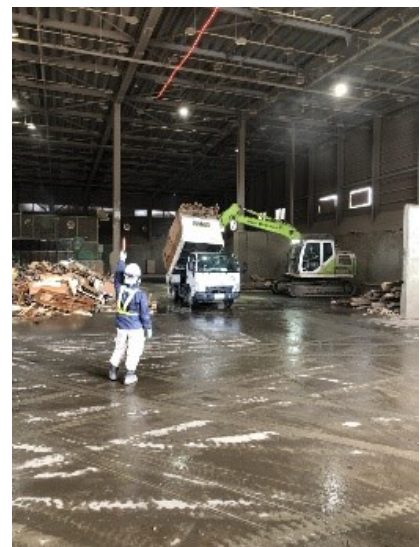
Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety Management System Chart of Forest Department



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, Kanda Biomass Energy, and Morinomiya 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety Management System in Domestic Manufacturing Business

Sumitomo Forestry Crest Co., Ltd. has acquired ISO 45001 certification in its operation of Occupational Health and Safety Management System (ISO 45001). The ISO 45001 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.

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.

Occupational Health and Safety Management System in Overseas Manufacturing Business

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

Sumitomo Forestry also conducts periodic safety audits to ensure that the safety and health management systems of each manufacturing company are in good order. In fiscal 2022, 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. In fiscal 2023, we resumed on-site safety audits in response to end of COVID-19 pandemic, and conducted both remote and on-site audits at eight plants in Japan and overseas.

Occupational Health and Safety Management System in Housing Business

In accordance with Industrial Safety and Health Law, Housing Division has established a safety and health management system for building sites by designating branch and General Manager as Overall Safety and Health Manager in its safety and health management regulations for construction sites. 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.

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

Environment

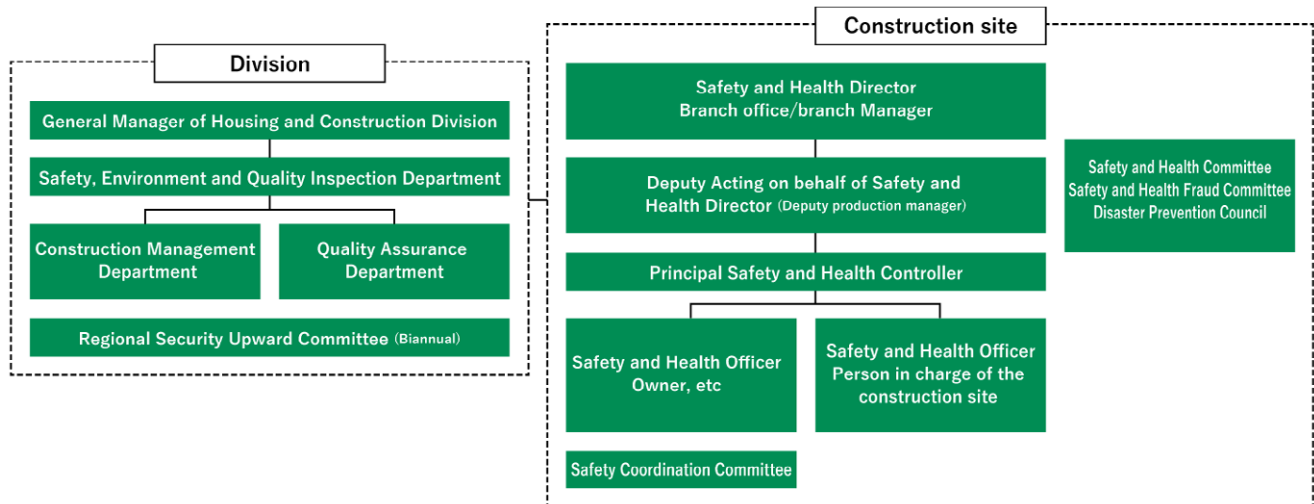
Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety Management System for Construction Sites of Housing Business





Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety

Implementation and Enhancement of Management System

Implementation 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. ISO 45001 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 ISO 45001 scheme, systematizing occupational health and safety management system, it will be possible to identify and address problems at an early stage and implement effective preventive measures. A reduction in occupational injury leads to a reduction in associated human and economic costs.

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 ISO 45001 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 2023, the certification rate of targeted consolidated organizations was 27.7% (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 of expiry
Sumitomo Forestry Environment and Resources Division	Japan	ISO45001:2018	August 2021	August 2024
Sumitomo Forestry School of Professional Building Techniques	Japan	ISO45001:2018	September 2022	September 2025



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

Company	Country	Type of certification	Date acquired	Date of expiry
Sumitomo Forestry Crest	Japan	ISO45001:2018	February 2013	February 2025
PT. Rimba Partikel Indonesia (RPI)	Indonesia	ISO45001:2018	March 2019	July 2024
Kutai Timber Indonesia (KTI)	Indonesia	ISO45001:2018	January 2020	November 2025
Nelson Pine Industries (NPIL)	New Zealand	ISO45001:2018	October 2019	October 2025
Regal Innovations Pty Ltd (Regal)	Australia	ISO45001:2018	October 2019	October 2025

Acquisition of "ISO 45001: 2018" Certification for Domestic Forestry Business

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.

Sumitomo Forestry's Environment and Energy Department, Environment and Resources Division, Japan Bio Energy, and Quality Control and Worker Safety Management Department jointly acquired ISO 45001:2018 certification in August 2021. In 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 2023, Hyuga Forestry Office, Togo Seedling Center, and Gifu Seedling Center were added to them. As a result, Resources and Environmental Division of Sumitomo Forestry acquired "ISO 45001:2018" certification.

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



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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Acquisition of "ISO 45001: 2018" Certification for Environmental Energy Business

ISO 45001 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 ISO 45001:2018 certification in August 2021. In July 2023, Michinoku Bioenergy and Okhotsk Bioenergy were added to scope of application. In December 2023, Hachinohe Bio Energy conducted Self-Conformity Declaration of "ISO 45001:2018", and is promoting utilization of management systems and strengthening management of occupational health and safety.



ISO45001 On-site Audit

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

Acquisition of "ISO 45001: 2018" Certification for Domestic Construction Sites

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.

Regarding safety education for those who received training, we always provide thorough training and guidance, we acquired "ISO 45001:2018" certification in September 2022. We will also focus on training of internal auditing to maintain and improve their competence in the future.

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 PDCA cycle, which is an ISO 45001 method, and make efforts to provide continuous guidance on occupational health and safety.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety

Occupational Health and Safety Initiatives

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.

Countermeasures against Heatstroke

Since 2022, we have been introducing heat prevention watches on a trial basis for employees working at housing construction sites and forests in Japan. When a wearer's core body temperature rises, it alerts the wearer to take a break or stay hydrated, thus avoiding the risk of heatstroke before the wearer becomes unwell. In 2024, we will fully introduce heat prevention watches for domestic Group companies. Since 2023, a communication-type watch that alerts an administrator at a remote location has been adopted. We analyze trend of alert occurrence and return the information to each department to help prevent occupational injury.

In May 2023, we held an online screening of a video on countermeasures to prevent heatstroke. Purpose of this program is to improve safety awareness and knowledge of employees involved in Sumitomo Forestry Group by watching safety education videos. There were more than 400 accesses for a total of four times of screening in two days.

We will continue to implement safety education and support horizontally to achieve zero work-occupational injury for the entire group.

[Click here for related information](#)

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

Domestic Initiatives in Forestry Business

Domestic Initiatives

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 2023, Workplace Safety Conference were held at least once at each forestry office. At safety conference, we shared various themes with related parties, such as occurrence of forest occupational injuries, occupational health and safety measures in forestry, risk assessment, and prevention of heat strokes, and deepened mutual understanding.

In fiscal 2023, 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 (Mombetsu Forestry Office, Mombetsu Seedling Tree Farming center)

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 2023, there were three occupational injuries (four or more days of lost worktime). Although number of occupational injuries requiring more than four days of lost worktime has decreased, there are still many occupational injuries when using knives or chainsaws for cutting undergrowth. Therefore, as a countermeasure to prevent recurrence, we have strengthened safety education for workers, reviewed work methods, and introduced wearing of protective equipment.

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2023, there was one 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.

Manufacturing Business Initiatives

Japan

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 (545 reports from 515 employees in fiscal 2023) 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 fiscal 2023, there were three 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 improving a healthy and safe workplace environment.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Safety Objectives

Safety Objectives

1. zero occupational accidents
2. zero fire accidents
3. zero traffic accidents

Target for Priority Management

1. Improvement of safety awareness of site workers
2. Physical countermeasure for rotating equipment

Policy to Achieve Targets

1. Thorough risk assessment
Identification of hazard sources / effective risk reduction countermeasures (foolproof) / residual risk control
2. Safety education to increase risk sensitivity
KYT / Hierarchical Safety Education / Safety Experience Training Seminar / Various Special Education
3. Full employee participation in health and safety initiatives
Discussions at OHS Committee / Safety Patrols / Maintenance of Accident Response equipment / Evacuation Drills

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.



Mutual safety audits between plants

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

Sumitomo Forestry Crest Co., Ltd. conducts mutual safety audits at each plant. In fiscal 2023 ended December, we held one audit at each plant to confirm observance of rules such as wearing of protective equipment by on-site workers, as well as sufficient ability and training for work and implementation of risk assessment.

Overseas

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 four or more days) as a safety target, among which "Eliminating forklift accidents" and "Eliminating accidents involving rotating objects like knives" are priority initiatives in fiscal 2023.

Occupational Health and Safety Initiatives

The following are the details of the priority initiatives.

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

As a physical countermeasure*¹, maintenance safety function of a forklift (traveling speed control, buzzer volume adjustment, and line light irradiation function at the time of backward movement), separation of footsteps and vehicles, restriction of a forklift usable area, and etc. are conducted. As a soft countermeasure*², abandonment of cooperative work at the time of cargo handling and safety education to workers around forklift are performed.

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

As physical countermeasures, installation of a safety cover, a lamp for informing inertia rotation of a cutter after stop of equipment and a brake function to shorten an inertial rotation time, etc., are carried out. Meanwhile, as soft countermeasures, maintenance of safety work standards and safety education are performed. In addition, we conduct "Risk Assessment" to eliminate sources of danger and



Risk prediction training for local employees at Indonesian manufacturers

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

"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.

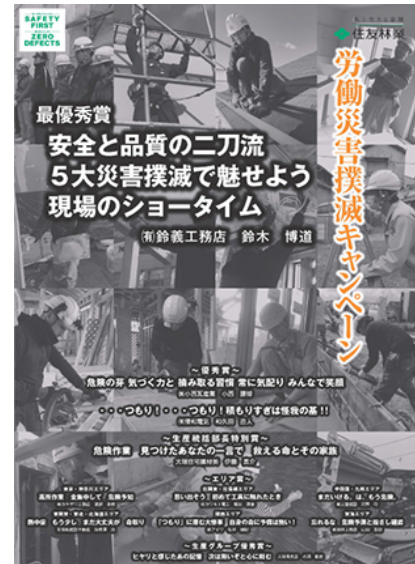
*1 Physical countermeasures: Factory facilities, machinery, equipment, equipment, tools, etc.

*2 Soft countermeasure: organization system, talent, technique, consciousness, information, mechanism, and etc.

Initiatives at 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.

In fiscal 2023, we conducted "Eliminating Occupational Injury Campaign 2023." Purpose of this campaign is to ensure that all employees share a strong commitment to never causing an accident this fiscal year. We asked for safety slogans from the Production Group, building contractors working at our sites under the theme of "Elimination of Five Major Disasters (Falling, Overturning, Tools, Heavy Equipment and Heatstroke)." There were a total of 162 entries, including 45 entries for the Production Group, 59 entries for contractors, and 58 entries for building contractor. 1 entry for first-place award, 3 entries for excellence award, 6 entries for area award, and 1 entry for production group excellence award were selected. Posters and daily calendar featuring these works were produced and distributed to each branch and building contractor in charge. We plan to continue these activities in fiscal 2024.



"Occupational Injury Elimination Campaign 2023" poster



"Occupational Injury Elimination Campaign 2023" daily calendar (part)

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

The Occupational Health and Safety Policy for fiscal 2024 is "Safety First." In addition, we incorporated the slogan "STOP Five Major Accidents!" in Our Values. Based on injury trends and analysis of previous fiscal year, we have established "Priority Management" section to focus on specific activities. In order to ensure thorough compliance and management of safety standards for each process, we are working to eliminate occupational injury by predicting risks before starting work and promoting elimination of risks and safety assurance.



Safety check at construction site



住友林業株式会社 住宅事業本部

Safety standards poster

Housing Business Initiatives

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

At beginning of the fiscal year, branch, offices, and cooperative building contractor prepare an "Annual Plan for Safety, Health and Environmental Management". Based on items for to enhance risk assessment, this plan is implemented and managed in a planned manner throughout the year, including occupational health, safety and environmental conferences, regular occupational health and safety conference, special safety patrols, and safety guidance.

In the event of an occupational injury, we are required to make a first notification to all parties concerned within two hours of the occurrence and prepare an accident report by the next day. In addition to injury prevention conferences after collecting related persons within 7 days, hearing and detailed investigation, and effective countermeasures should be planned and executed by using 4M analysis* and risk assessment to prevent similar injury. 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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

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.

* A method of thinking about things in terms of four elements: people (Man), machinery and equipment (Machine), work, environment and media (Media), and management (Management)

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.

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 2023) of construction companies throughout Japan. 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.

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. We are also examining physical counter measures such as separating traffic line to create a safer work environment.

Safety Training for Construction Contractors

The Housing Division 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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

Sumitomo Forestry conducts safety training throughout Japan by visiting building and demolition contractors throughout Japan. We conduct special education and safety and health education to provide direct guidance to workers at the site, and promote efforts for safety and environment at the site by helping them understand guidance content of "awareness of a safety culture."

Branch and offices hold safety and health conferences defined by law every month, and give guidance to improve safety awareness and knowledge of contractors, such as confirmation and improvement guidance of site conditions by occupational health and safety patrol of the site.

Occupational Safety Initiatives in Construction Business

Construction Department, Construction Business Sub-Division, 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.

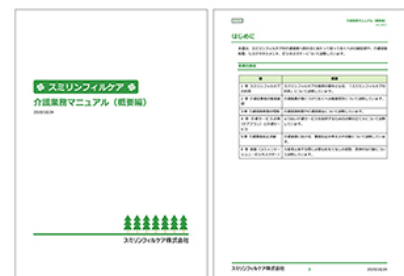
Lifestyle Services Business Initiatives

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.

Conference of OHS Committee will be held every month at each site 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"

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Main Risk Reduction Measures for Elderly Care Business

Back Pain Prevention

In addition to distribution of back pain belts to new graduates to prevent back pain, which frequently occurs at nursing care sites, Sumirin Fill Care is working to prevent back pain among employees who are unfamiliar with nursing care.

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

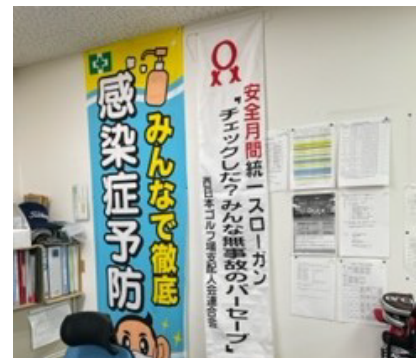
Each company adjusts life rhythm and maintains health of staff who works at night, for example, day after night shift is generally set aside as a day off, and time for napping is ensured during the night shift.

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 an 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.

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

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.



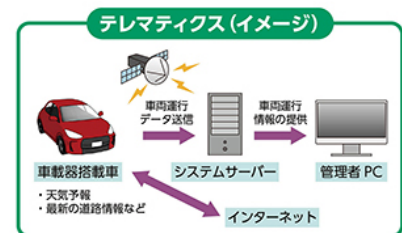
OHS Committee

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 staff of facility gives medicines to residents, we use a mobile terminal to check possibility of wrong person, wrong date and time, and double medication, which are highly likely to occur due to human error.

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)



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety

Targets and Performance Concerning Occupational Injuries

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 Injury in Fiscal 2023

For Sumitomo Forestry Group as a whole, number of serious occupational injury (four or more days of lost worktime) decreased 2.3% from 86 in 2022 to 84 in 2023. Number of fatal accidents in Sumitomo Forestry Group was one in fiscal 2023. As a measure to reduce occupational injury, in housing business, we are educating and promoting viewing of new visitor training* videos for those involved, and implementing training to improve supervisors' and safety responsibilities. In overseas forest business, we have changed equipment that may cause accidents. In domestic and overseas manufacturing business, we are planning to install additional emergency stop devices and upgrade processing equipment to make it safer. In addition, we are holding online safety conference at Group companies in Japan and overseas to share safety improvement activities at each plant and promote various activities to eliminate serious occupational injuries. In elderly care business, medical cooperation with medical specialists is promoted more than before, and safety of customers and the safety of staff members are achieved.

* An education given to workers when they first enter a construction site to share information on on-site conditions and rules



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Injuries (Non-Consolidated)*1

	FY2020	FY2021	FY2022	FY2023
Number of occupational injuries (incidents)*1	1	2	5	4
Lost-time injury frequency rate*2	0.29	0.19	0.42	0.47
Work-related illness frequency rate	0.29	0	0	0
Number of fatal accidents	1	0	0	0

*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 (four or more days of lost worktime, including the number of cases in which applications for compensated absences from work are pending)

*2 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

Occupational Injury in Forestry Business

In fiscal 2023, we were able to reduce number of occupational injuries in Japan by holding safety conference, conducting safety patrols, and taking measures against heatstroke and bees. Regarding overseas, although number of occupational injuries resulting in lost work time has decreased, there are still many occupational injuries involving use of mowing knives and chainsaws. As measures to prevent recurrence, we have strengthened safety education for workers, revised work methods, and introduced use of protective equipment.

Number of occupational injuries involving contractors in domestic company-owned forests*

FY2020	FY2021	FY2022	FY2023
1	2	0	0

* 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 Industrial Accident Compensation Insurance Act is disclosed

Occupational Injuries (Non-Consolidated)*1

FY2020	FY2021	FY2022	FY2023
3	15	11	9

* 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - Social Contribution

Occupational Injury in Environmental Energy Business

An accident of falling from stairs attached to truck scale has occurred at Michinoku Bio Energy's contractor. Since stairs were not fixed to ground and the staff, in an unstable condition, lost his balance. After this accident, we changed operation to be able to measure without getting off truck at the time of measurement and eliminated risk of falling. In fiscal 2024, we will continue to conduct risk assessments to achieve zero occupational injury.

Occupational injuries* of employees and contractors in Environmental Energy Business

FY2020	FY2021	FY2022	FY2023
3	1	2	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 Industrial Accident Compensation Insurance Act is disclosed

Occupational Injury in Manufacturing Business

Number of occupational injuries was reduced by five from previous period, and among them, number of occupational injuries on with four or more days of lost worktime was reduced by one. However, number of accidents caused by rotating objects such as cutting tools increased by one from previous year. We will continue to make efforts to eliminate these accidents as a priority issue for prevention of occupational injury.

In addition, we will continue to promote risk assessment, KYT (risk prediction training), and near-miss activities, and share occupational injury examples cases among plants to raise their staff's awareness. We will make a company-wide effort under basic policy of "creating manufacturing sites with respect for human life and commitment to safety first."

Number of serious occupational injuries (four or more days of lost work time) occurring on domestic group manufacturing companies*

FY2020	FY2021	FY2022	FY2023
1	0	1	3

* 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 Industrial Accident Compensation Insurance Act is disclosed



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

FY2020	FY2021	FY2022	FY2023
12	8	14	11

*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), Vina Eco Board (VECO), and Pan Asia Packing (PAP)

Occupational Injury in Construction Sites

Although the number of occupational injuries was greatly reduced from previous period, the number of occupational injuries resulting in four or more days of lost worktime only decreased by one, remaining almost the same as previous period. It is an urgent task to reduce number of accidents caused by falling. In fiscal 2023, we conducted a fall prevention course (internal occupational health and safety education) for workers at cooperative building contractors in order to ensure that workers engage in activities such as attaching hooks to fall prevention devices, installing temporary base and fall prevention nets, and inspecting scaffoldings before use.

Occupational injuries of contractors on housing construction sites

	FY2020	FY2021	FY2022	FY2023
Number of occupational injuries*1	21	24	19	18
1000-building rate*2	2.62	2.77	2.22	2.11
Lost-time injury frequency rate*3	5.12	3.49	4.22	2.48
Number of fatal accidents	0	0	0	1
Work-related illness frequency rate	0	0	0	0

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

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

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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Injury in Overseas Housing Sites

Many serious occupational injuries are similar to falling accidents, and examples of countermeasures are shared among the Group. In addition, we conduct occupational health and safety training and safety audits by third party organizations to ensure thorough compliance with safety rules. We also identify issues related to safety management, which will lead to future improvements in management system.

Occupational injuries of contractors in overseas housing sites*

FY2020	FY2021	FY2022	FY2023
5	9	9	7

* Occupational accident equivalent to a serious occupational injury in Japan's occupational injury classification (four or more days of lost worktime)

Occupational Injury in Nursing Care Sites

In 2023, there were 21 occupational injuries at two nursing care companies, including accidents not requiring leave. There were six cases of which injured staff are under nursing care (back pain, etc.). Although this is a slight decrease from number of occupational injuries caused by back pain in previous year (nine), it is still main cause of occupational injury at nursing care sites. On the other hand, there were a total of four occupational injuries that occurred while dealing with customers with dementia, and these have been on the rise in recent years.

Sumirin Fill Care is taking measures to prevent employees from feeling unwell (such as providing financial assistance to sports clubs), and Sumirin Care Life is taking measures to prevent occupational injury by introducing equipment (transfer assistance robots). In addition, in the event of an "accident involving customers with dementia", it is necessary to take appropriate measures through medical cooperation with medical specialists to ensure safety of both customers and employees.

[Click here for related information](#)

➤ [Occupational Injuries](#)



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety

Awareness education in the Company

Awareness Raising and Education on Occupational Health and Safety 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.

Quality Control and Worker Safety Management Department also offers DVD educational materials on occupational health and safety. It is used for education on occupational health and safety and safety conference, including Group companies.



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

Occupational Health and Safety Award

The Sumitomo Forestry Group established "the Occupational Health and Safety Award" at "the Sumitomo Forestry Group Performance Awards Ceremony for December 2022", which was held in April 2023. 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 2022, two companies 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety Award*

Division	Award-winning companies and schools	Reason for award
Timber and Building Materials Division	Sumirin Sash Co., Ltd.	<p>With an aim of establishing and strengthening safety system for organization and creating a safe and healthy workplace, all employees voluntarily participated in introduction of ISO45001 Occupational Safety and Health Management System for two years and promoted self-declaration of conformity*. Even minor occupational injuries caused by insect bites are thoroughly dealt with and corrective countermeasures are taken. In addition, safety management has been thoroughly implemented.</p> <p>* Self-Declaration of Conformity: This is a declaration made by company stating that an ISO-based management system has been established, is being operated and is in compliance</p>
Housing Division	Sumitomo Forestry Landscaping Co., Ltd.	<p>There were no serious occupational injuries (four days or more of lost worktime) in the early term. Special occupational health and education and other measure were provided to eliminate serious occupational injuries. Conducted risk assessments of all civil engineering properties and implemented ordinary housing exteriors and garden landscaping. Company-wide safety activities were carried out, including one safety and quality patrol in the first half and the second half of each year by Division of headquarter at major building contractors in each area.</p>

* Awarded based on performance in fiscal 2022

Initiatives at Construction Sites

Commendations for Occupational Health and Safety 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).

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Manufacturing Business Initiatives

The Sumitomo Forestry Group Manufacturing Business Safety Meeting Held

In March 2023, Sumitomo Forestry and Group domestic and overseas manufacturing companies held a safety conference with the objectives of “revitalizing occupational injury prevention activities” and “raising awareness of occupational health and safety.” A total of eight manufacturing sites in Japan, Indonesia, Vietnam and Thailand were connected online, with more than 130 people participating.

The participants confirmed the activity policy for fiscal 2023, reviewed past work-related accidents and fires in the Group, shared case studies for safety initiatives at each company, and presented awards for outstanding safety initiatives at the convention. We also invited specialists on occupational health and safety from Bureau Veritas Japan, a certification organization for various kinds of ISO, to lecture and raise staff's awareness of occupational health and safety.

Moving forward, we will continue to hold safety conferences to reduce serious accidents and foster a safety culture inside the Group.



Safety conference in fiscal 2023

Commendations for Safety and Health Activities

At safety conference, “Safety Awards” were given to sites where occupational injuries did not cause any lost worktime during fiscal 2022. Three companies, “PT. AST Indonesia (ASTI)” (452 consecutive days), “PT. Kutai Timber Indonesia (KTI)” (393 consecutive days), and “PT. Rimba Partikel Indonesia (RPI)” (381 consecutive days), won a prize each. Regarding “Awards on Safety Works” which collect works related to safety and awards selected and determined works in the whole group, there are applications of 70 safety posters and 280 phrases of safety slogans from each company. A total of 10 works were awarded, including one gold prize, two silver prizes, and seven copper prize. Gold prize went to flooring division of PT. Sinar Rimba Pasifik (SRP). Their work shows cleaning of an adhesive application equipment. An equipment that may caught your hand by its roll, which leads to a serious occupational injury. There is a phrase in the poster, saying, “Your hand is not a replaceable part.” The award was given in recognition of safety awareness of employees who work with irreplaceable importance of life in their mind.



Gold Prize work in “Safety Works Award”



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Occupational Health and Safety

Human Resources Development

Human Resources Development

The Sumitomo Forestry Group 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 2023, 71 employees (66 in the internal auditor qualification course and 5 in the standard explanation course) completed the courses. A course on "Occupational Health, Safety, and Quality" was established in e-learning through the Company website. In fiscal 2023, two new courses were held to promote occupational health and safety education: "Corporate Responsibility for Occupational Injuries" and "Course on Occupational Health and Safety Activities to Eliminate Accidents". In addition, the Quality Control and Worker Safety Management Department lends out 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	FY2023
8	44	39	66

* Including those who have obtained qualifications through external training

FY2023 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)	2,434*
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)	2,451*



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Title	Form	Purpose	Object	Number of people attending (persons)
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)	156*
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)	79*
Corporate responsibility for occupational injury [Courses began in June 2023]	e-learning	Contents to promote understanding of importance of corporate responsibility in occupational injuries and size of risk in event of violation. It is connected with creation of a company's safety culture.	Sumitomo Forestry Group companies (some excluded)	35*
Courses on occupational safety and health activities to eliminate accidents [Courses began in November 2023]	e-learning	Based on understanding of basics of Industrial Safety and Health Law, employees learn about 5S concept and process of occupational health and safety activities, and reconsider occupational health and safety activities. By enhancing on-site "protecting capacity," we will create an environment in which members can work for a long time with peace of mind.	Sumitomo Forestry Group companies (some excluded)	132*
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	71
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	21*

* Cumulative total as of the end of December 2023

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Safety Education

Domestic Manufacturing Business

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. In particular, when working with high-risk equipment, such as forklifts, circular saws and other cutting tools, and roll spreaders and other rotating parts, we provide external instructor training and safety simulation training to raise awareness of risks involved in work.

[Click here for related information](#)

Occupational Health and Safety Management
System

Overseas Manufacturing Business

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.

Construction Sites

Training Designed to Improve Awareness for Occupational Health and Safety

We provide safety and health training with concrete examples for safety and health managers, construction site safety and health supervisors (contractors), and personnel in various occupations. Special education (Article 59, Paragraph 3 of the Industrial Safety and Health Act) is provided for securing safety of work using the fall prevention equipment (full harness safety belts) as well as during use of circular saws, grinders* and other electric tools which are susceptible to accidents due to misuse despite being simple and easy to use.

In fiscal 2023, training to improve abilities of supervisor and occupational health and safety managers was held 17 times for supervisor of cooperative building contractors (attended by 454 persons) as a countermeasure against serious injuries. We will continue holding these seminars in fiscal 2024. Approximately 2000 employees are scheduled to take these course within two years.

* An electric tool to cut by rotating a grinding stone



Special Circular Saw Education



Full Harness Special Training

In September 2023, we started online distribution of videos for occupational health and safety education as a countermeasure against injuries associated with tools. We previously lent out DVDs for safety and health education, but there were fewer viewers. Users can now easily view the program on their own PCs, smartphones, tablets, etc. from a URL and a 2D barcode. After implementing for 6 days, number of times of viewing was more than 1300 times.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - **Occupational Health and Safety** -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Special Training Condition

Project Name	FY2020		FY2021		FY2022		FY2023	
	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	2	77	1	21	2	42	1	29
Safety training for workers handling circular saws	4	124	8	218	3	75	1	16
Special training for replacing free grinding wheels	7	171	9	242	3	70	-	-
Special training for workers engaged in assembly of scaffolding, etc.	1	14	1	1	-	-	1	15
Special training on the use of full-harness safety belts	88	3,084	94	2,862	8	217	5	150
Total	102	3,470	113	3,344	16	404	8	210

Elderly Care Business

In-Company Training

Human assets are an important element for maintaining and improving quality of nursing care services. Sumirin Fill Care systematically conducts a variety of training programs for human resources development. For example, in practical training of "body mechanics", is intended to learn nursing technology to perform assistance with minimum force by utilizing dynamic relationships when human joints, muscles, and bones 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

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](#)

Sumitomo Forestry Crest's Quality Targets

Sumitomo Forestry Crest has set the following quality targets for fiscal 2024 based on results of the ISO 9001 top management review.

1. Establishment of a certification system for critical process program
2. Implementation of risk assessment utilizing QA network^{*1} management method at the time of launching a new product production line
3. Thorough implementation of change point management (4M+3H)^{*2}



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

4. Consideration of additional verification tests at the time of design review and introduction of a mechanism for risk extraction
5. Establishment of human resources education system based on TPM^{*3} activities
6. Continued to conduct mutual quality audits by each plant
7. Reduction of claims associated with repeated mistakes using 5-why analysis
8. Strengthening management system of suppliers and business partners' plants

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

*2 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 (after a long time), and are used to identify mistakes and other problems from these perspectives and take countermeasures in advance

*3 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 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -

Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -

Supply Chain Management - Social Contribution

Product Safety and Quality Management in the Housing Business



Product Safety and Quality Management in the Construction Business

Basic Policy

Sumitomo Forestry broadly promotes the Construction Business that proposes woodification and use of wood also in nonresidential fields such as offices, medical and welfare facilities, and public facilities. The Construction Business of Construction Business Sub-Division, Global 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](#)

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.

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

[Human Rights](#) - [Diversity, Equity and Inclusion](#) - [Work-Life Balance](#) - [Occupational Health and Safety](#) -
[Safety and Quality of Products and Services](#) - [Communication with Our Customers](#) - [Business Initiatives That Contribute to Regional Co-creation](#) -
[Supply Chain Management](#) - [Social Contribution](#)

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 information 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Safety and Quality of Products and Services

Management System and Promotion Activities

Quality Management System

Promotion System

The Sumitomo Forestry Group has been pursuing the ISO 9001 quality management system certification in order to 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 department 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, important quality issues that affect the entire Group are reported and considered at the Sustainability Committee. We conducted a survey of the current status of quality management systems at 73 Group divisions in Japan and overseas in fiscal 2023 and presented the findings at 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, we analyze our businesses where quality control is particularly important, prioritize them, and promote their implementation. Management system activities are incorporated into day-to-day operations and once a high level of understanding is reached, we acquire self-compliance*. Later, when obtaining ISO 9001 certification, we continue the activities for another one-year period to further increase the level of understanding.

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 2023, 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -

Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -

Supply Chain Management - Social Contribution

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

Group companies	Country	Type of certification	Date acquired	Date of expiry
Construction Business Sub-Division, Global Construction and Real Estate Division, Sumitomo Forestry	Japan	ISO9001:2015	September 2015	August 2024
Sumitomo Forestry Crest	Japan	ISO9001:2015	March 1999	November 2025
Environmental Greenification Division, Sumitomo Forestry Landscaping	Japan	ISO9001:2015	September 2002	September 2026
The Agro-Products Division, Sumitomo Forestry Landscaping	Japan	ISO9001:2015	March 2020	December 2025
Sumitomo Forestry Home Engineering	Japan	ISO9001:2015	March 2006	March 2024
Sumitomo Forestry Home Tech	Japan	ISO9001:2015	March 2017	March 2026
Cohnan Kensetsu	Japan	ISO9001:2015	September 2011	March 2026
Nelson Pine Industries (NPIL)	New Zealand	ISO9001:2015	July 1993	July 2025
Kutai Timber Indonesia (KTI)	Indonesia	ISO9001:2015	September 1997	November 2025
Rimba Partikel Indonesia (RPI)	Indonesia	ISO9001:2015	June 2003	March 2025
AST Indonesia (ASTI) the first factory	Indonesia	ISO9001:2015	October 2002	October 2026
AST Indonesia (ASTI) the second factory	Indonesia	ISO9001:2015	January 2022	January 2025
Vina Eco Board (VECO)	Vietnam	ISO9001:2015	March 2014	March 2026
An Cuong	Vietnam	ISO9001:2015	August 2022	August 2025
Canyon Creek Cabinet (CCC)	United States	ISO9001:2015	August 2003	March 2025
Pan Asia Packing (PAP)	Thailand	ISO9001:2015	July 2018	July 2024
Regal Innovations (Regal)	Australia	ISO9001:2015	October 2019	October 2025

Management System and Promotion Activities

Group companies	Country	Type of certification	Date of expiry
Nelson Pine Industries (NPIL)	New Zealand	JIS certification (MDF)	June 2024
		CARB certification (MDF)*	August 2024
		EPA certification (MDF)*	August 2024



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Group companies	Country	Type of certification	Date of expiry
Kutai Timber Indonesia (KTI)	Indonesia	Q-Mark certification (door blanks)	May 2025
		CARB certification (PB)	May 2024
		EPA certification (PB)	May 2024
		CARB certification (plywood)	December 2024
		EPA certification (plywood)	December 2024
		CE Marking (plywood)	March 2024
Rimba Partikel Indonesia (RPI)	Indonesia	JIS certification (PB)	March 2025
		CARB certification (PB)	February 2025
		EPA certification (PB)	February 2025
Vina Eco Board (VECO)	Vietnam	CARB certification (PB)	July 2025
		EPA certification (PB)	July 2025
		JIS certification (PB)	December 2024

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

Group companies	Country	Type of certification	Date acquired
Nelson Pine Industries (NPIL)	New Zealand	JAS certification (LVL)	May 2008
Kutai Timber Indonesia (KTI)	Indonesia	JAS certification (plywood)	July 2002
		JAS certification (LVL)	September 2008
		JAS certification (laminated engineered wood)	September 2008
Sinar Rimba Pasifik (SRP)	Indonesia	JAS certification (flooring)	February 2014
		JAS certification (laminated engineered wood)	March 2012

Product Safety and Quality Control in the Manufacturing Business

Sumitomo Forestry is building out its quality management system in accordance with ISO 9001. In addition to satisfying the product standards of JIS (Japanese Industrial Standards) and JAS (Japanese Agricultural Standards), we also manage quality according to our own proprietary quality standards, as well as conduct acceptance inspections, process inspections, and final inspections. Through monthly quality meetings, we analyze the causes of in-process defects and quality complaints, formulate improvement measures, and carry out quality improvement activities, with the aim of providing higher quality.



