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Overall Picture of Our Business

Overall Picture of Our Business

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

We have built strengths unique to Sumitomo Forestry Group from the technology and know-how in wood accumulated for the almost 330 years since our founding to the brand cultivated with a network in Japan and overseas that connects us to our customers. We utilize wood as 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 Farmings 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 |



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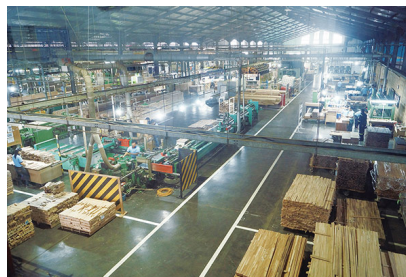
Timber and Building Materials Business

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 (FY2024 Result)

Recycling rate at manufacturing plants

Japan: **99.1%**

Overseas: **98.4%**

Sustainability procurement survey implementation
rate of suppliers of imported timber

100%



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Main Activities within the Distribution Business



Verification of Legal Compliance and Sustainability

- Conducting due diligence regarding suppliers and wood procurement
- Ensuring legal compliance while verifying considerations regarding human rights, labor, biodiversity conservation and the local community



Procurement

- Promoting procurement activities that take human rights, labor, conservation of biodiversity, and local communities into consideration
- Monitoring of procurement activities and promoting ongoing improvement through our Wood Procurement Committee
- Communicating closely with suppliers and customers of wood and other building materials in the regions where we operate



Commercialization and Delivery

- Shipping of logs, as well as wood that has been processed at factories into plywood, timber, building materials and other products



Shipping and Sales

- Promoting sales of certified timber and implementing labeling that takes traceability into account

Main Activities within the Manufacturing Business



Product Development/Raw Material Procurement

- Promoting product development focusing not only on designs but also on the characteristics of raw materials
- Procuring sustainably sourced raw materials



Manufacturing

- Managing in line with ISO 9001 operations and standards that exceed the quality requirements of JIS and JAS
- Promoting energy and resource conservation and recycling in manufacturing processes
- Maintaining an environment conducive to the health and safety of the employees working at our manufacturing plants, with the goal of zero accidents at all times



Shipping

- Selling and shipping processed and manufactured products in Japan and around the world
- Continuous improvement such as reduction of waste through product packaging reviews, ease of customer receipt through delivery method reviews, and reduction of greenhouse gas emissions

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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 of business with ESG by setting targets related to the percentage of sustainable timber and wood products handled. Additionally, our business flow incorporates the confirmation of sustainability initiatives of suppliers.

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](#)

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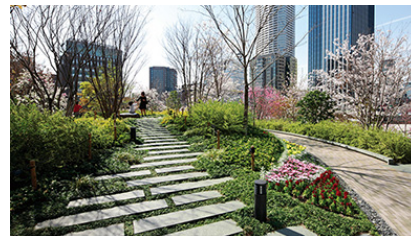
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Housing Business

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, apartments, real estate management and brokerage, spec homes, greening, and other businesses.



Main Business Figures (FY2024 Result)

Number of buildings sold and delivered in Japan

Custom-built detached houses, apartments, spec homes Total **8,596**houses

Carbon storage amount* **171,967**t-co₂

* CO₂ storage amount is calculated by categorizing the actual amounts of timber used per tree species for custom-built detached houses, apartments, spec homes, and our Construction Business, and calculating carbon content based on the specific gravity of each tree species

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Main Activities within the Housing Business



Sales/Product Development

- Providing custom-built detached houses designed to meet customer needs
- Developing products with improved housing performance in terms of durability, earthquake resistance, fireproofing, insulation efficiency, universal design, and more



Design

- Providing long-lasting, high-quality housing by fully taking into account safety, durability and the environmental impact at the design stage
- Maintaining a high rate of certified Long-life Quality Housing through the promotion of Net Zero Energy Houses (ZEH), the Big-Frame (BF) construction method, etc.



Materials Procurement

- Procuring a wide range of materials from wood to concrete, as well as residential equipment for kitchens, toilets, etc.



Construction

- Working carefully and efficiently to deliver completed buildings to our clients on time, while ensuring safety in daily work
- Building a system to ensure our policies and initiatives are carried out on-site by construction contractors and workers through safety training and environmental education



After-Sales Support

- To provide housing that can be lived in for a long time, we conduct customer satisfaction surveys, set up call centers, offer free periodic inspections for 30 years after handover that could be extended up to the 60th year by performing fee-based maintenance work as part of an upkeep plan after 30 years and extending building warranty every 10 years

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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 work to boost ZEH orders to help reduce overall household energy consumption, recommending ZEH that tailors energy saving, energy generation and resilience features to customer needs. In addition, we sell LCCM (Life Cycle Carbon Minus) housing that reduces CO₂ emissions to negative levels throughout the life of the home, from the time it is being built to when it is lived in.

Since wood retains CO₂ as carbon even after turned into products, constructing wooden houses can be likened to building forests in the city.