Quality Check in Facility

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Additionally, in collaboration with the Sumitomo Forestry Tsukuba Research Institute and other organizations, we conduct basic research and evaluate the durability of products, and accumulate verification and manufacturing technologies for product development and quality improvement.

We place importance on communication and feedback with customers regarding product safety and quality, and carry out manufacturing where customers can use our products with peace of mind. Sumitomo Forestry Crest, a manufacturing plant in Japan, has reduced the number of complaints by approximately 18% over the past three years through various quality improvement activities. In addition, our overseas manufacturing plants are working to provide higher quality products through their experience of manufacturing and selling products for Japan, which has high quality requirements.

Quality Management System (ISO9001)

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 high-quality products.

[Click here for related information](#)

[Quality Management System](#)

Product Certification

We have obtained certifications such as JIS, JAS and ministerial certification to guarantee the quality and performance of its products and ensure that they meet 4VOC* and formaldehyde emission regulations. In addition, Sumitomo Forestry Crest has produced items that have been received ministerial certification 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

ISO 9001 Initiatives in the Housing Business

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

Sumitomo Forestry Home Tech Initiatives

Sumitomo Forestry Home Tech, which handles renovation and maintenance for wooden detached houses, traditional Japanese-style homes and condominiums built by Sumitomo Forestry, acquired ISO 9001 certification in 2017.

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

With the aim of improving customer satisfaction, we have set quality targets, monitored the performance of business quality and on-site quality, and worked toward continuous improvement.

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.

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 2023, 95 people* in the Sumitomo Forestry Group's housing business obtained certification.

* This figure includes those who have obtained qualifications through external training

[Click here for related information](#)

➤ [Quality Management System](#)

Product Safety and Quality Control in the Construction Business

Product Safety and Quality Management System

The construction business, run by the Construction Business Sub-Division under the Global Construction and Real Estate Division, is improving the quality management system under the aforementioned policy and 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 winning a number of Wood Design Award and Good Design Award.

Awards received in fiscal 2023

- 26th Wood Utilization Contest Wood Utilization Award

Building name: Building No. 15, Yotsuya Campus, Sophia University

Constructors: Sumitomo Forestry

Date of Award: March 11, 2023

- Japan Wood Design Award 2023 Encouragement Award (Review Committee Chair Award)

Construction & Space Field / Heartful Design Category

Building name: Building No. 15, Yotsuya Campus, Sophia University

Constructors: Sumitomo Forestry

Date of Award: December 6, 2023

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

- FY2023 Contest of Facilities Using Wood Excellence Award

Building name: Building No. 15, Yotsuya Campus, Sophia University

Constructors: Sumitomo Forestry

Date of Award: October 20, 2023

- 29th Chiba Prefectural Architecture & Culture Award

Building Name: Maruyama Post Office

Constructors: Sumitomo Forestry

Date of Award: March 10, 2023

[Click here for related information](#)

[External Recognition](#)

Initiatives and Framework for Product Safety and Quality Control

The Construction Department, Construction Business Sub-Division, Global Construction and Real Estate Division, is actively engaged in exchanges related to product safety and quality control with Kumagai Gumi.

Since 2022, the Construction Business Sub-Division, Global Construction and Real Estate Division, has invited a lecturer specializing in estimation* from Kumagai Gumi, with which we have a business and capital alliance. The lecturer leads regular in-house study sessions on how to operate the estimation system and knowledge of wood. In addition, Sumitomo Forestry employees are sent to the company as estimating simulation trainees to learn more practical estimating methods.

In 2023, "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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -

Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -

Supply Chain Management - Social Contribution

Safety and Quality of Products and Services

Product Safety and Quality Management in the Housing Business

Design Performance Evaluation

The Company is actively promoting the use of the Japan's Housing Performance Indication System*¹ for customer peace of mind and safety as well as enhancing the value of property. In fiscal 2023, under this system, implementation rate*² of Design Performance Evaluation reached 99.8%, Implementation of Construction Performance Evaluation reached 99.7%, and the acquisition of Long-life Quality Housing Certification reached 95.9%.

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

*2 The ratio of the number of applications against the total number of detached houses constructed, including extensions and/or alterations (applications for design and construction performance evaluation, January 01, 2023 - December 31, 2023) in the Housing Division

Japan's Housing Performance Indication System Implementation Rate*

	FY2020	FY2021	FY2022	FY2023
Design Performance Evaluation	99.4%	99.5%	99.8%	99.8%
Construction Performance Evaluation	99.3%	99.3%	99.8%	99.7%

* 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

Long-life Quality Housing Certification

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

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

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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

	FY2020	FY2021	FY2022	FY2023
Ratio of Houses Certified As Long-life Quality Housing for New Custom-Built Housing	94.7%	94.9%	96.3%	95.9%

* 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

Long-life Quality Housing Standards and Standard Performance of Sumitomo Forestry Home

Certification Type		Certification Criterion	Standard Performance of Sumitomo Forestry Home Houses
Durability	Long lasting	Rating measures for deterioration class 3	Measures to allow regular inspection
		Equivalent to highest level 3	
Seismic Resistance	Strong to earthquake	Rating of earthquake resistance 2 or higher	Equivalent to highest level 3
Maintenance Requirement	Easy maintenance home	Rating measures for maintenance level 3	Equivalent to highest level 3
Energy conservation performance	The house must be thermally insulated	Rating measures for energy- saving performance 5 or higher	Equivalent to rating 5 or higher
		Primary energy consumption rating 6	Equivalent to rating 6

* The higher the rated level, the better evaluated

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

**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



Construction Management

**After-sales Support**

- Sumitomo Forestry includes 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 (may vary due to the timing and details of the contract)
- 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 other applications 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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Seismic Resistant Housing

The Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, the Kumamoto earthquake, and the most recent Noto Peninsula earthquake that struck on January 1, 2024 have been among the disasters that have wrought enormous damage in Japan. In addition, major earthquakes are forecast to occur in the Nankai Trough, resulting in year-by-year increase in demand for seismic resistance for wooden houses.

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

Development of K-shaped Corner Braces and Hyper Panels

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

Hyper Panels reduce removal work by only having to remove the gypsum board between existing flooring and ceilings. Hyper Hard T (Yoshino Gypsum Co., Ltd.) improves workability by dividing a high-strength board into three pieces for installation so that each board can be applied. This three-piece design enhances the bending strength without the board breaking. The method also received a technological evaluation by the Japan Building Disaster Prevention Association (6.9 KN/m² bearing wall for the standard type).

Moving forward, we plan to develop new vibration dampers and approaches to seismic resistance that can reduce damage to buildings during major earthquakes 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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.

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 "Metal-Touch" joints fastened with hardware to achieve a robust Rahmen structure.

"Metal-Touch" (Metal-to-Metal) Joint

Special screw-shaped bolts are embedded in the big columns and beams, which are then joined with the special hardware on the big columns, beams, and foundations to ensure a strong fit. This "Metal-Touch" joint makes it possible to create both large spaces and large openings while ensuring earthquake resistance.

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 that doubles metal joints as well as double-large columns that layer two large columns 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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution



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



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

Promotion of Universal Design

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

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)

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

First Class Architect in the Housing Division

The Housing Division has 884 first class architects on staff (as of April 1, 2023), representing 21.0% 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.

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 133 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.

[Click here for related information](#)

➤ [Responsible Material Procurement](#)



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -

Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -

Supply Chain Management - Social Contribution

Safety and Quality of Products and Services

Improving Customer Satisfaction

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 information](#)

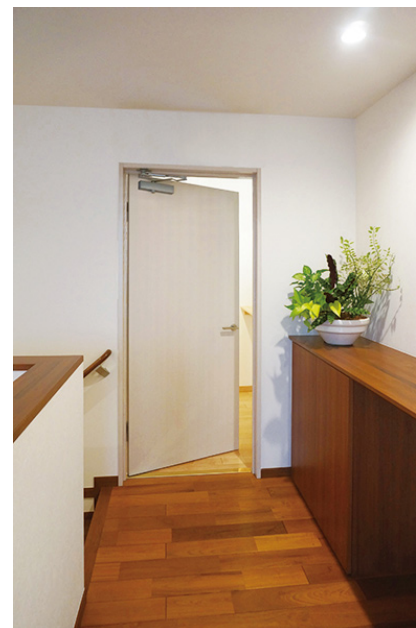
- > Respect for and Application of Customer
- Feedback

Responding to Customer Needs, Product Development, and Services in the Manufacturing Business

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Initiatives in the Lifestyle Services Business for Increasing 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.

Promotion of DX

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.

In the elderly care business, we are actively working to promote DX on the frontline of nursing care services. By improving operational efficiency and raising productivity with the promotion of DX, we are increasing the amount of time we spend in contact with users, which leads to better service quality. Also, we aim to further improve the workplace environment by mitigating the physical and mental burden placed on employees and reducing overtime hours.



Navigation system and course data

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -

Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -

Supply Chain Management - Social Contribution

Safety and Quality of Products and Services

Awareness Education and Human Resources Development in the Company

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 FY2023, 68 employees (64 in the internal auditor qualification course and 4 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

FY2020	FY2021	FY2022	FY2023
15	135	155	149

* Including those who have obtained qualifications through external training

FY2023 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)	2,434*
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)	2,352*
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)	142*
ISO9001 Management System	Group training	Learn the requirements of ISO9001 (overview) and key points of internal auditing techniques with exercises to improve internal auditing skills.	Sumitomo Forestry	68*
Internal auditor training workshop			Group companies	
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	48*

* Cumulative total as of the end of December 2023



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

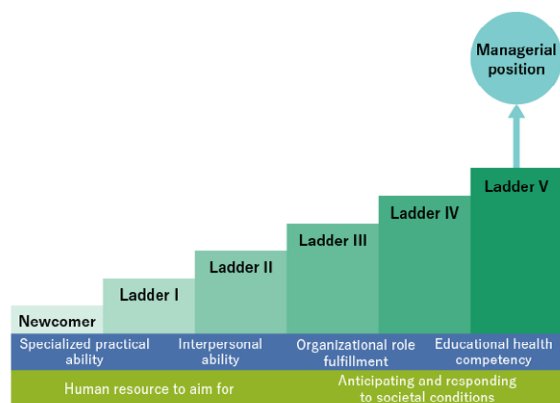
Awareness Education in the Lifestyle Services Business

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



Ladder system structure chart



Case study presentation



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Communication with Our Customers

Communication with Our Customers in the Housing Business

Basic Policy

Sumitomo Forestry provides proposals for ideal home building through continuous communication with information offering.

After the COVID-19 pandemic, communicating information through digital content become a mainstay. In addition to communicating information through SNS, we have released MYHOME PARK, a web content where you can view information on wooden texture, which is a feature of "Sumitomo Forestry homes", as well as information on technology, Net Zero Energy Houses (ZEH), and design ability anywhere and anytime.

In addition, we offer tour of showrooms, model homes, completed homes and structural sites where visitors can see and touch rich woody materials.

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2023, we launched Premal, a fully standardized product. Standard plan, with a functional floor plan and a refined design, turns valuable simplicity into shape. Not only regarding ZEH as standard specifications, but we are also particular about exterior design, such as proposing greenery in harmony with streetscape. Furthermore, "MyForest BF" was released in April, 2021. We provide a space with a rich wooden texture that is unique to Sumitomo Forestry by utilizing natural color of trees, focusing on five tree species. We propose a pleasant and comfortable living space created by universal design that is not influenced by times and trends, spacious space of big frame (BF) construction method, and advanced thermal insulation performance.

In October 2023, we also redesigned "GRAND LIFE" one-story house product. In addition to realizing a richer life with connection between garden and indoor space that makes use of trees and flow of life that is unique to one story house, we propose 1.5-story "PLYSKY." We take advantage of value-added space to meet our customers' needs.

In addition, each of more than 1,500 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.

Model Homes/Showrooms

Sumitomo Forestry has expanded its model homes to roughly 270 sites and its showrooms to about 80 different locations. Since COVID-19 pandemic, we have developed a system that can provide guidance in line with customer requests by recommending visitors to make reservations. Some of these measures include reservations before visiting a model home and online consultations.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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

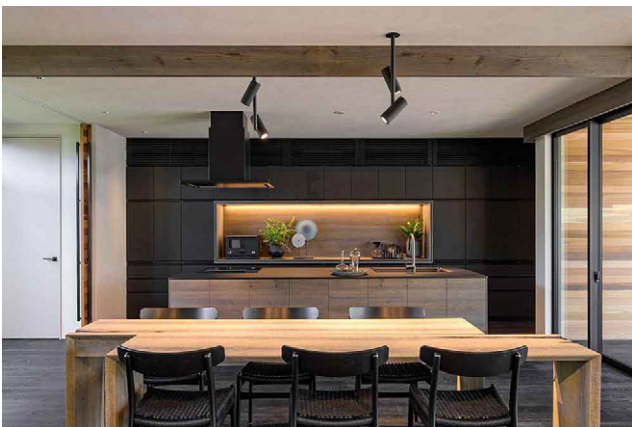
Sumitomo Forestry's model homes use an abundance of famous Japanese and world-renowned precious woods for flooring materials, while walls, ceilings, and fittings are also designed with high-quality wood materials, allowing visitors to experience an overwhelmingly woody space. The wooden interior materials, 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

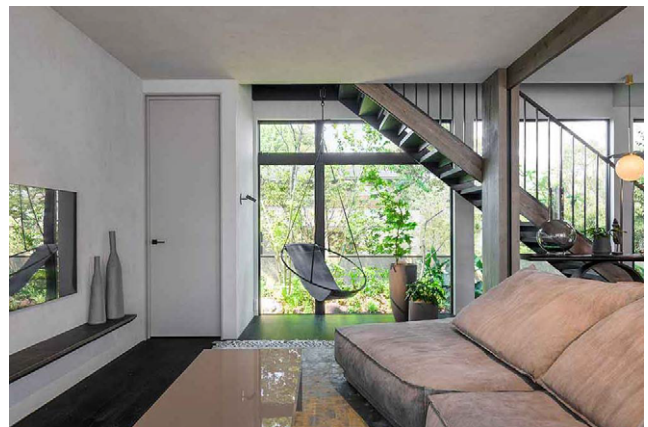
The strength of a structure is obviously important in a home, but a room plan, flow planning and storage plan as well as other aspects to provide comfortable lifestyles is also vital to every family living in the home. Visitors to these model homes can see the innovative room plans and ease of cleaning 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 overly rely on air-conditioning and heating systems. Visitors can see these innovative designs firsthand 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.



Komazawa No. 2 model homes (Jonan Branch/ Tokyo) opened in April 2023





Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Showrooms

At Sumitomo Forestry's showroom, you can experience and check our original wood materials "PRIME WOOD" as well as each material and equipment. 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.

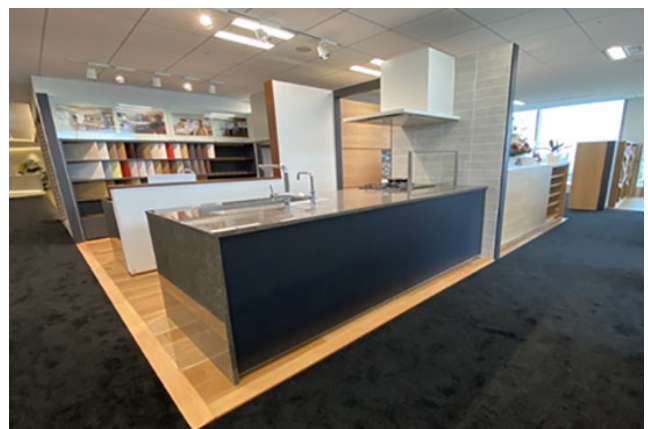
Everyone can get a distinct individual feel with wood that varies in color and look for each tree species. Each person can experience the look and actual feel of these materials from the touch to texture which cannot be felt in catalogs or on websites.

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



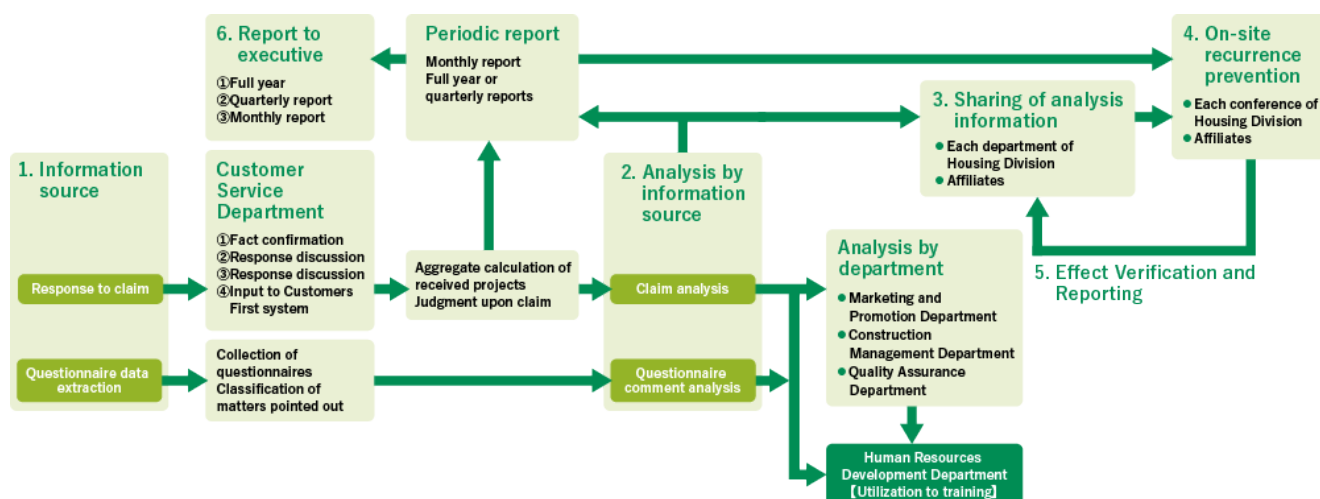
Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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. Last year, we nominated 76 out of 223 entries and awarded the "Your Kirari Award" to 27 people based on comments submitted by Group employees.

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.

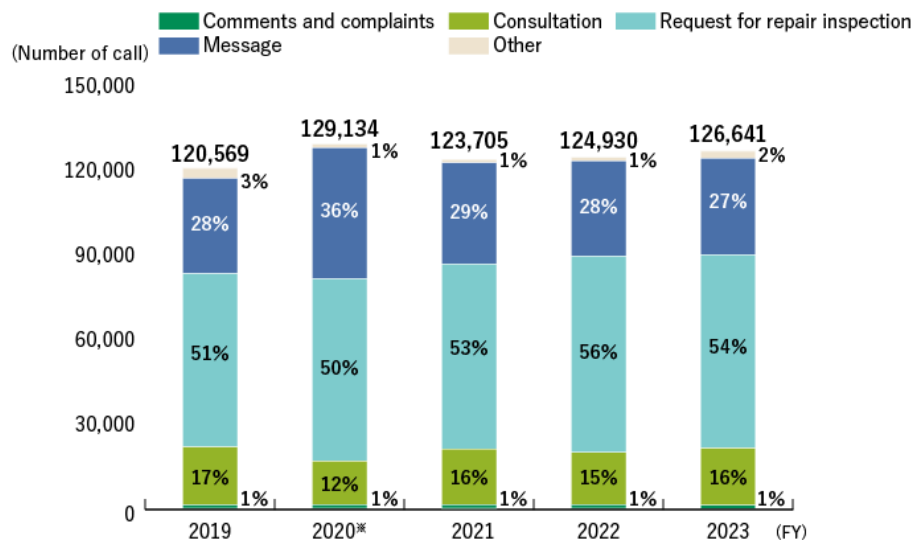
Presently the centers are located in Tokyo and Okinawa, and are linked together, shortening wait times for customers who call via the unified national free-dial number. Moreover, in response to the COVID-19, we moved and expanded office space to



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

better the workplace environment for operators. We will continue to strive to improve customer satisfaction by promptly responding to customer requests and consultations.

Sumitomo Forestry Call Center Inquiry Breakdown (Trends)*



* Aggregation period after fiscal 2020 is from January to December of each year, and aggregation period in fiscal 2019 is from April 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 2023, the satisfaction ratio in these surveys was 96.9% in the survey of new owners, and 94.5% 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)

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 2023, 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. Functions such as disaster communication system were also put into operation. We will make every effort to further improve our convenience.

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 2023 issue



The cover of "Lovely Family", fall and winter 2023 issue

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Communication with Our Customers

Communication with Our Customers in the Lifestyle Services Business

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 2022, the aging rate reached 29.0%*, and is estimated to exceed 30% by 2030. The rapidly advancing trend toward a super-aged society is an important 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. To help solve these issues, Sumitomo Forestry is developing the elderly care business as a response to a super-aged society, and is promoting regional revitalization projects in response to the over concentration of people in Tokyo and the depopulation of rural areas. In the elderly care business, 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: The FY2023 Annual Report on the Ageing Society by the Ministry of Health, Labour and Welfare

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 2023, the total number of living spaces increased to 1,842 rooms following the opening of new facilities.

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. In October 2023, we opened a new private elderly care facilities with nursing care, Grand Forest Denenchofu, and as of December 2023, the company operates 17 private elderly care facilities with nursing care and 844 rooms. The company also operates a total of three day care centers for the elderly and offers in-house support services.



Gran Forest Gakugei Daigaku, a private elderly care facility with nursing care operated by Sumirin Fill Care

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Sumirin Fill Care's Nursing Care Service Business for the Elderly

Sumirin Care Life has operated three large-scale private elderly care facilities with nursing care in Kobe that combine independent living and nursing care services up until now. Sumirin Care Life has at least double the number of staffs 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 elderly care facility with nursing care 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 to support day-to-day living.

The total number of living spaces
FY2024 Target

1,842 rooms

The total number of living spaces
FY2023 result

1,842 rooms

Safe and comfortable housing for customers and coexistence with nature

Grand Forest Denenchofu

Sumirin Fill Care Co., Ltd. values the warmth of "people" and "wood" and supports for safe, secure and comfortable living by nursing care staff, nursing staff, and other professionals, and strive to provide homes that are full of wood textures in harmony with nature.

At the new facility, Grand Forest Denenchofu, we are bringing together the technologies and know-how of the Sumitomo Forestry Group to create a space surrounded by "wood," while also promoting the provision of Sumirin Fill Care's own rehabilitation services and the use of ICT.



Exterior view of Grand Forest Denenchofu



Lobby surrounded in "wood"

Forest Life, a unique rehabilitation service closely in tune with each and every resident

We offer "Lifestyle Rehabilitation" to maintain and improve daily functions, "Individual Rehabilitation" provided by resident functional training instructors according to each individual, "Recreation" services to enjoy daily life, and "Forest Life," a rehabilitation service that combines these. Not only nursing care workers, but also physical therapists and other professional staff work together to respond to the conditions and needs of residents and support their "personal lifestyles."

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Health support employing ICT

We introduced a resident monitoring system that employs ICT in all rooms, and the indoor environment, the sleep status of residents, and the status of activities in the room are converted into data. This “visualization” of resident data is used to prevent falls and to understand the situation of residents, effectively maintaining and improving their health. Moreover, by combining the functions of the elderly care record system and nurse call to share and coordinate daily information among staff, we can respond quickly to changes in residents and reduce the burden on workers. We introduced a medication management system in the form of an ICT device to prevent medication errors and forgetting to take medication.

Extensive use of wood and greenery in the interior and on the exterior

At Grand Forest Denenchofu, the interior features wood flooring from Sumitomo Forestry Crest Co., Ltd. The flooring material is gentle on bare feet to reduce the burden on the legs and hips, while creating a space with wooden textures where people can relax. In addition, Sumitomo Forestry Landscaping Co., Ltd. was contracted for the facility's exterior finishes and landscaping work. The landscaping is centered on native species that harmonize with the surroundings. The building is the first BELS★★★★*¹ and private nursing home to obtain ABIINC certification*² because of its design mindful of environmental conservation and biodiversity.

*1 BELS (Building-Housing Energy- efficiency Labeling System):

BELS is one third-party evaluation system based on the Building-Housing Energy-Efficiency Labeling Guidelines (evaluation standards on labeling of the energy consumption performance for buildings) defined by the Ministry of Land, Infrastructure, Transport and Tourism. The Association for Housing Performance Evaluation & Labeling runs this certification. The system objectively evaluates energy efficiency to display a five-tier star rating. BELS stands for the Building-Housing Energy-efficiency Labeling System.

*2 ABIINC certification system:

This is a system the Association for Business Innovation in harmony with Nature and Community (ABIINC) certifies the results of biodiversity conservation efforts in order to encourage companies to coexist with nature and people. The certification targets factories, office buildings, commercial facilities, multi-family housing, logistics facilities, and detached house complexes, among others, as buildings that are biodiversity-friendly or have landscaping planned or arranged.

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 workers, 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



Exterior view of Elegano Nishinomiya



Vaulted Dining Room


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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - **Communication with Our Customers** - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 an emergency call system. Wi-Fi is also provided in standard units to ensure a safe, secure, and comfortable living environment.



Outdoor Terrace to Easily Enjoy the Garden Even in a Wheelchair

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.

Programs to Enhance Your Life

In the liberal arts, we offer a range of programs from traditional board games like Go and mahjong, to arts such as 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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - **Business Initiatives That Contribute to Regional Co-creation** -
 Supply Chain Management - Social Contribution

Business Initiatives That Contribute to Regional Co-creation

Business Initiatives That Contribute to Regional Co-creation

Contributions to Regional Co-creation 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

As an initiative that leads to regional co-creation, Sumitomo Forestry Group participates in accommodation project at VISON, one of the largest commercial facilities in Japan, located in Taki-cho, Mie Prefecture. VISON HOTELS of Vison Hotel Management, a joint venture between Sumitomo Forestry, H. I. S. Hotel Holdings and Aqua Ignis, 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 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 co-creation 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

[Click here for related information](#)

> [VISON HOTELS](#)

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

Environment

Social

Governance

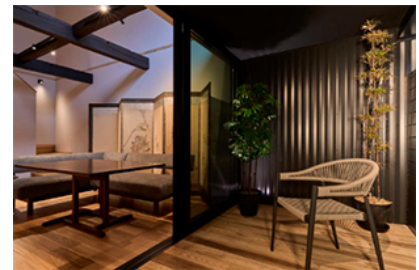
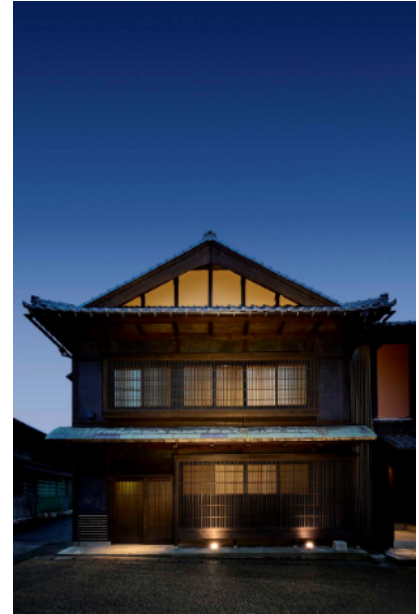
Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - **Business Initiatives That Contribute to Regional Co-creation** -
 Supply Chain Management - Social Contribution

Business Initiatives That Contribute to Regional Co-creation

In January 2024, Sumitomo Forestry Company-invested Actibase Fukui opened Auberge Homachi Mikuniminato, a Machiya (traditional Japanese townhouse) hotel in Mikuniminato area of Sakai City, Fukui Prefecture. This hotel was built to revitalize Mikuniminato area, which flourished as a port of call for the ships "Kitamaebune" during Edo and Meiji periods, and utilizes this area's traditional machiya. We renovated characteristic "Kagura-Date Machiya" of Mikuniminato and "Hirairi (a style in which entrance is located in one of the sides parallel to ridge of roof)" and "Irimoya-zukuri (A hip-and-gable roof construction, or a building with this roof construction)" traditional Japanese buildings, and made them into lodging facilities with guest rooms in machiyas scattered around the region. Renovation based on attractiveness of old private house and improvement of seismic resistance was made. "Shakudani stone" that can only be mined in Fukui Prefecture and timber produced in Fukui Prefecture were used. Sumitomo Forestry Home Tech was in charge of the renovation. We made use of our knowledge of seismic retrofitting technology for old houses to make our accommodation facilities safe and comfortable.

In addition, One Click LCA was used to calculate amount of carbon storage for one unit of a machiya hotel. Total amount of carbon storage in timber used in the building is approximately 26 tons, which is equivalent to carbon storage of approximately 85 40-year old Japanese cedars (*Cryptomeria japonica*). By reusing lumber for pillars, beams, koyagumi (roof truss), etc., we have avoided emission of six tons of CO₂ from incineration of lumber after demolition of buildings. Amount of embodied carbon is about 57 tons, which means that CO₂ emissions can be reduced by about 15% compared to building a new house with same specifications.



Renovating to Improve Asset Value

Sumitomo Forestry Home Tech Co., Ltd. was selected through a competitive bidding process for renovation of the second floor of dining hall building on Suma campus of Kobe Women's University. The renovation was completed in October 2023. Based on concept of "Forest nurture - Nurturing a Place to Live (Forest)," we installed three big tables approximately five meters long made of Japanese cypress. We proposed a plan for a lush green space based on concept of biophilic design. We were able to provide and realize a relaxing space by working with students on painting of tables and finishing of lighting equipment.





Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

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, we also 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

b. Social aspects

(a). Overall Corporate Social Responsibility (CSR)

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

(b). Human Rights

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

(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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

(e). Information security

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

(f). Product safety

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

(g). Supply chain

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

(h). Social contributions

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

2. Product assessment

a. Common items

(a). Requirements

- 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Promoting Certified Timber

The 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.

The Sumitomo Forestry Group has obtained FM certification for 228,000 hectares and COC certification for 13 organizations.

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 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.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 Construction and Real Estate Division Construction Department	SGEC	January 24, 2022	JIA-SGEC-COC-045	Japan Gas Appliances Inspection Association (JIA)
Sumitomo Forestry Group Sumitomo Forestry headquarters and branches Cooperating precut factories of Housing and Construction Division	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
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

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
[Supply Chain Management](#) - Social Contribution

Organization	Certification	System Date Certified	Certification Number	Certification Issuing Body
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

* SGEC-COC (Trademark License No. SGEC/31-32-86), PEFC-COC (Trademark License No. PEFC/31-32-86)

[Click here for related information](#)

➤ [Sustainable Forest Management](#)

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. The revised Clean Wood Act, which was approved by the Diet in May 2023 and is scheduled to take effect in fiscal 2025, will be more stringent, including mandatory confirmation of legal compliance by businesses and penalties. The Sumitomo Forestry Group's due diligence is already in full compliance with the revised Clean Wood Act.

Status of Registered Timber-Related Businesses

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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Registered Wood Related Entity	Type	Registration Date	Registration Number	Agency Issuing Registration
Construction Materials Development Department, Housing 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, 2023	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

Participation in JBIB (Japan Business Initiative for Biodiversity)

Sumitomo Forestry participates 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. 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 manages 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".



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
[Supply Chain Management](#) - Social Contribution

Supply Chain Management

Supply Chain Management in the Distribution Business

Basic Policy

The Sumitomo Forestry Group strives to contribute to building a sustainable and prosperous society through business activities that use wood, a renewable natural 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.

The 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, the Sumitomo Forestry Group defines timber and wood products as sustainable if they fulfill one of the following.

Definition of “sustainable timber and wood products”

- Environmental aspects: Not contributing to deforestation
- Social aspects: Not violating human rights such as occupational safety, forced labor, indigenous rights, etc.

1. Certified timber and materials sourced from certified forests: 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 forests

3. Wood from natural forests where forest management and distribution can be assessed as sustainable.

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

4. Recycled wood



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

Structure of Wood Procurement Management

The Sumitomo Forestry Group established the Wood Procurement Committee, chaired by the officer in charge of sustainability promotion at Sumitomo Forestry 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 2023, the Wood Procurement Committee met four times to confirm the legality and conduct a "Sustainability Survey" for all 141 directly-imported suppliers subject to screening and suppliers with whom overseas Group companies (distribution) do business. In these screenings, we regularly (once a year or once every two years), confirm the legal compliance 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, the 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.

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)



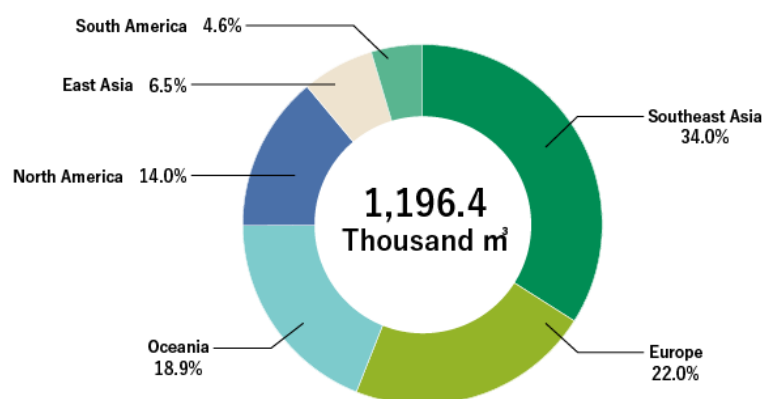
Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

No.	Category name
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' 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 2023, we audited 49 companies in Category A, 33 companies in Category B, and 59 companies in Category C.

Status of timber by region, and timber and wood products (results for January to December 2023)



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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

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*

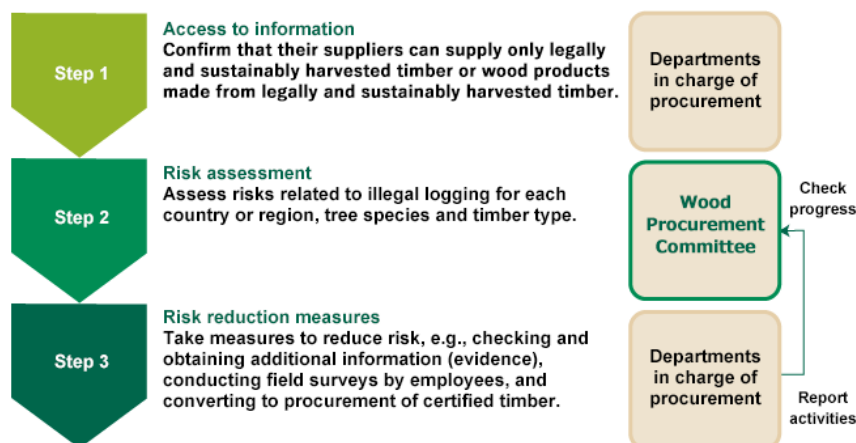
100%

* 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.

Due Diligence in Wood Procurement





Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

Initiatives for the sustainability of 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. For example, we have stopped handling some raw materials harvested in Indonesia, Malaysia and Russia. As a result, we achieved 100% handling of sustainable timber and wood products on a contract basis. We will continue to thoroughly implement sustainable wood procurement.

Percentage of sustainable timber and wood
products handled
FY2023 result*

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.

GGL Certification of incoming PKS

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

In Japan, it will be mandatory to obtain third-party certification for PKS material supplied to biomass power generation plants that use the FIT system from April 2024 onward. In May 2022, Sumitomo Forestry obtained GGL certification*, an international third-party certification that shows biomass fuels have been produced in a legal and sustainable manner.

We will continue to promote the supply of biomass fuels that are sound in terms of human rights and the environment.

* GGL certification: A third-party certification that covers the production, processing, transportation, and use of biomass fuels, including PKS material

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.

Nature Positive and Timber Procurement

In recent years, there has been a growing interest in biodiversity conservation and the concept of 'nature positive.' Companies need to find answers to the question of how to promote wood procurement that leads to nature conservation. In

December 2023, the Sumitomo Forestry Group organized a study session called "Biodiversity, Nature Positive, and Wood Procurement," led by Mr. Shinichi Kawae, General Manager of the Nature Conservation Department of the World Wide Fund for Nature Japan.

During the session, Kawae talked about the current state of biodiversity, global trends, and international trends that are changing from climate change to nature. Participants also learned about the initiatives that will be required of companies in the future.



World Wide Fund for Nature Japan
Study session led by Mr. Shinichi Kawae,
General Manager of the Nature
Conservation Department



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

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
FY2022	Supply Chain and Human Rights	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.	LRQA Sustainability K.K. Representative Director Hidemi Tomita

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.



The scene at the stakeholder Dialogue



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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 proactively approached suppliers that needed to make improvements and worked to deepen their understanding on the issues. 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.

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 timber 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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution



Inspection of harvest land still covered in snow



Check when loading the trailer



Properly checking the delivery at the plant using tablet terminals



Segregated management of round wood beyond the amount on the permit

Concrete Form Plywood from Indonesia

In recent years, several environmental groups have expressed their concerns about the legality of the logs used as raw material for plywood manufactured in Indonesia. In Indonesia, the SVLK timber legality verification system is in place, requiring timber product manufacturers and exporters to register by obtaining SVLK business certification issued by an independent evaluation and certification organization recognized by the National Accreditation Committee. Upon doing so, the business obtains documentation (V-Legal documents) from the independent verification and certification body certifying the 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.

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

Environment

Social

Governance

Related
Information

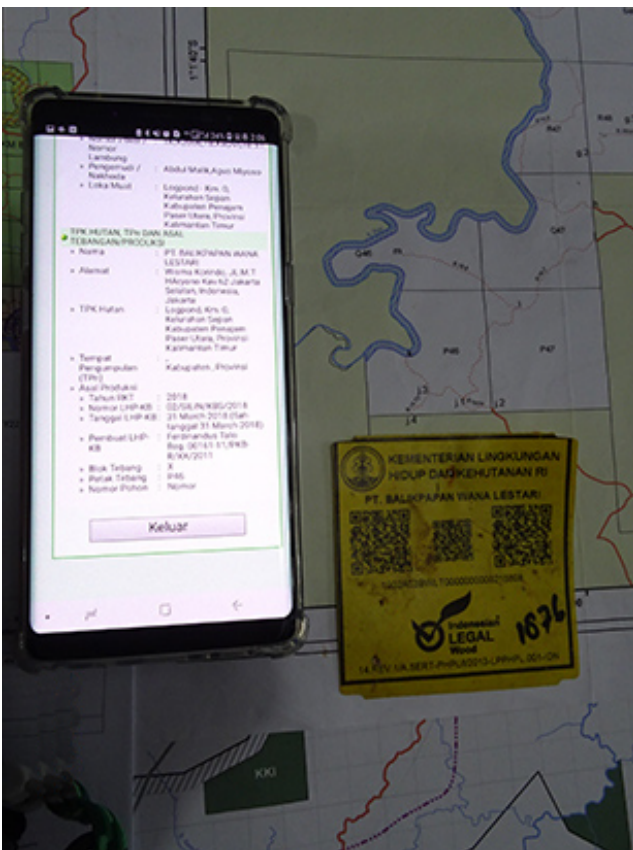
Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution



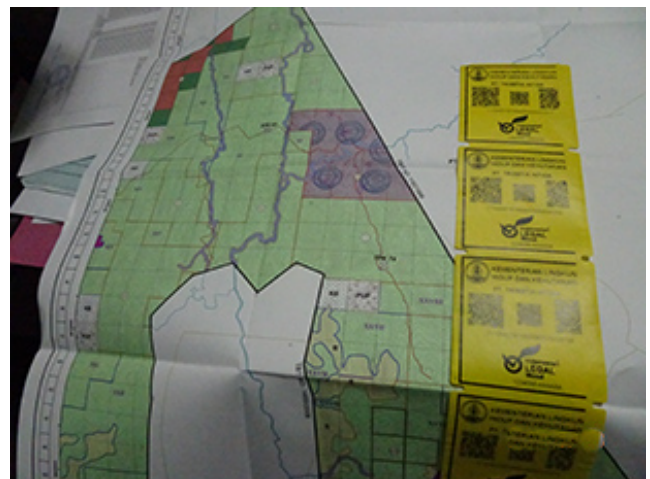
Confirming tags attached to the logs at the plant wood yard



Confirming tags at an intermediate wood yard



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



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

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

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

Plywood from Sarawak, Malaysia

In recent years, as is the case with Indonesia, several environmental groups have expressed their concerns about the legality of the logs used as raw material for plywood manufactured in Sarawak, Malaysia. Sarawak 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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - Social Contribution

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.

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

Name/Scale	Description
The Sumirin club -a membership organization to communicate with regional suppliers of timber and building materials Number of members: 876 companies (as of July 2023)	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 2023, roughly 867 of our business partners are using this service.

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. This marks the second time.



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

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 the 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 2023, we sent the questionnaire to 126 companies, receiving responses from 116, for a response rate of 83.5%, which exceeded last year's 80.6% but fell short of the target of 85% for fiscal 2023. The target for fiscal 2024 is 90%, and we plan to increase the number of companies that participate in the questionnaire compared to fiscal 2023 and increase the response rate by gaining understanding of the responses.

大項目	小項目
ガバナンス	1 社会的責任（CSR）取組の方針・規範を策定している。
	2 社会的責任（CSR）取組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 強制労働を禁止し、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く最低賃金を超え、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 外国籍従業員を受け入れている。
	15 法枠に従い、労働者の結社の自由や団体交渉権を認めている。
労働安全衛生	16 すべての社員に差別なく、職務にあった技能開発・研修などの人材育成の機会を提供している。
	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 社員自身の健康管理、労働災害や労働疾病の削減など適切な安全管理を行っている。
	22 緊急時や災害時に備え、社員の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



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

Supply Chain Management

Supply Chain Management in the Manufacturing Business

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 wood from planted forests in New Zealand and Indonesia.

We prioritize and promote the use of certified timber and wood from planted forests 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 wood from planted forests 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 Forestation Area

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

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
[Supply Chain Management](#) - Social Contribution

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 wood from planted forests.

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 wood from planted forests in 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

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
[Supply Chain Management](#) - Social Contribution

Supply Chain Management

Supply Chain Management in the Housing Business

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 \(extract\)](#)

Responsible Material Procurement

Checking Environmental Consciousness and Legal Compliance

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
Supply Chain Management - Social Contribution

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 Our Procurement Partners

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.

Business Partner Evaluation

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 2023, we provided feedback to 225 suppliers, a 100% implementation rate. As part of our evaluation, we have been conducting factory audits of our suppliers on a regular basis previously. 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.

Sustainability Procurement Survey

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 fiscal 2019, 42 companies (86% of the previous year's annual purchases) were scoped. The scope of the survey was gradually expanded, and in fiscal 2023, 83 companies (97.0% 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 October 2023. 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 responsible procurement to promote mutual understanding.



A sustainability procurement survey explanatory meeting

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

97.0%

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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
[Supply Chain Management](#) - Social Contribution

The response rate was 100% as it was in fiscal 2022. 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.

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.

[Click here for related information](#)

> [Policy on Sustainable Timber and Wood
Products](#)



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Social Contribution

Promotion of Social Contribution Activities

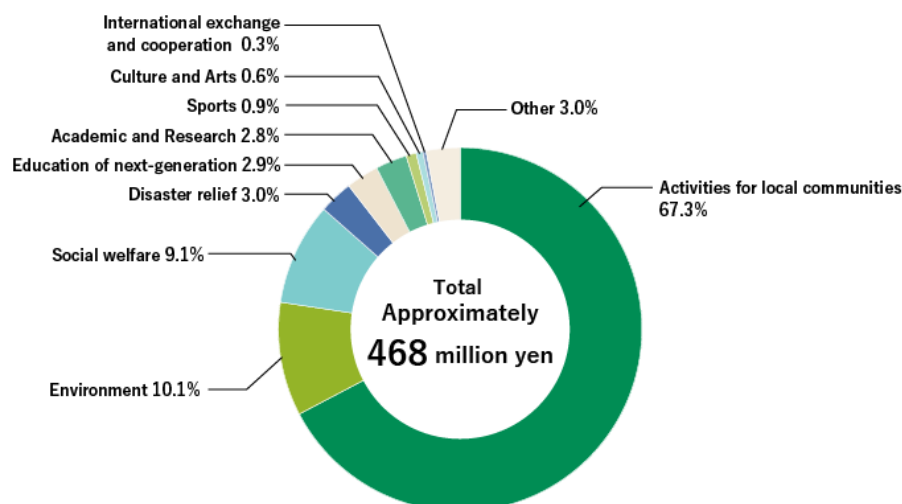
Basic Policy

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. Regarding donation, in order to confirm that donation meets the corporate philosophy or is appropriate and contribute to our group business, donation will be examined by a donation committee which is held once a quarter based on a donation regulation.

Social Contribution Donations

Breakdown of Donations by Category (FY2023)

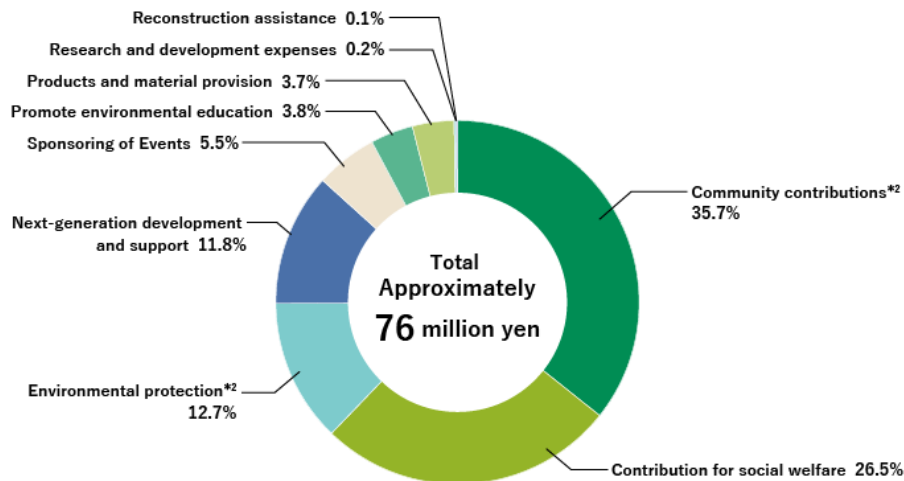




Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Expenditure on Social Contribution Activities

Breakdown of Expenditure on Social Contribution Activities (FY2023)



*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.

One employee took volunteer leave in fiscal 2023. We will continue to support employees' volunteer activities.

Contributions to Public Policy

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

Public Service (As of December 31, 2023)

Organization	Position
Council for the Promotion of Decentralization Reform, Cabinet Office	Assembly Member
National Exchange Examination Board, National Personnel Authority	Board Member
The 33rd Local System Study Group	Chairperson
Japan Association of Corporate Executives	Vice Chairman and Executive Director

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

Environment

Social

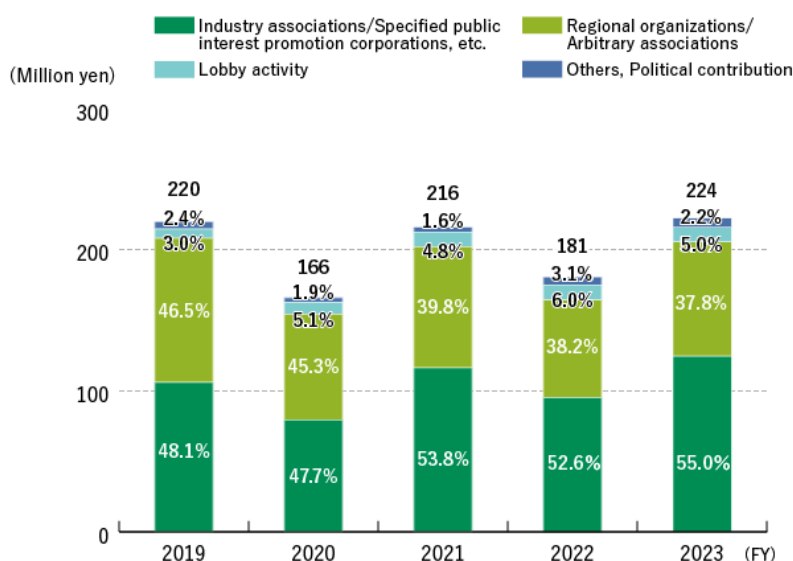
Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Organization	Position
Wooden Home Builders Association of Japan	Representative Supervisory Officer & Chairperson
Japan Federation of Housing Organizations	Representative Supervisory Officer & Vice-chairperson
The Machinami Foundation	Director
Japan-China Association for Building and Housing Industry	Director & Vice Chairperson
The Provision of Quality Housing Stock Association	Vice-chairperson
Keidanren (Japan Business Federation)	Standing Secretary
Keidanren Nature Conservation Council	Vice-chairperson
Japan Wood Design Association	Vice-chairperson
Japan International Association for the Industry of Building and Housing	Representative Supervisory Officer & Chairperson
Organization for Landscape and Urban Green Infrastructure	Representative Supervisory Officer & Chairperson
Japan Federation of Housing Organizations - Environment Committee	Chairperson
Japan Federation of Housing Organizations - International Foreign Relations Committee	Chairperson

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



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

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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 2023, Mt. Fuji Manabi no Mori was used for volunteer activities and environmental education programs. Approximately 1,300 people visited Mt. Fuji Manabi no Mori from inside and outside of the Company. The total number of visitors to date is approximately 35,000.

[Click here for related information](#)

> [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 2023, as the fifth year of this tree survey, approximately 70 volunteers took part in creating a database from records of 439 trees planted on an area of approximately 1,800 m².

In 2023, to commemorate the 25th anniversary of the Mt. Fuji "Manabi no Mori" project, volunteers planted trees borrowed from part of national forest. 45 seedlings including Japanese beech, Japanese zelkova (*Zelkova serrata*), Oak (*Quercus mongolica*), *Acer amoenum* var. *amoenum*, and *Stewartia monadelpha* were planted. There are many deer at foot of Mt. Fuji, and the participants set up a fence to protect the seedlings from damage by deer.

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



Volunteer tree survey

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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-planting activities to commemorate the 25th anniversary of Mt. Fuji "Manabi Forest" project

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 (currently Whole Earth Nature School). 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 2023, a total of 1,1730 students and children from 14 schools were invited to the program. A cumulative total of more than 14,000 students and children have been invited as of fiscal 2023.

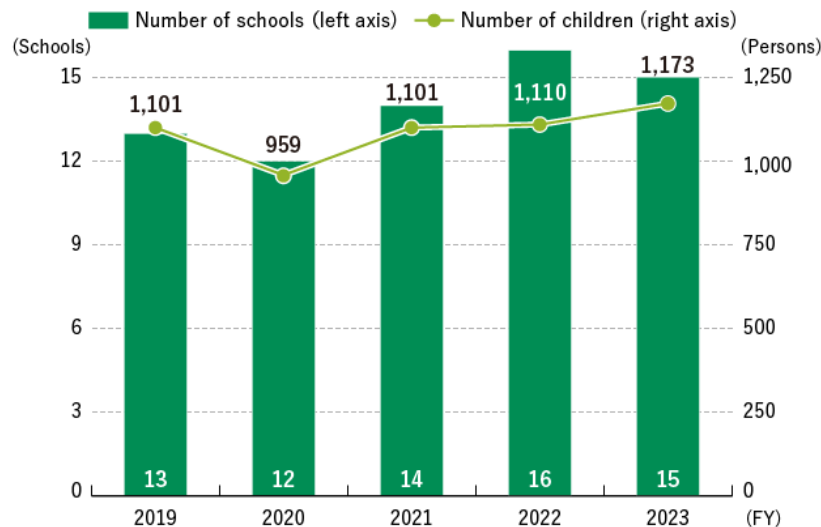


Environmental Education Program



Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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. Since the same year, we have also been conducting wildlife habitat surveys with the cooperation of the Minami Fuji Branch of the Wild Bird Society of Japan. In addition, since 2019, the insect habitat surveys have been 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 in 1996. Over the last 27 years, the survey revealed that the planted trees had not only gotten larger but the entire species in the forest also recovered. In 2023, trunk of tall tree species expanded. We will continue to monitor the progress in the future.

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.

Since 2019, we have conducted a three year "insect habitat survey" (not conducted in 2021 due to unfavorable weather conditions). A third study was conducted in 2022 and the survey results are summarized. Based on the results, we are reviewing the survey methods to improve our future activities.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Vegetation Shift in the Wind-affected 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, thus we have started the Oku Matsushima Nature Recover Volunteer Planting Activity along the Nobiru coast of Higashi Matsushima City since fiscal 2019.

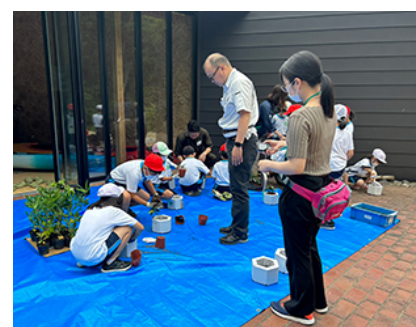
In 2023, a total of 200 people participated in the tree planting. Local residents, children from Higashi-Matsushima Municipal Miyanomori Elementary School, Sumitomo Forestry's subcontractors, and Sumitomo Forestry Group employees worked together to plant 850 plants from five local indigenous species. 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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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.

Participation in Forest Development by Hokkaido Companies

Sumitomo Forestry, together with three business partners*¹ of Timber and Building Materials Division of Hokkaido Branch, concluded an agreement with Kuriyama-cho, Yubari-gun, Hokkaido, for "creation of forest in Kuriyama-cho." Tree-planting and clear cutting of trees in forests owned by Kuriyama-cho. This agreement is part of the "Forest Management by Hokkaido Companies"*².

A joint tree-planting activity was held in October 2023. About 60 people participated, including employees of our company, partner companies and their families. A representative of a forestry cooperative explained how to plant trees, and about 150 Sakhalin fir (*Abies sachalinensis*) were planted. We will continue to promote forest conservation activities with our three business partners and contribute to development of sustainable local communities.

*¹ Yamachi United Co., Ltd, Hokkai Lumber, Kichijo Mokuzaï

*² This is an initiative promoted by Hokkaido Prefecture as a social contribution activity. Purpose of this initiative is to promote forest development by matching companies and organizations engaged in the development of private-owned forest in Hokkaido Prefecture with forest owners such as local governments, and to enhance various functions of forests such as CO₂ absorption and water retention



Joint signing ceremony



Tree Planting

Implementation of "Ehime Prefecture "Ai-Road" Supporter" Activities

In 2019, Sumitomo Forestry was certified as a model supporter under the "Ehime Prefecture "Ai-Road" Supporter Business", which supports voluntary cleanup and beautification activities by Ehime prefectural government. Every spring and summer, Sumitomo Forestry Group companies in Niihama area participate in volunteer cleaning activities for roads around their offices. At beginning of the year, participants submit a plan that includes "scheduled date of activity", "route of activity (prefectural road)," and a "list of expected participants". After the activity, participants submit an activity report. Ehime Prefecture provides them with garbage bags, cotton work gloves, and other equipment, as well as insurance, so that they can participate in cleaning activities with peace of mind and cooperate in beautification of local road environment.

Number of participants in cleaning activities

March 2022	October 2022	March 2023	July 2023
35	46	40	27

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**



Cleaning activities



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*¹). This project is an initiative to deliver diverse and comprehensive forest experiences using a Wald-car*².

In May 2023, we participated in "Plaza to Make the Earth Smile" hosted by TOKYO BROADCASTING SYSTEM TELEVISION, INC. It was an initiative to let people know about and experience SDGs through events under campaign theme of "Let's tackle SDGs together." Sumitomo Forestry provided programs mainly for children who rarely come into contact with nature in their daily lives, such as "Barefoot Trail" where children walk barefoot on wood and sand, and "Touchable Museum" where children can touch stuffed animals. We hope that such experience will be an opportunity to think about SDGs to protect nature for a long time.

The program will aim 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.



Scene of event



Barefoot Trail

*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

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Successful Tissue Culture and Propagation of Cerasus Jamasakura “Hiyoshizakura”

Cerasus jamasakura “Hiyoshizakura” in Hiyoshi-taisha Shrine is a kind of Yae-no-Yamazakura (mountain cherries), which has about 30 rose pink petals on one cherry tree. The last tree in Hiyoshi-taisha Shrine withered about 20 years ago. With cooperation of Forestry and Forest Products Research Institute and local residents, Hiyoshizakura tree was grafted and brought back to the shrine in 2014. Regarding rootstock, since a different type of grafting was used, branch of the rootstock will be main of the tree, therefore it may become a totally different species in the future. To ensure that Hiyoshi-zakura, culturally and scientifically important, is passed on to future generations, Sumitomo Forestry, which has cultivated Nagi and other heritage trees throughout Japan, succeeded in growing seedlings using tissue culturing technology in 2023. On April 7 of the same year, a ceremony to present seedlings was held at Hie Shrine (Shuji Miyanishi, Chiyoda Ward, Tokyo Prefecture). In the future, we will distribute seedlings of Hiyoshizakura grown by tissue culture to shrines belonging to national mountain and forest associations, to deepen bonds between shrines and having them enjoyed by various people as a symbol of the region.



Scene of flowering

Training and Education for the Next Generation

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.



Training

May 2023	Funaki Elementary School
May 2023	Niihama City Board of Education On-site Training
November 2023	Kita Junior High School

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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 2023.

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 producing and maintaining saplings grown in the stores and further cultivating the saplings grown in the stores for tree planting.

Sumitomo Forestry supports tree-planting activities by Shiseido Company, Limited's Skin and Mind brand "BAUM" at the "BAUM Hinoki no Forest" in a forest owned by Niihama City, Ehime Prefecture. In January 2024, Shiseido Company, Limited, and Niihama City of Ehime Prefecture, signed a three party agreement at the beginning of these activities. The first tree-planting activity to "BAUM Hinoki's Forest" is scheduled to be carried out in May 2024.

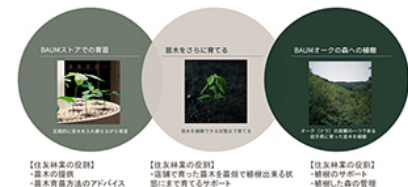
Based on brand philosophy of "not only receiving blessings of trees but also returning them to nature" of BAUM, which has a theme of "coexistence with trees," is engaged in efforts to recycle forest resources.

Through these activities, Sumitomo Forestry supports the brand's efforts to recycle forest resources through supply of Japanese cypress chips, which are used as raw materials, production and maintenance of Japanese cypress seedlings grown in stores, further cultivation and tree-planting of Japanese cypress seedlings grown in stores, and management of planted forests.

Tree-planting activities will be carried out in Niihama City, which is a place associated with Sumitomo Forestry Group and where management of forests surrounding the copper mines in Besshi Copper Mine was starting point. In the first tree planting activity, about 600 Japanese cypress seedlings grown in stores and then grown to a size that can be planted in a Motoyama seedling cultivation center are used.



Tree Planting



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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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 2023, 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 103,174,053 (approx. 950,000 yen).



Providing uniforms to children at the orphanage

Community Development through Project EARTH Initiatives

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

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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. In fiscal 2023, KTI provided around 200,000 seedlings to local community members.

66,891 houses were delivered during this project period, which began in 2009, with a roughly 400,000-ton CO₂ fixation target. As of ten years since these afforestation efforts, the cumulative total estimated CO₂ fixation was 430,000 tons*. This is expected to reach our carbon dioxide fixation target of 6 tons per household.

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

[Click here for related information](#)

> Reforestation Activities Contributing to the
Society



Water Maintenance and Management to Prevent
Fires



Fire Prevention Response Team



Harvesting and Transport of Wood

Respect for Local Tradition and Culture at Overseas Forests

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.

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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 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 addition, we are carrying out environmental education initiatives to raise the environmental awareness of children attending local elementary schools. In addition to classes on the importance and methods of protecting forests, flora and fauna, we provide students with a hands-on tree planting experience and donated stationery.



Students from a local elementary school receiving stationery



Hands-on tree planting experience

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Activities in Papua New Guinea

Building Social Infrastructure and Medical Support

Open Bay Timber Ltd. (OBT) in Papua New Guinea has been involved in forestry businesses 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 wood resources from planted forests.

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 to perform infant health checkups and provide advice to the sick as well as conduct educational activities.

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.



Full View of Open Bay Clinic

Activities in United States

Social Contribution Activities through the Housing Business

Mainview 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.

In 2023, we cooperated with the St. Stephen Housing Association, an NPO that provides temporary housing to homeless families in Washington State and supports them in reintegrating into society, and worked on painting doors, repairing playgrounds, and

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

landscaping at City Park Town Homes, a townhome subdivision located in the city of Auburn. MainVue engages in the development and sale of a large number of subdivisions in the area around Auburn, so we organized volunteer activities with the aim of contributing to the community.



MainVue Home employees who volunteered



Preparation work for the barbecue space



Painting doors



After construction of playground and door painting

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 worldwide.

In 2023, 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.

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

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**



Crescent employees installing gypsum board

Participation in Environmental Conservation Efforts

In 2023, Crescent teamed up with Catawba Lands Conservancy, which aims to preserve the land and environment around Charlotte, North Carolina, and Tarheel Trailblazers, which is developing a bicycle path in the River District, a large-scale master plan development in progress. We participated in activities to remove invasive species and pick up trash on mountain bike trails, and to protect native plants and ecology. Crescent will continue to actively implement environmental promotion activities in the future.



Crescent employees participating in the activity



Scene of the activity

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Tree planting in Denver and Atlanta

Employees of Crescent's Denver office participated in the Denver Digs Trees tree-planting initiative with The Park People, an NPO, planting 25 native trees in the local Washington park.

In addition, employees of the Atlanta office worked with Trees Atlanta, another NPO, to remove invasive plants at Connally Nature Park.



Reforestation activities

Participation in Social Welfare Activities

Crescent is also actively involved in social welfare activities.

In 2023, Crescent employees actively engaged in social welfare activities, such as sponsoring the Second Harvest Food Bank, which volunteers to deliver donated food to people in need, and soliciting donations of 3,700 items for Classroom Central, which provides school-related supplies for children.

She Built This City & Roof Above

She Built This City, which aims to create a pathway for women to work in the construction industry, and Roof Above, which unites communities to end homelessness, helped Crescent employees create much-needed picnic tables and benches at facilities for the homeless.



Crescent employees making a bench and picnic table

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

Activities in Australia

In 2023, Henley Properties Group, a company that builds and sells detached houses, sold one house that was built with the help of a residential land developer and component suppliers, and donated the proceeds. Many people from the company's business partners participated in this activity, from providing land, designing, estimating, manufacturing and procuring materials, managing construction, and building. Specifically, Henley Properties donated to a children's hospital all the earnings from the charity auction of a two-story house in Lara, west of Melbourne. Since its inception in 1993, donations through the auction have totaled A\$19.25 million (approximately 1,866.1 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 437 times in fiscal 2023. The TPF logo is posted on the Marlborough Rescue helicopter.


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

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - [Social Contribution](#)



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. In 2023, 13,000 trees of various species were planted to establish a vibrant ecosystem.



Reforestation activities



Seedlings planted

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

Environment

Social

Governance

Related
Information

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety -
 Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation -
 Supply Chain Management - **Social Contribution**

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. In the future, we will consider the continuing the project while keeping abreast of the local situation.

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 Young Chi Nun School	November 2016	South Dagon Township, Yangon City	Approx. 140	19 companies, 5 individuals

Human Rights - Diversity, Equity and Inclusion - Work-Life Balance - Occupational Health and Safety - Safety and Quality of Products and Services - Communication with Our Customers - Business Initiatives That Contribute to Regional Co-creation - Supply Chain Management - **Social Contribution**

Monastic School	Completion	Construction Region	Number of Students	Sponsors
Shuepi Paremiin Monastery Elementary and Middle School	March 2018	Aung Myay Tharzan Township, Mandalay	Approx. 520	20 companies, 6 individuals
Aung Mingalar Monastery Elementary and Middle School	January 2019	Pyigyidagun Township, Mandalay	305	19 companies, 6 individuals
Aung Myae Yadanar Monastery Elementary and Middle School	January 2020	Pyigyidagun Township, Mandalay	338	15 companies

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

Environment

Social

Governance

Related
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities



446 Corporate Governance

464 Risk Management

472 Compliance

478 Tax

480 Business Continuity Management

484 Information Security/DX

488 Intellectual Property Management

489 Responsible Advertising/Promotional Efforts

491 Return to Shareholders and IR Activities



Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Corporate Governance

Basic Policy

The Sumitomo Forestry Group utilizes wood as a healthy and environmentally friendly natural resource to provide a diverse range of lifestyle-related services that contribute to the realization of a sustainable and prosperous society. All our efforts are based on Sumitomo's Business Spirit, which places prime importance on fairness and integrity for the good of society. Therefore, we strive to ensure management transparency, sound and legal business practices as well as rapid decision-making and business execution.

By further enhancing and strengthening its corporate governance through these efforts, the Company aims to continuously increase its corporate value and conduct management that lives up to expectations of various stakeholders around the Group.

Click here for related information

[Integrated Report](#)

Corporate Governance and Internal Control

Sumitomo Forestry introduced the executive officer system to separate decision making and management oversight functions from operational execution functions. Comprised of ten directors (eight male/80.0%, two female/20.0%) including three outside directors (two male, two female), the Board of Directors is structured to make quick decisions. The oversight function of the Board of Directors has been strengthened, the lines of operational responsibility clarified, and the Chairman of the Board of Directors no longer serves as an executive officer. The Nomination and Remuneration Advisory Committee has been established to provide opinion to the Board of Directors on selecting director and statutory auditor candidates and executive officers as well as determining compensation of directors and executive officers, for the purpose of ensuring transparency and fairness of decision-making.

Composition of directors (gender)*

	Male	Female
Number (persons)	8	2
Ratio(%)	80	20

* As of March 28, 2024

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Composition of directors (age group)*

	50s	60s	70s
Number (persons)	4	4	2
Ratio(%)	40	40	20

* As of March 28, 2024

Sumitomo Forestry has a board of company statutory auditors. In addition to attending important meetings within the Company, the statutory auditors conducts audits of the directors' execution of duties, through sharing information and opinions with auditors at Group companies and the staff in the Internal Audit Division, and by supervising staff assisting auditing operations.

As of March 28, 2024, ten directors (including four outside directors), five statutory auditors (including three outside auditors) and 19 executive officers (including five persons concurrently serving as directors) were appointed to the Company. The Company notified Tokyo Stock Exchange, Inc. of the designation of the four outside directors and three outside statutory auditors as independent officers as required by its regulations.