Sumitomo Forestry Group contributes to both the decarbonization of our own company and society as a whole through products like LCCM housing and ZEH that harness the ability of trees to absorb CO₂ and store carbon in its wood.

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 in the
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> [Waste Reduction and Recycling in the
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> [Supply Chain Management](#)

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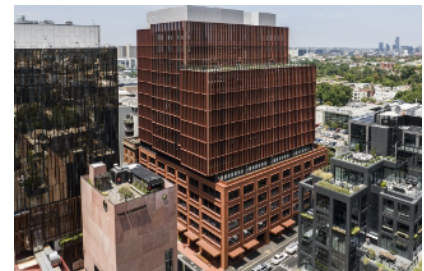
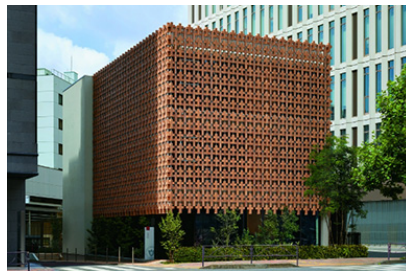
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Global Construction and Real Estate Business

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 has expanded to cover Australia, Europe, 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 (FY2024 Result)

Housing sold and delivered in the United States and Australia **14,554**houses

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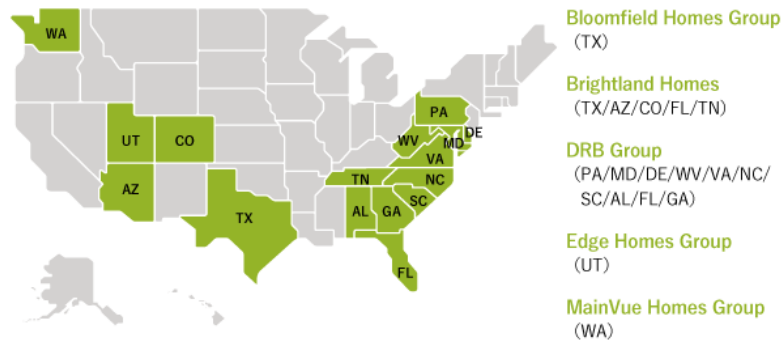
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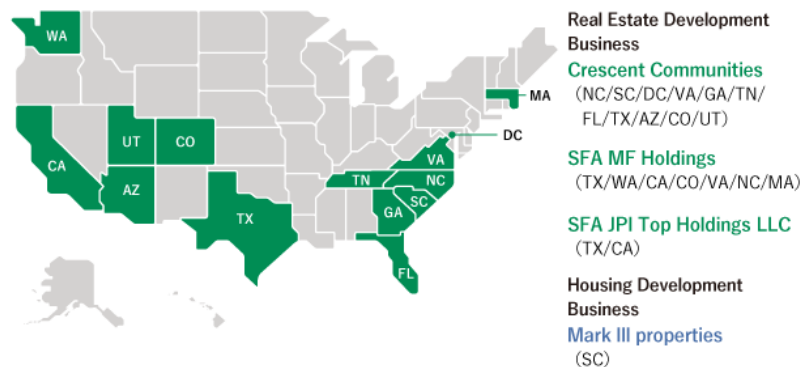
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Construction and Real Estate Business Development Areas

United States Housing Construction Business Areas



United States Housing and Real Estate Development Business Areas



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Australia Single-family Homes and Landscape Business Area



Single-family Homes Business

Henley Properties Group
(VIC/QLD/NSW/SA)

Wisdom Properties Group
(NSW)

Scott Park Group
(WA)

Metrimon Group
(VIC/QLD/NSW/SA)

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

Asian Business Areas



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

| Country/Region | Title | | Building area | Completion |
|-------------------------------|------------------------|--------------------------|----------------------|---------------|
| Australia (Melbourne) | 15-story wooden office | 36 Wellington Project | 29,296m ² | October 2023 |
| United States (Dallas, Texas) | 7-story wooden office | Southstone Yards Project | 22,548m ² | November 2024 |
| United Kingdom (London) | 6-story wooden office | Paradise Project | 7,445m ² | March 2025 |

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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
- > Human Rights Initiatives
- > Risks in Operations
- > Overseas Landscaping Businesses

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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 237,000 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.

In June 2023, we established and started operating our first forest fund "Eastwood Climate Smart Forestry Fund I" in the U.S. As of the end of December 2024, the fund manages about 80,000 ha of forests.

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



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Main Business Figures (FY2024 Result)

Managed and owned forest area

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

Overseas: Approx. **237,000**ha

Area managed by forestry fund:

Approx. **80,000**ha

Wood biomass power generation scale (based on confirmed projects)

Approx. **252**MW

Main Activities within the Forestry Business



Seedling Farming and Cultivation

- 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
- Planting the "right trees in the right locations" based on soil conditions, orientation, topography, etc.