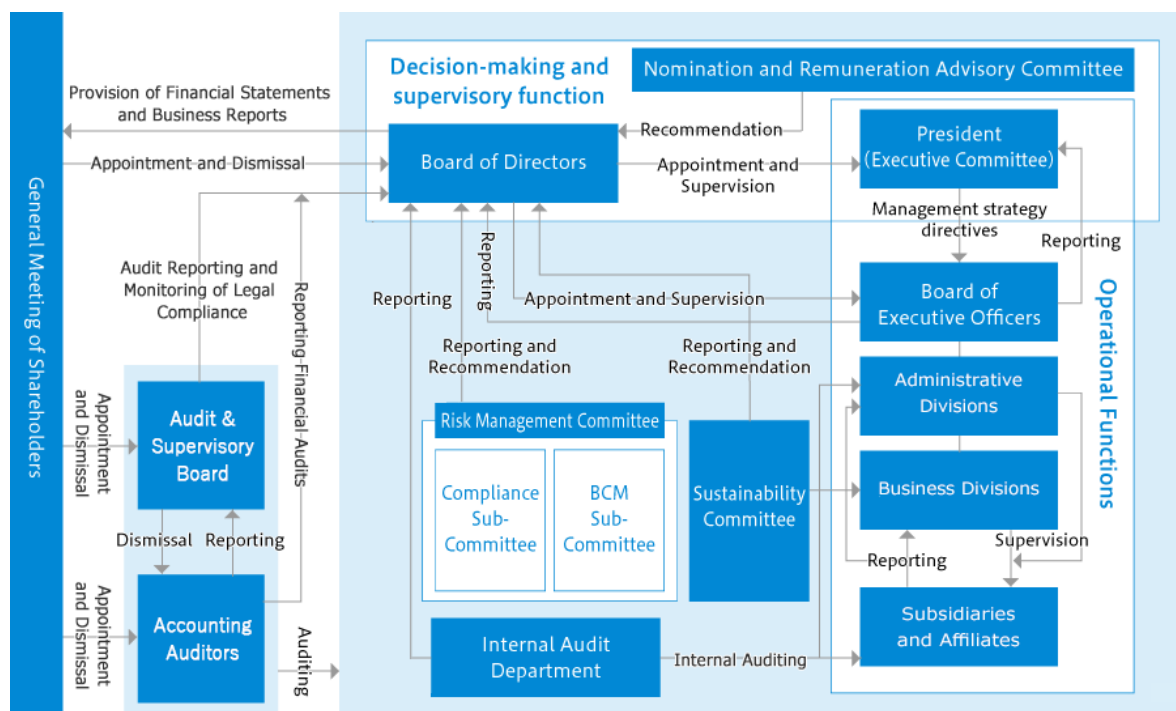
[Click here for related information](#)

[Basic Policy on Corporate Governance](#)

[Corporate Governance Report](#)

[Directors and Executive Officers](#)

Corporate Governance System





Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Board of Directors and Executive Committee

In principle, the Board of Directors meets once a month, making decisions and carrying out its supervisory function for important issues in accordance with its discussion standards. In addition to making decisions on all important items and confirming business results, it supervises the directors' execution of their duties. Directors and statutory auditors are required to maintain an attendance rate of 75% or higher as a general rule.

The Executive Committee, which is an advisory body for the President, holds meetings twice a month, before the Board of Directors meeting to ensure that there is sufficient prior discussion on important issues. It is attended by those directors who also serve as executive officers, as well as the full-time statutory auditors as a general principle.

The Company ensures prompt decision-making and separation of supervision and operational execution functions, for effective performance of the Board of Directors. In fiscal 2023, the Board of Directors meetings were held 15 times while Executive Committee meetings were held 24 times.

List of Directors

Position*1	Name	Responsibility and Significant Concurrent Positions*1	Board of Directors*2	
			Attended Meetings (meetings)	Attendance Rate (%)
Representative Director, Chairman of the Board	Akira Ichikawa	Outside Director, Konica Minolta, Inc., Outside Director, Sumitomo Chemical Company, Limited	15	100
Representative Director, President and Executive Officer	Toshiro Mitsuyoshi	—	15	100
Representative Director, Executive Vice President	Tatsumi Kawata	Administering Lifestyle Service Division, In charge of General Administration, Legal, Secretary, External Relations, Corporate Communications, Human Resource Development, D&I, IT Solutions and Internal Audit	15	100
Director, Senior Managing Executive Officer	Atsushi Kawamura	Administering Timber and Building Materials Division, In charge of Tsukuba Research Institute, Divisional Manager of Global Construction and Real Estate Division	15	100

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Position ^{*1}	Name	Responsibility and Significant Concurrent Positions ^{*1}	Board of Directors ^{*2}	
			Attended Meetings (meetings)	Attendance Rate (%)
Director, Managing Executive Officer	Ikuro Takahashi	Divisional Manager of Housing Division	15	100
Director, Managing Executive Officer	Nobuyuki Otani ^{*4}	Administering Environment and Resources Division, In charge of Finance and Sustainability, and General Manager of Corporate Planning Department and Productivity Enhancement Department of Corporate Planning Department	-	-
Outside Director	Izumi Yamashita	Outside Director, AEON Bank, Ltd.	15	100
Outside Director	Mitsue Kurihara	Chairman, Representative Director, Value Management Institute, Inc., Outside Director, Chubu Electric Power Co., Ltd., Outside Director, Japan Finance Corporation	15	100
Outside Director	Yuko Toyoda ^{*3}	Attorney at Law	12	100
Outside Director	Toshio Iwamoto ^{*4}	Advisor of NTT DATA Group Corporation Outside Director of Daiwa Securities Group Inc. Outside Director of East Japan Railway Company Outside Director of Isetan Mitsukoshi Holdings Ltd.	-	-

^{*1} Position, responsibility and significant concurrent positions as of March 28, 2024

^{*2} Attended meetings and the attendance rate to Board of Directors meetings are in fiscal 2023

^{*3} Attended meetings and attendance rate of Board of Directors meetings are after appointment as a director on March 30, 2023

^{*4} Appointed on March 28, 2024

Structure of the Board of Directors

The Board of Directors is composed of 17 individuals in a structure built on expertise, such as knowledge, experience, skill, and diversity. Sumitomo Forestry considers diversity such as gender and nationality as well as expertise which includes those who have a wealth of experience and success in the operations of the Sumitomo Forestry Group, those who have a wealth of experience and success in business such as corporate management, industry and policy and those who have specializations such as law and accounting.

Officer Skill Matrix

The table below outlines the skills (expertise, experience) that the Company takes into special consideration for each of the Directors and Statutory Auditors.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

		Position	Corporate management	Resources, environment	Construction, real estate development	Global	Finance, accounting	Human resources development, D&I	Legal, risk management	IT/DX	Industrial policy
Director	Akira Ichikawa	Chairman of the Board, Representative Director	•			•	•	•	•	•	•
	Toshiro Mitsuyoshi	Representative Director, President, Executive Officer	•	•	•	•					
	Tatsumi Kawata	Representative Director, Executive Vice President	•	•		•	•	•	•	•	
	Atsushi Kawamura	Director, Senior Managing Executive Officer	•	•	•	•					
	Ikuro Takahashi	Director, Managing Executive Officer	•		•						
	Nobuyuki Otani	Director, Managing Executive Officer				•	•				
	Izumi Yamashita	Outside Director	•			•	•			•	•
	Mitsue Kurihara	Outside Director	•	•		•	•				•
	Yuko Toyoda	Outside Director				•			•		
	Toshio Iwamoto	Outside Director	•			•				•	



Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

		Position	Corporate management	Resources, environment	Construction, real estate development	Global	Finance, accounting	Human resources development, D&I	Legal, risk management	IT/DX	Industrial policy
Auditors	Toshio Kakumoto	Auditor				●			●		
	Kazunari Hada	Auditor			●			●			
	Yoshimasa Tetsu	Outside Auditor					●				
	Makoto Matsuo	Outside Auditor				●			●		
	Takashi Kawachi	Outside Auditor			●			●			●

Reasons for selection of the skills

Corporate management	The Company needs board members who have experience in corporate management to achieve further growth of existing businesses, which cover a wide variety of aspects of people's lifestyles, such as forestry management, timber and building materials distribution and manufacturing, housing construction, etc. and to fulfill our long-term vision amidst a global movement toward decarbonization.
Resources/Environment	In our long-term vision, we have set out to enhance the value of "forests" and "trees" through sustainable forestry management. The Company needs board members who have expertise and experience in resources and the environment to develop new businesses through pursuing the value of forests as a carbon sink, to conduct scenario analyses and ongoing financial disclosure based on recommendations made by TCFD (Task Force on Climate-related Financial Disclosure) and to steadily implement initiatives to achieve our SBT-based greenhouse gas emissions reduction targets.
Construction/Real estate development	The Company needs board members who have expertise and experience in construction and real estate development to expand our medium- and large-scale wooden construction operations as stated in our long-term vision and Medium-Term Management Plan, and to nurture and reinforce our real estate development operations into a new pillar of profit.
Global	"Advancing globalization" is one of the business policies of our long-term vision. The Company needs board members who have global experience to promote the expansion of the business areas and scale of our overseas group operations.
Finance/Accounting	The Company needs board members who have expertise and experience in finance and accounting to improve capital efficiency, enhance shareholders' equity, and make sustainable growth investments that raise corporate value.

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Human resource development/D&I	In our long-term vision, we have set out to enhance “value for people and society”. The Company needs board members who have expertise and experience in human resource development and D&I to reinforce our ability to continually retain and nurture human resources who can respond to the diversification of our businesses, to improve engagement with our employees, to promote transformation in work styles, and to implement initiatives related to D&I (diversity and inclusion).
Legal affairs/Risk management	The Company needs board members who have expertise and experience in legal affairs and risk management to create a corporate governance structure for sustainable growth and mid- to long-term improvement of corporate value, and to build a risk management system for the global growth of our business operations and other.
IT/DX	In our long-term vision, we have set out to enhance “value for the market economy”. The Company needs board members who have expertise and experience in IT and DX to promote digital transformation (DX) throughout the company and to enhance productivity through the development of an IT infrastructure and others.
Industrial policy	In our long-term vision, we have set out to enhance “value for the market economy”. The Company must create policy frameworks in relation to society and hence needs board members who have knowledge of industrial policy to develop businesses related to carbon credits of forests, which are a carbon sink.

Nomination Procedure for Directors

Director candidates are selected at the Board of Directors from a pool of personnel with superior personality traits and acumen, and potential value to the Company through consultation with the Appointment and Remuneration Advisory Committee. Summaries of background and interlocking status of the directors are available on the website.

[Click here for related information](#)

[Directors and Executive Officers](#)

Training for Directors

Sumitomo Forestry has established a provision on training for directors, statutory auditors, and executive officers in Article 15 of its Basic Policy on Corporate Governance. Under this policy, the Company provides information and training opportunities to directors, statutory auditors and executive officers both at the time of appointment and on an ongoing basis during their term of office. In fiscal 2023, the Company provided training on Sumitomo Forestry’s initiatives to enhance corporate value.

[Click here for related information](#)

[Basic Policy on Corporate Governance](#)





Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Summary of Analysis/Evaluation and Results of Overall Effectiveness of the Board of Directors

1. Method of evaluation

Every year, the effectiveness of the Board of Directors is analyzed and evaluated. This fiscal year, through a self-evaluation and analysis using a survey submitted by each of the directors and statutory auditors (the method of response was anonymous with responses sent directly to an outside organization, which maintained anonymity) and an outside evaluation of the survey results. In addition, an evaluation was conducted based on the implementation status of the role of the Board of Directors as set out in the Company's Basic Policy on Corporate Governance (hereinafter, current status) and an exchange of opinions with outside directors and outside auditors.

2. Result of evaluation

- As a result of the evaluation described in 1., the Company believes that the Board of Directors is functioning effectively.
- In terms of areas cited for improvement the previous fiscal year, the Nomination and Remuneration Advisory Committee, an advisory body to the Board of Directors, held discussions regarding succession plans for top management and will continue to do so on an ongoing basis to invigorate discussions at Board of Director meetings. In addition, to counter new operational risks related to the expansion of the Group's operations, the Company newly established a Project Monitoring Committee and confirmed that important matters discussed at meetings of the Executive Committee and the Board of Directors are monitored from the time of decision making to the start of business to appropriately identify risks and avoid losses.
- Future challenges based on opinions include further enhancing the Board of Directors' monitoring capabilities by increasing the efficiency of Board of Director meetings through shorter explanation times for agenda items and other measures to secure adequate time for discussions.

We will strive to further improve the effectiveness at Board of Directors meetings by continually working to heighten the level of discussion with awareness toward highlighted topics in the future.

Board of Statutory Auditors

The Board of Statutory Auditors meets to discuss and make decisions on important matters regarding audits. The five statutory auditors, including the three outside statutory auditors, utilize the deep insights and diverse perspectives they have acquired from their various business backgrounds to conduct audits of the directors' execution of duties. The Board of Statutory Auditors met 14 times during fiscal 2023.

The appropriate human resources are also appointed as statutory auditors at our main subsidiaries for the purpose of improving the effectiveness of auditing and informational exchange at these companies. Meetings of Statutory Auditors of Sumitomo Forestry and its subsidiary companies are held with members composed of full-time statutory auditors of Sumitomo Forestry as well as auditors of our main subsidiaries. This meeting was held six times in fiscal 2023.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Board of Statutory Auditors

Position* ¹	Name	Responsibility and Significant Concurrent Positions* ¹	Board of Directors* ²		Audit & Supervisory Board* ²	
			Attended Meetings (meetings)	Attendance Rate (%)	Attended Meetings (meetings)	Attendance Rate (%)
Full-time Auditor	Toshio Kakumoto* ³	—	12	100	10	100
Full-time Auditor	Kazunari Hada* ⁴	—	-	-	-	-
Outside Auditor	Yoshimasa Tetsu	Certified Public Accountant Outside Audit & Supervisory Board Member of Daiwa Motor Transportation Co., Ltd.	15	100	14	100
Outside Auditor	Makoto Matsuo	Attorney at Law External Director of CAPCOM Co.,Ltd. (Member of the Audit and Supervisory Committee) Outside Audit & Supervisory Board Member of Taisho Pharmaceutical Holdings. Director of Rapidus Corporation	15	100	14	100
Outside Auditor	Takashi Kawachi	President of Japan Foundation for Regional Art-Activities, Outside Audit & Supervisory Board Member of The Yomiuri Shimbun	-	-	-	-

*1 Position, responsibility and significant concurrent positions as of March 28, 2024

*2 Attended meetings and the attendance rate to Board of Directors meetings and Board of Statutory Auditors meetings in fiscal 2023.

*3 Attended meetings and attendance rate of Board of Directors meetings are after appointment as a statutory auditor on March 30, 2023

*4 Appointed on March 28 2024



Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Outside Directors

Outside In the selection procedure for outside directors and statutory auditors, determinations are based on the following standards of independence and professional criteria.

(1) Criteria for independence

If none of the below criteria apply, an individual will be considered independent.

1. An executive of the Company

An executive officer, operating officer, manager or other type of worker (hereinafter, executive) of the Company, its subsidiary or affiliate

2. Consultant and other

(i) An employee, partner or other type of worker of a financial auditing company that conducts financial audits for the Company or its subsidiary or is in charge of auditing the Company or its subsidiary.

(ii) A lawyer, certified public accountant, tax attorney or other type of consultant who has received from the Company or its subsidiary outside of director compensation an annual average of 10 million yen or more in money or other types of financial gain in the past three fiscal years.

(iii) An employee, partner, associate or other type of worker of a law office, audit company, tax accountant office, consulting firm or other type of advisory firm that is a major transaction party to the Company or its subsidiary (has received from the Company or its subsidiary payment equivalent to 2% or more of average consolidated total revenues of the past three fiscal years).

3. Major shareholder (fiduciary owner)

An individual (or in the case of a corporate entity, an executive of that entity) who directly or indirectly owns at least 10% of the Company's total voting rights.

4. Major shareholder (owner)

An executive of a corporate entity that the Company or its subsidiary owns at least 10% of their total voting rights.

5. Transaction parties

(i) Customers (major transaction parties): An individual (or in the case of a corporate entity, an executive of that entity) to whom our sales amount to that individual or corporate entity is 2% or more of the Company's total consolidated revenues.

(ii) Suppliers (major transaction parties of the Company): An individual (or in the case of a corporate entity, an executive of that entity) to whom our purchase amount from that individual or corporate entity is 2% or more of their c Company's total consolidated revenues.



Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

6. Lenders

Lenders who have lent the Company 2% or more of total consolidated assets (or in the case of a corporate entity, an executive of that entity).

7. Contribution recipients

An individual (or in the case of a corporate entity, an executive of that entity) that the Company or its subsidiary has contributed an average 10 million yen a year or 2% of total income, whichever is higher, over the past three fiscal years.

8. Family

A spouse or relative within the second degree of an individual who cannot be declared independent according to this standard (excluding persons of no importance*).

9. Past requirements

An individual for which item 1 within the past ten years, or item 2 or 7 within the past five years, applies.

10. Outside director reciprocal appointments

An executive or full-time auditor of a company that has an outside director who is an executive director or full-time auditor of the Company or its subsidiary.

* Persons of no importance, in line with the independence standards stipulated by the Financial Instruments Exchange, is defined as follows.

- For each company, an individual who is not an executive director, operating officer, manager or general manager level employee.
- For advisory firms such as law offices, audit companies or other, an individual who is not the firm's employee, partner or associate.

Four of our current outside directors and three of our outside statutory auditors are considered independent based on the above list of independency criteria, not to pose a conflict of interest with general shareholders.

(2) Standards of Concurrent Board Positions

(i) When concurrently holding a board or statutory board member position of another publicly listed company, the number of concurrent board or statutory board member positions will be follows:

- (a) When serving as an executive director at another company exercising relevant execution of operations, only one company other than this Company;
- (b) In situations other than (a), up to four companies other than this Company.

(ii) An attendance rate at the meetings of the Board of Directors or Board of Statutory Auditors of at least 75%.



Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Nomination and Remuneration Advisory Committee

To secure transparency and ensure fairness, the Board of Directors has established the Nomination and Remuneration Advisory Committee as an advisory body to call on for opinions regarding decisions on candidates of director and statutory auditor, executive officer appointments, director, statutory auditor and executive officer dismissals, chief executive officer and executive officer evaluations, and director and executive officer compensation. The Nomination and Remuneration Advisory Committee is composed of the chairman, the president and all outside officers (four outside directors and three outside auditors), and a majority of the committee members are outside officers and one of the outside directors serves as the committee chairperson.

The Board of Directors determines the directors and executive officers' remunerations within the amount specified by resolution of the General Meeting of Shareholders, taking into consideration the opinions stated by the Nomination and Remuneration Advisory Committee.

List of Nomination and Remuneration Advisory Committee Members

	Position ^{*1}	Name	Nomination and Remuneration Advisory Committee ^{*2}	
			Attended Meetings (meetings)	Attendance Rate (%)
Committee chairperson	Outside Director	Izumi Yamashita	3	100
Board Member	Outside Director	Mitsue Kurihara	3	100
	Outside Director	Yuko Toyoda ^{*3}	2	100
	Outside Director	Toshio Iwamoto ^{*4}	-	-
	Outside Auditor	Yoshimasa Tetsu	3	100
	Outside Auditor	Makoto Matsuo	3	100
	Outside Auditor	Takashi Kawachi ^{*4}	-	-
	Chairman of the Board and Representative Director	Akira Ichikawa	3	100
	Representative Director, President and Representative Director	Toshiro Mitsuyoshi	3	100

^{*1} The position as of March 28, 2024

^{*2} Attended meetings and the attendance rate to Nomination and Remuneration Advisory Committee meetings are in fiscal 2023.

^{*3} Attended meetings and attendance rate of Board of Directors meetings are after appointment as a statutory auditor on March 30, 2023

^{*4} Appointed on March 28, 2024

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Risk Management Committee

Information regarding the Risk Management Committee is found in "Risk Management/ Risk Management Framework".

In fiscal 2023, Risk Management Committee was held four times, Compliance Subcommittee was held twice, BCM Subcommittee was held twice, and reports were made four times to Board of Directors respectively.

[Click here for related information](#)

[➤ Risk Management Framework](#)

Sustainability Committee

In response to matters including climate change, SDGs and human rights issues, the Sustainability Committee was established in fiscal 2018 based on the growing requirements for medium to long-term initiatives and informational disclosure about the Environment, Society and Governance (ESG).

The Sustainability Committee is made up of executive officers also appointed as director, and divisional managers with representative director president and executive officer acting as the Committee chairperson. The Committee formulates and promotes strategies for the Group's medium to long-term ESG challenges including climate change and nature-related matters, manages the progress of the Mid-Term Sustainability Targets including analysis of risks and opportunities, and monitors the implementation and effectiveness of the Our Values and Code of Conduct. Furthermore, from January 2024, the Sustainability Committee increased the number of times it meets annually from four to six in order to advance initiatives to address quality control and worker safety initiatives.

The content of all committee proceedings is reported to the Board of Directors to enable our business operations to become part of the solution for social issues.

[Click here for related information](#)

[➤ Risk Management Framework](#)

[➤ Responding to TCFD and TNFD](#)

Internal Audits

Sumitomo Forestry's Internal Audit Department draws on risk assessments in selecting about 60 business sites from among the roughly 200 business sites in the Group every year to conduct internal audits. The Company's internal auditors are certified as internal auditors by the Japan Institute of Internal Auditors, and one of them is the Certified Internal Auditor (CIA). The sites are selected by specifying an order of priority based on the two perspectives of operational risk (business results, size, complexity of business, etc.) and control risk (risk management framework). In principle, the assessment will be conducted by visiting the site, interviewing the parties concerned, and checking the actual documents and other items. We also conducted some interviews by remote audit (paper audit and video conference) during the time of travel restrictions because of outbreak of coronavirus disease (COVID-19). In addition, the company has been promoting DX on the occasion of calamity of coronavirus disease (COVID-19), including introduction of audit software to work on Computer Assisted Audit Techniques (CAATs), a technique for extracting large amounts of digital data and using audit tools to verify the validity of numerical values.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

In the internal audits, the department checks on how a business site is executing its operations and managing its office work, including its compliance with laws and regulations, and it reports its findings to the President, the executive officer in charge of internal audits and to internal statutory auditors, as well as to the manager responsible for the business site and the executive officer or director in charge of the business site. Furthermore, if any indications have been made, the department checks the improvement efforts implemented at the business site, such as by examining documents and conducting quarterly follow-up reviews. Furthermore, plans and results regarding internal audits are reported directly to the Board of Directors, and a discussion session with outside officers has been held at least once a year regarding internal audits.

[Click here for related information](#)

[Integrated Report](#)

Executive Remuneration

In accordance with laws and regulations, Sumitomo Forestry discloses the remuneration paid to officers (directors and statutory auditors) each fiscal year.

Total Remuneration Paid to Directors and Statutory Auditors

(Fiscal 2023)

Classification	Total amount of remuneration and other	Monthly remuneration	Performance-based remuneration (bonus)	Non-monetary remuneration (performance-based restricted stock remuneration)	Number of eligible officers
Directors (excluding Outside Directors)	¥ million 489	¥ million 276	¥ million 144	¥ million 69	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	51	51	-	-	3
Outside Directors	41	41	-	-	4
Outside Audit & Supervisory Board Members	34	34	-	-	3

*1 Names and amounts of officers whose remuneration is greater than or equal to 1 billion yen are disclosed in Financial Statements.

*2 The above number of eligible directors for remuneration includes a statutory auditor and an outside director who retired at the close of the 83rd Ordinary General Meeting of Shareholders.

*3 The above non-monetary remuneration amounts respectively represent 69 million yen in expenses for the fiscal year based on the calculation of the estimated amount of monetary remuneration receivables in accordance with the estimated number of shares to be delivered after the three-year evaluation period.

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

[Click here for related information](#)

[Annual Securities Report](#) 

[Annual Securities Report \(Japanese\)](#) 

Executive Remuneration

[Remuneration for directors]

1. Basic policies

The remuneration of directors of the Company is designed in accordance with the following policies:

- (i) The remuneration plan should be highly linked not only to short-term performance but also to medium- to long-term performance and improvement of corporate value;
- (ii) The plan should be linked to the value to be newly created and provided in the course of promoting the ESG integrated management;
- (iii) The plan should be designed to be linked to the shareholder value of the Company;
- (iv) The remuneration level should be such that the Company can secure and maintain the human resources necessary to achieve its long-term vision; and
- (v) The plan should ensure transparency and objectivity in the remuneration determination process.

2. Remuneration level

From the perspective of ensuring objectivity and appropriateness of the executive remuneration, the level of remuneration for directors of the Company will be set with reference to the levels of other companies as surveyed by outside professional organizations, with the aim of achieving the mid-to-high level of remuneration in companies of similar size. The Company will revise the remuneration levels as necessary in response to changes in the external environment.

3. Composition of remuneration

Remuneration for directors of the Company is composed of three types: (i) fixed remuneration commensurate with the director's responsibilities and roles, (ii) annual performance-based bonus as a short-term incentive, and (iii) performance-based restricted stock remuneration as a medium- to long-term incentive. Thus, the remuneration plan is designed to encourage management efforts from a short-term, and medium- to long-term perspective and to appropriately reward the results of such efforts. Remuneration for outside directors, who are responsible for management supervision from an independent standpoint and not in a position to execute business, is composed solely of fixed remuneration.

A summary of each type of remuneration is as follows:

<Fixed remuneration>

1. The Company will determine the amount of fixed remuneration for each position of director in accordance with their responsibilities and roles. The fixed remuneration will be monthly, and a fixed amount will be paid in cash on a fixed date of each month.
2. The amount of remuneration for outside directors, consisting only of monthly remuneration as fixed remuneration, will be determined in accordance with their responsibilities and roles.

<Annual performance-based bonus>

1. The amount of annual performance-based bonus will be judged comprehensively and determined by multiplying the standard bonus amount stipulated for each position with a payout ratio that fluctuates (lower limit 0%~upper limit 180%) in



Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

proportion to the base profit for each business year (the amount obtained by deducting actuarial differences regarding employees' retirement benefit obligation and net income attributable to non-controlling interests from consolidated recurring income for the relevant fiscal year).

2. The Company has adopted the method of amortizing actuarial differences regarding employees' retirement benefit obligation as a lump sum in a single business year. Accordingly, any significant fluctuation in actuarial differences due to stock price fluctuations, interest rate conditions, or other at the end of the business year will have a significant impact on business performance. Therefore, to calculate base profit, the Company uses consolidated recurring income after deducting actuarial differences regarding employees' retirement benefit obligation.
3. Payment of annual performance-based bonus to each eligible director will be decided upon by the Board of Directors taking into consideration the opinions of the Nomination and Remuneration Advisory Committee, which is chaired by an outside director and in which a majority of its members are outside officers.

<Performance-based restricted stock remuneration>

1. Performance-based restricted stock remuneration is structured to reflect the Company's performance during each period (three years) of the Medium-Term Management Plan. The standard stock remuneration amount prescribed for each position consists of (i) a portion linked to the growth rate of the Company's market capitalization relative to TOPIX (two-thirds of the standard stock remuneration amount by position), and (ii) a portion linked to the achievement rate of SBT (Science Based Targets) greenhouse gas emission reduction targets (one-third of the standard stock remuneration amount by position), each during the relevant period.

To promote management that emphasizes medium- to long-term enhancement of shareholder value, performance-based restricted stock remuneration is a plan to grant restricted stocks to eligible directors after the final fiscal year of the three-year Medium-Term Management Plan as an incentive to increase corporate value during the period of the Medium-Term Management Plan, in accordance with the achievement status of the Medium-Term Management Plan. The applicable period of the plan is the three years from January 1, 2022 to December 31, 2024 (hereinafter, the applicable period).

The amount of performance-based restricted stock remuneration is calculated using two indices and the method for calculation is as follows.

(i) Remuneration linked to market capitalization growth rate

The aim of this system is to compare the Company's market capitalization growth rate with the TOPIX growth rate to objectively measure and reflect the Company's relative stock market valuation in the remuneration amount.

< Calculation formula > Amount equivalent to two-thirds of the standard stock compensation amount by position x payout ratio (growth rate of Company's market capitalization during the period of the Medium-Term Management Plan/TOPIX growth rate during the same period)*

* The payout ratio range will be from 0% (lower limit) to 120% (upper limit).

(ii) Remuneration linked to sustainability indices achievement rate

By setting a payout ratio upper limit of 100%, if the Company fails to achieve its SBT (Science Based Targets^{*1}) greenhouse gas emission reduction targets^{*2}, the amount of remuneration will be reduced from the standard stock remuneration amount in accordance with the status of target achievement, thereby creating a strong incentive to achieve the targets.

< Calculation formula > One-third of the standard stock remuneration amount by position x payout ratio (percentage of achievement of Medium-Term Management Plan SBT greenhouse gas emission reduction targets)*³

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

*1 Refers to the emission reduction targets set by companies and to be achieved in five to fifteen years to comply with the level required by the Paris Agreement that was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and took effect in 2016 (which sets a goal of limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit the increase to 1.5°C).

*2 The emission reduction target for the initial coverage period has been set at -21.7% compared to the Company's figures in fiscal 2017.

*3 The payout ratio range will be from 0% (lower limit) to 100% (upper limit).

- The stock remuneration amount to be paid to each eligible director will be determined by the Board of Directors after the end of the subject period by calculating the cumulative amount of stock remuneration during the subject period based on the actual value of each evaluation index and considering the views of the Nomination and Remuneration Advisory Committee.

4. Remuneration composition ratio

The plan has been designed so that the ratio of fixed remuneration to variable remuneration for directors should be 60 to 40 when the base profit is 100 billion yen. Specifically, fixed remuneration accounts for 60%, annual performance-based Bonus (variable) accounts for 25%, and performance-based restricted stock remuneration (variable) accounts for 15% of the total remuneration, respectively. The remuneration for outside directors consists solely of fixed remuneration.

5. Remuneration governance

The matters regarding executive remuneration, such as the amount of individual remuneration for directors, will be determined by the Board of Directors taking into account the views of the Nomination and Remuneration Advisory Committee chaired by an outside director, in which outside officers constitute a majority.

6. Forfeiture of remuneration

If the Board of Directors confirms any wrongdoing or other misconduct by a director, the Company may demand a payment restriction or return of the performance-based restricted stock remuneration paid to such director.

[Remuneration for Statutory Auditor]

Compensation for Statutory Auditors consists only of monthly compensation as basic compensation. In addition, we use results of a survey conducted by a third party for directorship remuneration at domestic corporations in order to set an appropriate remuneration level from the perspective of ensuring objectivity and appropriateness of executive remuneration.

[Click here for related information](#)

> Establishment and Certification of Science
Based Targets (SBT)

Strategically-held Shares

Article 5 of Sumitomo Forestry's Basic Policy on Corporate Governance cross-shareholding is as follows.

- The Company may acquire and hold shares in its business partners and counterparties when the Company determines that such shareholdings will contribute to mid- to long-term enhancement of the Company's corporate value from the perspective of, among others, maintenance and reinforcement of long-term and stable business relationships with those partners and counterparties as well as expansion of the Company's business as a result of such closer ties with those parties.

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

2. At meetings of the Board of Directors, the Company will regularly examine whether the holdings of the shares under the preceding paragraph (the “Strategically-held Shares”) lead to the improvement of its corporate value through analyzing the relationship between the profits/risks associated with such holdings and the cost of capital, and will verify the purpose and rationale of such holdings. When the Company judges that the rationale and necessity of such holdings cannot be confirmed, it will reduce the number of such Strategically-held Shares.

3. The Company will appropriately exercise its voting rights pertaining to the Strategically-held Shares in accordance with its voting criteria and based on its comprehensive judgment from the perspective of the improvement of its corporate value.

[Click here for related information](#)

[➤ Basic Policy on Corporate Governance](#) 

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

Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Risk Management

Risk Management Framework

In order to reinforce its framework for managing business risks for the entire Group, Sumitomo Forestry has created the Risk Management Basic Regulations and has appointed the President of Sumitomo Forestry as the highest authority on risk management for the Sumitomo Forestry Group. Executive Officers in charge of Head Office Department and each Division have been appointed authorities on risk management of their department, and general managers have been appointed to promote risk management. The Regulation encompasses risks in environmental, social, and governance aspects, comprehensively.

The Risk Management Committee is chaired by the President and CEO and consists of executive officers and general managers in charge of the Corporate Planning Department, Personnel Department, Legal Department, IT Solutions Department and Sustainability Department, along with divisional managers of each division and the General Manager of the General Administration Department. The Committee selects priority management risks on annual basis after analyzing and evaluating the risks identified from each division and department, and prioritizes monitoring the progress of responses to those risks of particularly high importance. The committee meets once every quarter and updates priority management risks when necessary. A Compliance Subcommittee and a Business Continuity Management (BCM) Subcommittee have also been established under the command of the Risk Management Committee to carry out specific activities for increasing effectiveness of responses to compliance and business interruption risks regarded as cross-sectional risks affecting the Group. The Board of Directors receives reports on these activities while management has put in place a system to reflect this in business execution, such as the implementation of management reviews. In fiscal 2023, Risk Management Committee was held four times, Compliance Subcommittee was held twice, BCM Subcommittee was held twice, and reports to Board of Directors were made four times respectively.

We keep developing specific measures to improve the effectiveness in our response to environmental, social, and governance risks and emerging risks described in Sumitomo Forestry Group Code of Conduct. With respect to climate change, for example, international trends are considered together with the business condition of each Division in order to evaluate risks and opportunities that are thought to have a severe financial impact at the corporate and divisional levels. Since fiscal 2019, each Division joined together in conducting TCFD-based scenario analyses.

The Sustainability Committee discusses items determined through this process to be priority risks in the medium to long term, reports to the Board of Directors about its activities in the same way as the Risk Management Committee, and reflects this into business execution.

[Click here for related information](#)

[Corporate Governance and Internal Control](#)

[Business Continuity Management System](#)

[Sustainability Committee](#)

[Responding to TCFD and TNFD](#)

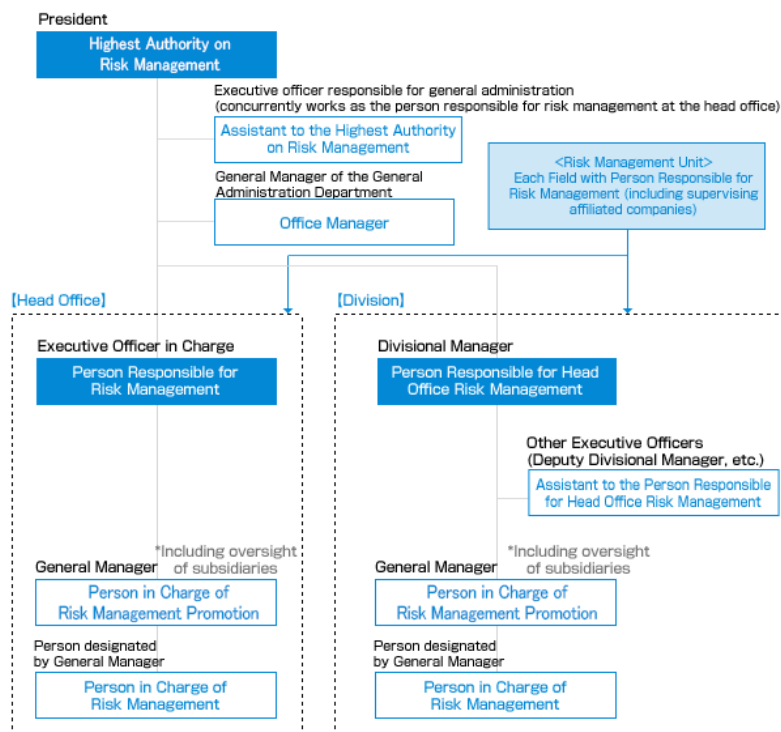


Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Project Monitoring Committee

In 2023, we established the Project Monitoring Committee to monitor all risks related to new business projects, product development, and other projects, from internal approval of project implementation to the start of business. The department in charge of a project reports to the Project Monitoring Committee on the progress of the project and possible risks, and each member evaluates the risks. In addition, the Committee Secretariat reports the proceedings of meetings to the President, and the President instructs the Secretariat to (1) provide feedback to the department in charge of instructions and findings, (2) report to the President from the department in charge, and (3) report to the Executive Committee, depending on the status of the matter.

Risk Management Structure of the Sumitomo Forestry Group



Risks in Operations

The following risks have been identified in operations as stated on the Security Reports.

1. Risks related to trends in housing and real estate markets worldwide
2. Risks related to procurement and sales of raw materials, timber and building materials
3. Risks related to declining number of skilled construction workers in Japan
4. Legal and regulatory risks
5. Foreign exchange risks
6. Quality assurance risks
7. Credit facility risks of business partners
8. Overseas business risks
9. Risks of mountain forests and plantation forest operation locations held and managed

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

10. Risks involving information security

11. Risks in accounting retirement benefits

12. Risks regarding the environment including climate change as well as loss of nature and biodiversity, etc.

13. Risks of emergency situations caused by natural disasters, etc.

Click here for related information

> Securities Reports/Internal Control Reports
(in Japanese)

> Compliance

> Business Continuity Management

Reports in detail mainly on the following four individual risks.

Risks Associated with Illegal Logging and Conversion Timber

Illegal logging is recognized as a crucial issue globally, and progress is being made to strengthen related laws and regulations in a number of countries and regions. Japan has announced the Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products (The Clean Wood Act) on May 20, 2016, which was enacted on May 20, 2017. Addressing stronger control of illegally harvested wood not only responds to the requirements of the world but it is also extremely important for the Sumitomo Forestry Group to continue businesses sustainably. Fiscal 2020 results of departments and affiliated companies registered by the Sumitomo Forestry Group have been reported to each registration agency certified by the Japanese government. In addition to legality of the procured timber and wood products, sustainability of forests that produce wood has been in question recently. "Conversion timber" is timber generated during the conversion of natural forest areas to non-forest use (such as oil palm plantation). While the conversion to farm land is often discussed from the commodity side (oil palm, soy, rubber and cattle), conversion timber now poses sustainability risks to forestry industry.

Click here for related information

> Responsible Material Procurement

> Supply Chain Management

Impact on the Sumitomo Forestry Group

The Sumitomo Forestry Group could jeopardize its own businesses that handle wood resources if it neglected its duty and dealt in illegally logged timber. Moreover, these actions would harm the image of the Company and could directly damage our business performance such as compensation for damage and turnover.

Risk Countermeasures

The Sumitomo Forestry Group has been committed to responsible wood procurement, pioneering legislation in Japan and having established the Timber Procurement Philosophy and Policy in 2005, to bring contributions to a sustainable society via business activities of "wood," a renewable resource. In 2015, Timber Procurement Philosophy and Policy was extended beyond wood and became subject to procurement of building materials, raw materials of products, and end products, and reestablished as Sumitomo Forestry Group Procurement Policy. We have also been engaged in responsible wood procurement activities since 2018, formulating the Timber Procurement Management Regulations and Timber Procurement Due Diligence Manual among other measures. Sumitomo Forestry has drafted and is executing an action plan to accomplish by the end of fiscal 2021 founded in the fiscal 2019 actions for strengthening due diligence through the Timber Procurement Committee and diffusing the use of sustainable forests and wood to promote the procurement of timber from more sustainable forests.

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

Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Click here for related information

> [Supply Chain Management in the
Distribution Business](#)

Risks Associated with GHG Protocol Revision - Forest Carbon Removal Recognition

Forestry sector is currently the only sector that can remove carbon dioxide from the atmosphere through photosynthesis and trees store carbon. However, unlike national emission inventory report to IPCC, corporate carbon accounting does not include carbon removal from land sector and storage for biogenic products.

The Nature based Solutions (NbS) and Natural Climate Solutions (NCS) has now been receiving much attention for mitigation. The de facto standard of carbon accounting for corporate, the GHG Protocol, was co-developed by the World Resource Institute and the WBCSD, is now developing new guidance reflecting strong demand for the area of land use, land use change and natural (biogenic) carbon removals. However, it has already been delayed for more than two years from the original release schedule while many of the reporting frameworks often refer to the Protocol.

It is imperative for the land sector to be able to report carbon removal with a relatively easy-to-handle inventory accounting protocol. Otherwise, it may hinder investment flow for the forest sector.

Impact on the Sumitomo Forestry Group

In 2023, Sumitomo Forestry launched its first forest fund offering future carbon credit for hard to abate sectors. In its long-term vision, Mission TREEING 2030, the Company disclosed the targets to expand its forest operation areas from 280,000 hectares of fiscal 2021 to 500,000 ha by 2030. For the whole sector and for Sumitomo Forestry, unless forest carbon removals and biogenic carbon storage be recognized through easy-to-handle accounting protocol, it may hinder investment flow for the forest sector.

Also, Sumitomo Forestry has been promoting wooden mid-to-large scale buildings on top of the wooden detached houses in Japan, the U.S. and in Australia. Substituting effect of construction materials to biomaterial, namely wood, has been recognized as an effective transitional pathway for the carbon neutral society. Visualization of the carbon sequestration effect of biogenic material is key and globally accepted protocol would greatly help pushing the agenda forward.

Risk Countermeasures

Sumitomo Forestry has become more active in lobbying through the Forest Solutions Group of the WBCSD (World Business Council for Sustainable Development) and CDP Japan Club, where Sumitomo Forestry serves as member. Also joined newly established International Sustainable Forestry Coalition in December 2023 to better collaborate among industry peers. Through FSG, four of which members are official members of TWG of the GHG Protocol Land Sector Removal Guidance Revision, we participated in the pilot test from September 2022 to February 2023, and also provided feedback. Carbon removal through forest sequestration is the only currently-available-solution (and Nature based Solutions), which is imperative for the transition towards the carbon neutral society.

Risk Associated with New Emerging ESG Mandatory Disclosures

In June 2023, the International Sustainability Standards Board (ISSB) released its inaugural standards which set out requirements for sustainability-related (**IFRS S1**) and climate-related (**IFRS S2**) financial disclosures (ISSB Standards) for business entities. The

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

new standards consolidate the requirements of multiple other leading sustainability reporting frameworks and is mandated by regulatory authorities. While it is a welcoming trend for business in a long run with a globally unified standard to report against and lowering cost of sustainability disclosure, transitional period poses a great risk for companies to adopt to new mandates coming into forces on a different time scale in each country.

The Group has its operations in, sources from and sell to about thirty countries, and each jurisdictional decision would affect the Group. These sustainability disclosure requirement trends coincide our rapid growth in overseas operations through mergers and acquisitions and collecting and managing especially social aspects of non-financial data and measures poses great challenges to the Group.

Impact on the Sumitomo Forestry Group

Sumitomo Forestry, headquartered in Japan and listed on the Tokyo Stock Exchange Prime Market, is required to follow the regulations by the Financial Agency of Japan, which plans to adopt the ISSB standards in 2025. In addition to Japan, the Group has its operations in, sources from and sell to about thirty countries, and each jurisdictional decision would affect the Group. These sustainability disclosure requirement trends coincide our rapid growth in overseas operations through mergers and acquisitions and collecting and managing especially social aspects of non-financial data and measures poses challenges to the Group.

While Scope 3 disclosure has already been realized and been updated, among already known requirements, followings are time consuming and cost rising aspects we need to adopt; simultaneous reporting with the financial statement, connected information to sustainability-related risks and opportunities linking to the financial reporting information, and potentially broader third-party assurance. With IFRS intention to expand the disclosure content, biodiversity, human rights in supply chain and human capital development are in scope for the future requirements. Failing to meet these disclosure requirements or disclosing incorrect information would risk our access to market, which jeopardizes the fundraising.

Risk Countermeasures

Sumitomo Forestry Group has been conducting Internal Sustainability Survey since 2012 to collect non-financial data, review sustainability readiness of each Group entity and to implement any necessary measures to mitigate risks. Building up on these initiatives, in June 2024, a Task Force team was formed among Corporate Planning, Finance and Sustainability Departments to incorporate necessary measures in the upcoming mid-term sustainability target to be ready for the SSBJ (Japan's jurisdictional body to determine how to adopt ISSB requirements) requirements for fiscal 2027 report. The TF has also been exchanging views with relevant authorities on foreseeable challenges for the whole society, especially for smaller enterprises.

New Business Plan Risk Assessment

All new business and project plans that are brought for deliberation to the Board of Directors and the Executive Committee, which is the advisory body to the president, Sumitomo Forestry conducts risk assessment for the following categories, considering the entire supply chain. If a risk is confirmed, a report is made regarding the risk and measures to deal with it, which is used to determine implementation. In addition, the same risk assessment is recommended for new business projects that are not brought for deliberation to these meetings because they can be implemented under the jurisdiction of the respective Division or affiliated company. In fiscal year 2023, 17 new businesses and projects were discussed. With regard to GHG emission risks in particular, we plan to add items to the checklist to understand specific figures for the purpose of reducing emissions.



Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Environmental Aspects	<ol style="list-style-type: none"> 1. Greenhouse Gases 2. Biodiversity Conservation (Including Verification of Protected Regions) 3. Waste 4. Water Resources 5. Soil Contamination 6. Noise 7. Others
Social Aspects	<ol style="list-style-type: none"> 1. Relationships with Companies We Do Business With 2. Anti-Corruption in All Its Forms, Including Extortion and Bribery. 3. Human Rights Considerations for Workers and Other Stakeholders 4. Promotion of Employee Diversity 5. Prohibition of Forced Labor and Child Labor 6. Appropriate Working Hours and Wages 7. Occupational Health and Safety 8. Impact on Local Communities (Including Concern for Local Residents and Administrations, Industry Organizations, NPOs, Municipal Citizens' Groups and Indigenous People)
Legal and Regulatory Compliance	-
Overall	Recognition of Indications from External Organization About Business Models, Products, Services and the Related Business Entities

Understanding and Assessing Housing and Real Estate Development Risks

Properly understanding the geological and geographical risks unique to each property is vital in the development of housing and real estate. The Sumitomo Forestry Group has put in place the necessary systems to verify whether there are any issues through careful surveys at the assessment stage of development in addition to other multistage checks done before determining how to implement a project.

In overseas development, for example, we first select the land to develop and then outsource soil and environmental surveys to external research firms to fully understand the risks from an objective standpoint. We not only ask local affiliated companies to give their input on risks but the Sumitomo Forestry head office also conducts property inspections and environmental and social impact studies using its own sustainability risk assessment sheet for projects larger than a certain scale. Management also provides feedback through meetings at the Sumitomo Forestry head office to analyze risks from diverse multistage perspectives. We only engage in projects determined to be acceptable through this process.

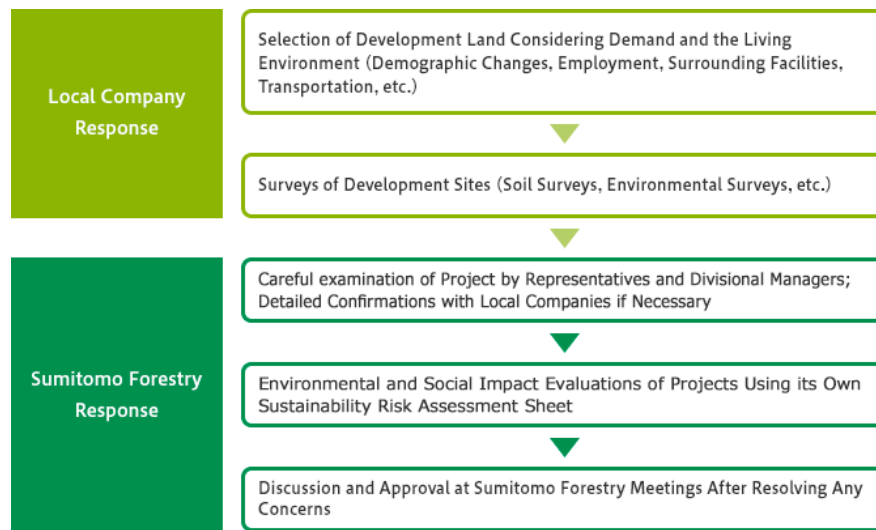
Top
CommitmentSustainability
ManagementInitiatives for Sumitomo
Forestry Group's
Business and ESG

Environment

Social

GovernanceRelated
Information

Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities



Construction also comes with the risk of occupational accidents during the construction phase. Sumitomo Forestry complies with occupational health and safety laws and works to prevent occupational accidents at local affiliated companies and also puts in place systems to immediately report any accident that occurs to the headquarters so it can quickly understand what happened as well as plan and execute measures to prevent recurrence.

Risk Education

We not only provide risk management and compliance training when Executive Officers and employees join the Company but also conduct e-learning for all Group Executive Officers and employees every year to enhance the risk sensitivity of Sumitomo Forestry Group Executive Officers and solidify it in our corporate culture.

In addition, we are periodically conducting training on corporate law and corporate governance, including those of Sumitomo Forestry's independent Board of Directors and external statutory auditors.

[Click here for related information](#)

> [Communication in Employee Evaluation and Job Execution](#)

> [Corporate Governance and Internal Control](#)

Prompt Identification and Response to Risks

The Sumitomo Forestry Group implements Two-hour Rule reporting 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.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - **Risk Management** - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

At our overseas sites as well, employees report back assessed risks. For example, some sites have introduced the system where supervisors install safety management application on their mobile phones that allows swift reporting of risks and incidents when they occur, or that implement an incentive system for making suggestions upon discovery of an event that is one step away from a serious accident (near-miss). Through these initiatives, we are raising awareness among employees to make it easier to discover risks.

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.

Two-Hour Rule and Use of Risk Information





Corporate Governance - Risk Management - **Compliance** - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Compliance

Basic Policy

The Sumitomo Forestry Group has established the Sumitomo Forestry Group Code of Conduct as a foundation for its policies and regulations based on its Corporate Philosophy and Our Values. The Sumitomo Forestry Group uses the Code of Conduct for compliance not only at its Group companies but also at its suppliers to prevent corruption such as bribery, engage in fair business practices, maintain informational confidentiality, build healthy relationships with politicians, and respect human rights. In this manner, we ensure that the entire Group's operations follow the Code of Conduct including in the supply chain.

Click here for related information

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

Compliance Promotion

Sumitomo Forestry established the Compliance Subcommittee as a subordinate organization under the Risk Management Committee, chaired by the general manager of the General Administration Department and comprised of the persons responsible for risk management, including those from the responsible departments at each group company. As a cross-cutting organization across the group, the subcommittee promotes responses to compliance risk. It has established the group standard risk management system and tools to ensure compliance with the Construction Business Act of Japan and other laws throughout the group, for efficient response to compliance risk.

A meeting was held by the committee twice in FY2023 to continuously improve the compliance system through the following activities. Through these efforts, compliance officers of the entire group are able to coordinate their viewpoints from the bottom up and share a sense of crisis.

- Combined inspection of compliance with the Construction Business Act, Act on Architects and Building Engineers, and the Real Estate Brokerage Act
- Combined inspection of safe operation management system
- Combined inspection of compliance with the Subcontracting Act
- Combined inspection of responses to administrative procedures and legal requirements specific to Group companies
- Sharing of matters for initiatives aimed at strengthening execution of the Subcontract Act and Anti-Monopoly Act (fair transactions with subcontracting SMEs and appropriate price pass-on, etc.)

These activities are outlined and reported to the Board of Directors once every quarter to build a system to reflect this information into the execution of our businesses. In addition to making monthly activity reports to auditors and internal audit divisions, any particularly important initiatives or risk information that is common to the group is shared with the auditors in each

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - **Compliance** - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

group company via the meetings of statutory auditors of Sumitomo Forestry and its subsidiary companies. Thus, the group has developed a system for promoting compliance in its lines of business execution using internal and external approaches.

Based on the Sumitomo Group Procurement Policy, Sumitomo Forestry Group responds to compliance risks in supply chains by working with suppliers to ensure that wood procurement is performed legally and in a sustainable manner with consideration of legal compliance, human rights, labor practices, biodiversity conservation, and local communities. The Wood Procurement Committee convenes four times every year led by the Executive Officer in charge of Sustainability Department as the chairperson and procurement managers from the Timber and Building Materials Division, Housing Division, and each department procuring timber and wood products at affiliates as members. At meetings, the Committee deliberates on the wood procurement of the entire Group, including procurement standards for wood and risk assessment of illegal logging. This committee receives reports on results from local interviews and the Sustainability Procurement Survey, including the level of supplier compliance awareness, and requires corrective actions to rectify any supplier issues found. In addition, in the risk assessment, we review and revise the risk classification of each logging country once a year with reference to information from the Corruption Perception Index of international NGOs, the FSC's country-specific risk assessments, and reports by environmental NGOs.

Compliance Training

The Sumitomo Forestry Group conducts compliance training, including on laws and internal systems, for employees when they first join the company, to ensure that they understand the importance of compliance and to foster awareness of compliance. In fiscal 2023, training was administered to a total of 375 new graduate recruits, and to 123 mid-career recruits (Sumitomo Forestry). Compliance training was also provided to groups of employees at specific levels, including "Training for New General Managers."

In addition, we have designated e-learning courses such as "Risk Management and Compliance," "Information Security," and "Work and Human Rights," which include topics related to harassment, as mandatory courses. All employees of the Group, including temporary employees and part-time employees, are required to take these courses every year. By having employees take the course repeatedly, we aim to establish compliance awareness and enhance corporate value.

In FY2023, 12,533 employees of whom 5,723 and 6,810 belong to the parent company and Group companies, respectively, took the class.

Compliance Hotline

The Sumitomo Forestry Group is committed to creating a workplace environment equipped with a self-corrective function for catching any misconduct concealed in day-to-day operations at an early stage. The Group established the Compliance Hotline (advice desks) in 2002 to allow for the reporting of compliance violations. Furthermore, in October 2019, we put in place a whistleblowing mechanism shared with our main overseas Group companies as our Group expands businesses around the world. An external multilingual operator is used for this reporting system to receive reports in English, Chinese, Indonesian, Vietnamese, and Thai.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - **Compliance** - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

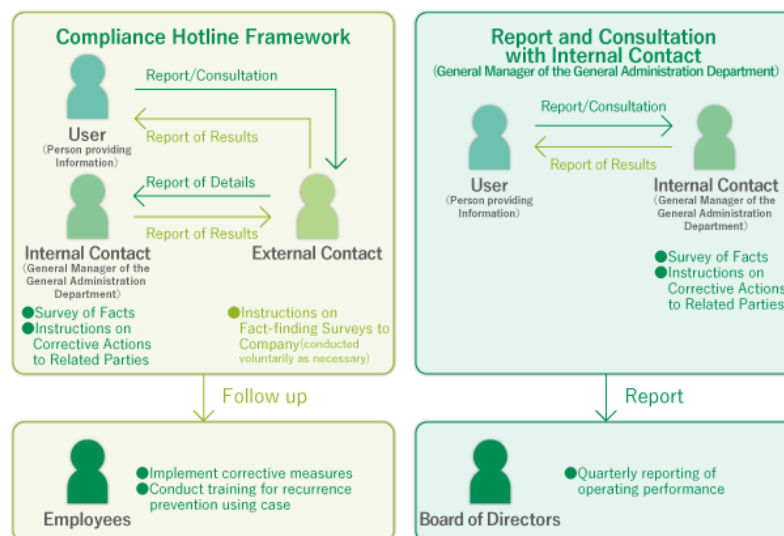
We received 15 consultations, including cases of suspected misconduct and harassment in fiscal 2023.

Compliance Hotline Framework

The Group has two Compliance Hotlines, one within the Group (general manager of the General Administration Department is responsible) and one external to it (lawyer), ready to provide advice and receive reports via telephone or a dedicated email address. Sumitomo Forestry clarified the protection of rights for persons seeking advice or making reports in relevant regulations while publicizing this information on its intranet. We are also striving to create an environment where everyone can easily use this hotline through measures such as the distribution of leaflets including the contact information—internal and external—for the compliance hotline to all employees including those of Group companies.

When a report is received, an investigation will be carefully conducted. If a compliance violation, etc. is confirmed, necessary corrective measures will be taken. The operating performance of the Compliance Hotline is reported to the Board of Directors quarterly, and case studies of reports are used as learning opportunities in training as needed in an effort to prevent recurrence.

Compliance Hotline Framework



[Click here for related information](#)

➤ [Grievance Desk](#)

Compliance Auditing

The Sumitomo Forestry Group audits compliance-related matters at each business site through internal audits and follows up with guidance on for corrective actions or improvements for any problems that are found.

[Click here for related information](#)

➤ [Internal Audits](#)

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - **Compliance** - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Compliance Awareness Survey

The Sumitomo Forestry Group conducts a compliance awareness survey of all employees of Group companies in Japan once every two years in order to measure the level of awareness and penetration of compliance.

Issues identified through this survey are reflected in compliance initiatives.

Preventing Corruption

Based on the Sumitomo Forestry's Regulations for Prevention of Bribery of Officials including Public Servants, we aim preventing corruption both in Japan and overseas. Basic principle of these regulations is to pay attention to facilitation payments (small payments to facilitate ordinary administrative services) and to provide conditions and prior approval for donations such as political contributions. The regulations also stipulate that no offer, promise, implementation, or approval will be made for the provision of money, goods, or other benefits to public officials, etc. We also introduce overseas consolidated subsidiaries common tools such as a Sales Commission Checklist to help prevent bribery. We will continue to conduct interviews and training on the status of anti-bribery initiatives to understand risks and educate Group employees.

In addition to the above, when appointing a new contractor or agency or renewing a contract, the Company appropriately confirms that there is no risk that contractor will commit acts of bribery. At the same time, when engaging in joint ventures with other companies, the Company appropriately conducts due diligence, including status of corruption.

Furthermore, there were no reports of bribery, including facilitation payments, taking place in the Sumitomo Forestry Group in fiscal 2023.

Promotion of Fair Competition and Appropriate Transactions with Subcontractors

Sumitomo Forestry published the Antimonopoly Act Guide Book, and via articles on its intranet, e-learning and other methods, it works to enhance understanding and awareness regarding the intent and outline of the Antimonopoly Act and about the risk of cartels stemming from contact with competitors, for the purpose of promoting fair competition. In addition, we conduct a combined inspection of our compliance system for the Subcontract Act (Act on Prevention of Delay in Payment of Subcontract Proceeds, etc.), and we are working to correct trade and business practices that hinder the building of partnerships with suppliers for the creation of value and coexistence and co-prosperity throughout the supply chain.

Furthermore, there were no reports that any breaches or issues related to the Antimonopoly Act and Subcontract Act involving any member of the Sumitomo Forestry Group in fiscal 2023.

Click here for related information

➤ [Partnership Building Declaration](#)

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - **Compliance** - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Political Contributions Policy

The Sumitomo Forestry Group states in its "Code of Conduct": "We shall maintain a healthy and transparent relationship with the government that is in conformance with all laws." This statement has been included to ensure a healthy relationship with the government. The Sumitomo Forestry Group Code of Conduct Handbook distributed to every employee working at Group companies in and outside Japan clarifies "As a general rule and in accordance with relevant laws and company regulations, only the division in charge is permitted to make political contributions" and "If circumstances require another division to make a political contribution, make sure that there is adequate prior consultation with the division in charge or top management."

Restriction of Insider Trading

The Sumitomo Forestry Group adheres to the Financial Instruments and Exchange Act as well as other relevant laws to prevent insider trading. Regulations to prevent insider trading maintains and improves the trust society has for the company in the stock market by clarifying procedures to prevent insider trading by executives and employees as well as the management of information and disclosure methods. In addition, executives and employees who have the potential to come into contact with insider information on a daily basis are required as policy to gain the prior approval of the General Manager of the General Administration Department if they plan to buy or sell company stock to ensure the appropriateness. The Group also has published an Insider Trading Prevention Manual and raises awareness through its internal websites in addition to reminding the executives and employees twice a year about the prevention of insider trading as a general rule.

Furthermore, there were no reports of breaches or issues related to insider trading in the Sumitomo Forestry Group in fiscal 2023.

Rejection of Influence from Anti-Social Forces

The Sumitomo Forestry Group's Code of Conduct state that the "influence from anti-social forces will be met with a resolute attitude and no compromises will be tolerated" as its basic policy. The General Administration Department is designated as the division to coordinate overall response and systematically cooperates with external expert bodies such as the police and lawyers in order to gather information about anti-social forces, and when required, gives guidance in issuing warning notices. In addition, in accordance with the enforcement of laws of each prefecture for the exclusion of organized crime, Sumitomo Forestry takes appropriate action including standardization such that all contracts that Group companies enter into with third parties include a clause to exclude anti-social forces.

Furthermore, we have requested that all business partners, including existing contracted partners, provide declarations guaranteeing that neither they nor their parent, subsidiary or subcontracting companies are anti-social forces.

Prevention of Traffic Accidents and Violations

Sumitomo Forestry Group promotes use of a standard Group system for safe driving to manage the risks associated with traffic accidents and violations.



Corporate Governance - Risk Management - **Compliance** - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Specifically, Sumitomo Forestry established 10 common items to address, including standardizing accident report forms, acquiring Certified Driving Records*, and rolling out a Safe Driving Management System which centrally manages basic driver and vehicle information. We have also established systems for ensuring that the fulfillment of statutory obligations and driver instruction are carried out in a timely and appropriate manner, and every year, we conduct combined inspections of compliance under these systems.

We also share the results of analyses on monthly traffic accidents with each business division, which helps in formulating measures to prevent accidents and in educational activities.

Moreover, we provide safe driver training throughout the year. This includes uniquely tailored practical driving training and safe driving classes for employees with a higher risk of accidents or infractions due to inexperience or inadequate driving skills (new graduate hires, older employees, and employees who have previously caused an accident or infraction, etc.).

* A certificate issued by the Japan Safe Driving Center showing a driver's violations and administrative disciplinary actions, etc.

Non-compliance Case

In March 2024, Sumitomo Forestry received an administrative penalty for failing to comply with procedures to change its Forest Management Plan (the Plan) under the Forest Act, resulting in a revocation of its certification by the Minister of Agriculture, Forestry and Fisheries. In December 2023, it was discovered that a former employee of the Environment and Resources Department did not request certification for a change of a portion of the Plan, but instead prepared on his own a Ministerial Certification Letter. As a result, some operations were carried out without actual certification. Certification was revoked due to a failure to comply with certification application procedures as well as the undertaking of operations that were not in accordance with the Plan. After discovery of the incident, all operations outside the scope of the certification were ceased and a new certification application was submitted at the end of March (recertification was obtained on May 31st).

This incident was due to inadequate knowledge sharing of business flow, insufficient internal procedures and an incomplete process checking system.

We will strive to prevent a recurrence by improving business processes and fostering compliance awareness through periodic training on the Forest Act and related laws and regulations.

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

Corporate Governance - Risk Management - Compliance - **Tax** - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Tax

Basic Policy

All of the officers and employees of the Sumitomo Forestry Group adhere to laws and regulations, social norms of behavior and corporate regulations to act with the highest regard for ethics. We clarify fair accounting and tax practices based on accurate records in the Sumitomo Forestry Group Code of Conduct that defines basic policy when engaging in business. We also distribute this information to every employee at all Group companies worldwide. We have put in place policies for tax practices as well and strive to maintain and enhance tax compliance through efforts that include awareness raising for employees.

In addition, we have set the "Establishment of a strong business structure" as one of the Nine Material Issues of the Sumitomo Forestry Group, and are striving to link business strategies including tax affairs with sustainability strategies.

Tax Governance System

Tax affairs are one financial function of the Group led by the director in charge of financial matters. The Accounting Planning Department of Sumitomo Forestry manages tax operations and has put employees with expert knowledge in charge of tax affairs. The Corporate Planning Department at the head office also ensures proper tax handling by monitoring the progress of tax payments and tax surveys worldwide in a timely manner in addition to immediately reporting that information along with Group tax issues and other tax-related matters to the director in charge.

The Risk Management Committee that oversees the entire Group manages and monitors tax and other compliance risks as well as corporate ethics risks as material management risks.

[Click here for related information](#)

[Risk Management Framework](#)

[Compliance Hotline](#)

Initiatives to Address Tax Risk

In business dealings which may present a high tax risk, we make every effort to reduce the tax risk by preparing systems for sufficient prior examination as well as requesting advice and guidance from tax experts as necessary. While the Company strives to optimize tax payment through proper effective steps to reduce tax burden, we do not engage in any tax strategies through interpretations or applications which stray from the meaning of the law.

The Sumitomo Forestry Group understands that international initiatives such as Base Erosion Profit Shifting (BEPS) project by the Organization for Economic Cooperation and Development (OECD) are important for ensuring tax transparency and preventing international tax avoidance. Based on purpose of the BEPS Project, we are working to develop transfer pricing documents in

accordance with tax-related laws and regulations of each country. Additionally, the Group does not use tax havens for tax avoidance.

Relationships with Tax Authorities

The Sumitomo Forestry Group strives to maintain favorable communication with the tax authorities and remains sincere and honest in all of our correspondences based in facts. In the event an issue is pointed out by the tax authorities, we investigate the cause of the problem immediately and take the appropriate measures to properly correct or improve the problem to prevent recurrence, except in cases involving a formal objection or appeal related to the measures or view of the tax authorities.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - **Business Continuity Management** - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Business Continuity Management

Business Continuity Management System

The Sumitomo Forestry Group has established BCM Subcommittee in order to respond to business interruption risks, such as natural disasters and infectious diseases, which are extremely difficult to prevent through corporate efforts and may have a significant impact on functions of the head office. We disseminate and strengthen the Business Continuity Management System (BCM system). And we also formulate, review, and improve the Business Continuity Plan (BCP), or conduct training based on the plan.

In fiscal 2023, the BCM Subcommittee was held twice. We carried out inspections on status of business continuity systems of Group companies, and provided commentary on future direction of these systems based on inspection results.

Resilience Certification

In July 2021, the Sumitomo Forestry acquired "Resilience Certification" (Resilience Certification for contribution to national resilience)*, which is given to business operators who are actively engaged in business continuity and social contribution. In 2019, we formulated BCM Regulations have been working to review and improve the BCM system. In addition, since the Great East Japan Earthquake, through the Wooden Home Builders Association of Japan, to which we belong, we have concluded agreements on disaster prevention and reduction with local governments around the country, and we were recognized for working to revitalize local communities and solve social issues in addition to creating safe and secure communities. In July 2023, we were awarded renewal of this certification in recognition of the ongoing efforts. We will continue to accelerate our efforts to increase resilience in order to minimize the impact of business disruptions and recoveries from major disasters and pandemics.



* A system in which the Association For Resilience Japan examines and certifies businesses that are actively engaged in business continuity initiatives based on the "Guidelines for Certification of Organizations Contributing to National Resilience" established by National Resilience Promotion Office, Cabinet Secretariat.

Ensuring the Safety of Employees

The Sumitomo Forestry Group places the highest priority on ensuring safety of employees and their families as a principle of response in the event of an emergency. Therefore, we have established an emergency communication system for each

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - **Business Continuity Management** - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

organization. In addition, we have introduced a safety confirmation system that automatically transmits information in conjunction with disasters to each Group company in Japan. Every year, Group companies in Japan conduct safety confirmation drills. A total of 15,815 employees participated in 2023.

To ensure safety of our overseas employees, we introduced a safety confirmation system for overseas employees in 2019. This system enables us to quickly confirm their safety in the event of an emergency such as an earthquake, terrorist attack, or volcanic eruption in the host country.

In addition, we are striving to prevent secondary disasters due to insufficient information by operating a crisis management portal site that can be accessed from external networks as a tool for disseminating information from the company after a disaster has occurred, and by building a system in which employees and their families can obtain various information even in the event of an emergency.



Initiatives for Continuity of Critical Operations

The Sumitomo Forestry established the BCM Regulations in October 2019 and has formulated a Business Continuity Plan (BCP) based on the assumption of a crisis event that may cause suspension of the head office functions and a crisis event that may cause damage to the residential safety of a large number of homes, etc. Specific important operations, such as employee and their families safety confirmation and various payment, are specified in this BCP. In addition to building a system that enables the continuation of important operations at the two bases in Tokyo and Osaka, and working to minimize the impact, such as preparing IT equipment for emergencies, we also take measures such as remote backup of various systems and data necessary for the execution of operations in an emergency.