Cultivation

- Managing a total of approximately 48,000 ha of company-owned forests in Japan and a total area of around 237,000 ha of company-owned planted forest overseas
- Maintaining and enhancing the public benefits of forests by carrying out underbrush clearing, pruning, thinning and other appropriate management required for them to grow



Logging/Transport

- Logging forests we own or manage based on long-term logging plans
- Transporting harvested wood to business partners and factories



Site Preparation

- Preparing the ground where planted forests have been harvested to create an environment for subsequent planting

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Main Activities within the Renewable Energy Business



Procurement

- Promoting the use of waste materials generated from the construction, renovation, and demolition of houses, as well as the use of unused forest resources as fuel for wood biomass power generation plants



Production

- Supplying fuel for wood biomass power generation plants, including chips made from unused forest resources, waste wood such as offcuts produced in the logging process for timber, wood waste produced at construction sites, and waste wood from the demolition of houses



Power Generation/Wholesales

- Operating wood biomass power generation at six sites, leveraging regional characteristics and conditions

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.

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 as a consequence of potential increase in the use of domestic timber and clear cutting. 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. Under such circumstance, 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.



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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
Forestry Business

➤ Occupational Health and Safety

➤ Examples of Regional Contribution Activities
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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.

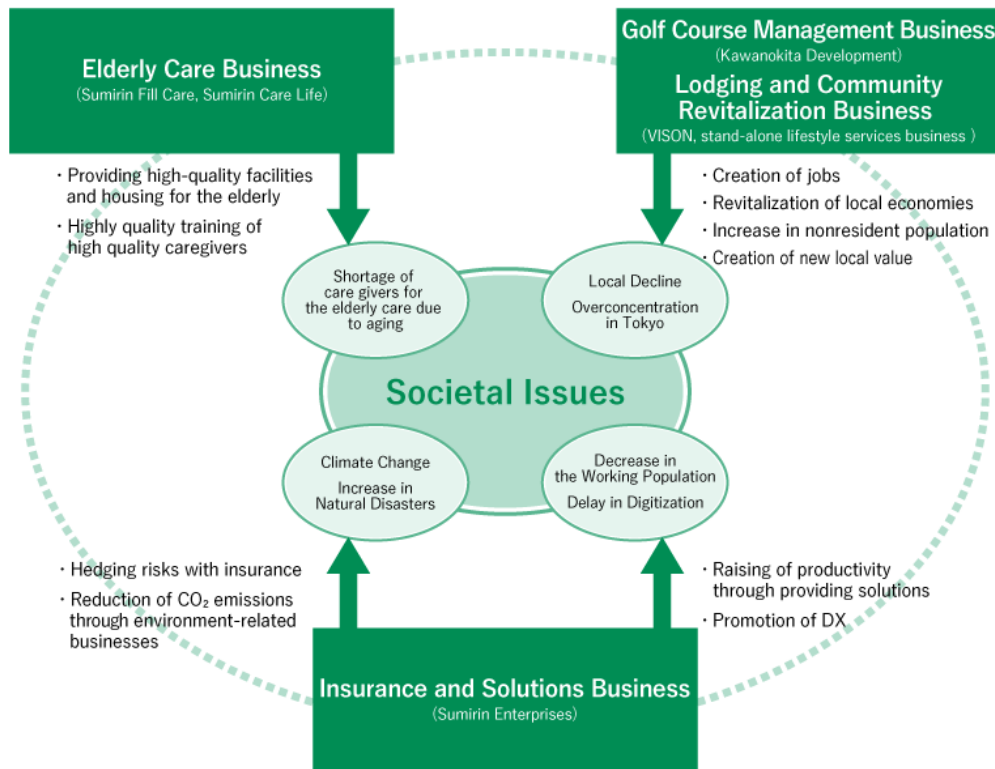
Moreover, we are also involved with insurance and other businesses with the hope of achieving a vibrant society where people can live healthy lives.





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Social Issues and Lifestyle Services Business



Main Business Figures (FY2024 Result)

Sumirin Fill Care

Number of private-pay elderly care facilities **17**
Number of day service sites **3**

Sumirin Enterprises

Insurance business revenue **1,346**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**

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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.

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. Four 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 2023, the aging rate reached 29.1%*, 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 Phase 2 (2025-2027)" set a goal of increasing the number of rooms of private-pay elderly care facilities to 1,882 rooms.

* Source: The FY2024 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 in the Elderly Care Business](#)

➤ [Business Initiatives That Contribute to Regional Co-creation](#)

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Initiatives for Sumitomo Forestry Group's Business and ESG

Research & Development

Overview

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



Main Figures (FY2024 Result)

Research and development expenses **2,817** million yen

Research and Development System and Fields

Tsukuba Research Institute is comprised of 7 groups, and is engaged in research and development activities centered around two pillars, namely, "corporate research and development" aimed at creating business opportunities and value creation and "divisional research and development" based on divisional 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.

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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

➤ Collaborative Research on Climate Resilient Varieties