Training and Education Activities

At each disaster site, even in a situation where the chain of command with the head office is disconnected, it is necessary for the responsible person to make flexible decisions and respond quickly to the initial response. Therefore, "Simulated Initial Response Training" is implemented to enhance response-ability. This training has been implemented since 2011. The training was implemented for a total of 53 operational managers of different sites in 2022. In October 2023, we conducted a Disaster

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - **Business Continuity Management** - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Response Headquarters Drill to confirm effectiveness of the Disaster Response Headquarters' function as a control tower in the event of a crisis and the role of each organization through simulated drills.

Disaster Prevention and Reduction Countermeasures

In preparation for those who have difficulty returning home in the event of a major earthquake, we have established a minimum common standard disaster prevention stockpile at each workplace at all Group sites in case they are required to stay at the office or walk long distances home. In particular, in major urban areas (Tokyo metropolitan area, Osaka city, Nagoya city, and government-designated cities) where a large number of people are anticipated to be unable to return home, we store emergency supplies in anticipation of three days of work stays.

When selecting a new office, the head office disaster prevention manager is involved not only in cost and convenience but also from the perspective of disaster prevention and mitigation. At the same time, office disaster prevention and mitigation measures are taken, including measures to prevent office equipment from falling over and to prevent the movement of multi-function machines with casters.

Strengthening Supply Chain Business Continuity Plan

In readiness for potential disruption of its construction business supply chain following a disaster, Sumitomo Forestry shares the specifications and processes for property construction along with site progress status information with business partners including component makers and building contractors. By enabling advanced procurement of materials and production in this way, the Company is striving to reduce the risk of a disruption to operations. However, there were some delays in material procurement and constructions due to the worldwide spread of the COVID-19 in 2020.

In light of this situation, if a supplier is affected by an earthquake or other natural disaster or other accident such as fire, we ask the supplier about the extent of damages and make every effort to continue supply. We will now explore ways to reinforce this system, including systemization for more quickly ascertaining the actual situation at the affected suppliers. In addition, Sumitomo Forestry works to build a purchasing system which has at least two companies that can supply the same materials as a general rule to ensure readiness for these types of unforeseen situations (including at least two production sites for the same materials).

We are taking measures to prevent delays in procurement materials caused by the COVID-19 pandemic through ongoing discussions with suppliers. We are reducing risks by increasing inventory at each material supplier where delays occurred as a short-term measure and decentralization of production facilities as a medium- to long-term measure, such as setting up production sites in multiple countries rather than single.

Sumitomo Forestry also reviews its suppliers of building and construction materials, with supplier evaluations conducted every year for determining whether to continue business with them. Business continuity items, such as systems for ensuring alternative supply routes during a disaster, have been added to these evaluations. These efforts will work to further reduce risks that may interrupt business operations in the future.

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

[Corporate Governance](#) - [Risk Management](#) - [Compliance](#) - [Tax](#) - **[Business Continuity Management](#)** - [Information Security/DX](#) -
[Intellectual Property Management](#) - [Responsible Advertising/Promotional Efforts](#) - [Return to Shareholders and IR Activities](#)

Continuity of Customer Service

Sumitomo Forestry has setup call centers in Tokyo and Okinawa, thereby facilitating 24-hour after-sales service. (These services entail various consultations including home maintenance/repairs accepted 24 hours a day 365 days a year.)

Sumitomo Forestry has also developed a mechanism whereby any call center can back up the functions of another call center in the event it is affected by a disaster. Through a unified emergency system, the Company can share damage information pertaining to owners nationwide, enabling us to respond quickly to disaster and requests for repairs.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - **Information Security/DX** -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Information Security/DX

Information Security Policy

In order to ensure the confidentiality, integrity and availability of its information systems, the Sumitomo Forestry Group is raising the security level of its systems through the enhancement of both the operational rules and technology aspects of information security. Recognizing that the protection of customer information is of particular and utmost importance, the Group continues to conduct employee training to ensure dissemination of the rules and verifies their level of awareness.

Development of Security Operations System

In terms of operational rules, we have compiled guidelines and checklists covering Group companies in Japan. The person responsible for the department in charge of information systems at each Group company in Japan conducts checks of the information security level every year. Moreover, we developed the same level of guidelines for overseas Group companies.

Increasing Employee Knowledge of Information Security

All employees of the Group companies in Japan, including temporary employees and part-time workers, are required to take training on information security every year through the intranet. It is required to pass the test to complete the course. Furthermore, in fiscal 2023, we conducted information security audits in collaboration with the Internal Audit Department in order to investigate on-site compliance with the guidelines and strengthen security measures. The audit covered 40 branch departments of Sumitomo Forestry and 12 Group companies in Japan.

Strengthening Information Security Measures

For the technical aspects of information security, the Group has introduced encrypted computer start-ups and data export restrictions on computers that are taken outside the Company.

We responded to the dramatic increase in information security risks brought on by the promotion of telework system during the COVID-19 pandemic. Sumitomo Forestry enhanced a VPN^{*1} environment employing strong information security measure, which were expanded to all of Group companies. Additionally, in fiscal 2023, we developed a support system for overseas Group companies in an effort to speed up the execution of measures for strengthening information security measures following the guidelines. We have already implemented measures at certain overseas group companies, and aim to raise the information security level of all overseas Group companies to the standard level before the end of fiscal 2024.

Sumitomo Forestry had no information leaks, cyberattacks or other such issues in fiscal 2023.

^{*1} A Virtual Private Network (VPN) is technology to expand a private network by configuring a virtual tunnel between users who connect over the Internet, etc.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - **Information Security/DX** -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Systems for Protecting the Privacy of Customers (Protection of Personal Information)

Sumitomo Forestry has formulated internal rules to safeguard the personal information of customers, such as the Personal Information Protection Policy and the Personal Information Protection Regulations. In addition, the executive officer responsible for general administration is designated as the chief executive in charge of protection of personal information, the head of each department is assigned as the supervisor and an information security officer is placed in each department. In these ways, the Company has established a protection system that extends from the Head Office through to each office.

The Company has also established a help desk within the Customer Service Department for inquiries regarding the handling of personal information. In addition, collective training is provided for the head and general administration representative of each department. E-learning is provided for all other employees and efforts are made to increase awareness among subcontractors in order to prevent personal information leaks. It is also mandatory for employees at Group companies to undergo e-learning training.

[Click here for related information](#)

➤ [Personal Information Protection Policy](#)

Systems for Managing Information Security

Management System at the Executive Management Level

The General Manager of the IT Solutions Department, under the supervision of the executive vice president and executive officer in charge of IT solutions and information security, is responsible for promoting information security measures for the Sumitomo Forestry Group, such as the formulation and management of rules and regulations, the proposal and implementation of technical measures, the education and training of employees, and the investigation of accidents and implementation of countermeasures. The IT Strategy Committee, comprised of the President, officer in charge of the Administrative Division, and divisional managers, is convened by the director in charge of IT and the General Manager of the IT Solutions Department. At meetings, participants receive reports on social trends in information security and the status of implementation of Sumitomo Forestry Group's measures, and participants provide direction on measures.

Management System On-site

The person responsible as the information security supervisor in each department provides guidance and management for the execution of that department's operations and assigns an information security officer as the working-level manager for the department's information security.

Furthermore, the Group also holds regular meetings of the Information Security Promotion Personnel Council and the Affiliates IT Personnel Council, which are attended by the persons responsible for information security at departments of Sumitomo Forestry. The council raises awareness and ensures thorough compliance to the guidelines as well as promotes the introduction of information security systems.

The Risk Management Committee stipulates as one of its items for priority management the risk of confidential information leaks due to an outside attack. The committee shares information and discusses ways to prevent and reduce the impact of such leaks at

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - **Information Security/DX** - Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

committee meetings held regularly every quarter. These activities are reported to the Board of Directors and a system to reflect this in business execution is put in place.

The BCM Subcommittee installed under the Risk Management Committee conducts activities aimed to raise the efficacy of measures to mitigate Group-wide, IT-related business interruption risks.

Dalian Sumirin Information Technology Service (ITS) Co., Ltd., which provides housing CAD design both inside and outside the Sumitomo Forestry Group, system operation, back-office services, and other BPO services, has acquired ISO27001 certification for its information security management system.

In fiscal 2023, we sent IT governance officers from the Head Office to our overseas Group company in the U.S., and we are working to improve our IT governance management system, including information security. In fiscal 2024, we intend to obtain ISMS certification (ISO27001) for the estimating service (Jucore Estimate) for the same industry business launched by the Timber and Building Materials Division.

[Click here for related information](#)

[➤ Risk Management Framework](#)

Initiatives to Strengthen Information Security

With threats to information security growing because of the spate of incidents involving leaks of personal information, targeted email attacks and other incidents, in fiscal 2023, Sumitomo Forestry Group introduced EDR^{*1} (next-generation security software) at Group companies in Japan including Sumitomo Forestry, and stepped up PPAP^{*2} countermeasures following upgrades to email security infrastructure. In this manner, we continue to invest in solutions that will further enhance the information security of the Group. We have been executing information security diagnostics through simulated attack methods at least once a year on any system infrastructure with Internet access. In addition, a training program about targeted email attacks is implemented for all employees in Japan.

^{*1} Abbreviation for Endpoint Detection and Response. A security solution that detects suspicious behavior on the user's computer or server (endpoint) and facilitates a quick response.

^{*2} A method of sharing files where the sender first sends a password protected zip file by email and then follows up with a second email containing the password to access the file. An abbreviation for (P)assword, (P)assword, P(A)ssword protection, (P)rotocol.

Establishment of CSIRT

Sumitomo Forestry established a CSIRT^{*1} in October 2022 to conduct monitoring for prevention of security incidents and to have an organization in place to implement appropriate response in case of an incident. In November 2023, we joined the Nippon CSIRT Association. In addition, we conduct practical training on response scenarios in case of an information security incident. We will continue to improve our incident response capabilities, mitigate information security risks, and promote information sharing and collaboration.

^{*1} Abbreviation for Computer Security Incident Response Team. A dedicated team that addresses incidents considered to pose security threats.

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

[Corporate Governance](#) - [Risk Management](#) - [Compliance](#) - [Tax](#) - [Business Continuity Management](#) - [Information Security/DX](#) -
[Intellectual Property Management](#) - [Responsible Advertising/Promotional Efforts](#) - [Return to Shareholders and IR Activities](#)

Promotion of DX

The Sumitomo Forestry Group has established digital and innovation as keywords in “Striving for transformation and the creation of new value,” one of the business policies of Mission TREEING 2030, and has positioned the promotion of DX as an important initiative to achieve its long-term vision.

In implementing DX, we are advancing the development of IT human assets in order to enhance the mindset and skills to utilize digital (D) for business and business transformation (X). We are sharing our DX initiative policy as a message from the President on the company intranet to encourage employees to change their mindset and improve basic IT skills through e-learning and other means. In fiscal 2024, we will also establish a human assets development system for advanced IT skills.

In addition, we are working on Citizen Developer Project of RPA^{*1} to improve the efficiency of work by employees themselves. In the field of generative AI, we have started operation of the Sumitomo Forestry AI Dialogue System and are actively utilizing digital technology to improve operational efficiency, such as using it to draft documents. In the field of design, we have also streamlined the housing production process by automating structural design using AI technology and shortening CAD input work from 5 hours to 10 minutes.

^{*1} Abbreviation for Robotic Process Automation. Technology to automate PC operations using software robots.

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

Environment

Social

GovernanceRelated
Information

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - Return to Shareholders and IR Activities

Governance

Intellectual Property Management

Basic Policy on Intellectual Property Management

The proper protection and use of copyrights, trademarks and other intellectual property rights have a major impact on business competitiveness, while illegal actions such as intellectual property rights infringement is one of major risks in corporate management. The Sumitomo Forestry Group strives to properly manage intellectual property rights, including the protection of intellectual property based on the unique characteristics of each business and proper handling of third-party intellectual property as necessary to sustain and improve competitiveness.

Intellectual Property Management Structure

Sumitomo Forestry established the Intellectual Property Department in the Legal Department as a body to manage intellectual property and it employs a number of patent lawyers as department staff. The Intellectual Property Department provides a wealth of support that includes education to cultivate knowledge and actions about intellectual property in employees, legal consultation about the infringement and being infringed on intellectual property rights, assistance for the execution of various contracts related to intellectual property, and the application and protection of the intellectual property that is created at the Tsukuba Research Institute and business departments for the purpose of improving corporate performance.

Intellectual Property Education

Sumitomo Forestry Group conducts intellectual property classroom training for employees under a systematic program that compiles content appropriate to each department. The purpose is to systematically teach the correct knowledge and fundamental actions for handling intellectual property from the perspectives of compliance and the risk management of intellectual property. In fiscal 2023, we conducted five intellectual property training sessions for persons in charge of research & development, sales planning, advertising and catalog production as well as managers, at the Tsukuba Research Institute, business departments, and affiliates. These sessions were designed to emphasize compliance to prevent violations of the intellectual property rights of others.

We have also established an environment in which all Sumitomo Forestry Group employees can access intellectual property-related classes that place emphasis on aspects of compliance at all times through our e-learning website. This course is a mandatory course that must be taken by each Sumitomo Group employee every year.



Governance

Responsible Advertising/Promotional Efforts

Basic Policy

In keeping with the Sumitomo Forestry Group Code of Conduct, Sumitomo Forestry Group complies with relevant legislation, including the Copyright Act, Trademark Law, Building Lots and Buildings Transaction Business Law, and the Act against Unjustifiable Premiums and Misleading Representations. Out of consideration for the perspectives of our diverse stakeholders, we also engage in accurate and appropriate advertising and promotional efforts that do not cause misunderstanding or offense.

Observance of Laws, Standards and Norms

In order to ensure thorough observance of laws, standards and norms, Sumitomo Forestry has a system which the Corporate Communications Department and the Legal Department cooperate to confirm and verify the content of advertisements as required.

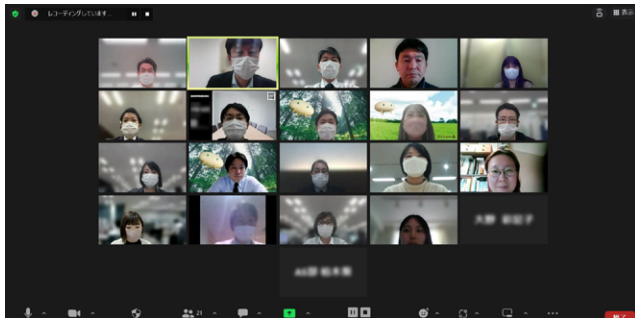
Sumitomo Forestry did not violate any laws or regulations related to marketing or advertising in fiscal 2023. Furthermore, Sumitomo Forestry holds every other month meetings of the Brand Communication Committee, comprised of advertising personnel from relevant departments and Group companies in Japan, holding study sessions that include prevention of non-compliance in an effort to raise awareness. Through these efforts, Sumitomo Forestry made certain of prior checks, and endeavored to ensure customers were not misled by unreliable information.

Initiatives to Improve Company-Internal Literacy

In fiscal 2023, the Brand Communication Committee held study sessions on the Copyright Act, Portrait rights, Act Against Unjustifiable Premiums and Misleading Representations, and Unfair Competition Prevention, and Trademarks Act. These training sessions bring understanding about laws related to advertising, labeling, and violations that can easily occur as well as evoke caution in managers and other staff in charge of marketing materials.

A web discussion session is also held once a quarter. Additionally, the Committee created website management guidelines and provided relevant division and Group company website teams in Japan with information and instructions on personal information and information security.

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - **Responsible Advertising/Promotional Efforts** - Return to Shareholders and IR Activities



The Brand Communication Committee

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - [Return to Shareholders and IR Activities](#)

Governance

Return to Shareholders and IR Activities

Basic Policy

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

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

Returns to Shareholders

Basic Policy on Returns to Shareholders and Retained Earnings

Acknowledging that providing returns to shareholders is one of its most important tasks, Sumitomo Forestry has adopted a basic policy of paying stable and continuous returns.

Going forward, in addition to improving return on equity (ROE) and enhancing shareholders' equity by making good use of retained earnings for effective investment and research and development activities that help improve long-term corporate value, Sumitomo Forestry will continue to pay an appropriate level of shareholder returns in line with earnings while reflecting an overall balanced consideration of factors such as business fundamentals, financial conditions and cash flow.

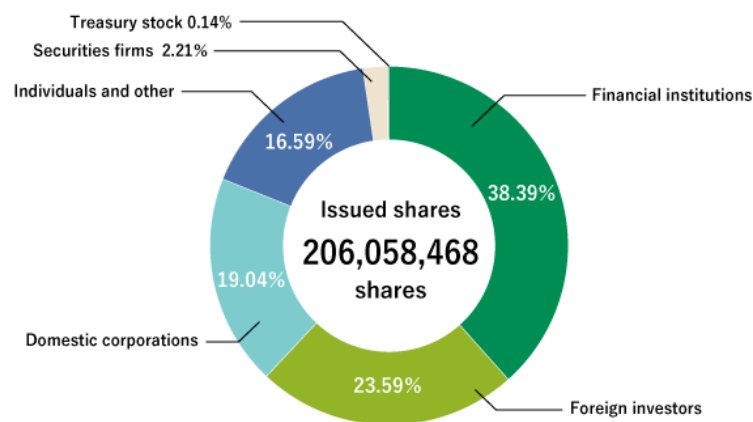


Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - [Return to Shareholders and IR Activities](#)

Dividends in the Fiscal Year Ended December 31, 2023

In the fiscal year ended December 31, 2023, a year-end dividend of 65 yen per share and an interim dividend of 60 yen per share were issued. This corresponds to a full-year dividend of 125 yen per share.

Share Distribution by Shareholder Type (As of December 31, 2023)



* Digits below unit values displayed are cutoff on the chart

Information Disclosure and Communication

Basic Policy on Information Disclosure and Communication

In the interest of greater management transparency, Sumitomo Forestry takes a proactive approach to information disclosure.

We strive to provide reporting and explanations in an easy-to-understand manner at the General Meeting of Shareholders. We also publish a wealth of IR information in Japanese and English such as information about the settlement of accounts that includes short financial statements, fact book and a summary of financial results and forecasts, and monthly order information in the housing businesses on our website. In addition, we also publish detailed information about sustainability initiatives in Japanese and English on our website.

Furthermore, News releases share the latest information about Sumitomo Forestry Group with stakeholders. Sumitomo Forestry published 81 news releases in fiscal 2023.

We have been publishing the Integrated Report since fiscal 2017 in place of the Annual Report published up until now in order to strengthen informational communication for both financial information and non-financial ESG information about the initiatives to improve corporate value throughout the Group. Besides the integrated report and the Japanese language report for shareholders

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX - Intellectual Property Management - Responsible Advertising/Promotional Efforts - [Return to Shareholders and IR Activities](#)

on business activities, we also strive to actively provide information that includes the publishing of notifications for our Ordinary General Meeting of Shareholders in both English and Japanese in print and online forms.

Click here for related information

➤ [IR Library](#)



Integrated Report 2023



Japanese reports for shareholders on business activities (second quarter)

Two-Way Communication with Shareholders and Investors

Click here for related information

➤ [IR Policy](#)

General Meeting of Shareholders

Through various initiatives, we endeavor to get as many shareholders as possible to participate at the meetings and exercise their right to vote. These initiatives include sending out and posting online convocation notices (in Japanese and English) earlier than legally required and accommodating shareholders who wish to cast their votes electronically (online, etc.).

Individual Meetings

Sumitomo Forestry holds individual meetings with security analysts and institutional investors following the announcement of its quarterly results. In fiscal 2023, we conducted a total of 329 consultations in Japan and overseas. Additionally, we held small meetings focused on the Global Housing and Real Estate Business and the forest fund. We will also regularly hold forums such as small meetings and on-site briefings.

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

Corporate Governance - Risk Management - Compliance - Tax - Business Continuity Management - Information Security/DX -
Intellectual Property Management - Responsible Advertising/Promotional Efforts - [Return to Shareholders and IR Activities](#)

IR Informative Meetings for Individual Investors

Sumitomo Forestry holds regular IR informative meetings for individual investors. In November 2023, we held one IR informative meetings for individual investors online. During these meetings, we explained about the Sumitomo Forestry Group's history and business lines, in addition to our long-term vision. Meetings were concluded with a Q&A session.

IR Activities for Overseas Institutional Investors and Shareholders

Sumitomo Forestry management team held online conferences with institutional investors and shareholders in the United States, Europe, Asia, and other regions in fiscal 2023, in addition to engaging in efforts such as the distribution of English versions of financial information to all of our institutional investors and shareholders overseas. In Europe in 2022 and in the United States in 2023, we held an overseas roadshow to exchange ideas in addition to explaining aspects of our business such as our business performance and business strategies.

We also participate in conferences held by stock brokerage firms to have even more opportunities for dialogues.

Issuance of Green Bonds

Sumitomo Forestry Group promotes initiatives informed by an awareness of the global environment in all of the activities it pursues. In September 2018, as part of this initiative, Sumitomo Forestry issued ten billion yen of Convertible Bonds with Stock Acquisition Rights in accordance with the Green Bond Principles and with a second party opinion received from a leading evaluation agency (hereinafter "Green CBs"). This was the first instance of the issuance of Green CB worldwide, and this advanced initiative was highly evaluated and won the New Products category at the 4th Green Bond Pioneer Awards hosted by the Climate Bonds Initiative as a result. We were the first Japanese company to receive a Green Bond Pioneer Award. This initiative contributes to activating ESG investment markets and expanding the base within and outside of Japan. (All Company's bonds were converted into shares by the end of September 2023.)

[Click here for related information](#)

Second party opinion provided by
> evaluation organization Vigeo
EirisEnvironmental benefits



> Environmental benefits: ex-post
estimates of outputs and impacts



> Initiatives in Sustainable Finance



496	External Recognition
504	Editorial Policy
506	ESG Data
506	Sustainability Report 2024 ESG Data/Independent Assurance Report
507	Balance of Input & Output
515	Boundaries and Method of Data Aggregation (Balance of Input & Output)
518	Site Report
527	Employee Data
535	GRI Content Index (GRI Standards)
550	SASB Content Index



External Recognition

External Recognition

Awards and Recognition by Third Parties in fiscal 2023

In recent years, there has been a growing interest in ESG investment which considers not only financial but also Environmental, Social and Governance (ESG) elements as investment criteria. The Sumitomo Forestry Group has been included in the following ESG Indices as of March 2024.

DJSI (Dow Jones Sustainability Indices)

One of the most trusted index for companies' environmental and sustainability index developed by Dow Jones & Company in 1999. The index surveys approximately 3,500 companies included in the Dow Jones Global Index around the world on their economic, environmental, and societal aspects. The Dow Jones Sustainability World Index and the Dow Jones Sustainability Asia Pacific Index selected Sumitomo Forestry for inclusion as a brand in December 2023. This is the 16th time Sumitomo Forestry has been selected as a member for the Dow Jones Sustainability Indices series.

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

Received the Highest Valuation in S&P Global Corporation's Sustainability Rating

Sumitomo Forestry received the highest valuation "Gold Class" in sustainability rating of the S&P Global Inc., a global company responsible for evaluating social responsibility investment (SRI), for the sixth consecutive year. In 2024, we received a score of 75 out of 100, the highest in the housing construction sector. Sumitomo Forestry Co., Ltd. has been consecutively selected in the fourth years with the highest valuation "Gold Class" in sustainability rating of the S&P Global Corporation, a global company responsible for evaluating social responsibility investment (SRI). S&P Global Corporation evaluate initiatives in economic, environmental, and social aspects of 9,400 large-scale enterprises or more worldwide, and publishes the top 15% of these enterprises in each of 62 industries in the "Sustainability Yearbook 2024" as "Company with excellent sustainability". Among these, the top 1%, top 5% and top 10% of companies are selected as particularly excellent. A total of 83 Japanese companies were selected as company with excellent sustainability with just six of these, including Sumitomo Forestry, in the top 1%.

Sumitomo Forestry Co., Ltd.
Homebuilding

Top 1%

S&P Global Corporate Sustainability
Assessment (CSA) Score 2023

S&P Global CSA Score 2023: 75/100
Score date: February 7, 2024
The S&P Global Corporate Sustainability Assessment (CSA) Score is the S&P Global ESG Score without the inclusion of any modeling approaches.
Position and scores are industry specific and reflect exclusion screening criteria.
Learn more at <https://www.spglobal.com/esg/csa/yearbook/methodology/>

S&P Global

Sustainable 1



Sumitomo Forestry Makes Climate Change A List in CDP 2023

Sumitomo Forestry Co., Ltd. has been selected by "Climate Change A List" as an enterprise in the eighth consecutive year - which achieves highest rating from CDP, a NGO, making a sustainable society come true. Since the evaluation criteria were changed in 2016, only four Japanese enterprises, including Sumitomo Forestry, have been selected in the eighth consecutive year.

* CDP Forest: A- CDP Water: B



FTSE4Good Global Index

Evaluation of companies that fulfill international standards in environment, social, and governance aspects by FTSE Russell, a group company of London Stock Exchange. Sumitomo Forestry has been consecutively included in the FTSE4Good Global Index every year since 2004.



FTSE4Good

Used as a Constituent Company in all Six ESG Indices Selected by GPIF

FTSE Blossom Japan Index

An ESG index for Japanese stocks by FTSE Russell, Ltd. and selected by the Government Pension Investment Fund, Japan (GPIF) as one of the ESG indices in July 2017.



**FTSE Blossom
Japan Index**



FTSE Blossom Japan Sector Relative Index

It is one of ESG indices of FTSE Russell, which was chosen in March 2022 by the Government Pension Investment Fund (GPIF), a selective ESG composite Index which is evaluated in terms of three perspectives including ESG evaluation by FTSE Russell, carbon intensity (greenhouse gas emissions per sales unit), and management attitude toward climate change risks and opportunities.



FTSE Blossom Japan Sector Relative Index

* FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Sumitomo Forestry as a result of a third-party investigation, has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index and has become a constituent of the index.

[Click here for related information](#)

[FTSE Blossom Japan Index Series](#)

MSCI Nihonkabu ESG Select Leaders Index

Index for Japanese stocks adopted by the Government Pension Investment Fund, Japan (GPIF) as one of the ESG indices in March 2024. Among constituents of the MSCI Nihonkabu Investable Market Index, which is a parent index, companies with high ESG ratings in each industry are selected.

2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)

Index for Japanese stocks selected by the Government Pension Investment Fund, Japan (GPIF) as one of the indices in July 2017. The MSCI Japan Empowering Women Index (WIN) evaluates companies with relatively excellent gender diversity within the industry, using "MSCI Japan IMI top 700 stocks by market capitalization" as the parent index.

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* The inclusion of Sumitomo Forestry in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Sumitomo Forestry by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

**S&P/JPX Carbon Efficient Index**

The Japan Exchange Group, the Tokyo Stock Exchange, and the S&P Dow Jones Index have jointly developed an environmental index, the S&P/JPX Carbon Efficient Index, and have begun its disclosure.

The Government Pension Investment Fund, Japan (GPIF) selected the S&P/JPX Carbon Efficient Index as a benchmark for ESG investment strategy from fiscal 2018.

**Morningstar Japan ex-REIT Gender Diversity Tilt Index (excluding REIT)**

Index for Japanese stocks selected by the Government Pension Investment Fund, Japan (GPIF) as one of the ESG indices in April 2023. Companies that have a strong gender diversity policy embedded in their corporate culture and that promise equal opportunities for employees regardless of gender will be selected. Sumitomo Forestry was selected as "Group 1" of the highest evaluation.

**Bloomberg Gender-Equality Index**

Bloomberg selected Sumitomo Forestry as part of the 2023 Bloomberg Gender-Equality Index (GEI) in January 2023. This is the third consecutive year that Sumitomo Forestry has been selected as a GEI index companies. GEI is an index that evaluates the transparency of corporate informational disclosure on gender as well as company's gender equality initiatives and performance. The GEI assessed our gender equality initiatives and selected Sumitomo Forestry as one of 485 companies with head offices in 45 countries and regions (15 of which are Japanese companies).

**SOMPO Sustainability Index**








The SOMPO Sustainability Index is an ESG evaluation by Sompo Asset Management Co., Ltd. Evaluated based on an environmental survey by Sompo Risk Management and a social and governance survey by IntegreX Inc., Sumitomo Forestry has been consecutively included in the SOMPO Sustainability Index since fiscal 2013.









**Others****Other Evaluations and Awards***

Award/Organiser	Recognition	Scope of Recognition
Ministry of the Environment	<p>Sumitomo Forestry won the gold prize for the first time in the Environmentally Sustainable Company Division of the fifth ESG Finance Award Japan.</p>  <p>https://sfc.jp/information/news/2024/2024-02-20.html (in Japanese)</p>	Sumitomo Forestry
Ministry of Economy, Trade and Industry	<p>Sumitomo Forestry was recognized as a Certified Health and Productivity Management Organization 2024 (Large Enterprise Category).</p>  <p>https://sfc.jp/information/news/2024/2024-03-12.html (in Japanese)</p>	Sumitomo Forestry
Tokyo Metropolitan Government	<p>Sumitomo Forestry received an Encouragement Prize at the Wood City TOKYO Model Architecture Award.</p> <p>https://sfc.jp/information/news/2023/2023-02-17.html (in Japanese)</p>	Sumitomo Forestry
Chiba prefecture	<p>"Maruyama Post Office" won a prize at the 29th Chiba Prefectural Architecture & Culture Award.</p> <p>https://sfc.jp/information/news/2023/2023-03-30.html (in Japanese)</p>	Sumitomo Forestry



Award/Organiser	Recognition	Scope of Recognition
Japan Wood Design Association	<p>Sumitomo Forestry received the Japan Wood Design Award for the ninth consecutive year in 2023</p> <p>— 第9回 — JAPAN WOOD DESIGN AWARD 2023 ウッドデザイン賞 2023</p>  <p>JAPAN WOOD DESIGN AWARD 2023</p> <p>> https://sfc.jp/information/news/2023/2023-10-20-02.html (in Japanese) </p>	Sumitomo Forestry
Japan Institute of Design Promotion	<p>“Rigid-joint climbing-beam house by wooden beam Rahmen structure” won “2023 Good Design Award”</p>  <p>GOOD DESIGN AWARD 2023</p> <p>> https://sfc.jp/information/news/2023/2023-10-06.html (in Japanese) </p>	Sumitomo Forestry
Kids Design Association	<p>“Wooden deck to Extend Your Life”, connected to living room, won the “17th Kids Design Award”.</p>  <p>KIDS DESIGN AWARD 2023</p> <p>> https://sfc.jp/information/news/2023/2023-08-25.html (in Japanese) </p>	Sumitomo Forestry
Nikkei Inc.	<p>Won Encouragement Prize in Research Category of NIKKEI Decarbonization Award 2022</p> <p>> https://sfc.jp/information/news/2023/2023-03-16.html (in Japanese) </p>	Sumitomo Forestry



Award/Organiser	Recognition	Scope of Recognition
Association for Resilience Japan	<p>Won Excellence Award in the Corporate and Industrial Sector of the Japan Resilience Award 2023</p>  <p>ジャパン・レジリエンス・アワード 2023</p> <p>> https://sfc.jp/information/news/2023/2023-04-12.html (in Japanese) </p>	Sumitomo Forestry
Japan Federation of Printing Industries and Sankei Shimbun Co., Ltd.	<p>Sumitomo Forestry took home the Gold Prize and Special Prize at the 75th National Calendar Exhibition for its original 2024 calendar called "Forests of Sumitomo Forestry."</p> <p>> https://sfc.jp/information/news/2023/2023-12-25-01.html (in Japanese) </p>	Sumitomo Forestry
Oricon ME Inc.	<p>Sumitomo Forestry Home Service was selected as the top ranking of Oricon Customer Satisfaction for 2023, in two rankings of real estate brokerage, "Sold Detached Houses" and "Purchased Apartment." Sumitomo Forestry Home Tech was selected as overall No. 1 for "Full Renovation."</p>  <p>> https://sfc.jp/information/news/2023/2023-09-01.html (in Japanese) </p> <p>> https://sfc.jp/information/news/2023/2023-12-01.html (in Japanese) </p>	Sumitomo Forestry Home Service, Sumitomo Forestry Home Tech

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



Environment

Social

Governance

Related
Information

External Recognition - Editorial Policy - ESG Data - GRI Content Index (GRI Standards) - SASB Content Index

Award/Organiser	Recognition	Scope of Recognition
work with Pride (General Incorporated Association)	<p>Sumitomo Forestry received gold rating for two consecutive years, the highest ranking, in the Pride Index 2023 which evaluates LGBTQ initiatives in the workplace.</p>  <p>https://sfc.jp/information/news/2023/2023-11-08.html (in Japanese)</p>	Sumitomo Forestry
Japan Vocational Ability Development Association	<p>Participants from Sumitomo Forestry received a Gold Medal, Silver Medal, Bronze Medal, and Fighting Spirit Award at the 61th National Skills Competition in the Carpentry Category and Plastering Category.</p> <p>https://sfc.jp/information/news/2023/2023-11-28.html (in Japanese)</p>	Sumitomo Forestry Home Engineering
Good Design Australia, an international design promotion organization	<p>An urban park in Sydney designed and constructed by Regal selected as a gold winner at Australian Good Design Awards.</p>  <p>https://sfc.jp/english/news/pdf/20231030_01.pdf</p>	Regal

* Results for the period from January 2023 to March 11, 2024.



Editorial Policy

Editorial Policy

Editorial Policy

The Sumitomo Forestry Group regards the Sustainability Report as an important tool for communicating with our stakeholders.

The Sumitomo Forestry Group sees sustainable management as fundamental. We work to enhance E (Environment) S (Social) G (Governance) disclosure. In outline of our business part, we strengthened guidance to each report page to clarify the type of sustainable management practiced in our business activities.

In addition to the website, we also publish a pamphlet highlighting our unique sustainability initiatives, arranged to be used in line with the interests of all our related stakeholders.

Furthermore, we publish an Integrated Report as a booklet that informs shareholders, investors, and stakeholders of our annual performance and efforts to improve corporate value in medium to long term.

We appreciate your feedback on our wide range of sustainable activities.

Click here for related information

[Sustainability Report Questionnaire Page](#)

[Integrated Report / Annual Report](#)

Boundary of the Reporting:

The scope of this report is Sumitomo Forestry, its consolidated companies, and some affiliated companies accounted for by the equity-method. The environmental data is an aggregation for Group companies, including all consolidated subsidiaries in and outside of Japan unless otherwise noted. The boundary of target organizations and calculations are as below.

* In this report, Sumitomo Forestry refers to Sumitomo Forestry Co., Ltd. and the Sumitomo Forestry Group includes consolidated companies in Japan and overseas as well as some affiliated companies accounted for by the equity-method

Click here for related information

[List of Sumitomo Forestry Group Companies](#)

[Boundaries and Method of Data Aggregation
\(Balance of Input & Output\)](#)



Published: July 2024 (date of the most recent previous report: July 2023)

Reporting Period: January 2023 to December 2023 (Japan and Overseas)

* Some activities in Japan and overseas started before the period and after December 2023, and future forecasts are also included.

A note is also included if the period of data collection differs from the above.

* Sumitomo Forestry Group changed its accounting period (end of the fiscal business year) in fiscal 2020 from March 31 to December 31. Unless otherwise noted, the domestic period for the fiscal year 2020 is from April 2020 to December 2020.

Reference Guidelines: Environmental Reporting Guidelines (2018 Edition), Japanese Ministry of the Environment

ISO26000:2010 procedures related to social responsibility (Japanese Standards Association)

GRI Standards, Global Reporting Initiative (GRI)

Reliability of Report Content

We have received a third party guarantee from KPMG AZSA Sustainability Co., Ltd. for environmental and social performance indicators in Sustainability Report 2024 ESG Data. See following link for more details.

The respective departments of the Sumitomo Forestry Group have endeavored to ensure accuracy by using appropriate measurements and data collection methods for the initiatives and results reported in the Sustainability Report. These methods are also disclosed when relevant.

[Click here for related information](#)


[Sustainability Report 2024 ESG Data /
Independent Assurance Report](#)


[Top
Commitment](#)[Sustainability
Management](#)[Initiatives for Sumitomo
Forestry Group's
Business and ESG](#)[Environment](#)[Social](#)[Governance](#)[Related
Information](#)[External Recognition](#) - [Editorial Policy](#) - **[ESG Data](#)** - [GRI Content Index \(GRI Standards\)](#) - [SASB Content Index](#)

ESG Data

Sustainability Report 2024 ESG Data/Independent Assurance Report

We have obtained third-party assurance from KPMG AZSA Sustainability Co., Ltd. for environmental and social performance indicators in Sustainability Report 2024 ESG Data Book. See following links for more details.

➤ [Sustainability Report 2024 ESG Data Book \(7.5MB\)](#) 

➤ [Independent Assurance Report](#) 



ESG Data

Balance of Input & Output

Balance of Input & Output

The Sumitomo Forestry Group accurately understands how its business activities impact the environment and make evaluations and manage them in its environmental management. As such, data on environmental impact is collected at each stage from energy and raw material input to manufacturing and disposal per plant and business to utilize them for reduction initiatives.

Fiscal 2023 Sumitomo Forestry Group Balance of Input & Output*

INPUT			
Energy input (TJ)	10,302	Raw materials (1,000t)	2,554
Purchased electricity (1,000MWh)	259	Timber	1,840
Petroleum (1,000kL)	18	Metal	28
Gas (1,000m ³)	4,012	Plastic	16
Coal (1,000t)	18	Paper	1
Wood waste (1,000t)	524	Adhesives, coatings, drugs	88
Palm kernel shells (PKS, etc.) (1,000t)	33	Concrete	363
Non-industrial steam (TJ)	4	Other	218
Water consumption (1,000m ³)	2,916	Seedlings (1,000)	2,094

**BUSINESS ACTIVITIES****Product**

Building, housing materials (1,000t)	42	Lumber / laminated engineered wood (1,000m ³)	32
Potting mix (1,000t)	18	Kitchen cabinets (1,000)	78
Chips (1,000t)	311	Woodworking / others (1,000t)	84
MDF (1,000m ³)	281	Quantity harvested at company owned forests (1,000m ³)	62
PB (1,000m ³)	370	Seedling production (1,000)	1,996
LVL, plywood (1,000m ³)	255	Unused wood resources (1,000m ³)	23

**Transmission (1,000MWh)** 436

Number of delivered domestic household sales 8,275

Number of delivered overseas household sales 13,623

**OUTPUT****Waste (1,000t)**

Total generated	433
Final landfill amount	24

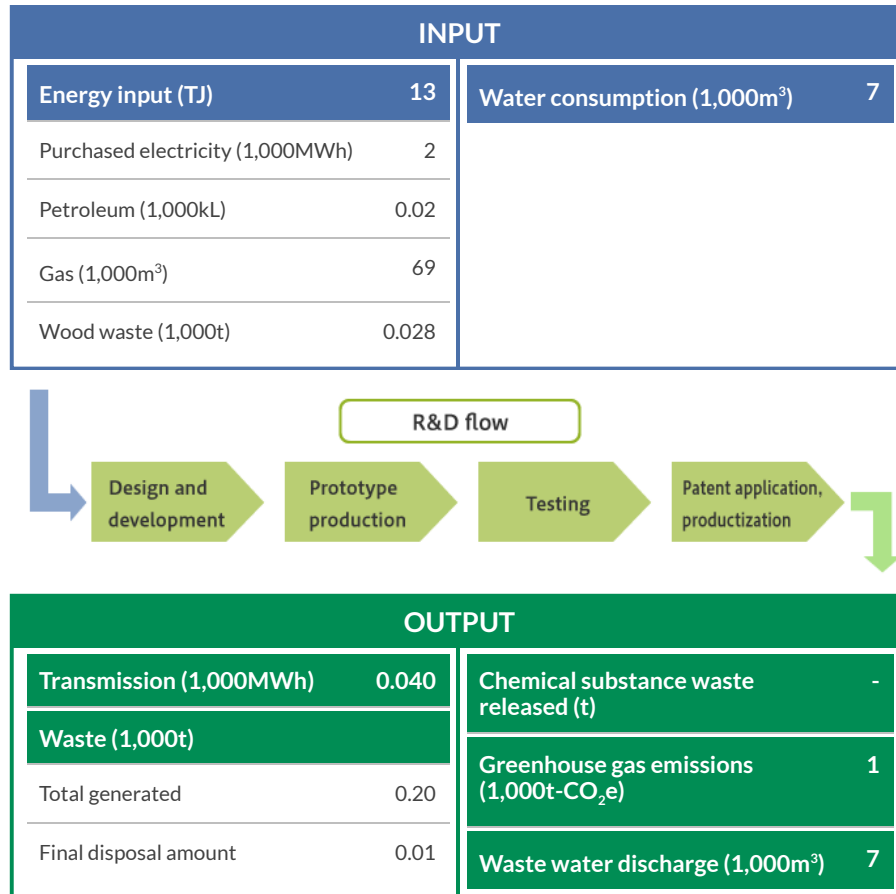
Greenhouse gas emissions (1,000t-CO ₂ e) (Scope 1,2)	336
---	-----

Chemical substance waste released (t) 10

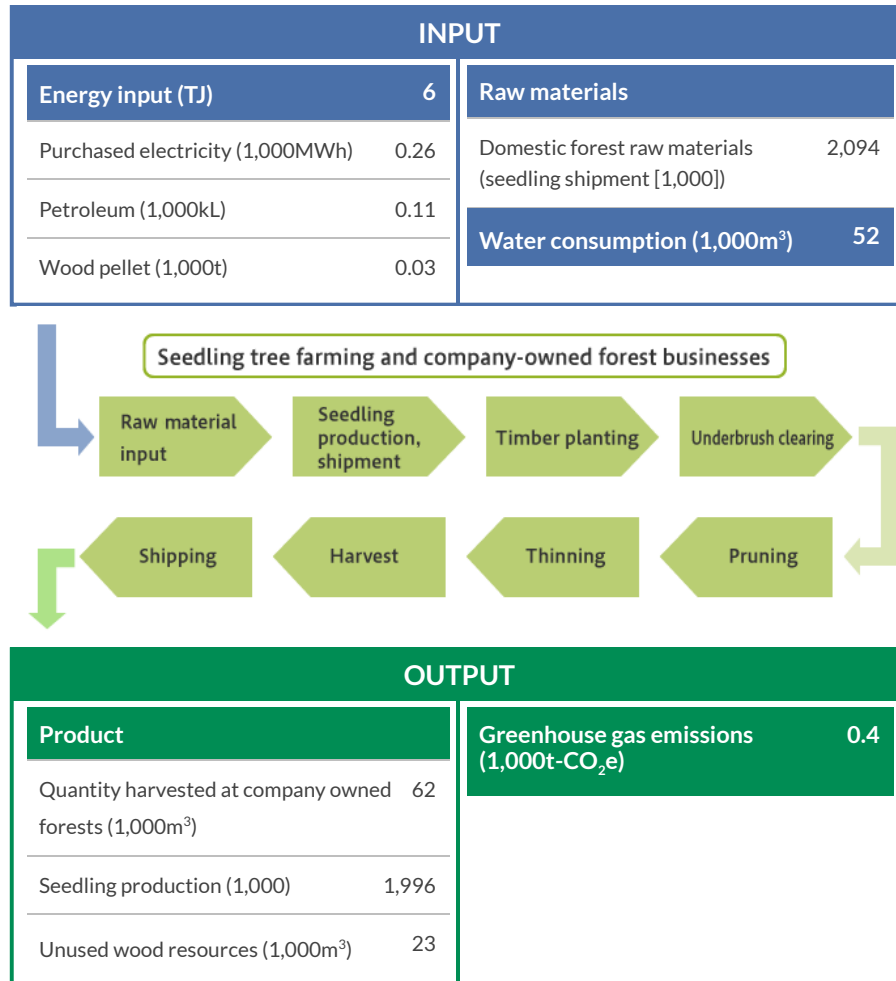
Waste water discharge (1,000m³) 932Greenhouse gas emissions (1,000t-CO₂e) (Scope 3) 9,446

* The period of data collection for fiscal 2023 is from January 1 to December 31, 2023

* The calorific conversion factor for electricity is 3.6 GJ/MWh.

**Research & Development***

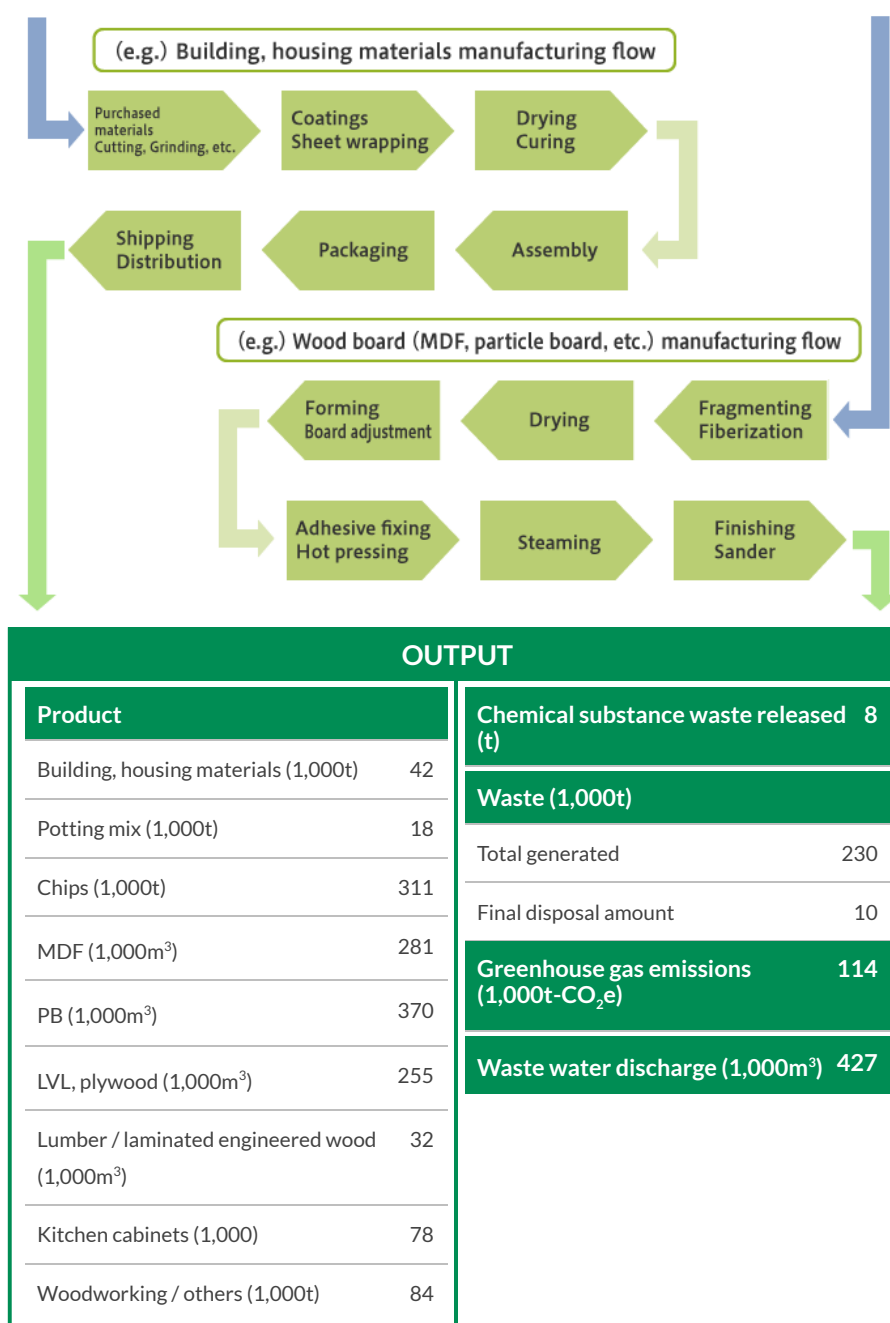
* Subject: Tsukuba Research Institute

**Forest Management***

* Subjects: Forestry Offices (Hyuga, Niihama, Osaka, and Mombetsu); seedling tree farming centers (Togo, Motoyama, Gifu, Watarase, and Mombetsu)

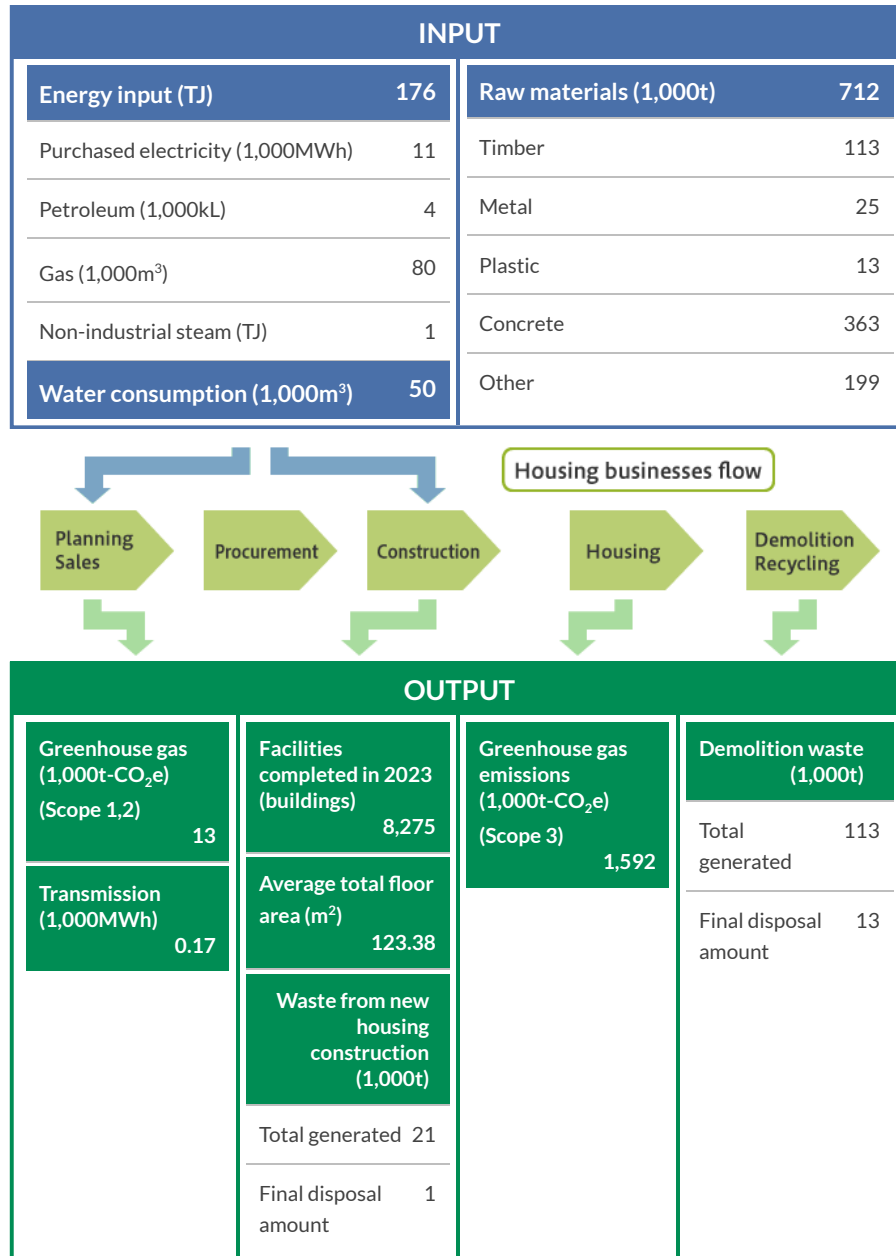
Manufacturing Business*

INPUT			
Energy input (TJ)	2,620	Raw materials (1,000t)	1,837
Purchased electricity (1,000MWh)	211	Timber	1,727
Petroleum (1,000kL)	4	Metal	3
Gas (1,000m³)	2,314	Plastic	3
Wood waste (1,000t)	110	Paper	1
Waste plastic (1,000t)	-	Adhesives, coatings, drugs	83
Water consumption (1,000m³)	964	Purified soil others	18
		Other	1

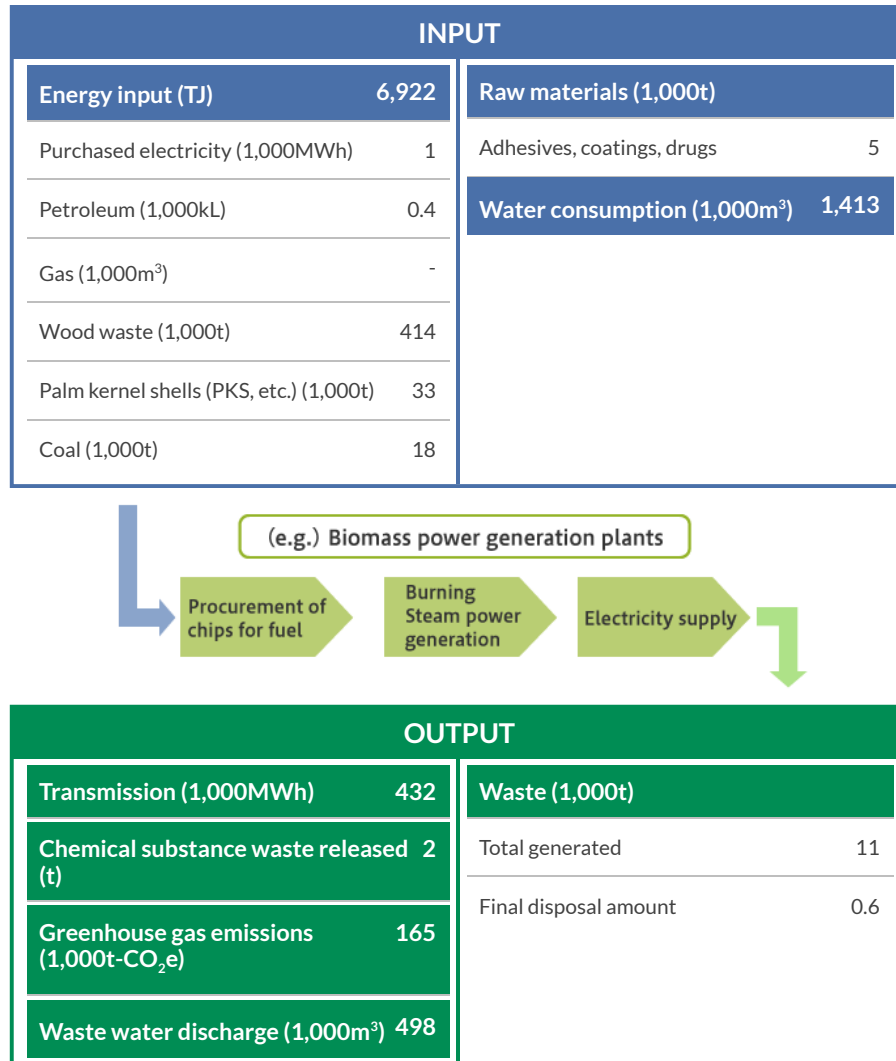


* Subjects: Sumitomo Forestry Crest (Kashima Plant, Shizuoka Plant, Niihama Plant and Imari Plant), Sumitomo Forestry Landscaping (Shinshiro Plant and Tobishima Plant of Agro-Products Division), Kutai Timber Indonesia (KTI, Indonesia), Rimba Partikel Indonesia (RPI, Indonesia), Sinar Rimba Pasifik (SRP, Indonesia), AST Indonesia (ASTI, Indonesia), Nelson Pine Industries (NPIL, New Zealand), Vina Eco Board (VECO, Vietnam), Canyon Creek Cabinet Company (CCC, America), Pan Asia Packing (PAP), Japan Bio Energy, Okhotsk Bio Energy, Michinoku Bio Energy.

* Pan Asia Packing (PAP) is excluded for waste, etc.

**Housing Business (Domestic)***

* Subjects: Sumitomo Forestry Housing Division and Sumitomo Forestry Home Engineering

**Renewable Energy Business***

* Subjects: Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power

[Click here for related information](#)

> **Boundaries and Method of Data Aggregation**
(Balance of Input & Output)



ESG Data

Boundaries and Method of Data Aggregation (Balance of Input & Output)

* The period of data collection on the balance of input and output in fiscal 2023 is from January 1 to December 31, 2023

Boundaries (Organizational Range)

Classification	Boundary
All Business Activities	All Sumitomo Forestry Group Companies
Research & Development	Tsukuba Research Institute
Environment and Resources Business (Forest Management)	Forestry offices (Hyuga, Niihama, Osaka, and Mombetsu); Seedling tree farming centers (Hyuga, Motoyama, Gero, Midori, Mombetsu, and Minamiaizu) Japan Bio Energy, Okhotsk Bio Energy, and Michinoku Bio Energy
Timber and Building Materials Business (Manufacturing Business)	Sumitomo Forestry Crest (Kashima Plant, Shizuoka Plant, Niihama Plant and Imari Plant), Rimba Partikel Indonesia, AST Indonesia, Kutai Timber Indonesia, Nelson Pine Industries, Vina Eco Board, Sinar Rimba Pasifik, Canyon Creek Cabinet Company and Pan Asia Packing
Environment and Resources Business (Renewable Energy Business)	Mombetsu Biomass Electric Power, Hachinohe Biomass Electric Power
Housing Business (Domestic)	Sumitomo Forestry (Housing Division), Sumitomo Forestry Home Tech, Sumitomo Forestry Home Engineering, Sumitomo Forestry Landscaping, Sumitomo Forestry Archi Techno, and Sumitomo Forestry Landscaping (Shinshiro Plant and Tobishima Plant)
Offices and other sites	Sumitomo Forestry and Group companies other than the above

Click here for related information



All Sumitomo Forestry Group Companies

**Prerequisites**

Classification	Prerequisites	
Research & Development	Energy and Greenhouse Gases	Energy use and greenhouse gas emissions at research institutes
	Raw Materials	Raw materials used during research and development
	Water	Water used during research and development
	Waste	Waste produced during research and development
Environment and Resources Business (Forest Management)	Energy and Greenhouse Gases	Energy use and greenhouse gas emissions from harvesting and seedling production at Company-owned forests
	Raw Materials	Raw material used during harvesting and seedling production at Company-owned forests
	Water	Water used during harvesting and seedling production at Company-owned forests
	Waste	Waste produced during harvesting and seedling production at Company-owned forests
Timber and Building Materials Business (Manufacturing Business)	Energy and Greenhouse Gases	Energy use and greenhouse gas emissions at each plant
	Raw Materials	Raw material used during production of wood products and construction materials
	Water	Water used during production of wood products and construction materials
	Waste	Waste produced during production of wood products and construction materials
Environment and Resources Business (Renewable Energy Business)	Energy and Greenhouse Gases	Energy use and greenhouse gas emissions at power generation plants
	Raw Materials	Raw materials used during power generation
	Water	Water used during power generation
	Waste	Waste produced during power generation
Housing Business (Domestic)	Energy and Greenhouse Gases	Energy use and greenhouse gas emissions for business sites (including model homes) related to the housing business
	Raw Materials	Materials invested in housing construction
	Water	Water used at business sites related to the housing business
	Waste	Waste emitted from housing construction (including renovations) and demolition

Classification	Prerequisites	
Offices and other sites	Energy and Greenhouse Gases	Energy use and greenhouse gas emissions at Sumitomo Forestry and other business sites of Group companies not related to domestic or overseas manufacturing or design, construction and sales of houses
	Water	Water used at Sumitomo Forestry and other business sites of Group companies not related to domestic or overseas manufacturing or design, construction and sales of houses
	Waste	Waste emitted at Sumitomo Forestry and other business sites of Group companies not related to domestic or overseas manufacturing or design, construction and sales of houses

Aggregation Method

Greenhouse gases: Refer to the pages below

[Click here for related information](#)

- > [Boundaries and Methods of Greenhouse Gas Emissions Calculation](#)

Waste: Calculating Emissions with Data Collected from Manifests



ESG Data

Site Report (FY 2023)

Environmental Data of Group Companies in Japan

The Sumitomo Forestry Group reports information about its environmental impact of each company and each plant for domestic manufacturers and power plants that have a large influence on the environment.

Sumitomo Forestry Crest Co., Ltd.

Item (unit)	Kashima Plant	Shizuoka Plant	Niihama Plant	Imari Plant	Subtotal
Energy Input (GJ)	29,393	15,693	14,753	9,590	69,429
Raw Material Input (t)	9,935	22,792	3,506	6,740	42,973
Water Resource Use (m ³)					
Total	7,440	7,491	3,038	54,866	72,835
Service water	7,440	7,491	3,038	116	18,085
Main water source	Lakes -- Lake Kitaura in Kasumigaura (Protected region: A portion is part of Suigo-Tsukuba Quasi-National Park)	Groundwater -- Oi River Basin	-	Reservoirs	-
Industrial water	-	-	-	54,750	54,750
Main water source	-	-	Groundwater (water authority in Niihama City)	River -- Arita-gawa River basin (partly Mt. Kurokami mammal and avian species wildlife refuge)	-



Item (unit)	Kashima Plant	Shizuoka Plant	Niihama Plant	Imari Plant	Subtotal
Water discharge (m ³)					
Total	6,112	6,548	1,394	50,103	64,157
Sewerage	6,112	-	1,394	-	7,506
Ocean	-	-	-	50,103	50,103
Rivers	-	6,548	-	-	6,548
Lakes	-	-	-	-	-
Water consumption (m ³)	1,328	943	1,644	4,763	8,678
Greenhouse gas emissions (t-CO ₂)					
Carbon dioxide (CO ₂)	46	746	1,443	424	2,658
Methane (CH ₄)*	38	4	13	0	56
Dinitrogen oxide (N ₂ O)*	5	0	1	0	7
Waste generations (t)	2,654	2,039	962	295	5,950
Emissions to the air (kg)					
Sulfur oxides (SOx)	-	-	258.4	975	1,233
Nitrogen oxides (NOx)	-	-	1,192	-	1,192
Soot and dust	-	-	73.2	-	73.2

* Methane and dinitrogen oxide are converted and calculated as carbon dioxide

The Agro-Products division of Sumitomo Forestry Landscaping

Item (unit)	Tobishima Plant	Shinshiro Plant	Subtotal
Energy Input (GJ)	1,500	3,993	5,493
Raw Material Input (t)	12,770	5,640	18,411
Water Resource Use (m ³)			
Total	840	621	1,461
Service water	840	621	1,461
Main water source	River -- Kiso-gawa River Basin	River -- Toyokawa Prefectural Water System	-
Industrial water	-	-	-
Main water source	-	Well water	-



Item (unit)	Tobishima Plant	Shinshiro Plant	Subtotal
Water discharge (m ³)			
Total	841	621	1,462
Sewerage	-	-	-
Ocean	-	-	-
Rivers	841	621	1,462
Lakes	-	-	-
Water consumption (m ³)	-1	0	-1
Greenhouse gas emissions (t-CO ₂)			
Carbon dioxide (CO ₂)	129	298	427
Methane (CH ₄)*	-	-	-
Dinitrogen oxide (N ₂ O)*	-	-	-
Waste generations (t)	46	42	88
Emissions to the air (kg)			
Sulfur oxides (SOx)	-	27	27
Nitrogen oxides (NOx)	-	318	318
Soot and dust	-	348	348

* Methane and dinitrogen oxide are converted and calculated as carbon dioxide

Power Plants

Item (unit)	Mombetsu Biomass Electric Power Co.,Ltd.	Hachinohe Biomass Electric Power Co.,Ltd.	Okhotsk Bio Energy Co. Ltd.	Japan Bio Energy Co., Ltd.	Michinoku Bio Energy Co., Ltd.	Subtotal
Energy Input (GJ)	5,205,433	1,716,335	13,774	6,057	8,033	6,949,633
Raw Material Input (t)	3,744	821	130,363	58,885	64,835	258,647

External Recognition - Editorial Policy - **ESG Data** - GRI Content Index (GRI Standards) - SASB Content Index

Item (unit)	Mombetsu Biomass Electric Power Co.,Ltd.	Hachinohe Biomass Electric Power Co.,Ltd.	Okhotsk Bio Energy Co. Ltd.	Japan Bio Energy Co., Ltd.	Michinoku Bio Energy Co., Ltd.	Subtotal
Water Resource Use (m ³)						
Total	1,040,054	372,773	444	7,125	228	1,420,624
Service water	1,040,054	9,489	444	7,125	228	1,057,340
Main water source	Shokotsu River System	Mount Haku Water System Service Reserve	Shokotsu River System	Lake Sagami, Sagami River System, and Miyagase Dam	Mount Haku Water System Service Reserve	-
Industrial water	-	363,284	-	-	-	363,284
Main water source	-	Mabechi River	-	-	-	0
Water discharge (m ³)						
Total	397,610	100,190	444	0	228	498,472
Sewerage	397,610	-	444	-	228	398,282
Ocean	-	100,190	-	-	-	100,190
Rivers	-	-	-	-	-	-
Lakes	-	-	-	-	-	-
Water consumption (m ³)	642,444	272,583	0	7,125	0	922,152
Greenhouse gas emissions (t-CO ₂)						
Carbon dioxide (CO ₂)	42,323	96	1,157	218	561	44,355
Methane (CH ₄)*	7,863	3,157	-	-	-	11,020
Dinitrogen oxide (N ₂ O)*	83,485	27,581	-	-	-	111,066
Waste generations (t)	9,609	1,611	2	632	0	11,854
Emissions to the air (kg)						
Sulfur oxides (SOx)	36,673	681	-	-	-	37,353
Nitrogen oxides (NOx)	209,050	74,968	-	-	-	284,017
Soot and dust	1,362	0	-	-	-	1,362

* Methane and dinitrogen oxide are converted and calculated as carbon dioxide

**Total for All Plants in Japan**

Item (unit)	Total
Energy Input (GJ)	7,024,554
Raw Material Input (t)	320,031
Water Resource Use (m ³)	
Total	1,494,920
Service water	1,076,886
Main water source	As indicated above
Industrial water	418,034
Main water source	As indicated above
Water discharge (m ³)	
Total	564,091
Sewerage	405,788
Ocean	150,293
Rivers	8,010
Lakes	-
Water consumption (m ³)	930,829
Greenhouse gas emissions (t-CO ₂)	
Carbon dioxide (CO ₂)	47,441
Methane (CH ₄)*	11,076
Dinitrogen oxide (N ₂ O)*	111,073
Waste generations (t)	17,892
Emissions to the air (kg)	
Sulfur oxides (SOx)	38,613
Nitrogen oxides (NOx)	285,527
Soot and dust	1,784

* Methane and dinitrogen oxide are converted and calculated as carbon dioxide



Environmental Data of Group Companies Overseas

The Sumitomo Forestry Group reports information about its environmental impact for each plant for overseas manufacturers that have a large influence on the environment.

Overseas Manufacturers 1/2

Item (unit)	PT. Rimba Partikel Indonesia (RPI)	PT. AST Indonesia (ASTI)	PT. Kutai Timber Indonesia (KTI)	PT. Sinar Rimba Pasifik (SRP)
Energy Input (GJ)	379,286	29,585	799,847	9,986
Raw Material Input (t)	88,006	17,219	522,306	6,932
Water Resource Use (m ³)				
Total	56,484	35,575	433,740	0
Service water	-	570	-	-
Industrial water	-	35,005	178,964	-
Ground water	56,484	-	254,776	-
Water discharge (m ³)				
Total	50,184	14,838	24,582	0
Sewerage	-	14,838	-	-
Ocean	-	-	24,582	-
Rivers	50,184	-	-	-
Water consumption (m ³)	6,300	20,737	409,158	0
Greenhouse gas emissions (t-CO ₂)				
Carbon dioxide (CO ₂)	18,251	5,932	45,283	2,039
Methane (CH ₄)*	480	-	958	-
Dinitrogen oxide (N ₂ O)*	45	-	90	-
Waste generations (t)	18,551	3,320	74,260	1,026

* Methane and dinitrogen oxide are converted and calculated as carbon dioxide



Overseas Manufacturers 2/2

Item (unit)	Nelson Pine Industries Ltd. (NPIL)	Vina Eco Board Co., Ltd. (VECO)	Canyon Creek (CCC)	Pan Asia Packing (PAP)	Total
Energy Input (GJ)	1,034,608	224,054	36,222	3,865	2,517,453
Raw Material Input (t)	669,149	199,628	5,104	13,550	1,521,894
Water Resource Use (m ³)					
Total	294,063	52,442	6,977	2,605	881,886
Service water	294,063	52,442	3,281	-	350,356
Industrial water	-	-	-	-	213,969
Ground water	-	-	3,696	2,605	317,561
Water discharge (m ³)					
Total	248,109	17,206	3,281	2,605	360,805
Sewerage	248,109	17,206	3,281	2,605	286,039
Ocean	-	-	-	-	24,582
Rivers	-	-	-	-	50,184
Water consumption (m ³)	45,954	35,236	3,696	0	521,081
Greenhouse gas emissions (t-CO ₂)					
Carbon dioxide (CO ₂)	13,386	19,282	1,238	355	105,765
Methane (CH ₄)*	1,220	170	-	-	2,828
Dinitrogen oxide (N ₂ O)*	195	16	-	-	345
Waste generations (t)	99,991	23,738	2,029	538	223,452

* Methane and dinitrogen oxide are converted and calculated as carbon dioxide

Environmental Accounting Results for Fiscal 2023

Sumitomo Forestry publicizes aggregated data of environmental protection costs and effects and also economic impact of its activities for the purpose of promoting environmentally sound management.

* The basis of calculation includes Sumitomo Forestry on a non-consolidated basis and certain Group companies



Environmental Protection Costs

Cost Category		Main Activities	Total Cost (Million yen)
Costs within operational area	Global environmental protection costs*1	Sustainable forestry cultivation	610
		Environment-related business (Overseas consulting, REDD+ business, etc.)	0
	Resource recycling costs*2	Promotion of appropriate treatment, reduction, and recycling of industrial waste	7,549
		Waste wood chip distribution operations	202
		Volume sold of potting mix using recycled sediment from water purification	316
Upstream / Downstream costs*3		Green purchasing	19
Management activity costs*4		Operation and promotion of environmental management activities (ISO14001 certification, environmental education, LCA surveys, etc.)	263
		Monitoring of environmental impact	1
		Disclosure and administration of environmental information (Sustainability Report, environment-related advertising, environment-related exhibitions, etc.)	31
R&D costs*5		R&D activities related to environmental protection	1,394
Social contribution costs*6		Management and operation of Mt. Fuji Manabi no Mori	18
		Management and operation of Forester House	28
		Other social contribution activities	0
		Donations to the Keidanren Nature Conservation Fund	2
Total			10,433

*1 Global environmental protection costs: Expenditures for preservation and management of Company-owned forests to foster sustainable forestry, and expenditures in Japan and overseas relating to the environmental business

*2 Resource recycling costs: Expenditures on waste wood distribution operations and sorting, recycling, appropriate treatment, transportation and management of construction waste, as well as costs incurred in the recycling of potting mix

*3 Upstream/Downstream costs: Expenditures for green purchasing

*4 Management activity costs: Office expenses and auditing costs relating to maintenance of ISO 14001 certification; expenditures relating to disclosure of environmental information through advertising, environment-related exhibitions and sustainability reports; expenditures relating to lectures on environmental education; and costs for LCA inspections and environmental impact oversight

*5 R&D costs: Expenditures for environment-related research conducted at the Tsukuba Research Institute

*6 Social contribution costs: Expenditures related to operating the Mt. Fuji Manabi no Mori natural forest restoration project, and maintaining and operating Forester House; expenditures related to other social contribution activities; donations to the Keidanren Nature Conservation Fund; and provision of financial assistance to the Keidanren Nature Conservation Fund commissioned by the Keidanren Nature Conservation Council

[Click here for related information](#)[Keidanren Nature Conservation Council](#)

Environmental Benefits

Category	Effects	Benefits
Benefits from costs within operational area	Volume of recycled waste wood from distribution operations (converted into chip equivalents)	593,000m ³
	Volume sold of potting mix using recycled sediment from water purification	13,000t
Benefits from Upstream/Downstream costs	Green procurement ratio	65.50%
Benefits from management activity costs	Employees designated as internal environmental auditors	125
Benefits from R&D costs	Completed world's first 10-month wood space exposure experiment Aiming to expand the use of wood and launch a wooden satellite (LignoSat)	-
	Introduction of Taika-Guynar, a fire-resistant plywood ~ Jointly developed with Shin-Etsu Chemical for medium- to large-scale constructions ~	-
	Started R&D of wood biomass chemicals ~ Promoting cascade use with the development of wood component separating technologies ~	-
	Sumitomo Forestry Co., Ltd. Conducts its own Shake Table Testing of a Full-scale 10-Story Mass-Timber Building in the U.S. Testing under Japanese earthquake resistance standards, verification of high seismic resistance of post-tensioning seismic technology	-
	Sumitomo Forestry Home Tech proposed insulation renovation work with new AI-powered system Efficient and effective renovation to improve the performance of existing houses and contribute to a decarbonized society by extending their lifespan	-
Benefits from social activity costs	Volunteers who participated in Mt. Fuji Manabi no Mori project	108
	Children participating in the Environmental Education Program at Mt. Fuji Manabi no Mori project	1,173
	Visitors to Forester House	2,386



ESG Data

Employee Data

Basic Employee Data

Number of Employees

(Unit: Persons)	FY2020	FY2021	FY2022	FY2023
Non-Consolidated	5,073	5,091	5,139	5,235
Consolidated	20,562	21,254	21,918	24,815

Breakdown of Number of Employee (Non-Consolidated)

(Unit: Persons)	FY2020	FY2021	FY2022	FY2023
Management level	2,323	2,407	2,460	2,532
Non-management level	2,511	2,438	2,439	2,450
Fixed-term employees	151	153	140	153
Hosted from other companies	88	93	100	99
Total	5,073	5,091	5,139	5,235

Breakdown of Number of Employee (Subsidiary Companies in Japan)

(Unit: Persons)	FY2020	FY2021	FY2022	FY2023
Management level	1,982	2,024	1,995	2,051
Non-management level	5,353	5,063	5,249	5,648
Fixed-term employees	1,041	520	505	544
Hosted from other companies	191	219	215	218
Total	8,567	7,826	7,964	8,461

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

(Unit: Persons)	FY2020	FY2021	FY2022	FY2023
Under 30	985	917	877	888
30-50	2,534	2,461	2,373	2,350
Older than 50	1,554	1,713	1,889	1,997

Number of Newly Hired Graduates* (Non-Consolidated)

(Unit: Persons)		FY2020	FY2021	FY2022	FY2023
Housing sales	Male	86	18	39	50
	Female	20	3	21	16
Housing engineering	Male	29	27	30	37
	Female	12	15	9	18
General management	Male	28	33	20	25
	Female	14	9	10	12
Clerical	Male	0	0	0	0
	Female	16	1	4	12
Total	Male	143	76	89	112
	Female	62	28	44	58
Total		205	104	133	170

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

Employment**Average Annual Pay (Non-Consolidated)**

FY2020	FY2021	FY2022	FY2023
8,699,028 yen	8,723,534 yen	8,980,817 yen	9,145,037 yen

Gap in Wages between Male and Female Employees (%)

FY2023		
All employees	Regular employees	Part-time and fixed-time employees
47.8	63.2	59.6

*1 Calculated in accordance with the provisions of "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015)



*2 Ratio of average annual wage of female employees against average annual wage of male employees for current fiscal year

Regarding "part-time and fixed-term employees", average annual wage is calculated based on number of regular employees converted to normal working hours

There is no difference in wages for the same work between male and female employees, and main factor behind difference in wages between male and female employees is the difference in composition of job category between them."

Average Annual Pay by Gender (Non-Consolidated)

FY2023	Management level(Basic Pay)	Management level(Basic Pay and Bonus, etc.)	Non-management level
Male	6,948,996 yen	10,854,684 yen	3,856,716 yen
Female	6,250,248 yen	9,547,140 yen	3,501,852 yen

Median Annual Pay (Non-Consolidated)

FY2020	FY2021	FY2022	FY2023
8,702,767 yen	8,730,623 yen	9,049,536 yen	9,111,453 yen

Percentage of Total Annual Compensation (Non-Consolidated)

	FY2022	FY2023
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)	13.00	12.70

Average Length of Service* (Non-Consolidated)

	FY2020	FY2021	FY2022	FY2023
Male	16 years and 4 months	17 years	17 years and 5 months	17 years and 7 months
Female	11 years and 4 months	11 years and 8 months	12 years	12 years

* Calculated as of December 31

Separation rate*1 (Non-Consolidated)

	FY2020*3	FY2021	FY2022	FY2023
Voluntary separation rate (%)	1.6	2.4	2.9	2.7
Separation rate*2 (%)	1.8	2.7	3.2	3.1

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

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

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

**Separation rate*¹ (Subsidiary Companies in Japan)**

	FY2020	FY2021	FY2022	FY2023
Voluntary separation rate (%)	3	6.3	8.1	7.4
Separation rate* ² (%)	4.3	6.4	8.2	7.6

*¹ Calculated by dividing the number of people who left during the year by number of employees on April 1 of the year*² The calculation includes voluntary separation**Separation rate*¹ (Subsidiary Companies Overseas)**

	FY2020	FY2021	FY2022	FY2023
Voluntary separation rate (%)	9.1	13.2	12.1	11.9
Separation rate* ² (%)	13.2	16.9	15.5	16.2

*¹ Calculated by dividing the number of people who left during the year by number of employees at the beginning of the year*² The calculation includes voluntary separation**Diversity****Employment and Promotion of Women (Non-Consolidated)**

	FY2020	FY2021	FY2022	FY2023
Female employees including contract employees* ¹ (%)	22.0	22.6	23.1	23.8
Ratio of females to new hires* ² (%)	30.2	26.9	33.1	34.1
Female employees in management positions* ^{1*3} (%)	4.8	5.6	6.3	6.8
Ratio of female senior managers(%)	2.7	2.2	2.4	3.2
Ratio of female junior managers(%)	6.3	8.3	8.5	8.8
Ratio of female managers in business units* ^{1*4} (%)	3.2	3.9	3.8	3.2
Ratio of females in research and development / technical positions* ¹ (%)	9.5	11.7	10.5	12

*¹ Calculated based on enrollment as of December 31. 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)**

	FY2020	FY2021	FY2022	FY2023
Female employees including contract employees* ¹ (%)	32.4	34.4	33.4	36.1
Ratio of females to new hires* ² (%)	43.4	35.1	34.6	41.8
Female employees in management positions* ¹ (%)	7.1	8.4	8.9	9.4
Ratio of female senior managers(%)	-	6.0	6.7	7.2
Ratio of female general managers(%)	-	11.4	11.2	11.6
Ratio of female managers in business units* ^{1*3} (%)	-	-	33.3	39.6
Ratio of females in research and development / technical positions* ¹ (%)	-	-	19.2	26.8

*1 Calculated based on enrollment as of December 31

*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.

Employment of Women (Subsidiary Companies Overseas)

	FY2020	FY2021	FY2022	FY2023
Percentage of Female employees including contract employees* ¹ (%)	30.8	30.0	28.2	28.4
Ratio of females to new hires* ² (%)	38.7	32.8	39.5	35.7
Percentage of Female employees in management positions* ¹ (%)	19.5	20.9	23.2	25.4
Ratio of female senior managers(%)	-	-	24.0	19.7
Ratio of female general managers(%)	-	-	23.7	28.8
Ratio of female managers in business units* ^{1*3} (%)	-	-	32.5	19.2
Ratio of females in research and development / technical positions* ^{1*4} (%)	-	-	-	24.8

*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.

*4 Employees in departments that require technical qualifications, who possess qualifications and utilize them in their work

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

	FY2020	FY2021	FY2022	FY2023
Ratio of Persons with Disabilities(%)	2.25	2.38	2.40	2.46

Employment of Persons with Disabilities (Subsidiary Companies in Japan)

	FY2020	FY2021	FY2022	FY2023
Ratio of Persons with Disabilities(%)	1.85	2.04	2.23	2.25

Rate of Local Employment in Group Companies Outside Japan*

	FY2020	FY2021	FY2022	FY2023
Rate of Local Employment in Group Companies Outside Japan(%)	99.3	99.2	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)**

	FY2020* ¹	FY2021	FY2022	FY2023
Hours of training received per employee	10.5 (13.0)* ²	13.0	15.5	19.2
Expenditure on training per employee (yen)	59,000 (77,000)* ²	77,473	105,628	116,768

*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)

		FY2020	FY2021	FY2022	FY2023
Number of childcare leave users (Persons)	Male	51 (58) ^{*4}	62	77	98
	Female	27 (40) ^{*4}	37	43	43
Percentage of childcare leave users ^{*1} (%)	Male	46.8 (40.3) ^{*4}	50.4	49.0	70
	Female	84.4 (95.0) ^{*4}	108.8	110.3	81.4
Percentage of female returnees after childcare leave ^{*2} (%)		96.1 (95.9) ^{*4}	99.1	97.3	94.6
Childcare leave retention rate for females 12 months after returns (%)		-	-	-	94.1
Number of reduced hours program users ^{*3} (persons)		74	83	75	72

^{*1} The number of childcare leavers starting in the respective fiscal year divided by the number of employees who had a baby in respective fiscal year

^{*2} The number of returnees for the fiscal year divided by returnees for the fiscal year plus employees who resigned for childcare leave but have not returned to work

^{*3} Available for reasons such as childcare and family care; combined figures of employees on programs of the reduced working hours and the four-day work per week

^{*4} Figures in the parenthesis are reference data collected from January to December 2020

Work-Life Balance Program Usage (Subsidiary Companies in Japan)

		FY2020	FY2021	FY2022	FY2023
Number of childcare leave users (Persons)	Male	16	28	39	33
	Female	72	95	80	60
Percentage of childcare leave users [*] (%)	Male	13.2	28.0	32.8	28.0
	Female	122.0	118.8	114.3	96.8

^{*} The number of childcare leavers starting in the respective fiscal year divided by the number of employees who had a baby in respective fiscal year

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

	FY2020	FY2021	FY2022	FY2023
Average paid leaves taken (day)	11.6	12.3	13.1	13.2
Paid Leave Usage Ratio* (%)	60.7	64.1	68.4	69.0

* 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)

	FY2020	FY2021	FY2022	FY2023
Average paid leaves taken (day)	10.3	11.2	11.8	11.7
Paid Leave Usage Ratio* (%)	58.1	59.6	66.6	68.1

* Paid leave entitlements are issued each year in January, therefore the table shows figures as of December 31 of the respective year. Calculated by dividing the number of days of paid leave taken by the number of days of paid leave issued

Occupational Health and Safety**Occupational Injuries (Non-Consolidated)*1*2**

	FY2020	FY2021	FY2022	FY2023
Number of occupational injuries (incidents)*3	1	2	5	4
Lost-time injury frequency rate*4	0.29	0.19	0.42	0.47
Work-related illness frequency rate	0.29	0	0	0

*1 The aggregation period for fiscal 2020 and onwards is from January to December of each year

*2 One fatal occupational injury in fiscal 2020

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

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

Relationship with Labor Unions**Labor Union Membership (Non-Consolidated)***

	FY2020	FY2021	FY2022	FY2023
Labor union membership rate (%)	100	100	100	100

* As of January 1, 2024, the number of eligible employees is 3,915. The scope of eligibility for labor union membership is stipulated in the labor agreement






GRI Content Index (GRI Standards)

GRI Content Index (GRI Standards)


GRI Content Index (GRI Standards)

Sumitomo Forestry Group references the GRI Standards, and reports the information listed in the content index for the period from January 2023, to December 2023.

Below Content Index includes related information available on Sustainability Report.

Disclosures		ISO26000 Disclosure	Location
GRI Content Index (GRI Standards)			
1. The organization and its reporting practices			
2-1	Organizational details		Corporate Profile List of Sumitomo Forestry Group Companies
2-2	Entities included in the organization's sustainability reporting		Editorial Policy Securities Reports (in Japanese) 
2-3	Reporting period, frequency and contact point		Editorial Policy Questionnaire
2-4	Restatements of information		Greenhouse Gas Emissions from Business Activities
2-5	External assurance		Independent Assurance Report
2. Activities and workers			
2-6	Activities, value chain, and other business relationships		Corporate Profile Home Our Business Overall Picture of Our Business Global Construction and Real Estate Business
2-7	Employees		Employee Data
2-8	Workers who are not employees		—
3. Governance			
2-9	Governance structure and composition		Securities Reports (in Japanese)  Corporate Governance report  Environmental Management Structure




Disclosures		ISO26000 Disclosure	Location
2-10	Nomination and selection of the highest governance body		> Corporate Governance
2-11	Chair of the highest governance body		> Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts		> Mid-Term Sustainability Targets and Material Issues > Environmental Management Structure > Risk Management
2-13	Delegation of responsibility for managing impacts		> Corporate Governance > Risk Management > Environmental Management Structure > Communication with Employees
2-14	Role of the highest governance body in sustainability reporting		> Corporate Governance > Mid-Term Sustainability Targets and Material Issues
2-15	Conflicts of interest		> Basic Philosophy on Corporate Governance 
2-16	Communication of critical concerns		> Compliance
2-17	Collective knowledge of the highest governance body		> Basic Philosophy on Corporate Governance 
2-18	Evaluation of the performance of the highest governance body		> Corporate Governance
2-19	Remuneration policies		> Corporate Governance
2-20	Process to determine remuneration		> Corporate Governance
2-21	Annual total compensation ratio		> Employee Data
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy		> Top Commitment
2-23	Policy commitments		> Human Rights Initiatives > Corporate Philosophy and Sustainability Management
2-24	Embedding policy commitments		> Corporate Philosophy and Sustainability Management
2-25	Processes to remediate negative impacts		> Stakeholder Engagement > Compliance > Risk Management > Human Rights Initiatives
2-26	Mechanisms for seeking advice and raising concerns		> Intellectual Property Management > Compliance



Disclosures		ISO26000 Disclosure	Location
2-27	Compliance with laws and regulations		> Environmental Risk Management > Information Security/DX > Compliance
2-28	Membership associations		> Contributions to Public Policy
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement		> Stakeholder Engagement
2-30	Collective bargaining agreements		—

Disclosures		ISO26000 Disclosure	Location
GRI 3: Material Topics 2021			
3-1	Process to determine material topics		> Mid-Term Sustainability Targets and Material Issues
3-2	List of material topics		> Mid-Term Sustainability Targets and Material Issues
3-3	Management of material topics		> Top Commitment > Sustainability-related Policies and Philosophy > Mid-Term Sustainability Targets and Material Issues > Material Issue 1 > Material Issue 2 > Material Issue 3 > Material Issue 4 > Material Issue 5 > Material Issue 6 > Material Issue 7 > Material Issue 8 > Material Issue 9

Disclosures		ISO26000 Disclosure	Location
Economic Performance 2016			
201-1	Direct economic value generated and distributed	6.8.1 6.8.2 6.8.3 6.8.7 6.8.9	> Return to Shareholders and IR Activities > Corporate Profile > Securities Reports (in Japanese)  > Financial Results/Other Financial Information



Disclosures		ISO26000 Disclosure	Location
201-2	Financial implications and other risks and opportunities due to climate change	6.5.5	<ul style="list-style-type: none"> ➤ Responding to TCFD and TNFD ➤ Mitigation of Climate Change ➤ Adaption to Climate Change ➤ Greenhouse Gas Emissions from Business Activities
201-3	Defined benefit plan obligations and other retirement plans	6.8.7	<ul style="list-style-type: none"> ➤ Securities Reports (in Japanese) 
201-4	Financial assistance received from government		
Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.3.7 6.3.10 6.4.3 6.4.4 6.8.1 6.8.2	—
202-2	Proportion of senior management hired from the local community	6.4.3 6.8.1 6.8.2 6.8.5 6.8.7	—
Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	6.3.9 6.8.1 6.8.2 6.8.7 6.8.9	<ul style="list-style-type: none"> ➤ Sustainable Forest Management ➤ Promotion of Social Contribution Activities
203-2	Significant indirect economic impacts	6.3.9 6.6.6 6.6.7 6.7.8 6.8.1 6.8.2 6.8.5 6.8.6 6.8.7 6.8.9	<ul style="list-style-type: none"> ➤ Risk Management ➤ Environmental Risk Management ➤ Responding to TCFD and TNFD ➤ Examples of Regional Contribution Activities Overseas



Disclosures		ISO26000 Disclosure	Location
Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	6.4.3 6.6.6 6.8.1 6.8.2 6.8.7	—
Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	6.6.1 6.6.2 6.6.3	> Risk Management > New Business Plan Risk Assessment
205-2	Communication and training about anti-corruption policies and procedures	6.6.1 6.6.2 6.6.3 6.6.6	> Compliance
205-3	Confirmed incidents of corruption and actions taken	6.6.1 6.6.2 6.6.3	> Compliance
Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.6.1 6.6.2 6.6.5 6.6.7	> Compliance
Tax 2019			
207-1	Approach to tax	6.2	> Tax
207-2	Tax governance, control, and risk management	6.2	> Tax
207-3	"Stakeholder engagement and management of concerns related to tax"		> Tax
207-4	Country-by-country reporting		—
Materials 2016			
301-1	Materials used by weight or volume	6.5.1 6.5.2 6.5.4	> Balance of Input & Output > Site Report



Disclosures		ISO26000 Disclosure	Location
301-2	Recycled input materials used	6.5.1 6.5.2 6.5.4	<ul style="list-style-type: none"> > Utilization of Sustainable Forest Resources > Waste Reduction and Recycling in the Manufacturing Business > Waste Reduction and Recycling in the Power Generation Business
301-3	Reclaimed products and their packaging materials	6.5.1 6.5.2 6.5.4	<ul style="list-style-type: none"> > Waste Reduction and Recycling > Waste Reduction and Recycling in the Housing Business
Energy 2016			
302-1	Energy consumption within the organization	6.5.1 6.5.2 6.5.4	<ul style="list-style-type: none"> > Balance of Input & Output > Site Report > Energy Used in Business Activities and the Adoption of Renewable Energy
302-2	Energy consumption outside of the organization	6.5.1 6.5.2 6.5.4	<ul style="list-style-type: none"> > Balance of Input & Output > Site Report > Greenhouse Gas Emissions from Business Activities
302-3	Energy intensity	6.5.1 6.5.2 6.5.4	<ul style="list-style-type: none"> > Greenhouse Gas Emissions from Business Activities
302-4	Reduction of energy consumption	6.5.1 6.5.2 6.5.4 6.5.5	<ul style="list-style-type: none"> > Energy Used in Business Activities and the Adoption of Renewable Energy
302-5	Reductions in energy requirements of products and services	6.5.1 6.5.2 6.5.4 6.5.5	<ul style="list-style-type: none"> > Mitigation of Climate Change
Water 2018			
303-1	Interactions with water as a shared resource		<ul style="list-style-type: none"> > Efficient Use of Water Resources
303-2	Management of water discharge-related impacts		<ul style="list-style-type: none"> > Pollution Prevention
303-3	Water withdrawal		<ul style="list-style-type: none"> > Balance of Input & Output > Site Report
303-4	Water discharge		<ul style="list-style-type: none"> > Balance of Input & Output > Site Report
303-5	Water consumption		<ul style="list-style-type: none"> > Site Report



Disclosures		ISO26000 Disclosure	Location
Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5.1 6.5.2 6.5.6	<ul style="list-style-type: none"> > Policies for Biodiversity Conservation > Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas
304-2	Significant impacts of activities, products, and services on biodiversity	6.5.1 6.5.2 6.5.6	<ul style="list-style-type: none"> > Environmental Risk Management > Policies for Biodiversity Conservation > Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas
304-3	Habitats protected or restored	6.5.1 6.5.2 6.5.6	<ul style="list-style-type: none"> > Contributions to Eco Cities Through Greening > Examples of Social Contribution Activities in Japan > Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	6.5.1 6.5.2 6.5.6	<ul style="list-style-type: none"> > Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas
Emissions 2016			
305-1	Direct (Scope1) GHG emissions	6.5.1 6.5.2 6.5.5	<ul style="list-style-type: none"> > Greenhouse Gas Emissions from Business Activities > Boundaries and Methods of Greenhouse Gas Emissions Calculation > Balance of Input & Output
305-2	Energy indirect (Scope 2) GHG emissions	6.5.1 6.5.2 6.5.5	<ul style="list-style-type: none"> > Greenhouse Gas Emissions from Business Activities > Boundaries and Methods of Greenhouse Gas Emissions Calculation > Balance of Input & Output
305-3	Other indirect (Scope3) GHG emissions	6.5.1 6.5.2 6.5.5	<ul style="list-style-type: none"> > Greenhouse Gas Emissions from Business Activities > Boundaries and Methods of Greenhouse Gas Emissions Calculation > Balance of Input & Output
305-4	GHG emissions intensity	6.5.1 6.5.2 6.5.5	<ul style="list-style-type: none"> > Greenhouse Gas Emissions from Business Activities
305-5	Reduction of GHG emissions	6.5.1 6.5.2 6.5.5	<ul style="list-style-type: none"> > Mitigation of Climate Change > Greenhouse Gas Emissions from Business Activities



Disclosures		ISO26000 Disclosure	Location
305-6	Emissions of ozone-depleting substances (ODS)	6.5.1 6.5.2 6.5.3 6.5.5	> Environmental Risk Management
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant	6.5.1 6.5.2 6.5.3	> Environmental Risk Management
WASTE 2020			
306-1	Waste generation and significant waste-related impacts		> Balance of Input & Output > Waste Reduction and Recycling
306-2	Management of significant waste-related impacts		> Waste Reduction and Recycling
306-3	Waste generated		> Balance of Input & Output > Waste Reduction and Recycling
306-4	Waste diverted from disposal		> Waste Reduction and Recycling
306-5	Waste directed to disposal		> Balance of Input & Output
Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	6.3.5 6.5.1 6.5.2 6.6.6 7.3.1	> Supply Chain Management in the Distribution Business
308-2	Negative environmental impacts in the supply chain and actions taken	6.3.5 6.5.1 6.5.2 6.6.6 7.3.1	> Supply Chain Management in the Distribution Business > Supply Chain Management in the Manufacturing Business > Supply Chain Management in the Housing Business
Employment 2016			
401-1	New employee hires and employee turnover	6.4.1 6.4.2 6.4.3	> Employee Data



Disclosures		ISO26000 Disclosure	Location
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4.1 6.4.2 6.4.4 6.8.7	> Work-Life Balance
401-3	Parental leave	6.4.1 6.4.2 6.4.4	> Employee Data
Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	6.4.1 6.4.2 6.4.3 6.4.5	—
Occupational Health and Safety 2018			
403-1	Occupational health and safety management system		> Occupational Health and Safety Management > Implementation and Enhancement of Management System
403-2	Hazard identification, risk assessment, and incident investigation		> Occupational Health and Safety Initiatives > Risk Management > Rapidly Comprehending and Dealing with Risks
403-3	Occupational health services		> Promotion of Health Management > Occupational Health and Safety Initiatives
403-4	Worker participation, consultation, and communication on occupational health and safety		> Communication with Employees > Awareness education in the Company > Occupational Health and Safety Management > Human Resources Development > Promotion of Health Management
403-5	Worker training on occupational health and safety		> Awareness education in the Company > Occupational Health and Safety Management > Human Resources Development > Promotion of Health Management
403-6	Promotion of worker health		> Promotion of Health Management > Occupational Health and Safety Initiatives



Disclosures		ISO26000 Disclosure	Location
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		<ul style="list-style-type: none"> > Occupational Health and Safety Initiatives > Targets and Performance Concerning Occupational Injuries > Promotion of Health Management
403-8	Workers covered by an occupational health and safety management system		<ul style="list-style-type: none"> > Occupational Health and Safety
403-9	Work-related injuries		<ul style="list-style-type: none"> > Material Issue 6 > Targets and Performance Concerning Occupational Injuries > Employee Data
403-10	Work-related ill health		<ul style="list-style-type: none"> > Material Issue 6 > Targets and Performance Concerning Occupational Injuries > Employee Data
Training and Education 2016			
404-1	Average hours of training per year per employee	6.4.1 6.4.2 6.4.7	<ul style="list-style-type: none"> > Diversity, Equity and Inclusion > Human Resources Development > Employee Data
404-2	Programs for upgrading employee skills and transition assistance programs	6.4.1 6.4.2 6.4.7 6.8.5	<ul style="list-style-type: none"> > Diversity, Equity and Inclusion > Diversity, Equity and Inclusion > Human Resources Development
404-3	Percentage of employees receiving regular performance and career development reviews	6.4.1 6.4.2 6.4.7	<ul style="list-style-type: none"> > Diversity, Equity and Inclusion > Human Resources Development > Communication with Employees
Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	6.2.3 6.3.7 6.3.10 6.4.1	<ul style="list-style-type: none"> > Corporate Governance > Employee Data



Disclosures		ISO26000 Disclosure	Location
405-2	Ratio of basic salary and remuneration of women to men	6.3.7 6.3.10 6.4.1 6.4.2 6.4.3 6.4.4	> Employee Data > Securities Reports (in Japanese) 
Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	4.8 6.3.1 6.3.2 6.3.6 6.3.7 6.3.10 6.4.3	> Human Rights Initiatives
Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.3.1 6.3.2 6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.5 6.6.6	> Human Rights Initiatives
Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	4.8 6.3.1 6.3.2 6.3.3 6.3.4 6.3.5 6.3.7 6.3.10 6.6.6 6.8.4	> Supply Chain Management in the Distribution Business > Supply Chain Management in the Manufacturing Business > Supply Chain Management in the Housing Business > Human Rights Initiatives



Disclosures		ISO26000 Disclosure	Location
Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.8 6.3.1 6.3.2 6.3.3 6.3.4 6.3.5 6.3.10 6.6.6	> Supply Chain Management in the Distribution Business > Supply Chain Management in the Manufacturing Business > Supply Chain Management in the Housing Business > Human Rights Initiatives
Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	4.8 6.3.1 6.3.2 6.3.4 6.3.5 6.6.6	—
Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	4.8 6.3.1 6.3.2 6.3.4 6.3.6 6.3.7 6.3.8 6.6.7 6.8.3	> Human Rights Initiatives
Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	4.8 6.3.1 6.3.2 6.3.3 6.3.4 6.3.5	> Human Rights Initiatives



Disclosures		ISO26000 Disclosure	Location
412-2	Employee training on human rights policies or procedures	4.8 6.3.1 6.3.2 6.3.5	> Human Rights Initiatives
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.8 6.3.1 6.3.2 6.3.3 6.3.5 6.6.6	> Supply Chain Management in the Distribution Business > Human Rights Initiatives
Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	6.3.9 6.5.1 6.5.2 6.5.3 6.8	> Protecting Domestic Forest Resources > Afforestation Consultancy > Reforestation Activities Contributing to the Society > Examples of Social Contribution Activities in Japan > Examples of Regional Contribution Activities Overseas > Human Rights Initiatives
413-2	Operations with significant actual and potential negative impacts on local communities	6.3.9 6.5.3 6.8	—
Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	6.3.5 6.6.1 6.6.2 6.6.6 6.8.1 6.8.2 7.3.1	> Supply Chain Management in the Distribution Business
414-2	Negative social impacts in the supply chain and actions taken	6.3.5 6.6.1 6.6.2 6.6.6 6.8.1 6.8.2 7.3.1	> Supply Chain Management in the Distribution Business > Supply Chain Management in the Manufacturing Business > Supply Chain Management in the Housing Business > Human Rights Initiatives



Disclosures		ISO26000 Disclosure	Location
Public Policy 2016			
415-1	Political contributions	6.6.1 6.6.2 6.6.4	> Promotion of Social Contribution Activities > Compliance
Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	> Product and Service Safety as well as the Quality Management > Product Safety and Quality Management in the Housing Business
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.6 6.7.1 6.7.2 6.7.4 6.7.5 6.8.8	—
Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	> Supply Chain Management in the Distribution Business
417-2	Incidents of non-compliance concerning product and service information and labeling	4.6 6.7.1 6.7.2 6.7.3 6.7.4 6.7.5 6.7.9	—
417-3	Incidents of non-compliance concerning marketing communications	4.6 6.7.1 6.7.2 6.7.3	> Responsible Advertising/Promotional Efforts

Disclosures		ISO26000 Disclosure	Location
Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.7.1 6.7.2 6.7.7	> Information Security/DX



SASB Content Index

SASB Content Index

SASB Content Index

It shows places where Sumitomo Forestry Group's initiatives are posted on the topic of standard of the forestry management of SASB.

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

TOPIC	ACCOUNTING METRIC	CODE	LOCATION
Ecosystem Services & Impacts	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	RR-FM-160a.1	<ul style="list-style-type: none"> > Area of Forest Managed and Owned by the Sumitomo Forestry Group > Overseas Managed Afforestation Area
	Area of forestland with protected conservation status	RR-FM-160a.2	<ul style="list-style-type: none"> > Commitment to Protected Areas
	Area of forestland in endangered species habitat	RR-FM-160a.3	<ul style="list-style-type: none"> > Commitment to Protected Areas > Biodiversity Conservation in Company-Owned Forests in Japan and Planted Forests Overseas
	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	RR-FM-160a.4	<ul style="list-style-type: none"> > Utilization of Sustainable Forest Resources
Rights of Indigenous Peoples	Area of forestland in indigenous land	RR-FM-201a.1	-
	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	RR-FM-201a.2	<ul style="list-style-type: none"> > Identifying and Managing Human Rights Risks > Consideration for Biodiversity Conservation, Labor Practices and Human Rights, and Local Communities
Climate Change Adaptation	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change	RR-FM-450a.1	<ul style="list-style-type: none"> > Responding to TCFD and TNFD

Activity Metrics

ACTIVITY METRIC	CODE	LOCATION
Area of forestland owned, leased, and/or managed by the entity	RR-FM-000.A	> Area of Forest Managed and Owned by the Sumitomo Forestry Group
Aggregate standing timber inventory	RR-FM-000.B	-
Timber harvest volume	RR-FM-000.C	> Overseas Managed Afforestation Area > Balance of Input & Output